

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 10/01/2022

Subject: Capital Programme Monitor & Budget Variations, 2021/22 (Second Quarter)

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

Responsible Director: Emily Hill, Director of Finance

SUMMARY

This report provides a financial update on the council's capital programme and requests approval for budget variations to the capital programme.

RECOMMENDATIONS

1. To note the net forecast decrease in 2021/22 capital expenditure of £29.7m (18.9% of the approved budget). The variations are detailed in Appendix 2.
 2. To approve the updated four-year capital programme 2021-2025 of £473.4m as detailed in Appendix 1.
 3. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 22-24.
-

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	<p>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.</p> <p>Officers are responsible for monitoring and delivering projects within approved budgets and reporting variances.</p> <p>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.</p>

Financial Impact

This report is wholly of a financial nature.

The headline movements this quarter are:

- forecast capital expenditure over the next 4 years is £15.2m lower than forecast in quarter 1. This is mainly due to the reprofiling of budgets beyond the current 4 year programme for Education City (£16.7m) and Edith Summerskill (£5.5m). The programme also reflects £6m for Hammersmith Bridge stabilisation works approved in August 2021.
- a net decrease in forecast 2021/22 expenditure of £29.7m. 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 for and viability of schemes – this will be kept under review and mitigating actions will be considered as necessary.

The 2021/22 Headline General Fund (GF) borrowing requirement (CFR) is forecast to increase by £50.3m over the next four years to support capital investment. This would result in an estimated additional revenue budget outgoing of £2.6m per annum by 2025/26.

The Housing Revenue Account 2021/22 borrowing requirement (HRA CFR) is forecast to increase by £25.9m to £258.9m. By the end of 2024/25 the HRA CFR is forecast to be £341.8m.

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.

Contact Officers:

Name: Andrew Lord
Position: Head of Strategic Planning and Monitoring
Telephone: 020 8753 2531
Email: Andrew.lord@lbhf.gov.uk
Verified by Emily Hill, Director of Finance

Name: Adesuwa Omoregie
Position: Assistant Director, Legal Services
Telephone: 02087532297
Email: adesuwa.omoregie@lbhf.gov.uk

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 2021-25 (published February 2021)

CAPITAL PROGRAMME 2021-22 – Q2 OVERVIEW

1. The Council's capital programme as at the end of Quarter 2 is summarised in Table 1. Budgeted expenditure on the four-year programme has decreased, since the start of the year, by £15.2m to £473.4m, primarily due to project timescales now extending beyond the four-year programme.

Table 1 – Capital Programme 2021-25 with proposed 2021-22 Q2 variations

	Analysis of Movements (Q1 to Q2)					Revised Budget 2021/22 (Q2) £'000	Future years indicative budget £'000	Total Budget (All years) £'000
	Revised Budget 2021/22 (Q1) £'000	Slippages from/(to) future years £'000	Addition/ (Reduction) £'000	Transfers £'000	Total Variations £'000			
CAPITAL EXPENDITURE								
Children's Services	3,161	249	-	-	249	3,410	7,158	10,568
Social Care	3,447	-	-	-	-	3,447	-	3,447
Environment Department	12,804	(1,394)	2,491	-	1,097	13,901	12,662	26,563
Finance	2,194	-	-	-	-	2,194	4,585	6,779
General Fund Schemes under the Economy Department	67,168	(17,114)	95	-	(17,019)	50,149	143,800	193,949
Sub-total (General Fund)	88,774	(18,259)	2,586	-	(15,673)	73,101	168,205	241,306
Economy Department-HRA Programme	69,117	(13,990)	-	-	(13,990)	55,127	176,945	232,072
Sub-total Economy Department (HRA)	69,117	(13,990)	-	-	(13,990)	55,127	176,945	232,072
Total Expenditure	157,891	(32,249)	2,586	-	(29,663)	128,228	345,150	473,378
CAPITAL FINANCING								
Specific/External Financing:								
Government/Public Body Grants	6,179	15	800	450	1,265	7,444	8,358	15,802
Grants and Contributions from Private Developers (includes S106/CIL)	24,318	(4,586)	(157)	-	(4,743)	19,575	24,623	44,198
Capital Grants/Contributions from Non-departmental public bodies	955	(45)	(73)	20	(98)	857	45	902
Capital Grants and Contributions from GLA Bodies	7,815	(934)	1,008	(20)	54	7,869	18,804	26,673
Leaseholder Contributions (Housing)	900	684	-	-	684	1,584	4,550	6,134
Sub-total - Specific Financing	40,167	(4,866)	1,578	450	(2,838)	37,329	56,380	93,709
Mainstream Financing (Internal):								
Capital Receipts - General Fund	11,179	47	-	(9,599)	(9,552)	1,627	13,884	15,511
Capital Receipts - HRA	6,299	1,330	-	-	1,330	7,629	7,312	14,941
Major Repairs Reserve (MRR)	16,245	-	-	-	-	16,245	47,211	63,456
Earmarked Reserves (Revenue)	1,054	-	113	-	113	1,167	-	1,167
Sub-total - Mainstream Funding	34,777	1,377	113	(9,599)	(8,109)	26,668	68,407	95,075
Borrowing-General Fund	43,878	(14,531)	895	8,167	(5,469)	38,409	137,469	175,878
Borrowing -HRA	39,069	(14,229)	-	982	(13,247)	25,822	82,894	108,716
Total Capital Financing	157,891	(32,249)	2,586	-	(29,663)	128,228	345,150	473,378

- Forecast 2021/22 spend is £29.7m lower than reported in the first quarter. The main adjustments are for the reprofiling of budgets to/from future years, realignment of budgets and inclusion of new budgets approved in the last quarter. Full details are included in Appendix 2. The main programme addition is £6m for Hammersmith Bridge stabilisation works of which £4m is expected to be funded by contributions from the Department for Transport and Transport for London.

GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

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

Table 2 – LBHF GF Mainstream Capital Programme 2021-25 with proposed 2021-22 Q2 variations:

	Revised Budget 2021/22 (Q1)	Variations (Q2)	Revised Budget 2021/22 (Q2)	Indicative Budget 2022/23	Indicative Budget 2023/24	Indicative Budget 2024/25	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure							
Social Care Capital projects [ASC]	129	-	129	-	-	-	129
Invest to Save-Flexible Use of Capital Receipts [FIN]	1,500	-	1,500	4,285	-	-	5,785
Investment in Digital Infrastructure [FIN]	694	-	694	300	-	-	994
Capital Investment in Street Lighting [ENV]	700	(400)	300	800	-	-	1,100
WMC JV Exit Costs [ECD]	1,998	-	1,998	-	-	-	1,998
Carnwath Road [ECD]	1,870	-	1,870	-	-	-	1,870
Hammersmith Bridge Strengthening [ENV]	87	800	887	1,200	-	-	2,087
Other Highways Capital Schemes [ENV]	17	25	42	-	-	-	42
North End Road - Good Growth Fund [ECD]	588	-	588	610	-	-	1,198
HRA Watermeadow adjustment [ECD]	1,432	(1,432)	-	1,432	-	-	1,432
Foster carers' extension [CHS]	-	189	189	-	-	-	189
Planned Maintenance/DDA Programme [ECD]	7,386	-	7,386	2,400	2,400	2,400	14,586
Electric Vehicles [ENV]	384	-	384	-	-	-	384
Footways and Carriageways [ENV]	2,822	(25)	2,797	2,030	2,030	2,030	8,887
Column Replacement [ENV]	382	-	382	346	346	346	1,420
Parks Programme & Libraries [ENV]	448	-	448	-	-	-	448
Hammersmith Town Hall Refurbishment* [ECD]	-	-	-	14,568	-	-	14,568
Hammersmith Town Hall Fit Out* [ECD]	7,256	(7,256)	-	7,256	2,725	-	9,981
Community Schools Programme [ECD]	81	95	176	-	-	-	176
Education City regeneration [ECD]	875	(875)	-	-	3,500	-	3,500
Farm Lane/Mund Street [ECD]	735	(170)	565	1,439	-	-	2,004
Investment in Affordable Housing-Lillie Road Site [ECD]	1,308	(474)	834	910	-	-	1,744
Total Mainstream Programmes	30,692	(9,523)	21,169	37,576	11,001	4,776	74,522
Financing							
Capital Receipts	11,179	(9,552)	1,627	13,403	481	-	15,511
Increase/(Decrease) in Borrowing	19,513	29	19,542	24,173	10,520	4,776	59,011
Total Financing	30,692	(9,523)	21,169	37,576	11,001	4,776	74,522

- The 2021/22 mainstream programme has decreased by £9.5m in comparison to the first quarter.
- 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.

6. 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 current forecast for the General Fund Headline CFR (excluding the self-financing schemes set out in Appendix 5) is £140.3m at the end of 2021/22, an in-year increase of £18.2m.
7. Over the next four years the underlying need to borrow is forecast to increase by £50.3m. By 2025/26 this will increase annual revenue borrowing costs by an estimated £2.6m. This will need to be allowed for within future budget planning and the medium-term financial strategy process.
8. The capital receipts forecast is set out in Appendix 3. It includes the reprofiling of a receipt from Watermeadow Court to 2022/23. The use of capital receipts to fund new capital expenditure reduces the Council's need to borrow and avoids future revenue borrowing costs. The Council also continues to review and consider the potential flexible use of receipts to support invest to save schemes and protect reserves balances.
9. The amendments to the General Fund (GF) capital programme have affected the Council's forecast headline capital debt (CFR) as follows:

	Last forecast (2021/22 Q1)	Current forecast (2021/22 Q2)
General Fund CFR	£m	£m
2020/21 Closing CFR (actual)	122.16	122.16
2021/22 Closing CFR	140.31	140.34
2024/25 Closing CFR	170.56	172.42

10. The increase in the forecast 2021/22 closing CFR largely reflects a timing difference from the reprofiling of the Watermeadow receipt to 2022/23.
11. A budget of £6m was approved, under a Leaders Urgency Decision of 16 August, for Hammersmith Bridge stabilisation works. It is expected that at least £4m (or two thirds) of the expenditure will be funded by contributions from the Department for Transport and Transport for London.
12. The General Fund capital programme includes budgets for several regeneration schemes that are at an early stage. These include £6.3m for Farm Lane, Mund Street and Lillie Road developments, £2.2m for the Community Schools Programme and £3.5m for Watermeadow Joint Venture exit costs. Should these schemes not progress there is a risk that some, or all, of the expenditure may need to be written off to revenue as abortive costs. In line with the arrangements agreed in the Building Homes and Communities Strategy, the Development Board provides a gateway and governance process for these schemes before commitment of funds to manage and mitigate the risk of abortive costs.

13. There are currently no forecast capital receipts beyond 2022/23. However, the Council's Property Transformation Strategy is systematically reviewing all assets as part of asset management best practice and as part of the wider accommodation strategy in light of the Council's 'Hello Hybrid Future' strategy. As part of this programme of work, surplus assets may be identified that cannot be re-purposed for other uses and that could be sold for a capital receipt to support the capital programme. Any decisions on asset disposals will be the subject of a future decision and report.

HOUSING CAPITAL PROGRAMME OVERVIEW

14. Housing capital expenditure for 2021/22 is forecast at £55.1m and for the four-year programme to 2023/24 spend is expected to be £232.1m. The expenditure and funding analysis of the Housing Programme is summarised in Table 3 below.

Table 3 – Housing Capital Programme 2021-25 with proposed 2021-22 Q2 variations:

	Revised Budget 2021/22 (Q1)	Total Variations	Revised Budget 2021/22 (Q2)	Indicative 2022/23 Budget	Indicative 2023/24 Budget	Indicative 2024/25 Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure						
HRA Asset Management and Compliance Programme	49,152	(8,980)	40,172	57,947	28,142	14,381
Building Homes and Communities Strategy	12,873	(3,749)	9,124	12,754	8,021	28,738
Other HRA Capital Schemes	7,092	(1,261)	5,831	2,067	10,638	14,257
Total Housing Programme	69,117	(13,990)	55,127	72,768	46,801	57,376
Available and Approved Resource						
Capital Receipts - Unrestricted	6,069	1,330	7,399	2,528	2,683	2,101
Capital Receipts - RTB (141)	230	-	230	-	-	-
Capital Receipts - GF	1,432	(1,432)	-	1,432	-	-
Major Repairs Reserve (MRR)	16,245	-	16,245	16,651	17,067	13,493
Contributions Developers (S106)	1,411	(841)	570	841	6,580	9,146
Contributions from leaseholders	900	684	1,584	1,878	1,784	888
Capital Grants from Central Government	-	450	450	-	-	-
Capital Grants and Contributions from GLA Bodies	634	-	634	661	5,177	4,599
RtB GLA Ringfence	2,986	(934)	2,052	2,202	2,098	2,242
Borrowing (HRA)	39,069	(13,247)	25,822	46,575	11,412	24,907
Borrowing (GF)	141	-	141	-	-	-
Total Funding	69,117	(13,990)	55,127	72,768	46,801	57,376

15. Within the Housing Capital Programme there has been a net budget decrease of £14m. 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 22-24.

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

Table 4 – HRA CFR at Q2 2021-22 (including future years forecast):

HRA CFR Forecast	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Closing Forecast HRA CFR	233.05	258.87	305.44	316.85	341.76

17. The Housing Revenue Account 2021/22 CFR has increased by £25.8m in comparison to 2020/21. This is mainly due to 2020/21 budgets being reprofiled to 2021/22, 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 £341.8m by the end of 2024/25.
18. On 1 July 2019 Cabinet approved the Council's Asset Management and Compliance Programme which has a focus on health and safety works. 2021/22 forecast spend includes £22.2m of expenditure related to Health & Safety, of which £14m is on specific fire safety capital works as detailed in Table 5 below. An updated Housing Revenue Account (HRA) 12 year Asset Management Capital Strategy was approved by Cabinet on 6 September 2021, this will be incorporated into the 2022/23-2025/26 Capital Programme for approval by Full Council in February 2022.

Table 5 – Compliance and Health and Safety forecast spend 2021-22

HRA Capital Programme: Health & Safety budget and forecast as at end of Quarter 2, 2021-22					
	Total Approved Budget £'000	Total Spend Forecast £'000	Approved Budget 2021-22 £'000	Actual Spend 2021-22 £'000	2021-22 Budget Variance £'000
Approved Schemes					
Fire Safety Compliance Programme	22,177	22,177	8,609	4,366	(4,243)
Fire Safety Complex Schemes	27,533	27,533	5,391	94	(5,297)
Safety Works - Electrical	18,283	18,314	6,147	1,083	(5,064)
Safety Works - Other	6,224	6,224	2,015	630	(1,385)
Total	74,217	74,248	22,162	6,173	(15,989)

HOUSING CAPITAL PROGRAMME RISKS

19. The following risks associated with funding of future years' expenditure have been identified within the Housing Capital programme:
20. **S106 Funding:** Currently approved capital schemes (including part of Edith Summerskill development budget reprofiled to future years beyond 2024/25) rely 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, on a temporary or permanent basis.
21. **Right to Buy (RtB) funding (receipts retained by Council):** RtB 1-4-1 receipts need to be repaid with interest to Central Government where these are not used within five years of receipt. 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. At 1 April 2021, the Council has £7.8m of retained receipts and the current pipeline of schemes will be sufficient to make use of these receipts if delivered on time.

22. **RtB funding (receipts held by GLA and returned to the council via grants):** The Council has an agreement with the Greater London Authority (GLA) which gives the Council a further three years to use any receipts (plus interest) paid to Central Government after they have been held by the Council for five years (eight years in total). As at 1 October 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 £80m¹ of capital expenditure where the relevant projects need to have at least started on site within the next two years. The approved schemes and the pipeline² are sufficient to make use of these receipts if delivered on time, however there are risks to meeting these deadlines due to further design work after extensive consultation being undertaken on the schools' regeneration schemes. To mitigate the risk of potential loss of grant funding, the Council is in regular discussion with the GLA about the use of the receipts and their deadlines.
23. **Building Safety Bill and Fire Safety Act:** The Building Safety Bill is going through the Parliamentary process whereas the Fire Safety Act has been 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, to be incorporated into the 2022/23 Capital Programme was agreed by Cabinet in September 2021. The impact of the proposals has 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

24. This report reports the quarter two 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

25. 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.

¹ The latest MHCLG guidance states that 1-4-1 receipts received in the 2017/18 financial year or later can now fund 40% of the total development expenditure on eligible tenures, with the remaining 60% being funded from a mixture of non-housing receipts, S106 and borrowing. Officers continue to work through the implications of this guidance on the optimal allocation of funding to schemes.

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

IMPLICATIONS FOR BUSINESS

26. 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.
27. 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.
28. Implications completed by Nicki Burgess, Business and Enterprise Manager, Economic Development, Tel:07796610094.

RISK MANAGEMENT

29. 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.
30. 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.
31. 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.
32. 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.

33. 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.
34. 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.
35. Proposals set out in this report seek to comply with the Council's legal duties.
36. Implications verified by: David Hughes, Director of Audit, Risk and Insurance, Tel: 020 7361 2389.

VAT IMPLICATIONS

37. 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.
38. 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					Indicative Future Years Analysis				
	Analysis of Movements (Q1 to Q2)					Revised Budget 2021/22 (Q2)	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
	Revised Budget 2021/22 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary										
SEN sufficiency	200	-	-	-	-	200	650	650	-	1,500
Foster carers' extension	-	189	-	-	-	189	-	-	-	189
Old Oak	-	45	-	-	-	45	-	-	-	45
Caretakers' lodges	-	15	-	-	-	15	-	-	-	15
School Maintenance Programme	2,961	-	-	-	-	2,961	2,929	2,929	-	8,819
Total Expenditure	3,161	249	-	-	-	249	3,579	3,579	-	10,568
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	3,161	15	-	-	-	15	3,579	3,579	-	10,334
Grants and Contributions from Private Developers (includes S106)	-	45	-	-	-	45	-	-	-	45
Sub-total - Specific or Other Financing	3,161	60	-	-	-	60	3,579	3,579	-	10,379
Mainstream Financing (Internal Council Resource)										
Capital Receipts	-	47	-	-	-	47	-	-	-	47
Sub-total - Mainstream Funding	-	47	-	-	-	47	-	-	-	47
Borrowing	-	142	-	-	-	142	-	-	-	142
Total Capital Financing	3,161	249	-	-	-	249	3,579	3,579	-	10,568

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

Social Care Services	Current Year Programme					Indicative Future Years Analysis				
	Analysis of Movements (Q1 to Q2)					Revised Budget 2021/22 (Q2)	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
	Revised Budget 2021/22 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary										
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	-	957	-	-	-	957
Disabled Facilities Grant	1,342	-	-	-	-	1,342	-	-	-	1,342
Transforming Care (Winterbourne Grant)	300	-	-	-	-	300	-	-	-	300
Social Care Capital Projects	848	-	-	-	-	848	-	-	-	848
Total Expenditure	3,447	-	-	-	-	3,447	-	-	-	3,447
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	3,018	-	-	-	-	3,018	-	-	-	3,018
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	-	300	-	-	-	300
Sub-total - Specific or Other Financing	3,318	-	-	-	-	3,318	-	-	-	3,318
Borrowing	129	-	-	-	-	129	-	-	-	129
Total Capital Financing	3,447	-	-	-	-	3,447	-	-	-	3,447

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

Environment Department	Current Year Programme					Indicative Future Years Analysis				
	Analysis of Movements (Q1 to Q2)					Revised Budget 2021/22 (Q2)	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
	Revised Budget 2021/22 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary										
Footways and Carriageways	2,799	-	-	(201)	(201)	2,598	2,030	2,030	2,030	8,688
Transport For London Schemes	1,292	-	208	(95)	113	1,405	-	-	-	1,405
Safer Cycle Pathway (TFL/S278 funded)	1,064	-	-	276	276	1,340	-	-	-	1,340
Hammersmith Bridge Existing Works	1,228	-	-	87	87	1,315	-	-	-	1,315
Hammersmith Bridge Stabilisation Works	87	-	2,400	(87)	2,313	2,400	3,600	-	-	6,000
Electric Vehicle Infrastructure	216	-	-	-	-	216	-	-	-	216
Column Replacement	351	-	-	-	-	351	346	346	346	1,389
Other Highways Capital Schemes	2,161	(994)	(168)	18	(1,144)	1,017	994	-	-	2,011
Carbon Reduction and Offset Schemes	127	-	(62)	-	(62)	65	-	-	-	65
Bloemfontein Road (Thames Water/Suds)	3	-	-	2	2	5	-	-	-	5
Public CCTV	285	-	-	-	-	285	-	-	-	285
Capital Investment in Street Lighting	700	(400)	-	-	(400)	300	800	-	-	1,100
Parks Capital Rolling Programme	120	-	-	60	60	180	-	-	-	180
Other Parks Capital Schemes	135	-	-	(60)	(60)	75	-	-	-	75
Fulham Football Club -Bishops Park	370	-	113	-	113	483	-	-	-	483
Containers (Recycling/Food)	44	-	-	-	-	44	-	-	-	44
Electric Vehicles	698	-	-	-	-	698	-	-	-	698
Other (Delivery, RFID, Charge Points)	167	-	-	-	-	167	-	-	-	167
Leisure Centre Capital Investment	957	-	-	-	-	957	50	90	-	1,097
Total Expenditure	12,804	(1,394)	2,491	-	1,097	13,901	7,820	2,466	2,376	26,563

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

Environment Department	Current Year Programme					Indicative Future Years Analysis				
	Analysis of Movements (Q1 to Q2)					Revised Budget 2021/22 (Q2)	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
	Revised Budget 2021/22 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	-	-	800	-	800	800	1,200			2,000
Grants and Contributions from Private Developers (includes S106/S278)	2,802	(949)	(157)	-	(1,106)	1,696	999	90	-	2,785
Capital Grants/Contributions from Non-departmental public bodies	526	(45)	(73)	20	(98)	428	45	-	-	473
Capital Grants and Contributions from GLA	3,582	-	1,008	(20)	988	4,570	1,200	-	-	5,770
Sub-total - Specific or Other Financing	6,910	(994)	1,578	-	584	7,494	3,444	90	-	11,028
Mainstream Financing (Internal Council Resource)										
Capital Receipts	1,056	-	-	(1,056)	(1,056)	-	1,056	-	-	1,056
Use of Reserves	1,054	-	113	-	113	1,167	-	-	-	1,167
Sub-total - Mainstream Funding	2,110	-	113	(1,056)	(943)	1,167	1,056	-	-	2,223
Borrowing	3,784	(400)	800	1,056	1,456	5,240	3,320	2,376	2,376	13,312
Total Capital Financing	12,804	(1,394)	2,491	-	1,097	13,901	7,820	2,466	2,376	26,563

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

Finance Department

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Q1 to Q2)

	Revised Budget 2021/22 (Q1) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2021/22 (Q2) £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary										
Invest to Save - Flexible Use of Capital Receipts	1,500	-	-	-	-	1,500	4,285	-	-	5,785
Investment in Digital Infrastructure	614	-	-	-	-	614	300	-	-	914
Business Intelligence Infrastructure	80	-	-	-	-	80	-	-	-	80
Total Expenditure	2,194	-	-	-	-	2,194	4,585	-	-	6,779
Capital Financing Summary										
Mainstream Financing (Internal Council Resource)										
Capital Receipts	1,580	-	-	-	-	1,580	4,285	-	-	5,865
Sub-total - Mainstream Funding	1,580	-	-	-	-	1,580	4,285	-	-	5,865
Borrowing	614	-	-	-	-	614	300	-	-	914
Total Capital Financing	2,194	-	-	-	-	2,194	4,585	-	-	6,779

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

Economy Department General Fund Managed Schemes	Current Year Programme					Indicative Future Years Analysis			Total Budget (All years) £'000	
	Analysis of Movements (Q1 to Q2)					Revised Budget 2021/22 (Q2) £'000	2022/23 Budget £'000	2023/24 Budget £'000		2024/25 Budget £'000
	Revised Budget 2021/22 (Q1) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000					
Scheme Expenditure Summary										
Civic Campus										
Hammersmith Town Hall Refurbishment *	15,975	-	-	-	-	15,975	18,694	-	-	34,669
HTH Refurbishment -Fit Out	7,256	(7,256)	-	-	(7,256)	-	7,256	2,725	-	9,981
Acquisition of commercial units	10,704	(1,739)	-	-	(1,739)	8,965	17,281	29,560	-	55,806
Equity Loan (Civic Campus)	13,663	(3,759)	-	-	(3,759)	9,904	12,159	-	-	22,063
Subtotal Civic Campus	47,598	(12,754)	-	-	(12,754)	34,844	55,390	32,285	-	122,519
Building Homes and Communities Strategy (GF sites)										
Education City Loan	-	-	-	-	-	-	22,000	12,000	5,000	39,000
Education City -Youth Facility	2,625	(2,625)	-	-	(2,625)	-	765	4,485	-	5,250
Farm Lane	1,211	-	-	-	-	1,211	-	-	-	1,211
Mund Street	1,904	(1,261)	-	-	(1,261)	643	2,530	-	-	3,173
Community Schools Programme	81	-	95	-	95	176	-	-	-	176
Investment in Affordable Housing-Lillie Road Site	1,307	(474)	-	-	(474)	833	910	-	-	1,743
Subtotal Building Homes and Communities Strategy (GF sites)	7,128	(4,360)	95	-	(4,265)	2,863	26,205	16,485	5,000	50,553
Other GF Capital Schemes managed by the Economy										
Sands End Community Centre	129	-	-	-	-	129	-	-	-	129
Planned Maintenance/DDA Programme	7,385	-	-	-	-	7,385	2,400	2,400	2,400	14,585
Carwath Road	1,870	-	-	-	-	1,870	-	-	-	1,870
North End Road - Business Low Emissions Neighbourhood	113	-	-	-	-	113	125	-	-	238
North End Road - Good Growth Fund	1,088	-	-	-	-	1,088	1,110	-	-	2,198
WMC JV Exit Costs	1,857	-	-	-	-	1,857	-	-	-	1,857
Subtotal Other GF Capital Schemes managed by the Economy	12,442	-	-	-	-	12,442	3,635	2,400	2,400	20,877
Total Expenditure	67,168	(17,114)	95	-	(17,019)	50,149	85,230	51,170	7,400	193,949

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

**Economy Department General Fund
Managed Schemes**

Current Year Programme						Indicative Future Years Analysis			
Analysis of Movements (Q1 to Q2)									
Revised Budget 2021/22 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2021/22 (Q2)	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Capital Financing Summary

Specific/External or Other Financing										
Grants and Contributions from Private Developers (includes S106)	4,130	(2,841)	-	-	(2,841)	1,289	2,406	435	-	4,130
Community Infrastructure Levy (CIL)	15,975	-	-	-	-	15,975	4,126	-	-	20,101
Capital Grants/Contributions from Non-departmental public bodies	129	-	-	-	-	129	-	-	-	129
Capital Grants and Contributions from GLA Bodies	613	-	-	-	-	613	625	-	-	1,238
Sub-total - Specific or Other Financing	20,847	(2,841)	-	-	(2,841)	18,006	7,157	435	-	25,598
Mainstream Financing (Internal Council Resource)										
Capital Receipts (GF)	7,111	-	-	(7,111)	(7,111)	-	6,630	481	-	7,111
Sub-total - Mainstream Funding	7,111	-	-	(7,111)	(7,111)	-	6,630	481	-	7,111
GF Borrowing	39,210	(14,273)	95	7,111	(7,067)	32,143	71,443	50,254	7,400	161,240
Total Borrowing	39,210	(14,273)	95	7,111	(7,067)	32,143	71,443	50,254	7,400	161,240
Total Capital Financing	67,168	(17,114)	95	-	(17,019)	50,149	85,230	51,170	7,400	193,949

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

Economy Department- HRA Capital Programme	Current Year Programme					Indicative Future Years Analysis				
	Analysis of Movements (Q1 to Q2)					Revised Budget 2021/22 (Q2)	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
	Revised Budget 2021/22 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary										
HRA Asset Management and Compliance Programme										
Pre Agreed Works	9,103	(1,283)	-	(30)	(1,313)	7,790	7,805	-	-	15,595
Fire Safety Compliance Programme	8,609	(1,293)	-	-	(1,293)	7,316	7,907	4,664	2,290	22,177
Fire Safety Complex Schemes	5,391	(2,787)	-	-	(2,787)	2,604	15,563	9,366	-	27,533
Pre Agreed Lift Scheme	3,475	(300)	-	-	(300)	3,175	2,285	-	-	5,460
Pre Agreed Boiler Scheme	2,762	-	-	-	-	2,762	2,500	2,500	2,270	10,032
Safety Works - Electrical	6,147	(1,455)	-	30	(1,425)	4,722	7,225	5,337	1,030	18,314
Safety Works	2,015	(56)	-	-	(56)	1,959	3,723	542	-	6,224
Void Works	2,489	791	-	-	791	3,280	2,218	-	-	5,498
Neighbourhood, parking & garage improvements	4,711	(2,597)	-	-	(2,597)	2,114	3,971	2,133	666	8,884
Capitalised salaries	2,950	-	-	-	-	2,950	3,200	2,000	1,800	9,950
Capitalised repairs	1,500	-	-	-	-	1,500	1,550	1,600	1,650	6,300
Unallocated budget - Priority schemes to be confirmed	-	-	-	-	-	-	-	-	4,675	4,675
Subtotal HRA Asset Management and Compliance Programme	49,152	(8,980)	-	-	(8,980)	40,172	57,947	28,142	14,381	140,642
Building Homes and Communities Strategy (HRA sites)										
Homes & Communities Strategy	268	(92)	-	-	(92)	176	1,274	-	-	1,450
White City Estate Regeneration	2,994	(80)	-	-	(80)	2,914	1,988	-	-	4,902
Old Laundry Yard	375	(275)	-	-	(275)	100	1,071	-	-	1,171
Education City- HRA element	9,236	(3,302)	-	-	(3,302)	5,934	8,421	8,021	28,738	51,114
Subtotal Building Homes and Communities Strategy (HRA sites)	12,873	(3,749)	-	-	(3,749)	9,124	12,754	8,021	28,738	58,637
Other HRA Capital Schemes										
Housing Development Project	1,117	2	-	-	2	1,119	54	-	-	1,173
Stanhope Joint Venture	1,680	(1,263)	-	-	(1,263)	417	1,263	9,888	13,745	25,313
Affordable Housing Delivery Framework	146	-	-	-	-	146	-	-	-	146
Property Acquisition for Affordable Housing	755	-	-	-	-	755	-	-	-	755
Hartopp & Lannoy	2,971	-	-	-	-	2,971	750	750	512	4,983
Nourish Project (Good Growth Fund)	423	-	-	-	-	423	-	-	-	423
Subtotal Other HRA Capital Schemes	7,092	(1,261)	-	-	(1,261)	5,831	2,067	10,638	14,257	32,793
Total Expenditure	69,117	(13,990)	-	-	(13,990)	55,127	72,768	46,801	57,376	232,072

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

Economy Department- HRA Capital Programme

Current Year Programme						Indicative Future Years Analysis			
Analysis of Movements (Q1 to Q2)						2022/23 Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
Revised Budget 2021/22 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2021/22 (Q2)				
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Capital Financing Summary

Specific/External or Other Financing										
Capital Grants from Central Government	-	-	-	450	450	450	-	-	-	450
Contributions from leaseholders	900	684	-	-	684	1,584	1,878	1,784	888	6,134
Grants and Contributions from Private Developers (includes S106)	1,411	(841)	-	-	(841)	570	841	6,580	9,146	17,137
Capital Grants and Contributions from GLA Bodies	634		-	-	-	634	661	5,177	4,599	11,071
RtB GLA Ringfence	2,986	(934)	-	-	(934)	2,052	2,202	2,098	2,242	8,594
Sub-total - Specific or Other Financing	5,931	(1,091)	-	450	(641)	5,290	5,582	15,639	16,875	43,386
Mainstream Financing (Internal Council Resource)										
Capital Receipts (HRA)	6,299	1,330	-	-	1,330	7,629	2,528	2,683	2,101	14,941
Major Repairs Reserve (MRR) / Major Repairs Allowance	16,245	-	-	-	-	16,245	16,651	17,067	13,493	63,456
Capital Receipts (GF)	1,432	-	-	(1,432)	(1,432)	-	1,432	-	-	1,432
Sub-total - Mainstream Funding	23,976	1,330	-	(1,432)	(102)	23,874	20,611	19,750	15,594	79,829
Borrowing(HRA)	39,069	(14,229)	-	982	(13,247)	25,822	46,575	11,412	24,907	108,716
Borrowing (GF)	141	-	-	-	-	141	-	-	-	141
Total Capital Financing	69,117	(13,990)	-	-	(13,990)	55,127	72,768	46,801	57,376	232,072

Appendix 2 – Analysis of budget variations

Variation by department	Amount £000
Children's Services Department	
Foster Carer's Extension – additional budget approved via Cabinet Member Decision in July 2021	189
Caretakers' Lodges – additional budget funded from Schools Condition Allocation grant	15
Old Oak Nursery – additional budget approved in October 2021 and funded by S106	45
Total Children's Services Department variations	249
Environment Department	
Transport for London (TfL) Schemes – additional budget to reflect external grant received	208
Hammersmith Bridge Stabilisation – additional budget approved in August 2021 and reprofiled across 2021/22 and 2022/23	2,400
Other Highways Capital Schemes – net decrease to reflect reduction in budget of £0.168m and reprofiling of £0.994 remaining budget to future years	(1,162)
Street Lighting – budget reprofiled to future years due to the project delays	(400)
Fulham Football Club (Bishops Park) – additional budget to reflect funding received	113
Carbon Reduction and Offset Schemes – budget reduction to reflect current forecast spend	(62)
Total Environment Department variations	1,097
General Fund schemes under Economy Department	
Civic Campus commercial units acquisition – budget adjustment to future years to reflect updated cash flow forecast	(1,739)
Hammersmith Town Hall Refurbishment -Fit Out- budget reprofiled to future years to reflect the updated timing of the works due to be carried out	(7,256)
Civic Campus equity loan – budget adjustment to future years to reflect updated cash flow forecast	(3,759)
Community Schools Programme – additional budget required to fund required RIBA 2 works	95
Mund Street – budget reprofiled to future years due to project delays	(1,261)
Lillie Road Site – budget reprofiled to future years due to project delays	(474)
Education City – Youth Facility – budget reprofiled to future years due to the delays in start on site	(2,625)
Total General Fund schemes under Economy Department variations	(17,019)
Economy Department (HRA) Schemes	
Education City Development – budget reprofiled to future years due to the delays in start on site	(3,302)
Asset Management and Compliance Programme – budget reprofiling to future years to reflect delays in programme of works on various sites/ schemes	(8,980)
White City Estate Regeneration – budget reprofiled to future years due to delay in start of the scheme	(80)
Homes & Communities Strategy – budget reprofiled to future years due to delays	(92)
Old Laundry Yard – budget reprofiled to future years due to delays	(275)
Stanhope Joint Venture – budget reprofiled to future years due to the delays in Edith Summerskill scheme due to call-in of the planning application	(1,263)
Housing Development Project – budget reprofiled from future years to reflect current spend forecast	2
Total Economy Department (HRA) variations	(13,990)
Total 2021/22 Q2 variations	(29,663)

Appendix 3 – General Fund Capital Receipts Forecast

Financial Year	Q1 2021/22	Additions/ reductions	Slippage	Q2 2021/22
2021/22	£'000	£'000	£'000	£'000
Brought forward receipts	2,235	-	(655)	1,580
Forecast capital receipts for the year	13,780	47	(13,780)	47
Cost of Sales (4%)	(551)	-	551	-
Total 2021/22	15,464	47	(13,884)	1,627
2022/23				
Forecast capital receipts for the year	-	-	14,435	14,435
Cost of Sales (4%)	-	-	(551)	(551)
Total 2022/23	-		13,884	13,884
Total All Years	15,464	47	-	15,511

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 forecast total General Fund (GF) CFR for the period 2021/22-2024/25:

Table 1 - Forecast General Fund CFR 2021/22-2024/25 (Quarter 2)

GENERAL FUND CFR ANALYSIS	2020/21	2021/22	2022/23	2023/24	2024/25
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	114.08	122.16	140.34	162.57	170.43
Revenue Repayment of Debt (MRP)	(1.36)	(1.36)	(1.94)	(2.66)	(2.78)
Mainstream Programme (Surplus)/Shortfall	9.44	19.54	24.17	10.52	4.78
Closing Capital Finance Requirement (CFR)	122.16	140.34	162.57	170.43	172.42
SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance	11.84	21.51	40.20	91.47	132.86
Revenue Repayment of Debt (MRP)	(1.42)	(0.18)	(0.17)	(0.16)	(2.74)
In Year Borrowing	11.08	18.87	51.44	41.56	5.00
Closing Capital Finance	21.51	40.20	91.47	132.86	135.13
Finance leases/PFI/ Deferred costs of	8.91	7.79	7.09	6.39	5.69
Total Closing GF CFR	152.57	195.58	263.86	309.63	313.19

2. The current forecast for the General Fund (GF) headline CFR is £140.3m at the end of 2021/22 and £172.4m by the end of 2024/25. 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 joint venture
 - £63m investment in acquisition of Civic Campus commercial units
 - £39m development financing to EdCity Office Ltd
4. Whilst these will have an impact on the Council's CFR, it is assumed that Minimum Revenue Payment (MRP) and interest costs will be fully funded and 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).
5. CFR movements related to these schemes are presented under "Self-Financing Schemes and Loans" heading in the Table 1. CFR for these schemes is forecast to increase by £18.7m to £40.2m in 2021/22 and to £135.1m by the end of 2024/25. Table 2 details the CFR movements regarding these schemes:

Table 2 - Self-financing schemes and loans CFR movements 2021/22-2024/25

	Revised Budget 2021/22 (Q1)	Variations (Q2)	Revised Budget 2021/22 (Q2)	Indicative Budget 2022/23	Indicative Budget 2023/24	Indicative Budget 2024/25	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure							
<i>Ad Hoc Schemes:</i>							
Education City -ARK loan	-	-	-	22,000	12,000	5,000	39,000
Acquisition of commercial units (Civic Campus) [ECD]	10,704	(1,739)	8,965	17,281	29,560	-	55,806
Equity Loan (Civic Campus) [ECD]	13,663	(3,759)	9,904	12,159	-	-	22,063
Total Mainstream Programmes	24,367	(5,498)	18,869	51,440	41,560	5,000	116,869
Financing							
Increase/(Decrease) in Borrowing	24,367	(5,498)	18,869	51,440	41,560	5,000	116,869
Total Financing	24,367	(5,498)	18,869	51,440	41,560	5,000	116,869

6. 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.
7. The statutory guidance issued by the Secretary of State (Ministry for Housing, Communities and Local Government) details the ways MRP should be charged 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 the year after the expenditure is incurred. The rate used is based on weighted average life of an assets (currently 3.34%).