

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 7 AUGUST 2018
REPORT OF THE CORPORATE DIRECTOR (RESOURCES, ENVIRONMENT AND
CULTURAL SERVICES)

CAPITAL BUDGET MONITORING AS AT 30 JUNE 2018 (QUARTER 1)

1 Executive Summary

- 1.1 This report presents the capital expenditure and associated capital funding for both general fund and housing account for Quarter 1. The report and appendices detail the changes to the original 2018/19 capital programme and funding plans, as a result of programme commitments and project delivery.
- 1.2 At Quarter 1 the current approved budget was £64.326m including roll forward budgets from 2017/18 of £19.663m. The current forecast outturn is £60.506m and shows re phasing of expenditure into 2019/20. Key variances are set out in section 3 of the report.
- 1.3 A forecast of the funding for the capital programme and variances against the budgeted financing are set out in section 4 of this report.
- 1.4 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 1 on the capital programme (Table 1 and Appendix A), and the update on the capital funding and reserves position (Table 2).

3 Capital Programme – Expenditure Forecasts

- 3.1 The capital expenditure position is summarised in Table 1 and a detailed breakdown by capital scheme per Head of Service and Corporate Director can be found in Appendix A.

**Table 1: Capital Expenditure Forecast by Head of Service and Corporate Director
Quarter 1 2018/19**

Description	Current Budget 2018/19 (including 2017/18 roll forwards)	Forecast Outturn 2018/19	Forecast Variance	Re-phasing of Capital Schemes	(Under) / Over Forecast
	£'000	£'000	£'000	£'000	£'000
GENERAL FUND					
Head of Planning	1,162	162	(1,000)	1,000	0
Head of Public Health and Protection	121	121	0	0	0
Corporate Director - Public Protection, Planning and Governance	1,283	283	(1,000)	1,000	0
Head of Resources	25,889	25,889	(0)	0	(0)
Head of Environment	4,629	1,729	(2,900)	2,900	0
Head of Policy and Culture	271	271	0	0	0
Corporate Director - Resources, Environment & Cultural Services	30,789	27,889	(2,900)	2,900	(0)
Head of Community & Housing Strategy (Gen Fund)	718	718	0	0	0
Corporate Director - Housing and Communities (Gen Fund)	718	718	0	0	0
TOTAL General Fund	32,790	28,890	(3,900)	3,900	(0)
HOUSING REVENUE ACCOUNT					
Head of Community & Housing Strategy	17,025	17,025	0	0	0
Head of Housing Property Services	14,398	14,278	(120)	0	(120)
Head of Housing Operations	114	114	0	0	0
Corporate Director - Housing and Communities	31,536	31,416	(120)	0	(120)
TOTAL Housing Revenue Account	31,536	31,416	(120)	0	(120)
TOTAL	64,326	60,306	(4,020)	3,900	(120)

3.2 Key variances for the General Fund are identified below:

3.2.1 £1.0m re-phasing to 2019/20 of the Section 106 funded football and rugby schemes. These schemes are overseen by an external group, The Hatfield Community Sports Board, with the Council holding funds on their behalf, and having a seat on the board. Although a number of possible uses have been identified by the Board, no schemes have yet progressed to a stage where these funds are likely to be spent this year, and as such are forecast to be re-phased to 2019/20.

3.2.2 £2.9m re-phasing to 2019/20 on Bereavement Services. It is currently expected that a planning decision should be reached in quarter three of 2018/19. An update to the forecast has been made as although works have started on this project, the scheme will not complete during the financial year, and will cross into 2019/20. The tender for the works will commence following receipt of a successful planning decision.

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.

Table 2 - Capital Financing Summary	Estimate £'000	Forecast £'000	Forecast £'000
GENERAL FUND			
Total Expenditure	32,790	28,890	(3,900)
Capital Receipts and Reserves	(9,522)	(9,522)	0
Capital Grants and Contributions	(7,594)	(6,594)	1,000
Revenue Contribution to Capital	0	0	0
Borrowing Requirement for Before MRP	15,674	12,774	(2,900)
Minimum Revenue Provision	(473)	(473)	0
Net Change in Borrowing Requirement for Year	15,201	12,301	(2,900)
Cumulative Borrowing Requirement at year end	36,389	33,489	(2,900)
Capital Reserves and Grants Balance at year end	4,303	5,000	(697)
HOUSING REVENUE ACCOUNT			
Total Expenditure	31,536	31,416	(120)
Loan Repayment	17,100	17,100	0
Capital Receipts and Reserves	(15,913)	(15,584)	329
Restricted 141 Capital Receipts	(5,862)	(5,862)	0
Capital Grants and Contributions	0	0	0
Revenue Contribution to Capital	(11,334)	(11,334)	0
Borrowing Requirement for Year	15,527	15,736	209
Cumulative Borrowing Requirement at year end	240,555	240,764	209
Capital Reserves and Grants Balance at year end	19,577	16,658	(2,919)

4.2 Key Variances to the General Fund Financing are as follows:

4.2.1 £1.0m reduction in the use of capital grants and contributions. This is directly in relation to the re-phasing of the football and rugby schemes, set out in section 3.2.1.

4.2.2 £2.9m reduction to borrowing for 2018/19 directly in relation to the re-phasing of the Bereavement Services project, as set out in section 3.2.2.

4.3 In addition to these variances, an updated forecast has been made of Right to Buy Receipts (RTB). This has had a direct impact on the level of capital reserves expected at the end of 2018/19, and use of reserves in the HRA.

4.4 Following a decline in 2017/18 on the number of RTB sales, and information for Q1 2018/19, the projection of sales has been reduced from 70 to 50. This has adversely impacted the forecast closing General Fund capital balances by £0.3m and the Housing Account capital balances by £3.0m.

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 Implications

- 7.1 Risk management implications are set out in the body of the report where relevant

8 Security & Terrorism Implication(s)

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

9 Procurement Implication(s)

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

10 Climate Change Implication(s)

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

11 Link to Corporate Priorities

- 11.1 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".

12 Equality and Diversity

- 12.1 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 to date

CAPITAL MONITORING by Director - 30th June 2018

Appendix A

Project description	Current Budget 2018/19 (incl's r/fwds from 17/18) £'000	Total Spend & Committed £'000	Forecast Outturn 2018/19 £'000	Forecast Outturn Variance to Current Budget (Favourable)/ Adverse £'000	Re-phasing into future years £'000	(Under) / Over spend £'000	% of current budget spent & committed to date
Community Infrastructure Levy software	26	0	26	0	0	0	0%
Replacement of Fastplanning, Fastcontrol and Fastcharges	136	14	136	0	0	0	10%
Angerland S106 Football Improvement schemes in Hatfield	800	0	0	(800)	800	0	0%
Angerland S106 Rugby Improvement schemes in Hatfield	200	0	0	(200)	200	0	0%
Total Head of Planning	1,162	14	162	(1,000)	1,000	0	
Infrastructure for electric pool cars	20	0	20	0	0	0	0%
Northgate case management system - replace and enhance	75	0	75	0	0	0	0%
Purchase of Air Quality Monitoring Equipment	26	0	26	0	0	0	0%
Total Head of Public Health and Protection	121	0	121	0	0	0	
Total Corporate Director - Public Protection, Planning and Governance	1,283	14	283	(1,000)	1,000	0	
Highview Shops	820	186	820	0	0	0	23%
HTC Acquisitions (Growth Fund Detrm Fund)	17	0	17	0	0	0	0%
HTC Regeneration Phase 2	1,144	45	1,144	0	0	0	4%
CE Offices	22	10	22	0	0	0	48%
Salisbury Square redevelopment	4	1	4	0	0	0	34%
Splashlands Development	2,291	6	2,291	0	0	0	0%
Upgrade to Agresso version 5.7	23	(4)	23	0	0	0	0%
Huntersbridge car park LED lighting	40	0	40	0	0	0	0%
HTC Flat Refurbishments	40	1	40	0	0	0	4%
Campus East Council Chamber	15	15	15	0	0	0	102%
HTC Redevelop of 1 and 3-9	755	228	755	0	0	0	30%
Garages re roofing	184	76	184	0	0	0	42%
Hatfield Town Centre new shop fronts for 4 & 6 The Arcade	20	0	20	0	0	0	0%
Welwyn Garden City Town Centre North	592	10	592	0	0	0	2%
Strategic Property Investment	9,317	0	9,317	0	0	0	0%
Campus East Garages	74	(1)	74	0	0	0	0%
Huntersbridge car park concrete water proofing	552	29	552	0	0	0	5%
Chillers to Swegon systems at Campus East	16	0	16	0	0	0	0%
Campus East Fire compartmentalisation	150	2	150	0	0	0	1%
Campus East Toilets refurbishment	46	46	46	0	0	0	101%
Littleridge Industrial Area resurfacing	85	0	85	0	0	0	0%
Window replacement at Campus East - phase 2	242	237	242	0	0	0	98%
Stanborough Lakes public changing block	43	11	43	0	0	0	26%
Additional Blade Infrastructure	175	148	175	0	0	0	84%

Project description	Current Budget 2018/19 (incl's r/fwds from 17/18) £'000	Total Spend & Committed £'000	Forecast Outturn 2018/19 £'000	Forecast Outturn Variance to Current Budget (Favourable)/ Adverse £'000	Re-phasing into future years £'000	(Under) / Over spend £'000	% of current budget spent & committed to date
Campus West WC Refurbishment	158	65	158	0	0	0	41%
Purchase of Culpitt House 74-78 & 80-84 Hatfield Town Centre	215	19	215	0	0	0	9%
Multi Storey Car Park Hatfield	6,024	45	6,024	0	0	0	1%
Lemsford Road Car Park Hatfield	1,342	29	1,342	0	0	0	2%
Garage Renovations	219	113	219	0	0	0	52%
Garage Forecourt Resurfacing	65	14	65	0	0	0	21%
Hatfield Town Centre 2030 & Link Drive	438	17	438	0	0	0	4%
Hatfield pop up market stalls	57	2	57	0	0	0	4%
Campus East kitchen refurbishments	38	2	38	0	0	0	4%
Mill Green Museum Window Replacement	50	0	50	0	0	0	0%
Coronation Fountain refurbishment	35	0	35	0	0	0	0%
Hatfield Swim Centre AC unit replacement gas	45	0	45	0	0	0	0%
Hatfield Leisure Centre AC unit replacement gas	38	0	38	0	0	0	0%
Christmas Lighting	30	0	30	0	0	0	0%
Fiddlebridge/Little Ridge/Shops/Others	150	0	150	0	0	0	0%
Moors walk balcony resurfacing	75	0	75	0	0	0	0%
Multi Functional Devices - Replacement programme	15	14	15	0	0	0	96%
Network Infrastructure and PC Refresh	101	70	101	0	0	0	69%
SQL 2008 Server Upgrade	35	0	35	0	0	0	0%
Corporate Envelope, Folding & Inserting Machine	21	0	21	0	0	0	0%
Meeting Room Projectors	16	0	16	0	0	0	3%
Income Manag System Upgrade Licences	57	57	57	0	0	0	101%
Total Head of Resources	25,889	1,513	25,889	0	0	0	
PLAN Off Street Parking	231	118	231	0	0	0	51%
Bereavement Services	4,066	20	1,166	(2,900)	2,900	0	0%
Campus West Car Park improvements	15	2	15	0	0	0	11%
Parking Bay Programme - garages site	72	48	72	0	0	0	67%
Street Warden Replacement Vehicles	30	21	30	0	0	0	70%
Play Area Replacement Scheme	100	0	100	0	0	0	0%
Litter and dog bin replacement programme	20	0	20	0	0	0	0%
Refuse and Recycling improvement programe	15	20	15	0	0	0	100%
Replacement of sports equipment open spaces	15	0	15	0	0	0	0%
Vehicle permit online payment system	15	0	15	0	0	0	0%
Construction of memorial plyths	50	0	50	0	0	0	0%
Total Head of Environment	4,629	228	1,729	(2,900)	2,900	0	
Development of Mobile Website and related systems integration	25	22	25	0	0	0	88%

Project description	Current Budget 2018/19 (incl's r/fwds from 17/18) £'000	Total Spend & Committed £'000	Forecast Outturn 2018/19 £'000	Forecast Outturn Variance to Current Budget (Favourable)/ Adverse £'000	Re-phasing into future years £'000	(Under) / Over spend £'000	% of current budget spent & committed to date
Finesse refurb (HSC) final £30k funded by Finesse	0	34	0	0	0	0	0%
KGV Pavillion refurb S106 SFO	95	95	95	0	0	0	99%
Replacement of the Council's Intranet & file share document management	75	0	75	0	0	0	0%
Fire Safety Improvements to Mill Green Study Area	25	3	25	0	0	0	12%
Leisure Capital Programme	50	30	50	0	0	0	60%
Total Head of Policy and Culture	271	184	271	0	0	0	
Total Corporate Director - Resources, Environment & Cultural Services	30,789	1,925	27,889	(2,900)	2,900	0	
CCTV upgrades (WGC, Urban and Hatfield)	70	0	70	0	0	0	0%
Affordable Housing Programme	0	0	0	0	0	0	0%
Disabled Facilities Grants	441	196	441	0	0	0	44%
Disabled Facilities Grants	30	0	30	0	0	0	0%
Decent Homes Private Sector GF	75	16	75	0	0	0	21%
WGC Football Developmt Scheme (SFO funded)	53	0	53	0	0	0	0%
PRG Health	6	0	6	0	0	0	0%
PRG Sunflower	20	0	20	0	0	0	0%
PRG Community Inclusion	22	0	22	0	0	0	0%
Total Head of Community & Housing Strategy	718	212	718	0	0	0	
Total Corporate Director - Housing and Communities	718	212	718	0	0	0	
TOTAL General Fund	32,790	2,151	28,890	(3,900)	3,900	0	
Queensway House Refurbishment and Fire Works	358	0	358	0	0	0	0%
AHP - General	3,594	231	3,185	(409)	0	(409)	6%
AHP - Garden Avenue	192	(28)	192	0	0	0	0%
AHP - Furzen Grescent	140	(266)	140	0	0	0	0%
AHP - Little Mead	1,564	15	1,564	0	0	0	1%
AHP - Northdown Road	1,519	226	1,519	0	0	0	15%
AHP - Open Market Purchases	8,668	2,260	8,668	0	0	0	26%
AHP - Grants to Registered Providers	560	(147)	1,198	638	0	638	0%
AHP - Howlands House Redevelopment and Additional Units	122	83	122	0	0	0	68%
AHP - Minster House Redevelopment and Additional Units	307	213	78	(229)	0	(229)	69%
Total Head of Community & Housing Strategy	17,025	2,587	17,025	0	0	0	
HSG MEARS Contract	8,098	929	8,098	0	0	0	11%
HSG Aids and Adaptations	933	202	933	0	0	0	22%
Capital Project Management	352	53	232	(120)	0	(120)	15%
HSG Insulation Improvements	30	6	30	0	0	0	19%
HSG Smoke/Carbon Monoxide Alarms	68	(1)	68	0	0	0	0%
Gas Central Heating Replacement Program	1,929	129	1,929	0	0	0	7%

Project description	Current Budget 2018/19 (incl's r/fwds from 17/18) £'000	Total Spend & Committed £'000	Forecast Outturn 2018/19 £'000	Forecast Outturn Variance to Current Budget (Favourable)/ Adverse £'000	Re-phasing into future years £'000	(Under) / Over spend £'000	% of current budget spent & committed to date
Other Contractors MRA Schemes	626	70	626	0	0	0	11%
Door entry systems	493	159	493	0	0	0	32%
Electricity mains	195	85	195	0	0	0	43%
Energy improvement works	230	40	230	0	0	0	17%
Lift replacement	172	0	172	0	0	0	0%
Sheltered Refurbishment	1,271	6	1,271	0	0	0	0%
Total Head of Housing Property Services	14,398	1,677	14,278	(120)	0	(120)	
Electronic document management system (HRA funded)	114	92	114	0	0	0	81%
Total Head of Housing Operations	114	92	114	0	0	0	
Total Corporate Director - Housing and Communities	31,536	4,355	31,416	(120)	0	(120)	
TOTALHousing Revenue Account	31,536	4,355	31,416	(120)	0	(120)	13.81%
TOTAL	64,326	6,507	60,306	(4,020)	3,900	(120)	10.12%

- 1 **Hatfield Town Centre (HTC)** – Original budget for 2018/19 is £7.883m plus budgets for Highview redevelopment of £0.384m. The current budget of £10.875m includes rolled forward budgets from 2017/18 of £2.608m. Phase two of the redevelopment is now being delivered including public realm costs and the development of the new multi storey car park in Hatfield and the upper level of the Lemsford Road car park. Other expenditure in year includes roof works to Culpitt House, Hatfield Town Centre 2030 and the development of 1 & 3-9 Hatfield Town Centre. Costs are expected to continue into 2019/20 with further development of the town centre.

- 2 **Strategic Property Investment** – Original Budget for 2018/19 is £5.000m with rolled forward budget from 2017/18 of £4.316m.
The property investment programme aims to support the council's wider economic development regeneration, as well as generating a net income return to the general fund. The council has completed the purchase of 88 Town Centre and have identified another investment opportunity that was discussed in July Cabinet.

- 3 **Hunters Bridge car park concrete waterproofing** – Rolled forward budget in 2018/19 is £0.552m. Budget is to restore and preserve the appearance and water-proofing to the concrete members. The works are to refurbish the surface finishes which are delaminating or separating from the concrete below, thus preventing further water to enter the concrete and damage to the reinforcement inside.

- 4 **Bereavement Services** – Rolled forward budget in 2018/19 is £4.066m. The budget will be used for the construction of the new crematorium. It is currently expected that a planning decision should be reached in quarter three of 2018/19. An update to the forecast outturn has been made as although works have started on this project, the scheme will not complete during the financial year and will cross into 2019/20. The tender for the works will commence following receipt of a successful planning decision. It is anticipated that £2.9m will be re-phased to 2019/20.

- 5 **Development of Splashlands Site (Stanborough)** – Rolled forward budget in 2018/19 is £2.291m. This budget is to continue development of the new leisure facilities to complete the regeneration of the former Splashlands site at Stanborough Park. Expenditure will be committed once a decision has been made on the development.

- 6 **Affordable Housing Programme** - Original budget is £16.547m. Cabinet agreed on 7 August 2012 for the council to enter into an agreement to allow the council to retain receipts from the reinvigorated Right to Buy (RTB) sales and to reinvest in the delivery of new affordable homes within the district. These receipts need to be spent within three years of the receipt being received.

The council's Affordable Housing Programme delivers new affordable housing through a range of methods including property acquisition, grant funding Registered Providers and direct new build. There are fourteen schemes in the current programme. The largest being Little Mead and Northdown Road plus open market purchases and grants to registered providers.

- 7 **Disabled Facilities Grant & Decent Homes Grant** – Original budget for 2018/19 DFG is £0.471m. The council receives a contribution to the Disabled Facilities Grant expenditure via the County Council from the Ministry of Housing, Communities and Local Government (MHCLG). The 2018/19 determination is expected to be £0.709m in year.

The DFG is for the provision of adaptations to the homes of those disabled people who qualify for the grant. County councils are required to pass down the grant to lower tier authorities to allow them to meet their statutory duty to provide home adaptations, unless the express agreement is given by a District Council to allow a portion of the grant to be spent on wider social care capital projects.

- 8 **Angerland S106 schemes** – Rolled forward budget for 2018/19 is £1m split into two capital schemes. (Improvements are for Hatfield Football £0.800m and Rugby £0.200m). Funding for these schemes has been received. Expenditure will be grant payments made for the development of a full size synthetic turf football pitch for Hatfield Town Football Club, and for Hatfield Rugby Club to develop the changing area and enhance the playing surfaces. It also provides some resource to assist in the development of a social space enabling the club to become sustainable.

- 9 **Major Repairs Allowance funded schemes** - Original budget for 2018/19 is £11.410m which excludes the Sheltered refurbishment scheme of £0.350m. Current budget including rolled forward 17/18 budget of £1.717m is £13.127m. The Mears contract has an original 2018/19 budget of £7.339m and roll forwards of £0.759m giving a current budget of £8.098m. The scheme is for improvements required to the housing stock including replacement kitchens, bathrooms, electrical and asbestos works.