The Capital Programme

22 The capital programme is a plan that sets out the resource allocations to be made to capital schemes that have the approval of Full Council. Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the organisation, such as land, buildings, major items of plant, equipment or vehicles

23 The Regulations and standards relating to budgetary management and control of the revenue budget apply equally to capital expenditure and any changes to revenue budgets arising out of changes to the capital programme must be dealt with accordingly. All capital expenditure is incurred or committed on a scheme by scheme basis. Capital expenditure must be reported gross of any funding and controlled at that level.

24 No expenditure may be incurred on a project unless it has been approved as part of the capital programme. Equally, no scheme requiring Government sanction or funding either in full or in part may begin until the sanction and/or funding has been officially confirmed. All credit agreements must be referred to the CFO for approval prior to schemes being included in the programme.

25 All capital expenditure must be incurred by 31 March of the financial year for which it is approved, although approvals can be slipped provided the position is reported to the Executive, unless there is an external requirement to spend within any given year. Where schemes are part of a rolling programme or span a number of years, approval is required for each year's expenditure when the scheme is approved for inclusion in the Programme.

26 As with the revenue budget, it is possible to vire between schemes within the approved capital programme where known funding shortages and/or underspends have arisen. The same rules and principles set out in paragraphs 19-21 above for revenue virement apply to the capital programme. If shortfalls in funding or

overspends cannot be met by transferring resources between schemes within the agreed capital programme, requests of additional funding from reserves must be prepared by the relevant Corporate Director in consultation with the CFO for approval by the Executive. The scheme of capital virement and thresholds for delegated decision making purposes is set out in the table below.

Scheme of capital virement delegations

Decision maker	**Delegated powers & authority**	**Thresholds**
The Executive	To approve individual virements between schemes in excess of £500k	Over £500k
	To re-phase approved scheme expenditure between years in excess of £500k for each scheme	Over £500k
Corporate Directors	To approve individual virements between schemes in excess of £100K up to a maximum of £500k in consultation with the relevant Executive Member. Any virement that affects the council's policy framework will be referred to full council	Over £100K and Up to and including £500k
	To approve individual virements between schemes up to a maximum of £100k	Up to and including £100k

27 In relation to the capital programme the CFO is responsible for:

a) ensuring that an annual capital programme is prepared for consideration by the Executive for recommendation to Full Council;

b) reporting to the Executive on income, expenditure and resources compared with approved estimates;

c) issuing guidance on capital schemes and controls and defining what will be regarded as capital having proper regard to Government regulations and accounting conventions;

d) ensuring that all schemes relying on the use of prudential borrowing powers for funding purposes are properly appraised on the basis of a robust business case as part of the capital budget process.

e) managing the capital budget process;

f) maintaining a record of the current capital budget and expenditure on the Council's financial systems.

28 In relation to the capital programme Corporate Directors and directors are responsible for:

a) complying with the guidance issued by the CFO regarding capital schemes and controls;

b) ensuring that all capital schemes put forward for consideration in the CRAM process have been properly appraised and that each scheme and estimate includes a proper project plan, progress targets and sets out the sources of funding for the scheme including all associated revenue expenditure;

c) preparing regular reports reviewing the capital programme provisions for their services;

d) ensuring adequate records and audit trails are maintained in respect of all capital contracts;

e) monitoring capital expenditure and receipts against approved capital budgets on a scheme by scheme basis and reporting to the relevant Executive Member on a regular basis in accordance with the standard revenue budget monitoring arrangements set out above;

f) reporting to the Executive if proposed sources of funding are not secured (if planned funding from linked assets sales or external grants and contributions cannot be realised, corporate funding support must be sought).