



Capital Programme – a governance refresh



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Section 1

Improving our approach



Capital Programme

Recent 'health check' led to a comprehensive review of governance

Key outputs of the review include:

- ✓ Improved approach (corporate/portfolio consistency) to decision making thresholds, processes, roles and responsibilities, structure and approach
- ✓ Corporate 'hub' to be created to coordinate and improve visibility/reporting & monitoring/escalation and overall alignment to strategic objectives and focus on benefits realisation
- ✓ Establish 'centre of excellence'



Key benefits

Focus on strategy alignment and benefits realisation/delivery

Enhanced quarterly reporting - **shift focus to performance and outcomes**

Enhanced management controls

Enhanced alignment with 'business as usual' activity and other business processes (risk, strategic planning, budget and service planning, resource management, stakeholder engagement)

Increased visibility of pipeline and completion of projects

Oxfordshire County Council Capital Programme Governance structure and process: overview

Strategy and coordination

Operational / performance management

90% strategic
10% delivery

80% strategic
20% delivery

50% strategic
50% delivery

10% strategic
90% delivery

Cabinet

- Cabinet has formal oversight of the performance of the Council Capital Programme and will be the decision-maker in line with responsibilities set out in the council's constitution.
- Cabinet approves the capital and investment strategy & Council Capital programme, which receives final approval from Council as part of the annual annual capital and revenue budget planning process.
- Cabinet reviews the overall performance of the Council Capital Programme, based on reporting by exception, with a focus on key risks and issues, and any variations in time, scope, and cost.
- Cabinet reviews and signs off business cases / change requests >£1m

Senior Leadership Team (SLT) (with portfolio holders)

- SLT have oversight of the performance of the Council Capital Programme and how it is delivering to the capital and investment strategy.
- SLT and portfolio holders review and provide input into the capital and investment strategy and Council Capital Programme, and recommend it to Cabinet.
- SLT delegates the authority to the Strategic Capital Board to oversee the performance of the Capital Programmes. Based on reporting by exception, SLT and Informal Cabinet review key risks or issues, and any significant changes to the Council Capital Programme.
- They will also review and provide recommendations around new in-year projects that are not aligned to the capital and investment strategy.

Strategic Capital Board governance

- The Strategic Capital Board provides assurance around the performance of each Capital Programme.
- The Board has delegated authority from SLT to develop the Council Capital Programme and capital and investment strategy, and oversee the Council Capital Programme to ensure it delivers to the strategy.
- The Strategic Capital Board obtains assurance on the delivery of the Capital Programme and its outcomes, and is a governance forum where cross-functional issues are identified and addressed.
- Key risks and issues are escalated from the Capital Programme Board to the Strategic Capital Board.
- Business cases / change requests >£500k are reviewed and signed off at this level of governance.

Capital Programme Board governance

- The Director who chairs the Capital Programme Board is accountable for the performance and delivery of the Capital Programme.
- The Capital Programme Board is a governance forum which enables oversight of the operational delivery of each capital project, based on reporting by exception, with a focus on variations in time, scope, and cost.
- Key risks and issues are escalated from Project Boards to the Capital Programme Board.
- The Director signs off business cases and change requests <£500k and defines a local scheme of delegation for how those of a smaller value are managed at the project level.

Programme & project level governance

- The Project Lead is responsible for the performance of a project, to ensure it is delivered on time, to budget, and to the agreed scope and specification.
- The Project Board is the governance forum which monitors the progress of the project and facilitates decision-making between members of the project team, the SRO, and other key stakeholders, including the Service.

Cabinet

Senior Leadership Team

Strategic Capital Board

Capital Hub

Capital Programme Boards

- Major Infrastructure
- Highways & Structural Maintenance
- Property
- IT Services, Digital Infrastructure & Innovation

Programme & project boards

- Programme & project boards
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- Programme & project boards

Capital governance: high level structure

Strategy and coordination

90% strategic
10% delivery

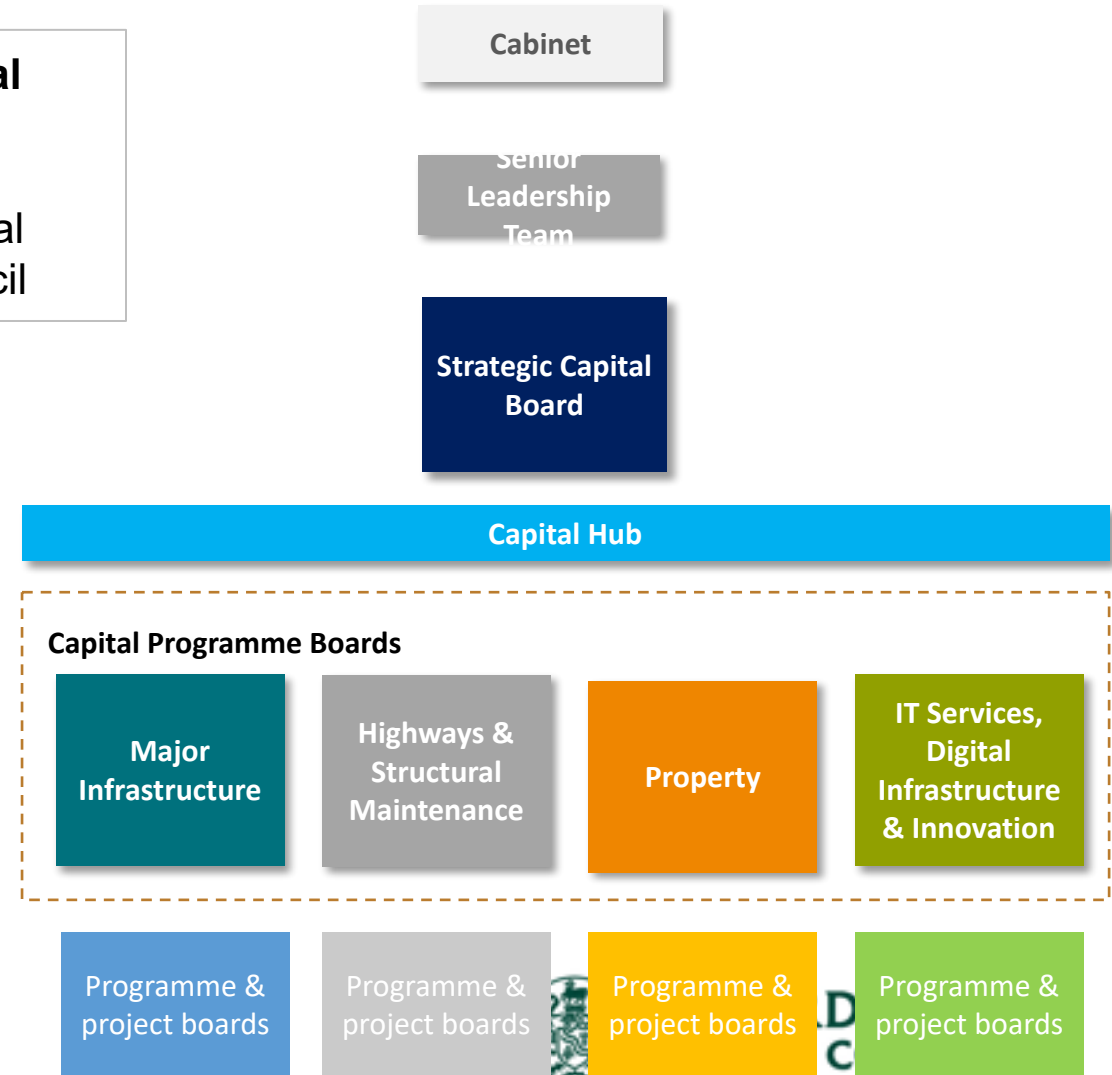
Operational / performance management

Cabinet

- formal oversight of the performance of the Council Capital Programme and will be the decision-maker in line with responsibilities set out in the council's constitution.
- approves the capital and investment strategy & Council Capital programme and reviews the overall performance of the Council Capital Programme, based on reporting by exception.

Senior Leadership Team with Portfolio Holders

- oversight of the performance of the Council Capital Programme and how it is delivering to the capital and investment strategy, which they also provide input into.
- Review key risks or issues, any significant changes to the Council Capital Programme, and any new in-year projects not aligned to the capital and investment strategy.



Capital governance – Cabinet

On a quarterly basis, portfolio holders will review the Council Capital Programme. They will review the quarterly monitoring report and focus on any significant changes to the Council Capital Programme, as well as key performance issues relating to major projects.

Scope

- Maintain oversight of the performance of the Council Capital Programme and how it is delivering to the capital and investment strategy.
- Review and provide input into the capital and investment strategy and Council Capital Programme, to ensure that it reflects the strategic priorities of the Council, and recommend it to Cabinet as part of the annual revenue and capital budget planning process.
- Based on reporting by exception, review key risks or issues, and any significant changes or additions to the Council Capital Programme. It also scrutinises whether the anticipated benefits and outcomes have been achieved.
- Review and provide recommendations around new in-year projects that are not aligned to the capital and investment strategy.

Meeting purpose

This quarterly meeting reviews the overall performance of each Capital Programme, with a focus on any in year additions, variances in time, scope, and cost, as well as key risks and issues. It also examines whether the intended benefits and outcomes are realised.

1. Review of progress against actions
2. Performance overview of each Capital Programme: each Capital Programme should provide a high level summary of its delivery and financial performance, as well as significant risks and issues, with a focus on major projects that are reporting significant variations in time, scope, and cost. These should set out the operational impact of any identified performance issues
3. Review of any significant changes or additions to the Council Capital Programme
4. Identification and discussion around cross-functional considerations



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Section 2

Section 2

Embedding the changes



Progress to date

Direction of Travel

- Strategic Capital Board established with Terms of Reference, improved escalation of ‘out of tolerances’
- Engagement and participation generally has been strong and positive
- Varying levels of quality and timeliness of submissions and data

Capital Hub

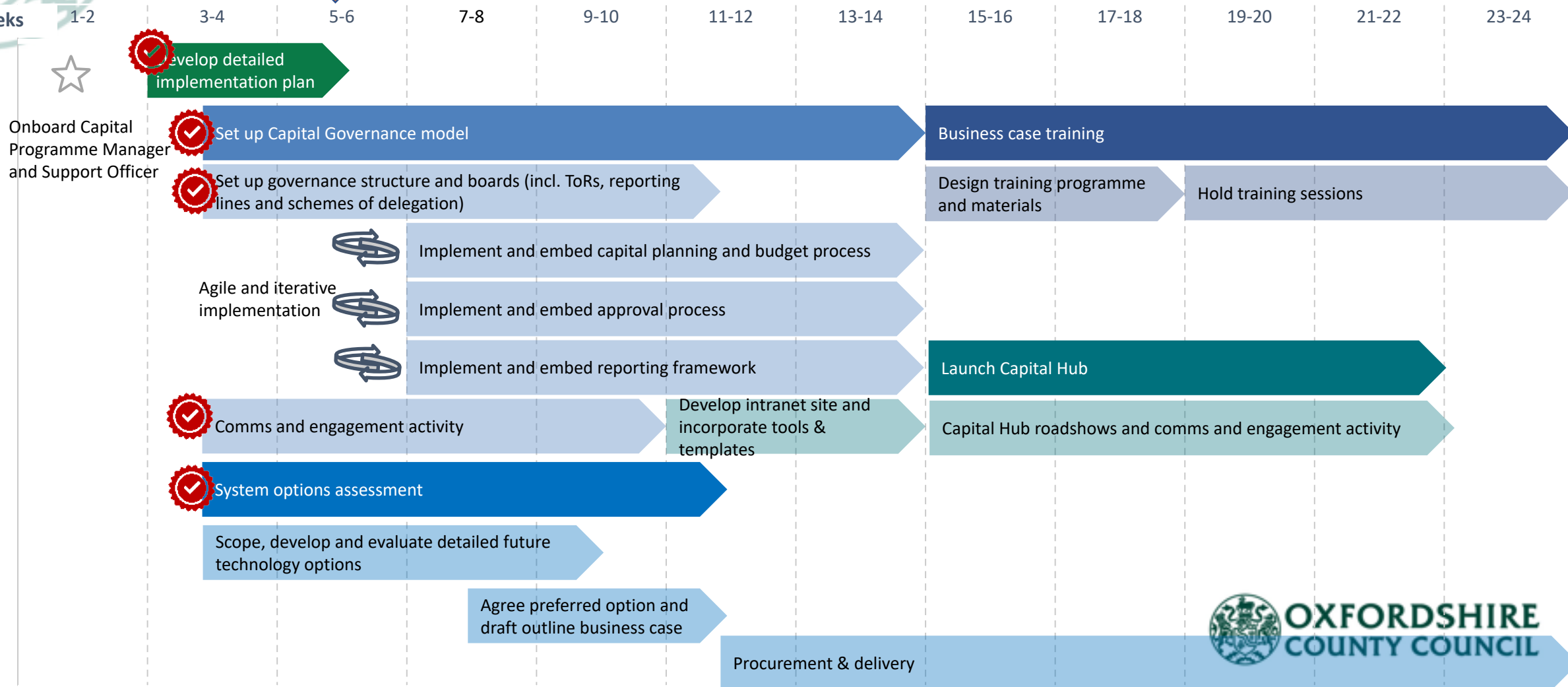
- On track against key milestones of project plan
- Recruitment delayed (now on track for early July start)
- Strong start and relationships being built, communications plan to continue to embed new governance
- Consistent document management and quality control solutions being put in place
- Themed risks and issues ‘overview’ rather than robust/rigour over each project

Emerging issues/risks for discussion

- Scheme of delegation requires updating to ensure alignment with new approach
- Prioritisation of projects (FULL REVIEW PLANNED IN AUTUMN 2022)
- s106 allocations
- Key performance indicators ‘dashboard’ to be agreed

Implementation plan

Below indicates a high level implementation plan of the governance model and supporting processes. It will commence after the Capital Programme Manager and Support Officer have been onboarded in the Capital Hub. Once a detailed implementation plan is developed, it is estimated that it will take approximately 12 weeks to implement the new governance model and launch the Capital Hub. The approach to implementation should be agile and iterative.





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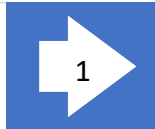
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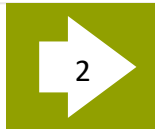
Capital planning and budget setting

Annual capital planning and budget setting: overview

As part of annual budget setting, Services will identify their capital requirements based on their respective strategies, and develop Capital Programmes, which are incorporated into the ten year Council Capital Programme. This is compiled and drafted by the Strategic Capital Board and approved by Cabinet and Council. Projects that are currently being delivered with agreed budgets, and the annual programme of projects for the year with indicative budgets are the ‘firm Capital Programme’. The pipeline of projects for future years (years 2 - 10) is the the ‘provisional Capital Programme’.



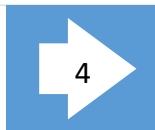
A capital and investment strategy and ten-year Capital Programme is developed for the Council. It is drafted by the Strategic Capital Board, which compiles and reviews draft individual Capital Programmes.



On an annual basis, the ten-year Capital Programme is amended to (a) roll forward an additional year, (b) include new funding, (c) include any additional in year projects, (d) include the specific amount of funding where it is allocated annually (e.g. for schools).



The updated ten-year Capital Programme includes:
(a) projects that are currently being delivered with agreed budgets
(b) annual programme of projects for the year with indicative budgets
(c) a pipeline of projects for future years
Once approved by Cabinet and Council, it will form the approved Council Capital Programme.



In year changes can be made to the approved Council Capital Programme. This may relate to unplanned emergency projects or may be a result of a new source of funding. It also include any variances in the cost of a project or programme measured against the previously approved budget.



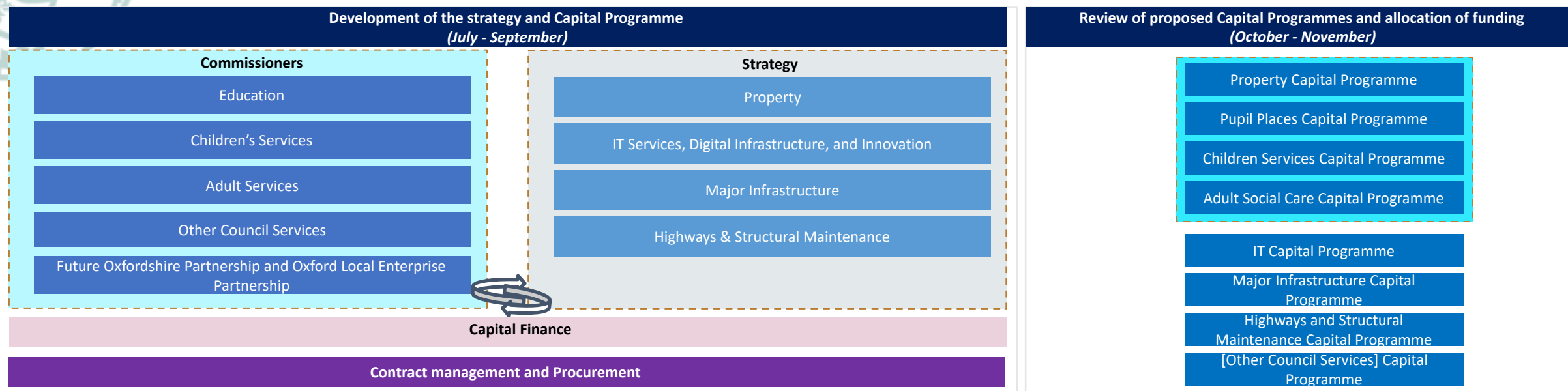
All in year additions to the approved Council Capital Programme must be approved as per the scheme of delegation outlined in the Financial Procedure rules, see [page 31](#).



The objective is to ensure that all planned capital expenditure is reflected in the Capital Programme and that in-year changes are minimised.

Annual capital planning and budget setting: high level process

Below is an overview of the annual capital planning and budget setting process. It is important that the Council strategy and Service strategies are in place, as they will directly inform capital planning and priority setting. Once the Capital Programmes are approved as part of the annual budget setting process, responsibility for delivery rests with the Capital Programme Board.



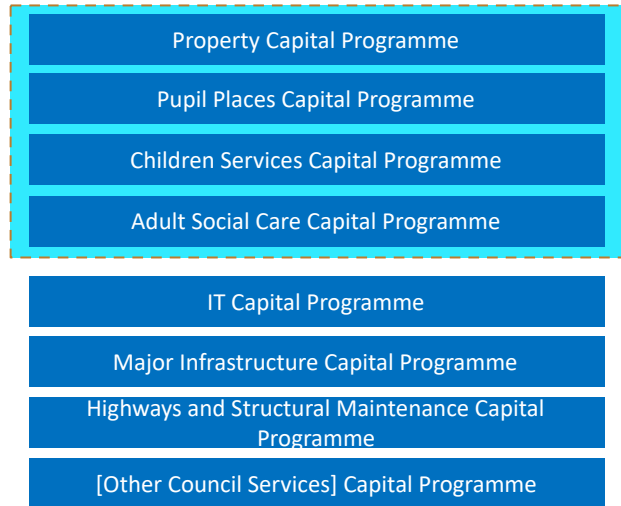
- As part of the annual budget setting process, the commissioners (Service) of capital programmes jointly work with the delivery teams to set out their requirements and build their proposed Capital Programme. The Service is responsible for identifying the needs and specifying the requirements, and they consult with the delivery teams, who advise them on their requirements. Capital Finance will help to define the budgets, and the Contract Management and Procurement team will provide strategic commissioning advice.
- The ten-year Capital Programme represents the defined service needs, as set out in their strategies, and prioritised in accordance with the capital and investment strategy. It is amended each year and includes:
 - Firm projects (including those currently being delivered), with agreed budgets
 - High level proposal of the annual programme of work with indicative budgets for each project. This should include an initial business case for each proposed project, with the exception of Major Infrastructure, Pupil Places, and Highways and Structural Maintenance.
 - Pipeline of projects for future years
- As part of this annual process,
 - There should be involvement from key stakeholders, including Member and resident engagement.
 - Funding sources and the requirement for corporate funding from the Council should be specified.
- Once the proposed Capital Programme is drafted, it is signed-off by the Service at the appropriate and agreed level (e.g. Director or Deputy Director) and the Director responsible for delivering the Capital Programme. It is recommended to the Strategic Capital Board for approval.

- The Capital Hub works with Capital Finance to collate the proposed Capital Programmes, together with their bids for corporate funding. Through an iterative process, these proposals are shared with the following governance boards in the following sequence:
 - Strategic Capital Board - review the proposals and bids for funding and filter these.
 - SLT - review the proposals and bids for funding and
 - Informal Cabinet - review and propose adjustments
- Once the allocation has been agreed, the proposals are compiled by the Capital Hub and Capital Finance team to form the draft Council Capital Programme.
- The draft Council Capital programme is reviewed and approved by the Strategic Capital Board, and recommended to Cabinet for approval.

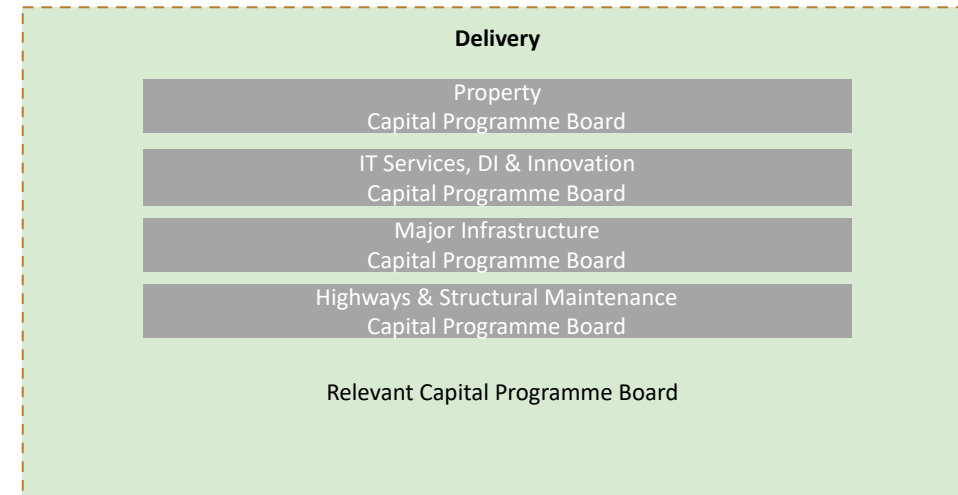
Annual capital planning and budget setting: high level process

Below is an overview of the proposed annual capital planning and budget setting process. It is important that the Council strategy and Service strategies are in place, as they will directly inform capital planning and priority setting. Once the Capital Programmes are approved as part of the annual budget setting process, responsibility for delivery rests with the Capital Programme Board.

Review and approval of the draft Capital Programme (December - February)



Delivery overseen by the Capital Programme Board



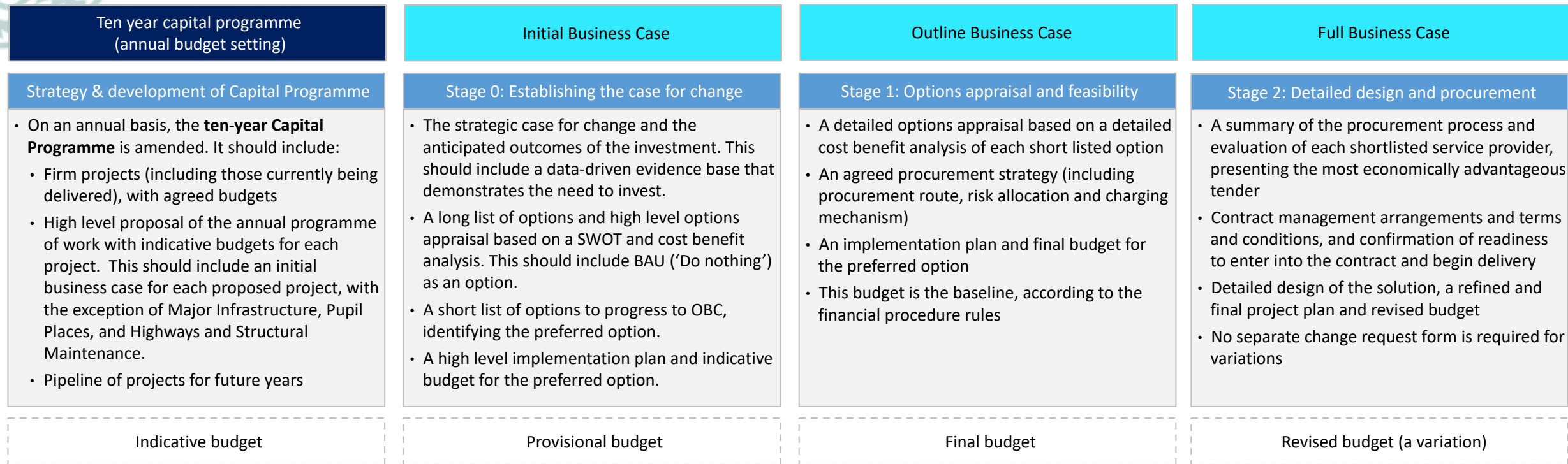
Once the Strategic Capital Board has finalised the draft Capital Programme, there is a sequential process by which the draft Capital Programme is reviewed, recommended, and approved:

- **December:** SLT reviews the draft Council Capital Programme and provides any final input. They specifically focus on strategic alignment with Council outcomes and objectives. They recommend it to Cabinet.
- **January:** Cabinet reviews the final Council Capital Programme as part of the annual capital and revenue budget planning process. They specifically focus on strategic alignment with Council outcomes and objectives. They recommend it to Full Council.
- **February:** The final Council Capital Programme is approved as part of the overall budget by the Full Council.

- Overall delivery of the Capital Programme is overseen by the Capital Programme Board, chaired by the Director responsible for delivery.
- There are individual project boards that manage day to day project delivery, and this is the level at which the Service should be represented. They should be consulted on key decisions relating to changes to the project.
- All subsequent business cases are developed by the Project lead responsible for delivering the capital project, with Services providing input around need and requirements.
- Business cases are signed off by the Service at the appropriate level (e.g. Director or Deputy Director) before they are reviewed at the Capital Programme Board. They are signed-off by the Director responsible for the Capital Programme, and recommended to the Strategic Capital Board, as per the financial scheme of delegation.

Approval process: key stages of project scoping and approval

Below is an overview of the key stages of project scoping and approval. The budget terms stem from the Financial Procedure rules. The detailed approval process can be found on [page 37](#).



For projects / programmes that are part of the ten year Capital Programme, they have already been approved by the Strategic Capital Board and Cabinet.

As they progress across the stages, they are managed by the Capital Programme Board and do need to go back to the Strategic Capital Board or Cabinet, unless there is a variation against the previous approved budget.

For new in year projects / programmes, the IBC needs to be initially approved by the relevant governance board, as per the schemes of delegation. From Stage 1, they are managed by the Capital Programme Board and do need to go back to the Strategic Capital Board or Cabinet, unless there is a variation against the previous approved budget.