

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 4 JUNE 2024
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE AND TRANSFORMATION)

CAPITAL BUDGET OUTTURN REPORT

1 Executive Summary

- 1.1** This report presents the capital expenditure and associated capital funding as at the end of March 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 £95.304m (which includes the approved re-phasing of budgets from 2022/23) and the outturn position (including proposed re-phasing of budgets into 2024/25) is £29.519m. A summary of variances to budget and re-phasing is shown in **Table 1** and detailed explanations for key variances in **Section 3.4**.
- 1.3** A financing outturn table showing how the capital programme has been funded is set out in **Section 4** of this report.

2 Recommendations

- 2.1** That Cabinet note the overall capital outturn position and financing for 2023/24.
- 2.2** That Cabinet approve the re-phasing of budgets into 2024/25 as detailed in Appendix A.

3 Capital Programme – Outturn Position

Capital Budgets

- 3.1** The following table tracks approved changes to the original budget during the year, which impact on reserves.

	£
Original Budget	£41.327m
Re-phasing from 2022/23	£53.977m
Current Budget	£95.304m

- 3.2** The capital outturn 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 2023/24 By Fund and Directorate

	Budget 2023/24	Outturn 2023/24	Variance to Budget	Re- phasing of Capital Schemes	(Under)/ Over Budget
	£'000	£'000	£'000	£'000	£'000
General Fund					
Executive Director (Finance and Transformation)	3,256	2,936	(319)	408	89
Executive Director (Place)	7,593	1,379	(6,215)	5,862	(352)
Service Director (Property Maintenance and Climate Change)	1,988	370	(1,619)	424	(1,195)
Service Director (Resident and Neighbourhood)	2,277	1,911	(366)	95	(271)
General Fund Total	15,115	6,596	(8,518)	6,789	(1,730)
Housing Revenue Account					
Executive Director (Finance and Transformation)	69	34	(35)	35	0
Executive Director (Place)	34,088	7,223	(26,866)	25,039	(1,827)
Service Director (Property Maintenance and Climate Change)	45,907	15,437	(30,470)	16,871	(13,599)
Service Director (Resident and Neighbourhood)	125	230	105	(21)	84
Housing Revenue Account Total	80,190	22,922	(57,267)	41,925	(15,342)
Grand TOTAL	95,304	29,519	(65,785)	48,714	(17,072)

3.3 There is re-phasing of £48.714m into 2024/25, split between funds as follows:

HRA £41.925m – re-phase budget into 2024/25

General Fund £6.789m – re-phase budget into 2024/25

Total net re-phasing - £48.714m

3.4 Key outturn variances (over £1m) are outlined below:

GENERAL FUND REPHASING £6.789m

Executive Director (Place) rephasing £5.862m

3.4.1 £1.000m rephasing – Angerland Football and Rugby Schemes (App A ref. nos 19 and 20)

This is Section 106 funding earmarked for football and rugby improvement schemes. £0.800m of this funding is earmarked for football improvement schemes. It has been agreed that this money will be awarded to Hatfield Town Council to develop the new 3G football pitch including flood lights at Birchwood Leisure Centre. A funding agreement is being drawn up between Hatfield Town Centre and the Council. Although the funds are now committed, planning permission is still awaited for the lighting and it is therefore proposed that the budget is rephased into 2024/25.

Since the production of this report, Hatfield Town Council have voted to cancel this project. Schemes which can use this money will continue to be looked for.

£0.200m of this Section 106 funding is earmarked for rugby improvement schemes. As there are no schemes currently planned, it is proposed that £0.200m is rephased into 2024/25. Schemes which can use this money will continue to be looked for.

£2.955m rephasing – Peartree Lane (YMCA) Land Purchase (App A ref. no 30)

A deposit for this land purchase has been paid and contracts have been exchanged. There are two remaining payments in relation to the purchase of the site as per the development agreement. The first payment will be the completion of the purchase (£2.225m). The final payment of £0.430m is subject to achieving planning permission or selling of the site. Both remaining payment milestones have not been achieved in 2023/24 and therefore it is proposed that the budget is rephased into 2024/25.

**Service Director (Property Maintenance and Climate Change) underspend
£1.619m**

3.4.2 £1.070m underspend – Decarbonisation (App A ref. no 44)

The decarbonisation budget of £1.070m is proposed as a saving as these works will not be taken forward. The small amounts of decarbonisation spend that were incurred on The Hive, Panshanger Community Centre, and Hatfield Leisure Centre throughout the year have been moved to revenue.

HOUSING REVENUE ACCOUNT rephasing £42.873m

Executive Director (Place) rephasing £25.039m

3.4.3 £25.039m rephasing – Affordable Housing Programme (App A ref. nos 56 to 70)

£11.425m rephasing – AHP Howlands House Redevelopment and Additional Units (App A ref. no 58)

Due to significant additional costs being identified for the Howlands House project, a Cabinet report is being prepared which will detail options to fund the increased costs. The

project is on hold while funding is finalised, and therefore, it is proposed that £11.425m is rephased into 2024/25.

£2.401 overspend – AHP Minster House Redevelopment and Additional Units (App A ref. no 59)

There is an overspend of £2.401m on this project. This is partly due to delays in agreeing the installation of a substation resulting in additional costs being incurred from the use of a temporary power supply. Several additional design changes have also been implemented which have increased costs. The project has now completed leaving only retention payments to be made. A Cabinet report is being prepared detailing options to fund the overspend.

£5.720m rephasing – AHP Burfield (App A ref. no 62)

Work on the Burfield site will not start until after the completion of Howlands House. Due to the delays in this project (see above) it is proposed that the budget for Burfield is rephased for use in future years.

£1.373m rephasing – AHP Haseldine Meadows (App A ref. no 64)

Works on this garage site are preparing to be mobilised as part of the Affordable Housing Programme and will be going to Cabinet for approval post elections. It is therefore proposed that the budget is rephased into 2024/25.

£1.759m rephasing – AHP Lockley Crescent (App A ref. no 65)

Works on this garage site are preparing to be mobilised as part of the Affordable Housing Programme and will be going to Cabinet for approval post elections. It is therefore proposed that the budget is rephased into 2024/25.

£3.656m rephasing – AHP Ludwick Green (App A ref. no 66)

This project has needed some redesign work which has resulted in delays, and therefore, £3.656m is proposed to be rephased into 2024/25. Redesign and planning for this project is ongoing.

**Service Director (Property Maintenance and Climate Change) rephasing
£17.819m**

3.4.4 £8.000m rephasing and £8.858m underspend – Major Repairs (App A ref. no 71)

This project involves carrying out replacements or upgrades to the housing stock bathrooms and kitchens. Due to the Council's kitchen supplier leaving the market mid-way through the financial year, there have been delays to major repairs works while re-procurement processes are carried out. Other suppliers to deliver the increased capital works required have been procured but mobilisation has taken longer than expected, and therefore, there will be re-phasing of £8.000m into 2024/25.

£3.489m underspend – Heating Replacement Programme (App A ref. no 75)

There is an underspend on the Heating Replacement Programme of £3.489m. This is due to the long lead time in ordering and receiving boilers leading to fewer boilers being

installed than originally expected. The service is still on track to deliver all required heating upgrades and will be able to do this using 2024/25 budgets without the need for rephasing.

£1.257m rephasing – Door Entry Systems (App A ref. no 77)

A new contractor was mobilised during 2023/24 causing some delays to works during the mobilisation period. Works have been ongoing throughout the year, but due to the mobilisation period delays, and consultations with leaseholders being required before works commence, the budget has not been spent in full. It is therefore proposed that £1.257m is rephased into 2024/25.

£0.500m rephasing and £1.282m underspend - Fire Doors (App A ref. no 84)

A saving of £1.282m has been identified on the Fire Doors programme. This is due to lower uptake from leaseholders than expected, resulting in lower numbers of fire doors to be installed. Some installations are still required, and it is therefore proposed that £0.500m is rephased into 2024/25 to cover these.

£4.566m rephasing – Howard House (App A ref. no 85)

There are continuing delays to this project due to ongoing consultations with landlords and residents, and tender exercises have not yet been completed. Works will not start on site until next financial year, and therefore, an additional £2.566m is proposed to be rephased, adding to the £2.000m that had already been identified as rephasing. Future years budgets have also been rephased through the 2024/25 budget setting process to accommodate the delays to this project.

4 Capital Programme – Financing Outturn

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 2023/24	Outturn 2023/24	Variance
	£'000	£'000	£'000
GENERAL FUND			
General Expenditure	15,115	6,596	-8,518
Loan Repayment	14,401	14,406	5
Capital Receipts and Reserves	-6,782	-1,422	5,360
Capital Grants and Contributions	-2,637	-1,740	897
Revenue Contribution to Capital	0	-5	0
Borrowing Requirement for Before MRP	20,097	17,836	-2,261
Minimum Revenue Provision	-827	-827	0
Net Change in Borrowing Requirement for Year	19,270	17,008	-2,261
Cumulative Borrowing Requirement at year end - General	55,297	53,037	-2,260
Capital Reserves Balance at year end	3,933	5,293	1,360
Capital Grants and Contributions Balance at year end	4,786	5,231	445
HOUSING REVENUE ACCOUNT			

Total Expenditure	80,190	22,922	-57,267
Loan Repayment	34,200	34,200	0
Capital Receipts and Reserves	-19,401	-15,895	3,506
Restricted 141 Capital Receipts	-12,295	-2,334	9,961
Capital Grants and Contributions	0	-947	-947
Revenue Contribution to Capital	-4,769	-5,958	-1,189
Borrowing Requirement for Year	77,924	31,989	-45,935
Cumulative Borrowing Requirement at year end	290,720	244,784	-45,935
Capital Reserves and Grants Balance at year end	3,763	14,266	10,503

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

General Fund:

The expenditure outturn is lower than was forecasted owing to rephasing of capital schemes into 2024/25.

Capital grants financing has been reduced to reflect the rephasing of the Angerland Football and Rugby schemes, and the EV Charging Points project into 2024/25.

The borrowing requirement has reduced owing to rephasing of other capital projects into 2024/25. Year end reserves and grant balances have increased to reflect the rephasing.

Housing Revenue Account:

The expenditure outturn position is lower than was forecasted owing to rephasing of capital schemes into 2024/25.

The borrowing requirement in year has been reduced to reflect the reduced outturn position and the year-end reserves and grants balances have increased to reflect the decreased use of capital receipts and changes in the revenue contribution to capital.

The revenue contribution to capital is higher than was budgeted for due to interest payments being lower than budgeted for. The revenue contribution to capital is the balancing figure on the HRA and therefore is affected by changes in income and expenditure within the HRA.

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.

Name of author	Helen O’Keeffe
Title	Assistant Director (Finance and Transformation)
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Appendix A - Capital Expenditure Monitoring by Scheme