

GUILDFORD BOROUGH COUNCIL

CONTROL OF CAPITAL PROJECTS

Major Schemes (Projects Costing £100,000 or More)

1. A proposal for a major scheme should be made by the client service to the Management Team at inception before any expenditure is incurred. The Chief Executive should be notified of the scheme prior to it being considered by the Management Team. If the Management Team so decides, an allocation of resources can be made to allow a scheme to be worked up.
2. It is the responsibility of the client service to prepare an initial brief of a project, together with estimated costs, using whatever services it deems appropriate. Care must be taken to ensure that all costs are included and that estimates can reasonably be relied upon. Items of cost include construction, internal and external fees, fitting out etc. Ongoing revenue costs should also be calculated. Timescales should take account of the possibility of a Lottery application.
3. The project should then be re-presented to the Management Team, which will decide upon its suitability for submission to the Executive, group leaders or a Lead Member.
4. The client service will present the project to the Executive and request its inclusion in the Major Schemes Capital Programme.
5. Once the project has been allocated resources by the Council, the client director or head of service ("client officer") will assume responsibility for its progression, control and completion, including invitations to tender and selection of contractors and/or consultants.
6. The client officer will have complete control over the scope and budget of the project and will become the project manager, who may also appoint a representative to act on his or her behalf.
7. No change will be made to the project brief or its costs without the written approval of the project manager.
8. The role of project manager will be:
 - (a) To ensure that the pre-contract decision-making process is based upon adequate drawings, specifications and cost estimates which can be relied upon.
 - (b) To deliver the project, as approved by the Council or Executive, on time and within budget and to ensure Financial Procedure Rules are complied with.
 - (c) To ensure that day-to-day decisions with regard to the project, which neither change its scope nor increase its cost, are taken to his or her satisfaction.
 - (d) In the event that any of the above prove not possible, to inform the Management Team at the earliest opportunity. The Management Team will then decide how to progress the matter vis-a-vis councillors etc.

- (e) In any event, to monitor progress on the project and report to Management Team meetings as appropriate.
9. The project manager for each major capital project will organise and chair a project team, which will meet on a regular basis, at least monthly, and receive reports on progress. This team should be formed at the earliest opportunity, before any executive actions have been taken and expenditure incurred. All meetings should be minuted.
10. That team should include the project manager, representatives of the client, the technical service responsible for the work, any consultant who effectively acts in place of the technical service and Financial Services.

Minor Capital Schemes and Maintenance Budgets

11. A similar but less onerous system will apply to minor capital projects and maintenance budgets.
12. The service officer named on the service information page of the annual estimates book will be the responsible client officer for each minor scheme and maintenance code and have complete authority over the scope, including spending and budget, of the item.
13. The client officer will be expected to act in a similar, but less formalised way, as described in paragraphs 8 and 9 above. The client officer will be required to maintain continuous contact with contractors to exercise his or her responsibility for the deliverance of the project, including its scope, timescale and budgeted spending.
14. Client officers will keep their directors and heads of service regularly informed of physical and financial progress on each item. Directors and/or heads of service must exercise their judgement as to when the Management Team needs to be informed of variances etc.

Control of Projects: Summary

Client Responsibility

- A client officer must be appointed for each scheme.
- This officer will be responsible for ensuring that the job is completed on time and within budget and reporting to councillors as necessary.
- The client officer will have absolute authority over the budget up to the amount approved by the Council or Executive.

Estimating and Reporting Procedures

- Estimates for projects in the draft Minor Schemes Capital Programme should be based on the client officer's best estimate of the cost.
- These estimates should be complete, allowing for all relevant costs.
- After funding of the forthcoming year's capital programme has been approved in February, the client must prepare an updated estimate for each approved scheme

based on accurate designs and costings. The final evaluation can be completed once all tenders, quotations etc have been received.

- The updated estimate must be reported to the Executive if it exceeds the original sum approved by more than 10% or £5,000, whichever is the lower. The project can proceed if approved by the Executive.
- Schemes estimated to come within the above tolerance level can go ahead without the need to obtain the Executive's approval, but the Head of Financial Services must be advised of the anticipated out-turn prior to commencement.

Work in Progress

- The client officer will be responsible for ensuring that the project is completed on time and within the approved estimate.
- The project runner (i.e. the architect, engineer, surveyor etc. undertaking the work) and the client should maintain regular, close contact regarding costs to date and progress on the job.
- The client must be advised of all variations having a financial effect and should authorise these in writing.
- The project runner must maintain a running total of all variations. If the total equals or exceeds the final estimate approved by 10% or £5,000, whichever is the lower, the approval of the relevant Lead Member must be sought before further works are undertaken. If additional work needs to be carried out immediately (e.g. for safety reasons), this approval may be obtained after the event.

Project Completion

- Upon completion, the final out-turn (with reasons for overspends) should be reported to the Executive in the following instances:
 - (a) where expenditure on the scheme was estimated to come within the original estimate (plus 10% or £5,000, whichever is the lower) and the final out-turn exceeds this figure; *or*
 - (b) where the out-turn exceeds the updated estimate, as approved by the Executive.

Control of Projects: Detailed Notes

Client Responsibility

1. A client officer must be appointed for each scheme. This officer will be responsible for ensuring that the job is completed on time and within budget and for reporting to councillors as required.
2. This officer will usually be the individual named as the "responsible officer" on the relevant service information page in the estimates book, unless the director or head of service wishes to assume direct responsibility. The nominated person must be a senior officer with sufficient expertise and understanding of the works and monitoring processes and have direct responsibility for the works.

3. The appointed officer will have absolute authority over the budget up to the amount approved by councillors.

(Note: the architect, engineer or surveyor etc. undertaking the work will be referred to as the "project runner".)

Estimating and Reporting Procedures

4. As usually only about one-third of all schemes presented to councillors for consideration each year are actually authorised to proceed, it would be wasteful to devote a large amount of resources, both in staff time and money, to the preparation of schemes at the initial stage.
5. Estimates for projects included in the draft Minor Schemes Capital Programme should, therefore, be based on the client officer's best estimate of the cost. When preparing this, the client will need to consult the service(s) whose officers will actually undertake the work on his or her behalf. Ideally, all estimates should be as realistic as possible. The client should not continually amend the specifications for the project. All changes cost money - the client should, therefore, give full and proper consideration to the requirements at a very early stage.
6. The final estimate included in the draft capital programme should be complete, analysed over all relevant elements (contractor payments, miscellaneous costs such as planning fees, cost of equipment and salaries (based on number of hours) of all services involved. The total only will be reported to councillors, but the detail must be available.
7. The draft capital programme is usually considered by the Executive during the November/December cycle of meetings. Whilst the Council will agree a list of schemes to proceed in the following year (i.e. those above the 'cut-off line'), final approval cannot be given until February when the Council determines its budget.
8. After approval in February, the client must prepare an updated estimate for each approved scheme based on accurate designs and costings. This will require full consultation between the client and the project runner. A proper timetable for each proposal will also need to be prepared, acknowledging both the requirements of the client and the workload of the project runner. The final evaluation can be completed once all tenders, quotations etc have been received.
9. The updated estimate must be reported to the Executive if it exceeds the original sum approved by more than 10% or £5,000, whichever is the lower. Schemes estimated to come within this tolerance level can proceed without the need to report to the Executive*. However, prior to commencement, the Head of Financial Services must be given details of the anticipated out-turn on the project. This figure will become the updated estimate for the scheme, against which expenditure will be monitored.

** Tenders received must continue to be reported to the Executive where required by Procurement and Financial Procedure Rules.*
10. The requirement to report back may create timing problems for works under contract. However, the tender/contract documentation should ensure that start times, cost bases quoted etc. are prepared at given dates, which take account of the Council's timetable of meetings. In fact, this will not be a problem on all projects since some are not carried out under contract, but through orders and schedules of rates etc.

11. It should be noted, however, that the requirement to report will mean that, on occasions, jobs cannot be brought forward to fit into newly available, convenient time-slots.
12. When considering a report, the Executive may:
 - (a) recommend that the project proceeds. When considering such proposals, the Executive will want to be advised as to the availability of funding. There will not be a general contingency fund for overspends, but an ongoing review of resources will be maintained. This will take account of both under and overspends on projects, plus additional resources achieved by way of contributions, SCAs etc;
 - (b) decide not to proceed. In this case, any expenditure already incurred on the project will be abortive, but the unspent balance will become available to fund other projects on the list; or
 - (c) ask for the specification of the scheme to be reviewed. However, such review in itself will give rise to additional costs and the project will become somewhat different from that originally approved. The item may, therefore, have to be deferred and re-submitted in the coming year's draft list of proposals if additional resources cannot be identified.

Work in Progress

13. Once a scheme is underway, the client officer will be responsible for ensuring that it is completed on time and within the approved estimate. The project runner must, therefore, keep the client advised of any factors affecting these targets as soon as they come to light. However, provided that the specification for the work has been properly agreed, it should not be necessary for the client to become directly involved in the works.
14. The Head of Financial Services will continue to report to the monitoring group on all projects. The project runner and the client should maintain regular, close contact regarding costs to date and progress on individual schemes.

Variations to the Project

15. In many instances, there will be variations to the scheme as originally agreed. The client should be advised of all variations having a financial effect and should authorise these in writing - as much for the protection of the project runner as the client. Some clients may also wish to see instructions for changes which have no financial implications. This will be a matter for the client and project runner to agree in each case and is outside the scope of these guidelines.
16. The project runner must maintain a running total of all variations. If the total equals or exceeds the final estimate approved by 10% or £5,000, whichever is the lower, the approval of the relevant Lead Member must be sought before further works are undertaken. If additional work needs to be carried out immediately (e.g. for safety reasons), this approval may be obtained after the event.

Project Completion

17. Once the scheme has been completed, the final out-turn (with reasons for overspends) should be reported to the Executive in the following instances:
- (a) where expenditure on the scheme was estimated to come within the original estimate (plus 10% or £5,000, whichever is the lower), and the final out-turn exceeds this figure; or
 - (b) where the out-turn exceeds the updated estimate, as approved by councillors.

Capital Estimates/Monitoring Reports

18. Estimates for each project will be shown thus:
- (a) The original estimate approved for each scheme will be shown on all reports;
 - (b) The anticipated expenditure will be shown as 'estimated out-turn'; and
 - (c) In instances where the Council has approved a revised sum for the project, this 'updated estimate' will be shown.