

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 6 AUGUST 2024
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE AND TRANSFORMATION)

PERIOD 3 CAPITAL BUDGET MONITORING REPORT 2024-25

1 Executive Summary

- 1.1 This report presents the capital expenditure and associated capital funding as at the end of Period 3 (June 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 £79.371m (which includes the approved re-phasing of budgets from 2023/24) and the forecast outturn is £61.307m. A summary of forecast variances and re-phasing are shown in **Table 1** and detailed explanations for key variances in **Section 3.4**.
- 1.3 A summary of progress against key projects for which no variances have been identified is detailed within **Section 3.5**.
- 1.4 A forecast of the resources available to fund the capital programme and variances of the current forecast against the available resources budgeted are set out in **Section 4** of this report.

2 Recommendations

- 2.1 That Cabinet note the capital forecast outturn position as shown in **Table 1**.
- 2.2 That Cabinet note the forecast position as at 30 June 2024 for funding of the capital programme and reserve balances as reflected in **Table 2**.
- 2.3 That Cabinet approve the virements set out in Section 3.2.

3 Capital Programme – Expenditure Forecasts

Capital Budgets

- 3.1 The following table tracks approved changes to the original budget during the year (excluding fully funded virements).

	£
Original Budget	£41.049m
Re-phasing from 2023/24	£38.322m
Current Budget	£79.371m

- 3.2 It is recommended that the following virements be approved:

- That budget of £500k from the AHP – General budget (App A ref. 52) be vired to the Minster House Redevelopment project (App A ref. 55). This will cover the costs of the final retention payment and other minor works.

3.3 The capital expenditure 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 2024/25 by Fund and Directorate

	Budget 2024/25	Forecast Outturn 2024/25	Variance to Budget	Re- phasing of Capital Schemes	(Under)/ Over Outturn
	£'000	£'000	£'000	£'000	£'000
General Fund					
Executive Director (Finance and Transformation)	647	730	83	0	83
Executive Director (Place)	6,502	5,927	(575)	1,000	425
Executive Director (Resident Services and Climate Change)	1,972	1,539	(436)	436	0
General Fund Total	9,121	8,193	(928)	1,436	508
Housing Revenue Account					
Executive Director (Finance and Transformation)	35	35	0	0	0
Executive Director (Place)	19,916	7,306	(12,610)	12,660	50
Executive Director (Resident Services and Climate Change)	50,298	45,773	(4,526)	4,566	40
Housing Revenue Account Total	70,250	53,114	(17,136)	17,226	90
Grand TOTAL	79,371	61,307	(18,064)	18,662	598

3.4 There is currently a requirement to rephase £18.662m split between funds as follows:

General Fund £1.436m – rephase budget into 2025/26

HRA £17.226 – rephase budget into 2025/26

Total net rephasing - £18.662m

3.5 **Key forecast variances are outlined below:**

General Fund:

3.5.1 Angerland Football Improvement Schemes £0.800m favourable forecast variance (App A ref. 18) – rephasing of £0.800m into 2025/26

This is Section 106 funding earmarked for football improvement schemes. As there are no schemes currently planned, it is proposed that the entire budget of £0.800m is rephased into 2025/26. Schemes which can use this money will continue to be looked for.

3.5.2 Angerland Rugby Improvement Schemes £0.200m favourable forecast variance (App A ref. 19) – rephasing of £0.200m into 2025/26

This is Section 106 funding earmarked for rugby improvement schemes. As there are no schemes currently planned, it is proposed that the entire budget of £0.200m is rephased into 2025/26. Schemes which can use this money will continue to be looked for.

3.5.3 Asset Condition Works £0.436m favourable forecast variance (App A ref. 43) – rephasing of £0.436m into 2025/26

Not all of the asset conditions works planned for this year will be taking place, and therefore, it is proposed that £0.436m is rephased into 2025/26.

3.5.4 Hatfield Marketplace £0.450m adverse forecast variance (App A ref. 21)

The council was awarded £450k towards this project as part of the UK shared prosperity fund. Initial designs and concepts have been considered and the project is likely to cost more than this, and will require council contribution. Once designs and costings are finalised a report will be presented to Cabinet for consideration.

Housing Revenue Account

3.5.5 Howlands House Redevelopment and Additional Units £2.000m favourable forecast variance (App A ref. 55) – rephasing of £2.000m into 2025/26

The project is in the process of being redesigned, and the early stage redesign proposal is expected to go to planning in the autumn. This will be followed by a procurement process, and therefore, as spend is expected to be minimal in 2024/25, it is proposed that £2.000m is rephased into 2025/26.

3.5.6 Minster House Redevelopment and Additional Units £0.500m adverse forecast variance (App A ref. 56) – overspend of £0.500m

Although the Minster House project has achieved practical completion, there are still a number of minor works needed, along with a final retention payment which were not budgeted for. A virement is therefore proposed to move budget from the Affordable Housing Programme general contingency budget to the Minster House scheme. This is detailed above within Section 3.2.

3.5.7 Affordable Housing Programme – Burfield £5.720m favourable forecast variance (App A ref. 59) – rephasing of £5.720m into 2025/26

This project is dependent on the completion of Howlands House before work can start, and due to the delays relating to Howlands House detailed in Section 3.5.4 above, it is proposed that the entire budget of £5.720m is rephased into 2025/26.

3.5.8 Affordable Housing Programme – Haseldine Meadows £0.457m favourable forecast variance (App A ref. 61) – rephasing of £0.457m into 2025/26

Procurement routes are being looked into and it is hoped that works will start on site towards the end of the year. However, it is unlikely that the full budget will be

spent in 2024/25 and therefore, it is proposed that £0.457m is rephased into 2025/26.

3.5.9 Affordable Housing Programme – Lockley Crescent £0.587m favourable forecast variance (App A ref. 62) – rephasing of £0.587m into 2025/26

Procurement routes are being looked into and it is hoped that works will start on site towards the end of the year. However, it is unlikely that the full budget will be spent in 2024/25 and therefore, it is proposed that £0.587m is rephased into 2025/26.

3.5.10 Affordable Housing Programme – Ludwick Green £3.896m favourable forecast variance (App A ref. 63) – rephasing of £3.896m into 2025/26

Works are expected to start on site by September 2024, however, due to the delays in starting, the full budget for this project is not expected to be spent in this financial year. It is therefore proposed that £3.896m is rephased into 2025/26.

3.5.11 Smoke and Carbon Monoxide Alarms – £0.100m adverse forecast variance (App A ref. 70)

Due to additional smoke and carbon monoxide alarm works identified through the stock condition survey, an overspend of £0.100m is expected.

3.5.12 Howard House £4.566m favourable forecast variance (App A ref. 81) – rephasing of £4.566m into 2025/26

The contractor for the pre-service is due to be appointed shortly. Pre-service agreement work will take place before residents and leaseholders are consulted with again. It is hoped that works will start on site in this financial year, however it is likely that some of the budget will need to be rephased into future years. It is therefore proposed that £4.566m is rephased into 2025/26.

3.6 Schemes on which no outturn variances are forecast

This section provides members with additional information on the progress of high value projects (over £2.0m) for which no variance or re-phasing has been reported, and highlights any risks identified which may cause a variance or re phasing to the project to be reported at a later date.

General Fund:

3.6.1 Peartree Lane (YMCA) Land Purchase £2.955m (App A ref. 26)

The purchase has now been completed and will show in the capital monitoring in Quarter 2.

Housing Revenue Account:

3.6.2 Major Repairs £24.201m (App A ref. 67)

This scheme relates to investments to HRA properties including roofing, windows and door replacements, as well as kitchen and bathroom upgrades. Works have begun but are currently progressing slower than anticipated. Regular meetings are held with the contractors to discuss any performance issues, and it is hoped that works will get back on schedule over the coming months.

3.6.3 Aids and Adaptations £2.021m (App A ref. 68)

This project is currently on track, with a new contractor focusing on extensions to properties where residents need adaptations starting shortly. Three properties are planned to be completed this financial year, with work on an additional 3-4 also starting.

3.6.4 Heating Replacement Programme £3.880m (App A ref. 71)

Works have begun on this scheme in 2024/25 and no variances are forecast at this time.

3.6.5 Door Entry Systems £3.257m (App A ref. 73)

Works have begun on this scheme in 2024/25 and no variances are forecast at this time.

3.6.6 Fire Doors £2.500m (App A ref. 80)

Works have begun on this scheme in 24/25 and no variances are forecast at this time.

3.6.7 Decarbonisation HRA £4.000m (App A ref. 82)

Works on decarbonisation projects have been progressing well, and most of the larger individual projects have now been completed. No variance is expected on this project at this stage and spend will be in line with the grant conditions.

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 below.

Table 2 - Capital Financing Summary	Current Budget 2024/25 £'000	Forecast Outturn 2024/25 £'000	Variance £'000
GENERAL FUND			
General Expenditure	9,121	8,193	-928
Loan Repayment	1,401	1,401	0
Capital Receipts and Reserves	-2,439	-2,468	-29
Capital Grants and Contributions	-1,618	-1,068	550
Revenue Contribution to Capital	0	-83	-83
Borrowing Requirement for Before MRP	6,465	5,975	-489
Minimum Revenue Provision	-1,193	-1,193	0
Net Change in Borrowing Requirement for Year	5,272	4,782	-489
Cumulative Borrowing Requirement at year end - General	56,887	56,398	-489
Capital Reserves Balance at year end	6,949	6,985	36
Capital Grants and Contributions Balance at year end	5,613	6,426	813
HOUSING REVENUE ACCOUNT			
Total Expenditure	70,250	53,114	-17,136
Loan Repayment	25,800	25,800	0
Capital Receipts and Reserves	-18,870	-18,933	-63
Restricted 141 Capital Receipts	-4,187	-4,203	-16
Capital Grants and Contributions	-1,853	-1,853	0
Revenue Contribution to Capital	-6,600	-6,780	-180
Borrowing Requirement for Year	64,540	47,146	-17,394
Cumulative Borrowing Requirement at year end	283,524	279,690	-3,834
Capital Reserves and Grants Balance at year end	14,154	14,075	-79

- 4.2 Key variances to the General Fund and Housing Revenue Account financing are as follows:

General Fund:

The forecasted use of capital grants and contributions has decreased due to rephasing of the S106 Angerland Football and Rugby schemes funding into 2025/26. The year end grants and contributions balance is therefore forecast to be higher than budgeted. This has been offset by receipt of £450k from the UK Shared Prosperity Fund which will be used to fund the Hatfield Town Centre Marketplace project.

Housing Revenue Account:

Due to rephasing of a number of the Affordable Housing Programme schemes, the expenditure is forecast to be lower than budgeted. The borrowing requirement is therefore forecast to be lower than budgeted.

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.

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Appendix A - Capital Expenditure Monitoring by Scheme