

PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

CAPITAL (SECTION 3)	
<p>General</p> <p>3.1 For the purposes of capital investment plan preparation and management, “capital” must meet the following criteria: (a) the definition for capital as set out in relevant CIPFA accounting guidance and accounting standards, and any other statutory Government guidance as set from time to time. (b) Subject to (a) above, a minimum threshold or ‘de minimis’ to be considered capital at an individual project level, as determined by the Chief Finance Officer. (The usual de minimis level is £10,000)</p> <p>3.2 All capital investment must also be made in recognition of the CIPFA ‘Prudential Code for Capital Expenditure with regard to prudence, affordability and sustainability, and any associated statutory Government guidance’. Council must approve an annual Capital Strategy and annual (Non-Treasury) Investment Strategy in line with the guidance</p>	<p>General</p> <p>3.1 For the purposes of capital investment plan preparation and management, “capital” must meet the following criteria: (a) the definition for capital as set out in relevant CIPFA accounting guidance and accounting standards, and any other statutory Government guidance as set from time to time. (b) Subject to (a) above, a minimum threshold or ‘de minimis’ to be considered capital at an individual project level, as determined by the Chief Finance Officer. (The usual de minimis level is £10,000)</p> <p>3.2 All capital investment must also be made in recognition of the CIPFA ‘Prudential Code for Capital Expenditure with regard to prudence, affordability and sustainability, and any associated statutory Government guidance’. Council must approve an annual Capital Strategy and annual (Non-Treasury) Investment Strategy in line with the guidance</p>
<p>Responsibilities</p> <p>3.3 The Council is responsible for determining the Council's Capital Investment Plan and approving the prudential indicators and limits that support the capital investment.</p>	<p>Responsibilities</p> <p>3.3 The Council is responsible for determining the Council's Capital Investment Plan and approving the prudential indicators and limits that support the capital investment.</p>

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<p>3.4 The Cabinet is responsible for recommending to the Council at the same time as the proposed Revenue Budget, a multi-year Capital Investment Plan and the prudential indicators and limits that support the recommended capital investment.</p> <p>3.5 The Council will determine allocations of capital resources to programme areas, or to specified projects.</p> <p>3.6 The Cabinet is responsible for implementing the Capital Plan approved by Council, in line with any stated Council policies, or strategies.</p>	<p><u>3.3 The Chief Finance Officer will advise the Cabinet and the Council on the overall Capital Investment Plan and levels of funding available. The Chief Finance Officer must confirm the robustness of the capital plan and assess and report to Cabinet on the revenue effects of the capital plan (financing, additional running costs, savings and income) and indicating the prudential indicators and limits that support the capital investment.</u></p> <p>3.4 The Cabinet is responsible for recommending to the Council at the same time as the proposed Revenue Budget, a multi-year Capital Investment Plan and the prudential indicators and limits that support the recommended capital investment.</p> <p>3.5 The Council will <u>approve a Capital Investment Plan and</u> determine allocations of capital resources to programme areas, or to specified projects. <u>(and the prudential indicators and limits that support the recommended capital investment)</u></p> <p>3.6 The Cabinet is responsible for implementing the Capital Plan approved by Council, in line with any stated Council policies, or strategies, <u>and will determine the allocation of resources from the programme area to named projects. A programme or named project</u></p>
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<p>3.7 The Chief Finance Officer will advise the Cabinet and the Council on the overall Capital Investment Plan and levels of funding available. The Chief Finance Officer must confirm the robustness of the capital plan and assess and report to Cabinet on the revenue effects of the capital plan (financing, additional running costs, savings and income) and indicating the prudential indicators and limits that support the capital investment.</p> <p>3.8 Service Directors are responsible for managing programmes and projects and must make appropriate arrangements to control projects and avoid overspending.</p>	<p><u>may only be progressed once the Cabinet has approved the business case for the programme or project.</u></p> <p>3.7 — The Chief Finance Officer will advise the Cabinet and the Council on the overall Capital Investment Plan and levels of funding available. The Chief Finance Officer must confirm the robustness of the capital plan and assess and report to Cabinet on the revenue effects of the capital plan (financing, additional running costs, savings and income) and indicating the prudential indicators and limits that support the capital investment.</p> <p>3.78 Service Directors are responsible for managing programmes and projects and must make appropriate arrangements to control projects and avoid overspending.</p>
<p>Capital Investment Plan Preparation.</p> <p>3.9 The Chief Finance Officer will prepare draft investment plans in accordance (where set) with the planning totals. Service Directors are responsible for providing details of all programmes and projects in a format prescribed by the Chief Finance Officer.</p>	<p><u>Capital Investment Plan Preparation.</u></p> <p>3.9 — The Chief Finance Officer will prepare draft investment plans in accordance (where set) with the planning totals. Service Directors are responsible for providing details of all programmes and projects in a format prescribed by the Chief Finance Officer.</p>

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<p>Plan Management</p> <p>3.10 Where the Council has allocated resources to a programme area, the Cabinet will determine the allocation of resources from the programme area to named projects.</p> <p>3.11 The Cabinet is authorised to transfer resources without restrictions. including between any year, within the approved capital plan, subject to compliance with 3.14 and 3.16.</p> <p>3.12 Service Directors are authorised to.</p> <p>(1) Transfer resources within a programme area without restrictions. (2) Transfer resources between any project or programme area up to a maximum of £2,000,000 in any financial year. (3) Transfer resources within programme areas between any year within the approved capital plan,</p> <p>Subject to compliance with 3.13 and 3.15 and notification to the relevant Cabinet Member and appropriate Ward Members.</p>	<p>Plan Management</p> <p>3.10 Where the Council has allocated resources to a programme area, the Cabinet will determine the allocation of resources from the programme area to named projects.</p> <p>3.11 The Cabinet is authorised to transfer resources without restrictions. including between any year, within the approved capital plan, subject to compliance with 3.114 and 3.136.</p> <p>3.12 Service Directors are authorised to.</p> <p>(1) Transfer resources within a programme area without restrictions. (2) Transfer resources between any project or programme area up to a maximum of £2,000,000 in any financial year. (3) Transfer resources within programme areas between any year within the approved capital plan,</p> <p>Subject to compliance with 3.103 and 3.115 and notification to the relevant Cabinet Member and appropriate Ward Members.</p>
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<p>3.13 Transfers under 3.10 to 3.12 require the approval of the Chief Finance Officer who must be satisfied that there is no impact on capital funding stream because of the changes.</p> <p>3.14 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if there is explicit prior year approval as part of the approved budget plans of the Council for the following financial year.</p> <p>3.15 Transfer is not permitted between HRA funded and General Fund funding streams, nor in respect of any project (or programme) to the extent that it is funded by a project (or programme) specific third-party grant.</p> <p>3.16 Any decision on resource allocation by Cabinet, Strategic and Service Directors (3.11 to 3.15) must recognise any policy decisions of Council. Any decision on resource allocation by Strategic and</p>	<p>3.10³ Transfers under 3.8¹⁰ and 3.9^{to 3.12} require the approval of the Chief Finance Officer who must be satisfied that there is no impact on capital funding stream because of the changes.</p> <p>3.14 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if there is explicit prior year approval as part of the approved budget plans of the Council for the following financial year.</p> <p>3.11⁵ Transfer is not permitted between HRA funded and General Fund funding streams, nor in respect of any project (or programme) to the extent that it is funded by a project (or programme) specific third-party grant.</p> <p>3.12 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if there is explicit prior year approval as part of the approved budget plans of the Council for the following financial year.</p> <p>3.13⁶ Any decision on resource allocation by Cabinet, Strategic and Service Directors (3.11 to 3.15) must recognise any policy decisions of Council. Any decision on resource allocation by Strategic</p>
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<p>Service Directors (3.12-3.15) must recognise any policy decisions of Cabinet.</p> <p>3.17 The Chief Finance Officer will report to the Cabinet on the overall management of the Capital Investment Plan on a quarterly basis through the year (including the reporting of virements in respect of transfer of resources within or between programmes. The Cabinet will provide summary monitoring information to the Council at least twice per year.</p>	<p>and Service Directors (3.12-3.15) must recognise any policy decisions of Cabinet.</p> <p>3.147 The Chief Finance Officer will report to the Cabinet on the overall management of the Capital Investment Plan on a quarterly basis through the year (including the reporting of virements in respect of transfer of resources within or between programmes). The Cabinet will provide summary monitoring information to the Council at least twice per year. <u>This will include any additional capital grant funding received during the year.</u></p>
<p>Initiating and Progressing Investment Decisions</p> <p>3.18 The Chief Executive will establish arrangements, delegated as appropriate to a lead Strategic Director in conjunction with the Chief Finance Officer, to ensure effective deployment of capital resources, ensuring that these align with council priorities and including the preparation of business cases and/or option appraisals designed to ensure project effectiveness and value for money, and to assist Council to determine its Capital Investment Plan, and assist Cabinet with the allocation of programme area budgets to specific projects. For these purposes the Strategic Director and Chief Finance Officer may approve the incurring of fees for option appraisal or initial design fees, subject to the identification of an appropriate funding</p>	<p>Initiating and Progressing Investment Decisions</p> <p>3.158 The Chief Executive will establish arrangements, delegated as appropriate to a lead Strategic Director in conjunction with the Chief Finance Officer, to ensure effective deployment of capital resources, ensuring that these align with council priorities and including the preparation of business cases and/or option appraisals designed to ensure project effectiveness and value for money, and to assist Council to determine its Capital Investment Plan, and assist Cabinet with the allocation of programme area budgets to specific projects. For these purposes the Strategic Director and Chief Finance Officer may approve the incurring of fees for option appraisal or initial design fees, subject to the identification of an appropriate</p>

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<p>source. This can include payment to a contractor for initial project scoping and design, provided that such costs are covered by an identified funding source.</p> <p>3.19 A capital outlay report will be prepared for each specific project. It will be signed off by the relevant programme manager and approved by the Chief Finance Officer, who will grant approval to each specific project when satisfied that:</p> <p>a) The project appears on a schedule of named projects (approved by Council or Cabinet, or by officers under a scheme approved by Cabinet).</p> <p>b) That the total costs of a project are estimated to be less than or equal to the amount approved in the Capital Investment Plan. OR Where the total costs of a project exceed the amount approved in the Capital Investment Plan the appropriate additional resources has been approved; (3.10 to 3.14),</p> <p>c) Any necessary external approval has been obtained.</p> <p>d) The project will not lead to any unexpected or unplanned costs, not envisaged by the business case or option appraisal.</p>	<p>funding source. This can include payment to a contractor for initial project scoping and design, provided that such costs are covered by an identified funding source.</p> <p>3.169 A capital outlay report will be prepared for each specific project. It will be signed off by the relevant programme manager<u>Head of Service</u> and approved by the Chief Finance Officer, who will grant approval to each specific project when satisfied that:</p> <p>a) The project appears on a schedule of named projects (approved by Council or Cabinet, or by officers under a scheme approved by Cabinet).</p> <p>b) That the total costs of a project are estimated to be less than or equal to the amount approved in the Capital Investment Plan. OR Where the total costs of a project exceed the amount approved in the Capital Investment Plan the appropriate additional resources has been approved; (3.810 to 3.124),</p> <p>c) Any necessary external approval has been obtained.</p> <p>d) The project will not lead to any unexpected or unplanned <u>capital or revenue</u> costs, not envisaged by the business case or option appraisal.</p>
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<p>The Chief Finance Officer may issue a partial approval (for example to cover a design stage) provided that there are sufficient resources to cover that stage. The Solicitor to the Council may only issue a contract that aligns with this authorisation.</p> <p>3.20 Service Directors have authority to progress projects once the approvals at 3.19 have been given. They must ensure compliance also with Contract Procedure Rules.</p> <p>3.21 Strategic Directors are responsible for post implementation reviews of capital projects to assess the outcome of investment programmes and projects, and the extent to which these achieved the planned objectives set out in the business case, this assessment to be used in summary to Cabinet and Council as a part of the overall financial reporting and monitoring process.</p> <p>3.22 The Chief Finance Officer is permitted to make variations to capital funding as necessary in order to ensure that the council funding position is optimised, subject to reporting such actions to Cabinet and Council.</p>	<p>The Chief Finance Officer may issue a partial approval (for example to cover a design stage) provided that there are sufficient resources to cover that stage. The Solicitor to the Council may only issue a contract that aligns with this authorisation.</p> <p>3.20–17 Service Directors have authority to progress projects once the approvals at 3.169 have been given. They must ensure compliance also with Contract Procedure Rules.</p> <p>3.218 Strategic Directors are responsible for post implementation reviews of capital projects to assess the outcome of investment programmes and projects, and the extent to which these achieved the planned objectives set out in the business case, this assessment to be used in summary to Cabinet and Council as a part of the overall financial reporting and monitoring process.</p> <p>3.1922 The Chief Finance Officer is permitted to make variations to capital funding as necessary in order to ensure that the council funding position is optimised, subject to reporting such actions to Cabinet and Council.</p>
Complex Projects	Complex Projects

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<p>3.23 Any capital project which involves partnership arrangements, or investment in limited companies or other separate entities must be approved by Cabinet.</p>	<p>3.203 Any capital project which involves partnership arrangements, or investment in limited companies or other separate entities must be approved by Cabinet.</p>
<p>3.24 The reporting of the capital position in such cases must follow a similar arrangement to any direct asset investment.</p>	<p>3.214 The reporting of the capital position in such cases must follow a similar arrangement to any direct asset investment.</p>
<p style="text-align: center;">Leased Assets</p> <p>3.25 Accounting regulations (IFRS 16) makes an ongoing presumption that all leases (including those previously defined as operating leases) will need to be included on the Council's Balance Sheet. All lease arrangement needs to follow the same procedures, and have the same authority and approval, as for other items of capital expenditure.</p> <p>3.26 In respect of any item acquired by lease (other than a Land Asset) the inventory must be marked with the name of the leasing company and the date of expiry of the lease agreement. When requested by the leasing company the item must be suitably marked as the property of that company.</p>	<p style="text-align: center;">Leased Assets</p> <p>3.225 Accounting regulations (IFRS 16) makes an ongoing presumption that all leases (including those previously defined as operating leases) will need to be included on the Council's Balance Sheet. All lease arrangement needs to follow the same procedures, and have the same authority and approval, as for other items of capital expenditure.</p> <p>3.236 In respect of any item acquired by lease (other than a Land Asset) the inventory must be marked with the name of the leasing company and the date of expiry of the lease agreement. When requested by the leasing company the item must be suitably marked as the property of that company.</p>

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GRANTS SECTION 22	
<p>Grants Receivable</p> <p>22.5 Service Directors are authorised to accept a grant offer of any value from the West Yorkshire Mayoral Combined Authority and any government department, provided that.</p> <p>(a) the grant is in fulfilment of a national or regional initiative or requirement, and</p> <p>(b) the council is required to make no contribution, or the contribution can be fully met from an existing budget for that purpose.</p> <p>The Service Director must advise the Chief Finance Officer of the relevant details and obligations of the grant as soon as possible on receiving notice of the grant offer, and on confirmation of the grant award.</p>	<p>Grants Receivable</p> <p>22.5 Service Directors are authorised to accept a grant offer of any value from the West Yorkshire Mayoral Combined Authority and any government department, provided that.</p> <p>(a) the grant is in fulfilment of a national or regional initiative or requirement, and</p> <p>(b) the council is required to make no contribution, or the contribution can be fully met from an existing budget for that purpose.</p> <p>The Service Director must advise the Chief Finance Officer of the relevant details and obligations of the grant as soon as possible on receiving notice of the grant offer, and on confirmation of the grant award</p> <p><u>Where a grant has a capital element, or revenue grant with discretion on usage, the funding must be identified into the relevant budgets and follow the normal process for approval and control of that funding (for example for capital, a business case as FPR 3.6)</u></p>
	<p><u>Where a grant offer includes onerous or unusual conditions, the service director, chief finance officer and director of legal governance & commissioning must consider if these requirements represent a significant risk to the council. If they believe that they do</u></p>

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	so, they must inform and seek authority for acceptance from the Cabinet.
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