

Committee: **Executive Committee**

Date of meeting: **11th March 2020**

Report Subject: **Capital Budget Monitoring, Forecast for 2019/2020
Financial Year (as at 31 December 2019)**

Portfolio Holder: **Cllr N 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) |
| | 11/02/2019 | 26.02.20 | | | 09/03/2019 | 11/03/2019 | | |

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 31st December 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 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 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 as forecast at 31st December 2019 indicates a nil variance against a total in year capital budget of £23.7m. It is anticipated that all in year capital expenditure will be fully funded.

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

| Total Approvals Q3 (Dec 2019) | Future funding | In year funding | Actual Expenditure to 31/12/2019 (Month 9) | Forecast Expenditure 2019/2020 | Forecast Variance underspent / (overspent) |
|-------------------------------------|----------------|-----------------|--|--------------------------------|--|
| £000 | £000 | £000 | £000 | £000 | £000 |
| 71,626 | 47,896 | 23,730 | 8,006 | 23,730 | 0 |

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.

5.2 **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 second 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 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 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 Links

Appendix 1.1

Appendix 1.2

Appendix 2