

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 05/09/2022

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

Report of: Cabinet Member for Finance & Reform, Councillor Rowan Ree

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

This report provides a summary of the Council's capital programme outturn for the financial year 2021/22 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 £1.75m additional capital budget for the Civic Campus commercial property cinema site fit out, as detailed in the paragraphs 10-13 of the report.
 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	<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 are:

- a net increase in the 4-year capital programme of £142.51m to £615.75m.
- a net decrease in forecast 2021/22 expenditure of £21.2m (18.2% of the approved budget at the third quarter). The variations are detailed in Appendix 2.

Covid-19 and the wider economic circumstances are impacting the previously approved capital programme:

- a number of schemes have experienced delays due to social distancing restrictions
- supply of materials, rising inflation, pressures in the labour market as a result of the pandemic, Brexit and the war in Ukraine, 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 2021/22 Headline General Fund (GF) borrowing requirement (CFR) is £128.91m and is forecast to increase by £53m over the next four years to support capital investment. This would result in an estimated additional revenue budget outgoing of £3m per annum by 2025/26.

The Housing Revenue Account 2021/22 CFR is £256.97m, this is an increase of £23.92m in comparison to 2020/21.

Andrew Lord (Head of Strategic Planning and Investment), 10 June 2022 and verified by Sukvinder Kalsi, Director of Finance, 24 August 2022.

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.

Adesuwa Omoregie, Assistant Director of Legal Services, 20 June 2022

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)
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CAPITAL PROGRAMME 2021/22 – OUTTURN OVERVIEW

1. Capital expenditure for 2021/22 totalled £95m. This compared to the original budget of £162.1m and a forecast of £116.3m at quarter 3. Key areas of capital spend during the year included:

- £39.6m investment in the Council's social housing stock and fire safety measures
- £22.7m on the Civic Campus development
- £17.1m on affordable housing schemes
- £10.5m on the borough's highways and infrastructure 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 2021-25 with proposed 2021/22 Q4 variations

	Revised Budget 2021/22 (Q3)	Total Variations	Revised Budget 2021/22 Outturn	2022/23 Original Budget	Slippages, Additions and Reductions	2022/23 Revised Budget	Future years indicative budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CAPITAL EXPENDITURE								
Children's Services	3,241	(2,591)	650	3,748	2,546	6,294	3,579	10,523
Social Care	2,490	(1,002)	1,488	957	1,002	1,959	-	3,447
Environment Department	14,552	(4,034)	10,518	10,060	18,484	28,544	7,347	46,409
Finance and Resources Department	2,194	(1,683)	511	4,585	1,603	6,188	-	6,699
General Fund Schemes under the Economy Department	40,131	(13,848)	26,283	94,592	6,889	101,481	69,102	196,866
Sub-total (General Fund)	62,608	(23,158)	39,450	113,942	30,524	144,466	80,028	263,944
Economy Department-HRA Programme	53,649	1,927	55,576	77,654	(1,166)	76,488	219,745	351,809
Sub-total Economy Department (HRA)	53,649	1,927	55,576	77,654	(1,166)	76,488	219,745	351,809
Total Expenditure	116,257	(21,231)	95,026	191,596	29,358	220,954	299,773	615,753
CAPITAL FINANCING								
Specific/External Financing:								
Government/Public Body Grants	6,707	(2,875)	3,832	6,483	8,798	15,281	3,579	22,692
Grants and Contributions from Private Developers (includes S106/CIL)	19,575	(6,005)	13,570	7,636	11,287	18,923	15,971	48,464
Capital Grants/Contributions from Non-departmental public bodies	857	(361)	496	45	1,462	1,507	-	2,003
Capital Grants and Contributions from GLA Bodies	8,271	(3,090)	5,181	5,278	2,722	8,000	11,949	25,130
Leaseholder Contributions (Housing)	1,058	1,969	3,027	1,598	-	1,598	3,260	7,885
Sub-total - Specific Financing	36,468	(10,362)	26,106	21,040	24,269	45,309	34,759	106,174
Mainstream Financing (Internal):								
Capital Receipts - General Fund	1,600	(773)	827	13,911	767	14,678	-	15,505
Capital Receipts - HRA	7,241	(497)	6,744	3,156	65	3,221	6,225	16,190
Major Repairs Reserve (MRR)	16,218	794	17,012	16,620	-	16,620	34,428	68,060
General Fund Revenue Funding	-	713	713	-	-	-	-	713
Earmarked Reserves (Revenue)	1,167	(1,148)	19	-	1,128	1,128	-	1,147
Sub-total - Mainstream Funding	26,226	(911)	25,315	33,687	1,960	35,647	40,653	101,615
Borrowing-General Fund	28,469	(8,784)	19,685	85,568	4,062	89,630	75,278	184,593
Borrowing -HRA	25,094	(1,174)	23,920	51,301	(933)	50,368	149,083	223,371
Total Capital Financing	116,257	(21,231)	95,026	191,596	29,358	220,954	299,773	615,753

2. The actual 2021/22 spend is £21.2m 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 (£3.1m), Civic Campus (£10.5m), Transport, Infrastructure and CCTV projects (£19.7m), Parks and Leisure (£2.4m), HRA Asset Management and Compliance Programme (£1.4m), Adult Social Care capital projects (£1m), Corporate Planned Maintenance (£1m), Schools' Maintenance Programme (£2.6m) and Invest to Save schemes (£1.6m)
 - budget additions for Transport, Infrastructure and CCTV projects (£16.6m), HRA Asset Management and Compliance Programme (£1.3m), Parks (£1.5m) and Civic Campus (£1.6m).
3. A net increase in the 2022/23 programme of £29.4m is proposed. This is mainly attributable to the reprofiling of budgets from 2021/22 to future years. Detailed analysis of the proposed variations to 2022/23 programme is presented in Appendix 2.
 4. The capital programme presented is based on approved projects and known funding allocations. The 2022/23 budget will be updated in the first quarter monitor for 2022/23. The indicative future years analysis (2023 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 2021-25 with proposed 2021/22 Q4 variations:

	Revised Budget 2021/22 (Q3)	Variations (Q4)	Revised Budget 2021/22 (Q4)	Revised 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	-	-	129
Invest to Save-Flexible Use of Capital Receipts [FIN]	1,500	(989)	511	5,274	-	-	5,785
Investment in Digital Infrastructure [RES]	694	(694)	-	914	-	-	914
Capital Investment in Street Lighting [ENV]	300	135	435	665	-	-	1,100
WMC JV Exit Costs [ECD]	1,998	(1,873)	125	1,873	-	-	1,998
Carnwath Road [ECD]	-	-	-	1,870	-	-	1,870
Hammersmith Bridge Strengthening [ENV]	1,107	661	1,768	2,264	-	-	4,032
Hammersmith Bridge Pre Restoration Works [ENV]	-	-	-	1,167	-	-	1,167
Safer Cycle Pathway [ENV]	201	99	300	-	-	-	300
Public CCTV [ENV]	-	311	311	510	1,370	1,135	3,326
Other Highways Capital Schemes [ENV]	42	64	106	-	-	-	106
North End Road - Good Growth Fund [ECD]	588	(542)	46	1,152	-	-	1,198
HRA Watermeadow adjustment [ECD]	-	-	-	1,524	-	-	1,524
Foster carers' extension [CHS]	20	(15)	5	184	-	-	189
Leisure Centre Capital Investment [ENV]	-	649	649	358	90	-	1,097
Planned Maintenance/DDA Programme [ECD]	2,463	(1,044)	1,419	8,366	2,400	2,400	14,585
Electric Vehicles [ENV]	384	14	398	-	-	-	398
Footways and Carriageways [ENV]	2,596	(716)	1,880	2,560	2,030	2,030	8,500
Column Replacement [ENV]	382	(48)	334	363	346	346	1,389
Parks Programme & Libraries [ENV]	448	(448)	-	448	-	-	448
Hammersmith Town Hall Refurbishment* [ECD]	-	-	-	16,929	7,620	-	24,549
Community Schools Programme [ECD]	296	(103)	193	1,123	60	-	1,376
Education City regeneration [ECD]	-	-	-	-	3,500	-	3,500
Farm Lane/Mund Street [ECD]	565	(565)	-	2,004	-	-	2,004
Investment in Affordable Housing-Lillie Road Site [ECD]	834	(375)	459	1,285	-	-	1,744
Total Mainstream Programmes	14,547	(5,608)	8,939	50,962	17,416	5,911	83,228
Financing							
Capital Receipts	1,600	(773)	827	14,678	-	-	15,505
Increase/(Decrease) in Borrowing	12,947	(4,835)	8,112	36,284	17,416	5,911	67,723
Total Financing	14,547	(5,608)	8,939	50,962	17,416	5,911	83,228

6. The 2021/22 mainstream programme has decreased by £5.6m 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 £128.91 as at the end of 2021/22, an in-year increase of £6.75m.
9. The underlying need to borrow is forecast to increase by £53m over the next four years to support capital programme. By 2025/26 this will increase annual revenue borrowing costs by an estimated £3m unless alternative capital funding can be identified. This will need to be allowed for within future budget planning and the medium-term financial strategy process.
10. In December 2019, Cabinet gave approval for the Council to purchase all the **commercial units in the proposed Civic Campus scheme** from the Joint Venture company established by the Council and A2 Dominion to deliver the scheme. In January 2020, Full Council gave approval to the budgets necessary to fund the acquisition and to grant leases to a Council company to enable the acquisition and development of the commercial units including the cinema in Block B.

11. The original capital budget, £64,000,000, was for acquisition and the associated professional fees and Stamp Duty Land Tax (SDLT).
12. The October 2020 officer decision report contained a detailed financial appraisal which included capital contributions for fit-out costs to the cinema operator, which is revised to the latest requirement of £1.75m. Negotiations have continued with cinema provider and the Agreement for Lease has been signed, subject to approval of this fit-out budget.
13. This report seeks an approval for the additional £1.75m capital budget to enable completion of the lease of the cinema to the cinema operator. Although the additional budget will be financed by borrowing and will increase General Fund Capital Financing Requirement (CFR), however based on the current financial modelling, it is still assumed the scheme will be self-financing and therefore will not result in additional/ unfunded revenue costs to the Council.
14. Further to the April 2022 Section 106 Board a £1.497m funding allocation was approved (via a Delegated Officer Approval report) for various **Parks capital schemes**. This budget envelop has been added to the current capital programme, however an approval for the specific programme of works will be required via separate approval reports prior to commencement of any of the schemes.
15. The scope of the **Safer Cycle Pathway** scheme was enhanced, resulting in additional spend of £1.108m compared to the original budget for 2021/22. The original approval for the scheme was sought via a Cabinet Member Decision in July 2021 with an estimated financial cost of £3m to be fully funded by Transport for London (TfL) grant (£1m of works to be delivered by the Council and £2m of works to be delivered directly by TfL). The additional Council spend has been funded from existing highways and footways budgets (£1.0m) and Transport for London grants (£0.1m).
16. In relation to **Hammersmith Bridge**, The Council has been incurring expenditure 'at risk' and was anticipating funding of £0.978m from the Transport for London (TfL) in 2020/21. This will now not be received and the Council has in the interim funded this from additional borrowing with estimated annual additional revenue costs of £56,137. The Council will continue to work with the Department for Transport and TfL and seek to recover 66% of these costs, along with any other further costs that do not relate to the agreed stabilisation works, as part of the project to fully restore the Bridge.
17. A £0.828m amendment has been made to the **Hammersmith Town Hall** refurbishment budget to reflect historic spend in relation to the **CCTV** equipment relocation and installation costs at 43 Beavor Lane site. This expenditure does not form part of the refurbishment budget and is now separately identified. It is proposed that the amendment is funded from the Community Infrastructure Levy (CIL) in line with the wider refurbishment works.
18. General Fund capital receipts have increased by £0.05m in 2021/22. The General Fund capital programme also includes capital receipts of £1.5m carried forward to 2022/23. 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 £57,400 per annum per £1m.

HOUSING CAPITAL PROGRAMME OVERVIEW

19. Housing Capital expenditure for 2021/22 totalled £55.58m. The expenditure and resource analysis of the Housing Programme is summarised in Table 3 below.

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

Housing Programme - Resource Summary	Current Year Programme			Next Year Programme			Indicative Future Years Analysis	
	Revised Budget 2021/22 (Q3)	Total Variations	Revised Budget 2021/22 Outturn	2022/23 Original Budget	Slippages, Additions and Reductions	2022/23 Revised Budget	Indicative 2023/24 Budget	Indicative 2024/25 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure								
HRA Asset Management and Compliance Programme	39,782	(156)	39,626	65,009	1,429	66,438	84,894	75,226
Building Homes and Communities Strategy	8,036	2,257	10,293	10,578	(2,257)	8,321	9,296	26,496
Other HRA Capital Schemes	5,831	(174)	5,657	2,067	(338)	1,729	9,614	14,219
Total Housing Programme	53,649	1,927	55,576	77,654	(1,166)	76,488	103,804	115,941
Available and Approved Resource								
Capital Receipts - Unrestricted	7,011	(729)	6,282	3,156	-	3,156	3,331	2,894
Capital Receipts - RTB (141)	230	232	462	-	65	65	-	-
Capital Receipts - GF	-	-	-	1,432	-	1,432	-	-
Major Repairs Reserve (MRR)	16,218	794	17,012	16,620	-	16,620	17,013	17,415
Contributions Developers (S106)	570	168	738	841	(610)	231	5,782	9,018
Contributions from leaseholders	1,058	1,969	3,027	1,598	-	1,598	1,811	1,449
Capital Grants from Central Government	450	199	649	0	239	239	-	-
Capital Grants and Contributions from GLA Bodies	634	1,454	2,088	746	(697)	49	3,006	4,689
RTB GLA Ringfence	2,243	(970)	1,273	1,960	662	2,622	2,249	2,005
Borrowing (HRA)	25,094	(1,174)	23,920	51,301	(933)	50,368	70,612	78,471
Borrowing (GF)	141	(16)	125	-	108	108	-	-
Total Funding	53,649	1,927	55,576	77,654	(1,166)	76,488	103,804	115,941

20. Within the Housing Capital Programme there has been a net budget increase of £1.9m. Detailed analysis of the budget variances is presented in Appendix 2.

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

Table 4 – HRA CFR at 2021/22 outturn (including future years forecast)

HRA CFR Forecast	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Closing Forecast HRA CFR	233.05	256.97	307.33	377.95	456.42

22. The Housing Revenue Account 2021/22 CFR has increased by £23.92m in comparison to 2020/21. This is mainly due to 2020/21 budgets being reprofiled to 2021/22 and additional HRA Asset Management and Compliance Programme budgets being brought forward from the future years due to acceleration of some works. The HRA CFR is forecast to increase to £456.42m by the end of 2024/25.
23. The **Hartopp & Lannoy** budget approved in April 2019 incorporated budgets towards costs and compensation of decanting of tenants and acquisition of third- party interests as well as a budget for the demolition. However, following completion of the decanting of the tenants and acquisition of all third parties, £99,123 remained unused from the acquisition budget and a further £83,636 from decanting of tenants.
24. On conclusion of the demolition work, significant contaminations were discovered on the site that needed to be removed to prevent further project delay. The outturn incorporates a transfer of unused sums totalling £182,758 from the decanting and acquisition budgets to enable the necessary further demolition works without the need for an additional project budget.
25. The **Fire Safety Compliance Programme** has spent £2m more than budgeted due to supplier invoices being higher than anticipated and unforeseen asbestos removal work in Council blocks. The additional spend represents 12% of the approved £16.68m budget for the Fire Safety Compliance Programme (Cabinet February 2019) which will need to be funded from additional borrowing and increase the HRA Capital Financing Requirement. This will increase future HRA interest charges.

REASONS FOR DECISION

26. 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

27. 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.

RISK MANAGEMENT

28. 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, Brexit and the war in Ukraine 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.

29. 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.
30. 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.
31. 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.
32. 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.
33. Proposals set out in this report seek to comply with the Council's legal duties.
34. Implications completed by: David Hughes, Director of Audit, Risk and Insurance, 15 June 2022.

VAT IMPLICATIONS

35. 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
36. Implications verified by: Emily Hill, Director of Finance.

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		Total Budget (All years) £'000	
	Analysis of Movements (Q3 to Q4)					Revised Budget 2021/22 Outturn £'000	2022/23 Original Budget £'000	Slippages, Additions and Reductions £'000	2022/23 Revised Budget £'000	2023/24 Budget £'000		2024/25 Budget £'000
	Revised Budget 2021/22 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000							
Scheme Expenditure Summary												
SEN sufficiency	200	(71)	-	-	(71)	129	650	71	721	650	-	1,500
Foster carers' extension	20	(15)	-	-	(15)	5	169	15	184	-	-	189
Old Oak	45	-	(45)	-	(45)	-	-	-	-	-	-	-
Caretakers' lodges	15	(15)	-	-	(15)	-	-	15	15	-	-	15
School Maintenance Programme	2,961	(2,445)	-	-	(2,445)	516	2,929	2,445	5,374	2,929	-	8,819
Total Expenditure	3,241	(2,546)	(45)	-	(2,591)	650	3,748	2,546	6,294	3,579	-	10,523
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	3,176	(2,531)	-	-	(2,531)	645	3,579	2,531	6,110	3,579	-	10,334
Grants and Contributions from Private Developers (includes S106)	45	-	(45)	-	(45)	-	-	-	-	-	-	-
Sub-total - Specific or Other Financing	3,221	(2,531)	(45)	-	(2,576)	645	3,579	2,531	6,110	3,579	-	10,334
Mainstream Financing (Internal Council Resource)												
Capital Receipts	20	(15)	-	-	(15)	5	27	15	42	-	-	47
Sub-total - Mainstream Funding	20	(15)	-	-	(15)	5	27	15	42	-	-	47
Borrowing	-	-	-	-	-	-	142	-	142	-	-	142
Total Capital Financing	3,241	(2,546)	(45)	-	(2,591)	650	3,748	2,546	6,294	3,579	-	10,523

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		
	Analysis of Movements (Q3 to Q4)										
	Revised Budget 2021/22 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2021/22 Outturn £'000	2022/23 Original Budget £'000	Slippages, Additions and Reductions £'000	2022/23 Revised Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000
Scheme Expenditure Summary											
Extra Care New Build project (Adults' Personal Social Services Grant)	-		-	-	-	-	957	-	957	-	-
Disabled Facilities Grant	1,342	(323)	-	-	(323)	1,019	-	323	323	-	-
Transforming Care (Winterbourne Grant)	300	(300)	-	-	(300)	-	-	300	300	-	-
Social Care Capital Projects	848	(379)	-	-	(379)	469	-	379	379	-	-
Total Expenditure	2,490	(1,002)	-	-	(1,002)	1,488	957	1,002	1,959	-	-
Capital Financing Summary											
Specific/External or Other Financing											
Capital Grants from Central Government	2,061	(573)	-	-	(573)	1,488	957	573	1,530	-	-
Capital Grants/Contributions from Non-departmental public bodies	300	(300)	-	-	(300)	-	-	300	300	-	-
Sub-total - Specific or Other Financing	2,361	(873)	-	-	(873)	1,488	957	873	1,830	-	-
Borrowing	129	(129)	-	-	(129)	-	-	129	129	-	-
Total Capital Financing	2,490	(1,002)	-	-	(1,002)	1,488	957	1,002	1,959	-	-

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 to Q4)						2022/23 Original Budget £'000	Slippages, Additions and Reductions £'000	2022/23 Revised Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000		
Revised Budget 2021/22 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2021/22 Outturn £'000							
Scheme Expenditure Summary												
Footways and Carriageways	2,598	(530)	-	(188)	(718)	1,880	2,030	530	2,560	2,030	2,030	8,500
Transport For London Schemes	1,396	(447)	61	50	(336)	1,060	-	447	447	-	-	1,507
Safer Cycle Pathway (TFL/S278 funded)	1,340	-	954	154	1,108	2,448	-	-	-	-	-	2,448
Column Replacement	351	(17)	-	-	(17)	334	346	17	363	346	346	1,389
Capital Investment in Street Lighting	300	135	-	-	135	435	800	(135)	665	-	-	1,100
Electric Vehicle Infrastructure	216	(3,269)	4,293	21	1,045	1,261	-	3,269	3,269	-	-	4,530
Other Highways Capital Schemes	1,087	(4,028)	3,763	(37)	(302)	785	994	4,028	5,022	-	-	5,807
Hammersmith Bridge Existing Works	1,315	(41)	(1,054)	-	(1,095)	220	-	41	41	-	-	261
Hammersmith Bridge Stabilisation Works	3,060	(2,490)	-	-	(2,490)	570	5,840	2,490	8,330	-	-	8,900
Hammersmith Bridge Pre Restoration Works	-	(3,500)	3,500	-	-	-	-	3,500	3,500	-	-	3,500
Waste Collection and Disposal Projects	909	(497)	-	-	(497)	412	-	497	497	-	-	909
Public CCTV	285	(5,054)	5,080	-	26	311	-	1,410	1,410	1,370	1,135	4,226
Parks Projects	738	(2,082)	1,497	-	(585)	153	-	2,082	2,082	-	-	2,235
Leisure Centre Capital Investment	957	(308)	-	-	(308)	649	50	308	358	90	-	1,097
Total Expenditure	14,552	(22,128)	18,094	-	(4,034)	10,518	10,060	18,484	28,544	3,836	3,511	46,409

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

Environment Department	Current Year Programme					Next Year Programme			Indicative Future Years Analysis	
Analysis of Movements (Q3 to Q4)						2022/23 Original Budget	Slippages, Additions and Reductions	2022/23 Revised Budget	2023/24 Budget	2024/25 Budget
Revised Budget 2021/22 (Q3)	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements	Revised Budget 2021/22 Outturn					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Capital Financing Summary

Specific/External or Other Financing

Capital Grants from Central Government	1,020	(5,455)	5,485	-	30	1,050	1,947	5,455	7,402	-	-	8,452
Grants and Contributions from Private Developers (includes S106/S278)	1,696	(5,146)	4,844	(500)	(802)	894	999	4,919	5,918	-	-	6,812
Capital Grants/Contributions from Non-departmental public bodies	428	(1,135)	1,125	(88)	(98)	330	45	1,135	1,180	-	-	1,510
Capital Grants and Contributions from GLA	4,781	(2,634)	(769)	(48)	(3,451)	1,330	1,947	2,634	4,581	-	-	5,911
Sub-total - Specific or Other Financing	7,925	(14,370)	10,685	(636)	(4,321)	3,604	4,938	14,143	19,081	-	-	22,685

Mainstream Financing (Internal Council Resource)

Capital Receipts	-	-	311	-	311	311	844	-	844	-	-	1,155
Revenue Contributions	-	-	713	-	713	713	-	-	-	-	-	713
Use of Reserves	1,167	(1,128)	(20)	-	(1,148)	19	-	1,128	1,128	-	-	1,147
Sub-total - Mainstream Funding	1,167	(1,128)	1,004	-	(124)	1,043	844	1,128	1,972	-	-	3,015

Borrowing

Borrowing	5,460	(6,630)	6,405	636	411	5,871	4,278	3,213	7,491	3,836	3,511	20,709
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Total Capital Financing

Total Capital Financing	14,552	(22,128)	18,094	-	(4,034)	10,518	10,060	18,484	28,544	3,836	3,511	46,409
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Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Finance and Resources Department	Current Year Programme					Next Year Programme			Indicative Future Years Analysis		
	Analysis of Movements (Q3 to Q4)					Revised Budget 2021/22 Outturn	2022/23 Original Budget	Slippages, Additions and Reductions	2022/23 Revised Budget	2023/24 Budget	2024/25 Budget
	Revised Budget 2021/22 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements						
Scheme Expenditure Summary											
Invest to Save - Flexible Use of Capital Receipts	1,500	(989)	-	-	(989)	511	4,285	989	5,274	-	-
Investment in Digital Infrastructure	614	(614)	-	-	(614)	-	300	614	914	-	-
Business Intelligence Infrastructure	80	-	(80)	-	(80)	-	-	-	-	-	-
Total Expenditure	2,194	(1,603)	(80)	-	(1,683)	511	4,585	1,603	6,188	-	-
Capital Financing Summary											
Mainstream Financing (Internal Council Resource)											
Capital Receipts	1,580	(989)	(80)	-	(1,069)	511	4,285	989	5,274	-	-
Sub-total - Mainstream Funding	1,580	(989)	(80)	-	(1,069)	511	4,285	989	5,274	-	-
Borrowing	614	(614)	-	-	(614)	-	300	614	914	-	-
Total Capital Financing	2,194	(1,603)	(80)	-	(1,683)	511	4,585	1,603	6,188	-	-

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 to Q4)						2022/23 Original Budget	Slippages, Additions and Reductions	2022/23 Revised Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
	Revised Budget 2021/22 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2021/22 Outturn						
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary												
Civic Campus												
Hammersmith Town Hall Refurbishment	15,975	(6,547)	1,652	-	(4,895)	11,080	25,950	1,652	27,602	7,620	-	46,302
Acquisition of commercial units	7,355	(1,376)	-	-	(1,376)	5,979	17,281	4,207	21,488	28,340	-	55,807
Equity Loan (Civic Campus)	8,169	(2,575)	-	-	(2,575)	5,594	13,894	(4,036)	9,858	6,611	-	22,063
Subtotal Civic Campus	31,499	(10,498)	1,652	-	(8,846)	22,653	57,125	1,823	58,948	42,571	-	124,172
Building Homes and Communities Strategy (GF sites)												
Education City Loan	-	-	-	-	-	-	22,000		22,000	12,000	5,000	39,000
Education City -Youth Facility	-	-	-	-	-	-	579		579	4,671	-	5,250
Farm Lane	1,211	(591)	-	-	(591)	620	-	591	591	-	-	1,211
Mund Street	643	(405)	-	-	(405)	238	2,530	405	2,935	-	-	3,173
Community Schools Programme	296	(103)	-	-	(103)	193	1,020	103	1,123	60	-	1,376
Investment in Affordable Housing-Lillie Road Site	833	(374)	-	-	(374)	459	910	374	1,284	-	-	1,743
Subtotal Building Homes and Communities Strategy (GF sites)	2,983	(1,473)	-	-	(1,473)	1,510	27,039	1,473	28,512	16,731	5,000	51,753
Other GF Capital Schemes managed by the Economy												
Sands End Community Centre	129	(27)	-	-	(27)	102	-	27	27	-	-	129
Planned Maintenance/DDA Programme	2,462	(1,043)	-	-	(1,043)	1,419	7,323	1,043	8,366	2,400	2,400	14,585
Carnwath Road	-		-	-	-	-	1,870		1,870	-	-	1,870
North End Road - Business Low Emissions Neighbourhood	113	(35)	25	-	(10)	103	125	35	160	-	-	263
North End Road - Good Growth Fund	1,088	(631)	39	-	(592)	496	1,110	631	1,741	-	-	2,237
WMC JV Exit Costs	1,857	(1,857)	-	-	(1,857)	-	-	1,857	1,857	-	-	1,857
Subtotal Other GF Capital Schemes managed by the Economy	5,649	(3,593)	64	-	(3,529)	2,120	10,428	3,593	14,021	2,400	2,400	20,941
Total Expenditure	40,131	(15,564)	1,716	-	(13,848)	26,283	94,592	6,889	101,481	61,702	7,400	196,866

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 to Q4)						2022/23 Original Budget £'000	Slippages, Additions and Reductions £'000	2022/23 Revised Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	Total Budget (All years) £'000
	Revised Budget 2021/22 (Q3) £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000	Revised Budget 2021/22 Outturn £'000						
Capital Financing Summary												
Specific/External or Other Financing												
Grants and Contributions from Private Developers (includes S106)	1,289	(431)	824	-	393	1,682	1,670	431	2,101	1,171	-	4,954
Community Infrastructure Levy (CIL)	15,975	(6,547)	828	-	(5,719)	10,256	4,126	6,547	10,673	-	-	20,929
Capital Grants/Contributions from Non-departmental public bodies	129	(27)	64	-	37	166	-	27	27	-	-	193
Capital Grants and Contributions from GLA Bodies	613	(123)	-	-	(123)	490	625	123	748	-	-	1,238
Sub-total - Specific or Other Financing	18,006	(7,128)	1,716	-	(5,412)	12,594	6,421	7,128	13,549	1,171	-	27,314
Mainstream Financing (Internal Council Resource)												
Capital Receipts (GF)	-	-	-	-	-	-	7,323	(237)	7,086	-	-	7,086
Sub-total - Mainstream Funding	-	-	-	-	-	-	7,323	(237)	7,086	-	-	7,086
GF Borrowing	22,125	(8,436)	-	-	(8,436)	13,689	80,848	(2)	80,846	60,531	7,400	162,466
Total Borrowing	22,125	(8,436)	-	-	(8,436)	13,689	80,848	(2)	80,846	60,531	7,400	162,466
Total Capital Financing	40,131	(15,564)	1,716	-	(13,848)	26,283	94,592	6,889	101,481	61,702	7,400	196,866

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 to Q4)					Revised Budget 2021/22 Outturn	2022/23 Original Budget	Slippages, Additions and Reductions	2022/23 Revised Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
	Revised Budget 2021/22 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements							
Scheme Expenditure Summary												
HRA Asset Management and Compliance Programme												
Pre Agreed Works	8,520	(1,262)	(402)	-	(1,664)	6,856	7,183	1,262	8,445	250	6,868	22,419
Fire Safety Compliance Programme	7,316	1,720	2,085	-	3,805	11,121	8,900	(1,720)	7,180	3,671	7,689	29,661
Fire Safety Complex Schemes	1,997	57	-	-	57	2,054	19,596	(57)	19,539	30,940	6,500	59,033
Lift Schemes	3,175	(1,382)	(169)	-	(1,551)	1,624	3,035	1,382	4,417	750	750	7,541
Boiler Schemes	2,762	140	-	-	140	2,902	3,100	(140)	2,960	4,970	6,140	16,972
Safety Works - Electrical	4,722	227	-	-	227	4,949	7,225	(227)	6,998	5,337	4,390	21,674
Safety Works	1,666	(260)	(15)	-	(275)	1,391	7,093	260	7,353	14,958	12,750	36,452
Void Works	2,994	(599)	-	-	(599)	2,395	3,704	599	4,303	1,200	1,200	9,098
Other Capital Improvements	2,180	(1)	(226)	-	(227)	1,953	6,435	1	6,436	2,983	2,266	13,638
Capitalised salaries	2,950	32	-	-	32	2,982	3,200	(32)	3,168	2,000	1,800	9,950
Capitalised repairs	1,500	(101)	-	-	(101)	1,399	4,010	101	4,111	4,040	4,070	13,620
Climate Emergency and Other future works	-	-	-	-	-	-	3,000	-	3,000	15,280	18,835	37,115
Allowance for program slippage for financial modeling purposes	-	-	-	-	-	-	(11,472)	-	(11,472)	(1,485)	1,968	(10,989)
Subtotal HRA Asset Management and Compliance Programme	39,782	(1,429)	1,273	-	(156)	39,626	65,009	1,429	66,438	84,894	75,226	266,184
Building Homes and Communities Strategy (HRA sites)												
Homes & Communities Strategy	135	(73)	-	-	(73)	62	1,315	73	1,388	-	-	1,450
White City Estate Regeneration	2,588	(1,061)	-	-	(1,061)	1,527	386	1,061	1,447	386	386	3,746
Old Laundry Yard	60	(22)	-	-	(22)	38	1,111	22	1,133	-	-	1,171
Education City- HRA element	5,253	3,413	-	-	3,413	8,666	7,766	(3,413)	4,353	8,910	26,110	48,039
Subtotal Building Homes and Communities Strategy (HRA sites)	8,036	2,257	-	-	2,257	10,293	10,578	(2,257)	8,321	9,296	26,496	54,406
Other HRA Capital Schemes												
Housing Development Project	1,119	(159)	-	-	(159)	960	54	159	213	-	-	1,173
Stanhope Joint Venture	417	410	92	-	502	919	1,263	(938)	325	8,788	13,707	23,739
Affordable Housing Delivery Framework	146	(2)	-	-	(2)	144	-	2	2	-	-	146
Property Acquisition for Affordable Housing	755	(242)	-	-	(242)	513	-	242	242	-	-	755
Hartopp & Lannoy	2,971	(152)	-	-	(152)	2,819	750	76	826	826	512	4,983
Nourish Project (Good Growth Fund)	423	(121)	-	-	(121)	302	-	121	121	-	-	423
Subtotal Other HRA Capital Schemes	5,831	(266)	92	-	(174)	5,657	2,067	(338)	1,729	9,614	14,219	31,219
Total Expenditure	53,649	562	1,365	-	1,927	55,576	77,654	(1,166)	76,488	103,804	115,941	351,809

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 to Q4)					Revised Budget 2021/22 Outturn	2022/23 Original Budget	Slippages, Additions and Reductions	2022/23 Revised Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
	Revised Budget 2021/22 (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												
Capital Grants from Central Government	450		-	199	199	649	-	239	239	-	-	888
Contributions from leaseholders	1,058	-		1,969	1,969	3,027	1,598		1,598	1,811	1,449	7,885
Grants and Contributions from Private Developers (includes S106)	570	168	-	-	168	738	841	(610)	231	5,782	9,018	15,769
Capital Grants and Contributions from GLA Bodies	634		-	1,454	1,454	2,088	746	(697)	49	3,006	4,689	9,832
RtB GLA Ringfence	2,243	(970)	-	-	(970)	1,273	1,960	662	2,622	2,249	2,005	8,149
Sub-total - Specific or Other Financing	4,955	(802)	-	3,622	2,820	7,775	5,145	(406)	4,739	12,848	17,161	42,523
Mainstream Financing (Internal Council Resource)												
Capital Receipts (HRA)	7,241	-	-	(497)	(497)	6,744	3,156	65	3,221	3,331	2,894	16,190
Major Repairs Reserve (MRR) / Major Repairs Allowance	16,218	-	-	794	794	17,012	16,620	-	16,620	17,013	17,415	68,060
Capital Receipts (GF)	-	-	-	-	-	-	1,432	-	1,432	-	-	1,432
Sub-total - Mainstream Funding	23,459	-	-	297	297	23,756	21,208	65	21,273	20,344	20,309	85,682
Borrowing(HRA)	25,094	1,472	1,273	(3,919)	(1,174)	23,920	51,301	(933)	50,368	70,612	78,471	223,371
Borrowing (GF)	141	(108)	92	-	(16)	125	-	108	108	-	-	233
Total Capital Financing	53,649	562	1,365	-	1,927	55,576	77,654	(1,166)	76,488	103,804	115,941	351,809

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	(702)
Transforming Care (Winterbourne Grant) – budget reprofiling to future years due to the delays in start of the project	(300)
Total Adult Social Care variations	(1,002)
Finance and Resources Departments	
Invest to Save schemes under flexible use of capital receipts dispensation – budget reprofiling to future years due to project delays	(989)
Business Intelligence Infrastructure – budget reduction as 2021/22 expenditure financed from revenue budgets	(80)
Investment in Digital Infrastructure – budget reprofiling to future years due to delays in implementation	(614)
Total Finance and Resources Departments variations	(1,683)
Children’s Services Department	
Other Schools Capital Schemes – budget reprofiled to future years for SEN sufficiency (£71,000), Caretakers’ Lodges (£15,000) and Foster Careers Extension (£15,000). Budget reduction for Old Oak Nursery project (£45,000) as capital budget no longer required	(145)
School Maintenance Programme – budget reprofiling to future years due to the delays in project start dates	(2,445)
Total Children’s Services Department variations	(2,591)
Environment Department	
Footways and Carriageways – £530,000 budget reprofiling to future years due to delays in projects and £188,000 budget transfer to other highways capital schemes	(718)
Transport for London (TfL) Schemes – £447,000 budget reprofiling to future years due to TfL funding being confirmed late in the financial year, £61,000 budget adjustment to reflect additional funding received and £50,000 budget transfer from Footways and Carriageways	(336)
Safer Cycle Pathway (TfL/S278 funded) – net movement consists of: <ul style="list-style-type: none"> £954,000 additional budget required to be funded from Council resources to reflect actual in year spend in excess of budget £154,000 budget transfer from Footways and Carriageways 	1,108
Hammersmith Bridge Existing Works – £1.054m reduction in capital budgets as expenditure reclassified as revenue, £41,000 budget reprofiled to 2022/23	(1,095)
Hammersmith Bridge Stabilisation Works – budget reprofiling to future years	(2,490)
Hammersmith Bridge Pre-Restoration Works- additional budget of £3.5m approved by the Cabinet in March 2022 and reprofiled to future years	0
Column Replacement – budget reprofiled to future years	(17)
Other Highways Capital Schemes – net movement consisting of: <ul style="list-style-type: none"> £4.028m budget reprofiled to future years due to project delays £3.763m – additional budget to reflect s106 funding allocation approved in December 2021 £37,000 budget transfer to transport schemes 	(302)
Public CCTV – additional budget of £5.365m approved by the Cabinet in March 2022 and reprofiled to future years (£5.054m)	311
Capital investment in Street Lighting – budget reprofiled from future years due to the accelerated works	135

Variation by department	Amount £000
Parks Capital Programme – net movement consisting of: <ul style="list-style-type: none"> £1.497m additional budget to reflect s106 funding allocation approved in April 2022 £2.282m budget reprofiling to future years due to late approval of s106 funding 	(585)
Waste Collection and Disposal – budget reprofiled to future years due to the project delays	(497)
Electric Vehicle Infrastructure – additional budget of £4.293m to reflect OZEV funding received. £3.269m of the budget reprofiled to future years	(1,045)
Leisure Centre Capital Investment – budget reprofiled to future years due to the project delays	(308)
Total Environment Department variations	(4,034)
General Fund schemes under Economy Department	
Hammersmith Town Hall Refurbishment – additional budget of £0.828m funded from CIL to reflect historic spend on CCTV equipment relocation and installation costs at Beavor Lane not contained in the original budget, £0.824m additional budget to reflect management fee contribution from the Joint Venture and £6.5m budget reprofiling to future years due the project delays	(4,895)
Acquisition of commercial units (Civic Campus) – budget reprofiled to future years to reflect the actual spend and updated cash flow forecast	(1,376)
Equity Loan (Civic Campus) – budget reprofiled to future years to reflect the actual spend and updated cash flow forecast	(2,575)
Building Homes and Community Strategy schemes – budget reprofiled to future years due to delays in the progress of the schemes	(1,473)
Corporate Planned Maintenance Programme (CPMP) – budget reprofiled to future years due to the delay in start of works on various sites	(1,043)
North End Road (Good Growth Fund) – £631,000 budget reprofiling to future years due slower progress of the project, and additional £25,000 budget for 2021/22 expenditure funded by LIP match funding from Environment	(592)
Sands End Community Centre – project completed in 2020/21, residual budget for retention fee reprofiled to future years	(27)
Watermeadow Court JV Exit Costs – budget reprofiled to 2022/23 due to delays in disposal	(1,857)
North End Road Business Low Emissions Neighbourhood – £35,000 budget reprofiling to future years due slower progress of the project, and additional £25,000 budget for 2021/22 expenditure funded by LIP match funding from Environment	(10)
Total General Fund schemes under Economy Department variations	(13,848)
Economy Department (HRA) Schemes	
Education City – budget reprofiled from future years due to accelerated works on site	3,413
Asset Management and Compliance Programme – net movement consisting of: <ul style="list-style-type: none"> £2.176m budget reprofiling from future years to reflect accelerated programme of works on various sites/ schemes £3.605m budget reprofiling to future years due to delays in works on various sites/ schemes £0.812m budget reduction to reflect schemes completed under the budget £2.085m additional budget request for Fire Safety Compliance Programme 	(156)
Hartopp and Lannoy – budget reprofiled to future years due to delay in planning application	(152)
White City Estate Regeneration – budget reprofiling to future years due to delay in start of the scheme	(1,061)

Variation by department	Amount £000
Homes & Communities Strategy – budget reprofiled to future years due to project delays	(73)
Old Laundry Yard – budget reprofiled to future years due to project delays	(22)
Property Acquisition for Affordable Housing – budget reprofiled to future years – new potential acquisitions to be identified in 2022/23	(242)
Stanhope Joint Venture – net movement consists of: <ul style="list-style-type: none"> £410,000 Edith Summerskill budget reprofiling from future years to cover the higher costs than forecasted for 2021/22 £92,000 budget addition in relation to Watermeadow Court site security costs 	502
Housing Development Project – budget reprofiling to future years due to delays in Gas Easement works in relation to Spring Vale project	(159)
Nourish Project (Good Growth Fund) – budget reprofiling to future years due to delays in the project delivery	(121)
Total Economy Department (HRA) variations	1,927
Total 2021/22 outturn variations	(21,231)

2022/23 budget variations	Amount £000
Net budget reprofiling from 2021/22 (covered by above variations)	42,281
Budget reprofiling from future years (2023+) of the following schemes due to reprogramming and re-phasing: <ul style="list-style-type: none"> Acquisition of commercial units (Civic Campus) 	2,831
Budget reprofiling to future years (2023+) of the following schemes due to reprogramming and re-phasing: <ul style="list-style-type: none"> Public CCTV - £3.644m Stanhope Joint Venture and Hartopp & Lannoy schemes - £0.604m Equity Loan (Civic Campus) – £6.611m Hammersmith Town Hall Refurbishment- £4.895m 	(15,754)
Grand Total 2022/23 funding variations	29,358

Appendix 3 – General Fund capital receipts (2021/22 actual and future years forecast)

Financial Year	Q4 2021/22
2021/22	£'000
Brought forward receipts	2,234
Capital receipts for the year	47
Receipts used to finance in-year capital expenditure	(827)
Receipts c/f to 2022/23	1,454
2022/23	
Receipts b/f from 2021/22	1,454
Forecast capital receipts for the year	13,775
Cost of Sales (4%)	(551)
Total 2022/23	14,678

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.

The Council’s 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 Corporate Accountancy, Systems and Tax 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 2021/22 and forecast future years:

Table 1 - Actual General Fund CFR 2021/22 and forecast future years (outturn)

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	128.91	163.60	178.98
Revenue Repayment of Debt (MRP)	(1.36)	(1.36)	(1.59)	(2.04)	(3.02)
Mainstream Programme (Surplus)/Shortfall	9.44	8.11	36.28	17.42	5.91
Closing Capital Finance Requirement (CFR)	122.16	128.91	163.60	178.98	181.88
SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance	11.84	21.51	28.66	82.00	128.96
Revenue Repayment of Debt (MRP)	(1.42)	(4.42)	(0.00)	(0.00)	(2.58)
In Year Borrowing	11.08	11.57	53.35	46.95	5.00
Closing Capital Finance	21.51	28.66	82.00	128.96	131.38
Finance leases/PFI/ Deferred costs of disposal	8.91	8.52	7.09	6.39	5.69
Total Closing GF CFR	152.57	166.09	252.70	314.33	318.94

2. The General Fund Headline CFR is £128.91m at the end of 2021/22 and is forecast to be £181.88m by the end of 2024/25. The increase in GF Headline CFR puts additional pressures on revenue budgets.
3. The Headline CFR figures exclude:
 - £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

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. 2021/22 CFR for these schemes is £28.66m and is forecast to be £131.38m 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 (Q3)	Variations (Q4)	Revised Budget 2021/22 (Q4)	Revised Budget 2022/23	Indicative Budget 2023/24	Indicative Budget 2024/25	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure							
Ad Hoc Schemes:							
Education City -ARK loan	-	-	-	22,000	12,000	5,000	39,000
Acquisition of commercial units (Civic Campus) [ECD]	7,355	(1,376)	5,979	21,488	28,340	-	55,807
Equity Loan (Civic Campus) [ECD]	8,169	(2,575)	5,594	9,858	6,611	-	22,063
Total Mainstream Programmes	15,524	(3,951)	11,573	53,346	46,951	5,000	116,870
Financing							
Increase/(Decrease) in Borrowing	15,524	(3,951)	11,573	53,346	46,951	5,000	116,870
Total Financing	15,524	(3,951)	11,573	53,346	46,951	5,000	116,870

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 3.34%)