

<b>Reference</b>	
<b>Executive Director</b>	Paul Lakin
<b>Cabinet Member</b>	Clr O'Brien

## Section A

<b>Service Area</b>	BGI
<b>Budget Option Description</b>	Capitalisation of BGI spend on Regeneration

### **Budget Reduction Proposal – Detail and Objectives**

In accordance with financial regulations, the revenue cost of salaries of staff who are directly involved in delivery of active capital projects will be recharged to the associated capital budgetary provision

Capitalisation of project management staff has already been assumed as part of the 2022-23 budget process. The salaries of support and management staff time to these projects will also now be capitalised with a particular focus on recharges to:

- UK Shared Prosperity Fund (UKSPF)
- City Region Strategic Transport Settlement (CRSTS)

Revenue recovery through capitalisation will be managed on a timesheet basis and monitored quarterly

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Budget Reduction (£m)	£0.200m		
Staffing Reduction (FTE)	N/a		

## Section B

***What impact does the proposal have on:***

<b>Property</b>
Among other resources, staff from within the Land and Property function will be deployed to assist in delivery of capital projects instead of recruitment of dedicated resource/consultancy. This will require prioritisation of work within the team.
<b>Service Delivery</b>
Charging of additional staff time or Council overhead to capital projects will need to be balanced against the capital available for project delivery/construction and therefore should primarily be built into externally funded rather than Council funded projects.
<b>Organisation (Including Other Directorates/Services)</b>
Will necessitate the prioritisation of staff resources to deliver the highest value of land parcels and premises within the Accelerated Land Disposal Programme (required to deliver capital receipts).
<b>Workforce – Number of posts likely to be affected.</b>
None
<b>Communities and Service Users</b>

None
<b>Other Partner Organisations</b>
None

### Section C Key Risks and Mitigations

Risks	Mitigations
Capital budgets are under considerable pressure at present due to unprecedented construction material and labour price inflation. Further capitalisation may result in project overspends which may require further capital funds/scope change/project closure.	Proactive capital monitoring of each major project and use of value engineering where appropriate.  Additional capital may be required to fund overspends should value engineering be unsuccessful.
Use of internal staff to deliver externally funded or capital activity will reduce operational capacity in BG&I operational services.	Reduction in non-value adding activity through job management.  Extension of delivery timescales for operational activity.
Focus on capitalisation gain will lead to reduced job security and recruitment and retention challenges within project management teams.  This may result in project delivery issues which may result in grant clawback.	None.
SORP permissibility of management time capitalisation.	Finance confirm robust rationale for capitalisation of management time – assuming time recording is in place.

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Capitalisation will require journaling of salary costs against capital expenditure codes on a monthly or quarterly basis	Quarterly reports

### Section D

Consultation Required?	No consultation required
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

### Equality Impact

***Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?***

Disabled people	No
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No

<b>EIA Required?</b>	<b>No EIA required</b>
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## **Section E**

### ***Financial Implications and Investment Requirements***

<b>Investment requirements – Revenue and Capital</b>
None

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Sufficient external capital programmes and grants have been secured within 2022/23 to manage this and there is no reason to expect this not to be the case in 2023/24 and future years but this will require careful in year monitoring and close scrutiny of all future bids to ensure every opportunity is maximised