

WELWYN HATFIELD BOROUGH COUNCIL  
CABINET – 3 APRIL 2018  
REPORT OF THE EXECUTIVE DIRECTOR (RESOURCES, ENVIRONMENT AND  
CULTURAL SERVICES)

RELEASE OF CAPITAL BUDGET

**1 Executive Summary**

- 1.1 Under the Financial Procedure Rules, officers are required to submit a report to Cabinet for the release of capital funds before any expenditure is committed or incurred. These release of capital reports are not seeking any additional funding from the council, and they do not contain any new information about the capital programme that had already been approved by Cabinet and Full Council.
- 1.2 The purpose of this report is to trial an alternative way of releasing the capital budget for 2018/19 and that a report will be brought back to a future Cabinet to confirm whether Members are content with the approach before continuing into 2019/20 and beyond.

**2 Recommendation(s)**

- 2.1 That Cabinet agree to give delegated authority to Executive Board, in consultation with Executive Member for Resources, to agree the release of capital budget for 2018/19 based on the principles outlined in paragraph 3.5.

**3 Explanation**

- 3.1 As part of the annual budget setting process, all the projects on the 2018/19 capital programme have been robustly challenged by the Executive Board and Members, both in terms of the purpose of the projects and their financial implications.
- 3.2 All the projects on the capital programme are also considered formally by Cabinet, Resources Overview and Scrutiny Committee before being presented to Full Council for approval prior to the start of the year.
- 3.3 After the capital programme is formally approved, officers are required to submit a report to Cabinet seeking approval to release the capital funds before any expenditure is committed or incurred. The release of capital reports are usually completed by the Heads of Service at the start of the financial year and they do not contain any new information about the capital programme that had already been approved by Cabinet and Full Council.
- 3.4 It is questionable whether the release of capital reports add any value as the council has already put mechanisms in place to monitor that the expenditures are spent in accordance with the original purpose of the budget and within the budget limits. In particular, capital budget monitoring reports are considered monthly at Executive Board meetings and quarterly at Cabinet. Performance Clinics are also held every quarter to monitor the progress of the capital projects. In

addition, there are also other arrangements in place for specific capital programmes such as Affordable Housing and Direct Property Investment in the Borough, where approvals are sought specifically from relevant Cabinet Members.

3.5 It is proposed that for 2018/19, the authority to release the capital budget is delegated to the Executive Board and this arrangement will be trialled for 12 months before reporting back to Members. This arrangement will only be applied to projects that meet the following criteria:

- The budget for the capital project must have already been approved by Cabinet and Full Council; and
- Before the budget is released, Heads of Service will confirm to the Executive Board that the purpose and outcome of the capital projects are in line with what has already been agreed by Cabinet and Full Council

3.6 Budget release will not be granted to capital projects that do not meet the above criteria and they will need to be reported to Cabinet separately.

### **Implications**

#### **4 Legal Implication(s)**

4.1 The Financial Procedure Rules currently require a release of capital report to be submitted to Cabinet before any expenditure is committed or incurred. The proposal sets out in this report is only to trial this for 12 months and that the Financial Procedure Rules would only need to be changed if this is a permanent arrangement.

#### **5 Financial Implication(s)**

5.1 The proposals set out in this report will not result in any additional costs to the council.

#### **6 Risk Management Implications**

6.1 By setting out the criteria in paragraph 3.5, it would eliminate the risks of capital funds being released without receiving prior consents from Cabinet and Full Council. The risks of any expenditures being incurred not matching the original purpose of the project will also be minimised.

#### **7 Security & Terrorism Implication(s)**

7.1 There are no security or terrorism implications.

#### **8 Procurement Implication(s)**

8.1 There are no direct procurement implications to consider.

#### **9 Climate Change Implication(s)**

9.1 There are no direct climate change implications to consider.

## **10 Link to Corporate Priorities**

10.1 The subject of this report is linked to the following Council's Corporate Priority:

- "Engage with our communities and provide value for money"

## **11 Equality and Diversity**

11.1 An Equalities Impact Assessment was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies.

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