

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 4 FEBRUARY 2025
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE AND TRANSFORMATION)

QUARTER 3 CAPITAL BUDGET MONITORING REPORT 2024-25

1 Executive Summary

- 1.1 This report presents the capital expenditure and associated capital funding as at the end of Quarter 3 (December 2024). The report and appendices detail the changes to the original capital programme and funding plans, as a result of programme commitments and project delivery.
- 1.2 The current approved capital budget is £79.371m (which includes the approved re-phasing of budgets from 2023/24) and the forecast outturn is £55.666m. A summary of forecast variances and re-phasing are shown in **Table 1** and detailed explanations for key variances in **Section 3.4**.
- 1.3 A summary of progress against key projects for which no variances have been identified is detailed within **Section 3.5**.
- 1.4 A forecast of the resources available to fund the capital programme and variances of the current forecast against the available resources budgeted are set out in **Section 4** of this report.

2 Recommendations

- 2.1 That Cabinet note the capital forecast outturn position as shown in **Table 1**.
- 2.2 That Cabinet note the forecast position as at 31 December 2024 for funding of the capital programme and reserve balances as reflected in **Table 2**.
- 2.3 That Cabinet approve the virements set out in Section 3.2.

3 Capital Programme – Expenditure Forecasts

Capital Budgets

- 3.1 The following table tracks approved changes to the original budget during the year (excluding fully funded virements).

	£
Original Budget	£41.049m
Re-phasing from 2023/24	£38.322m
Current Budget	£79.371m

3.2 It is recommended that the following virements be approved:

- That £1,200k from the AHP – New Schemes budget (App A ref. 65) be vired to the AHP – Open Market Purchases budget (App A ref. 53) to fund the purchases that are due to be made in this financial year.
- That £200k from the Heating Replacement Programme budget (App A ref. 70) be vired to the Smoke and Carbon Monoxide Alarms budget (App A ref. 69) to fund the overspend on this project.

3.3 The capital expenditure position is summarised in **Table 1** below and a detailed breakdown by capital scheme can be found in **Appendix A**. Table 1 uses rounded figures so there may be slight addition discrepancies.

Table 1: Capital Outturn 2024/25 by Fund and Directorate

	Budget 2024/25	Forecast Outturn 2024/25	Variance to Budget	Re- phasing of Capital Scheme s	(Under)/ Over Outturn
	£'000	£'000	£'000	£'000	£'000
General Fund					
Executive Director (Finance and Transformation)	647	645	(1)	0	(1)
Executive Director (Place)	6,700	4,817	(1,883)	1,463	(421)
Executive Director (Resident Services and Climate Change)	1,774	1,302	(472)	48	(424)
General Fund Total	9,121	6,764	(2,357)	1,511	(846)
Housing Revenue Account					
Executive Director (Place)	19,916	6,339	(13,577)	14,687	1,110
Executive Director (Res Services and Climate Change)	50,334	42,562	(7,772)	5,975	(1,797)
Housing Revenue Account Total	70,250	48,901	(21,349)	20,662	(687)
Grand TOTAL	79,371	55,666	(23,706)	22,173	(1,533)

- 3.4 There is currently a requirement to rephase £22.173m split between funds as follows:

General Fund £1.511m – rephase budget into

2025/26 HRA £20.662m – rephase budget into

2025/26

Total net rephasing - £22.173m

3.5 Key forecast variances are outlined below:

General Fund:

3.5.1 Capita Upgrade £0.030m favourable forecast variance (App A ref. 2)

This project has completed, however due to it being a cloud-based system, costs were funded from revenue. There is therefore a favourable forecast variance of £0.030m.

3.5.2 Blade Server Replacement £0.034m favourable forecast variance (App A ref. 6)

This work is no longer needed, and therefore there is a saving of £0.034m.

3.5.3 Council Chamber Microphones £0.083m adverse forecast variance (App A ref. 10)

The replacement of the Council Chamber microphones will be funded by a revenue contribution to capital. The project is now complete and no more spend is expected.

3.5.4 Parking Improvements £0.250m favourable forecast variance (App A ref. 11) – rephasing of £0.100m into 2025/26

A review of parking capital works has been carried out and a new programme of works for the rest of this financial year has been created. Procurement for these works is currently ongoing. Not all of the budget will be spent in 2024/25, and it is therefore proposed that £0.100m is rephased into 2025/26. There is also an underspend of £0.150m.

3.5.5 Highview Shops £0.050m favourable forecast variance (App A ref. 12) – rephasing of £0.050m into 2025/26

The project is only expected to spend £0.330m in this financial year, and therefore, it is proposed that £0.050m is rephased into 2025/26.

3.5.6 Hatfield Town Centre Public Realm £0.073m favourable forecast variance (App A ref. 13)

This budget will not be spent in this financial year and it is therefore

proposed that the entire budget of £0.073m is rephased into 2025/26 to fund planned town centre projects.

3.5.7 Redevelopment of 1 and 3-9 Town Centre Hatfield £0.090m adverse forecast variance (App A ref. 16)

Although this project has achieved practical completion, the site has not yet been handed over and therefore is still incurring agent fees. Handover is expected in this financial year. The overspend will be funded by borrowing.

3.5.8 Welwyn Garden City Town Centre North £0.055m adverse forecast variance (App A ref. 18)

Although this project has achieved practical completion, the site has not yet been handed over and therefore is still incurring agent fees. Handover is expected in this financial year. The overspend will be funded by borrowing.

3.5.9 Play Area Replacement Scheme £0.363m favourable forecast variance (App A ref. 19) - rephasing

Part of this budget will be used to cover the costs of the play area build that is part of the Hatfield Town Centre Marketplace scheme (see 3.5.13 below), however, this spend is unlikely to happen in this financial year and therefore, it is proposed that £0.200m is rephased into 2025/26. There is also an underspend of £0.163m.

3.5.10 Angerland Football Improvement Schemes £0.800m favourable forecast variance (App A ref. 20) – rephasing of £0.800m into 2025/26

This is Section 106 funding earmarked for football improvement schemes. As there are no schemes currently planned, it is proposed that the entire budget of £0.800m is rephased into 2025/26. Schemes which can use this funding will continue to be looked for.

3.5.11 Angerland Rugby Improvement Schemes £0.200m favourable forecast variance (App A ref. 21) – rephasing of £0.200m into 2025/26

This is Section 106 funding earmarked for rugby improvement schemes. As there are no schemes currently planned, it is proposed that the entire budget of £0.200m is rephased into 2025/26. Schemes which can use this funding will continue to be looked for.

3.5.12 Link Drive Redevelopment £0.086m adverse forecast variance (App A ref. 22)

Although this project has achieved practical completion, the site has not yet been handed over and therefore is still incurring agent fees. Handover is expected in this financial year. The overspend will be funded by borrowing.

3.5.13 Hatfield Town Centre Marketplace £0.065m adverse forecast

variance (App A ref. 24)

Hatfield Town Centre Marketplace had an original budget of £0.351m which was to be funded by borrowing, however the council has now been awarded £0.500m towards this project as part of the UK Shared Prosperity Fund. The play area equipment associated with the scheme will be funded from the Play Area Replacement budget (see 3.5.9 above). Council contribution will be required to cover the additional costs.

3.5.14 Gosling £0.183m favourable forecast variance (App A ref. 25)

The Council has decided not to proceed with this scheme as it has not been possible to produce a viable proposal. There is therefore a saving of £0.183m.

3.5.15 Mill Green Museum Brickwork and Masonry £0.040m favourable forecast variance (App A ref. 26) – rephasing of £0.040m

This work will not take place in this financial year, and therefore, it is proposed that the budget of £0.040m is rephased into 2025/26.

3.5.16 Peartree Lane (YMCA) Land Purchase £0.255m favourable forecast variance (App A ref. 31)

This land purchase has now been completed; there are approximately £400k of costs still to be paid once planning permission has been granted. This is expected to be in this financial year. The remaining budget is no longer needed.

3.5.17 Campus West Ticketing Platform £0.090m favourable forecast variance (App A ref. 36)

As this is a cloud-based system, the costs will be funded from revenue. There is therefore a saving of £0.090m on this scheme.

3.5.18 Parking Schemes Implementation £0.075m favourable forecast variance (App A ref. 38)

The forecast expenditure reflects the current programme of works in place. It is likely that there will be a saving on this project.

3.5.19 Assure Software £0.048m favourable forecast variance (App A ref. 44)

This project has started, however the integration work between Assure and Lagan will take place in 2025/26, and therefore, it is proposed that £0.048m is rephased.

3.5.20 Asset Condition Works £0.436m favourable forecast variance (App A ref. 50)

Not all of the asset conditions works planned for this year will be taking place, and therefore, there will be a saving of £0.436m on this project. This is a rolling programme and therefore, there is already budget set aside for these works in 2025/26 and future years.

3.5.21 Other Overspends

There are a number of other projects with overspends which are listed below. All of these overspends will be funded by borrowing.

- Chatbot (App A ref. 7) £0.013m adverse forecast variance
- Museum Service – Refit of Pumping Station (App A ref. 27) £0.028m adverse forecast variance
- EV Charging Points (App A ref. 28) £0.040m adverse forecast variance
- Campus West Seating (App A ref. 34) £0.002m adverse forecast variance
- Weltech Telephony (App A ref. 37) £0.001m adverse forecast variance
- Garage Forecourt Resurfacing (App A ref. 43) £0.020m adverse forecast variance
- Streetscene Bins, Furniture and Equipment (App A ref. 47) £0.002m adverse forecast variance

Housing Revenue Account

3.5.22 Affordable Housing Programme – Open Market Purchases £1.200m adverse forecast variance (App A ref. 53)

A house purchase has taken place and two others are expected in this financial year. A proposed virement to fund these purchases is included in Section 3.2 of this report.

3.5.23 Howlands House Redevelopment and Additional Units £2.800m favourable forecast variance (App A ref. 54) – rephasing of £2.800m into 2025/26

The project is in the process of being redesigned, and the early stage redesign proposal is expected to go to planning in the spring. This will be followed by a procurement process, and therefore, as spend is expected to be minimal in 2024/25, it is proposed that £2.800m is rephased into 2025/26.

3.5.24 Affordable Housing Programme – Burfield £5.720m favourable forecast variance (App A ref. 56) – rephasing of £5.720m into 2025/26

This project is dependent on the completion of Howlands House before work can start, and due to the delays relating to Howlands House detailed in Section 3.5.22 above, it is proposed that the entire budget of £5.720m is rephased into 2025/26.

3.5.25 Affordable Housing Programme – Hazel Grove £0.400m favourable forecast variance (App A ref. 57) – rephasing of £0.400m into 2025/26

The entire budget of £0.400m is proposed to be rephased into 2025/26. The planning application for this site has lapsed and alternative options are currently being looked into.

3.5.26 Affordable Housing Programme – Haseldine Meadows £0.586m favourable forecast variance (App A ref. 58) – rephasing of £0.586m into 2025/26

Procurement routes are being looked into and it is hoped that works will start on site towards the end of the year. However, it is unlikely that the full budget will be spent in 2024/25 and therefore, it is proposed that £0.586m is rephased into 2025/26.

3.5.27 Affordable Housing Programme – Lockley Crescent £0.780m favourable forecast variance (App A ref. 59) – rephasing of £0.780m into 2025/26

Procurement routes are being looked into and it is hoped that works will start on site towards the end of the year. However, it is unlikely that the full budget will be spent in 2024/25 and therefore, it is proposed that £0.780m is rephased into 2025/26.

3.5.28 Affordable Housing Programme – Ludwick Green £4.146m favourable forecast variance (App A ref. 60) – rephasing of £4.146m into 2025/26

Works have now started on site, however, due to the delays in starting, the full budget for this project is not expected to be spent in this financial year. It is therefore proposed that £4.146m is rephased into 2025/26.

3.5.29 Affordable Housing Programme – Swallowfields £0.092m adverse forecast variance (App A ref. 62)

A £0.092m overspend is expected on this project due to additional costs being identified. This overspend will be funded by borrowing.

3.5.30 Affordable Housing Programme – Birchwood House £0.255m favourable forecast variance (App A ref. 63) – rephasing of £0.255m into 2025/26

Birchwood House is owned by HomeGroup. An agreement was in place that the Council would provide £0.0255m of Right To Buy Receipts to HomeGroup, however due to the state of the property and it not being fit for purpose, this is now unlikely to happen in 2024/25. The entire budget of £0.255m is therefore proposed to be rephased into 2025/26 while the historical agreement is looked into.

3.5.31 Smoke and Carbon Monoxide Alarms – £0.200m adverse forecast variance (App A ref. 39)

Due to additional smoke and carbon monoxide alarm works identified through the stock condition survey, an overspend of £0.200m is expected. All these works have been completed. A virement is included in Section 3.2 of this report proposing to fund this overspend from the predicted underspend on the Heating Replacement programme (see 3.5.31 below).

3.5.32 Heating Replacement Programme – £0.680m favourable forecast variance (App A ref. 70)

Delays in obtaining asbestos surveys are causing knock-on delays with this programme to install replacement boilers. Therefore, an underspend of £0.680m is expected. A virement proposing to use some of the £0.680m underspend to fund the £0.200m predicted overspend on Smoke and Carbon Monoxide alarms is included in Section 3.2 of this report for Cabinet approval (see 3.5.30 above).

3.5.33 Major Repairs (Other Contractors) – £0.343m favourable forecast variance (App A ref. 71) – rephasing of £0.343m into 2025/26

This is a reactive budget. Spend to date, combined with knowledge of upcoming projects, indicates that there will be an underspend on this budget in 2024/25. It is proposed that this is rephased into 2025/26.

3.5.34 Door Entry Systems – £1.257m favourable forecast variance (App A ref. 72)

A significant saving of £1.257m has been identified on this scheme due to a lower requirement for door entry systems than anticipated.

3.5.35 Sheltered Refurbishment – £0.417m favourable forecast variance (App A ref. 75) – rephasing of £0.417m into 2025/26

One sheltered refurbishment project (Springfield House) has gone out to tender and cost analysis is now being completed. It is not likely that the entire budget will be spent in 2024/25 and therefore, it is proposed that £0.417m is rephased into 2025/26.

3.5.36 Communal Aerials – £0.060m favourable forecast variance (App A ref. 77)

Due to lower uptake than expected from leaseholders, a saving of £0.060m has been identified on this project.

3.5.37 Asbestos – £0.149m favourable forecast variance (App A ref. 79) – rephasing of £0.149m into 2025/26

This is a reactive budget. Although there are works in progress, it has been identified that it is unlikely the whole budget will be spent in 2024/25, and therefore, it is proposed that £0.149m is rephased into 2025/26.

3.5.38 Howard House £5.066m favourable forecast variance (App A ref. 81) – rephasing of £5.066m into 2025/26

A contractor has been appointed to develop the specification for this project. Pre-service agreement work will take place before residents and leaseholders are consulted with again. It is hoped that works will start on site in this financial year, however it is likely that some of the budget will need to be rephased into future years. It is therefore proposed that £5.066m is rephased into 2025/26.

3.5.39 Other Overspends

There are a number of other projects with overspends which are listed below.

- AHP – YMCA (App A ref. 64) £0.030m adverse forecast variance

3.6 Schemes on which no outturn variances are forecast

This section provides members with additional information on the progress of high value projects (over £2.0m) for which no variance or re-phasing has been reported, and highlights any risks identified which may cause a variance or re phasing to the project to be reported at a later date.

Housing Revenue Account:

3.6.1 Major Repairs £24.201m (App A ref. 66)

This scheme relates to investments to HRA properties including roofing, windows and door replacements, as well as kitchen and bathroom upgrades. Forecast spend is based on detailed projections of work from the contractors, who are expecting to be able to complete works up to budgeted value. The spend will continue to be monitored closely.

3.6.2 Aids and Adaptations £2.021m (App A ref. 67)

This project is currently on track, with a new contractor focusing on extensions to properties where residents need adaptations starting shortly. Three properties are planned to be completed this financial year, with work on an additional three about to start.

3.6.3 Fire Doors £2.500m (App A ref. 80)

£1.451m has been spent on fire doors as at Quarter 3 and the programme is progressing well. No variances to budget are currently forecast, although this will continue to be monitored closely.

3.6.4 Decarbonisation HRA £4.000m (App A ref. 82)

Works on decarbonisation projects have been progressing well, and most of the larger individual projects have now been completed. No variance is expected on this project at this stage and spend will be in line with the grant conditions.

4 Capital Programme – Financing Forecasts

- 4.1 The financing of the capital programme and cumulative borrowing position (internal and external loans) is shown in Table 2 below.

Table 2 - Capital Financing Summary	Current Budget 2024/25 £'000	Forecast Outturn 2024/25 £'000	Variance £'000
GENERAL FUND			
General Expenditure	9,121	6,764	-2,357
Loan Repayment	1,401	1,401	0
Capital Receipts and Reserves	-2,410	-1,754	656
Capital Grants and Contributions	-1,969	-1,118	851
Revenue Contribution to Capital	0	-83	-83
Appropriation from GF to HRA	0	-215	-215
Borrowing Requirement for Before MRP	6,142	4,995	-1,147
Minimum Revenue Provision	-1,265	-1,151	114
Net Change in Borrowing Requirement for Year	4,877	3,844	-1,033
Cumulative Borrowing Requirement at year end - General	56,493	55,460	-1,033
Capital Reserves Balance at year end	6,949	7,700	751
Capital Grants and Contributions Balance at year end	5,613	6,647	1,034
HOUSING REVENUE ACCOUNT			
Total Expenditure	70,250	48,901	-21,349
Loan Repayment	25,800	25,800	0
Capital Receipts and Reserves	-18,870	-17,744	1,126
Restricted 141 Capital Receipts	-4,187	-2,989	1,198
Capital Grants and Contributions	-1,853	-2,079	-226
Revenue Contribution to Capital	-6,600	-10,436	-3,836
Appropriation from GF to HRA	0	215	215
Borrowing Requirement for Year	64,540	41,667	-22,873
Cumulative Borrowing Requirement at year end	283,524	260,651	-22,873
Capital Reserves and Grants Balance at year end	14,154	13,886	-268

4.2 Key variances to the General Fund and Housing Revenue Account financing since Quarter 2 are as follows:

General Fund:

Forecasted expenditure on capital projects is slightly lower than at Quarter 2 due to rephasing of budget into 2025/26. The borrowing requirement has therefore reduced slightly due to the decreased expenditure forecast. The grants and contributions balance at year end is forecast to be slightly higher due to additional grants being received.

Housing Revenue Account:

Due to rephrasing of a number of the Affordable Housing Programme schemes as well as some planned and responsive maintenance schemes, the expenditure is forecast to be slightly lower than at Quarter 2. The borrowing requirement has also therefore decreased.

Implications

5 Legal Implication(s)

- 5.1 There are no direct legal implications arising from this report. However, the individual projects will require legal input into procurement and contractual documentation.

6 Financial Implication(s)

- 6.1 Financial implications are set out in the body of the report where relevant.

7 Risk Management Implication(s)

- 7.1 There are none arising directly from this report.

8 Security & Terrorism Implication(s)

- 8.1 There are none arising directly from this report.

9 Procurement Implication(s)

- 9.1 There are none arising directly from this report.

10 Climate Change Implication(s)

- 10.1 There are none arising directly from this report.

11 Health and Wellbeing Implications(s)

- 11.1 There are none arising directly from this report.

12 Link to Corporate Priorities

- 12.1 The subject of this report is linked to the delivery of all of the Councils Corporate Priorities.

13 Communications Plan

- 13.1 There are none arising directly from this report.

14 Equality and Diversity

- 14.1 An Equality Impact Assessment (EIA) has not been carried out in connection with the proposals that are set out in this report as there is no impact on services directly as a result of the recommendations.

15 Human Resources Implications

- 15.1 There are none arising directly from this report.

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Date 07 January 2025

Appendix A - Capital Expenditure Monitoring by Scheme