


<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>11 JANUARY 2016</b></p>	
<p><b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2015/16 (SECOND QUARTER)</b></p>	
<p><b>Report of the Cabinet Member for Finance: Councillor Max Schmid</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification:</b> For Decision</p>	
<p><b>Key Decision:</b> Yes</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Director:</b> Hitesh Jolapara, Strategic Director for Financial Corporate Services</p>	
<p><b>Report Author:</b> Christopher Harris, Head of Corporate Accountancy and Capital</p>	<p><b>Contact Details:</b> Tel: 0208 753 6440 Email: christopher.harris@lbhf.gov.uk</p>

## 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 second quarter, 2015/16. A net decrease of **£7.7m** to the 2015/16 capital budget (as approved at the end of the first quarter) is proposed.

## 2. RECOMMENDATIONS

- 2.1 To approve proposed technical budget variations to the Capital Programme totalling **£7.7m** (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 second 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 Q2 Variations**

	Analysis of Movements (Q1 to Q2)					Indicative Future Years Analysis				
	Revised Budget 2015/16 (Q1)	Slippages from/(to) future years	Addition/(Reduction)	Transfers	Total Variations (Q2)	Revised Budget 2015/16 (Q2)	2016/17	2017/18	2018/19	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>CAPITAL EXPENDITURE</b>										
Children's Services	51,335	(3,562)	-	-	(3,562)	47,773	15,800	7,451	-	71,024
Adult Social Care	3,713	-	-	-	-	3,713	450	450	450	5,063
Transport & Technical Services	16,056	-	1,411	-	1,411	17,467	25,631	17,531	7,231	67,860
Finance & Corporate Services	436	-	-	-	-	436	-	-	-	436
Environment, Leisure & Residents Services	1,979	-	997	-	997	2,976	500	500	500	4,476
Libraries	374	-	-	-	-	374	-	-	-	374
<b>Sub-total (Non-Housing)</b>	<b>73,893</b>	<b>(3,562)</b>	<b>2,408</b>	<b>-</b>	<b>(1,154)</b>	<b>72,739</b>	<b>42,381</b>	<b>25,932</b>	<b>8,181</b>	<b>149,233</b>
HRA Programme	55,453	(622)	-	-	(622)	54,831	48,441	42,413	34,518	180,203
Decent Neighbourhoods Programme	26,193	2,736	(8,658)	-	(5,922)	20,271	19,773	20,271	29,621	89,937
<b>Sub-total (Housing)</b>	<b>81,646</b>	<b>2,114</b>	<b>(8,658)</b>	<b>-</b>	<b>(6,544)</b>	<b>75,102</b>	<b>68,214</b>	<b>62,684</b>	<b>64,139</b>	<b>270,139</b>
<b>Total Expenditure</b>	<b>155,539</b>	<b>(1,448)</b>	<b>(6,250)</b>	<b>-</b>	<b>(7,698)</b>	<b>147,841</b>	<b>110,595</b>	<b>88,616</b>	<b>72,320</b>	<b>419,372</b>
<b>CAPITAL FINANCING</b>										
<b>Specific/External Financing:</b>										
Government/Public Body Grants	49,389	(3,562)	350	96	(3,116)	46,273	24,385	12,547	2,157	85,362
Developers Contributions (S106)	4,802	-	2,098	-	2,098	6,900	1,330	-	-	8,230
Leaseholder Contributions (Housing)	5,693	-	-	-	-	5,693	5,525	5,011	5,000	21,229
<b>Sub-total - Specific Financing</b>	<b>59,884</b>	<b>(3,562)</b>	<b>2,448</b>	<b>96</b>	<b>(1,018)</b>	<b>58,866</b>	<b>31,240</b>	<b>17,558</b>	<b>7,157</b>	<b>114,821</b>
<b>Mainstream Financing (Internal):</b>										
Capital Receipts - General Fund	12,073	-	-	-	-	12,073	9,455	6,175	5,480	33,183
Capital Receipts - Housing*	58,343	2,114	(10,197)	(96)	(8,179)	50,164	27,270	3,983	8,821	90,238
Revenue funding - General Fund	729	-	230	-	(230)	499	544	544	544	2,131
Revenue Funding - HRA	761	-	1,539	-	1,539	2,300	5,867	2,118	1,559	11,845
Major Repairs Reserve (MRR) [Housing]	16,849	-	-	-	-	16,849	15,980	16,716	15,714	65,259
Earmarked Reserves (Revenue)	233	-	190	-	190	423	-	-	-	423
<b>Sub-total - Mainstream Funding</b>	<b>88,988</b>	<b>2,114</b>	<b>(8,698)</b>	<b>(96)</b>	<b>(6,680)</b>	<b>82,308</b>	<b>59,116</b>	<b>29,536</b>	<b>32,119</b>	<b>203,079</b>
<b>Internal Borrowing</b>	<b>6,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,667</b>	<b>20,239</b>	<b>41,521</b>	<b>33,044</b>	<b>101,472</b>
<b>Funding to be identified</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>155,539</b>	<b>(1,448)</b>	<b>(6,250)</b>	<b>-</b>	<b>(7,698)</b>	<b>147,841</b>	<b>110,595</b>	<b>88,616</b>	<b>72,320</b>	<b>419,372</b>

\*Capital Receipts include use of brought forward Housing receipts

4.2 A net variation to the 2015/16 programme of **£7.7m** is proposed, decreasing total budgeted expenditure from **£155.5m** to **£147.8m**. The proposed net variation comprises:

- A net decrease of £1.45m in respect of slippages and re-profiling of budgets to future years.
- A net decrease of £6.25m mainly due to Housing Development pipeline schemes reductions and re-phasing.

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

## 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 Headline<sup>1</sup> CFR debt is forecast to be **£47.89m** 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 Q2 2015-16**

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
<b>Opening Capital Finance Requirement (CFR)</b>	<b>45.18</b>	<b>47.89</b>	<b>48.48</b>	<b>57.26</b>
Revenue Repayment of Debt (MRP)	(0.08)	(0.19)	(0.21)	(0.56)
Internal Borrowing (Schools Window Replacement)	6.67	6.67	6.66	-
Application of Mainstream Programme (Surplus)	(3.87)	(5.90)	2.34	1.64
<b>Closing Capital Finance Requirement (CFR)</b>	<b>47.89</b>	<b>48.48</b>	<b>57.26</b>	<b>58.34</b>

5.3 The Council is currently exploring investment alternatives to General Fund debt reduction.

5.5 The current HRA CFR forecast is shown in Table 3 below:

**Table 3 – Forecast HRA CFR at Q2 2015-16**

HRA CFR	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Opening HRA Capital Finance Requirement (CFR)	205,346	192,326	200,032	228,738
Net movement in external borrowing	(13,020)	(5,866)	(6,150)	(3,784)
Net movement in internal borrowing	-	13,572	34,855	29,663
<b>Closing HRA Capital Finance Requirement (CFR)</b>	<b>192,326</b>	<b>200,032</b>	<b>228,738</b>	<b>254,617</b>

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

## 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 Q2

	2015/16 Revised Budget	Variations (Q2)	Revised Budget 2015/16 (Q2)	Indicative Budget 2016/17	Indicative Budget 2017/18	Indicative Budget 2018/19	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Approved Expenditure</b>							
<b>Ad Hoc Schemes:</b>							
Schools Organisation Strategy [CHS] (mainstream element)*	430	-	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
<b>Rolling Programmes:</b>							
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]	300	-	300	275	275	275	1,125
Column Replacement [TTS]	269	(269)	-	269	269	269	807
Parks Programme [ELRS]	704	-	704	500	500	500	2,204
<b>Total Mainstream Programmes</b>	<b>12,872</b>	<b>(269)</b>	<b>12,603</b>	<b>9,999</b>	<b>6,719</b>	<b>6,024</b>	<b>35,345</b>
<b>Available and Approved Resource</b>							
Capital Receipts (total available)	21,512	(5,334)	16,178	15,356	3,840	3,840	39,214
General Fund Revenue Account	729	(269)	499	544	544	544	2,131
<b>Available Mainstream Resource</b>	<b>22,241</b>	<b>(5,603)</b>	<b>16,677</b>	<b>15,900</b>	<b>4,384</b>	<b>4,384</b>	<b>41,345</b>
<b>In-year surplus/(deficit)</b>	<b>9,369</b>		<b>4,074</b>	<b>5,901</b>	<b>(2,335)</b>	<b>(1,640)</b>	
<b>Surplus/(deficit) brought-forward</b>	<b>-</b>		<b>-</b>	<b>4,074</b>	<b>9,975</b>	<b>7,640</b>	
<b>Surplus/(deficit) carried forward</b>	<b>9,369</b>		<b>4,074</b>	<b>9,975</b>	<b>7,640</b>	<b>6,000</b>	

\*Queensmill redevelopment using Earls Court receipt, £9m of which has been ring-fenced for this purpose

- 6.2 Forecast capital receipts for the year as at the second quarter have decreased by £5.3m to **£16.2m**. This is due to the slippage of receipts to future years. As at October 2015 **£7.3m** of capital receipts have been realised (before an allowance for costs of disposal which cannot exceed 4%). A summary of capital 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 second quarter, **£1.1m** 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 in Appendix 3.

6.4 The mainstream programme is currently showing an overall forecast surplus in 2015/16 of **£4.1m**. Over the next four years the programme is forecast to be in surplus by **£6m**. 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 Q2 2015-16**

	2015/16 Revised Budget £'000	Total Variations Q2 £'000	Revised Budget 2015/16 (Q2) £'000	Indicative 2016/17 Budget £'000	Indicative 2017/18 Budget £'000	Indicative 2018/19 Budget £'000
<b>Approved Expenditure</b>						
Decent Neighbourhood Schemes	26,193	(5,922)	<b>20,271</b>	19,773	20,271	29,621
HRA Schemes	55,453	(622)	<b>54,831</b>	48,441	42,413	34,518
<b>Total Housing Programme - Approved Expenditure</b>	<b>81,646</b>	<b>(6,544)</b>	<b>75,102</b>	<b>68,214</b>	<b>62,684</b>	<b>64,139</b>
<b>Available and Approved Resource</b>						
Capital Receipts realised in-year (net of allowance for def costs)	16,651	2,409	<b>19,060</b>	6,000	6,000	6,000
Sale of new build homes	510	-	<b>510</b>	-	-	-
Earls Court Receipts recognisable	-	-	-	-	-	5,065
Housing Revenue Account (revenue funding)	761	1,539	<b>2,300</b>	5,867	2,118	1,559
Major Repairs Reserve (MRR)	16,849	-	<b>16,849</b>	15,980	16,716	15,714
Contributions Developers (S106)	-	2,869	<b>2,869</b>	4,978	69.00	-
Repayment of NHHT loan	-	-	-	800	-	-
Contributions from leaseholders	5,693	-	<b>5,693</b>	5,525	5,011	5,000
Capital Grants and Contributions from GLA Bodies	-	96	<b>96</b>	-	-	-
Use of Reserves	-	-	-	-	-	-
<b>Total Available Forecast Resource (In-year)</b>	<b>40,464</b>	<b>6,913</b>	<b>47,377</b>	<b>39,150</b>	<b>29,914</b>	<b>33,338</b>
Funding to be identified	-	-	-	-	-	3,381
Internal Borrowing	-	-	-	13,572	34,855	29,663
<b>Total Forecast Resource (In-year) [inc. Borrowing]</b>	<b>40,464</b>	<b>6,913</b>	<b>47,377</b>	<b>52,722</b>	<b>64,769</b>	<b>66,383</b>
add/less: adjustment for deferred costs of disposal	1,141	(290)	<b>851</b>	2,755	3,939	3,138
<b>In-year surplus/(deficit)</b>	<b>(40,041)</b>	<b>13,167</b>	<b>(26,874)</b>	<b>(12,737)</b>	<b>6,024</b>	<b>5,382</b>
<b>Surplus/(deficit) brought-forward</b>	<b>70,135</b>	-	<b>70,135</b>	<b>43,261</b>	<b>30,524</b>	<b>36,548</b>
<b>Surplus/(deficit) carried forward*</b>	<b>30,094</b>	<b>13,167</b>	<b>43,261</b>	<b>30,524</b>	<b>36,548</b>	<b>41,930</b>
<i>*Earmarked from above to cover Earls Court Cost of Disposal &amp; 1-4-1 Replacement under RTB agreement</i>	<b>24,294</b>	<b>3,303</b>	<b>27,597</b>	<b>30,524</b>	<b>36,548</b>	<b>41,930</b>
<b>Surplus/(Deficit) after earmarked resources</b>	<b>5,800</b>	<b>9,864</b>	<b>15,664</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

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.

7.1.3 As a result of the Governments enforced rent reduction for Council Homes (a 1% reduction each year for the next four years) and other Government policy changes the indicative budgets for 2016/17 onwards are currently under review.

## **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. IMPLICATIONS FOR BUSINESS**

- 11.1 The Council's Capital Programme represents significant expenditure within the Borough and consequently, where supplies are sourced locally, may impact either positively or negatively on local contractors and sub-contractors. Where capital expenditure increases, or is brought forward, this may have a beneficial impact on local businesses; conversely, where expenditure decreases, or is slipped, there may be an adverse impact on local businesses.
- 11.2 Implications completed by: Antonia Hollingsworth, Principal Business Investment Officer, Planning and Growth Dept. Tel: 020 8753 1698

## **12. RISK MANAGEMENT**

- 12.1 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.
- 12.2 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.

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

**13. PROCUREMENT IMPLICATIONS**

13.1 There are no immediate procurement implications arising from this report. The corporate Procurement team will advise and support service departments on their major capital procurements as and when such support is required, including consideration of whether and how any social value, local economic and community benefits might be obtained from these

13.2 Implications completed by: John Francis, Interim Head of Procurement (Job-Share) - 020 7361 2582.

**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				
	Revised Budget 2015/16 (Q1) £'000	Analysis of Movements (Q1 to Q2)				Revised Budget 2015/16 (Q2) £'000	Spend to Date £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	Total Budget (All years) £'000
		Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000						
<b>Scheme Expenditure Summary</b>											
Lyric Theatre Development	2,426	-	-	-	-	2,426	1	-	-	-	2,426
Devolved Capital to Schools	-	-	-	-	-	-	(141)	-	-	-	-
Schools Organisational Strategy	42,035	(3,562)	-	-	(3,562)	38,473	5,301	9,133	785	-	48,391
Schools Window Replacement Project	6,667	-	-	-	-	6,667	30	6,667	6,666	-	20,000
Other Capital Schemes	207	-	-	-	-	207	69	-	-	-	207
<b>Total Expenditure</b>	<b>51,335</b>	<b>(3,562)</b>	<b>-</b>	<b>-</b>	<b>(3,562)</b>	<b>47,773</b>	<b>5,260</b>	<b>15,800</b>	<b>7,451</b>	<b>-</b>	<b>71,024</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	40,942	(3,562)	-	-	(3,562)	37,380	5,229	7,028	90	-	44,498
Grants and Contributions from Private Developers (includes S106)	-	-	-	-	-	-	1	-	-	-	-
Capital Grants/Contributions from Non-departmental public bodies	3,296	-	-	-	-	3,296	-	-	-	-	3,296
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Specific or Other Financing</b>	<b>44,238</b>	<b>- 3,562</b>	<b>-</b>	<b>-</b>	<b>- 3,562</b>	<b>40,676</b>	<b>5,230</b>	<b>7,028</b>	<b>90</b>	<b>-</b>	<b>47,794</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	200	-	-	-	-	200	-	2,105	695	-	3,000
General Fund Revenue Account (revenue funding)	230	-	-	-	-	230	-	-	-	-	230
Use of Reserves	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430</b>	<b>-</b>	<b>2,105</b>	<b>695</b>	<b>-</b>	<b>3,230</b>
<b>Borrowing</b>	<b>6,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,667</b>	<b>30</b>	<b>6,667</b>	<b>6,666</b>	<b>-</b>	<b>20,000</b>
<b>Funding to be identified/agreed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>51,335</b>	<b>(3,562)</b>	<b>-</b>	<b>-</b>	<b>(3,562)</b>	<b>47,773</b>	<b>5,260</b>	<b>15,800</b>	<b>7,451</b>	<b>-</b>	<b>71,024</b>



## Adult Social Care Services

### Current Year Programme

### Indicative Future Years Analysis

#### Analysis of Movements (Q1 to Q2)

	Revised Budget 2015/16 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2015/16 (Q2)	Spend to Date	2016/17 Budget	2017/18 Budget	2018/19 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
<b>Scheme Expenditure Summary</b>											
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	-	957	-	-	-	-	957
Community Capacity Grant	1,018	-	-	(511)	(511)	507	(1)	-	-	-	507
Parkview Project	223	-	-	-	-	223	-	-	-	-	223
Transforming Care (Winterbourne Grant)	300	-	-	-	-	300	-	-	-	-	300
Autism Capital Grant	4	-	-	-	-	4	-	-	-	-	4
Social Care Capital Grant	-	-	-	511	511	511	-	-	-	-	-
Disabled Facilities Grant	1,211	-	-	-	-	1,211	313	450	450	450	2,561
<b>Total Expenditure</b>	<b>3,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,713</b>	<b>312</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>4,552</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	2,590	-	-	-	-	2,590	312	-	-	-	2,590
Grants and Contributions from Private Developers (includes S106)	-	-	-	-	-	-	-	-	-	-	-
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	-	300	-	-	-	-	300
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Specific or Other Financing</b>	<b>2,890</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,890</b>	<b>312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,890</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	600	-	-	-	-	600	-	450	450	450	1,950
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-
Use of Reserves	223	-	-	-	-	223	-	-	-	-	223
<b>Sub-total - Mainstream Funding</b>	<b>823</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>823</b>	<b>-</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>2,173</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>3,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,713</b>	<b>312</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>5,063</b>

## Transport and Technical Services

### Current Year Programme

### Indicative Future Years Analysis

	Analysis of Movements (Q1 to Q2)					Revised Budget 2015/16 (Q2) £'000	Spend to Date £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	Total Budget (All years) £'000
	Revised Budget 2015/16 (Q1) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000						
<b>Scheme Expenditure Summary</b>											
Planned Maintenance/DDA Programme	7,233	-	-	-	-	7,233	256	2,500	2,500	2,500	14,733
Footways and Carriageways	2,051	-	-	-	-	2,051	300	2,030	2,030	2,030	8,141
Transport For London Schemes	2,261	-	540	-	540	2,801	293	2,157	2,157	2,157	9,272
Controlled Parking Zones	303	-	(4)	-	(4)	299	-	275	275	275	1,124
Column Replacement	266	-	(266)	-	(266)	-	-	269	269	269	807
Carnwath Road Receipt	1,200	-	-	-	-	1,200	-	1,870	-	-	3,070
Fulham Cemetery (Porta Cabin Facility)	85	-	-	-	-	85	-	-	-	-	85
Hammersmith Bridge Strengthening	-	-	170	-	170	170	-	16,530	10,300	-	27,000
Other Capital Schemes	2,657	-	971	-	971	3,628	(629)	-	-	-	3,628
<b>Total Expenditure</b>	<b>16,056</b>	<b>-</b>	<b>1,411</b>	<b>-</b>	<b>1,411</b>	<b>17,467</b>	<b>220</b>	<b>25,631</b>	<b>17,531</b>	<b>7,231</b>	<b>67,860</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	2,727	-	1,101	-	1,101	3,828	99	1,330	-	-	5,158
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-	-	(727)	-	-	-	-
Capital Grants and Contributions from GLA Bodies	2,261	-	350	-	350	2,611	293	17,357	12,457	2,157	34,582
<b>Sub-total - Specific or Other Financing</b>	<b>4,988</b>	<b>-</b>	<b>1,451</b>	<b>-</b>	<b>1,451</b>	<b>6,439</b>	<b>(335)</b>	<b>18,687</b>	<b>12,457</b>	<b>2,157</b>	<b>39,740</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	10,569	-	-	-	-	10,569	555	6,400	4,530	4,530	26,029
General Fund Revenue Account (revenue funding)	499	-	(230)	-	(230)	269	-	544	544	544	1,901
Use of Reserves	-	-	190	-	190	190	-	-	-	-	190
<b>Sub-total - Mainstream Funding</b>	<b>11,068</b>	<b>-</b>	<b>(40)</b>	<b>-</b>	<b>(40)</b>	<b>11,028</b>	<b>555</b>	<b>6,944</b>	<b>5,074</b>	<b>5,074</b>	<b>28,120</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>16,056</b>	<b>-</b>	<b>1,411</b>	<b>-</b>	<b>1,411</b>	<b>17,467</b>	<b>220</b>	<b>25,631</b>	<b>17,531</b>	<b>7,231</b>	<b>67,860</b>

## Finance & Corporate Governance

### Current Year Programme

### Indicative Future Years Analysis

#### Analysis of Movements (Q1 to Q2)

	Revised Budget 2015/16 (Q1)	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements	Revised Budget 2015/16 (Q2)	Spend to Date	2016/17 Budget	2017/18 Budget	2018/19 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
<b>Scheme Expenditure Summary</b>											
Relocation of HAFAD to Edward Woods Community Centre and Related Refurbishment Requirements	436	-	-	-	-	436	-	-	-	-	436
Contribution to Invest to Save Fund	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
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	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Specific or Other Financing</b>	<b>436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	-	-	-	-	-	-	-	-	-	-	-
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-
Use of Reserves	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436</b>

## Environment, Leisure and Residents Services

### Current Year Programme

### Indicative Future Years Analysis

#### Analysis of Movements (Q1 to Q2)

#### Scheme Expenditure Summary

Parks Expenditure
Bishops Park
Shepherds Bush Common Improvements
Recycling
CCTV
Fulham Cemetery (Porta Cabin Facility)
Linford Christie Stadium Refurbishment

#### 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
<b>Sub-total - Specific or Other Financing</b>

##### Mainstream Financing (Internal Council Resource)

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

##### Borrowing

#### Total Capital Financing

Revised Budget 2015/16 (Q1) £'000	Analysis of Movements (Q1 to Q2)			Revised Budget 2015/16 (Q2) £'000	Spend to Date £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	Total Budget (All years) £'000
	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000						
763	-	997	-	997	24	500	500	500	3,260
-	-	-	-	-	-	-	-	-	-
688	-	-	-	688	76	-	-	-	688
19	-	-	-	19	-	-	-	-	19
366	-	-	-	366	47	-	-	-	366
-	-	-	-	-	-	-	-	-	-
143	-	-	-	143	-	-	-	-	143
<b>1,979</b>	<b>-</b>	<b>997</b>	<b>-</b>	<b>997</b>	<b>147</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>4,476</b>
-	-	-	-	-	-	-	-	-	-
1,265	-	997	-	997	123	-	-	-	2,262
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<b>1,265</b>	<b>-</b>	<b>997</b>	<b>-</b>	<b>997</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,262</b>
704	-	-	-	704	24	500	500	500	2,204
-	-	-	-	-	-	-	-	-	-
10	-	-	-	10	-	-	-	-	10
<b>714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>714</b>	<b>24</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>2,214</b>
-	-	-	-	-	-	-	-	-	-
<b>1,979</b>	<b>-</b>	<b>997</b>	<b>-</b>	<b>997</b>	<b>147</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>4,476</b>

## Libraries Services

### Current Year Programme

### Indicative Future Years Analysis

#### Analysis of Movements (Q1 to Q2)

Revised Budget 2015/16 (Q1) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2015/16 (Q2) £'000	Spend to Date £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	Total Budget (All years) £'000
374	-	-	-	-	374	22	-	-	-	374
<b>374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>374</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>374</b>
-	-	-	-	-	-	-	-	-	-	-
374	-	-	-	-	374	22	-	-	-	374
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>374</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>374</b>
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
-	-	-	-	-	-	-	-	-	-	-
<b>374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>374</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>374</b>

### Scheme Expenditure Summary

Hammersmith Library Refurbishment Project

### 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

## Housing Capital Programme

### Current Year Programme

### Indicative Future Years Analysis

#### Analysis of Movements (Q1 to Q2)

	Revised Budget 2015/16 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2015/16 (Q2)	Spend to Date	2016/17 Budget	2017/18 Budget	2018/19 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Scheme Expenditure Summary</b>											
<b>HRA Schemes:</b>											
Supply Initiatives (Major Voids)	1,690	(61)	-	858	797	2,487	707	1,000	500	500	4,487
Energy Schemes	3,320	48	-	(333)	(285)	3,035	292	3,020	2,630	2,630	11,315
Lift Schemes	6,149	(1,380)	-	(499)	(1,879)	4,270	277	7,490	5,800	2,000	19,560
Internal Modernisation	4,000	1,969	-	131	2,100	6,100	39	2,000	1,500	1,500	11,100
Major Refurbishments	15,371	(2,004)	-	451	(1,553)	13,818	6,027	15,926	24,943	20,848	75,535
Planned Maintenance Framework	18,586	(2,507)	-	(70)	(2,577)	16,009	7,023	10,333	-	-	26,342
Minor Programmes	10,482	(2,144)	-	(538)	(2,682)	7,800	1,859	7,422	5,990	5,990	27,202
ASC/ELRS Managed	1,512	(200)	-	-	(200)	1,312	558	1,250	1,050	1,050	4,662
Rephasing & Reprogramming	(5,657)	5,657	-	-	5,657	-	-	-	-	-	-
<b>Subtotal HRA</b>	<b>55,453</b>	<b>(622)</b>	<b>-</b>	<b>-</b>	<b>(622)</b>	<b>54,831</b>	<b>16,782</b>	<b>48,441</b>	<b>42,413</b>	<b>34,518</b>	<b>180,203</b>
<b>Decent Neighbourhood Schemes:</b>											
HRA Debt Repayment	1,563	-	(1,563)	-	(1,563)	-	-	-	-	-	-
Earls Court Buy Back Costs	8,987	-	1,910	-	1,910	10,897	7,363	9,297	16,233	26,483	62,910
Earls Court Project Team Costs	1,141	(290)	-	-	(290)	851	-	2,755	3,939	3,138	10,682
Housing Development Project	9,564	3,527	(9,465)	-	(5,938)	3,626	13	7,721	100	-	11,447
Other DNP projects	4,938	(500)	460	-	(40)	4,898	944	-	-	-	4,898
<b>Subtotal Decent Neighbourhoods</b>	<b>26,193</b>	<b>2,736</b>	<b>(8,658)</b>	<b>-</b>	<b>(5,922)</b>	<b>20,271</b>	<b>8,320</b>	<b>19,773</b>	<b>20,271</b>	<b>29,621</b>	<b>89,937</b>
<b>Total Expenditure</b>	<b>81,646</b>	<b>2,114</b>	<b>(8,658)</b>	<b>-</b>	<b>(6,544)</b>	<b>75,102</b>	<b>25,102</b>	<b>68,214</b>	<b>62,684</b>	<b>64,139</b>	<b>270,139</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-	-
Contributions from leaseholders	5,693	-	-	-	-	5,693	-	5,525	5,011	5,000	21,229
Capital Grants and Contributions from GLA Bodies	-	-	-	96	96	96	-	-	-	-	96
<b>Sub-total - Specific or Other Financing</b>	<b>5,693</b>	<b>-</b>	<b>-</b>	<b>96</b>	<b>96</b>	<b>5,789</b>	<b>-</b>	<b>5,525</b>	<b>5,011</b>	<b>5,000</b>	<b>21,325</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts (inc adj for deferred costs)	58,343	2,114	(10,197)	(96)	(8,179)	50,164	8,253	27,270	3,983	8,821	90,238
Housing Revenue Account (revenue funding)	761	-	1,539	-	1,539	2,300	-	5,867	2,118	1,559	11,845
Major Repairs Reserve (MRR) / Major Repairs	16,849	-	-	-	-	16,849	16,849	15,980	16,716	15,714	65,259
<b>Sub-total - Mainstream Funding</b>	<b>75,953</b>	<b>2,114</b>	<b>8,658</b>	<b>96</b>	<b>(6,640)</b>	<b>69,313</b>	<b>25,102</b>	<b>49,117</b>	<b>22,817</b>	<b>26,095</b>	<b>167,342</b>
Funding to be identified	-	-	-	-	-	-	-	-	-	3,381	3,381
<b>Borrowing (Internal Borrowing)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,572</b>	<b>34,855</b>	<b>29,663</b>	<b>78,091</b>
<b>Total Capital Financing</b>	<b>81,646</b>	<b>2,114</b>	<b>(8,658)</b>	<b>-</b>	<b>(6,544)</b>	<b>75,102</b>	<b>25,102</b>	<b>68,214</b>	<b>62,684</b>	<b>64,139</b>	<b>270,139</b>

## Appendix 2 – Analysis of Budget Variations

Variation by Service	Amount £'000
<b>Children's Services</b>	
School's Organisation Strategy – Slippage £3.6m due to re-profiling of budgets to future years in respect of the following projects: <ul style="list-style-type: none"> <li>• Ark Conway Free School £3,084k</li> <li>• Burlington Danes £578k</li> <li>• Sacred Heart High - £(100)k</li> </ul>	(3,562)
<b>Total CHS variations</b>	<b>(3,562)</b>
<b>Transport and Technical Services</b>	
Adjustment to TFL funding to reflect the additional funding received	540
Controlled Parking Zones and Column Replacement – reduction in capital spend. These budgets are revenue funded and the funding will be used on expenditure which is revenue in nature.	(270)
Other Capital Schemes – additional S106 funding received for various capital schemes	971
Hammersmith Bridge Strengthening- new £27m capital project funded by TFL grant and S106- budget re-profiled over three financial years, £170k being allocated to 2015/16	170
<b>Total TTS variations</b>	<b>1,411</b>
<b>Environment, Leisure and Resident's Services</b>	
Additional S106 funding for Wormholt Park project as approved by Cabinet 08/04/2013 (Parks Capital Programme 2013-16)	997
<b>Total ELRS variations</b>	<b>997</b>
<b>Housing Capital Programme</b>	
HRA schemes-net slippages from/to future years as a result of budget re-profiling	(622)
Earls Court Buyback Costs-additional budget for contingency for former leaseholder owners of buybacks claiming compensation retrospectively	1,910
HRA Debt repayment – reduction due to 2015/16 debt repayment being financed from revenue budget	(1,563)
Earls Court Project Team Costs- reduction due to slippage in recruitment and general project team costs.	(290)
Housing Development Project- net reduction of £(5.9)m comprising of £3.5m brought forward expenditure and £(9.4)m reduction in overall budget due to removal of forecast for seven prospective schemes.	(5,939)
Other Housing Development Project- net reduction of £(40)k comprising of £500k slippage to future years due to no progress on shop investment and £460k addition which relates to equity buy back of a property not forecasted earlier.	(40)
<b>Total Housing variations</b>	<b>(6,544)</b>

### Appendix 3 – General Fund – Forecast Capital Receipts Summary

Year	Previous Forecast	Movement/Slippage	Forecast Outturn at Quarter 2	Deposit received to date	Full sales proceeds @ Q2	Deferred Costs of Disposal reserved
<b>2015/16</b>						
Total 2015/16	21,512	(5,334)	16,178	250	7,318	615
<b>2016/17</b>						
Total 2016/17	9,112	6,244	15,356	-	-	521
<b>2017/18</b>						
Total 2017/18	3,840	-	3,840	-	-	-
<b>2018/19</b>						
Total 2018/19	3,840	-	3,840	-	-	-
<b>Total All Years</b>	<b>38,303</b>	<b>911</b>	<b>39,214</b>	<b>250</b>	<b>7,318</b>	<b>1,136</b>



## **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.