

Committee: **Executive Committee**

Date of meeting: **14<sup>th</sup> October 2020**

Report Subject: **Capital Budget Monitoring, Forecast for 2020/2021  
Financial Year (As at 30 June 2020)**

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) |
|                             | 24/08/2020                | 29.09.20                 |                 |                               | 28/09/2020         | 14/10/2020          |         |                      |

## 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 2020/2021 financial year, as at 30<sup>th</sup> June 2020.

## 2. Scope and Background

- 2.1 This report provides details on the following:

- Forecast financial position to 31<sup>st</sup> March 2021 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 This report will be considered by the Joint Budget Scrutiny Committee at its meeting on 28<sup>th</sup> September 2020 and any comments from the Committee will be provided verbally to the Executive.

### 3.2 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.

### 3.3 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 overall financial position as forecast at 30<sup>th</sup> June 2020 indicates an adverse variance of £24,000 against a total in year capital budget of £20m.

The overall position across all Portfolios is shown below: -

| Total Approvals<br>Q1<br>(Jun 2020) | Future funding | In year funding | Actual Expenditure to 30/06/2020 (Month 3) | Forecast Expenditure 2020/2021 | Forecast Variance underspent / (overspent) |
|-------------------------------------|----------------|-----------------|--|--------------------------------|--|
| £000                                | £000           | £000            | £000                                       | £000                           | £000                                       |
| 61,363                              | 41,347         | 20,016          | 2,168                                      | 20,040                         | (24)                                       |

5.1.2 Despite the Covid-19 Pandemic actual expenditure to June 2020 of £2m is £300,000 higher compared to Quarter one in financial year 2019/2020. Should the pandemic situation continue to improve it is expected that Capital Expenditure will reach £20m by 31<sup>st</sup> March 2021.

5.1.3 The forecast over-spend of £24,000 relates to the essential capital works following adverse weather and the resulting flood damage in the early part of 2020. A Funding request has been submitted to Welsh Government.

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 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 a second wave of Covid-19, 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 a second peak of the Covid-19 pandemic materialises, funding may be lost to the Authority and be detrimental to the Authority's chances of securing future funding.
- 5.2.4 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
- 5.2.5 There is a potential risk of increase in Constructions costs & services following the ongoing situation regarding Brexit.
- 5.2.6 Brexit has been added as an organisational risk to the corporate risk register, whilst a separate, more detailed Brexit high level action plan has been developed and is being monitored by the Brexit Core Planning Group.

## 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 programme is attached at Appendix 1.2 and 1.2.

### 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 ***Eq/A***

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