

Committee: Executive
Date of meeting: 17th July 2019
Report Subject: Capital Budget Monitoring, 2018/2019 Provisional Outturn
Portfolio Holder: Cllr Daniels - Leader
Report Submitted by: Rhian Hayden – Chief Officer Resources

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	25/06/2019				12/07/2019	17/07/2019		

1. **Purpose of the Report**

1.1 To provide Members with an overview of each Portfolio’s actual capital expenditure against funding approvals for the 2018/2019 financial year, as at 31st March 2019.

2. **Scope and Background**

2.1 This report provides details on the following:

- Provisional financial outturn position for 2018/2019 (subject to audit)
- Details of any significant adverse and/or favourable variances

2.2

This report forms part of the quarterly financial reporting framework to Members.

3. **Options for Recommendation**

3.1 **Option 1 (Recommended Option)**

Members of the Executive Committee to consider the report and

- Provide appropriate challenge to the financial outcomes in the report
- Continue to support appropriate financial control procedures agreed by Council
- To note the budgetary control and monitoring procedures in place within the Capital Team, to safeguard Authority funding.

3.2 **Option 2**

Members of the Executive Committee do not accept the report.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 This report supports the Council Priority, “Efficient Council”, as it is part of the financial planning and reporting arrangements which support the Council’s financial resilience.

5. **Implications Against Each Option**

5.1 **Impact on Budget (short and long term impact)**

5.1.1 The overall financial position at 31st March 2019 is an adverse variance of £0.01m against a total in year capital budget of £13.86m

Across all Portfolios, the overall position is shown below:-

Total Approvals Q3 (Dec 2018)	Total Approvals Q4 (Mar 2019)	Future funding	In year funding	Actual Expenditure to 31/03/2019 (Month 12)	Forecast Variance underspent / (overspent)
£000	£000	£000	£000	£000	£000
24,708	28,681	14,819	13,862	13,875	(13)

5.1.2 Appendix 3 indicates that overall capital resources have increased from £24.71m to £28.68m since the end of the third quarter.

5.1.3 It is imperative that capital reserves are not committed beyond affordable funding levels. Budget holders must therefore maintain spending within the overall total for the approved capital scheme.

5.1.4 Expenditure against external funding approvals needs to be maximised in order to avoid loss of funding. Where significant delays in capital expenditure have occurred or are anticipated, liaison with funding bodies is required at the earliest opportunity in order to secure approval for funding re-profile.

5.1.5 Where overall funding approvals are likely to be exceeded and additional compensatory funding sources cannot be identified, budget holders will initially report the consequences to the Corporate Leadership Team, including proposals to defer/delete other approved schemes.

5.2 **Risk including Mitigating Actions**

- 5.2.1 If capital schemes are not kept within budget, then capital reserves may be committed beyond affordable levels, with the consequence that projects that have not yet commenced may be deferred or not undertaken, so impacting upon future Capital Programmes.
- 5.2.2 If capital schemes do not achieve the required level of expenditure within the correct financial year, funding may be lost to the Authority and be detrimental to the Authority's chances of securing future funding.
- 5.2.3 Both of the above risks are mitigated as far as possible within the Capital Team of the Accountancy Division by their close working relationship with budget holders and external funding bodies such as Welsh Government. This ensures that where possible, funding is maximised or funding amendments are secured should the need arise.
- 5.3 Legal
N/A
- 5.4 Human Resources
N/A

6. **Supporting Evidence**

6.1 **Performance Information and Data**

- 6.1.1 Appendix 1.1 & 1.2 details the provisional financial position for 2018/2019.
- 6.1.2 Appendix 2 gives further detail of adverse / favourable variances.
- 6.1.3 Appendix 3 provides information for new approvals and material funding changes since the third quarter report.

6.2 **Expected outcome for the public**

- 6.2.1 The report details the financial implications for the Council in providing capital investment for the communities of Blaenau Gwent.

All forecast overspends and underspends are managed in order that secured funding approvals are not lost and to mitigate any potential adverse impact upon future Capital investment in Blaenau Gwent.

6.3 **Involvement (consultation, engagement, participation)**

CLT & Joint Budget Scrutiny Committee have considered the provisional financial outturn position.

6.4 **Thinking for the Long term (forward planning)**

It is essential that all forecast overspends and underspends are managed in order that secured funding approvals are not lost and to mitigate any potential adverse impact upon the future capital programme.

6.5 **Preventative focus**

The Capital Services Team to continue their close working relationship with budget holders and external funding bodies to ensure that funding is maximised or funding amendments are secured in future financial years.

6.6 **Collaboration / partnership working**

The Capital Services Team works closely with budget holders in producing the financial forecast and with external funding bodies to ensure that where possible to ensure funding is maximised or funding amendments are secured should the need arise.

6.7 **Integration(across service areas)**

N/A

6.8 **EqlA(screening and identifying if full impact assessment is needed)**

N/A

7. **Monitoring Arrangements**

7.1 Financial reporting to the Joint Budget Scrutiny Committee and the Executive Committee is carried out on a quarterly basis. Where projects are reporting significant cost pressures, there is a requirement for Budget Holders to ensure that where possible funding is maximised or funding amendments are secured should the need arise.

Background Documents /Electronic Links

Appendix 1.1 – 2018/19 Funding Estimates – Summary

Appendix 1.2 – 2018/19 Funding Estimates

Appendix 2 – Variances

Appendix 3 – Capital Funding Changes