

**Committee:** Executive Committee

**Date of meeting:** 25th September 2019

**Report Subject:** Capital Budget Monitoring, April to June 2019, 2019/2020 Financial Year

**Portfolio Holder:** Cllr Daniels, Leader / Executive Member Corporate Services

**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)
	27/08/2019	11.09.19			16/09/2019	25.09.19		

## 1. Purpose of the Report

- 1.1 To provide members with an overview of each Portfolio's actual and forecast capital expenditure against funding approvals for the 2019/2020 financial year, as at 30<sup>th</sup> June 2019.

## 2. Scope and Background

- 2.1 This report provides details on the following:

- Forecast financial position to the end of March 2020 across all portfolios
- 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 This report will be presented to the Joint Budget Scrutiny Committee on 16<sup>th</sup> September 2019 and any comments / recommendations will be verbally provided to the Executive.

### 3.2 Option 1 (Recommended Option)

Members of the Executive Committee accept 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.
- Agree the virement of £520,000 outlined in paragraph 5.1.6.

### 3.3 Option 2

Members of the Executive Committee do not accept the report/agree the virement.

## 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 30<sup>th</sup> June 2019 is an adverse variance of £0.03m against a total in year capital budget of £17.983m

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

Total Approvals Q1 (June 2019)	Future funding	In year funding	Actual Expenditure to 30/06/2019 (Month 3)	Forecast Expenditure 2019/2020	Forecast Variance underspent / (overspent)
£000	£000	£000	£000	£000	£000
52,558	34,578	17,980	1,838	17,983	(3)

*The main adverse variance relates to expenditure incurred at the Company Shop, Tredegar.*

5.1.2 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.

5.1.3 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.

5.1.4 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.

- 5.1.5 The Constitution requires budget virements in excess of £250,000 to be approved by the Executive Committee.
- 5.1.6 A virement of £520,000 from the generic European Structural Capital Match Fund (ESCMF) to the European Match Funded projects – Lime Avenue Business Park/Lime Avenue Employment Park/Box Works is proposed to reflect the match funding committed to the projects. The ESCMF was set up before specific projects were developed and it follows that virements will be made when specific projects are agreed.

## 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 aforementioned risks are mitigated as far as possible by the Capital Team of the Accountancy Division through their close working relationship with budget holders and external funding bodies (such as Welsh Government) and strong project management. 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 2019/2020.

### 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)***

Corporate Leadership Team and the Joint Budget Scrutiny Committee considered the quarter one position for the 2019/2020 financial year.

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 – 2019/20 Funding Estimates – Summary

Appendix 1.2 – 2019/20 Funding Estimates