

Committee: Executive Committee

Date of meeting: 14th September 2022

Report Subject: Capital Budget Monitoring, Forecast For 2022/2023 Financial Year (As at 30 June 2022)

Portfolio Holder: Cllr Thomas – Leader & Executive Member Corporate Overview & Performance

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)
	24/08/2022				13/09/22	14/09/22		

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 2022/2023 financial year, as at 30th June 2022.

2. Scope and Background

- 2.1 This report provides details on the following:

- Forecast financial position to 31st March 2023 across all portfolios
- Details of any significant adverse and/or favourable variances

- 2.2 This report forms part of the Council's financial reporting framework.

3. Options for Recommendation

3.1 Option 1 (Recommended Option)

To 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 & Corporate 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 current capital programme is approximately £134m and is funded by: -

Wales Government Grant - £108m
 Other grant funding - £6m
 Council Resources - £22m

It is forecast that expenditure of £65.7m will be incurred on capital projects / schemes during 2022/23, with the remainder allocated for use in future years.

The overall financial position as forecast at 30th June 2022 indicates a breakeven position against a total in year capital budget of £65.69m.

The overall position across all Portfolios is shown below: -

Total Approvals Q1 (June 2022)	Future funding	In year funding	Forecast Expenditure to 31/03/2023	Actual Expenditure to 30/06/2022 (Month 3)	Forecast Variance underspent / (overspent)
£000	£000	£000	£000	£000	£000
134,353	68,661	65,692	65,692	7,598	-

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, inflation pressures and the cost of living crisis, liaison with funding bodies will be required at the earliest opportunity in order to secure approval for funding re-profile.

5.2.2 There is a high level of uncertainty surrounding the impact the cost of living crisis will have on costs, particularly where contracts have yet to be let / awarded.

5.2.3 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.

- 5.2.4 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.
- 5.2.5 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.
- 5.2.6 Where overall funding approvals are likely to be exceeded and additional compensatory funding sources cannot be identified, budget holders in consultation with the Capital & Corporate Accounting Team, will initially report the consequences to the Corporate Leadership Team, including proposals to defer/delete other approved schemes.

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 Expenditure Report is attached at Appendix 1.

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 & Performance 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 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 Team works closely with budget holders in producing the financial forecast 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 ***Decarbonisation and Reducing Carbon Emissions***

The Council is committed to the Decarbonisation Plan to achieve a carbon neutral public sector by 2030. The Capital Programme currently contains schemes which promote the reduction of carbon emissions such as ReFIT, Electric Vehicle Charge Points, Innovation for Decarbonisation - WBRID and the purchase of Ultra Low Emission Vehicles. New Council buildings should be designed to the latest energy efficiency standards.

6.9 ***Integrated Impact Assessment***

N/A

7. ***Monitoring Arrangements***

The Corporate Leadership Team, Corporate Overview & Performance Scrutiny and Executive Committees consider the budget monitoring reports on a quarterly basis and provide challenge as appropriate.

Background Documents /Electronic Links

Appendix 1 – Capital Programme Expenditure