

Committee: **Executive Committee**
Date of meeting: **18th December 2019**

Report Subject: **Capital Budget Monitoring, April To September, 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)
	29/10/2019	02.12.19			18/11/2019	18/12/2019		

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 30th September 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 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 to safeguard Authority funding.
- To approve the funding proposals in relation to the Industrial Units Improvement Programme and Household Waste Recycling Centre (HWRC) projects.

3.2 Option 2

Members of the Executive Committee do not accept the report and/or agree the funding proposals in relation to the Industrial Units Improvement Programme and Household Waste Recycling Centre (HWRC) projects.

The Joint Budget Scrutiny Committee, at its meeting on 18 November 2019 recommended Option 1.

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 30th September 2019 shows a balanced budget against a total in year capital budget of £19.16m. It is anticipated that all in year capital expenditure will be fully funded.

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

Total Approvals Q2 (Sept 2019)	Future funding	In year funding	Actual Expenditure to 30/09/2019 (Month 6)	Forecast Expenditure 2019/2020	Forecast Variance underspent / (overspent)
£000	£000	£000	£000	£000	£000
63,244	44,085	19,159	6,531	19,159	-

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 schemes.

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/cancel other approved schemes.

- 5.1.5 The Constitution requires budget virements in excess of £250,000 to be approved by the Executive
- 5.1.6 During 2019/20, the Council has received Welsh Government Economic Stimulus funding of £444,465. It is proposed that this funding be utilised for the Industrial Units Improvement Programme which would release £280,000 of the Councils own resources to the Capital contingency for allocation at a future date.
- 5.1.7 Welsh Government has also indicated that they will be awarding funding of £2.8m from Welsh Government for the HWRC. This represents 100% of the estimated build / development cost of the facility and results in the Council's own resources not being required. Subject to formal confirmation of this award it is therefore proposed that the £520,000 allocated for the HWRC in the Capital Programme be reallocated to the Capital contingency for allocation at a future date.

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 through 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 2019/2020.
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)***

Corporate Leadership Team & the Joint Budget Scrutiny Committee have considered the quarter two 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 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 Link

- Appendix 1.1
- Appendix 1.2
- Appendix 2