

Committee: **Executive Committee**
Date of meeting: **26th July 2021**
Report Subject: **Capital Budget Monitoring, Provisional Outturn For 2020/2021 Financial Year (As At 31 March 2021)**
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)
	08/07/2021	15.07.21			26/07/2021	26.07.21		

1. Purpose of the Report

- 1.1 To provide members with an overview of each Portfolio's provisional outturn capital expenditure against funding approvals for the 2020/2021 financial year, as at 31st March 2021.

2. Scope and Background

- 2.1 This report provides details on the following:
- Provisional outturn financial position to 31st March 2021 across all portfolios
 - Details of any significant adverse and/or favourable variances

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

2.2

3. Options for Recommendation

3.1 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.

3.2 Option 2

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 Forward Looking Corporate Plan 2020/22 as it ensures effective forward financial planning arrangements are in place to support the Council's financial resilience. This is a key element to achieving "An ambitious and innovative council delivering the quality services we know matter to our communities"

5. Implications Against Each Option

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

- 5.1.1 The overall provisional financial position as at 31st March 2021 indicates a £161k underspend against a total in year capital budget of £17.78m.

The overall position across all Portfolios is shown below: -

Total Approvals Q4 (Mar 2021)	Future funding	In year funding	Actual Expenditure to 31/03/2021 (Month 12)	Variance underspent / (overspent)
£000	£000	£000	£000	£000
70,428	52,651	17,779	17,618	161

- 5.1.2 A number of infrastructure projects are reporting an underspend at year end, the total cost of the works was less than the in-year grant approval allocated by the Welsh Government, therefore the grant allocation was not able to be claimed in full.
- 5.1.3 Future year funding of £52m which consists of approved external grant and the authorities own funding will be carried forward into future financial years. The authorities own Capital Programme Funding will be carried forward to the financial year 2021/2022 in accordance with slippage procedures, with agreement by the Corporate Leadership Team.
- 5.1.4 Previous reports identified significant in year overspends on the Household Waste Recycling Centre and Lime Avenue Business Park projects of £204,095 & £234,710 respectively. Expenditure on these schemes for 2020/21 are within agreed budget levels however overspends against overall funding levels are expected during the next financial year, 2021/22.
- 5.1.5 The final account on the Roseheyworth Household Waste Recycling construction will be settled in the first quarter of 2021/22. The Authority will continue to liaise with the contractor to mitigate the final costs and to secure additional funding.
- 5.1.6 The previous report identified an estimated overspend of approximately £235K in relation to the Lime Avenue Hybrid Units, discussions have been ongoing with Welsh Government with regards to funding this. A claim has been submitted for this overspend and we should find out during the new financial year whether the additional funding will be forthcoming.

5.2 Risk including Mitigating Actions

- 5.2.1 Expenditure against external funding approvals needs to be maximised in order to avoid loss of funding. If significant delays in capital expenditure are anticipated or contract costs rise due to the impact of Covid-19, liaison with funding bodies will be required at the earliest opportunity in order to secure approval for funding re-profile.
- 5.2.2 If funding re-profile cannot be agreed and 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.
- 5.2.3 If capital schemes do not achieve the required level of expenditure within the correct financial year and further peaks of the Covid-19 pandemic results in projects facing significant delay, funding may be lost to the Authority and be detrimental to the Authority's chances of securing future funding.
- 5.2.4 The aforementioned risks are mitigated as far as possible through close working relationship with Budget Holders, Technical Services 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
- 5.2.5 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.
- 5.2.6 There is a potential risk of increase in Constructions costs & services following the ongoing situation regarding the UK's Exit from the European Union.
- 5.2.7 The UK's Exit from the EU has been added as an organisational risk to the corporate risk register, whilst a separate, more detailed high level action plan has been developed and is being monitored by the Core Planning Group.

5.3 Legal N/A

5.4 Human Resources N/A

6. Supporting Evidence

6.1 *Performance Information and Data*

- 6.1.2 The Capital programme is attached at Appendix 1.
- 6.1.3 Appendix 2 provides information of 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)***

The Capital Programme is developed to support the Council's strategic priorities and is considered and agreed by full Council. Corporate Overview Joint Budget Scrutiny and Executive Committees consider the budget monitoring reports on a quarterly basis and provide challenge as appropriate.

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 & Corporate Accountancy team will 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 & Corporate Accountancy team works closely with budget holders in producing the financial forecasts / outturn and with external funding bodies to ensure that where possible funding is maximised or funding amendments are secured should the need arise.

6.7 ***Integration (across service areas)***

N/A

6.8 ***EqIA (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

Appendix 2