

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 12 JULY 2016
REPORT OF THE DIRECTOR (FINANCE AND OPERATIONS)

2015/16 CAPITAL OUTTURN & FUNDING POSITION

1 Executive Summary

- 1.1 This report is to provide members with information on the capital expenditure outturn, the funding details for capital spending and the year-end capital funds position for the financial year 2015/16.
- 1.2 In summary the budget and outturn expenditure position is as follows:

Capital Expenditure	Original Budget 2015/16	Current Budget 2015/16	Outturn 2015/16
	£000	£000	£000
General Fund Schemes	20,172	12,562	12,323
Housing (MRA funded) *	12,167	11,177	11,178
TOTAL	32,339	23,739	23,501

*Housing (MRA funded) includes MEARS contract, Housing recharges, other MRA funded schemes and spend in connection with Queensway House.

The current budget includes all adjustments for re profiled budgets approved by Cabinet.

- 1.3 All schemes were funded as follows:

Applied capital receipts	£9.159M
Applied Grants and S106 funds	£0.743M
Major Repairs Reserve (housing schemes)	£11.178M
Borrowing	£2.421M
TOTAL	£23.501M

- 1.4 The following appendices attached to this report provide more detailed information:

Appendix A – Detail of Capital expenditure by scheme

Appendix B – Prudential Indicators

2 Recommendation(s)

- 2.1 Cabinet are asked to note the capital expenditure outturn for 2015/16 of £23.501M.
- 2.2 Cabinet are asked to approve the funding of capital expenditure for 2015/16 as set out in paragraph 3.4 of the report.

3 Explanation

- 3.1 This section of the report considers separately General Fund Schemes, Housing Schemes and funding. All schemes are set against the council's priorities and objectives reflected in the Business Plan and Medium Term Financial Strategy.

The General Fund outturn for 2015/16 was £12.323M and compares to a current budget of £12.562M. This is an under spend of £0.239M and primarily relates to Disabled Facility Grants. There is an under-spend of £0.212M on this budget which reflects a reduction in referrals from HCC.

3.2 Major Capital Schemes in year

- 3.2.1 Affordable Housing Programme: £6.043M was spent on the purchase of affordable housing properties in line with the Affordable Housing Scheme. Cabinet agreed on 7 August 2012 for the council to enter into agreement, as proposed by the Secretary of State for Communities and Local Government, to allow the council to retain receipts from the reinvigorated Right to Buy (RTB) sales and to reinvest the allowed receipts in delivery of new affordable homes.

These receipts need to be spent within three years of receipt.

- 3.2.2 Hatfield Town Centre Redevelopment: £1.707M has been spent on various projects within the town centre in 2015/16. These include unit refurbishments, the Common Car Park improvements, the new arcade canopy, White Lion flat refurbishments and ongoing associated fees. Hatfield Town Centre redevelopment schemes are continuing into 2016/17 with a budget of £3.018M to cover fees, acquisition, refurbishment, redevelopment of properties, and public realm works.

- 3.2.3 Campus East extension project: £1.564M plus central recharges of £0.076M spent in 15/16. This was for works to the new extension and reception area. The remaining budget of £0.213M has been rolled forward into 2016/17 for final payments. £0.362M was spent on building the council chamber with £0.248M r/fwd for completion works.

3.3 Housing (Major Repairs Account)

The current budget is £11.177M and the outturn is £11.178M.

Major repairs are fully funded from the Major Repairs Allowance.

3.4 Capital Funding and Reserves

This section shows the opening balances of capital funds available at 1 April 2015 to fund capital spend and also the funding applied to spending. Opening balances totalled £36.481M. Usable Capital Receipts balances include the S106 Developers Contributions of £0.380M.

	Usable Capital Receipts £000	Major Repairs Reserve £000	Affordable Housing Funds £000	Capital Grants Unapplied £000	Total Spend Funded by Receipts & Grants £000	Spend Funded by Internal Borrowing £000
Opening Balance 1st April 2015	10,562	3,694	21,380	845	36,481	(8,205)
RTB receipts	3,699	-	-	-	3,699	-
Payment to Government re Pooled Receipts	(3,215)	-	-	-	(3,215)	-
Other receipts	1,249	10,953	7,831	-	20,033	-
Grants	-	-	-	605	605	-
Capital expenditure *	(3,112)	(11,178)	(6,047)	(743)	(21,080)	(2,421)
Closing Balance 31st March 2016	9,183	3,469	23,164	707	36,523	(10,626)

*Capital Expenditure: Total Spend Funded by Receipts & Grants plus Spend Funded by Internal Borrowing = £23.501M.

3.4.1 During the year the council received £21.122M capital receipts (net of pooling). £7.8M were ring fenced housing receipts to support the Affordable Housing Scheme, and £0.6M was received from government grants. The Major Repairs Reserve is ring fenced to Housing Landlord Schemes only and in 2015/16 the major repairs allowance was £10.953M. Other receipts include General Fund Capital loan repayments/Contributions (Jubilee Care Trust, Serco, Gosling, HCA, Finesse, Goldings Trickle Transfer) and Disposals.

4 Legal Implication(s)

- 4.1 There are no direct legal implications arising from this report. However, virtually all projects will require legal input into procurement and contractual documentation.

5 Financial Implications

- 5.1 Financial risks associated with the capital budgets are contained in this report.

6 Risk Management

- 6.1 Financial risks associated with the capital programme are:

- 6.1.1 Receipts are not received in the expected year and at the expected amount. If this occurs the implications on reserve levels need to be assessed along with whether alternative funding needs to be sought, this may have a cost to the Council.

- 6.1.2 The capital programme does not fully spend the expected amount. This has an opportunity cost to the Council. If we have planned to finance from receipts and there has been slippage against the programme, the receipts could have financed other programmes. The implication of the funding not being utilised may mean unnecessary costs are incurred in the delay.
- 6.1.3 Long term investment plans are based on anticipated levels of core cash, not committed to revenue or capital expenditure. Delays in capital programme spending therefore represent a lost opportunity to invest additional funds at higher long term interest rates.
- 6.1.4 The capital programme spending is more than the expected amount. This will have implications on the cash and planning of the organisation. Additional sources of funding will have to be identified and there may be a cost to the Council.
- 6.2 Regular monitoring and reporting of the capital budget and funding are an important part of mitigating these risks.
- 6.3 A formal risk assessment has not been prepared in relation to the details in this report.

7 Security & Terrorism Implication(s)

- 7.1 None

8 Procurement Implication(s)

- 8.1 None

9 Climate Change Implication(s)

- 9.1 None

10 Link to Corporate Priorities

- 10.1 The subject of this report is linked to the Council's Corporate Priority "Engage with communities and provide value for money", and specifically to the achievement of "Demonstrate Value for Money".

11 Equality and Diversity

- 11.1 An Equality Impact Assessment (EIA) has/ has not been carried out in connection with the proposals that are set out in this report (please complete section 9.2 only if an EIA has been completed).

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Background papers

Capital Budget Roll Forward report 2016/17 - April 2016 Cabinet.

Adjustment to Capital Roll Forward Budgets 2015/16 into 2016/17 – June 2016 cabinet