Appendix 7 Improvements to the Capital Programme

The improvement journey is continual and will be overseen by the Capital Programme Board. To support this a Capital Programme Finance Sub- Group will be established.

1.0 Governance

1.1 Corporate

1.1.1 The Capital Strategy, Capital Programme and Treasury Management Strategy should be reported to Council as one suite of reports and should form the basis of the information held on the Oracle FMS system. No further capital budgets should be held on the FMS system. This should form the basis for all financial monitoring and reporting for the capital programme.

1.1.2 Members should approve all additions and changes to the approved capital programme. These should be separate and individual decisions clearly setting out the capital expenditure and the financing of that capital expenditure. Where external funding is received it should be reported to the next available Cabinet and recommended on to Council.

1.1.3 Quarterly financial monitors should include movements in both revenue and capital financial positions. Directors should be in attendance to update Cabinet and Scrutiny regarding any key issues and queries

1.1.4 Capital Programme Board will receive monthly reports setting out:

- Year to date profiled budgets and actual spend
- Current year budgets and forecast spend
- Lifetime capital budget and forecast spend

1.1.5 These reports should include variances, reasons for variance and proposed mitigations.

1.1.6 A Strategic risk register will be reported on a monthly basis and an operational risk log for the top 20 capital projects setting out all risk types and mitigations.

1.1.7 Directors should report in on any projects where there are Red Risks or Red Rags regarding the financial position. Capital project leads may be required to attend where additional detail is required.

1.1.8 Capital Programme Board should report into SLT, on a monthly basis, to give overview and address any key financial issues.

1.1.9 Capital projects that become financially unviable should be recommended to members for removal from the capital programme and a new financially viable business case can be brought forward. Any adjustments to the Capital programme should be formally noted by Cabinet, with recourse to Full Council, on a quarterly basis, unless the subject of an individual report to Cabinet.

1.2 Directorate

1.2.1 Accountability for capital projects sits with each Director. Capital budgets need to be formally signed across to each Director.

1.2.2 FBPs should work with capital project owners in each service to establish the financial position of the project, check profiling in year and full year forecasts. Where there is a forecast overspend then work with the project lead to establish a mitigation plan.

1.2.3 Project leads should report into the Directorate Management Team where there is an adverse position, with the FBP in attendance

1.2.4 Directors should sign off finance reports for their capital projects

2.0 Financial Management

2.1 The CFO s151 Officer should be briefed on at least a monthly basis on the capital programme position

2.2 The capital accountant should have oversight of the capital position and liaise with treasury management on a monthly basis regarding the financing position

2.3 The FBPs should update the capital programme monitor, for their Directorate, on a monthly basis and report to the capital accountant the current position and forecast position. This gives FBPs full oversight of the financial position for each service.

2.4 FBPs should positively challenge regarding the financial position of a capital project

2.5 The revenue impact of the capital position should be updated in the revenue monitor on a monthly basis

2.6 The capital accountant working with treasury management should have the technical skills to calculate the appropriate minimum revenue provision for each capital project and to actively manage the borrowing requirement.

3.0 Data

3.1 Cost centres for capital projects should be rationalised, there are currently a number of cost centres for the same scheme

3.2 There should be three elements to the capital programme:

1. Place
2. Public Realm
3. Corporate

3.2 Balances should be removed where capital projects have been completed and financing updated accordingly

3.3 The financing of each capital project needs to match CY and remaining budget figures, this is a change to previous practice was to have the financing figures have remained at a higher level to create a buffer at year end.

3.4 Project classifications are required for the three different stages in the lifetime of projects - feasibility/in flight/completed, such that for each directorate capital programme there are three separate sections for the capital programme

4.0 Reporting

4.1 Three sets of financial information need reporting to Capital Programme Board on a monthly basis:

- Profiled YTD budget and actual spend
- Current year budget and forecast spend
- Lifetime budget and forecast outturn

4.2 Updated financing figures including both borrowing and MRP should be reported to Capital Board on a quarterly basis

4.3 Reasons for variances need clearly reporting, setting out the distinct drivers for the variance

4.4 Mitigations for adverse variances need clearly setting out with actions, timeframes and ownership

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