



Capital Budget Deep Dive

**AUDIT COMMITTEE MEETING
DATE 2020/21**

27 July 2020

CLASSIFICATION:

Open

WARD(S) AFFECTED

All Wards

Ian Williams, Group Director Finance and Corporate Resources

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This report introduces the next in a series of focused "deep-dives" carried out by the Audit Committee, this time focusing on the development of the capital budget, its monitoring and the profiling across financial years.
- 1.2. It follows on from various discussions at previous Committee meetings regarding the potential impact of significant reprofiling of the programme during each financial year

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

Consider the contents of the attached appendix and agree the Terms of Reference for the Capital Budget Deep Dive

3. REASONS FOR DECISION

- 3.1 The Audit Committee are “those charged with governance” in respect of the Council’s annual statement of accounts and other financial matters. The Committee have carried out a number of deep dives into specific areas in order to consider specific issues in detail.
- 3.2 The Committee has expressed concern at the significant reprofiling that occurs within the capital programme each year and wish to better understand the processes and methods used by services to forecast expenditure.

4. BACKGROUND

4.1 Policy Context

The attached Terms of Reference set out proposed specific work to be carried out by officers and Committee members

4.2 Equality Impact Assessment

This report does not require an equality impact assessment.

4.3. Sustainability

Not Applicable.

4.4 Consultations

Not applicable.

4.5 Risk Assessment

The risks associated with the delivery of the capital programme are set out in various reports to the Committee throughout the financial year.

4.6 Capital Budget Deep Dive

- 4.6.1 The attached appendix sets out the proposed terms of reference for the forthcoming “deep-dive” re the capital programme.
- 4.6.2 It sets out the areas of focus, timelines for the deep-dive and who will be involved (key stakeholders) in the work over the summer, with a view to reporting the findings to the Committee at its October meeting.

5. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 5.1 The contents of this report have no direct financial consequence, although it is obviously important that the profiling of the capital programme going forward is as close to actual delivery as possible in order that decisions regarding the schemes to be included can be optimised.
- 5.2 Inaccurate forecasting and profiling could result in suboptimal decisions being taken in respect of the financing of the programme, particularly regarding when and if any external borrowing is required.

6. COMMENTS OF THE DIRECTOR, LEGAL

- 6.1 The contents of this report have no significant direct legal consequences, and as advised by the Group Director Finance, the profiling of the capital programme going forward is as close to actual delivery as possible in order that decisions regarding the schemes to be included can be optimised.

The terms of reference of the Audit Committee allow for, as part of its key role in the London Borough of Hackney’s corporate governance, an independent high level focus on audit, and assurance in reporting on good governance and financial standards. The proposed capital deep dive will serve to examine the delivery of the capital programme, as detailed in the proposed terms of reference and report its finding accordingly, as advised by the Group Director Finance and Administration.

APPENDICES

Appendix 1 - Proposed ToR - Capital Programme Deep Dive Review

BACKGROUND PAPERS

None

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