

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

DATE: 16 DECEMBER 2008

AGENDA ITEM NO: 8

SUBJECT: REVIEW OF CAPITAL MANAGEMENT ARRANGEMENTS

Report of the Clerk and Chief Financial Officer

1. MATTER FOR CONSIDERATION

- 1.1. To consider the arrangements for the management and evaluation of capital expenditure.

2. INFORMATION

- 2.1. At its last meeting the Authority asked for further details about how capital expenditure is monitored, managed and evaluated. Set out below are the processes whereby this is done.
- 2.2. An indicative three year programme is drawn up, based on the objectives and actions set out in the Local Transport Plan. This is approved annually by the Executive Board and the Authority at its budget meeting in February.
- 2.3. Any individual scheme within that indicative programme must firstly be considered by the Business Case Group in the Executive. A detailed report must set out the full details of any scheme, including capital and revenue costs, staffing implications, cost:benefit ratio, cost per passenger, links to the LTP and/or MetroPlan and any risks involved. Once a scheme has been scrutinised and approved it must then be presented to the Executive Board for approval and then submitted to the full Authority.
- 2.4. Spending (other than feasibility work) can only commence on a project once it has passed through this process. Each scheme is then monitored at the monthly Capital Programme Team (CPT) meeting – the relevant project manager must provide updated information on expected expenditure in the year and may be challenged as to why timescales or expenditure is not on course. Any significant variation must be reported to the Business Case Group who may then make the appropriate decision to approve or not any change reported. A summarised version of the CPT papers is provided to each monthly meeting of the Executive Board and the quarterly meetings of the Audit and Governance Committee. CPT also seek to ensure that the overall capital programme remains in balance so that the available funds in

any one year are maximised. Timescales often slip as a result of interdependence on third parties such as Network Rail, or because the complexities of some of the more aspirational projects take longer than predicted, due to public consultation or the acquisition of land for example. CPT will identify the risk on individual projects and recognise opportunities to realign elements of the programme to ensure the overall balance is maintained.

- 2.5. Evaluation takes place after a project. All capital projects are managed via PRINCE2 which requires a formal review and evaluation of the project. A summary report is provided to the BCG setting out whether the project was delivered in accordance with the agreed timescales and costs, what lessons could be learned from it for the future and whether the project had been a success. In addition an annual evaluation report is commissioned to allow a report to be made to the LTP Steering Group on the impact of the LTP expenditure. This covers a wide range of schemes and includes the results of before and after questionnaires.

3. FINANCIAL AND LEGAL IMPLICATIONS

- 3.1. None directly arising from this report.

4. STAFFING IMPLICATIONS

- 4.1. None directly arising from this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. None directly arising from this report.

6. RECOMMENDATIONS

- 6.1. That the capital expenditure monitoring and evaluation arrangements be noted.

Clerk and Chief Financial Officer
West Yorkshire Passenger Transport Authority