

WELWYN HATFIELD BOROUGH COUNCIL  
CABINET – 5 NOVEMBER 2024  
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE AND TRANSFORMATION)

QUARTER 2 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 Quarter 2 (September 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 £56.479m. 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 September 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).

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

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

- That budget of £17k from the AHP – General budget (App A ref. 52) be vired to AHP – The Commons budget. This will cover the costs of the final retention payment for this scheme.
- That budget of £23k from the AHP – General budget (App A ref. 52) be vired to AHP – Ludwick Way budget (App A ref. 56). This will cover the costs of the final retention payment for this scheme.
- That budget of £15k from the AHP – General budget (App A ref. 52) be vired to AHP – Queensway House budget (App A ref. 61). This will cover small overspends on this scheme.

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
<b>General Fund</b>					
Executive Director (Finance and Transformation)	647	675	29	0	29
Executive Director (Place)	6,700	5,168	(1,533)	1,150	(383)
Executive Director (Resident Services and Climate Change)	1,774	1,310	(464)	436	(28)
<b>General Fund Total</b>	<b>9,121</b>	<b>7,153</b>	<b>(1,968)</b>	<b>1,585</b>	<b>(382)</b>
<b>Housing Revenue Account</b>					
Executive Director (Place)	19,916	6,184	(13,732)	14,187	455
Executive Director (Resident Services and Climate Change)	50,334	43,142	(7,192)	5,975	(1,217)
<b>Housing Revenue Account Total</b>	<b>70,250</b>	<b>49,326</b>	<b>(20,924)</b>	<b>20,162</b>	<b>(762)</b>
<b>Grand TOTAL</b>	<b>79,371</b>	<b>56,479</b>	<b>(22,892)</b>	<b>21,748</b>	<b>(1,144)</b>

3.4 There is currently a requirement to rephase £21.748m split between funds as follows:

*General Fund £1.585m – rephase budget into 2025/26*

*HRA £20.162m – rephase budget into 2025/26*

*Total net rephasing - £21.748m*

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

#### **General Fund:**

#### **3.5.1 Council Chamber Microphones £0.083m adverse forecast variance (App A ref. 11)**

The replacement of the Council Chamber microphones will be funded by a revenue contribution to capital. The project is now complete and no more spend is expected.

#### **3.5.2 Parking Improvements (including Woodhall) £0.250m favourable forecast variance (App A ref. 12)**

A review of parking capital works has been carried out and a new programme of works for the rest of this financial year has been created. Not all of the budget will be spent in 2024/25, and it is therefore proposed that £0.100m is rephased into 2025/26. There is also an underspend of £0.250m.

#### **3.5.3 Highview Shops £0.050m favourable forecast variance (App A ref. 13)**

The project is only expected to spend £0.330m in this financial year, and therefore, it is proposed that £0.050m is rephased into 2025/26.

#### **3.5.4 Redevelopment of 1 and 3-9 Town Centre Hatfield £0.055m adverse forecast variance (App A ref. 17)**

Although this project has achieved practical completion, the site has not yet been handed over and therefore is still incurring agent fees. Handover is expected in this financial year. The overspend will be funded by borrowing.

#### **3.5.5 Welwyn Garden City Town Centre North £0.055m adverse forecast variance (App A ref. 19)**

Although this project has achieved practical completion, the site has not yet been handed over and therefore is still incurring agent fees. Handover is expected in this financial year. The overspend will be funded by borrowing.

#### **3.5.6 Play Area Replacement Scheme £0.163m favourable forecast variance (App A ref. 20)**

£0.200m of spend has been identified for this financial year. Talks are currently taking place with the Executive Member for this area to agree this. The remaining budget has been shown as a saving.

#### **3.5.7 Angerland Football Improvement Schemes £0.800m favourable forecast variance (App A ref. 21) – 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 funding will continue to be looked for.

#### **3.5.8 Angerland Rugby Improvement Schemes £0.200m favourable forecast variance (App A ref. 22) – 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 funding will continue to be looked for.

**3.5.9 Link Drive Redevelopment £0.086m adverse forecast variance (App A ref. 23)**

Although this project has achieved practical completion, the site has not yet been handed over and therefore is still incurring agent fees. Handover is expected in this financial year. The overspend will be funded by borrowing.

**3.5.10 Hatfield Town Centre Marketplace £0.099m adverse forecast variance (App A ref. 25)**

Hatfield Town Centre Marketplace had an original budget of £0.351m which was to be funded by borrowing, however the council has now been awarded £0.45m towards this project as part of the UK Shared Prosperity Fund. This grant funding will also cover the current predicted overspend against original budget of £0.099m. Initial designs and concepts have been considered and the project is likely to require council contribution in addition to the grant funding. Once designs and costings are finalised a report will be presented to Cabinet for consideration.

**3.5.11 Gosling £0.183m favourable forecast variance (App A ref. 26)**

The Council has decided not to proceed with this scheme as it has not been possible to produce a viable proposal. There is therefore a saving of £0.183m.

**3.5.12 Mill Green Museum Brickwork and Masonry £0.040m favourable forecast variance (App A ref. 27)**

This work is no longer needed, and therefore, there is a saving of £0.040m.

**3.5.13 Peartree Lane (YMCA) Land Purchase £0.125m favourable forecast variance (App A ref. 32)**

This land purchase has now been completed; there are approximately £400k of costs still to be paid once planning permission has been granted. This is expected to be in this financial year. The remaining budget is no longer needed.

**3.5.14 Parking Schemes Implementation £0.075m favourable forecast variance (App A ref. 39)**

The forecast expenditure reflects the current programme of works in place. It is likely that there will be a saving on this project.

**3.5.15 Asset Condition Works £0.436m favourable forecast variance (App A ref. 49) – 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.

**3.5.16 Other Overspends**

There are a number of other projects with overspend which are listed below. All of these overspends will be funded by borrowing.

- Chatbot (App A ref. 8) £0.013m adverse forecast variance
- Museum Service – Refit of Pumping Station (App A ref. 28) £0.028m adverse forecast variance
- EV Charging Points (App A ref. 29) £0.040m adverse forecast variance
- Weltech Telephony (App A ref. 38) £0.001m adverse forecast variance

- Garage Forecourt Resurfacing (App A ref. 44) £0.020m adverse forecast variance

### **Housing Revenue Account**

#### **3.5.17 Affordable Housing Programme – Open Market Purchases £0.601m adverse forecast variance (App A ref. 52)**

A house purchase has taken place. It is likely that budget will be vired to this project from one of the other Affordable Housing projects.

#### **3.5.18 Howlands House Redevelopment and Additional Units £2.700m favourable forecast variance (App A ref. 53) – rephasing of £2.700m 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 £2.700m is rephased into 2025/26.

#### **3.5.19 Affordable Housing Programme – Burfield £5.720m favourable forecast variance (App A ref. 56) – 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 3.5.18 above, it is proposed that the entire budget of £5.720m is rephased into 2025/26.

#### **3.5.20 Affordable Housing Programme – Haseldine Meadows £0.586m favourable forecast variance (App A ref. 58) – rephasing of £0.586m 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 £0.586m is rephased into 2025/26.

#### **3.5.21 Affordable Housing Programme – Lockley Crescent £0.780m favourable forecast variance (App A ref. 59) – rephasing of £0.780m 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 £0.780m is rephased into 2025/26.

#### **3.5.22 Affordable Housing Programme – Ludwick Green £4.146m favourable forecast variance (App A ref. 60) – rephasing of £4.146m into 2025/26**

Works are expected to start on site in the autumn, 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 £4.146m is rephased into 2025/26.

#### **3.5.23 Affordable Housing Programme – Swallowfields £0.050m adverse forecast variance (App A ref. 62)**

A £0.050m overspend is expected on this project due to additional costs being identified. This overspend will be funded by borrowing.

#### **3.5.24 Affordable Housing Programme – Birchwood House £0.255m favourable forecast variance (App A ref. 63) – rephasing of £0.255m into 2025/26**

Birchwood House is owned by HomeGroup. An agreement was in place that the Council would provide £0.0255m of Right To Buy Receipts to HomeGroup, however due to the state of the property and it not being fit for purpose, this is now unlikely to happen in 2024/25. The entire budget of £0.255m is therefore

proposed to be rephased into 2025/26 while the historical agreement is looked into.

**3.5.25 Smoke and Carbon Monoxide Alarms – £0.100m adverse forecast variance (App A ref. 68)**

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

**3.5.26 Major Repairs (Other Contractors) – £0.343m favourable forecast variance (App A ref. 70) – rephasing of £0.343m into 2025/26**

This is a reactive budget. Spend to date, combined with knowledge of upcoming projects, indicates that there will be an underspend on this budget in 2024/25. It is proposed that this is rephased into 2025/26.

**3.5.27 Door Entry Systems – £1.257m favourable forecast variance (App A ref. 71)**

A significant saving of £1.257m has been identified on this scheme due to lower requirement for door entry systems than anticipated.

**3.5.28 Sheltered Refurbishment – £0.417m favourable forecast variance (App A ref. 74) – rephasing of £0.417m into 2025/26**

One sheltered refurbishment project (Springfield House) has gone out to tender and cost analysis is now being completed. It is not likely that the entire budget will be spent in 2024/25 and therefore, it is proposed that £0.417m is rephased into 2025/26.

**3.5.29 Communal Aerials – £0.060m favourable forecast variance (App A ref. 76)**

Due to lower uptake than expected from leaseholders, a saving of £0.060m has been identified on this project.

**3.5.30 Asbestos – £0.149m favourable forecast variance (App A ref. 78) – rephasing of £0.149m into 2025/26**

This is a reactive budget. Although there are works in progress, it has been identified that it is unlikely the whole budget will be spent in 2024/25, and therefore, it is proposed that £0.149m is rephased into 2025/26.

**3.5.31 Howard House £5.066m favourable forecast variance (App A ref. 80) – rephasing of £5.066m into 2025/26**

A contractor has been appointed to develop the specification for this project. 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 £5.066m 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.

**Housing Revenue Account:**

**3.6.1 Major Repairs £24.201m (App A ref. 65)**

This scheme relates to investments to HRA properties including roofing, windows and door replacements, as well as kitchen and bathroom upgrades. Works with some contractors have fallen behind schedule, and there are also ongoing

disputes with other contractors over payment rates. Regular meetings are being held to discuss actions required to get the schedule of works back on track, and therefore, no change to the forecast outturn has been made until the outcome of these meetings is known.

### **3.6.2 Aids and Adaptations £2.021m (App A ref. 66)**

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 three about to start.

### **3.6.3 Heating Replacement Programme £3.880m (App A ref. 69)**

Although this scheme is currently slightly behind schedule due to delays in completing asbestos surveys, works are expected to catch up to expected levels of 80 boiler replacements each month.

### **3.6.4 Fire Doors £2.500m (App A ref. 79)**

There is approximately £1.000m of committed spend for fire doors as at Quarter 2. No variances to budget are currently forecast.

### **3.6.5 Decarbonisation HRA £4.000m (App A ref. 81)**

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.

<b>Table 2 - Capital Financing Summary</b>	<b>Current Budget 2024/25 £'000</b>	<b>Forecast Outturn 2024/25 £'000</b>	<b>Variance £'000</b>
<b>GENERAL FUND</b>			
General Expenditure	9,121	7,153	-1,968
Loan Repayment	1,401	1,401	0
Capital Receipts and Reserves	-2,439	-2,063	376
Capital Grants and Contributions	-1,969	-1,068	901
Revenue Contribution to Capital	0	-83	-83
Appropriation from GF to HRA	0	-215	-215
<b>Borrowing Requirement for Before MRP</b>	<b>6,113</b>	<b>5,125</b>	<b>-988</b>
Minimum Revenue Provision	-1,265	-1,151	114
<b>Net Change in Borrowing Requirement for Year</b>	<b>4,848</b>	<b>3,974</b>	<b>-874</b>
Cumulative Borrowing Requirement at year end - General	56,464	55,590	-874
Capital Reserves Balance at year end	6,949	7,391	442
Capital Grants and Contributions Balance at year end	5,613	6,453	840
<b>HOUSING REVENUE ACCOUNT</b>			
Total Expenditure	70,250	49,326	-20,924
Loan Repayment	25,800	25,800	0
Capital Receipts and Reserves	-18,870	-18,567	303
Restricted 141 Capital Receipts	-4,187	-217	3,970
Capital Grants and Contributions	-1,853	-1,835	18
Revenue Contribution to Capital	-6,600	-10,103	-3,503
Appropriation from GF to HRA	0	215	215
<b>Borrowing Requirement for Year</b>	<b>64,540</b>	<b>44,619</b>	<b>-19,921</b>
Cumulative Borrowing Requirement at year end	283,524	263,603	-19,921
Capital Reserves and Grants Balance at year end	14,154	14,130	-24

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 as well as some planned and responsive maintenance 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.

Name of author      Helen O’Keeffe  
Title                    Assistant Director (Finance)  
Date                     09 October 2024

Appendix A - Capital Expenditure Monitoring by Scheme