

Committee: **Executive Committee**

Date of meeting: **9<sup>th</sup> December 2020**

Report Subject: **Capital Budget Monitoring, Forecast for 2020/2021  
Financial Year (as at 30 September 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)
	10/11/2020	24.11.20			23/11/2020	09.12.20		

## 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> September 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 Option 1 (Recommended Option)

Members of the Committee to 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 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> September 2020 indicates an adverse variance of £24,000 against a total in year capital budget of £23.2m.

The overall position across all Portfolios is shown below: -

Total Approvals Q2 (Sept 2020)	Future funding	In year funding	Actual Expenditure to 30/09/2020 (Month 6)	Forecast Expenditure 2020/2021	Forecast Variance underspent / (overspent)
£000	£000	£000	£000	£000	£000
62,805	39,581	23,224	7,359	23,248	(24)

5.1.2 Despite the Covid-19 Pandemic actual expenditure to September 2020 of £7.3m is £836,000 higher, compared to Quarter two in financial year 2019/2020. It is expected that Capital Expenditure will largely be unaffected by the Lockdowns and is estimated to reach £23.6m by 31<sup>st</sup> March 2021.

5.1.3 The forecast over-spend of £24,000 in relation to Flood Recovery Works is now expected to be mitigated following positive news that Welsh Government will be providing financial support and has subsequently advised the Council to commence any urgent works. However, whilst formal confirmation of this award is awaited it is prudent that we continue to report the overspend in quarter two.

5.1.4 Following the commitment from Welsh Government it is anticipated that the Council’s own resources will not be required for Aberbeeg Road. However, whilst formal confirmation of this award is awaited the capital programme reflects the previous decisions of Council.

## 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, 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 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 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.
- 5.2.6 There is a potential risk of increase in Constructions costs & services following the ongoing situation regarding the UK's Exit from the European Union.
- 5.2.7 The UK's Exit from the EU has been added as an organisational risk to the corporate risk register, whilst a separate, more detailed, high level action plan has been developed and is being monitored by the 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.
- 6.1.3 Appendix 2 provides information of funding changes since the first quarter report

6.2 ***Expected outcome for the public***

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 (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

