

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

**CAPITAL BUDGET MONITORING AS AT 30 SEPTEMBER 2018 (QUARTER 2)**

**1 Executive Summary**

- 1.1 This report presents the capital expenditure and associated capital funding for both general fund and housing account for quarter 2. 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 2 the current approved budget was £64.326m including roll forward budgets from 2017/18 of £19.663m. The current forecast outturn is £51.824m 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 2 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.

### Director Quarter 2 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
<b>GENERAL FUND</b>					
Head of Planning	1,162	162	(1,000)	1,000	0
Head of Public Health and Protection	121	56	(65)	65	0
<b>Corporate Director - Public Protection, Planning and Governance</b>	<b>1,283</b>	<b>218</b>	<b>(1,065)</b>	<b>1,065</b>	<b>0</b>
Head of Resources	25,889	17,439	(8,450)	8,450	0
Head of Environment	4,629	1,729	(2,900)	2,900	0
Head of Policy and Culture	271	305	34	0	34
<b>Corporate Director - Resources, Environment &amp; Cultural Services</b>	<b>30,789</b>	<b>19,472</b>	<b>(11,316)</b>	<b>11,350</b>	<b>34</b>
Head of Community & Housing Strategy (Gen Fund)	718	718	0	0	0
<b>Corporate Director - Housing and Communities (Gen Fund)</b>	<b>718</b>	<b>718</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL General Fund</b>	<b>32,790</b>	<b>20,408</b>	<b>(12,381)</b>	<b>12,415</b>	<b>34</b>

### HOUSING REVENUE ACCOUNT

Head of Community & Housing Strategy	16,667	16,667	0	0	0
Head of Housing Property Services	14,756	14,636	(120)	0	(120)
Head of Housing Operations	114	114	0	0	0
<b>Corporate Director - Housing and Communities (HRA)</b>	<b>31,536</b>	<b>31,416</b>	<b>(120)</b>	<b>0</b>	<b>(120)</b>
<b>TOTAL Housing Revenue Account</b>	<b>31,536</b>	<b>31,416</b>	<b>(120)</b>	<b>0</b>	<b>(120)</b>
<b>TOTAL</b>	<b>64,326</b>	<b>51,824</b>	<b>(12,501)</b>	<b>12,415</b>	<b>(86)</b>

3.2 Key variances for the General Fund & HRA 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, (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 Environmental health £65k budget for the Northgate case management system has been re profiled into 2019/20 when the latest version of the software will be released.
- 3.2.3 £8.5m re-phasing to 2019/20 for property projects, specifically those around Hatfield Town Centre. In light of an objection from a statutory

consultee on one of the schemes, two heritage studies have been commissioned. The Hatfield wide Baseline Heritage Assessment is in its final form and work is nearly complete on the Town Centre focused Townscape & Heritage study. This work which was not envisaged when the schemes were initially programmed, is essential to ensure successful delivery. The key re-phasing of projects include £6.9m on the build of the Multi storey car park in Hatfield, and £1.1m for the additional tier to Lemsford Car park.

- 3.2.4 £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 and although works have started on this project, the scheme will not complete during the financial year. 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.

<b><u>Table 2 - Capital Financing Summary</u></b>	<b>Original Estimate + R/fwds £'000</b>	<b>Forecast £'000</b>	<b>Variance to Original Estimate £'000</b>
<b>GENERAL FUND</b>			
Total Expenditure	32,790	20,408	(12,381)
Capital Receipts and Reserves	(9,522)	(6,080)	3,442
Capital Grants and Contributions	(7,594)	(1,555)	6,039
Revenue Contribution to Capital	0	0	0
<b>Borrowing Requirement for Before MRP</b>	<b>15,674</b>	<b>12,774</b>	<b>(2,900)</b>
Minimum Revenue Provision	(473)	(359)	114
<b>Net Change in Borrowing Requirement for Year</b>	<b>15,201</b>	<b>12,414</b>	<b>(2,786)</b>
Cumulative Borrowing Requirement at year end	36,389	33,603	(2,786)
Capital Reserves and Grants Balance at year end	4,303	8,790	4,487
<b>HOUSING REVENUE ACCOUNT</b>			
Total Expenditure	31,536	31,416	(120)
Loan Repayment	17,100	17,100	0
Capital Receipts and Reserves	(16,426)	(14,406)	2,020
Restricted 141 Capital Receipts	(5,349)	(5,349)	0
Capital Grants and Contributions	0	0	0
Revenue Contribution to Capital	(11,334)	(11,334)	0
<b>Borrowing Requirement for Year</b>	<b>15,527</b>	<b>17,427</b>	<b>1,900</b>
Cumulative Borrowing Requirement at year end	240,555	242,575	2,020
Capital Reserves and Grants Balance at year end	19,577	14,384	(5,193)

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

- 4.2.1 £6.0m reduction in the use of General Fund capital grants and contributions. This is in relation to the re-phasing of the Angerland football/rugby schemes, and the Hatfield multi storey car park and HTC Public realm works into 2019/20 as set out in section 3.2.1 and 3.2.2.
  - 4.2.2 £3.4m reduction in use of General Fund Receipts and Reserves, linked to the re-phasing of property projects as set out in paragraph 3.2.1.
  - 4.2.3 £2.8m reduction to General Fund borrowing for 2018/19 directly in relation to the re-phasing of the Bereavement Services project, and property projects, as set out in section 3.2.1 and 3.2.2.
  - 4.2.4 £1.9m reduction in the use of Capital Receipts on the HRA, due to a lower than anticipated level of right to buy sales.
- 4.3 In addition to these variances, the most recent forecast on Right to Buy Receipts (RTB) 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 current information, projections have indicated that sales have reduced from 50 at Quarter 1 to 32. This has adversely impacted the forecast closing General Fund capital balances.

## **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 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 Health and Wellbeing Implications(s)**

11.1 There are no direct implications in relation to health and wellbeing arising from this report.

**12 Link to Corporate Priorities**

12.1 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".

**13 Communications Plan**

13.1 There are no direct requirements for communication and engagement arising 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.

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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