

Committee: **Cabinet**
 Date of meeting: **29 November 2023**
 Report Subject: **Capital Budget Monitoring, Forecast For 2023/2024
 Financial Year (As at 30 September 2023)**
 Portfolio Holder: **Cllr S Thomas – Leader & Cabinet Member Corporate
 Overview & Performance**
 Report Submitted by: **Rhian Hayden – Chief Officer Resources**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
	26/10/2023	09.11.23			16/11/23 (Briefing)	29/11/23		

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 2023/2024 financial year, as at 30th September 2023.

2. Scope and Background

2.1 This report provides details on the following:

- Forecast financial position to 31st March 2024 across all portfolios.
- Details of any significant adverse and/or favourable variances

2.2 This report forms part of the councils financial reporting framework.

3. Options for Recommendation

3.1 Option 1 (Recommended Option)

- Members to consider 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 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 2022/27 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 quality services at the right time and in the right place”.

5. Implications Against Each Option

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

5.1.1 The current capital programme is approximately £116m and is funded by: -

WG Grant - £82m
Other grant funding - £12m
Council Resources - £22m

The Capital programme has been updated to include the projects recently agreed by Council, it is forecast that expenditure of £66.35m will be incurred on capital projects / schemes during 2023/24, with the remainder allocated for use in future years.

The overall financial position as forecast at 30th September 2023 indicates a breakeven position against a total in year capital budget of £66.35m.

The overall position across all Portfolios is shown below: -

Total Approvals Q2 (Sept 2023)	Future funding	In year funding	Forecast Expenditure to 31/03/2024	Actual Expenditure to 30/09/2023 (Month 6)	Forecast Variance underspent / (overspent)
£000	£000	£000	£000	£000	£000
116,284	49,931	66,353	66,353	23,445	-

5.1.2 Previous reports have identified overspends against the Childcare Offer – Swffryd Scheme project, totalling £72,248. A variation request has been submitted to Welsh Government for virement of funding from an existing approved scheme, that no longer requires the funding. It has been presented to Sustainable Communities for Learning Panel and are awaiting Ministerial approval. In anticipation of the variation request being approved the project has been shown as fully funded.

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 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 Welsh Government's statement (17 October 2023) on the 2023/24 Financial Position advises of a reduction to the Education and Welsh Language Capital budget. Whilst this will not affect funding that has already been agreed and awarded, any applications for new and / or additional funding may be impacted.
- 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 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.

The Capital Programme has increased to £116m from £110m as at quarter 1.

6.1.3 Appendix 2 provides information of funding changes since the first 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 & Performance Scrutiny Committee and Cabinets 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 Services 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 Services 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, Scrutiny Committee and Cabinet consider the budget monitoring reports on a quarterly basis and provide challenge as appropriate.

Background Documents /Electronic Links

Appendix 1 – Capital Programme Expenditure
Appendix 2 – Quarter 2 Funding Charges