



City of Westminster

Cabinet Member Report

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| Decision Maker: | Cabinet |
| Date: | 13 December 2021 |
| Classification: | Open |
| Title: | 2021/22 Capital Budget Re-Profiling & Budget Changes |
| Wards Affected: | ALL |
| Key Decision: | Yes |
| Financial Summary: | <p>As part of the Council's annual capital budget cycle, the capital budgets are reprofiled to align with project delivery timeframes and to baseline in preparation for setting the following year's capital strategy.</p> <p>A net total of £17.148m (General Fund) and £31.858m (HRA) are requested to be re-profiled into future years. Further details are provided in table 2 (GF) and table 5 (HRA).</p> |
| Report of: | Gerald Almeroth, Executive Director of Finance and Resources |

1. Executive Summary

- 1.1. The Council has an approved gross capital budget of £315.754m for the General Fund (GF) and £197.029m for the HRA. The 2021/22 capital budgets were approved by Full Council in March 2021 and are inclusive of 2020/21 re-profiling which was approved by Cabinet in July 2021.
- 1.2. As part of the capital programme review, project profiles are reviewed to take into account the latest understanding on delivery timeframes. In most cases budgets have been reprofiled from 2021/22 into future years but there are some instances where budgets have moved into 2021/22 from future years. Overall, this represents a net change in the budget for 2021/22 of £17.148m for the General

Fund and £31.858m for the HRA – this is explained in more detail in sections 3 and 4.

- 1.3. This reprofiling report has been approved by the Council’s Capital Review Group before being presented to Cabinet. The reprofiling of budgets will allow budget managers to review in-year spend against the latest anticipated budgets, enabling more accurate monitoring of capital expenditure and funding, and by extension give better understanding of the annual net borrowing requirement.

2. Recommendations

- 2.1. That Cabinet approves net changes of £17.148m for individual projects as part of the 2021/22 general fund capital budget.
- 2.2. That Cabinet approves re-profiling of £31.858m for individual projects as part of the 2021/22 HRA capital budget.

3. General Fund Capital Programme

- 3.1. This report summarises forecast variations and seeks approval for the 2021/22 budget to be adjusted to reflect these expected variances and (where appropriate) future year budgets to also be altered for the consequential impact of re-profiling.
- 3.2. Full Council approved the capital programme in March 2021 as part of the annual budget setting process. The current capital budget reflect the reprofiled position outlined in the 2020/21 outturn report. Since then further reprofiling has been identified at Period 4 which is summarised below:

| | Gross Expenditure £000 | Gross Income £000 | Net Budget £000 |
|-------------------------------|-----------------------------------|------------------------------|----------------------------|
| Revised 21.22 Approved Budget | 315,754 | (98,414) | 217,340 |

- 3.3. Based on the latest position of current year budgets and forecasts a net total of £17.148m is still required but unlikely to be incurred in the current financial year. Therefore, this report requests this net movement to be re-profiled into future years to give a revised 2021/22 expenditure and income budget of £291.088m and £90.896m, respectively. A breakdown of these movements by directorate is detailed in Table 1 below:

Table 1

Please refer to Appendix 1 for a breakdown of the expenditure and income movement (reprofiling and over/underspends). The proposals for reprofiling are as follows:

| | GF Budget Movement £000 |
|--|------------------------------------|
| Expenditure reprofiled to 2022/23 from 2021/22 | (38,102) |
| Expenditure reprofiled from 2022/23 to 2021/22 | 19,832 |
| Expenditure Over/Underspend | (6,396) |
| Net Expenditure Total | (24,666) |
| Income reprofiled to Future Years from 2021/22 | 5,422 |
| Income reprofiled from 2022/23 to 2021/22 | (940) |
| Income Over/Under-recovery | 3,036 |
| Net Income Total | 7,518 |
| NET GENERAL FUND MOVEMENT TO 2022/23 | (17,148) |

3.4. The reprofiling of income of £5.422m is largely due to the drawdown of funding linked to expenditure profiles.

3.5. Details of the changes being put forward for approval to be re-profiled are provided in Appendix 2 and 3 (General Fund and HRA, respectively).

4. HRA Capital Programme

4.1. The HRA Business Plan approved by Full Council in March 2021 approved a gross capital budget for the HRA in 2021/22 and the current budgets include

reprofiling from the end of 2020/21 approved by Cabinet in July. These budgets are shown below in Table 2.

Table 2

| HRA Capital Programme | 2021/22 Revised Approved Expenditure Budget £000 |
|------------------------------|---|
| Housing Planned Maintenance | 46,788 |
| Housing Regeneration | 106,826 |
| Other Projects | 43,415 |
| Total | 197,029 |

4.2. As at Period 4 the HRA is now estimating to spend £165.171m. This results in total re-profiling of £31.858m from 2021/22 into future years.

4.3. A summary of these movements in comparison to budget is provided in table 3 below:

Table 3

| HRA Capital Programme | Full Year Budget £000 | P4 Budget £000 | Variance £000 |
|----------------------------------|----------------------------------|---------------------------|--------------------------|
| Housing Planned Maintenance | 46,788 | 43,041 | (3,747) |
| Housing Regeneration | 106,826 | 82,119 | (24,707) |
| Other Projects | 43,415 | 40,011 | (3,404) |
| Total Capital Expenditure | 197,029 | 165,171 | (31,858) |

5. Financial Implications

5.1. The adjusted budgets outlined in this report represent the more up to date position on expected timeframes for project delivery and by extension the net borrowing requirement of both the General Fund and HRA capital programmes.

5.2. The reprofiling of budgets to the years now anticipated will allowed budget managers to better monitoring their in-year capital expenditure and funding. The overall net change in for the year is likely to further reduce back towards the previously approved capital budget if no further additional calls on the capital contingency are required and this can eventually be released to offset the changes requested in this report.

6. Legal Implications

6.1. There are no direct legal obligations arising from this report.

7. Carbon Impact

7.1. There are no direct carbon impact implications arising from this report.

**If you have any queries about this Report or wish to inspect any of the
Background Papers, please contact:**

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APPENDICES

Appendix 1 – Breakdown of Budget Movement

Appendix 2 – Project by Project analysis of GF reprofiling 2021/22

Appendix 3 – Project by Project analysis of HRA reprofiling 2021/2