

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 5TH FEBRUARY 2019
REPORT OF THE CORPORATE DIRECTOR (RESOURCES, ENVIRONMENT AND
CULTURAL SERVICES)

CAPITAL BUDGET MONITORING AS AT 31ST DECEMBER 2018 (PERIOD 9)

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 2018/19 capital programme and funding plans, as a result of programme commitments and project delivery.
- 1.2 At quarter 3 the current approved budget was £72.326m including roll forward budgets from 2017/18 of £19.663m. The current forecast outturn is £64.077m and shows re phasing of budgets 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 capital re phasing and adjustments to the forecast position as at quarter 3. (Table 1 and Appendix A). Funding forecasts and reserve positions are reflected in 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 Period 09 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 | Budget 2019/20 (Including re phased schemes) |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| GENERAL FUND | | | | | | |
| Head of Planning | 1,162 | 92 | (1,070) | 1,070 | 0 | 1,100 |
| Head of Public Health and Protection | 121 | 56 | (65) | 65 | 0 | 65 |
| Corporate Director - Public Protection, Planning and Governance | 1,283 | 148 | (1,135) | 1,135 | 0 | 1,165 |
| Head of Resources | 33,889 | 20,588 | (13,301) | 13,186 | (116) | 19,431 |
| Head of Environment | 4,629 | 1,729 | (2,900) | 2,900 | 0 | 6,425 |
| Head of Policy and Culture | 271 | 305 | 34 | 0 | 34 | 140 |
| Corporate Director - Resources, Environment & Cultural Services | 38,789 | 22,621 | (16,167) | 16,086 | (82) | 25,996 |
| Head of Community & Housing Strategy (Gen Fund) | 718 | 718 | 0 | 0 | 0 | 592 |
| Corporate Director - Housing and Communities (Gen Fund) | 718 | 718 | 0 | 0 | 0 | 592 |
| TOTAL General Fund | 40,790 | 23,487 | (17,302) | 17,221 | (82) | 27,753 |
| HOUSING REVENUE ACCOUNT | | | | | | |
| Head of Community & Housing Strategy | 16,667 | 25,841 | 9,174 | 0 | 9,174 | 12,019 |
| Head of Housing Property Services | 14,756 | 14,636 | (120) | 0 | (120) | 10,373 |
| Head of Housing Operations | 114 | 114 | 0 | 0 | 0 | 0 |
| Corporate Director - Housing and Communities (HRA) | 31,536 | 40,590 | 9,054 | 0 | 9,054 | 22,391 |
| TOTAL Housing Revenue Account | 31,536 | 40,590 | 9,054 | 0 | 9,054 | 22,391 |
| TOTAL | 72,326 | 64,077 | (8,248) | 17,221 | 8,972 | 50,144 |

3.2 Key variances for the General Fund & HRA are identified below:

3.2.1 Planning (£1.07m): £1.0m re-phased to 2019/20 of the Section 106 funded football and rugby schemes at Angerland. 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 the budget has been re-phased to 2019/20. £70k for the Fast planning IT system has been re phased into 2019/20 towards data migration costs.

3.2.2 Environmental health (£65k): The budget for the Northgate case management system has been re profiled into 2019/20 to match the timing of the latest version of the software release.

- 3.2.3 Resources (£13.3m): £11.4m has been rephased to 2019/20 for property projects, specifically those around Hatfield Town Centre and Welwyn Garden City 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 of the works. The key elements of re-phasing include £5.8m for building a Multi storey car park in Hatfield, and £1.1m for the additional tier to Lemsford car park. £1.8m has been re phased into 2019/20 for the Splashlands development at Stanborough Lakes.
- 3.2.4 Environment (£2.9m): £2.9m is re-phased to 2019/20 for Bereavement Services. It is currently expected that a planning decision should be reached by the end of the financial year, and although works have started on this project, the scheme will not complete by end of this financial year. The tender for the works will commence following receipt of a successful planning decision.
- 3.2.5 Community and Housing Strategy (HRA) £9.2m. The Affordable Housing Programme has been updated to include the forecasts for two new schemes that have already commenced in the third quarter.

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.

| <u>Table 2 - Capital Financing Summary</u> | Original Estimate + Roll forwards £'000 | Forecast £'000 | Variance to Original Estimate £'000 |
|---|--|---------------------------|--|
| GENERAL FUND | | | |
| Total Expenditure | 32,790 | 23,487 | (9,303) |
| Capital Receipts and Reserves | (9,522) | (5,918) | 3,604 |
| Capital Grants and Contributions | (7,594) | (1,597) | 5,997 |
| Revenue Contribution to Capital | 0 | 0 | 0 |
| Borrowing Requirement for Before MRP | 15,674 | 15,972 | 298 |
| Minimum Revenue Provision | (473) | (359) | 114 |
| Net Change in Borrowing Requirement for Year | 15,201 | 15,613 | 413 |
| Cumulative Borrowing Requirement at year end | 36,389 | 36,802 | 413 |
| Capital Reserves and Grants Balance at year end | 4,303 | 8,636 | 4,333 |
| HOUSING REVENUE ACCOUNT | | | |
| Total Expenditure | 31,536 | 40,590 | 9,054 |
| Loan Repayment | 17,100 | 17,100 | 0 |
| Capital Receipts and Reserves | (16,306) | (14,406) | 1,900 |
| Restricted 141 Capital Receipts | (5,349) | (8,251) | (2,902) |
| Revenue Contribution to Capital | (11,454) | (12,294) | (840) |
| Borrowing Requirement for Year | 15,527 | 22,739 | 7,212 |
| Cumulative Borrowing Requirement at year end | 240,555 | 247,767 | 7,212 |
| Capital Reserves and Grants Balance at year end | 19,577 | 11,482 | (8,095) |

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

- 4.2.1 £3.6m reduction in use of General Fund Receipts and Reserves, linked to the re-phasing of those property projects not funded by grants/contributions or internal borrowing.
 - 4.2.2 £6.0m reduction in the use of General Fund capital grants and contributions. This is mainly 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.
 - 4.2.3 £0.4m increase to General Fund borrowing for 2018/19. This forecast was previously higher owing to in year approved budget expenditure on property related projects less schemes re phased into 2019/20. The requirement has reduced at period 9 owing to the re-phasing of Splashlands scheme into 2019/20.
 - 4.2.4 Housing Revenue Account expenditure is forecasting to increase by £9.1m which includes two new Affordable Housing Schemes at period 9.
 - 4.2.5 Housing Revenue Account receipts and contributions has increased by £882k to reflect the amounts required to fund the increase in capital expenditure forecasted for the Affordable Housing Programme.
 - 4.2.6 Additional revenue contribution to capital of £841k has increased to adjust the Housing Revenue Account balance in line with the minimum balance set out in the Medium Term Financial Strategy.
 - 4.2.7 £7.2m additional borrowing to finance the increased expenditure that is forecast including the two new Affordable Housing Schemes.
- 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