

Appendix 3

ENVIRONMENTAL WORKS BUDGET CRITERIA

Background

This note is to guide officers and Elected Members involved in the delivery of improvements via the capital Environmental Works budget.

Scope

The Council must comply with all standards, legislation, rules and regulations for spending capital income.

There are very strict rules about what can and cannot be capitalised. Auditors will test for compliant spend and anything considered to be revenue in nature will be excluded from capital spend, resulting in adverse effects on revenue budgets.

Definition of 'Capital Expenditure'

For expenditure to qualify as capital expenditure. There are a number of tests that must be satisfied. The requirement is that the expenditure must:

1. Create a new asset or
2. Significantly enhance an existing asset – either in value or longevity and in either case
3. Last more than one year.

Key principles

Everything is revenue unless it can be proved it is capital;

- There is no minimum spend level for capital schemes
- A project does not amount to a capital scheme simply because it is costly
- Spend must be on housing-owned land or assets and involve the creation of a new asset or the enhancement of an existing asset that provides either economic benefits or service potential
- The project must provide benefit to the community at large and not an individual tenant or household

Guidance for the delivery of projects via the Capital Environmental budget

The budget is typically used to provide projects involving:

- Provision or enhancement of fencing, railings, gating
- Secure door entry systems
- Closed Circuit Television
- Constructing steps, ramps, walls, planters
- Providing car parking
- Re-surfacing housing land

- Improving or providing lighting
- Replacing or renewing flooring
- Providing bollards and double kerbs to preventing parking nuisance
- Providing storage areas, for example, for mobility scooters
- Providing hard standings and areas for refuse disposal facilities
- Flood defence measures

The budget cannot be used for spend on:

- Land and site clearance
- Room hire
- Planting trees and/ or shrubs except incidental costs to plant trees associated with an existing capital scheme
- Site security, unless necessary to avoid damage to a capital asset under construction
- Decorating and painting except where incidental to an agreed capital scheme
- Netting balconies
- Cleaning

Neither list is exhaustive. Advice and guidance can be sought from the Capital Investment Team and the Finance Team where required.

Projects involving a mixture of capital and revenue spend should be delivered using joint funding from capital and revenue budgets. For example, a scheme involving constructing a retaining wall/ planter and planting non-perennial flowers could be funded via the Capital Environmental budget and the HLB budget. Invoices for capital and revenue expenditure must be separate to ensure payment is made from appropriate budgets.

Mark Rodgers
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