



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Capital Programme
Date:	Friday 13 th June, 2008
Reporting Officer:	Gerry Millar, Director of Improvement
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1.0	<u>Relevant background information</u>
1.1	The Council invests significant sums into improving service provision and our stock of assets through its capital programme. The scale and content of the capital programme is inextricably linked to the revenue budget and issues of affordability, financial prudence and sustainability.
1.2	It is therefore important that there is a clear link between the capital programme and the Council's strategic objectives for the city and an alignment with the budgeting process. This would support an integrated system of financial planning and resource allocation.
1.3	A series of Party Group briefings were held during April to update Members on the current status of the capital programme and to provide information on the range of projects currently included or proposed with a view to seeking Members direction on how the capital programme could be rationalised and brought within affordability limits.
1.4	At the Party Group briefings Members accepted that a number of capital projects are at a certain stage of development and commitment that they need to proceed, however, Members also indicated that there is now an opportunity to take affirmative steps to rationalise the capital programme in terms of need, affordability and the Council's capacity to deliver.
2.0	<u>Key Issues</u>
2.1	To date schemes included in the capital programme have emerged/been proposed by standing Committees or officers with limited challenge put forward in terms of priorities, finance, level of need and capacity to deliver. Consequently, it is unlikely that the levels of investment currently contained within the capital programme are achievable within the Council's financial constraints, are not adequately justified and would be difficult to align with the corporate priorities.
2.2	The overall capital expenditure, if we implemented the 150 projects currently proposed for the period 2008-2013, would be £122.5m most of which would need to be funded via rate financed loans.
2.3	In order to align the capital programme to both the corporate priorities and affordability, it is recommended that the Council adopts a two strand approach as outlined below.
2.5	<p><u>1. Capital Programme 2008-2009</u></p> <p>For 2008/09 it is recommended that the Council proceeds with all projects marked green in the draft Capital Programme attached as Appendix A. These projects are either started or have reached a point where they would be difficult contractually to stop and/or result in abortive expenditure. Whilst this equates £26.73million capital expenditure, £5.375million of this has been allocated as part of the North Foreshore Closure Plan. Furthermore the £2.235million for the rolling replacement vehicle programme is budgeted for within the revenue estimates. Therefore, the estimated total net capital spend for 2008/2009 is £19.5million.</p>

2.6	<p><u>2. Capital Programme 2009-2010 onwards</u></p> <p>For the remainder of the projects proposed (estimated to be excess of £80million), it is recommended that these are put through the revised capital programme prioritisation 'Gates' process. This process would involve:</p> <ul style="list-style-type: none"> • Initial agreement and prioritisation of projects by SP&R Committee; • As potential new projects emerge, they are considered (by means of a project proposal form detailing the project, prepared by Officers) by the service Committee and if deemed appropriate in line with Service Business Plans, need and affordability, they are recommended for potential inclusion in the capital programme, subject to approval of the SP&R Committee; • A capital programme update will be regularly presented (every four months) to the SP&R Committee advising on the current status of existing projects and indicating new proposals and their financial impact, along with the project proposal details; • If confirmed for potential inclusion by SP&R as being in line with the Corporate Plan, Strategic Objectives and Priorities an appraisal, proportional to the scale of the project, will be undertaken to provide challenge and verification of need, scope, finance alignment with Asset Strategy; • The result of the appraisal is presented to the SP&R Committee for consideration as to whether or not to formally include the project in the capital programme, and for prioritisation against existing projects – this may require deferral of some projects; • Further decisions relating to the project are taken by the SP&R Committee, although the service Committee is regularly advised of project status; • Any variations requested by the service Committee or Department are subject to confirmation of the SP&R Committee.
2.7	<p>Members will note that with the recent revision to the Council's Standing Orders, the Strategic Policy and Resources Committee has been given full responsibility for the Capital Budget and will play a central role in challenging, improving and prioritising capital projects.</p>
3.0	<p><u>Resource Implications</u></p>
3.1	<p>To take forward the committed capital projects there would be a net capital cost of £19.5million to the Council. Members will note that £15million for net capital expenditure has been allocated within the Council's estimates for the period 2008/09. The shortfall may have to be dealt with through reprofiling, which will impact on future projects and programme.</p>
4.0	<p><u>Recommendations</u></p>
4.1	<p>The Committee is asked to agree:</p> <ol style="list-style-type: none"> a) that the committed projects (highlighted green in Appendix A) be progressed; and b) that all other projects are put through the revised "Gates" process with a view to their rationalisation and prioritisation on the basis of corporate priorities, need, affordability and deliverability.
5.0	<p><u>Documents Attached</u></p>
5.1	<p>Appendix A: draft capital programme – current position</p>