

**Appendix 2 - Capital Framework Improvement Plan Recommendations Tracker**

**Recommendations not yet completed (4 of total 9)**

Thematic Area	Recommendation	Update at July 2024	Progress RAG Rating	Priority
Governance Model	Undertake a review and gap analysis of the existing capital governance model against the good practice blueprint set out in section 6.	<p>The good practice blueprint by PWC showed the setup of a Capital Hub reporting to the Capital Internal Control Board, with separate Capital Programme Boards, Programme Leads and support from a Capital Finance Team and Finance Business Partnering Teams. It also outlined key stages of project scoping approval (including business cases) and 10 year budget setting.</p> <p>Over the course of 2022-23 and 2023-24, significant issues with regards to capital have been addressed. Oversight of the Capital Programme was brought into the corporate finance team where a holistic and council wide approach is provided and which enables an improved approach to the way capital monitoring and budget setting is consolidated. This allowed the Council to better profile its budgets over the life of the projects and to present a 5 years capital programme for 2024-29 (following 4 years in 2022-23 and a single year position previously) to Cabinet in December 2023 and Full Council in March 2024.</p> <p>The Capital Internal Control Board has further improved capital governance arrangements and now receives quarterly updates on major capital projects (over £5m) and concentrates monthly monitoring on the top 15 capital projects (selection taking into account the importance to achieving the Mayor's Business Plan, monetary value and level of delivery risk).</p> <p>A business case template has been issued to officers to use for any bids to add/increase capital projects for the 2025-30 capital programme and strategy. Future consideration will be given to whether there should be different versions of the template for different bands of monetary value, to ensure the length/complexity of the business cases are proportionate to the size of the project. Business case templates would still ensure that they cover areas in line with the Five Case Model. The Five Case Model is an approach for developing business cases recommended by HM Treasury and the UK Office of Government Commerce, and is widely used across central government departments and public sector organisations.</p>	Underway	Low
Capacity & Capability	Secure CMT buy-in to the proposed capital governance framework and skills / capability and capacity action plan.	<p>Further improvements to capital governance arrangements and business case templates in line with the Five Case Model have been drafted and reviewed by the Capital Internal Control Board. We are also linking in with improvements underway in terms of procurement business cases to ensure consistency with these new business cases and to take account of updates to schemes of financial delegation. Before sign off by CMT, the new governance arrangements and templates will be socialised with Directorate Management Teams and capital project related staff for comments.</p> <p>CMT agreed the new Strategic Finance structure which has added a new Finance Manager post for capital and property companies (reporting to the Chief Accountant) for increased financial capacity. The two current Principal Accountant posts (covering capital budgeting, monitoring, financing, valuations and statement of accounts reporting) will report to the Finance Manager as well as a new Accountant post for companies the Council is involved in.</p>	Underway	Low
Capacity & Capability	Design and roll-out a training event for officers and members involved in capital governance and capital project management.	<p>Once the new capital governance arrangements and business case templates are finalised, then training across the Council will take place.</p> <p>We are envisaging the training to be in a similar format to that carried out for Housing Revenue Account (HRA) training by CIPFA in 2023, being generic capital training for all Members and those officers involved in capital activities, and further specific training for officers on the new business case templates.</p>	To be progressed	Low
Business Case Led Approach	Design, implement and embed a business case-led approach for new capital investment needs and project development. This should be underpinned by the five-case model for developing business cases based on HM Treasury guidance in the Green Book (see section 7) and should build upon the existing capital bid process and pockets of good practice as appropriate.	The Capital Internal Control Board is overseeing work to further improve capital governance arrangements and business case templates, to be proportionate to the size of the project. Business case templates would still ensure that they cover areas in line with the Five Case Model.	Underway	Low

**Recommendations completed (5 of total 9)**

Thematic Area	Recommendation	Comments	Progress RAG Rating
Governance Model	Consider the merits of establishing a 'Capital Hub' in the medium term. This function would have responsibility for overseeing and managing the Council's Capital Programme, the governance process and reporting and monitoring. It would also play a key role in designing, implementing and embedding good practice tools and templates across the authority with external support / guidance as appropriate.	<p>The PWC report states that "A Capital Hub team typically comprises a Capital Programme Manager and Capital Programme Support Officer, who are responsible for overseeing and managing the Council's Capital Programme, the governance process, and reporting to the Capital Internal Control Board, Corporate Management Team, Mayor &amp; Cabinet within the capital governance structure."</p> <p>The Council has no plans to set up a "Capital Hub", however the following is underway to support governance and centralise certain areas where deemed appropriate:</p> <p>The Capital Internal Control Board (chaired by the Director of Finance and includes the Director of Commercial Investment &amp; Capital as a member) is overseeing Council wide improvements to capital project management, business cases, monitoring and reporting.</p> <p>The Education Capital Delivery Team has transferred from the Housing directorate to the Commercial Investment &amp; Capital division (Resources directorate).</p> <p>The new Strategic Finance structure has added a new Finance Manager post for capital and property companies (reporting to the Chief Accountant) for increased financial capacity. The two current Principal Accountant posts (covering capital budgeting, monitoring, financing, valuations and statement of accounts reporting) will report to the Finance Manager as well as a new Accountant post for companies the Council is involved in.</p>	Complete
Capacity & Capability	Assess existing capacity and capability across the authority in relation to the capital planning and programming, delivery, management and monitoring spectrum in line with good practice (see suggested roles and responsibilities in section 6), identifying gaps and actions to mitigate as appropriate.	<p>The Strategic Finance structure has been reviewed in terms of capacity and skills mix required for both capital and revenue. The new structure has added a new Finance Manager post for capital and property companies (reporting to the Chief Accountant) for increased financial capacity. The two current Principal Accountant posts (covering capital budgeting, monitoring, financing, valuations and statement of accounts reporting) will report to the Finance Manager as well as a new Accountant post for companies the Council is involved in. The structure also strengthens management capacity in the service finance teams that will provide finance business partnering support to directorates.</p> <p>The Education Capital Delivery Team has transferred from the Housing directorate to the Commercial Investment &amp; Capital division (Resources directorate) to improve oversight and co-ordination of education related capital schemes.</p>	Complete
Business Case Led Approach	Officers within the Capital Hub (or equivalent) should be responsible for designing, implementing and embedding good practice tools and templates with external support / guidance as appropriate.	<p>The Capital Internal Control Board is overseeing work to further improve capital governance arrangements, business case templates and the use of Verto for capital project management, monitoring and reporting.</p> <p>The new Strategic Finance structure has added a new Finance Manager post for capital and property companies (reporting to the Chief Accountant) to create increased capacity for designing, implementing and embedding good practice tools and templates.</p>	Complete
Reporting & Monitoring	Develop a more robust capital reporting framework, underpinning the capital governance model approved by CMT, that introduces a standardised and consistent reporting approach for capital programmes. This framework should comprise four reporting levels and cover four key metric categories: timeline and delivery; finances; risks, and benefits (see section 8).	The Council now has a more standardised, consistent and automated programme and project monitoring framework based on EPPMS (Electronic Project Proposal Management System). The Council has implemented Verto as its preferred EPPMS during 2023 with accompanying communication and training for project managers and key decision-makers across the Council.	Complete

Reporting & Monitoring	Metrics / KPIs for each of the four metric categories should be outlined for each reporting level building on the project level reporting good practice example provided on slide 30. Reporting ambitions and indicative templates should inform the specifications for, and implementation of, the new EPPMS and form part of both pre and post EPPMS training on good capital project management.	The Verto project management system has been implemented on an "agile" basis, to support faster commencement of roll-out across the Council (with capital project management being just one part of wider project management areas that the system will support across the Council). The metrics/KPIs and reporting formats will be continuously improved, including through feedback from capital project leads using the system.	<b>Complete</b>
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