

Committee: Executive Committee

Date of meeting: 24th June 2020

Report Subject: Capital Budget Monitoring, Provisional Out-Turn for 2019/2020 Financial Year

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)
	11/06/2020	16.06.20				24.06.20		

1. Purpose of the Report

- 1.1 To provide members with an overview of each Portfolio's provisional capital expenditure against funding approvals for the 2019/2020 financial year.

2. Scope and Background

- 2.1 This report provides details on the following:
- Provisional financial outturn position to the end of March 2020 across all portfolios (subject to audit)
 - 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 provisional financial outturn position as at 31st March 2020 indicates a £1,000 underspend against a total in year capital budget of £14.6m.

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

Total Approvals Q4 (Mar 2019)	Future Year funding	In year funding	Provisional Expenditure to 31/03/2020	Variance underspent / (overspent)
£000	£000	£000	£000	£000
73,674	59,038	14,636	14,635	1

5.1.2 Overall, Budget holders have maintained spending within the overall total for the approved capital schemes. The underspend of £1,000 relates to the capital scheme of £60,000 for additional works on Flying Start and will not be drawn down from the funding body.

5.1.3 Future year funding of £59m 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 2020/2021 in accordance with slippage procedures, with agreement by the Corporate Leadership Team.

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 outturn position for 2019/2020. 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 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 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 ***EqIA***

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 – Capital Programme Summary Outturn

Appendix 1.2 – Capital Programme Outturn – Project Detail

Appendix 2 – 2019-20 Quarter 4 Funding Changes