

## TITLE

### C174 CAPITAL WORKS BUDGET POLICY

## DEPARTMENT

Corporate Services

## POLICY DIRECTIVE

This policy seeks to ensure that during annual budget deliberations a strategic approach will be taken to the determination of the annual capital works program. In that strategic approach, Council will have considerations for not only the strategic value of any individual project to Councils overall objectives but also the viability of the overall annual program, giving due consideration to issues such as financial and physical capacity.

The Council's Capital Works Budget policy will complement and build upon its Strategic Plan and Operational Plan and with its continued implementation and more formalised approach to financial management, principles and methodology, Council will achieve significant benefits including:

- Improved transparency and consistency within accounting issues
- Better and more informed decision-making.
- Improved financial resource allocation.
- Ability to plan for the present and future generations.
- Stronger connection to Councils asset management programs

## HISTORY

No policy prior to adoption of this policy.

Council Resolution No 479/03 – Ordinary Meeting 16 December 2003.

## POLICY

### Goals

As part of Councils annual Capital works budget considerations, Council will;

***“ ...manage the organisations financial resources in accordance with Financial Management best practice objectives. Ensuring Council can adequately resource the annual capital works program so as to ensure council can meet its longer term objectives***

In meeting the objective as set out above, Council will give due consideration to the following guidelines:-

### **CAPACITY TO UNDERTAKE WORKS**

When giving consideration to any proposed capital work program Council will give equal consideration to the following issues:-

- **Physical Capacity:** when setting the annual capital works programs, Council will give appropriate considerations as to the availability of physical capital such as materials, plant and labour in addition to supervision and/or planning resources;
- **Financial Capacity:** Any capital works program can only be adopted to the extent that it is funded by the residual cash available to the entity, after satisfying all operational requirements and providing for its strategic demands such as funding of reserves.

### **CALCULATION OF AVAILABLE CAPITAL**

The following formula is provided as a guide to the calculation of capital available to fund the annual capital works program.

$$\mathbf{C + R - E - RE = CW}$$

Where:

**CW** = Available Capital Works Funding

**C** = Opening Total Cash (Including investment accounts)

**R** = Total Revenue (Includes Grant Receipts and new Borrowings)

**E** = Total Expenditure (includes transfers to and from reserves and loan repayments)

**RE** = Total Cash Backed reserves (Including working capital requirements)

### **Management of Program:**

Any addition made to the Annual Capital works program subsequent to adoption are to be offset by an equivalent item being withdrawn from the schedule or works to the extent that the project is funded and resources internally.

Capital works projects not commenced in any one year may be considered for inclusion in the following years budget, however, inclusion should not be automatic having appropriate consideration for the strategic value of any project in relation to organizational objectives.

An appropriate level of reporting is to developed to allow for timely and accurate performance data to be presented to Council on a regular basis.