

Committee: Cabinet

Date of meeting: 4th December 2024

Report Subject: Capital Budget Monitoring, Forecast For 2024/2025 Financial Year (As at 30 September 2024)

Portfolio Holder: Cllr S Thomas – Leader & Cabinet Member Corporate & Performance

Report Submitted by: Rhian Hayden – Corporate Director Of Corporate Services

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team/Apollo	Portfolio Holder / Chair	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
	14/11/24	14.11.24			29/11/24 (Briefing)	4/12/24		

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 2024/2025 financial year, as at 30th September 2024.

2. Scope and Background

- 2.1 This report provides details on the following:

- Forecast financial position to 31st March 2025 across all portfolios.
- Details of any significant adverse and/or favourable variances

- 2.2 This report forms part of the councils financial reporting framework.

3. Options for Recommendation

3.1 Option 1 (Recommended Option)

Members 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 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 2022/27 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 quality services at the right time and in the right place".

5. Implications Against Each Option

5.1 *Impact on Budget (short and long term impact)*

5.1.1 The current capital programme is approximately £66m and is funded by: -

WG Grant - £38.2m
 Other grant funding - £11.7m
 Council Resources - £16.1m

It is forecast that expenditure of £54m will be incurred on capital projects / schemes during 2024/25, with the remainder allocated for use in future years.

The overall financial position as forecast at 30th September 2024 indicates an overspend of £0.160m against a total in year capital budget of £54m.

The overall position across all Portfolios is shown below: -

Total Approvals Q2 (Sept 2024)	Future funding	In year funding	Forecast Expenditure to 31/03/2025	Actual Expenditure to 30/09/2024 (Month 6)	Forecast Variance underspent / (overspent)
£000	£000	£000	£000	£000	£000
66,058	12,060	53,997	54,157	20,791	(160)

5.1.2 The report has identified two significant overspends within the Capital Programme.

Improvement Grants - £145,929

The overspend relates to the increasing number of grant applications and increased cost of each grant due to the cost of materials. An additional £400,000 has already been allocated (£200,000 per annum for 2024/24 & 2024/25) within the Capital Programme by Council but despite this there is still a significant shortfall forecast. The department has advised that 50% of applications which have been approved to start work in the remainder of the financial year could be put on hold to reduce or mitigate the projected overspend, however this will then have an impact on costs in 2025/26, the department will also look to make a representation to Welsh Government for additional capital funding to meet demand, there is currently no certainty that the additional funding would be approved. The programme will be monitored closely throughout the remainder of the year and should the overspend

materialise with no other funding options being secured, funding from the Capital Contingency or funding transferred from underspending schemes at the year end would need to be utilised.

The Company Shop - £14,984

The overspend relates to costs of unexpected survey and material costs received at the end of the scheme. The overspend will be financed through Capital contingencies or an underspend in Council funding at the end of the financial year.

5.2 Risk including Mitigating Actions

5.2.1 Expenditure against external funding approvals needs to be maximised to avoid loss of funding. If significant delays in capital expenditure are anticipated or contract costs rise liaison with funding bodies will be required at the earliest opportunity 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 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

5.2.4 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.

5.3 **Legal**
N/A

5.4 **Human Resources**
N/A

6. Supporting Evidence

6.1 Performance Information and Data

6.1.2 The Capital Expenditure Report is attached at Appendix 1.

6.1.3 The Capital Programme has increased to £66m from £63.8m as at quarter 1. 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.

6.2.2 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 & Performance Scrutiny Committee and Cabinets 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 ***Decarbonisation and Reducing Carbon Emissions***

The Council is committed to the Decarbonisation Plan to achieve a carbon neutral public sector by 2030. The Capital Programme currently contains schemes which promote the reduction of carbon emissions such as ReFIT, Electric Vehicle Charge Points, Innovation for Decarbonisation - WBRID and the purchase of Ultra Low Emission Vehicles. New Council buildings should be designed to the latest energy efficiency standards.

6.9 ***Integrated Impact Assessment***

N/A

7. ***Monitoring Arrangements***

7.1 The Corporate Leadership Team and Cabinet consider the budget monitoring reports on a quarterly basis and Scrutiny (all Members) receives a briefing, to provide challenge as appropriate.

Background Documents /Electronic Links

Appendix 1 – Capital Programme Funding Estimates

Appendix 2 – Funding Changes