

Flintshire County Council

**Capital Project Management
Handbook**

Capital Handbook

The purpose of this document is to set out general guidance covering procedures for the management of capital projects or schemes.

The process builds upon established County Council procedures and regulations and, where appropriate, reference is made to these to provide additional information. Changes in Legislation or County Council Financial Procedure Rules (FPR) or Contract Procedure Rules (CPR) may require procedures to be reviewed from time to time.

AN OUTLINE OF ROLES AND RESPONSIBILITIES

Capital Accounting Team (within Corporate Finance)

- Overall management, including reporting progress of, the Councils capital programme
- Securing sources of capital funding
- Supporting the programme of capital receipt generation.

Service Portfolios

- identifying projects / schemes of work through surveys and other analysis,
- preparing expressions of interest / business cases for projects / schemes for approval,
- programming, planning and project managing the delivery of capital projects
- Reporting regularly to Capital Accounting and the Assets Programme Board on progress of projects / schemes

Assets Programme Board

- Reviewing the Council's overall programme of capital activity
- Reviewing capital receipts and supporting the Council's asset disposal programme.

BACKGROUND

The County Council operates an ongoing forward programme of Capital Schemes which is normally planning on a four-year cycle. The programme brings together portfolio proposals for capital expenditure.

Each year, in setting the County Council's budget, a comprehensive list of all capital expenditure proposals will be collated (inclusive of projects included in all 3 sections; Statutory & Regulatory, Retained Assets and Investment). This list, "The Capital Programme", will include all proposals to be implemented that year, and also those named projects for the subsequent year, which can proceed to the design stage.

The lead-in period, up to commencement of works will be agreed with the respective Portfolio Chief Officer with overall responsibility for the capital programme falling to the the Chief Officer (Organisational Change) As a guide this could be about six months for a project up to £150,000 contract value to twelve months for projects of £500,000 and over. This will enable adequate resources to be made available for implementation, and allow suitable timescales for design, approvals, invitation of tenders, forming of contracts etc.

All projects which form part of The Capital Programme, will have been subject to the County Council's Capital Appraisal Process to determine its viability, justification and (positive) effect on revenue budgets. This process is designed to allow proper consideration of project timetabling for effective implementation. All blocks of expenditure, and all individual projects exceeding the capital appraisal threshold (currently £150,000 gross cost) are subject to this process

The minor capital works block will be managed by Portfolio Service Managers. Projects costing less than the deminimus of £20,000 are normally dealt with as revenue expenditure.

Capital Receipts

The Council determined a number of years ago that it would not 'ring fence' capital receipts for project specific purposes and this position remains.

Joint Schemes

These compromise projects jointly funded by two or more Service areas, or partly funded by other agencies and for the purposes of this document are dealt with in the same way as other capital schemes. Normally these projects would be instigated, and finance arranged by a "lead" service.

This category of scheme may include Fire Damage, Grant Aided Projects.

PROCESS

This part of the document sets out the main sequence of events in developing and implementing a capital project.

In essence the prime responsibility for managing the project from inception to completion rests with the portfolio service area. Once a capital project is identified as the agreed solution the service manager and Chief Officer will work develop the scheme and deliver it to a pre-defined programme.

It is important to ensure that regular monthly capital monitoring is undertaken for all projects so that officers in Corporate Finance can provide accurate, regular and timely reports to Cabinet, Scrutiny and Council.

The process can more clearly be explained in the four main stages as follows:-

- Stage 1 - Inception/evaluation
- Stage 2 - Feasibility
- Stage 3 - Implementation
- Stage 4 - Project Review

STAGE 1 – INCEPTION / EVALUATION STAGE

This stage will link with the County Council's capital appraisal process and includes assessing a projects requirements, gathering together of relevant information and establishing timetables and financial limits, as well as considering which may be the best way to proceed with a project. Early discussions on the appropriate procurement route and funding are important. Having identified a piece of work or project the task at this stage is to define and present the matter and consider possible approaches.

All projects will generally follow this route even where there is little input required at this stage.

The above will therefore take into account:

- a) Justification
- b) Budget
- c) Source of funding, (capital receipts, external funding, grants etc).
- d) Timescales

Suggested checklist

- What is issue or requirement?
- Has problem been discussed with the Chief Officer, Service Manager?
- Have alternative approaches been considered?
- Do others need to be consulted? Cabinet Member, Local Members? Staff? Public?
- What is timescale involved?
- What are financial implications? Has account been taken of ongoing revenue costs which will ensue and more importantly what revenue savings may this project create?
- Where is the funding coming from?
- Does the Assets Programme Board or Informal cabinet need to approve in principle at this stage? (e.g. politically sensitive proposals, rationalisations etc.)
- Has a capital appraisal been submitted?
- Does there need to be any formal publicity to proposals at this stage or other communication plan?
- Does an equality impact assessment need to be undertaken and if so at what stage?

STAGE 2 – FEASIBILITY

Stage 2 will include such studies as are necessary to determine the feasibility of the overall requirement and to assess possible solutions and cost implications.

This more detailed study will enable the development of the project brief (if necessary ie instructing consultants), refine budget costs and identify technical problems. The project will now be established as a named project in a future Capital Building Programme or form part of a larger block (core programme) for which approval has already been obtained. The source of funding will have been identified.

This stage in the process will also need to establish those key personnel who will be involved in the project through to completion.

This stage will need to ensure, where these are applicable that the following have been fully considered:-

- (a) the application of specific standards (construction, highway etc)
- (b) integration of future maintenance works with new construction
- (c) energy management, where applicable
- (d) health and safety
- (e) Constraints which may need to be placed upon the project ie specific spend conditions in the case of some grants

In relation to the feasibility stage it may also be helpful to consider the following when undertaking this stage of work:-

1. Background / philosophy indicating broad purpose of the proposal, with reference to the Capital Appraisal where appropriate.
2. Project Description
3. Scheme details (as applicable).
4. Cost limit information and accompanied by budget cost/limit presented in standard format with basis of costing, expenditure profile over implementation period, source of funding and any fee implications if commissioning a Consultancy Services.
5. Timescale for implementation of the project with key dates. Where a number of projects are involved the aim should be to provide a balanced workload throughout the year without detriment to the specific needs of individual projects.
6. Procurement strategy clear and any evaluation panel needed or proposed?
7. Any Corporate Standards and constraints, including reference to Health and Safety Legislation, and Energy Conservation, where applicable.
8. Project related information based upon research/feasibility work undertaken to date.

In effect this is likely to be the last opportunity for fundamental changes to be made to the content of a scheme as any alterations beyond this stage are likely to incur additional costs

The ongoing capital appraisal process will confirm all elements at this stage are either in place or on schedule prior to start year. Before progressing to the next stage. It is also important to confirm that the site or building will be available for the Contractors possession at the agreed date.

Suggested Checklist

- Has project found a place in the capital programme?
- Are there any changes to timescale?
- If new site or change of use will outline planning permission be required before proceeding further?
- Does site/scheme/property/land need to be acquired before proceeding further?
- Have proposals been examined in sufficient detail to establish actual content of project and to assess a more accurate budget costs, including ongoing revenue implications?
- Has a revised capital appraisal been submitted reflecting refined proposals?
- If joint funded or externally funded. Has funding been secured?
- Consider the procurement strategy, discuss with the Councils procurement team and consider the need for any evaluation panel

- Have any proposed maintenance works been included?
- Will site/property be available for works to take place?
- Should the opportunity be taken to consider the timing of publicity proposals at this stage? Press release? Exhibition?

STAGE 3 - IMPLEMENTATION

This stage involves the development of the scheme through a number of workstages from outline proposals to finalised design, followed by implementation on the site.

OUTLINE PROPOSALS

This stage can involve, depending on the degree and complexity of the scheme, the following activities. It generally involves a more detailed analysis of the issues and requirements for the project and can often involve the production of a number of outline proposals for group consideration.

Suggested Checklist

- Have a series of meetings been arranged with key stakeholders to develop the scheme?
- Is any additional information required to progress the scheme at this stage?
- Does the cost information show proposals to be within budget?
- Where applicable does the pre-contract programme highlighted any difficulties?
- Has sufficient time been allowed for tender analysis and contract preparation prior to commencement of work?
- Do others need to be consulted over the proposals?

SCHEME DESIGN

On the basis that the outline proposals are acceptable scheme designs of sufficient detail should be developed. Where required, this will enable an application to be made for planning permission.

Input at this stage may also be required from specialists, development of this stage will enable programmes and costs to be refined and these should again be confirmed to be within acceptable limits.

Suggested Checklist

- Are regular stakeholder review meetings in place and being undertaken?
- Is any additional information required to progress the scheme at this stage?
- Have the project specialist, where engaged, highlighted any difficulties?
- Has Contractor's access to site/scheme been discussed?
- Have running costs, energy efficiency, been discussed?
- Is the project still achievable within programmes? If not what action is required?
- Is the project still achievable within cost? If not what action is required?
- Do others need to be consulted over the proposals before approval is given?
- Has a Planning Application (if required) been made?
- Should the opportunity be taken to publicise proposals at this stage?

- ☐ Are there any specialist services or equipment required as part of this work and are all clear what this is and who is responsible for its installation?

DETAILED DESIGN

During this stage the scheme design will be developed further. At the completion of this stage the detailed content of the scheme including materials, construction, fittings, workmanship and any installations to be incorporated should now be fully approved and applications for any further statutory approvals eg Building Regulations, notices

Cost and programme will need to be reviewed and these, together with the scheme design will be presented to the Assets Programme Board for final approval where required.

Suggested Checklist

- ☐ Have the detailed proposals been presented to any specific stakeholder groups for approval
- ☐ Do the proposals now incorporate all aspects required to deliver the scheme successfully?
- ☐ Have all statutory consents been applied for?
- ☐ Are any Government approvals required?
- ☐ Is project still achievable within cost of programme?
- ☐ Is the project cleared with the respective Cabinet Member and local Ward Member where considered necessary. Has single tender action been applied for, if required, and been approved in accordance with the Councils Contract Procedure Rules (CPRs)

PRODUCTION INFORMATION

Following completion of the detail design, working drawings working drawings, specifications, bills of quantities etc., in sufficient detail for contractors to prepare tenders and for the scheme to be constructed on site will be prepared.

Suggested Checklist

- ☐ Has all information been incorporated so that this stage can be successfully completed?
- ☐ Are statutory approvals in place and has allowance been made for any requirements made a condition of the approvals?
- ☐ Standard Forms and cost plans where applicable
- ☐ Pre- Contract information and clarification

TENDER ACTION

During this stage tenders are invited appraise and advise upon those received is considered.

This is an important stage and throughout the other stages there should have been active dialogue with the Councils Procurement Officers in relation to development of the tender pack, implications on European legislation, where applicable, and the use of electronic tendering.

Suggested Checklist

- ☐ Where necessary have evaluation panels been set up and are attendees aware?
- ☐ Once received, have the favourable tenders been analysed all who need to know been advised of the outcome?

PROJECT PLANNING

During this stage the contract documentation will be prepared for the contractor and arrangements for commencement of work on site will be progressed.

A completed contract must be available before works commence on site.

The issue of 'letters of intent' will only be considered in very exceptional circumstances

Suggested checklist

- ☐ Confirmation that tender details are in order and that contracts can be entered into?
- ☐ Authority to proceed given and cost codes for charging purposes?
- ☐ Have contract documents been forwarded to Legal and Member Services for processing?
- ☐ Has a pre-start meeting been arranged?
- ☐ Prior to Contractor commencing work has the contract been formed?
- ☐ Does any special ceremony/publicity need to be arranged to mark commencement of the work? Check with Press office and Portfolio Cabinet Member and Chief Officer.
- ☐ Has the wording of the contract sign board (Flintshire County Council format) been agreed for erection on site? Refer to the Councils Communications Team for further information.

OPERATIONS ON SITE

From this point on the Contractor takes possession of the site (or those parts under his control) and carries out the work in accordance with the contract conditions

Suggested checklist

- ☐ Are progress meeting minutes being taken? (where requested)
- ☐ Is scheme progressing according to programme?
- ☐ If not, why? What action is required to remedy situation?
- ☐ Is anticipated expenditure within contract sum? If not, why?
- ☐ What action is required to remedy situation?
- ☐ Is the Contractor ensuring that proper precautions are being taken on site with regard to safety, noise, disruption?

COMPLETION

At 'practical' completion of the works on site the project will be handed over to the service/lead Portfolio for use/occupation. The contractor's responsibility for the site will cease at this point other to attend to any minor items outstanding or defects which might arise during the defects liability period

Suggested Checklist

- ☐ Has adequate notice been given of handover and who will attend the handover meeting?
- ☐ Is the building or scheme in an acceptable condition for handover?
- ☐ Has the contractor provided the relevant certification to show project complies with required standards?
- ☐ Has adequate advice been given on maintenance procedures?
- ☐ Have copies of drawings and user manuals and health and safety files (where applicable) been provided?
- ☐ Are outstanding items / defects being attended to promptly?
- ☐ What publicity is proposed? Press Release? Official Opening photo opportunity?

STAGE 4 – PROJECT REVIEW

For all projects over £150,00 in value the service area sponsor will undertake a review of the project. This review will be undertaken within 3 months of the handover of the project/scheme. This is intended to ensure that the project/scheme meets its original objectives of cost, quality and timing.

It is proposed that future capital reports to Cabinet will include a 'summary of learning' so that the Council can understand better how its projects are delivered and reflect on any positive and negative outcomes which will be used to inform future projects/schemes.

Proposed Checklist and suggested areas to explore

Project information

Did the information clearly establish:-

- Background/purpose of proposals?
- Descriptions of requirements?
- Site/scheme details?
- Budget?
- Timescale?
- Any corporate standards and constraints
- Were changes made to the project information during the course of the project?
- If so, why, and what impact did these changes have?

Site or scheme

Were there any difficulties encountered with regard to:

- Availability?
- Contractors access?
- Planning Permission?
- Ground conditions?
- Mains Services?
- Neighbours?
- Health and Safety Issues?
- Other?

Project Team

- Was a Design Team Leader nominated?
- Did the Design Team leader change during the course of the project?
- Is so, why and with what effect?
- Did the Design Team leader perform effectively?
- Did the Client Service appoint a Project Officer to implement the project and liaise with the Consultant?
- Were communications between the Client and Consultant satisfactory and did they work together effectively?

Design Process

- Was adequate information provided to enable any designs to develop effectively?
- Where consultants were engaged did the customer feel they had been adequately consulted over their requirements and been sufficiently involved in the design process?

Project Programme

- Was a pre-contract programme prepared at the outset
- Did the project adhere to the programme?
 - a) Pre-contract
 - b) The construction period?
- If not, why not?
- Were adequate steps taken to keep all those informed of progress, and were adequate steps taken to attempt to rectify the situation?

Cost

- Was the project adequately cost-planned and 'tailored' to the budget set?
- Were tenders received within budget?
- If not, were reductions made or was additional funding sought?
- Was adequate cost analysis information prepared or provided?
- Were financial statements provided as necessary?
- Was the project completed within budget?
- (With additions where appropriate)

- If not, why?
 - a) Unforeseen items, e.g. foundation problems on site?
 - b) Changes to the brief?
 - c) Contractual claims (with reasons)?
 - d) Items outside the Contractors control e.g legislation charges, work by statutory undertakers, specialist Client sub-contractors?
 - e) Liquidation of Contractor or Sub Contractor?

Works on Site

- Did the Contractor and his Sub-Contractors perform satisfactorily?
- Is there any reason to recommend that the contractor, or any of his Sub Contractors be deleted from the County Council's approved list?

Contract Completion

- Was adequate notice given of the handover?
- If applicable, were there any overriding reasons why the scheme should be accepted with incomplete work or defects?

- Was adequate advice on the operation and maintenance of plant and equipment provided?
- Where applicable was certification provided show that any services installed were in accordance with required standards?
- Were drawings and services information provided?
- Were any defects or outstanding items satisfactorily completed?

Early Impressions

- Where applicable was the building user made aware of design brief philosophy?
- Are there different perceptions of the success of the project e.g by Service Manager, or users/customers?
- What are the projects good points?
- Are there any bad points?

Has the project:

- a) Complied with the brief
 - b) Satisfied the real building needs?
- Is there any need for a further Review to be undertaken at a later date?

County Council Procedures

Did the project/scheme comply with the County Council's Contract Procedure Rules and Financial Procedure Rules?

Feedback

What key issues raised by this Review should be fed back for the benefit of future projects?

Cabinet Report - capital

- Should report that the Review has taken place, indicate whether quality and timescales were satisfactory and indicate out-turn cost compared to budget provision.
- What points, if any arising from the Review should be particularly drawn to the attention of Cabinet?
- Is any consequent action recommended?