

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 06/09/2021

Subject: Capital Programme Monitor & Budget Variations, 2020/21 (Outturn)

Report of: Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

Responsible Director: Emily Hill, Director of Finance

SUMMARY

This report provides a summary of the Council's capital programme outturn for the financial year 2020/21 and requests approval for budget variations to the capital programme.

RECOMMENDATIONS

1. To approve the proposed budget variations to the capital programme as summarised in Table 1 and detailed in Appendix 2.
 2. To approve an adjustment of £422,317 to the budget for the construction of affordable units at Spring Vale estate funded by 30% of Greater London Authority (GLA) affordable housing grant and 70% Housing Revenue Account (HRA) borrowing, as detailed in section 19.
 3. To note the capital outturn for the year.
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Wards Affected: All

The capital programme contains schemes and projects which are directly linked to the Council's Business Plan 2018-22 and which deliver across the Council's priorities.

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	All capital investment decisions are required to be underpinned by a robust business plan that sets out the full costs and risks and any expected financial return alongside the broader outcomes including economic and social benefits. Officers are responsible for monitoring and delivering projects within approved budgets and reporting variances. This report provides detailed analysis of the Council's capital

programme financial position and highlights any potential risks and their impact on the Council's resources.

Financial Impact

This report is wholly of a financial nature. The headline movements are:

- a net decrease in the 4-year capital programme of £12.6m to £479.6m.
- a net decrease in forecast 2020/21 expenditure of £13.7m (13.4% of the approved budget at the third quarter). The variations are detailed in Appendix 2.

Covid-19 is impacting the previously approved capital programme:

- a number of schemes have experienced delays due to social distancing restrictions
- the pandemic, and the potential for an economic downturn, may affect the expected costs, market and viability of schemes – this will be kept under review and mitigating actions will be considered as necessary
- the originally approved capital budget has been significantly reduced due to the loss of Transport for London (TfL) grants and the resulting removal of those capital schemes.

The 2020/21 Headline General Fund (GF) borrowing requirement (CFR) is £122.16m and is forecast to increase by £43.1m over the next four years to support capital investment. This would result in an estimated additional revenue budget outgoing of £2.2m per annum by 2024/25.

The Housing Revenue Account 2020/21 CFR is £233.05m, this is an increase of £17.29m in comparison to 2019/20.

Legal Implications

There are no direct legal implications in relation to this report. Legal advice will be sought for each Procurement within the programme and will comply with the Council's Contract Standing Orders and the Public Contract Regulations.

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Background Papers Used in Preparing This Report

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report:

- Capital Programme 2020-24 (published February 2020)
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CAPITAL PROGRAMME 2020/21 – OUTTURN OVERVIEW

- Capital expenditure for 2020/21 totalled £88.59m. This compared to the original budget of £141.43m and a forecast of £102.25m at quarter 3. Key areas of capital spend during the year included:
 - £42.2m investment in the Council's social housing stock and fire safety measures
 - £7.3m on the borough's highways and infrastructure schemes
 - £20m on the Civic Campus development
 - £10m on other Affordable Housing schemes.

An analysis of spend by department and proposed budget variations is shown in Table 1 with further details in Appendix 1. A full analysis of the programme funded from internal Council resource is included in section 2.

Table 1 – LBHF Capital Programme 2020-24 with proposed 2020/21 Q4 variations

	Analysis of Movements (Q3 budget to Q4)				Next Year Programme			Future years indicative budget £'000	Total Budget (All years) £'000	
	Revised Budget 2020/21 (Q3)	Slippages from/(to) future years	Addition/(Reduction)	Transfers	Revised Budget 2020/21 (Outturn)	2021/22 Original Budget	Slippages, Additions and Reductions			2021/22 Revised Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000			£'000
CAPITAL EXPENDITURE										
Children's Services	883	(175)	62	-	770	2,090	175	2,265	2,876	5,911
Social Care	2,372	(994)	177	-	1,555	957	994	1,951	-	3,506
Environment Department	11,224	(6,833)	3,489	-	7,880	3,648	6,833	10,481	4,892	23,253
Finance	1,612	(1,435)	45	-	222	4,430	1,435	5,865	-	6,087
General Fund Schemes under the Economy Department	32,102	(5,431)	145	-	26,816	76,748	(7,226)	69,522	70,304	166,642
Sub-total (General Fund)	48,193	(14,868)	3,918	-	37,243	87,873	2,211	90,084	78,072	205,399
Economy Department-HRA Programme	54,061	(4,310)	1,600	-	51,351	74,244	2,364	76,608	146,291	274,250
Sub-total Economy Department (HRA)	54,061	(4,310)	1,600	-	51,351	74,244	2,364	76,608	146,291	274,250
Total Expenditure	102,254	(19,178)	5,518	-	88,594	162,117	4,575	166,692	224,363	479,649
CAPITAL FINANCING										
Specific/External Financing:										
Government/Public Body Grants	2,826	(740)	239	-	2,325	3,047	740	3,787	2,876	8,988
Grants and Contributions from Private Developers (includes S106/CIL)	9,892	2,306	270	1,253	13,721	27,169	(3,824)	23,345	19,992	57,058
Capital Grants/Contributions from Non-departmental public bodies	2,032	(1,035)	391	(615)	773	-	1,119	1,119	-	1,892
Capital Grants and Contributions from GLA Bodies	2,838	(2,167)	1,403	(155)	1,919	632	1,542	2,174	1,017	5,110
Leaseholder Contributions (Housing)	2,891	-	(780)	-	2,111	5,380	-	5,380	5,193	12,684
Sub-total - Specific Financing	20,479	(1,636)	1,523	483	20,849	36,228	(423)	35,805	29,078	85,732
Mainstream Financing (Internal):										
Capital Receipts - General Fund	2,935	(1,435)	45	(1,323)	222	12,706	2,758	15,464	-	15,686
Capital Receipts - HRA	7,688	(1,776)	(2,384)	(270)	3,258	5,880	2,110	7,990	15,102	26,350
Major Repairs Reserve (MRR)	26,423	-	(137)	-	26,286	16,245	-	16,245	33,718	76,249
Earmarked Reserves (Revenue)	794	(904)	542	(261)	171	45	904	949	-	1,120
Sub-total - Mainstream Funding	37,840	(4,115)	(1,934)	(1,854)	29,937	34,876	5,772	40,648	48,820	119,405
Borrowing-General Fund	30,316	(10,823)	430	596	20,519	48,375	(2,493)	45,882	70,305	136,706
Borrowing -HRA	13,619	(2,604)	5,499	775	17,289	42,638	1,719	44,357	76,160	137,806
Total Capital Financing	102,254	(19,178)	5,518	-	88,594	162,117	4,575	166,692	224,363	479,649

2. The actual 2020/21 spend is £13.7m lower than last reported in the third quarter. The main adjustments are for the reprofiling of budgets to/from future years, alignment of budgets and new budgets approved in the last quarter. Full details are included in Appendix 2, the most significant changes being:
 - budget reprofiling to future years for Affordable Housing schemes (£6.9m), Transport and Infrastructure projects (£5.6m), Adult Social Care capital projects (£1m), North End Road Good Growth Fund (£1.2m), Watermeadow Court Joint Venture exit costs (£1.9m), Corporate Planned Maintenance (£2.8m) and Invest to Save schemes (£1.4m)
 - budget reprofiling from future years for (£2.6m) for HRA Asset Management and Compliance Programme
 - budget additions for Transport projects (£3.1m) and Affordable Housing schemes (£1.4m).
3. A net increase in the 2021/22 programme of £4.58m is proposed. This is mainly attributable to the reprofiling of budgets from 2020/21 to future years. Detailed analysis of the proposed variations to 2021/22 programme is presented in Appendix 2.
4. The capital programme presented is based on approved projects and known funding allocations. The 2021/22 budget will be updated in the first quarter monitor for 2021/22. The indicative future years analysis (2022 onwards) will be updated as pipeline schemes are agreed; these future years remain subject to approval in future capital programmes. Departments, such as Children's Services and Adult Social Care, whose capital programme has traditionally depended on external specific grants, will be updated as and when future grants are confirmed and reported in the quarterly capital monitor.

GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

5. The General Fund (GF) mainstream programme cuts across the departments and represents schemes which are funded from Council resources (capital receipts or borrowing). It is the area of the programme where the Council has the greatest discretion. The mainstream programme is summarised in Table 2.

Table 2 – LBHF GF Mainstream Capital Programme 2020-24 with proposed 2020/21 Q4 variations:

	Revised Budget 2020/21 (Q3)	Variations (Q4)	Revised Budget 2020/21 (Outturn)	2021/22 Original Budget	Slippages, Additions and Reductions	2021/22 Revised Budget	Indicative Budget 2022/23	Indicative Budget 2023/24	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure									
Ad Hoc Schemes:									
Social Care Capital projects [ASC]	129	(129)	-	-	129	129	-	-	129
Invest to Save-Flexible Use of Capital Receipts	1,612	(1,390)	222	4,430	1,435	5,865	-	-	6,087
Capital Investment in Street Lighting [ENV]	831	(831)	-	269	831	1,100	-	-	1,100
WMC JV Exit Costs [ECD]	3,491	(1,688)	1,803	-	1,998	1,998	-	-	3,801
Carnwath Road [ECD]	-	-	-	1,870	-	1,870	-	-	1,870
Hammersmith Bridge [ENV]	1,480	699	2,179	-	-	-	-	-	2,179
P&D Upgrade and Pay by Phone [ENV]	30	-	30	-	-	-	-	-	30
Other Highways Capital Schemes [ENV]	103	(103)	-	17	-	17	-	-	17
North End Road - Good Growth Fund [ECD]	610	(588)	22	610	(22)	588	610	-	1,220
HRA Watermeadow adjustment [ECD]	1,323	(1,323)	-	109	1,323	1,432	-	-	1,432
Hammersmith Town Hall Refurbishment* [ECD]	-	-	-	-	-	-	1,300	-	1,300
Hammersmith Town Hall Fit Out* [ECD]	-	-	-	7,256	-	7,256	2,725	-	9,981
Schools Regeneration Programme [ECD]	1,825	198	2,023	89	(89)	-	-	-	2,023
Education City regeneration [ECD]	-	97	97	-	-	-	-	-	97
Education City regeneration- Youth Facility [ECD]	-	-	-	875	-	875	2,625	-	3,500
Acquisition of Cinema Site [ECD]	72	(72)	-	-	-	-	-	-	-
Farm Lane/Mund Street [ECD]	-	-	-	2,004	-	2,004	-	-	2,004
Investment in Affordable Housing-Lillie Road Site [ECD]	75	(17)	58	1,727	17	1,744	-	-	1,802
Planned Maintenance/DDA Programme [ECD]	3,788	(2,788)	1,000	5,268	2,789	8,057	2,400	2,400	13,857
Electric Vehicles [ENV]	-	297	297	549	(165)	384	-	-	681
Footways and Carriageways [ENV]	2,397	(792)	1,605	2,030	792	2,822	2,030	2,030	8,487
Column Replacement [ENV]	346	(36)	310	346	36	382	346	346	1,384
Public CCTV [ENV]	12	(12)	-	-	-	-	-	-	-
Parks Programme & Libraries [ENV]	461	(448)	13	-	448	448	-	-	461
Total Mainstream Programmes	18,585	(8,926)	9,659	27,449	9,522	36,971	12,036	4,776	63,442
Financing									
Capital Receipts	2,935	(2,713)	222	12,706	2,758	15,464	-	-	15,686
Increase/(Decrease) in Borrowing	15,650	(6,213)	9,437	14,743	6,764	21,507	12,036	4,776	47,756
Total Financing	18,585	(8,926)	9,659	27,449	9,522	36,971	12,036	4,776	63,442

6. The 2020/21 mainstream programme has decreased by £8.9m in comparison to the third quarter. Table 2 details the movements.
7. The mainstream programme presented in Table 2 does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Appendix 5 details the self-financing schemes and their borrowing requirement.
8. A key financial focus of the capital monitoring report is the potential impact of capital expenditure on future borrowing and its revenue affordability. The Council's underlying need to borrow for a capital purpose is measured through the Capital Financing Requirement (CFR). The General Fund Headline CFR (excluding the self-financing schemes set out in Appendix 5) is £122.16m as at the end of 2020/21, an in-year increase of £8.08m.
9. The underlying need to borrow is forecast to increase by £41m over the next four years to support capital programme. By 2024/25 this will increase annual revenue borrowing costs by an estimated £2.4m. This will need to be allowed

for within future budget planning and the medium-term financial strategy process.

10. General Fund capital receipts have increased by £0.05m in 2020/21. The General Fund capital programme also includes capital receipts of £2.2m carried forward to 2021/22. These will support invest to save expenditure and IT investment to protect use of the Council's reserves. This is in line with the Council's reserves strategy as it contributes towards strengthening the Council's future financial resilience. The identification of additional receipts will protect reserves by enabling, the flexible use of capital receipts to fund invest to save costs and potential capitalisation of other relevant costs in line with proper accounting or statutory practice. The use of capital receipts to fund new capital expenditure will also reduce the Council's need to borrow and therefore reduce the revenue costs of that borrowing with new borrowing incurring an estimated annual revenue cost of £52,500 per annum per £1m.

HOUSING CAPITAL PROGRAMME OVERVIEW

11. Housing Capital expenditure for 2020/21 totalled £51.35m. The expenditure and resource analysis of the Housing Programme is summarised in Table 3 below.

Table 3 – Housing Capital Programme 2020-24 with proposed 2020/21 outturn variations:

	Revised Budget 2020/21 (Q3)	Total Variations	Revised Budget 2020/21 (Q4)	2021/22 Original Budget	Slippages, Additions and Reductions	2021/22 Revised Budget	Indicative 2022/23 Budget	Indicative 2023/24 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure								
HRA Asset Management and Compliance Programme	39,597	2,587	42,184	53,570	1,781	55,351	41,155	24,698
Building Homes and Communities Strategy	2,903	(1,463)	1,440	13,511	1,470	14,981	18,883	36,366
Other HRA Capital Schemes	11,561	(3,834)	7,727	7,163	(887)	6,276	10,694	14,495
Total Housing Programme	54,061	(2,710)	51,351	74,244	2,364	76,608	70,732	75,559
Available and Approved Resource								
Capital Receipts - Unrestricted	2,857	(1,098)	1,759	3,172	828	4,000	2,000	2,000
Capital Receipts - RTB (141)	4,831	(3,332)	1,499	2,708	1,282	3,990	6,503	4,599
Capital Receipts - GF	1,323	(1,323)	-	109	1,323	1,432	-	-
Major Repairs Reserve (MRR)	26,423	(136)	26,287	16,245	-	16,245	16,651	17,067
Contributions Developers (S106)	725	823	1,548	3,985	(2,949)	1,036	6,580	9,146
Insurance claims	780	(780)	-	-	-	-	-	-
Contributions from leaseholders	2,891	(780)	2,111	5,380	-	5,380	3,791	1,402
Capital Grants and Contributions from GLA Bodies	612	(20)	592	7	20	27	392	-
Borrowing (HRA)	13,619	3,669	17,288	42,638	1,719	44,357	34,815	41,345
Borrowing (GF)	-	267	267	-	141	141	-	-
Total Funding	54,061	(2,710)	51,351	74,244	2,364	76,608	70,732	75,559

12. Within the Housing Capital Programme there has been a net budget decrease of £2.7m. Detailed analysis of the budget variances is presented in Appendix 2. The risks associated with funding the future years' Housing Capital Programme are summarised in paragraphs 26-28.

13. The HRA CFR is shown in Table 4 below:

Table 4 – HRA CFR at 2020/21 outturn (including future years forecast)

HRA CFR Forecast	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Closing Forecast HRA CFR	215.76	233.05	277.40	312.22	353.56

14. The Housing Revenue Account 2020/21 CFR has increased by £17.29m in comparison to 2019/20. This is mainly due to 2019/20 budgets being reprofiled to 2020/21, HRA Asset Management and Compliance Programme budgets being brought forward from the future years due to accelerated works and a reduction in previously forecast funding resources. The HRA CFR is forecast to increase to £353.56m by the end of 2023/24.

15. The Council will shortly be completing the construction of 10 genuinely affordable units in Spring Vale estate in August 2021. However, an adjustment of the construction budget is needed to account for the following matters:

- Fire safety enhancement driven by regulatory changes
- Council driven enhancements such as installation of sprinkler system
- Council driven upgrade of specification, following change of intended tenure
- Covid-19 impact on construction activities which affected the programme.

The adjustment of the project's budget of £422,317 will be funded by 30% GLA affordable housing grant and 70% HRA borrowing. This adjustment will be reflected in a variation of the construction contract with ArkBuild Plc resulting in a total contract value of £3,594,297. This proposed adjustment is not included in the current capital programme and it will be added to the forecast in the first quarter of 2021/22.

16. On 1 July 2019 Cabinet approved the Council's Asset Management and Compliance Programme which has a focus on health and safety works. 2020/21 spend includes £13.9m of expenditure related to Health & Safety, of which £10.7m is on specific fire safety capital works as detailed in Table 5 below.

Table 5 – Compliance and Health and Safety spend 2020/21

HRA Capital Programme: Health & Safety budget and forecast as at end of Financial Year 2020-21					
	Total Approved Budget £'000	Total Spend Forecast £'000	Approved Budget 2020-21 £'000	Actual Spend 2020-21 £'000	2020-21 Budget Variance £'000
Approved Schemes					
Fire Safety Compliance Programme	25,350	24,149	4,468	8,861	4,393
Fire Safety Complex Schemes	29,316	29,210	1,447	1,861	414
Safety Works - Electrical	13,236	20,004	2,106	1,751	(355)
Safety Works - Other	6,077	7,589	946	1,470	524
Total	73,979	80,952	8,967	13,943	4,976

HOUSING CAPITAL PROGRAMME RISKS

17. The following risks associated with funding of future years' expenditure have been identified within the Housing Capital programme:
18. **S106 Funding:** The proposed programme for 2020/21–2023/24 relies on £20.7m of S106 receipts for affordable housing, of which £16.1m has been received to date with the remainder dependent on the associated developments proceeding in a timely manner. The impact of Covid-19 on the progress of developments and related developer contributions is being monitored jointly with Finance and Planning and mitigating actions will be considered if necessary, such as substituting other funding in the Housing programme.
19. **Right to Buy funding:** Right to Buy (RTB) one for one receipts need to be repaid with interest to Central Government where these are not used within the required timescales. There is therefore a financial risk if affordable housing schemes do not proceed to programme. These receipts are ringfenced to the provision of affordable housing within three years of receipt and the Council's agreement with the GLA, extends by a further three years. As at 1 April 2021, the GLA held £23.9m of Hammersmith & Fulham RTB receipts which need to be used by Q2 2023/24. This is the equivalent of £60m¹ of capital expenditure to be delivered over the next two and half years. The approved schemes and the pipeline² is sufficient to make use of these receipts if delivered on time. MHCLG has issued updated guidance which provides two more years (five years in total) to use RTB receipts. The Council is seeking clarity from the GLA on whether there will be any similar 2-year extension to receipts already held with the GLA, which will provide additional flexibility to the Council's development programme without the risk of losing receipts
20. **Building Safety and Fire Safety Bills:** The Building Safety Bill is going through the Parliamentary process with the Fire Safety Act recently enacted. These will significantly impact on the Council in its role as landlord. Whilst the Council has already approved its current Asset Management and Compliance Programme, which is included in the Capital Programme, additional safety requirements and further significant capital requirements will need to be considered. An updated Asset Management Capital Strategy, setting out a 12- year plan, is being considered separately by Cabinet. The impact of the proposals have been modelled in the latest HRA 40-year Business Plan and indicates a requirement for additional revenue savings to finance the capital servicing costs involved.

REASONS FOR DECISION

¹ The recently published MHCLG guidance suggests that 1-4-1 receipts can now fund 40% of the total expenditure, with remaining 60% being funded from mixture of non-housing receipts, S106 and borrowing. The Council is still considering the implications of this change in guidance

² The housing development pipeline was presented to Cabinet on 3 March 2020 in the report "Financial Plan for Council Homes".

21. This report reports the year-end outturn position to Cabinet and seeks revisions to the Capital Programme which require the approval of Cabinet in accordance with the Council's financial regulations.

EQUALITY IMPLICATIONS

22. There are no direct equalities implications in relation to this report. This paper is concerned entirely with financial management issues and, as such, the recommendations relating to an increase in capital allocations, will not impact directly on any group with protected characteristics, under the terms of the Equality Act 2010.

IMPLICATIONS FOR BUSINESS

23. 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.
24. Projects contained in the capital programme are approved on individual basis and the business implications for each of them are considered in more detail in their specific reports.
25. Implications completed by: Nicki Burgess, Business and Enterprise Manager, Economic Development, Tel:07796610094.

RISK MANAGEMENT

26. In the initial stages of any development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views and interest of residents and stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (e.g. the cost of asbestos removal). Construction companies and developers contracting with the Council which experience financial instability, particularly an issue following Covid-19 pandemic pressures or Brexit and the impact of cost inflation. They may not be able to raise sufficient finance to cash flow operations, any potential insolvency process could lead to a costly process of changing suppliers without any guarantee of remaining within overall budget, the Council could suffer direct financial loss and any defects or other issues may not be resolvable as anticipated. To mitigate the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.
27. 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 can escalate rapidly are all necessary components of good capital programme risk management.

28. The report identifies a number of risks which may impact on the future funding of the Housing Capital Programme. It is important that strong corporate and directorate oversight and monitoring of these risks is maintained and appropriate ongoing assurances provided to councillors on the management of these risks.
29. The impact to councils of the Grenfell Tower fire are yet to be fully established. It is certain that many councils are/will be undertaking property reviews to determine the levels of improvements required to ensure fire safety arrangements within their buildings meet both the expectations of the residents and that they comply with building regulations and other statutory duties. The Regulatory Reform (Fire Safety) Order 2005 places specific duties placed on the Council as the Responsible Person for its buildings to assess the risk from fire and put in measures to control those risks.
30. The Dame Judith Hackitt independent review of fire safety, following the Grenfell tragedy, recognises that High Rise Residential Buildings (10 Storeys and above) are a special risk where layers of fire protection must be put in place so as to reduce the risk to as low as reasonably possible, however reducing the risk for all residential accommodation is fundamental. This process is on-going and must be continually reviewed at least annually.
31. All works must comply with the Construction (Design and Management) Regulations. The Council must appoint a Principal Designer and Principal Contractor with the necessary and demonstrable expertise and competence.
32. Proposals set out in this report seek to comply with the Council's legal duties.
33. Implications completed by: David Hughes, Director of Audit, Risk and Insurance, Tel: 020 7361 2389.

VAT IMPLICATIONS

34. The Council needs to carefully consider its VAT partial exemption calculation and the risk of breaching the partial exemption threshold. Capital projects represent the bulk of this risk. A breach would likely cost the Council between £2-£3m per year whilst in breach. Finance are working closely with departments to ensure that partial exemption risks are considered as part of significant capital projects. Further detail on the Council's partial exemption is included in Appendix 4.
35. Implications verified by: Chris Harris, Chief Accountant, Corporate Finance, Tel: 020 8753 6440.

LIST OF APPENDICES:

Appendix 1 – Detailed capital budget, spend and variation analysis by department
Appendix 2 – Analysis of budget variations

Appendix 3 – Capital receipts forecast

Appendix 4 – VAT partial exemption

Appendix 5 – Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)

Appendix 1 – Detailed capital budget, spend and variation analysis by department

Children's Services

	Current Year Programme						Next Year Programme			Indicative Future Years Analysis		
	Analysis of Movements (Q3 budget to Q4)						2021/22 Original Budget	Slippages, Additions and Reductions	2021/22 Revised Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
	Revised Budget 2020/21 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2020/21 (Q4)						
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary												
Schools Organisational Strategy	249	(138)	-	-	(138)	111	-	138	138	-	-	249
Schools Window Replacement Project	-	-	62	-	62	62	-	-	-	-	-	62
School Maintenance Programme	634	(37)	-	-	(37)	597	2,090	37	2,127	1,800	1,076	5,600
Total Expenditure	883	(175)	62	-	(113)	770	2,090	175	2,265	1,800	1,076	5,911
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	883	(175)	62	-	(113)	770	2,090	175	2,265	1,800	1,076	5,911
Sub-total - Specific or Other Financing	883	(175)	62	-	(113)	770	2,090	175	2,265	1,800	1,076	5,911
Total Capital Financing	883	(175)	62	-	(113)	770	2,090	175	2,265	1,800	1,076	5,911

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Social Care Services	Current Year Programme					Next Year Programme			Indicative Future Years Analysis		Total Budget (All years) £'000
	Analysis of Movements (Q3 budget to Q4)					2021/22 Original Budget £'000	Slippages, Additions and Reductions £'000	2021/22 Revised Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	
	Revised Budget 2020/21 (Q3) £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000						
Scheme Expenditure Summary											
Extra Care New Build project (Adults' Personal Social Services Grant)	-	-	-	-	-	957	-	957	-	-	957
Disabled Facilities Grant	1,185	(357)	177	-	(180)	-	357	357	-	-	1,362
Transforming Care (Winterbourne Grant)	300	(300)	-	-	(300)	-	300	300	-	-	300
Social Care Capital Projects	887	(337)	-	-	(337)	-	337	337	-	-	887
Total Expenditure	2,372	(994)	177	-	(817)	957	994	1,951	-	-	3,506
Capital Financing Summary											
Specific/External or Other Financing											
Capital Grants from Central Government	1,943	(565)	177	-	(388)	957	565	1,522	-	-	3,077
Capital Grants/Contributions from Non-departmental public bodies	300	(300)	-	-	(300)	-	300	300	-	-	300
Sub-total - Specific or Other Financing	2,243	(865)	177	-	(688)	957	865	1,822	-	-	3,377
Borrowing	129	(129)	-	-	129	-	129	129	-	-	129
Total Capital Financing	2,372	(994)	177	-	(817)	957	994	1,951	-	-	3,506

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Environment Department	Current Year Programme					Next Year Programme			Indicative Future Years Analysis		Total Budget (All years) £'000	
	Analysis of Movements (Q3 budget to Q4)					2021/22 Original Budget £'000	Slippages, Additions and Reductions £'000	2021/22 Revised Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000		
	Revised Budget 2020/21 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000							Revised Budget 2020/21 (Q4) £'000
Scheme Expenditure Summary												
Footways and Carriageways	2,397	(769)	-	(25)	(794)	1,603	2,030	769	2,799	2,030	2,030	8,462
Transport For London Schemes	772	(265)	(24)	-	(289)	483	-	265	265	-	-	748
Safer Cycle Pathway (TFL/S278 funded)	376	(65)	110	-	45	421	-	65	65	-	-	486
Hammersmith Bridge Strengthening	1,968	(1,228)	2,070	-	842	2,810	-	1,228	1,228	-	-	4,038
Controlled Parking Zones	168	-	-	(168)	(168)	-	-	-	-	-	-	0
Electric Vehicle Infrastructure	-	(216)	160	168	112	112	-	216	216	-	-	328
Column Replacement	323	(5)	-	(7)	(12)	311	346	5	351	346	346	1,354
LED Lighting Replacement Programme	23	-	-	7	7	30	-	-	-	-	-	30
P&D Upgrade and Pay by Phone	30	-	(30)	-	(30)	-	-	-	-	-	-	0
Other Highways Capital Schemes	2,043	(1,916)	716	25	(1,175)	868	17	1,916	1,933	-	-	2,801
Counters Creek (Thames Water funded)	167	(56)	60	-	4	171	-	56	56	-	-	227
Bloemfontein Road (Thames Water/Suds)	350	-	-	-	-	350	-	-	-	-	-	350
Public CCTV	12	-	42	-	42	54	-	-	-	-	-	54
Capital Investment in Street Lighting	831	(831)	-	-	(831)	-	269	831	1,100	-	-	1,100
Parks Capital Rolling Programme	199	(120)	36	(8)	(92)	107	-	120	120	-	-	227
Other Parks Capital Schemes	291	(135)	3	6	(126)	165	-	135	135	-	-	300
Shepherds Bush Common Improvements	2	-	10	-	10	12	-	-	-	-	-	12
Fulham Football Club -Bishops Park	113	(370)	336	2	(32)	81	-	370	370	-	-	451
Containers (Recycling/Food)	199	(21)	-	-	(21)	178	-	21	21	-	-	199
Electric Vehicles	182	(104)	-	-	(104)	78	594	104	698	-	-	776
Other (Delivery, RFID, Charge Points)	208	(167)	-	-	(167)	41	-	167	167	-	-	208
Libraries Investment Programme	5	-	-	-	-	5	-	-	-	-	-	5
Leisure Centre Capital Investment	565	(565)	-	-	(565)	-	392	565	957	50	90	1,097
Total Expenditure	11,224	(6,833)	3,489	-	(3,344)	7,880	3,648	6,833	10,481	2,426	2,466	23,253

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Environment Department	Current Year Programme					Next Year Programme			Indicative Future Years Analysis		Total Budget (All years) £'000	
	Analysis of Movements (Q3 budget to Q4)					2021/22 Original Budget £'000	Slippages, Additions and Reductions £'000	2021/22 Revised Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000		
	Revised Budget 2020/21 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000							Revised Budget 2020/21 (Q4) £'000
Specific/External or Other Financing												
Grants and Contributions from Private Developers (includes S106/S278)	2,573	(1,812)	760	272	(780)	1,793	392	1,812	2,204	50	90	4,137
Capital Grants/Contributions from Non-departmental public bodies	597	(641)	391	(180)	(430)	167	-	641	641	-	-	808
Capital Grants and Contributions from GLA	1,601	(1,534)	1,403	(155)	(286)	1,315	-	1,534	1,534	-	-	2,849
Sub-total - Specific or Other Financing	4,771	(3,987)	2,554	(63)	(1,496)	3,275	392	3,987	4,379	50	90	7,794
Mainstream Financing (Internal Council Resource)												
Capital Receipts	-	-	-	-	-	-	1,056	-	1,056	-	-	1,056
Use of Reserves	794	(904)	542	(261)	(623)	171	45	904	949	-	-	1,120
Sub-total - Mainstream Funding	794	(904)	542	(261)	(623)	171	1,101	904	2,005	-	-	2,176
Borrowing	5,659	(1,942)	393	324	(1,225)	4,434	2,155	1,942	4,097	2,376	2,376	13,283
Total Capital Financing	11,224	(6,833)	3,489	-	(3,344)	7,880	3,648	6,833	10,481	2,426	2,466	23,253

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Finance Department	Current Year Programme					Next Year Programme			Indicative Future Years Analysis			
	Analysis of Movements (Q3 budget to Q4)											
	Revised Budget 2020/21 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2020/21 (Q4)	2021/22 Original Budget	Slippages, Additions and Reductions	2021/22 Revised Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary												
Invest to Save - Flexible Use of Capital Receipts	1,612	(1,435)	45	(80)	(1,470)	142	4,430	1,435	5,865	-	-	6,007
Investment in Digital Infrastructure	-	-	-	80	80	80	-	-	-	-	-	80
Total Expenditure	1,612	(1,435)	45	-	(1,390)	222	4,430	1,435	5,865	-	-	6,087
Capital Financing Summary												
Mainstream Financing (Internal Council Resource)												
Capital Receipts	1,612	(1,435)	45	-	(1,390)	222	4,430	1,435	5,865	-	-	6,087
Sub-total - Mainstream Funding	1,612	(1,435)	45	-	(1,390)	222	4,430	1,435	5,865	-	-	6,087
Total Capital Financing	1,612	(1,435)	45	-	(1,390)	222	4,430	1,435	5,865	-	-	6,087

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Economy Department General Fund Managed Schemes	Current Year Programme					Next Year Programme			Indicative Future Years Analysis			
	Analysis of Movements (Q3 budget to Q4)					Revised Budget 2020/21 (Q4) £'000	2021/22 Original Budget £'000	Slippages, Additions and Reductions £'000	2021/22 Revised Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total Budget (All years) £'000
	Revised Budget 2020/21 (Q3) £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000							
Scheme Expenditure Summary												
Civic Campus												
Acquisition of Land at 207 King St	72	-	(72)	-	(72)	-	-	-	-	-	-	-
Hammersmith Town Hall Refurbishment *	5,564	4,153	108	-	4,261	9,825	18,708	(2,733)	15,975	5,426	-	31,226
HTH Refurbishment -Fit Out	-	-	-	-	-	-	7,256	-	7,256	2,725	-	9,981
Acquisition of commercial units	10,110	(2,917)	-	-	(2,917)	7,193	17,793	(7,079)	10,714	16,738	28,355	63,000
Equity Loan (Civic Campus)	4,557	(670)	-	-	(670)	3,887	15,839	(2,176)	13,663	8,400	-	25,950
Subtotal Civic Campus	20,303	566	36	-	602	20,905	59,596	(11,988)	47,608	33,289	28,355	130,157
Building Homes and Communities Strategy (GF sites)												
Education City -Youth Facility	-	-	-	-	-	-	2,625	-	2,625	2,625	-	5,250
Schools Regeneration Programme	1,825	89	109	-	198	2,023	89	(89)	-	-	-	2,023
Farm Lane	125	(66)	-	-	(66)	59	1,145	66	1,211	-	-	1,270
Mund Street	125	(64)	-	-	(64)	61	3,109	64	3,173	-	-	3,234
Investment in Affordable Housing-Lillie Road Site	75	(16)	-	-	(16)	59	1,727	16	1,743	-	-	1,802
Subtotal Building Homes and Communities Strategy (GF sites)	2,150	(57)	109	-	52	2,202	8,695	57	8,752	2,625	-	13,579
Other GF Capital Schemes managed by the Economy												
Sands End Community Centre	1,135	(94)	-	-	(94)	1,041	84	94	178	-	-	1,219
Planned Maintenance/DDA Programme	3,788	(2,788)	-	-	(2,788)	1,000	5,268	2,788	8,056	2,400	2,400	13,856
Carwath Road	-	-	-	-	-	-	1,870	-	1,870	-	-	1,870
North End Road - Business Low Emissions Neighbourhood	125	(113)	-	-	(113)	12	125	(12)	113	125	-	250
North End Road - Good Growth Fund	1,110	(1,088)	-	-	(1,088)	22	1,110	(22)	1,088	1,110	-	2,220
WMC JV Exit Costs	3,491	(1,857)	-	-	(1,857)	1,634	-	1,857	1,857	-	-	3,491
Subtotal Other GF Capital Schemes managed by the Economy	9,649	(5,940)	-	-	(5,940)	3,709	8,457	4,705	13,162	3,635	2,400	22,906
Total Expenditure	32,102	(5,431)	145	-	(5,286)	26,816	76,748	(7,226)	69,522	39,549	30,755	166,642

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Economy Department General Fund Managed Schemes	Current Year Programme					Next Year Programme			Indicative Future Years Analysis		Total Budget (All years) £'000	
	Revised Budget 2020/21 (Q3) £'000	Analysis of Movements (Q3 budget to Q4)				Revised Budget 2020/21 (Q4) £'000	2021/22 Original Budget £'000	Slippages, Additions and Reductions £'000	2021/22 Revised Budget £'000	2022/23 Budget £'000		2023/24 Budget £'000
		Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000							
Specific/External or Other Financing												
Grants and Contributions from Private Developers (includes S106)	250	(130)	108	435	413	663	4,084	46	4,130	-	-	4,793
Community Infrastructure Levy (CIL)	5,564	4,153	-	-	4,153	9,717	18,708	(2,733)	15,975	4,126	-	29,818
Capital Grants/Contributions from Non-departmental public bodies	1,135	(94)	-	(435)	(529)	606	-	178	178	-	-	784
Capital Grants and Contributions from GLA Bodies	625	(613)	-	-	(613)	12	625	(12)	613	625	-	1,250
Sub-total - Specific or Other Financing	7,574	3,316	108	-	3,424	10,998	23,417	(2,521)	20,896	4,751	-	36,645
Mainstream Financing (Internal Council Resource)												
Capital Receipts (HRA)	-	-	-	-	-	-	-	-	-	-	-	-
Capital Receipts (GF)	-	-	-	-	-	-	7,111	-	7,111	-	-	7,111
Sub-total - Mainstream Funding	-	-	-	-	-	-	7,111	-	7,111	-	-	7,111
GF Borrowing	24,528	(8,747)	37	-	(8,710)	15,818	46,220	(4,705)	41,515	34,798	30,755	122,886
Total Borrowing	24,528	(8,747)	37	-	(8,710)	15,818	46,220	(4,705)	41,515	34,798	30,755	122,886
Total Capital Financing	32,102	(5,431)	145	-	(5,286)	26,816	76,748	(7,226)	69,522	39,549	30,755	166,642

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Economy Department- HRA Capital Programme	Current Year Programme					Next Year Programme			Indicative Future Years Analysis			
	Analysis of Movements (Q3 budget to Q4)					Revised Budget 2020/21 (Q4) £'000	2021/22 Original Budget £'000	Slippages, Additions and Reductions £'000	2021/22 Revised Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total Budget (All years) £'000
	Revised Budget 2020/21 (Q3) £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000							
Scheme Expenditure Summary												
HRA Asset Management and Compliance Programme												
Pre Agreed Works	16,716	(773)	-	-	(773)	15,943	13,775	(3,196)	10,579	4,063	983	31,568
Fire Safety Compliance Programme	4,468	4,393	-	-	4,393	8,861	13,194	(2,488)	10,706	3,250	1,332	24,149
Fire Safety Complex Schemes	1,447	414	-	-	414	1,861	2,433	3,431	5,864	8,709	12,776	29,210
Pre Agreed Lift Scheme	2,776	449	-	-	449	3,225	2,679	(171)	2,508	2,953	-	8,686
Pre Agreed Boiler Scheme	1,795	(634)	-	564	(70)	1,725	1,400	1,362	2,762	2,500	2,500	9,487
Safety Works - Electrical	2,106	(1,595)	-	1,240	(355)	1,751	6,475	2,372	8,847	6,384	2,389	19,371
Safety Works	946	524	-	-	524	1,470	2,615	(625)	1,990	3,488	641	7,589
Void Works	1,948	259	-	-	259	2,207	2,249	1,273	3,522	1,976	-	7,705
Neighbourhood, parking & garage improvements	1,417	(718)	-	-	(718)	699	2,469	1,454	3,923	3,282	477	8,381
Capitalised salaries	2,714	217	-	-	217	2,931	2,952	198	3,150	3,000	2,000	11,081
Capitalised repairs	3,264	51	-	(1,804)	(1,753)	1,511	3,329	(1,829)	1,500	1,550	1,600	6,161
Subtotal HRA Asset Management and Compliance Programme	39,597	2,587	-	-	2,587	42,184	53,570	1,781	55,351	41,155	24,698	163,388
Building Homes and Communities Strategy (HRA sites)												
Homes & Communities Strategy	100	(66)	-	-	(66)	34	1,384	66	1,450	-	-	1,484
White City Estate Regeneration	776	(141)	-	-	(141)	635	2,059	141	2,200	-	-	2,835
Old Laundry Yard	157	(95)	-	-	(95)	62	1,076	95	1,171	-	-	1,233
Education City- HRA element	1,870	(1,168)	7	-	(1,161)	709	8,992	1,168	10,160	18,883	36,366	66,118
Subtotal Building Homes and Communities Strategy (HRA sites)	2,903	(1,470)	7	-	(1,463)	1,440	13,511	1,470	14,981	18,883	36,366	71,670
Other HRA Capital Schemes												
Housing Development Project	2,354	(389)	(42)	-	(431)	1,923	306	389	695	56	-	2,674
Stanhope Joint Venture	625	3	(21)	-	(18)	607	5,985	(4,305)	1,680	9,888	13,745	25,920
Affordable Housing Delivery Framework	1,843	282	(1,292)	-	(1,010)	833	428	(282)	146	-	-	979
Property Acquisition for Affordable Housing	1,513	(755)	-	-	(755)	758	-	755	755	-	-	1,513
Hartopp & Lannoy	4,076	(4,568)	2,766	-	(1,802)	2,274	415	2,556	2,971	750	750	6,745
Nourish Project (Good Growth Fund)	1,150	-	182	-	182	1,332	29	-	29	-	-	1,361
Subtotal Other HRA Capital Schemes	11,561	(5,427)	1,593	-	(3,834)	7,727	7,163	(887)	6,276	10,694	14,495	39,192
Total Expenditure	54,061	(4,310)	1,600	-	(2,710)	51,351	74,244	2,364	76,608	70,732	75,559	274,250

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Economy Department- HRA Capital Programme	Current Year Programme					Next Year Programme			Indicative Future Years Analysis			
	Analysis of Movements (Q3 budget to Q4)					Revised Budget 2020/21 (Q4)	2021/22 Original Budget	Slippages, Additions and Reductions	2021/22 Revised Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
	Revised Budget 2020/21 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Financing Summary												
Specific/External or Other Financing												
Contributions from leaseholders	2,891	-	(780)	-	(780)	2,111	5,380	-	5,380	3,791	1,402	12,684
Grants and Contributions from Private Developers (includes S106)	725	95	182	546	823	1,548	3,985	(2,949)	1,036	6,580	9,146	18,310
Insurance claims	780	-	(780)	-	(780)	-	-	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	612	(20)	-	-	(20)	592	7	20	27	392	-	1,011
Sub-total - Specific or Other Financing	5,008	75	(1,378)	546	(757)	4,251	9,372	(2,929)	6,443	10,763	10,548	32,005
Mainstream Financing (Internal Council Resource)												
Capital Receipts (HRA)	7,688	(1,776)	(2,384)	(270)	(4,430)	3,258	5,880	2,110	7,990	8,503	6,599	26,350
Major Repairs Reserve (MRR) / Major Repairs Allowance	26,423	-	(137)	-	(137)	26,286	16,245	-	16,245	16,651	17,067	76,249
Capital Receipts (GF)	1,323	-	-	(1,323)	(1,323)	-	109	1,323	1,432	-	-	1,432
Sub-total - Mainstream Funding	35,434	(1,776)	(2,521)	(1,593)	(5,890)	29,544	22,234	3,433	25,667	25,154	23,666	104,031
Borrowing(HRA)	13,619	(2,604)	5,499	775	3,670	17,289	42,638	1,719	44,357	34,815	41,345	137,806
Borrowing (GF)	-	(5)	-	272	267	267	-	141	141	-	-	408
Total Capital Financing	54,061	(4,310)	1,600	-	(2,710)	51,351	74,244	2,364	76,608	70,732	75,559	274,250

Appendix 2 – Analysis of budget variations

Variation by department	Amount £000
Adult Social Care	
Adaptation works and social care capital projects funded from Disabled Facilities Grant – budget reprofiling to future years due to the project delays	(694)
Disabled Facilities Grant – additional budget allocation for adaptation works to reflect additional funding received in 2020/21	177
Transforming Care (Winterbourne Grant) – budget reprofiling to future years due to the delays in start of the project	(300)
Total Adult Social Care variations	(817)
Finance Department	
Invest to Save schemes under flexible use of capital receipts dispensation – reprofiling to future years due to project delays	(1,470)
Investment in Digital Infrastructure – budget reallocation from Invest to Save schemes to finance Business Intelligence development works	80
Total Finance Department variations	(1,390)
Children’s Services Department	
Schools Organisational Strategy – budget reprofiling to future years due to delays in the projects	(138)
Schools Window Replacement Project – additional budget required to finance final accounts settlement with the contractor	62
School Maintenance Programme – budget reprofiling to future years	(37)
Total Children’s Services Department variations	(113)
Environment Department	
Footways and Carriageways – £769,000 budget reprofiling to future years due to delays in projects affected by Covid-19 restrictions and £25,000 budget transfer to Other Highways Capital Schemes	(794)
Transport for London (TfL) Schemes – £265,000 budget reprofiling to future years due to TfL funding being confirmed late in the financial year and £24,000 budget reduction to reflect reduction in the funding	(289)
Safer Cycle Pathway (TFL/S278 funded) – net movement consists of: <ul style="list-style-type: none"> • £110,000 additional budget to reflect an increase in amount of external funding received and • £65,000 budget reprofiled to future years due to the project delays 	45
Hammersmith Bridge Strengthening – £2,070,000 additional budget required of which £1,228,000 reprofiled to future years	842
Controlled Parking Zones – underspend budget transferred to fund Electrical Vehicle Infrastructure project	(168)
Electric Vehicle Infrastructure – net movement consisting of: <ul style="list-style-type: none"> • £168,000 budget transfer from Controlled Parking Zones • £160,000 additional budget funded from DfT OLEV grant • £216,000 budget reprofiling to future years 	112
Column Replacement – £5,000 budget reprofiled to future years and £7,000 budget transfer to LED Lighting Replacement Programme	(12)
LED Lighting Replacement Programme – budget transfer from Column Replacement	7
P&D Upgrade and Pay by Phone – budget reduction as the project has been completed	(30)
Other Highways Capital Schemes – net movement consisting of: <ul style="list-style-type: none"> • £1,916,000 budget reprofiled to future years due to project delays caused by 	(1,175)

Variation by department	Amount £000
<p>Covid-19</p> <ul style="list-style-type: none"> £716,000 – additional budget to reflect actual funding received in year from s278 and GULC (Go Ultra Low City scheme) £25,000 budget transfer from Footways and Carriageways 	
Counters Creek (Thames Water funded) – £60,000 additional budget to reflect actual funding received from Thames Water of which £56,000 is reprofiled to future years	4
Public CCTV – additional budget to reflect approved S106 funding	42
Capital Investment in Street Lighting – budget reprofiled to future years due to the project delays	(831)
<p>Parks Capital Programme – net movement consisting of:</p> <ul style="list-style-type: none"> £36,000 additional budget £8,000 transfer to Other Parks Capital Schemes (£6,000) and Fulham Football Club Bishops Park (£2,000) £135,000 budget reprofiling to future years due to delayed implementation as a result of Covid-19 and late approval of s106 funding 	(92)
<p>Other Parks Capital Schemes – net movement consisting of:</p> <ul style="list-style-type: none"> £3,000 additional budget £6,000 transfer from Parks Rolling Programme £120,000 budget reprofiling to future years due to delayed implementation as a result of Covid-19 and late approval of s106 funding 	(126)
Shepherds Bush Common Improvements – additional budget to reflect actual funding approved	10
<p>Fulham Football Club (Bishops Park) – net movement consists of:</p> <ul style="list-style-type: none"> £336,000 – additional budget to reflect the actual S106 funding approved £370,000 – budget reprofiling to future years due to delayed implementation as a result of Covid-19 and late approval of s106 funding £2,000 – transfer from Parks Rolling Programme 	(32)
Containers (Recycling/Food) – budget reprofiled to future years due to the project delays	(21)
Electric Vehicles – budget reprofiled to future years due to the project delays	(104)
Other (Delivery, RFID, Charge Points) budget reprofiled to future years due to the project delays	(167)
Leisure Centre Capital Investment – budget reprofiled to future years due to the project delays as a result of Covid-19	(565)
Total Environment Department variations	(3,344)
General Fund schemes under Economy Department	
Hammersmith Town Hall Refurbishment – budget reprofiling from future years due to higher pre-development costs being covered from the existing budget, a separate budget update report will be considered by Cabinet	4,153
Hammersmith Town Hall Refurbishment – additional budget to reflect Joint Venture fees contribution to fund portion of capitalised staffing costs	108
Acquisition of Land at 207 King Street – budget reduction as no further expenditure anticipated	(72)
Acquisition of commercial units – budget reprofiled to future years to reflect the actual spend and updated cash flow forecast	(2,917)
Equity Loan (Civic Campus) – budget reprofiled to future years to reflect the actual spend and updated cash flow forecast	(670)
Schools Regeneration Programme – £89,000 budget reprofiling from future years and £109,000 additional budget required to fund overspend due to original approved budget being insufficient to cover internal staff costs and unplanned design team contract variations	198

Variation by department	Amount £000
Farm Lane/ Mund Street – budget reprofiled to future years due to project delays	(130)
Lillie Road Site – budget reprofiled to future years due to project delays	(16)
Sands End Community Centre – project completed in 2020/21, residual budget for retention fee reprofiled to future years	(94)
Corporate Planned Maintenance Programme (CPMP) – budget reprofiled to future years due to the delay in start of works on various sites due to Covid-19	(2,788)
North End Road (Good Growth Fund) – budget reprofiled to future years due to delays caused by Covid-19	(1,088)
Watermeadow Court JV Exit Costs – budget reprofiled to 2021/22 due to delays in disposal	(1,857)
North End Road – Business Low Emissions Neighbourhood – budget reprofiled to future years due to delays in start of the project	(113)
Total General Fund schemes under Economy Department variations	(5,286)
Economy Department (HRA) Schemes	
Education City – budget reprofiled to future years due to delays in start on site	(1,161)
Asset Management and Compliance Programme – budget reprofiling from future years to reflect accelerated programme of works on various sites/ schemes	2,587
Hartopp and Lannoy – additional budget of £2.766m approved by the Cabinet in January 2021 and £4.568m of the remaining budget reprofiled to future years due to demolition and pre-development costs delays caused by Covid-19	(1,802)
White City Estate Regeneration – budget reprofiling to future years due to delay in start of the scheme. Planning permission not expected until July 2021.	(141)
Homes & Communities Strategy – budget reprofiled to future years due to delays	(66)
Old Laundry Yard – budget reprofiled to future years due to delays	(95)
Property Acquisition for Affordable Housing – budget reprofiled to future years due to the project delays	(755)
Affordable Housing Delivery Framework – net movement in the budget consists of: <ul style="list-style-type: none"> • Budget reprofiling to future years for Lavender Court (£146,000) due to practical completion being delayed until May 2021 and Fulham North (£379,000) • £49,000 budget reprofiling from future years for Emlyn Gardens • £13,000 additional budget required to cover the 2020-21 staffing costs for Emlyn Gardens • Reduction in budgets for Emlyn Gardens (£146,000) and Fulham North Office (£1,194,000) due to partner getting funding directly from GLA • £10,000 reduction in Lavender Court staff capitalisation budget as no longer required. 	(1,010)
Stanhope Joint Venture – net movement consists of: <ul style="list-style-type: none"> • £139,000 Edith Summerskill budget reprofiling from future years to cover the higher costs than forecasted for 2021/22 • £136,000 budget reprofiling to future years for Watermeadow Court costs due to delay in land disposal • £21,000 budget reduction in relation to Watermeadow Court land appropriation costs to reflect current cash flow forecast 	(18)
Housing Development Project – £389,000 budget reprofiling to future years for Spring Vale project due to Covid-19 delays and £42,000 reduction in budget to match the credit for final account settlement	(431)
Nourish Project (Good Growth Fund) – additional budget to reflect additional S106 and GLA funding received	182
Total Economy Department (HRA) variations	(2,710)
Total 2020/21 outturn variations	(13,660)

2021/22 budget variations	Amount £000
Net budget reprofiling from 2020/21 (covered by above variations)	19,178
Budget reprofiling to future years (2022+) of the following schemes due to reprogramming and re-phasing: <ul style="list-style-type: none"> • Acquisition of commercial units (Civic Campus) - £9,996,000 • Equity Loan (Civic Campus) - £2,846,000 • North End Road (Business Low Emissions Neighbourhood) - £125,000 • North End Road (Good Growth Fund) - £1,110,000 • Stanhope Joint Venture - £4,308,000 • Hartopp & Lannoy - £2,012,000 	(20,397)
Budget reprofiling from future years (2022+) of the following schemes due to reprogramming and re-phasing: <ul style="list-style-type: none"> • Hammersmith Town Hall Refurbishment - £1,420,000 • HRA Asset Management and Compliance Programme - £4,368,000 	5,788
Increase in Education City budget	6
Grand Total 2021/22 funding variations	4,575

Appendix 3 – General Fund capital receipts (2020/21 actual and future years forecast)

General Fund Capital Receipts – 2020/21 actual and future years' forecast	
	£000
Capital receipts brought forward from 2019/20	2,412
Capital receipts generated in 2020/21	45
Capital receipts used to finance 2020/21 expenditure	(222)
Capital receipts carried forward to 2021/22	2,235
Forecast receipts for 2021/22	13,780
Less cost of sale	(551)
Total capital receipts available for 2021/22	15,464

Appendix 4 – VAT Partial Exemption

Partial exemption overview

In general, businesses cannot recover the VAT incurred on purchases made in connection with VAT exempt activities, for example, capital expenditure on properties which are let or leased are exempt from VAT. However, under Section 33 of the VAT Act 1994, local authorities are able to recover this VAT so long as it forms “an insignificant proportion” of the total VAT incurred (input tax) in any year, taken to be 5% or less. Crucially, the de minimis limit is not an allowance; if the 5% threshold is exceeded then all the exempt input tax is lost, not just the excess. A breach would likely cost the Council between £2-£3m per year whilst in breach.

LBHF Partial Exemption

The Council’s Partial Exemption position is currently being reviewed. When calculating the exempt input tax annually, the Council considers its revenue and capital activities separately. Revenue activities are more constant, their contribution to exempt input tax is projected to remain at £2m (the impact on the threshold being the VAT incurred on this amount, i.e. £0.4m). Exempt input tax relating to capital activities is more volatile and each project must be considered and judged individually. The Council has a number of capital projects, both in progress and in the pipeline, which could have significant partial exemption implications and finance officers are working closely with colleagues working on these projects to ensure that these risks are identified and mitigated where possible.

VAT Policy

The following policy is in place to manage the partial exemption position:

- In all cases of new or reprofiled projects, the VAT team should be consulted in advance.
- Projects should be 'opted-to-tax' where this option is available and is of no financial disadvantage to the Council.

Appendix 5 - Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)

1. The Capital Finance Requirement (CFR) measures the Council's long-term indebtedness. Table 1 below shows the Council's total actual General Fund CFR for 2020/21 and forecast future years:

Table 1 - Actual General Fund CFR 2020/21 and forecast future years (outturn)

GENERAL FUND CFR ANALYSIS	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS					
Opening Capital Finance Requirement (CFR)	70.85	114.08	122.16	142.28	152.65
Revenue Repayment of Debt (MRP)	(0.32)	(1.36)	(1.39)	(1.66)	(2.36)
Mainstream Programme (Surplus)/Shortfall	43.55	9.44	21.51	12.04	4.78
Closing Capital Finance Requirement (CFR)	114.08	122.16	142.28	152.65	155.06
SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance	7.32	11.84	21.51	45.71	70.67
Equity loan repayment	-	-	-	-	(25.95)
Revenue Repayment of Debt (MRP)	(1.48)	(1.42)	(0.18)	(0.17)	(0.98)
In Year Borrowing	6.00	11.08	24.38	25.14	28.36
Closing Capital Finance	11.84	21.51	45.71	70.67	72.10
Finance leases/PFI/ Deferred costs of	9.19	8.91	7.79	7.09	6.39
Total Closing GF CFR	135.11	152.57	195.77	230.41	233.56

2. The General Fund Headline CFR is £122.16m at the end of 2020/21 and is forecast to be £155.06m by the end of 2023/24. The increase in GF Headline CFR puts additional pressures on revenue budgets.
3. The Headline CFR figures exclude:
 - £4.4m Schools Windows Replacement Programme
 - £32m equity loan to the Civic Campus programme
 - £63m investment in acquisition of Civic Campus commercial units

Whilst these will impact on the Council's CFR, it is assumed that all Minimum Revenue Payment (MRP) and interest costs will be fully reimbursed through grant contributions, the charging of a state-aid compliant interest rate, the loan repayment, commercial income or reduction in revenue costs (e.g. lease rental payments).

4. CFR movements related to these schemes are presented under "Self-Financing Schemes and Loans" heading in the Table 1. 2020/21 CFR for these schemes is £21.51m and is forecast to be £72.1m by the end of 2023/24. Table 2 details the CFR movements regarding these schemes:

Table 2 - Self-financing schemes and loans CFR movements 2020/21-2023/24

	Revised Budget 2020/21 (Q3)	Variations (Q4)	Revised Budget 2020/21 (Q4)	2021/22 Original Budget	Slippages, Additions and Reductions	2021/22 Revised Budget	Indicative Budget 2022/23	Indicative Budget 2023/24	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure									
Ad Hoc Schemes:									
Acquisition of commercial units (Civic Campus)	10,110	(2,917)	7,193	17,793	(7,079)	10,714	16,738	28,355	63,000
Equity Loan (Civic Campus) [ECD]	4,557	(670)	3,887	15,839	(2,176)	13,663	8,400	-	25,950
Total Mainstream Programmes	14,667	(3,587)	11,080	33,632	(9,255)	24,377	25,138	28,355	88,950
Financing									
Increase/(Decrease) in Borrowing	14,667	(3,587)	11,080	33,632	(9,255)	24,377	25,138	28,355	88,950
Total Financing	14,667	(3,587)	11,080	33,632	(9,255)	24,377	25,138	28,355	88,950

5. Minimum Revenue Provision (MRP) is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans). This is an annual revenue expense in a Council's budget. The MRP will, over time, reduce the CFR.

6. The statutory guidance issued by the Secretary of State (Ministry for Housing, Communities and Local Government) details the ways how MRP should be charged on various items of capital expenditure. MRP charges presented in the Table 1 follow this guidance and assume the following:
 - MRP charges are deferred for development projects until year after their completion. The rate charged is based on the estimated life of an asset (50 years for new developments).
 - MRP on rolling capital programmes and smaller scale ad hoc schemes is charged year after the expenditure incurs. The rate used is based on weighted average life of an assets (currently 3.01%, 3.34% from 2021/22).