



London Borough of Hammersmith & Fulham

CABINET

3 MARCH 2014

THE GENERAL FUND, HOUSING REVENUE ACCOUNT AND DECENT NEIGHBOURHOODS CAPITAL PROGRAMMES – BUDGET VIREMENTS AT QUARTER 3 2013/14

Report of the Leader of the Council – Councillor Nicholas Botterill

Open Report

Classification : For Decision

Key Decision: Yes

Wards Affected: All

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1. EXECUTIVE SUMMARY

- 1.1. This report sets out the revised capital budget as at quarter 3 for 2013/14, compared with quarter 2 which was approved by Cabinet on 9 December 2013.
- 1.2. This report will agree the budget virements for the General Fund, Housing Revenue Account capital programme and Decent Neighbourhoods capital budgets from the previously approved budget in quarter 2 to the revised budget in quarter 3.
- 1.3. The net proposed decrease to the Council wide capital programme for the year is £46.6m (table 1). This decrease is primarily attributable to slippages into future years as detailed in section 6 for each service. The **Capital Financing Requirement** is projected to be **£77.3m** by the end of the year.

2. RECOMMENDATION

- 2.1. That approval be given to the budget virements as at quarter 3 for 2013/14 as set out in this report.

3. REASONS FOR DECISION

- 3.1. The reason for the recommendation is to comply with the Council's Financial Regulations which form part of the Council's Constitution. These regulations require that budget virements in the Council's Capital Programme – as agreed by full Council – are authorised by Cabinet.

4. INTRODUCTION AND BACKGROUND

- 4.1. This report sets out the revised capital budget as at quarter 3 for 2013/14, compared with quarter 2 which was approved by Cabinet on 9 December 2013.
- 4.2. This report will agree the budget virements for the General Fund, Housing Revenue Account capital programme and Decent Neighbourhoods capital budgets from the previously approved budget to revised budget in quarter 3.
- 4.3. The net proposed decrease to the Council wide capital programme for the year is £46.6m (table 1). This decrease is primarily attributable to slippages to future years as detailed in section 6 for each service – the largest budget movement between quarters 2 and 3 is for Children's Service at £30.9m.
- 4.4. The **Capital Financing Requirement** is projected to be **£77.3m** by the end of the year.

5. COUNCIL CAPITAL PROGRAMME

- 5.1. Table 1 below summarises the proposed revisions to the 2013/14 Council wide capital programme (details in appendix 1).

Table1: Budget Virements to Quarter 3 2013/14

Service Area	Quarter 2 Revised Budget	Slippage	Additions/ (Reduction)	Quarter 3 Revised Budget	Net Movement
	[a]	[b]	[c]	[a+b+c]	[b+c]
	£m	£m	£m	£m	£m
Children's Services	66.2	(32.0)	1.1	35.3	(30.9)
Adult Social Care Services	3.0	(1.0)	(0.1)	1.9	(1.1)
Transport and Technical Services	15.7	(1.2)	0.5	15.0	(0.7)
Finance and Corporate Services	0.9			0.9	-
Environment, Leisure and Resident's Services	2.7			2.7	-
Libraries	0.9			0.9	-
Sub-total - General Fund	89.4	(34.2)	1.5	56.7	(32.7)
Decent Neighbourhoods	22.6	(6.4)	(0.5)	15.7	(6.9)
Housing (HRA)	35.1	(7.0)		28.1	(7.0)
Sub-total - Housing	57.7	(13.4)	(0.5)	43.8	(13.9)
Total	147.0	(47.6)	1.0	100.4	(46.6)

6. CAPITAL BUDGET VIREMENT ANALYSIS¹

6.1. Childrens' Services

The budget movement from quarter 2 is a net decrease of £30.9m in quarter 3. The key budget movements in quarter 3 was for the Schools Organisation Strategy with slippage of £32.5m into future years, and the inclusion of new devolved capital for schools funding of over £1m. There has also been slippage in the Lyric Theatre project of £0.5m and the levels of slippage are anticipated to increase by the end of the financial year.

6.2. Adult Social Care

A net budget decrease of £1.1m is reported in quarter 3. This is due to a combination of reasons, the key one being the slippage of the Extra Care New Build project £957K into 2014/15 due to the project being at the early feasibility and planning stages.

6.3. Transport and Technical Services

The budget movement from quarter 2 is a net decrease in quarter 3 of £0.7m. This comprises slippage to 2014/15 of £1.172m taking the total slipped this year to £2.472m.

¹ The details of the budget movements are shown in the appendix to this report

6.4. Decent Neighbourhoods

The budget movement from quarter 2 to quarter 3 is a net decrease of £6.9m resulting in a revised budget of £15.7m. This is primarily due to slippage in expenditure on the original prudent cost forecasts for the new Housing Development Programme, Earls Court Buyback costs and Fulham Court.

6.5. Housing Revenue Account

A net decrease of £7m is reported in quarter 3 giving a revised budget of £28.1m.

7. VAT RISKS AND IMPLICATIONS

7.1 The Council needs to give close consideration to its VAT² partial exemption calculation and the risk of breaching the threshold. Capital projects represent the bulk of this risk. A breach that the HMRC did not authorise would cost the Council between £2 to 3 million pounds. A policy to manage this position – including ‘opting to tax’ properties where feasible – was approved by cabinet on 9th December 2013.

8. CONSULTATION

8.1. Not applicable.

9. EQUALITY IMPLICATIONS

9.1. There are no equality implications relevant to this report.

10. LEGAL IMPLICATIONS

10.1. There are no legal implications relevant to this report.

11. FINANCIAL AND RESOURCES IMPLICATIONS

11.1. This report is of a financial nature and has been approved by the Bi Borough Director of Finance (LBHF³).

12. RISK MANAGEMENT

12.1. Not applicable.

² Value Added Tax

³ London Borough of Hammersmith & Fulham

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

13.1. Not applicable.

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Capital Budget monitoring papers	Jade Cheung (telephone number 0208 753 3374)	Corporate Finance 2 nd Floor HTH ext.

LIST OF APPENDICES:

Appendix 1 – Capital budget variations:

For General Fund, Children's Services, Adult Social Care, Transport & Technical Services, Finance and Corporate Services, Environment, Leisure and Residents Services, Libraries, Decent Neighbourhoods and Housing Revenue Account Capital Programmes

APPENDIX 1

General Fund – Summary Capital Monitor

	Revised Budget 2013/14 (at Quarter 2)	Slippage	Additions/ (Reductions) / Transfers	Revised Budget 2013/14 (at Quarter 3)
Schemes	£'000	£'000	£'000	£'000
Children's Services	66,189	(31,954)	1,076	35,311
Adult Social Care	2,977	(1,017)	(87)	1,873
Transport & Technical services	15,670	(1,172)	498	14,996
Finance and Corporate Services	900			900
Environment, Leisure and Residents Services	2,661	(5)	(9)	2,647
Libraries	912			912
Total	89,309	(34,148)	1,478	56,639

Children's Services

	Revised Budget 2013/14 (at Quarter 2)	Slippage	Additions/ (Reductions)/ Transfers	Revised Budget 2013/14 (at Quarter 3)
Schemes	£'000	£'000	£'000	£'000
Lyric Theatre Development	9,384	533		9,917
Devolved Capital to Schools	711		1,065	1,776
Other Capital Schemes	87		11	98
Schools Organisational Strategy	56,007	(32,487)		23,520
Total	66,189	(31,954)	1,076	35,311

Adult Social Care Services

	Revised Budget 2013/14 (at Quarter 2)	Slippage	Additions/ (Reductions)/ Transfers	Revised Budget 2013/14 (at Quarter 3)
Schemes	£'000	£'000	£'000	£'000
Adult Social Care Grant	30			30
Hostel Improvement Grant	90	(60)		30
Supporting Your Choice - Social Care Reform (DoH)	87		(87)	0
Wormwood Scrubs Prison	64			64
Extra Care New Build Project (Adults PSS grant)	957	(957)		0
Community Capacity Grant	490			490
Disabled Facilities Scheme	990			990
White City Collaborative Care project	269			269
Total	2,977	(1,017)	(87)	1,873

Transport & Technical Services

	Revised Budget 2013/14 (at Quarter 2)	Slippage	Additions/ (Reductions)/ Transfers	Revised Budget 2013/14 (at Quarter 3)
Schemes	£'000	£'000	£'000	£'000
Footways and Carriageways	2,030			2,030
Planned Maintenance/DDA Programme	5,282	(610)		4,672
River Wall Repairs	40			40
Transport For London	3,847		98	3,945
Parking Reserve/ Revenue Contributions	1,018		(190)	828
Developer Contribution Funded	2,801	(507)	578	2,872
West London Grant	279			279
Fulham Town Hall car park	98			98
Other Capital Schemes	275	(55)	12	232
Total	15,670	(1,172)	498	14,996

Environment, Leisure and Residents Services

	Revised Budget 2013/14 (at Quarter 2)	Slippages	Additions/ (Reductions)/ Transfers	Revised Budget 2013/14 (at Quarter 3)
Schemes	£'000	£'000	£'000	£'000
Parks Expenditure	958	(5)	(59)	894
Bishops Park	156			156
Shepherds Bush Common Improvements	545			545
Recycling	22			22
CCTV	200			200
Fulham Palace Trust project	618			618
Porta Cabin Facility			50	50
Linford Christie Stadium Refurbishment	162			162
Total	2,661	(5)	(9)	2,647

Decent Neighbourhoods Capital Programme

Schemes	Revised Budget 2013/14 (at Quarter 2)	Slippage	Additions/ (Reductions)/ Transfers	Revised Budget 2013/14 (at Quarter 3)
EXPENDITURE	£'000	£'000	£'000	£'000
Watermeadow Court (Demolition Costs)	700	(714)	64	50
248 Hammersmith Grove	600		(600)	0
Final decant cost at Watermeadow Court & Edith Summerskill	1,400	130		1,530
Housing Development Programme Development costs	1,901	(1,100)	578	1,379
Fulham Court (development including Childrens Centre)	406		220	626
Hostel Improvements	0	30		30
Shop Investments	500		(500)	0
HRA Debt repayments taken under pooling rules from	9,582			9,582
Earls Court Project Team	2,477			2,477
Earls Court Buy Back	5,000	(4,700)	(300)	0
Total	22,566	(6,354)	(538)	15,674

Housing Revenue Account Capital Programme

	Revised Budget 2013/14 (at Quarter 2)	Slippage	Additions/ (Reductions)/ Transfers	Revised Budget 2013/14 (at Quarter 3)
Schemes	£ '000	£ '000	£ '000	£ '000
Supply Initiatives (Major Voids)	2,650	(450)	(100)	2,100
Energy Schemes	1,591	240	100	1,931
Lift Schemes	3,672	(130)	(29)	3,513
Internal Modernisation	500	(500)		0
Major Refurbishments	8,649	(1,686)	(150)	6,813
Preventative Planned Maintenance	7,547	(3,469)		4,078
Minor Programmes	8,452	(992)	150	7,610
Decent Homes Partnering	988			988
CSD/RSD Managed (Adaptations, CCTV)	1,078			1,078
Rephasing and reprogramming			29	29
Total	35,127	(6,987)	0	28,140