

	London Borough of Hammersmith & Fulham CABINET 12 OCTOBER 2015
CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2015/16 (FIRST QUARTER)	
Report of the Cabinet Member for Finance: Councillor Max Schmid	
Open Report	
Classification: For Decision	
Key Decision: Yes	
Wards Affected: All	
Accountable Director: Hitesh Jolapara, Strategic Director for Financial Corporate Services	
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1. EXECUTIVE SUMMARY

- 1.1 This report provides a financial update on the Council's Capital Programme and seeks approval for budget variations as at the end of the first quarter, 2015/16. A net decrease of **£9.5m** to the 2015/16 capital budget (as approved at the end of the fourth-quarter, 2014-15) is proposed.

2. RECOMMENDATIONS AND DECISIONS

- 2.1 To approve proposed technical budget variations to the capital programme totalling **£9.5m** (summarised in Table 1 and detailed in Appendix 2).

3. REASONS FOR DECISION

- 3.1 This report seeks revisions to the Capital Programme which require the approval of Cabinet in accordance with the Council's financial regulations.

4. CAPITAL PROGRAMME

4.1 The Council's capital programme as at the end of the first quarter 2015/16 – including proposed variations - is summarised in table 1 below. Further detail for each service can be found in Appendix 1. A full analysis of elements of the programme funded from internal Council resource is included in section 6.

Table 1 – LBHF Capital Programme 2015-19 with proposed 2015/16 Q1 Variations

	2015/16 Original Budget £'000	2015/16 Revised Budget £'000	Analysis of Movements (Revised budget to Q1)				Revised Budget 2015/16 (Q1) £'000	Indicative Future Years Analysis					
			Slippages from/(to) future years £'000	Addition/(Reduction) £'000	Transfers £'000	Total Variations (Q1) £'000		2016/17 £'000	2017/18 £'000	2018/19 £'000	Total Budget (All years) £'000		
CAPITAL EXPENDITURE													
Children's Services	21,897	52,246	(19,492)	18,581	-	(911)	51,335	12,238	7,451	-			71,024
Adult Social Care	1,948	2,902	-	811	-	811	3,713	450	450	450			5,063
Transport & Technical Services	7,183	15,378	-	593	85	678	16,056	9,101	7,231	7,231			39,619
Finance & Corporate Services	-	436	-	-	-	-	436	-	-	-			436
Environment, Leisure & Residents Services	711	2,064	-	-	(85)	(85)	1,979	500	500	500			3,479
Libraries	-	374	-	-	-	-	374	-	-	-			374
Sub-total (Non-Housing)	31,739	73,400	(19,492)	19,985	-	493	73,893	22,289	15,632	8,181			119,995
HRA Programme	57,548	55,366	87	-	-	87	55,453	43,127	36,068	32,959			167,607
Decent Neighbourhoods Programme	36,613	36,219	(9,324)	(702)	-	(10,026)	26,193	37,709	19,832	19,020			102,754
Sub-total (Housing)	94,161	91,585	(9,237)	(702)	-	(9,939)	81,646	80,836	55,900	51,979			270,361
Total Expenditure	125,900	164,985	(28,729)	19,283	-	(9,446)	155,539	103,125	71,532	60,160			390,356
CAPITAL FINANCING													
Specific/External Financing:													
Government/Public Body Grants	25,602	53,043	(3,359)	(178)	(117)	(3,654)	49,389	5,623	2,247	2,157			59,416
Developers Contributions (S106)	239	4,001	-	684	117	801	4,802	-	-	-			4,802
Leaseholder Contributions	5,693	6,534	-	(841)	-	(841)	5,693	5,525	5,011	5,000			21,229
Sub-total - Specific Financing	31,534	63,578	(3,359)	(335)	-	(3,694)	59,884	11,148	7,258	7,157			85,447
Mainstream Financing (Internal):													
Capital Receipts - General Fund	5,753	15,316	(2,800)	(443)	-	(3,243)	12,073	9,455	6,175	5,480			33,183
Capital Receipts - Housing*	66,617	65,967	(9,237)	1,613	-	(7,624)	58,343	11,318	23,947	21,698			115,306
Revenue funding - General Fund	544	799	-	(70)	-	(70)	729	544	544	544			2,361
Revenue Funding - HRA	2,300	2,300	-	(1,539)	-	(1,539)	761	2,300	5,500	11,574			20,135
Major Repairs Reserve (MRR) [Housing]	16,849	16,784	-	65	-	65	16,849	15,980	16,716	15,714			65,259
Earmarked Reserves (Revenue)	-	241	-	(8)	-	(8)	233	-	-	-			233
Sub-total - Mainstream Funding	92,063	101,407	(12,037)	(382)	-	(12,419)	88,988	39,597	52,882	55,010			236,477
Internal Borrowing	2,135	-	(13,333)	20,000	-	6,667	6,667	52,380	11,392	(2,007)			68,432
Funding to be identified	168	-	-	-	-	-	-	-	-	-			-
Total Capital Financing	125,900	164,985	(28,729)	19,283	-	(9,446)	155,539	103,125	71,532	60,160			390,356

*Capital Receipts include use of brought forward Housing receipts

4.2 A net variation to the 2015/16 programme of **£9.5m** is proposed, decreasing total budgeted expenditure from **£165m** to **£155.5m**. The proposed net variation comprises:

- A decrease of (£28.7m) in respect of slippages and re-profiling of budgets to future years, largely in respect of a number of major Schools' programmes;
- Growth of £19.3m to reflect projects approved since the previous monitor and also to reflect where external funding sources have now been confirmed or associated forecast funding has increased.

A detailed analysis of proposed variations for approval is included at Appendix 2.

4.3 The most significant revision to the mainstream programme (i.e. that which is funded from internal resource) is the introduction of the £20m School Windows Replacement programme. This was approved by Cabinet in July 2015. This project is being funded through prudential (internal) borrowing the cost of which

will be serviced and repaid through a mixture of DfE grants and a top-slice of the Dedicated Schools Grant (DSG) over the life of the asset.

- 4.4 All other variations in this report pertain to slippage due to re-profiling, the recognition of external ring-fenced resource being granted to the Council or the reflection of cabinet decisions already taken. These adjustments can be considered technical in nature.

5. CAPITAL FINANCE REQUIREMENT (CAPITAL DEBT)

- 5.1 The Capital Finance Requirement (CFR) measures the Council's long-term indebtedness. For the General Fund CFR, the Council is required to set-aside an annual provision from revenue, known as the Minimum Revenue Provision (MRP), which is designed to set aside resource to repay debt. There is no requirement to make MRP in respect of Housing debt. The CFR and MRP are explained in more detail in appendix 4.

- 5.2 General Fund Headline¹ CFR debt is forecast to be **£43.18m** by the end of 2015/16 year. Table 2 below shows the current CFR forecast based on the continued application of surplus receipts to debt.

Table 2 – Forecast General Fund CFR at Q1 2015-16

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Opening Capital Finance Requirement (CFR)	45.18	43.18	49.57	58.31
Revenue Repayment of Debt (MRP)	(0.08)	-	(0.26)	(0.61)
Internal Borrowing (Schools Window Replacement)	6.67	6.67	6.66	-
Application of Mainstream Programme (Surplus)	(9.21)	0.34	2.34	1.64
Excess' Surplus Reserved/(Utilised)*	0.62	(0.62)		
Closing Capital Finance Requirement (CFR)	43.18	49.57	58.31	59.35

Excess' Surplus b/f	-	0.62	-	-
Excess' Surplus c/f	0.62	-	-	-

- 5.3 The Council is not required to make MRP provisions once the CFR reaches £43.18m due to a floor in the MRP formula (known as 'Adjustment A'). Accordingly, it is not recommended to reduce the CFR below £43.18m (as current regulations stand) as this attains no revenue benefit. Any surplus capital resources attained having reached this point are therefore best reserved and used to off-set any future deficits. The projected increase in the CFR after 2016/17 is primarily associated with the Schools' Window Replacement Programme, approved in July 2015. The MRP cost associated with this increase will be recovered via a topslice of the Dedicated Schools' Grant (DSG).
- 5.4 The 2015/16 capital surplus, and therefore the CFR forecast, is heavily dependent on the realisation of a small number of high-value capital receipts. A summary and forecast of general fund receipts is included at Appendix 3. If one or a number of the receipts were not realised in 2015/16 this would significantly affect the surplus and the CFR forecast.

¹ Excludes items such as finance leases and PFIs, the MRP cost of which is funded through revenue budgets.

- 5.5 The Council is currently exploring investment alternatives to General Fund debt reduction.
- 5.6 The current HRA CFR forecast is shown in Table 3 below:

Table 3 – Forecast HRA CFR at Q1 2015-16

HRA CFR	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Opening HRA Capital Finance Requirement (CFR)	205,346	203,783	246,740	249,536
Net movement in external borrowing	(1,563)	(2,756)	(1,931)	(1,999)
Net movement in internal borrowing	0	45,713	4,727	(2,007)
Closing HRA Capital Finance Requirement (CFR)	203,783	246,740	249,536	245,530

6. GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

- 6.1 The General Fund mainstream programme cuts across the departmental programmes and represents schemes which are funded from internal Council resource – primarily capital receipts. It is effectively the area of the programme where the Council has the greatest discretion. The receipts available to the mainstream programme come via the General Fund asset disposal strategy which sits as part of the Asset Management Plan. The mainstream programme is summarised in Table 4.

Table 4 – General Fund Mainstream Programme at 2015/16 Q1

	2015/16 Revised Budget £'000	Variations (Q1) £'000	Revised Budget 2015/16 (Q1) £'000	Indicative Budget 2016/17 £'000	Indicative Budget 2017/18 £'000	Indicative Budget 2018/19 £'000	Total Budget (All years) £'000
Approved Expenditure							
Ad Hoc Schemes:							
Schools Organisation Strategy [CHS] (mainstream element)*	3,673	(3,243)	430	2,105	695	-	3,230
Carnwath Road Receipt Set-aside [TTS]	1,200	-	1,200	1,870	-	-	3,070
Fulham Cemetery (Porta Cabins)	85		85	-	-	-	85
Rolling Programmes:							
Disabled Facilities Grant [ASC]	600	-	600	450	450	450	1,950
Planned Maintenance/DDA Programme [TTS]	7,233	-	7,233	2,500	2,500	2,500	14,733
Footways and Carriageways [TTS]	2,051	-	2,051	2,030	2,030	2,030	8,141
Controlled Parking Zones [TTS]	357	(57)	300	275	275	275	1,125
Column Replacement [TTS]	267	2	269	269	269	269	1,076
Parks Programme [ELRS]	704		704	500	500	500	2,204
Total Mainstream Programmes	16,170	(3,298)	12,872	9,999	6,719	6,024	35,614
Available and Approved Resource							
Capital Receipts (total available)	23,388	(1,876)	21,512	9,112	3,840	3,840	38,303
General Fund Revenue Account	799	(70)	729	544	544	544	2,361
Available Mainstream Resource	24,187	(1,946)	22,241	9,656	4,384	4,384	40,664
In-year surplus/(deficit)	8,017		9,369	(344)	(2,335)	(1,640)	
Surplus/(deficit) brought-forward	-		-	9,369	9,025	6,690	
Surplus/(deficit) carried forward	8,017		9,369	9,025	6,690	5,050	

- 6.2 Forecast capital receipts for the first quarter have decreased by £1.88m to **£21.5m**. As at August 2015 **£7.17m** of capital receipts have been realised (before an allowance for costs of disposal which cannot exceed 4%). A summary and forecast of general fund receipts is included at appendix 3. This schedule is based on approved disposals within the asset disposal programme.
- 6.3 As at the end of the first quarter, **£1.2m** of deferred disposal costs have been accrued in respect of anticipated General Fund disposals. These costs are netted against the receipt when received (subject to certain restrictions). In the event that a sale does not proceed these costs must be written back to revenue. A summary of deferred costs is included at Appendix 3.
- 6.4 The mainstream programme is currently showing an overall forecast surplus in 2015/16 of **£9.4m**. Over the next four years the programme is forecast to be in surplus by **£5.1m**. The surplus currently underpins the debt reduction forecast.

7. OTHER PROGRAMMES

7.1 Housing Capital Programme

7.1.1 The expenditure and resource analysis of the Housing Programme is summarised in Table 4 below:

Table 4 – Housing Capital Programme 2015-19 at Q1 2015-16

	2015/16 Revised Budget	Total Variations Q1	Revised Budget 2015/16 (Q1)	Indicative 2016/17 Budget	Indicative 2017/18 Budget	Indicative 2018/19 Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure						
Decent Neighbourhood Schemes	36,219	(10,026)	26,193	37,709	19,833	19,020
HRA Schemes	55,366	87	55,453	43,127	36,068	32,959
Total Housing Programme - Approved Expenditure	91,585	(9,939)	81,646	80,836	55,901	51,979
Available and Approved Resource						
Capital Receipts realised in-year (net of allowance for def costs)	8,992	7,659	16,651	6,000	6,000	6,000
Sale of new build homes	7,727	(7,217)	510	187	20,015	-
Earls Court Receipts recognisable	-	-	-	-	-	5,065
Housing Revenue Account (revenue funding)	2,300	(1,539)	761	2,300	5,500	11,574
Major Repairs Reserve (MRR)	16,784	65	16,849	15,980	16,716	15,714
Contributions Developers (S106)	-	-	-	-	-	-
Contributions from leaseholders	6,534	(841)	5,693	5,525	5,011	5,000
Capital Grants and Contributions from GLA Bodies	567	(567)	-	-	-	-
Use of Reserves	-	-	-	-	-	12,750
Total Available Forecast Resource (In-year)	42,904	(2,440)	40,464	29,992	53,243	56,103
Internal Borrowing	-	-	-	45,713	4,727	(2,007)
Total Forecast Resource (In-year) [inc. Borrowing]	42,904	(2,440)	40,464	75,705	57,970	54,096
add/less: adjustment for deferred costs of disposal	-	1,141	1,141	5,437	3,559	3,445
In-year surplus/(deficit)	(48,681)	8,640	(40,041)	306	5,628	5,562
Surplus/(deficit) brought-forward	70,135	-	70,135	30,094	30,399	36,027
Surplus/(deficit) carried forward*	21,454	8,640	30,094	30,399	36,027	41,589
<i>*Earmarked from above to cover Earls Court Cost of Disposal & 1-4-1 Replacement under RTB agreement</i>	20,306	3,988	24,294	30,399	36,027	41,589
Surplus/(Deficit) after earmarked resources	1,148	4,652	5,800	0	0	0
Movement in earmarked receipts				6,105	5,628	5,562

7.1.2 The Decent Neighbourhoods Fund contains the Council's Housing Capital Receipts which in accordance with the change in capital regulations, effective from 1 April 2013 must be used for Housing or Regeneration purposes and shows how the Council plans to reinvest those receipts in Housing and Regeneration.

8. EQUALITY IMPLICATIONS

8.1 There are no direct equalities implications in relation to this report. This paper is concerned entirely with financial management issues and as such is not impacting directly on any protected group.

8.2 Implications verified/completed by: David Bennett, Head of Change Delivery (Acting) - 020 7361 1628.

9. LEGAL IMPLICATIONS

9.1 There are no direct legal implications in relation to this report.

9.2 Implications verified/completed by: David Walker, Principal Solicitor (Property) 020 7361 2211.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1 This report is wholly of a finance nature

11. RISK MANAGEMENT

11.1 Large scale capital projects can operate in environments which are complex, turbulent and continually evolving. Effective risk identification and control within such a dynamic environment is more than just populating a project risk register or appointing a project risk officer. Amplifying the known risks so that they are not hidden or ignored, demystifying the complex risks into their more manageable sum of parts and anticipating the slow emerging risks which have the ability to escalate rapidly are all necessary components of good capital programme risk management.

11.2 Major capital projects can significantly enhance value based on how well they are executed. Considering their high impact nature, the levels of oversight, governance, risk management and assurance need to be in place. For this the standards for the Council are set out in the financial regulations and scheme of delegation along with the key controls. A clearly defined enterprise wide risk management framework is now established across the Council and Shared Services which considers all relevant risk classes and provides a common definition and approach to risk management. This will ensure that a common language and understanding is secured. Capital projects form part of the strategic risks and monitoring of the programme is noted as a key mitigating action.

11.3 Implications completed by: Michael Sloniowski, Shared Services Risk Manager ext. 2587

12. PROCUREMENT IMPLICATIONS

12.1 There are no direct procurement related implications in relation to this report.

12.2 Implications verified/completed by: Alan Parry, Procurement Consultant -
020 7361 2581.

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.	None		

LIST OF APPENDICES:

Appendix 1 – Detailed Capital Budgets, Spend and Variation analysis by Service

Appendix 2 – Analysis of Budget Variations

Appendix 3 – Capital Receipts Forecast

Appendix 4 – Capital Finance Requirement

Appendix 1 – Detailed Capital Budget, Spend and Variation Analysis by Service

Children's Services

	Current Year Programme							Indicative Future Years Analysis				
	Analysis of Movements (Revised budget to Q1)							2016/17 Budget	2017/18 Budget	2018/19 Budget	Total Budget (All years)	
	2015/16 Original Budget	2015/16 Revised Budget	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2015/16 (Q1)					£'000
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary												
Lyric Theatre Development	380	2,426	-	-	-	-	2,426	-	-	-	2,426	
Devolved Capital to Schools	-	-	-	-	-	-	-	-	-	-	-	
Schools Organisational Strategy	21,517	49,613	(6,159)	(1,419)	-	(7,578)	42,035	5,571	785	-	48,391	
Schools Window Replacement Project	-	-	(13,333)	20,000	-	6,667	6,667	6,667	6,666	-	20,000	
Other Capital Schemes	-	207	-	-	-	-	207	-	-	-	207	
Total Expenditure	21,897	52,246	(19,492)	18,581	-	(911)	51,335	12,238	7,451	-	71,024	
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	21,263	45,277	(3,359)	(976)	-	4,335	40,942	3,466	90	-	44,498	
Grants and Contributions from Private Developers (includes S106)	-	-	-	-	-	-	-	-	-	-	-	
Capital Grants/Contributions from Non-departmental public bodies	193	3,296	-	-	-	-	3,296	-	-	-	3,296	
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-	-	
Sub-total - Specific or Other Financing	21,456	48,573	- 3,359	- 976	-	- 4,335	44,238	3,466	90	-	47,794	
Mainstream Financing (Internal Council Resource)												
Capital Receipts	273	3,443	(2,800)	(443)	-	(3,243)	200	2,105	695	-	3,000	
General Fund Revenue Account (revenue funding)	-	230	-	-	-	-	230	-	-	-	230	
Use of Reserves	-	-	-	-	-	-	-	-	-	-	-	
Sub-total - Mainstream Funding	273	3,673	(2,800)	(443)	-	(3,243)	430	2,105	695	-	3,230	
Borrowing	-	-	(13,333)	20,000	-	6,667	6,667	6,667	6,666	-	20,000	
Funding to be identified/agreed	168	-	-	-	-	-	-	-	-	-	-	
Total Capital Financing	21,897	52,246	(19,492)	18,581	-	(911)	51,335	12,238	7,451	-	71,024	

Adult Social Care Services

Scheme Expenditure Summary

Extra Care New Build project (Adults' Personal Social Services Grant)
Community Capacity Grant
Parkview Project
Transforming Care (Winterbourne Grant)
Autism Capital Grant
Disabled Facilities Grant

Total Expenditure

Capital Financing Summary

Specific/External or Other Financing

Capital Grants from Central Government
Grants and Contributions from Private Developers (includes S106)
Capital Grants/Contributions from Non-departmental public bodies
Capital Grants and Contributions from GLA Bodies
Sub-total - Specific or Other Financing

Mainstream Financing (Internal Council Resource)

Capital Receipts
General Fund Revenue Account (revenue funding)
Use of Reserves
Sub-total - Mainstream Funding

Borrowing

Total Capital Financing

Current Year Programme

Analysis of Movements (Revised budget to Q1)

2015/16 Original Budget	2015/16 Revised Budget	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2015/16 (Q1)
£'000	£'000	£'000	£'000	£'000	£'000	£'000
957	957	-	-	-	-	957
-	507	-	511	-	511	1,018
-	223	-	-	-	-	223
-	-	-	300	-	300	300
-	4	-	-	-	-	4
991	1,211	-	-	-	-	1,211
1,948	2,902	-	811	-	811	3,713
1,498	2,079	-	511	-	511	2,590
-	-	-	-	-	-	-
-	-	-	300	-	300	300
-	-	-	-	-	-	-
1,498	2,079	-	811	-	811	2,890
450	600	-	-	-	-	600
-	-	-	-	-	-	-
-	223	-	-	-	-	223
450	823	-	-	-	-	823
-	-	-	-	-	-	-
1,948	2,902	-	811	-	811	3,713

Indicative Future Years Analysis

2016/17 Budget	2017/18 Budget	2018/19 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000
-	-	-	957
-	-	-	1,018
-	-	-	223
-	-	-	300
-	-	-	4
450	450	450	2,561
450	450	450	5,063
-	-	-	2,590
-	-	-	-
-	-	-	300
-	-	-	-
-	-	-	2,890
450	450	450	1,950
-	-	-	-
-	-	-	223
450	450	450	2,173
-	-	-	-
450	450	450	5,063

Transport and Technical Services

Scheme Expenditure Summary

Planned Maintenance/DDA Programme
Footways and Carriageways
Transport For London Schemes
Controlled Parking Zones
Column Replacement
Carnwath Road Receipt
Fulham Cemetery (Porta Cabin Facility)
Other Capital Schemes

Total Expenditure

Capital Financing Summary

Specific/External or Other Financing

Capital Grants from Central Government
Grants and Contributions from Private Developers (includes S106)
Capital Grants/Contributions from Non-departmental public bodies
Capital Grants and Contributions from GLA Bodies
Sub-total - Specific or Other Financing

Mainstream Financing (Internal Council Resource)

Capital Receipts
General Fund Revenue Account (revenue funding)
Use of Reserves
Sub-total - Mainstream Funding

Borrowing

Total Capital Financing

Current Year Programme

Analysis of Movements (Revised budget to Q1)

2015/16 Original Budget £'000	2015/16 Revised Budget £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000	Revised Budget 2015/16 (Q1) £'000
2,500	7,233				-	7,233
2,030	2,051				-	2,051
2,081	2,274		(13)		(13)	2,261
275	300			3	3	303
269	269	-	-	(3)	(3)	266
-	1,200	-	-	-	-	1,200
-	-	-	-	85	85	85
28	2,051	-	606	-	606	2,657
7,183	15,378	-	593	85	678	16,056
-	-	-	-	-	-	-
28	2,051	-	676	-	676	2,727
-	-	-	-	-	-	-
2,081	2,274	-	(13)	-	(13)	2,261
2,109	4,325	-	663	-	663	4,988
4,530	10,484	-	-	85	85	10,569
544	569	-	(70)	-	(70)	499
-	-	-	-	-	-	-
5,074	11,053	-	70	85	15	11,068
-	-	-	-	-	-	-
7,183	15,378	-	593	85	678	16,056

Indicative Future Years Analysis

2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	Total Budget (All years) £'000
2,500	2,500	2,500	14,733
2,030	2,030	2,030	8,141
2,157	2,157	2,157	8,732
275	275	275	1,128
269	269	269	1,073
1,870	-	-	3,070
-	-	-	85
-	-	-	2,657
9,101	7,231	7,231	39,619
-	-	-	-
-	-	-	2,727
-	-	-	-
2,157	2,157	2,157	8,732
2,157	2,157	2,157	11,459
6,400	4,530	4,530	26,029
544	544	544	2,131
-	-	-	-
6,944	5,074	5,074	28,160
-	-	-	-
9,101	7,231	7,231	39,619

Finance & Corporate Governance

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Revised budget to Q1)

	2015/16 Original Budget	2015/16 Revised Budget	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2015/16 (Q1)	2016/17 Budget	2017/18 Budget	2018/19 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary											
Relocation of HAFAD to Edward Woods Community Centre and Related Refurbishment Requirements	-	436	-	-	-	-	436	-	-	-	436
Contribution to Invest to Save Fund	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	-	436	-	-	-	-	436	-	-	-	436
Capital Financing Summary											
Specific/External or Other Financing											
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	-	436	-	-	-	-	436	-	-	-	436
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Specific or Other Financing	-	436	-	-	-	-	436	-	-	-	436
Mainstream Financing (Internal Council Resource)											
Capital Receipts	-	-	-	-	-	-	-	-	-	-	-
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-
Use of Reserves	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Mainstream Funding	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Total Capital Financing	-	436	-	-	-	-	436	-	-	-	436

Environment, Leisure and Residents Services

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Revised budget to Q1)

2015/16 Original Budget	2015/16 Revised Budget	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2015/16 (Q1)	2016/17 Budget	2017/18 Budget	2018/19 Budget	Total Budget (All years)	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary											
Parks Expenditure	500	753	-	-	10	10	763	500	500	500	2,263
Bishops Park	-	10	-	-	(10)	(10)	-	-	-	-	-
Shepherds Bush Common Improvements	-	688	-	-	-	-	688	-	-	-	688
Recycling	19	19	-	-	-	-	19	-	-	-	19
CCTV	192	366	-	-	-	-	366	-	-	-	366
Fulham Cemetery (Porta Cabin Facility)	-	85	-	-	(85)	(85)	-	-	-	-	-
Linford Christie Stadium Refurbishment	-	143	-	-	-	-	143	-	-	-	143
Total Expenditure	711	2,064	-	-	(85)	(85)	1,979	500	500	500	3,479
Capital Financing Summary											
Specific/External or Other Financing											
Capital Grants from Central Government	-	50	-	-	(50)	(50)	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	211	1,140	-	8	117	125	1,265	-	-	-	1,265
Capital Grants/Contributions from Non-departmental public bodies	-	17	-	-	(17)	(17)	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	-	50	-	-	(50)	(50)	-	-	-	-	-
Sub-total - Specific or Other Financing	211	1,257	-	8	-	8	1,265	-	-	-	1,265
Mainstream Financing (Internal Council Resource)											
Capital Receipts	500	789	-	-	(85)	(85)	704	500	500	500	2,204
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-
Use of Reserves	-	18	-	(8)	-	(8)	10	-	-	-	10
Sub-total - Mainstream Funding	500	807	-	(8)	(85)	(93)	714	500	500	500	2,214
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Total Capital Financing	711	2,064	-	-	(85)	(85)	1,979	500	500	500	3,479

Housing Capital Programme

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Revised budget to Q1)

2015/16 Original Budget	2015/16 Revised Budget	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements	Revised Budget 2015/16 (Q1)	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Supply Initiatives (Major Voids)	2,621	3,334	-	-	(1,644)	(1,644)	1,690
Energy Schemes	3,411	3,120	500	-	(300)	200	3,320
Lift Schemes	6,704	6,317	(783)	-	615	(168)	6,149
Internal Modernisation	3,551	3,056	-	-	944	944	4,000
Major Refurbishments	9,695	10,701	(2,651)	-	7,321	4,670	15,371
Planned Maintenance Framework	25,758	23,330	454	-	(5,198)	(4,744)	18,586
Minor Programmes	8,995	11,261	(72)	-	(707)	(779)	10,482
ASC/ELRS Managed	1,250	1,475	37	-	-	37	1,512
Rephasing & Reprogramming	(4,437)	(7,228)	2,602	-	(1,031)	1,571	(5,657)
Subtotal HRA	57,548	55,366	87	-	-	87	55,453
Decent Neighbourhood Schemes:							
HRA Debt Repayment	1,563	1,563	-	-	-	-	1,563
Earls Court Buy Back Costs	9,541	5,642	-	3,345	-	3,345	8,987
Earls Court Project Team Costs	3,115	3,594	(2,453)	-	-	(2,453)	1,141
Housing Development Project	18,744	20,482	(6,871)	(4,047)	-	(10,918)	9,564
Other DNP projects	3,650	4,938	-	-	-	-	4,938
Subtotal Decent Neighbourhoods	36,613	36,219	(9,324)	(702)	-	(10,026)	26,193
Total Expenditure	94,161	91,585	(9,237)	(702)	-	(9,939)	81,646
Capital Financing Summary							
Specific/External or Other Financing							
Capital Grants from Central Government	-	-	-	-	-	-	-
Contributions from leaseholders	5,693	6,534	-	(841)	-	(841)	5,693
Capital Grants and Contributions from GLA Bodies	567	-	-	-	-	-	-
Sub-total - Specific or Other Financing	6,260	6,534	-	(841)	-	(841)	5,693
Mainstream Financing (Internal Council Resource)							
Capital Receipts	66,617	65,967	(9,237)	1,613	-	(7,624)	58,343
Housing Revenue Account (revenue funding)	2,300	2,300	-	(1,539)	-	(1,539)	761
Major Repairs Reserve (MRR) / Major Repairs	16,849	16,784	-	65	-	65	16,849
Sub-total - Mainstream Funding	85,766	85,051	(9,237)	139	-	(9,098)	75,953
Borrowing (Internal Borrowing)	2,135	-	-	-	-	-	-
Total Capital Financing	94,161	91,585	(9,237)	(702)	-	(9,939)	81,646

2016/17 Budget	2017/18 Budget	2018/19 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000
2,000	2,000	2,000	7,690
4,008	3,130	3,130	13,588
6,435	5,800	2,000	20,384
4,000	4,000	3,000	15,000
17,694	23,550	20,248	76,863
5,688	-	-	24,274
6,702	6,990	6,990	31,164
1,250	1,250	1,250	5,262
(4,650)	(10,652)	(5,659)	(26,618)
43,127	36,068	32,959	167,607
2,756	1,931	1,999	8,249
14,508	13,169	13,576	50,240
5,436	3,559	3,445	13,581
16,309	1,173	-	27,046
(1,300)	-	-	3,638
37,709	19,832	19,020	102,754
80,836	55,900	51,979	270,361
-	-	-	-
5,525	5,011	5,000	21,229
-	-	-	-
5,525	5,011	5,000	21,229
11,318	23,947	21,698	115,306
2,300	5,500	11,574	20,135
15,980	16,716	15,714	65,259
29,598	46,163	48,986	200,700
45,713	4,726	(2,007)	48,432
80,836	55,900	51,979	270,361

Scheme Expenditure Summary

HRA Schemes:

Supply Initiatives (Major Voids)	2,621	3,334	-	-	(1,644)	(1,644)	1,690
Energy Schemes	3,411	3,120	500	-	(300)	200	3,320
Lift Schemes	6,704	6,317	(783)	-	615	(168)	6,149
Internal Modernisation	3,551	3,056	-	-	944	944	4,000
Major Refurbishments	9,695	10,701	(2,651)	-	7,321	4,670	15,371
Planned Maintenance Framework	25,758	23,330	454	-	(5,198)	(4,744)	18,586
Minor Programmes	8,995	11,261	(72)	-	(707)	(779)	10,482
ASC/ELRS Managed	1,250	1,475	37	-	-	37	1,512
Rephasing & Reprogramming	(4,437)	(7,228)	2,602	-	(1,031)	1,571	(5,657)
Subtotal HRA	57,548	55,366	87	-	-	87	55,453

Decent Neighbourhood Schemes:

HRA Debt Repayment	1,563	1,563	-	-	-	-	1,563
Earls Court Buy Back Costs	9,541	5,642	-	3,345	-	3,345	8,987
Earls Court Project Team Costs	3,115	3,594	(2,453)	-	-	(2,453)	1,141
Housing Development Project	18,744	20,482	(6,871)	(4,047)	-	(10,918)	9,564
Other DNP projects	3,650	4,938	-	-	-	-	4,938
Subtotal Decent Neighbourhoods	36,613	36,219	(9,324)	(702)	-	(10,026)	26,193
Total Expenditure	94,161	91,585	(9,237)	(702)	-	(9,939)	81,646

Capital Financing Summary

Specific/External or Other Financing

Capital Grants from Central Government	-	-	-	-	-	-	-
Contributions from leaseholders	5,693	6,534	-	(841)	-	(841)	5,693
Capital Grants and Contributions from GLA Bodies	567	-	-	-	-	-	-
Sub-total - Specific or Other Financing	6,260	6,534	-	(841)	-	(841)	5,693

Mainstream Financing (Internal Council Resource)

Capital Receipts	66,617	65,967	(9,237)	1,613	-	(7,624)	58,343
Housing Revenue Account (revenue funding)	2,300	2,300	-	(1,539)	-	(1,539)	761
Major Repairs Reserve (MRR) / Major Repairs	16,849	16,784	-	65	-	65	16,849
Sub-total - Mainstream Funding	85,766	85,051	(9,237)	139	-	(9,098)	75,953

Borrowing (Internal Borrowing)

2,135	-	-	-	-	-	-	-
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Total Capital Financing

94,161	91,585	(9,237)	(702)	-	(9,939)	81,646
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Appendix 2 – Analysis of Budget Variations

Variation by Service	Amount £'000
Children's Services	
School's Organisation Strategy – recognition of allocations devolved directly to schools	(1,419)
School's Organisation Strategy – Slippage £6.2m due to re-profiling of budgets to future years in respect of the following projects: <ul style="list-style-type: none"> • Holy Cross Expansion £3,936k • Pope John £2,060k • St Peters £30k • William Morris £133k 	(6,159)
Schools Windows Replacement Project- new scheme approved by Cabinet on 6 th July 2015. Total budget of £20m profiled across three years.	6,667
Total CHS variations	(911)
Adult Social Care	
Community Capacity Grant – new funding received in 2015/16	511
Transforming Care (Winterbourne Grant)- new funding from Department of Health received in 2014/15	300
Total ASC variations	811
Transport and Technical Services	
Adjustment to TFL funding to reflect the actual funding received	(13)
Fulham Cemetery (Porta Cabin Facility)- transfer of project from ELRS capital programme	85
Other Capital Schemes - £676k of additional S106 funding and £70k of reduction in revenue contributions	606
Total TTS variations	678
Environment, Leisure and Resident's Services	
Fulham Cemetery (Porta Cabin Facility)- transfer of project to TTS capital programme	(85)
Total ELRS variations	(85)
Housing Capital Programme	
HRA schemes-net slippages from/to future years as a result of budget re-profiling	87
Earls Court Buyback Costs - transfer from Housing Development to report the budget b/f correctly	3,345
Earls Court Project Team Costs- slippage to future years due to uncertainty and delay in project.	(2,453)
Housing Development Project- slippages due to delay in starting number of schemes	(8,385)
Housing Development Project- increase in budget approved under 06/07/15 Cabinet for 4 schemes - 23 Baron's Court, Spring Vale, Barclay Close & Becklow Gardens.	812
Housing Development Project-£3.3m transfer to Earls Court Buyback costs to report the budget b/f correctly.	(3,345)
Total Housing variations	(9,939)

Appendix 3 – General Fund – Forecast Capital Receipts

Year/Property	Previous Forecast	Movement/ Slippage	Forecast Outturn at Quarter 1	Deposit received to date	Full sales proceeds @ Q1	Deferred Costs of Disposal reserved
2015/16						
Total 2015/16	23,388	(1,876)	21,512	250	7,172	1,182
2016/17						
Total 2016/17	9,738	(626)	9,112	-	-	37
2017/18						
Total 2017/18	3,840	-	3,840	-	-	-
2018/19						
Total 2018/19	3,840	-	3,840	-	-	-
Total All Years	40,805	(2,502)	38,303	250	7,172	1,219

Appendix 4 – The Capital Finance Requirement (CFR) and the Minimum Revenue Provision (MRP)

The Capital Finance Requirement (CFR) measures an authority's underlying need to borrow for a capital purpose. It replaced the 'credit ceiling' regime in 2004 as is the measure of debt in all local authorities.

The CFR is the difference between capital expenditure incurred and the resources set aside to fund this expenditure. It serves as a measure of an authority's indebtedness.

The CFR does not necessarily equal the outstanding loans of the authority. A council may – at a given point in time - be 'cash rich' and pay for a new asset in full without entering into new loans. However, unless the Council simultaneously sets aside reserves, this purchase remains 'unfunded' – accordingly the CFR will increase. In this example the Council has 'borrowed internally'. Put another way, if all of its other liabilities were called-in tomorrow, the Council would need to go out and borrow. This is known as an 'underlying need to borrow'.

The CFR can be thought of as the amalgam of actual borrowing (loans) and internal borrowing.

In order to keep the CFR 'in check', Local Authorities are required to recognise an annual revenue cost – known as the Minimum revenue Provision (MRP). The MRP will, over time, reduce the CFR. There are a number of options for selecting MRP, although traditionally this has been 4% of the CFR.

The MRP formula contains a 'floor' - known as 'Adjustment A' - which has been individually fixed for all authorities. When the CFR drops below this level, MRP is no longer payable. For Hammersmith and Fulham the floor has been set at £43.2m. In short, there is no revenue incentive to reduce the CFR below this level.

In addition to MRP, authorities are able to make voluntary provisions to reduce the CFR. These provisions can be made from capital or revenue resources. Voluntary reduction of the CFR will result in a lower MRP cost in the following year.