

Extracts from Financial Regulations
Capital Expenditure - proposed amendments October 2018

- 2.5. Programmes of capital expenditure estimates shall be prepared jointly by the Chief Finance Officer and the appropriate Heads of Service/Directors for submission to the Cabinet and subsequently to the Full Council, for such periods and at such times as shall be determined by the Full Council.
- 2.6. Programmes of capital expenditure estimates shall be consolidated into a comprehensive report by the Chief Finance Officer in consultation with individual Cabinet Members for submission to the Cabinet.
- 2.7. Approval by the Full Council of the programme of capital expenditure estimates (The Capital Programme) shall constitute the authority for incurring expenditure. Additions to the authorised Capital Programme may be made by cabinet at any time provided that the source of finance is clear at the point of approval and that the revenue consequences including that of any increased borrowing can be contained within existing budgetary provision. Amendments to the capital programme will be dealt with under the Scheme of Delegation to officers where the changes are within the total approved budget for a service programme and the scope of works within it are not fundamentally changed. Amendments requiring additional funding or a fundamental change of scope of a programme will require Cabinet approval. The Cabinet shall have the power to suspend all authority to commit or to incur any capital expenditure which is not legally or contractually committed pending confirmation by the Full Council.
- 2.8. The estimated expenditure committed by officers under the above authority must not exceed the amount approved for the scheme in the Capital Programme by more than 20% of the programme budget or £100,000 (whichever is the lower). If estimated expenditure does exceed the approved Capital Programme figure by more than the above limits then approval to the excess must be sought from Cabinet and Full Council as necessary before any commitment is entered into.
- 2.9. The estimated expenditure referred to in para 2.7 shall be the amount of the accepted tender (adjusted if necessary for any non-contract items), or, if there is no tender, the latest estimate of cost. This figure shall constitute the approved amount for monitoring purposes.
- 2.10. Cost increases which arise in the course of a programme are to be treated as follows:
 - (a) if additional payments arising from cost increases are required to allow a project to continue without delay or if the cost increases arise from fluctuations in the price of loose furniture and equipment, no prior approval is required but any action taken under this Regulation should be reported by an officer decision under the scheme of delegation as long as the programme budget is not breached.
 - (b) if total increased costs, including any previous increases are less than

20% of the programme budget or £100,000 (whichever is the lower) approval to the increase may be given by the Chief Finance Officer on the recommendation of the appropriate Chief Officer and Capital Board, but any action taken under this Regulation.

(c) approval to any other cost increases in a programme budget must be sought from Cabinet before any expenditure arising from such cost increases is committed. Where there are no additional costs to the council in relation to an additional scheme, approval can be undertaken by officers under the Scheme of Delegation.

- 2.11. For each capital project with an out-turn cost greater than £1,000,000 a post-completion statement is to be presented to the relevant Cabinet Member. The statement must show the original capital programme cost estimate, the amount of the accepted tender, any subsequent approvals to increased costs and the actual out-turn expenditure. The statement is to be produced as soon as possible, and at the latest within two years after practical completion of the project.
- 2.12. Where a capital scheme takes the form of a general approval to spend over a programme and the detailed projects within the programme are identified, officers can allocate funding between the projects as long as the overall funding envelope is not exceeded and the scope is not changed. Where a change to scope or overall costs is required this should be approval by Cabinet as necessary. Where approval to a programme is a general allocation, with scheme details to be worked up then approval by Cabinet to the detailed programme of capital expenditure is necessary prior to expenditure being incurred. This regulation does not apply to schemes for structural maintenance.