



Audit & Governance Committee
9 April 2015

Update: Capital Programme Review

Purpose of the report:

This report, requested by the committee, provides an update on the action required on the capital programme, following the 2013/14 audit.

Recommendations:

It is recommended that Audit & Governance Committee note the progress made to improve the capital profiling and monitoring procedures, in particular by Property Services.

Introduction:

1. The 2013/14 audit carried out by Grant Thornton stated that the Council needs to ensure:
 - i. improved profiling of capital expenditure for budget setting
 - ii. consider the effectiveness of project management arrangements
 - iii. ensure cash flow impacts are understood and can be planned for
2. On 1 December 2014, the Deputy Chief Finance Officer informed the Audit & Governance Committee that it had been decided not to undertake a Rapid Improvement Event on the capital programme as the issues were not about process but about project management. A different approach was being taken with facilitated workshops to identify a more realistic way to build in assumptions to the capital programme.
3. This report provides an update on the progress made to improve the capital profiling and monitoring procedures, in particular by Property Services.

Details:

4. Since the Council's audit report Property Services has reviewed its procedures for profiling capital spend and the way it forecasts this spend in year. The service held a workshop on 8 July 2014. The main reasons for slippage in capital projects were identified as planning permission, intrusive investigations and severe weather. While these factors are largely outside the control of the service, the workshop established that considerable improvements had been made during 2013/14 including robust challenge of forecasts by Property's Senior Management Team at their monthly budget monitoring meetings.
5. In building upon these improvements the workshop identified further improvements in capital procedures. The procedures were introduced in August, and are continuously reviewed with a view to improving accuracy and consistency.
6. Following the workshop a group was established to document the procedures the service should follow to ensure good capital profiling and monitoring. The senior management team in Property are part of the process and are committed to ensuring it is successfully followed. The procedures are provided as annex 1.

Conclusions:

7. There have been considerable improvements to the process and this can be measured by Property's February estimated full year capital variation of -£0.9m, this compares to the 2013/14 variation of -£32.8m. The service is committed to continually reviewing its procedures and has a workshop planned on 27 April to carry out its first review since the procedures were implemented.

Financial and value for money implications

8. None, no additional resources were required to make improvements.

Equalities and Diversity Implications

9. None.

Risk Management Implications

10. None.

Next steps:

11. Property Services will review its capital procedures on 27 April with a view to ensuring improved accuracy and consistency. The service will continually review and evaluate its procedures thereafter.

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