

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 6TH FEBRUARY 2018
REPORT OF THE EXECUTIVE DIRECTOR (RESOURCES, ENVIRONMENT AND
CULTURAL SERVICES)

CAPITAL BUDGET MONITORING AS AT 31 DECEMBER 2017 (QUARTER 3)

1 Executive Summary

- 1.1 This report presents the capital expenditure and associated capital funding for both general fund and housing account for Quarter 3. The report and appendices detail the changes to the original 2017/18 capital programme and funding plans, as a result of programme commitments and project delivery.
- 1.2 At Quarter 3 the current approved budget was £55.361m including roll forward budgets from 2016/17 of £10.597m, along with any previously approved changes for re-profiling. The current forecast outturn is £55.361m. A summary by Head of Service is provided in Table 1 and a detailed breakdown by scheme is included in Appendix A.
- 1.3 A summary of progress against key projects is contained within appendix B of the report.

2 Recommendations

- 2.1 Cabinet to note the overall position as at Quarter 3 on the capital programme (Table 1 and Appendix A), and the update on the capital funding and reserves position.

3 Explanation

- 3.1 The capital expenditure position is summarised in Table 1 and a detailed breakdown by capital scheme per directorate can be found in Appendix A. Progress of the larger capital schemes can be seen in Appendix B.
- 3.2 Movements of budget between schemes agreed in line with the Financial Regulations are detailed within Appendix A.

Table 1: Capital Expenditure Budgets by Head of Service as at Quarter 3

Description	Original Budget 2017/18	Approved Roll Forwards from 16/17	Changes to Current Budget	Current Budget 2017/18 (including 2016/17 roll forwards)	Forecast Outturn 2017/18	Changes to Forecast Outturn
	£'000	£'000	£'000	£'000	£'000	£'000
Head of Planning	1,093	174	0	1,267	1,267	0
Head of Law and Administration	15	0	0	15	15	0
Head of Public Health and Protection	20	0	0	20	20	0
Executive Director - Public Protection, Planning and Governance	1,128	174	0	1,302	1,302	0
Head of Resources	8,594	1,093	1,305	10,990	10,990	0
Head of Environment	4,816	22	0	4,839	4,839	0
Head of Policy and Culture	2,893	82	(14)	2,961	2,961	0
Executive Director - Resources, Environment & Cultural Services	16,303	1,197	1,291	18,791	18,791	0
Head of Community & Housing Strategy	14,400	5,105	188	19,694	19,883	189
Head of Housing Property Services	11,795	4,005	(285)	15,516	15,327	(189)
Head of Housing Operations	0	116	(58)	58	58	0
Executive Director - Housing and Communities	26,195	9,226	(154)	35,267	35,267	0
TOTAL	43,627	10,597	1,137	55,361	55,361	0

Capital Funding and Reserves – Forecast Outturn

3.3 The financing of the capital programme, and cumulative borrowing position (internal and external loans) is shown in table 2.

Table 2: Capital Financing Forecast

GENERAL FUND	
	£'000
Total Expenditure	21,071
Capital Receipts and Reserves	(8,333)
Minimum Revenue Provision	(449)
Capital Grants and Contributions	(3,189)
Borrowing Requirement for Year	9,100
Cumulative Borrowing Requirement at year end (inclusive of Finance Leases)	31,856
Capital Reserves and Grants Balance at year end	7,877
HOUSING REVENUE ACCOUNT	
	£'000
Total Expenditure	34,288
Loan Repayment	15,300
Capital Receipts and Reserves	(19,832)
Restricted 141 Capital Receipts	(5,552)
Revenue Contribution to Capital	(15,300)
Borrowing Requirement for Year	8,904
Cumulative Borrowing Requirement at year end	251,899
Capital Reserves and Grants Balance at year end	20,037

3.4 Capital reserves are forecast to close at £27.914m by 31st March 2018.

Implications

4 Legal Implication(s)

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

5 Financial Implication(s)

5.1 Financial risks associated with the capital budgets are detailed at paragraph 7.

6 Risk Management Implications

6.1 The risks related to this proposal are:

6.2 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.

6.3 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.

- 6.4 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.
- 6.5 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.
- 6.6 Regular monitoring and reporting of the capital budget and funding are an important part of mitigating these risks.
- 6.7 A formal risk assessment has not been prepared in relation to the details in this report.

7 Security & Terrorism Implication(s)

- 7.1 Implications will be considered when individual capital schemes are proposed and the release of capital funding is sought.

8 Procurement Implication(s)

- 8.1 Implications will be considered when individual capital schemes are proposed and the release of capital funding is sought.

9 Climate Change Implication(s)

- 9.1 Implications will be considered when individual capital schemes are proposed and the release of capital funding is sought.

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 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.

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Background papers to be listed (if applicable)

Appendices to be listed:

Appendix A - Capital Expenditure Monitoring by Scheme
Appendix B – Capital schemes progress