

## London Borough of Hammersmith & Fulham

**Report to:** Cabinet

**Date:** 04/09/2023

**Subject:** Capital Programme Monitor & Budget Variations, 2022/23 (Outturn)

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

**Responsible Director:** Sukvinder Kalsi, Strategic Director of Finance

---

### SUMMARY

The Council's overall financial strategy includes significant capital investment in the infrastructure of the Borough and this in turn supports the delivery of the Council's key priorities and strategies e.g. Building Homes & Communities.

All capital programmes are complex and involve considerable local community engagement, procurement and planning considerations. The total capital outturn for 2022/23 was £140.1m and this included:

- £65.8m was invested in the existing council homes to ensure compliance and building affordable new homes for residents
- more than £14m in ensuring the safety of Hammersmith Bridge and progressing the stabilisation work
- investing £3.2m in the rollout of electric vehicle charging points as part of our Climate and Ecology Strategy

Work is also continuing to complete the Civic Campus development that will re-open the historic town hall to the public and regenerate an important part of the Borough, providing a vibrant entertainment, arts, business, education, and social destination featuring world-class architecture.

This details of the capital programme outturn for the financial year 2022/23 (including the financing of this spend) and the future programme are set out in the report.

---

### RECOMMENDATIONS

1. To note the capital outturn for the year of £140.1m.
2. To approve the proposed budget variations to the capital programme (2022/23 to 2025/26) as summarised in Table 1 and detailed in Appendix 1.

---

**Wards Affected:** All

---

The Council's Capital Programme contains several schemes and projects which are directly linked to the Council's Business Plan 2022-23, and which will deliver the Council's priorities, as set out in the plan.

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Being ruthlessly financially efficient	<p>All capital investment decisions are required to be underpinned by a robust business case that sets out the full costs, funding and risks and any expected financial return alongside the broader outcomes including economic and social benefits.</p> <p>This report provides detailed analysis of the Council's capital programme financial position and highlights potential risks and their impact on the Council's resources.</p>
Building shared prosperity	<p>We need to always confirm that spend fits our council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts. The council will continue to invest in our ambitious housing development programme and work through the planning system to enable 3,000 new energy-efficient 50% genuinely affordable homes to be built.</p>
Creating a compassionate council	<p>As the council's resources have been reduced, we have protected the services on which the most vulnerable residents rely.</p>
Doing things with local residents, not to them	<p>A significant proportion of services are delivered in partnership with local and national companies, and this will continue to promote all business sectors to the benefit of residents. The proposals will implement the Disabled People's Housing Strategy, working in co- production with disabled residents.</p>
Taking pride in H&F	<p>The strategy proposals include significant investment in public realm services, to maintain world-class parks, open spaces, and cemeteries, making sure that parks are a safe space for residents.</p> <p>The proposals also are continuing to invest in CCTV so that residents feel secure in their homes and on the streets.</p>
Rising to the challenge of the climate and ecological emergency	<p>The council has approved a Climate and Ecology Strategy and action plan to deliver its target of net zero greenhouse gas emissions in the borough by 2030. It has been shaped by the work of the resident-led Climate and Ecological Emergency Commission, who worked closely with the Council's Climate Unit and was devised by ten cross-departmental officer working groups.</p>

## Financial Impact

This report is wholly of a financial nature.

Budget Council approved a four-year capital programme for 2022/23 to 2025/26 of £577.1m. The programme has now been revised to £643.5m and the key changes (a net increase of £66.4m) are summarised in the table below:

<b>Budget Movement Summary for 2022/23-2025/26 capital programme</b>	<b>£'m</b>
<b>Four-year capital programme budget approved at Full Council in February 2022</b>	<b>577.1</b>
Budgets reprofiled from 2021/22 to 2022/23 and future years	42.8
New budgets approved during 2022/23 for affordable housing schemes development	62.1
New approved budgets in relation to Civic Campus development	24.8
Additional budgets approved for various infrastructure and transport schemes (including Hammersmith Bridge)	15.7
New budget for Tech-Tonic 2 device refresh programme	4.4
2022/23 budgets reprofiled to the future years	(64.6)
Reduction in Education City loan budget to reflect the actual cash flow forecast	(19)
<b>Revised four -year capital programme as at 2022/23 outturn</b>	<b>643.6</b>

The macro-economic turbulence (including high inflation and interest rates) has had a significant impact on the cost of materials, labour, and funding costs. Inflation has been consistent (at around 10% during the last financial year) and interest rates have increased significantly (currently 5% in June 2023 compared to 0.25% in December 2021).

The interest rate regarding long-term borrowing from the Public Works Loans Board (PWLB) now stands at 5.2% compared to 1.5% in December 2021 (so borrowing is now more than 3 times more expensive than December 2021).

The Council's underlying need to borrow (Capital Financing Requirement - CFR) to support the capital programme is forecast to increase by £367.9m over the next 4 years (£59m regarding the headline General Fund CFR, £89.1m regarding self-financing schemes and £219.8m regarding the Housing Revenue Account).

There is a risk that those schemes expected to be self-financing are subject to economic and demand pressures, and therefore may not yield the required revenues. These details will be reported as part of the regular capital reports during 2023/24.

For illustrative purposes it is currently estimated that the increase of £59m in the General Fund CFR will result in an estimated additional revenue budget requirement of £4.9m<sup>1</sup> per annum by 2026/27, and the increase of £89.1m for the self-financing of which £50m relates to the acquisition of the Civic Campus commercial units.

---

<sup>1</sup> Current cost of borrowing rate of 8.38% calculated using the latest discounted certainty PWLB interest rate of 5.2% and minimum revenue provision (MRP) of 3.18%. MRP on new developments is charged at 2%.

These potential implications will need to be reflected in the Council's Treasury Management Strategy and the future MTFS.

Andre Mark, Head of Strategic Planning and Investment, 07776 673 099, 23 June 2023

## **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.

Jade Monroe, Chief Solicitor, Social Care 0208 753 2695, 14 June 2023

---

## **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 2022-26 (published February 2022)
- 

## **CAPITAL PROGRAMME 2022-23 –OUTTURN OVERVIEW**

1. Capital expenditure for 2022/23 totalled £140.1m. The capital programme outturn position is summarised in Table 1. The 2022/23 programme has decreased by £59.7m in comparison to the previous quarter. All the variations are detailed in Appendix 1.

**Table 1 – LBHF Capital Programme 2022-23 with proposed Q4 variations**

	2022/23 Original Budget £'000	Revised Budget 2022/23 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Actual Spend 2022/23 (Outturn) £'000
<b>CAPITAL EXPENDITURE</b>							
Children's Services	3,748	1,406	(540)	6	-	(534)	872
Social Care	957	2,498	(744)	-	-	(744)	1,754
Environment Department	10,060	29,180	(6,027)	3,766	-	(2,261)	26,919
Finance and Resources Department	4,585	5,274	(4,249)	(13)	-	(4,262)	1,012
Economy Department	94,592	89,260	(55,504)	9,964	-	(45,540)	43,720
<b>Total General Fund</b>	<b>113,942</b>	<b>127,618</b>	<b>(67,064)</b>	<b>13,723</b>	<b>-</b>	<b>(53,341)</b>	<b>74,277</b>
Economy Department-HRA Programme	77,654	72,152	(6,485)	167	-	(6,318)	65,834
<b>Total Expenditure</b>	<b>191,596</b>	<b>199,770</b>	<b>(73,549)</b>	<b>13,890</b>	<b>-</b>	<b>(59,659)</b>	<b>140,111</b>
<b>CAPITAL FINANCING</b>							
Use of specific resources (grant/section106/receipts)	54,727	78,545	(39,717)	26,156	(1,931)	(15,492)	63,053
Borrowing-General Fund*	32,393	24,104	(30,699)	(11,336)	732	(15,454)	8,650
Self-financing borrowing -General Fund*	53,175	52,609				(25,849)	26,760
Borrowing -HRA*	51,301	44,512	(3,133)	(930)	1,199	(2,864)	41,648
<b>Total Capital Financing</b>	<b>191,596</b>	<b>199,770</b>	<b>(73,549)</b>	<b>13,890</b>	<b>-</b>	<b>(59,659)</b>	<b>140,111</b>

## GENERAL FUND CAPITAL PROGRAMME OVERVIEW

2. The General Fund expenditure for 2022/23 totalled £74.3m.
3. The main areas of investment were:
  - £36m Civic Campus redevelopment (including Hammersmith Town Hall refurbishment)
  - £14.5m Hammersmith Bridge stabilisation works
  - £5.9m highways maintenance and transport schemes
  - £5.5m affordable housing and regeneration schemes
  - £3.2m rollout of electric vehicle charging points
  - £2m investment in the Council's planned maintenance of its non-domestic property portfolio.
  - £1.7m investment in adaptation works for disabled residents and other social care projects
  - £1.7m investment in public CCTV
  - £1.3m investment in parks and leisure
4. 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 GF mainstream programme total spend for 2022/23 was £13.4m which represents a decrease of £25.3m in comparison to Q3 forecast, mainly due to the schemes being reprofiled to future years. The mainstream programme and quarter 4 movements are summarised in Appendix 2.

5. The mainstream programme 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 General Fund Headline CFR (excluding the self-financing schemes set out in Appendix 5) is £134.01m as at the end of 2022/23, an in-year increase of £5.1m.
7. New capital receipts of £13.3m were received in 2022/23. Of these, £10.8m will be carried forward to 2023/24 and will be used to support investment in the Council's General Fund capital schemes and Invest to Save projects.

## **HOUSING CAPITAL PROGRAMME OVERVIEW**

8. Housing Capital expenditure for 2022/23 totalled £65.8m.
9. Of the total in- year spend, £52.8m was invested on major improvements and maintenance of the existing housing stock including:
  - £18.6m on fire safety works,
  - £8.8m on electrical and other safety works
  - £3.5m on boiler replacement schemes.
10. The remaining £13m investment relates to spent on the various affordable housing development and regeneration schemes, including Education City project (£9.7m).
11. Within the Housing Capital Programme there has been a net budget decrease of £6.3m. Detailed analysis of the budget variances is presented in Appendix 1.
12. The 2022/23 closing HRA CFR is £300.57m. This is an increase of £43.6m in comparison to 2021/22. This is mainly due to 2021/22 budgets being reprofiled to 2022/23 and an increase in budget for the HRA Asset Management and Compliance Programme.
13. £0.105m of costs in relation to Water Supply scheme previously budgeted in revenue have been identified as capital in nature. This report seeks an approval for a corresponding annual capital budget for these costs to be added to the HRA capital programme and be funded from HRA borrowing. This will result in an increase in HRA CFR.

## **FINANCING OF CAPITAL EXPENDITURE IN 2022/23**

14. The financing of the capital programme, across General Fund and HRA, can be seen at table 1 (above) in summary and in more detail within the appendices. Our capital financing requirement (underlying need to borrow) has increased in 2023/23 by £69m (detail in appendix 5), driven by a combination of spend on elements of the programme that should over the long-term be self-financing (primarily linked to Campus project), and others elements where the borrowing

costs are charged to revenue over time, via minimum revenue provision within the General Fund (as statutorily required) and through the 40 year business plan within the HRA.

15. The additional borrowing that has been undertaken during 2022/23 has been done wholly through internal borrowing, i.e. funded temporarily via our own cash balances, thereby negating the need to borrow externally and the related cost of borrowing. This is particularly advantageous currently, given Public Works Loans Board (PWLB) rates are above 5%, which is in excess of the opportunity cost of the return from investing cash balances. Internal borrowing is however by its nature a finite option. This is considered within overall borrowing strategy, which is constructed across key strands including our capital programme, treasury management strategy and revenue strategy.

## **REASONS FOR DECISION**

16. This report reports the 2022/23 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**

17. 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**

18. 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.
19. 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.

20. The impact to councils of the Grenfell Tower fire is 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.
21. The Fire Safety Act 2021 (the Act) received Royal Assent on 29 April 2021 and commenced on 16 May 2022. The Act amended the Regulatory Reform (Fire Safety) Order 2005 (the Fire Safety Order). The Act confirms that responsible persons (RPs) for multi-occupied residential buildings must assess, manage, and put in place measures to reduce the risk of fire for the structure and external walls of the building, including cladding, balconies and windows, and entrance doors to individual flats that open into common parts.
22. 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 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.
23. 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.
24. Proposals set out in this report seek to comply with the Council's legal duties.
25. The report sets out the ongoing economic uncertainty, including the potential for further interest rate rises to be agreed by the Bank of England, and identifies actions which will, in part, mitigate this risk.
26. Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 12 June 2023

## **VAT IMPLICATIONS**

27. 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 officers 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.
28. Implications verified by: Joanna Monaghan, Principal Accountant (Taxation), Corporate Finance, 28 June 2023.

## **LIST OF APPENDICES:**

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

Appendix 2 – GF Mainstream Capital Programme 2022-26

Appendix 3 – Capital receipts

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.

### 2022-26 Capital Programme Summary with proposed Q4 variations

	2022/23 Original Budget £'000	Revised Budget 2022/23 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Actual Spend 2022/23 (Outturn) £'000	2023/24 Original Budget £'000	Slippages, Additions and Reductions £'000	2023/24 Revised Budget £'000	2024/25 £'000	2025/26 £'000	Total Budget (All years) £'000
<b>CAPITAL EXPENDITURE</b>													
Children's Services	3,748	1,406	(540)	6	-	(534)	872	4,618	534	5,152	3,349	500	9,873
Social Care	957	2,498	(744)	-	-	(744)	1,754	957	744	1,701	-	-	3,455
Environment Department	10,060	29,180	(6,027)	3,766	-	(2,261)	26,919	14,143	6,027	20,170	4,511	3,515	55,115
Finance and Resources Department	4,585	5,274	(4,249)	(13)	-	(4,262)	1,012	3,244	4,249	7,493	2,080	-	10,585
Economy Department	94,592	89,260	(55,504)	9,964	-	(45,540)	43,720	62,388	29,661	92,049	41,966	3,435	181,170
<b>Total General Fund</b>	<b>113,942</b>	<b>127,618</b>	<b>(67,064)</b>	<b>13,723</b>	<b>-</b>	<b>(53,341)</b>	<b>74,277</b>	<b>85,350</b>	<b>41,215</b>	<b>126,565</b>	<b>51,906</b>	<b>7,450</b>	<b>260,198</b>
Economy Department-HRA Programme	77,654	72,152	(6,485)	167	-	(6,318)	65,834	117,127	(11,040)	106,087	127,907	83,465	383,293
<b>Total Expenditure</b>	<b>191,596</b>	<b>199,770</b>	<b>(73,549)</b>	<b>13,890</b>	<b>-</b>	<b>(59,659)</b>	<b>140,111</b>	<b>202,477</b>	<b>30,175</b>	<b>232,652</b>	<b>179,813</b>	<b>90,915</b>	<b>643,491</b>
<b>CAPITAL FINANCING</b>													
Use of specific resources (grant/section106/receipts)	54,727	78,545	(39,717)	26,156	(1,931)	(15,492)	63,053	57,419	30,750	88,169	45,796	67,203	264,221
Borrowing-General Fund*	32,393	24,104	(30,699)	(11,336)	732	(15,454)	8,650	31,524	7,618	39,142	16,866	5,526	70,184
Self-financing borrowing -General Fund*	53,175	52,609				(25,849)	26,760	36,843	(1,217)	35,626	28,611	524	91,521
Borrowing -HRA*	51,301	44,512	(3,133)	(930)	1,199	(2,864)	41,648	76,691	(6,976)	69,715	88,540	17,662	217,565
<b>Total Capital Financing</b>	<b>191,596</b>	<b>199,770</b>	<b>(73,549)</b>	<b>13,890</b>	<b>-</b>	<b>(59,659)</b>	<b>140,111</b>	<b>202,477</b>	<b>30,175</b>	<b>232,652</b>	<b>179,813</b>	<b>90,915</b>	<b>643,491</b>

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

Children's Services	Current Year Programme						Next Year Programme			Future Years Budgets		Total Budget (All years) £'000
	Revised Budget 2022/23 (Q3) £'000	Analysis of Movements (Q3 to Q4)				Actual Spend 2022/23 (Outturn) £'000	2023/24 Original Budget £'000	Slippages, Additions and Reductions £'000	2023/24 Revised Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	
		Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000							
<b>Scheme Expenditure Summary</b>												
SEN sufficiency	250	(239)	-	-	(239)	11	946	239	1,185	175	-	1,371
Foster carers' extension	11	-	6	-	6	17	173	(6)	167	-	-	184
School Maintenance Programme	1,145	(301)	-	-	(301)	844	3,499	301	3,800	3,174	500	8,318
<b>Total Expenditure</b>	<b>1,406</b>	<b>(540)</b>	<b>6</b>	<b>-</b>	<b>(534)</b>	<b>872</b>	<b>4,618</b>	<b>534</b>	<b>5,152</b>	<b>3,349</b>	<b>500</b>	<b>9,873</b>
<b>Capital Financing Summary</b>												
<b>Specific/External or Other Financing</b>												
Capital Grants from Central Government	1,395	(540)	-	-	(540)	855	4,445	540	4,985	3,349	500	9,689
<b>Sub-total - Specific or Other Financing</b>	<b>1,395</b>	<b>(540)</b>	<b>-</b>	<b>-</b>	<b>(540)</b>	<b>855</b>	<b>4,445</b>	<b>540</b>	<b>4,985</b>	<b>3,349</b>	<b>500</b>	<b>9,689</b>
<b>Mainstream Financing (Internal Council Resource)</b>												
Capital Receipts	11	-	6	-	6	17	31	(6)	25	-	-	42
<b>Sub-total - Mainstream Funding</b>	<b>11</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>17</b>	<b>31</b>	<b>(6)</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>42</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>-</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>142</b>
<b>Total Capital Financing</b>	<b>1,406</b>	<b>(540)</b>	<b>6</b>	<b>-</b>	<b>(534)</b>	<b>872</b>	<b>4,618</b>	<b>534</b>	<b>5,152</b>	<b>3,349</b>	<b>500</b>	<b>9,873</b>

The capital schemes in 2022/23 included maintenance works at schools (£844k), school adaptation works at special schools (£11k), and fees associated with refurbishment of a foster carer's house (£17k). £540k of the budget will be rolled forward to 2023/24, of which £301k is expected to be spent on improving the conditions of school buildings and £239k will fund adaptation works to improve the provision at special schools for pupils with EHC (Education, Health and Care) plans. The SEN Sufficiency Review is currently in the final stages of consultation with schools and other stakeholders, and recommended an investment in mainstream accessibility and enhanced provision for pupils with EHC plans. Based on the timing of project works, £167k of the budget is expected to be spent in 2023/24 towards refurbishment of the foster carer's house.

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

Social Care Services	Current Year Programme						Next Year Programme			Future Years Budgets		Total Budget (All years) £'000
	Analysis of Movements (Q3 to Q4)						2023/24 Original Budget £'000	Slippages, Additions and Reductions £'000	2023/24 Revised Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	
	Revised Budget 2022/23 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Actual Spend 2022/23 (Outturn) £'000						
<b>Scheme Expenditure Summary</b>												
Extra Care New Build project (Adults' Personal Social Services Grant)	-		-	-	-	-	957		957	-	-	957
Disabled Facilities Grant	1,308	(99)	-	-	(99)	1,209	-	99	99	-	-	1,308
Transforming Care (Winterbourne Grant)	300	(300)	-	-	(300)	-	-	300	300	-	-	300
Social Care Capital Projects	890	(345)	-	-	(345)	545	-	345	345	-	-	890
<b>Total Expenditure</b>	<b>2,498</b>	<b>(744)</b>	-	-	<b>(744)</b>	<b>1,754</b>	<b>957</b>	<b>744</b>	<b>1,701</b>	-	-	<b>3,455</b>
<b>Capital Financing Summary</b>												
<b>Specific/External or Other Financing</b>												
Capital Grants from Central Government	2,069	(315)	-	-	(315)	1,754	957	315	1,272	-	-	3,026
Capital Grants/Contributions from Non-departmental public bodies	300	(300)	-	-	(300)	-	-	300	300	-	-	300
<b>Sub-total - Specific or Other Financing</b>	<b>2,369</b>	<b>(615)</b>	-	-	<b>(615)</b>	<b>1,754</b>	<b>957</b>	<b>615</b>	<b>1,572</b>	-	-	<b>3,326</b>
<b>Borrowing</b>	129	(129)	-	-	(129)	-	-	129	129	-	-	129
<b>Total Capital Financing</b>	<b>2,498</b>	<b>(744)</b>	-	-	<b>(744)</b>	<b>1,754</b>	<b>957</b>	<b>744</b>	<b>1,701</b>	-	-	<b>3,455</b>

The department is requesting slippage of (£0.744m) from 2022/23 to be included in the 2023/24 capital programme. This consists of (£0.444m) to fund the ongoing Disabled Facilities grant adaptation works to homes, which supports residents to live independently and avoid ongoing care costs and support various Social Care IT projects. The second element of (£0.300m) is for Commissioning and Learning Disabilities on assessing residents requirements for in-borough shelter housing provision.

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

Environment Department	Current Year Programme					Next Year Programme			Future Years Budgets		Total Budget (All years) £'000	
Analysis of Movements (Q3 to Q4)						2023/24 Original Budget £'000	Slippages, Additions and Reductions £'000	2023/24 Revised Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000		
Revised Budget 2022/23 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Actual Spend 2022/23 (Outturn) £'000							
Scheme Expenditure Summary						£'000	£'000	£'000	£'000	£'000		
Footways and Carriageways	2,466	(431)	3	(12)	(440)	2,026	2,124	431	2,555	2,030	2,030	8,641
Transport For London Schemes	1,389	(359)	(148)	-	(507)	882	37	359	396	-	-	1,278
Column Replacement	363	(36)	-	-	(36)	327	346	36	382	346	346	1,401
Capital Investment in Street Lighting	665	-	20	-	20	685	-	-	-	-	-	685
Electric Vehicle Infrastructure	3,269	(24)	-	-	(24)	3,245	-	24	24	-	-	3,269
Other Highways Capital Schemes	2,239	(686)	413	12	(261)	1,978	6,170	686	6,856	1,000	-	9,834
Hammersmith Bridge Existing Works	60	-	-	-	-	60	-	-	-	-	-	60
Hammersmith Bridge Stabilisation Works	9,220	(10)	2,902	-	2,892	12,112	-	10	10	-	-	12,122
Hammersmith Bridge Pre Restoration Works	6,000	(3,649)	-	-	(3,649)	2,351	2,500	3,649	6,149	-	-	8,500
Waste Collection and Disposal Projects	172	64	-	-	64	236	291	(64)	227	-	-	463
Public CCTV	1,410	273	-	-	273	1,683	1,370	(273)	1,097	1,135	1,139	5,054
Parks Projects	1,569	(1,039)	576	-	(463)	1,106	1,215	1,039	2,254	-	-	3,360
Leisure Centre Capital Investment	358	(130)	-	-	(130)	228	90	130	220	-	-	448
<b>Total Expenditure</b>	<b>29,180</b>	<b>(6,027)</b>	<b>3,766</b>	<b>-</b>	<b>(2,261)</b>	<b>26,919</b>	<b>14,143</b>	<b>6,027</b>	<b>20,170</b>	<b>4,511</b>	<b>3,515</b>	<b>55,115</b>

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

Environment Department	Current Year Programme					Next Year Programme			Future Years Budgets		Total Budget (All years) £'000	
Analysis of Movements (Q3 to Q4)						2023/24 Original Budget £'000	Slippages, Additions and Reductions £'000	2023/24 Revised Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000		
Revised Budget 2022/23 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Actual Spend 2022/23 (Outturn) £'000							
<b>Capital Financing Summary</b>												
<b>Specific/External or Other Financing</b>												
Capital Grants from Central Government	8,381	(160)	2,493	(2,036)	297	8,678	833	(673)	160	-	-	8,838
Grants and Contributions from Private Developers (includes S106/S278)	3,232	(1,293)	936	(64)	(421)	2,811	6,835	1,293	8,128	1,000	-	11,939
Capital Grants/Contributions from Non-departmental public bodies	1,090	(131)	41	(895)	(985)	105	35	131	166	-	900	1,171
Capital Grants and Contributions from GLA Bodies	6,356	(359)	(152)	(2,037)	(2,548)	3,808	870	- 476	394	-	-	4,202
<b>Sub-total - Specific or Other Financing</b>	<b>19,059</b>	<b>(1,943)</b>	<b>3,318</b>	<b>(5,032)</b>	<b>(3,657)</b>	<b>15,402</b>	<b>8,573</b>	<b>275</b>	<b>8,848</b>	<b>1,000</b>	<b>900</b>	<b>26,150</b>
<b>Mainstream Financing (Internal Council Resource)</b>												
Capital Receipts	844	-	-	1,127	1,127	1,971	-	-	-	-	-	1,971
General Fund Revenue Account (revenue funding)	-	10	23	3,276	3,309	3,309	10	(10)	-	-	-	3,309
Use of Reserves	255	(38)	22	(103)	(119)	136	637	38	675	-	-	811
<b>Sub-total - Mainstream Funding</b>	<b>1,099</b>	<b>(28)</b>	<b>45</b>	<b>4,300</b>	<b>4,317</b>	<b>5,416</b>	<b>647</b>	<b>28</b>	<b>675</b>	<b>-</b>	<b>-</b>	<b>6,091</b>
<b>Borrowing</b>	9,022	(4,056)	403	732	(2,921)	6,101	4,923	5,724	10,647	3,511	2,615	22,874
<b>Total Capital Financing</b>	<b>29,180</b>	<b>(6,027)</b>	<b>3,766</b>	<b>-</b>	<b>(2,261)</b>	<b>26,919</b>	<b>14,143</b>	<b>6,027</b>	<b>20,170</b>	<b>4,511</b>	<b>3,515</b>	<b>55,115</b>

A number of major capital schemes have been completed in 2022/23, including progressing the stabilisation of Hammersmith Bridge and other associated works (£12m), the borough wide roll out of electric vehicle charge points (£3.2m) and the upgrade of the borough's street lighting infrastructure (£0.7m). Several other major capital schemes are making good progress and will continue into 2023/24 as planned, including investment in the borough's CCTV infrastructure, continuation of works for Hammersmith Bridge and investment in the borough's parks and leisure facilities. Budget slippage this quarter relates mostly to highways and parks projects that are planned to take place during 2023/24, and Hammersmith Bridge. Budget additions this quarter relate mostly to the capitalisation of costs for Hammersmith Bridge (previously reported as revenue spend through the Council's corporate revenue monitoring process), and new external funding secured for parks and highways (mostly from developers and Transport for London). The budget reduction this quarter relates to the transfer of Transport for London funding from capital to revenue.

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

Finance and Resources Department	Current Year Programme							Next Year Programme			Future Years Budgets			
	Analysis of Movements (Q3 to Q4)							2023/24 Original Budget	Slippages, Additions and Reductions	2023/24 Revised Budget	2024/25 Budget	2025/26 Budget	Total Budget (All years)	
	2020/21 Original Budget	Revised Budget 2022/23 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Actual Spend 2022/23 (Outturn)							£'000
<b>Scheme Expenditure Summary</b>														
Invest to Save - Flexible Use of Capital Receipts	2,036	5,114	(4,336)	-	-	(4,336)	778	-	4,336	4,336	-	-	5,114	
Investment in Digital Infrastructure		-	87	-	-	87	87	914	(87)	827	-	-	914	
Tech-tonic 2 Device refresh		-	-	-	-	-	-	2,330	-	2,330	2,080	-	4,410	
Business Intelligence Infrastructure		160	-	(13)	-	(13)	147	-	-	-	-	-	147	
<b>Total Expenditure</b>	<b>2,036</b>	<b>5,274</b>	<b>(4,249)</b>	<b>(13)</b>	<b>-</b>	<b>(4,262)</b>	<b>1,012</b>	<b>3,244</b>	<b>4,249</b>	<b>7,493</b>	<b>2,080</b>	<b>-</b>	<b>10,585</b>	
<b>Capital Financing Summary</b>														
<b>Mainstream Financing (Internal Council Resource)</b>														
Capital Receipts	2,036	5,274	(4,249)	(13)	(166)	(4,428)	846	-	4,336	4,336	-	-	5,182	
Use of Reserves		-	-	-	-	-	-	2,074	-	2,074	1,845	-	3,919	
General Fund Revenue Account (revenue funding)		-	-	-	166	166	166	-	-	-	-	-	166	
<b>Sub-total - Mainstream Funding</b>	<b>2,036</b>	<b>5,274</b>	<b>(4,249)</b>	<b>(13)</b>	<b>-</b>	<b>(4,262)</b>	<b>1,012</b>	<b>2,074</b>	<b>4,336</b>	<b>6,410</b>	<b>1,845</b>	<b>-</b>	<b>9,267</b>	
<b>Borrowing (GF)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>914</b>	<b>(87)</b>	<b>827</b>	<b>-</b>	<b>-</b>	<b>827</b>	
<b>Borrowing (HRA)</b>	<b>6,373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>256</b>	<b>-</b>	<b>256</b>	<b>235</b>	<b>-</b>	<b>491</b>	
<b>Total Capital Financing</b>	<b>8,409</b>	<b>5,274</b>	<b>(4,249)</b>	<b>(13)</b>	<b>-</b>	<b>(4,262)</b>	<b>1,012</b>	<b>3,244</b>	<b>4,249</b>	<b>7,493</b>	<b>2,080</b>	<b>-</b>	<b>10,585</b>	

£4.25m general fund capital receipts is set aside to fund Invest to Save schemes (including Residents Experience & Access Programme) under Flexible Use of Capital Receipts dispensation.

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

Economy Department General Fund Managed Schemes	Current Year Programme						Next Year Programme			Future Years Budgets		Total Budget (All years) £'000
	Analysis of Movements (Q3 to Q4)						2023/24 Original Budget £'000	Slippages, Additions and Reductions £'000	2023/24 Revised Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	
	Revised Budget 2022/23 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Actual Spend 2022/23 (Outturn) £'000						
<b>Scheme Expenditure Summary</b>												
<b>Civic Campus</b>												
Hammersmith Town Hall Refurbishment	16,414	(28,535)	21,591	-	(6,944)	9,470	18,808	18,058	36,866	10,476	-	56,812
Acquisition of commercial units	20,762	(11,537)	-	-	(11,537)	9,225	16,751	(3,829)	12,922	27,681	-	49,828
Commercial Units- Cinema Fit Out	1,750	(1,750)	-	-	(1,750)	-	-	1,750	1,750	-	-	1,750
Equity Loan (Civic Campus)	9,643	-	-	-	-	9,643	-	-	-	-	-	9,643
JV Partnership Loan (Civic Campus)	4,619	3,173	-	-	3,173	7,792	5,381	(3,173)	2,208	-	-	10,000
<b>Subtotal Civic Campus</b>	<b>53,188</b>	<b>(38,649)</b>	<b>21,591</b>	<b>-</b>	<b>(17,058)</b>	<b>36,130</b>	<b>40,940</b>	<b>12,806</b>	<b>53,746</b>	<b>38,157</b>	<b>-</b>	<b>128,033</b>
<b>Building Homes and Communities Strategy (GF sites)</b>												
Education City Loan	15,835	(4,035)	(11,700)	-	(15,735)	100	14,711	4,035	18,746	930	524	20,300
Education City -Youth Facility	5,250	(3,655)	-	-	(3,655)	1,595	-	3,655	3,655	-	-	5,250
Farm Lane	691	9	-	-	9	700	200	(9)	191	-	-	891
Mund Street	1,040	(570)	-	-	(570)	470	905	570	1,475	479	511	2,935
Community Schools Programme	921	(195)	-	-	(195)	726	262	195	457	-	-	1,183
Investment in Affordable Housing-Lillie Road Site	1,184	(159)	-	-	(159)	1,025	100	159	259	-	-	1,284
<b>Subtotal Building Homes and Communities Strategy (GF sites)</b>	<b>24,921</b>	<b>(8,605)</b>	<b>(11,700)</b>	<b>-</b>	<b>(20,305)</b>	<b>4,616</b>	<b>16,178</b>	<b>8,605</b>	<b>24,783</b>	<b>1,409</b>	<b>1,035</b>	<b>31,843</b>
<b>Other GF Capital Schemes managed by the Economy</b>												
Sands End Community Centre	27	(27)	-	-	(27)	-	-	27	27	-	-	27
Planned Maintenance/DDA Programme	7,366	(5,278)	-	-	(5,278)	2,088	3,400	5,278	8,678	2,400	2,400	15,566
Carnwath Road	-	-	-	-	-	-	1,870	-	1,870	-	-	1,870
North End Road - Business Low Emissions Neighbourhood	160	-	-	-	-	160	-	-	-	-	-	160
North End Road - Good Growth Fund	1,741	(1,088)	-	-	(1,088)	653	-	1,088	1,088	-	-	1,741
UK SPF Communities and Place	-	-	73	-	73	73	-	-	-	-	-	73
WMC JV Exit Costs	1,857	(1,857)	-	-	(1,857)	-	-	1,857	1,857	-	-	1,857
<b>Subtotal Other GF Capital Schemes managed by the Economy</b>	<b>11,151</b>	<b>(8,250)</b>	<b>73</b>	<b>-</b>	<b>(8,177)</b>	<b>2,974</b>	<b>5,270</b>	<b>8,250</b>	<b>13,520</b>	<b>2,400</b>	<b>2,400</b>	<b>21,294</b>
<b>Total Expenditure</b>	<b>89,260</b>	<b>(55,504)</b>	<b>9,964</b>	<b>-</b>	<b>(45,540)</b>	<b>43,720</b>	<b>62,388</b>	<b>29,661</b>	<b>92,049</b>	<b>41,966</b>	<b>3,435</b>	<b>181,170</b>

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

Economy Department General Fund Managed Schemes	Current Year Programme					Next Year Programme			Future Years Budgets		Total Budget (All years)	
	Analysis of Movements (Q3 to Q4)					2023/24 Original Budget	Slippages, Additions and Reductions	2023/24 Revised Budget	2024/25 Budget	2025/26 Budget		
	Revised Budget 2022/23 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements							Actual Spend 2022/23 (Outturn)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
<b>Capital Financing Summary</b>												
<b>Specific/External or Other Financing</b>												
Capital Grants from Central Government	-		73		73	73	-	-	-	-	-	73
Grants and Contributions from Private Developers (includes S106)	3,272	(1,180)	191	-	(989)	2,283	-	1,180	1,180	-	-	3,463
Community Infrastructure Levy (CIL)	10,673	(22,793)	21,400	-	(1,393)	9,280	-	22,793	22,793	-	-	32,073
Capital Grants/Contributions from Non-departmental public bodies	27	(27)	157		130	157	-	27	27	-	-	184
Capital Grants and Contributions from GLA Bodies	748	(3)	-	-	(3)	745	-	3	3	-	-	748
<b>Sub-total - Specific or Other Financing</b>	<b>14,720</b>	<b>(24,003)</b>	<b>21,821</b>	<b>-</b>	<b>(2,182)</b>	<b>12,538</b>	<b>-</b>	<b>24,003</b>	<b>24,003</b>	<b>-</b>	<b>-</b>	<b>36,541</b>
<b>Mainstream Financing (Internal Council Resource)</b>												
Capital Receipts (GF)	7,086	(4,997)	(157)		(5,154)	1,932	-	5,023	5,023	-	-	6,955
<b>Sub-total - Mainstream Funding</b>	<b>7,086</b>	<b>(4,997)</b>	<b>(157)</b>	<b>-</b>	<b>(5,154)</b>	<b>1,932</b>	<b>-</b>	<b>5,023</b>	<b>5,023</b>	<b>-</b>	<b>-</b>	<b>6,955</b>
GF Borrowing	67,454	(26,504)	(11,700)	-	(38,204)	29,250	62,388	635	63,023	41,966	3,435	137,674
<b>Total Borrowing</b>	<b>67,454</b>	<b>(26,504)</b>	<b>(11,700)</b>	<b>-</b>	<b>(38,204)</b>	<b>29,250</b>	<b>62,388</b>	<b>635</b>	<b>63,023</b>	<b>41,966</b>	<b>3,435</b>	<b>137,674</b>
<b>Total Capital Financing</b>	<b>89,260</b>	<b>(55,504)</b>	<b>9,964</b>	<b>-</b>	<b>(45,540)</b>	<b>43,720</b>	<b>62,388</b>	<b>29,661</b>	<b>92,049</b>	<b>41,966</b>	<b>3,435</b>	<b>181,170</b>

Corporate Planned Maintenance Programme delivery has been hampered by delays in the requirements of external departments in relation to decarbonisation grant monies as well as resourcing and contract tendering issues, resulting in £5.3m budget being slipped into the future years. A new program of works in value of £8.6m is currently being mapped out within the 23-24 CPMP budget. £21.4m of additional investment in the Civic Campus project was approved in February 2023. This budget envelop as well as £7m of the previously approved budget for Hammersmith Town Hall refurbishment and acquisition of commercial units have been reprofiled to the future years due to a number of delay on the project site. The budget envelop for Education City Loan has been reduced by £11.3m and further £4m slipped into 2023/24 to reflect the latest cash flow forecast. Education City Youth Zone contribution is now forecast to be paid in full in 2023/24 in line with the progress of the development works.

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

### Economy Department- HRA Capital Programme

	Current Year Programme					Next Year Programme			Future Years Budgets		Total Budget (All years)	
	Revised Budget 2022/23 (Q3)	Analysis of Movements (Q3 to Q4)				2023/24 Original Budget	Slippages, Additions and Reductions	2023/24 Revised Budget	2024/25 Budget	2025/26 Budget		
		Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements							Actual Spend 2022/23 (Outturn)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
<b>Scheme Expenditure Summary</b>												
<b>HRA Asset Management and Compliance Programme</b>												
Pre Agreed Works	8,717	681	22	381	1,084	9,801	4,180	6,963	11,143	10,014	7,368	38,326
Fire Safety Compliance Programme	6,493	2,851	-	1,767	4,618	11,111	8,691	(623)	8,068	5,035	2,627	26,841
Fire Safety Complex Schemes	3,954	3,795	-	(298)	3,497	7,451	15,295	(3,794)	11,501	16,925	13,781	49,658
Lift Schemes	1,205	(39)	-	106	67	1,272	3,962	39	4,001	750	750	6,773
Boiler Schemes	3,430	(145)	-	238	93	3,523	4,500	145	4,645	6,140	4,370	18,678
Safety Works - Electrical	7,207	(1,077)	-	400	(677)	6,530	9,128	1,077	10,205	2,250	2,000	20,985
Safety Works	4,321	(3,265)	105	1,080	(2,080)	2,241	7,960	6,323	14,283	9,208	9,052	34,784
Void Works	2,791	136	(2)	2,718	2,852	5,643	3,173	1,408	4,581	3,200	3,200	16,624
Other Capital Improvements	3,921	(2,363)	44	129	(2,190)	1,731	9,273	(740)	8,533	1,861	1,050	13,175
Capitalised salaries	4,957	(430)	-	(4,527)	(4,957)	-	5,611	429	6,040	5,600	5,600	17,240
Capitalised repairs	7,752	(2,427)	-	(1,920)	(4,347)	3,405	4,040	2,427	6,467	4,070	3,500	17,442
Climate Emergency and Other future works	2,718	(2,506)	-	(74)	(2,580)	138	15,280	1,006	16,286	17,335	15,660	49,419
Allowance for program slippage for financial modelling purposes	(1,992)	1,992	-	-	1,992	-	(36,931)	(1,992)	(38,923)	(20,860)	(18,707)	(78,490)
<b>Subtotal HRA Asset Management and Compliance Programme</b>	<b>55,474</b>	<b>(2,797)</b>	<b>169</b>	<b>-</b>	<b>(2,628)</b>	<b>52,846</b>	<b>54,162</b>	<b>12,668</b>	<b>66,830</b>	<b>61,528</b>	<b>50,251</b>	<b>231,455</b>
<b>Building Homes and Communities Strategy (HRA sites)</b>												
Homes & Communities Strategy	1,320	(1,310)	-	-	(1,310)	10	68	1,310	1,378	-	-	1,388
White City Estate Regeneration	1,171	310	-	-	310	1,481	582	(310)	272	542	542	2,837
Becklow Gardens	220	(201)	-	-	(201)	19	725	201	926	300	230	1,475
Barclay Close	110	(92)	-	-	(92)	18	456	92	548	155	90	811
Jepson House	330	(309)	-	-	(309)	21	1,575	309	1,884	615	315	2,835
The Grange	220	(198)	-	-	(198)	22	775	198	973	300	225	1,520
Old Laundry Yard	71	(40)	-	-	(40)	31	400	40	440	362	250	1,083
Education City- HRA element	10,013	(303)	(48)	-	(351)	9,662	18,935	303	19,238	29,740	2,832	61,472
<b>Subtotal Building Homes and Communities Strategy (HRA sites)</b>	<b>13,455</b>	<b>(2,143)</b>	<b>(48)</b>	<b>-</b>	<b>(2,191)</b>	<b>11,264</b>	<b>23,516</b>	<b>2,143</b>	<b>25,659</b>	<b>32,014</b>	<b>4,484</b>	<b>73,421</b>
<b>Other HRA Capital Schemes</b>												
Housing Development Project	213	(95)	175	-	80	293	-	95	95	-	-	388
Stanhope Joint Venture	325	(45)	(34)	-	(79)	246	8,788	(8,292)	496	8,654	13,499	22,895
Affordable Housing Delivery Framework	2	-	(2)	-	(2)	-	-	-	-	-	-	-
Property Acquisition for Affordable Housing	242	(242)	-	-	(242)	-	-	242	242	-	-	242
Hartopp & Lannoy	2,095	(932)	-	-	(932)	1,163	30,661	(18,127)	12,534	25,711	15,231	54,639
Nourish Project (Good Growth Fund)	346	(231)	(93)	-	(324)	22	-	231	231	-	-	253
<b>Subtotal Other HRA Capital Schemes</b>	<b>3,223</b>	<b>(1,545)</b>	<b>46</b>	<b>-</b>	<b>(1,499)</b>	<b>1,724</b>	<b>39,449</b>	<b>(25,851)</b>	<b>13,598</b>	<b>34,365</b>	<b>28,730</b>	<b>78,417</b>
<b>Total Expenditure</b>	<b>72,152</b>	<b>(6,485)</b>	<b>167</b>	<b>-</b>	<b>(6,318)</b>	<b>65,834</b>	<b>117,127</b>	<b>(11,040)</b>	<b>106,087</b>	<b>127,907</b>	<b>83,465</b>	<b>383,293</b>

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

Economy Department- HRA Capital Programme	Current Year Programme					Next Year Programme			Future Years Budgets		Total Budget (All years)	
	Analysis of Movements (Q3 to Q4)					2023/24 Original Budget	Slippages, Additions and Reductions	2023/24 Revised Budget	2024/25 Budget	2025/26 Budget		
	Revised Budget 2022/23 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements							Actual Spend 2022/23 (Outturn)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Capital Financing Summary</b>												
<b>Specific/External or Other Financing</b>												
Capital Grants from Central Government	239	-	174	-	174	413	-	-	-	-	-	413
Contributions from leaseholders	2,702	-	-	(846)	(846)	1,856	2,833	-	2,833	2,750	2,737	10,176
Grants and Contributions from Private Developers (includes S106)	456	(346)	9	5	(332)	124	5,782	(5,257)	525	5,648	8,810	15,107
Capital Grants and Contributions from GLA Bodies	49	-	325	-	325	374	3,006	(3,006)	-	-	-	374
RtB GLA Ringfence and Affordable Housing Grants	2,702	(1,396)	628	-	(768)	1,934	4,899	6,147	11,046	7,476	5,692	26,148
<b>Sub-total - Specific or Other Financing</b>	<b>6,148</b>	<b>(1,742)</b>	<b>1,136</b>	<b>(841)</b>	<b>(1,447)</b>	<b>4,701</b>	<b>16,520</b>	<b>(2,116)</b>	<b>14,404</b>	<b>15,874</b>	<b>17,239</b>	<b>52,218</b>
<b>Mainstream Financing (Internal Council Resource)</b>												
Capital Receipts (HRA)	2,647	(168)	-	(913)	(1,081)	1,566	6,786	(3,017)	3,769	6,313	30,630	42,278
Major Repairs Reserve (MRR) / Major Repairs Allowance	17,305	-	-	555	555	17,860	17,386	(373)	17,013	17,415	17,934	70,222
Capital Receipts (GF)	1,432	(1,432)	-	-	(1,432)	-	-	1,442	1,442	-	-	1,442
<b>Sub-total - Mainstream Funding</b>	<b>21,384</b>	<b>(1,600)</b>	<b>-</b>	<b>(358)</b>	<b>(1,958)</b>	<b>19,426</b>	<b>24,172</b>	<b>(1,948)</b>	<b>22,224</b>	<b>23,728</b>	<b>48,564</b>	<b>113,942</b>
Borrowing(HRA)	44,512	(3,133)	(930)	1,199	(2,864)	41,648	76,435	(6,976)	69,459	88,305	17,662	217,074
Borrowing (GF)	108	(10)	(39)	-	(49)	59	-	-	-	-	-	59
<b>Total Capital Financing</b>	<b>72,152</b>	<b>(6,485)</b>	<b>167</b>	<b>-</b>	<b>(6,318)</b>	<b>65,834</b>	<b>117,127</b>	<b>(11,040)</b>	<b>106,087</b>	<b>127,907</b>	<b>83,465</b>	<b>383,293</b>

The HRA Asset Management and Compliance Programme main variances are slippages from future years to accommodate the additional cost of the Fire Safety Programme. A revision to capitalisation of Responsive Repairs budgets, Voids, Disrepairs etc. resulted in lower than anticipated capitalisation of costs from the NEC system. Climate Emergency budgets are anticipated to be used in 2023/24 as new schemes are identified. Hartopp and Lannoy affordable housing scheme budget has been revised to reflect the latest cash flow forecasts and the recently awarded contract for main works resulting in reduction in overall budget envelop of estimated £4m. All other schemes are still in early predevelopment stages.

## Appendix 2 –General Fund Mainstream Capital Programme 2022-26 with proposed 2022-23 Q4 variations

	Revised Budget 2022/23 (Q3) £'000	Total Variations £'000	Actual Spend 2022/23 (Outturn) £'000	2023/24 Original Budget £'000	Slippages, Additions and Reductions £'000	2023/24 Revised Budget £'000	Indicative Budget 2024/25 £'000	Indicative Budget 2025/26 £'000	Total Budget (All years) £'000
<b>Approved Expenditure</b>									
<b>Ad Hoc Schemes:</b>									
Social Care Capital projects [ASC]	129	(129)	-	-	129	129	-	-	129
Invest to Save-Flexible Use of Capital Receipts	5,274	(4,515)	759	-	4,336	4,336	-	-	5,095
Investment in Digital Infrastructure [RES]	-	87	87	914	(87)	827	-	-	914
Capital Investment in Street Lighting [ENV]	665	(665)	-	-	-	-	-	-	-
WMC JV Exit Costs [ECD]	1,857	(1,857)	-	-	1,857	1,857	-	-	1,857
Carnwath Road [ECD]	-	-	-	1,870	-	1,870	-	-	1,870
Hammersmith Bridge Strengthening [ENV]	3,287	2,875	6,162	-	10	10	-	-	6,172
Hammersmith Bridge Pre Restoration Works [ENV]	1,764	(1,764)	-	1,087	5,062	6,149	-	-	6,149
Public CCTV [ENV]	510	1,173	1,683	1,370	(273)	1,097	1,135	239	4,154
Other Highways Capital Schemes [ENV]	214	(214)	-	-	-	-	-	-	-
North End Road - Good Growth Fund [ECD]	1,152	(1,084)	68	-	1,084	1,084	-	-	1,152
HRA Watermeadow adjustment [ECD]	1,540	(1,481)	59	-	1,442	1,442	-	-	1,501
Foster carers' extension [CHS]	11	6	17	173	(6)	167	-	-	184
Leisure Centre Capital Investment [ENV]	358	(130)	228	90	130	220	-	-	448
Planned Maintenance/DDA Programme [ECD]	7,366	(5,435)	1,931	3,400	5,278	8,678	2,400	2,400	15,409
Electric Vehicles [ENV]	150	(150)	-	-	65	65	-	-	65
Footways and Carriageways [ENV]	2,386	(2,386)	-	2,030	525	2,555	2,030	2,030	6,615
Column Replacement [ENV]	363	(363)	-	346	36	382	346	346	1,074
Parks Programme & Libraries [ENV]	169	(169)	-	-	169	169	-	-	169
Hammersmith Town Hall Refurbishment [ECD]	5,741	(5,741)	-	18,808	(4,735)	14,073	10,476	-	24,549
Community Schools Programme [ECD]	921	(195)	726	262	195	457	-	-	1,183
Education City Youth Zone [ECD]	3,500	(3,500)	-	-	3,500	3,500	-	-	3,500
Farm Lane/Mund Street [ECD]	209	464	673	1,105	(464)	641	479	511	2,304
Investment in Affordable Housing-Lillie Road Site	1,185	(160)	1,025	100	160	260	-	-	1,285
<b>Total Mainstream Programmes</b>	<b>38,751</b>	<b>(25,333)</b>	<b>13,418</b>	<b>31,555</b>	<b>18,413</b>	<b>49,968</b>	<b>16,866</b>	<b>5,526</b>	<b>85,778</b>
<b>Financing</b>									
Capital Receipts	14,647	(9,881)	4,766	31	10,795	10,826	-	-	15,592
Increase/(Decrease) in Borrowing	24,104	(15,452)	8,652	31,524	7,618	39,142	16,866	5,526	70,186
<b>Total Financing</b>	<b>38,751</b>	<b>(25,333)</b>	<b>13,418</b>	<b>31,555</b>	<b>18,413</b>	<b>49,968</b>	<b>16,866</b>	<b>5,526</b>	<b>85,778</b>

### Appendix 3 – General Fund Capital Receipts Forecast

Financial Year	Q4 2022/23
<b>2022/23</b>	<b>£'000</b>
Receipts b/f from 2021/22	2,332
Net capital receipts generated in the year	13,260
Capital receipts applied in the year	(4,766)
Receipts c/f to 2023/24	(10,826)
<b>2023/24</b>	
Receipts b/f from 2022/23	10,826
Forecast capital receipts for the year	-
<b>Total 2023/24</b>	<b>10,826</b>

## **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, on capital expenditure on properties which are let or leased. However, under Section 33 of the VAT Act 1994, local authorities can recover VAT incurred in relation to VAT exempt activities, for example property transactions, if 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 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 £2.5m (the impact on the threshold being the VAT incurred on this amount, i.e. £0.54m). Exempt input tax relating to capital activities is more volatile and each project must be considered and judged individually. The Council has several 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 and the Council’s tax accountant 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 GF CFR for the period 2022/23-2025/26:

**Table 1 - Forecast General Fund CFR 2022/23-2025/26 (Outturn)**

GENERAL FUND CFR ANALYSIS	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m	£m
<b>Opening Capital Finance Requirement (CFR)</b>	<b>122.16</b>	<b>128.91</b>	<b>134.01</b>	<b>171.55</b>	<b>185.59</b>	<b>187.87</b>
Revenue Repayment of Debt (MRP)	(1.36)	(1.60)	(1.60)	(2.82)	(3.25)	(3.32)
Appropriation between HRA & GF	-	(1.96)	-	-	-	-
Mainstream Programme (Surplus)/Shortfall	8.11	8.65	39.14	16.87	5.53	4.78
<b>Closing Capital Finance Requirement (CFR)</b>	<b>128.91</b>	<b>134.01</b>	<b>171.55</b>	<b>185.59</b>	<b>187.87</b>	<b>189.33</b>
SELF FINANCING SCHEMES AND LOANS	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
<b>Opening Capital Finance Requirement</b>	<b>21.51</b>	<b>28.66</b>	<b>55.42</b>	<b>91.04</b>	<b>119.66</b>	<b>117.79</b>
Revenue Repayment of Debt (MRP)	(4.42)	-	-	-	(2.39)	(2.36)
In Year Borrowing	11.57	26.76	35.63	28.61	0.52	-
<b>Closing Capital Finance Requirement</b>	<b>28.66</b>	<b>55.42</b>	<b>91.04</b>	<b>119.66</b>	<b>117.79</b>	<b>115.43</b>
Finance leases/PFI/ Deferred costs of disposal	8.52	13.53	6.39	5.69	4.99	4.29
<b>Total Closing GF CFR</b>	<b>166.09</b>	<b>202.95</b>	<b>268.99</b>	<b>310.94</b>	<b>310.65</b>	<b>309.05</b>

2. The General Fund (GF) Headline CFR is £134m at the end of 2022/23 and is forecast to be £187.9m by the end of 2025/26. The increase in GF Headline CFR puts additional pressures on revenue budgets.
3. The Headline CFR figures exclude:
  - £25m equity loan to the Civic Campus programme
  - £10m development financing to WKSR LLP
  - £63m investment in acquisition of Civic Campus commercial units
  - £20.3m development financing to EdCity Office Ltd
  - £1.75m Civic Campus Cinema Fit Out

Whilst these will have an 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. CFR for these schemes is £55.2m at the end of 2022/23 and is forecast to be £117.8m by the end of 2025/26. Table 2 details the CFR in- year movements regarding these schemes:

**Table 2 - Self-financing schemes and loans CFR movements 2022/23-2025/26 (Outturn)**

	Revised Budget 2022/23 (Q3) £'000	Total Variations £'000	Actual Spend 2022/23 (Outturn) £'000	2023/24 Original Budget £'000	Slippages, Additions and Reductions £'000	2023/24 Revised Budget £'000	Indicative Budget 2024/25 £'000	Indicative Budget 2025/26 £'000	Total Budget (All years) £'000
<b>Approved Expenditure</b>									
<b>Ad Hoc Schemes:</b>									
Education City -ARK loan	15,835	(15,735)	100	14,711	4,035	18,746	930	524	20,300
Acquisition of commercial units (Civic Campus)	20,762	(11,537)	9,225	16,751	(3,829)	12,922	27,681	-	49,828
Commercial Units- Cinema Fit Out [ECD]	1,750	(1,750)	-	-	1,750	1,750	-	-	1,750
Equity Loan (Civic Campus) [ECD]	9,643	-	9,643	-	-	-	-	-	9,643
JV Partnership Loan (Civic Campus)	4,619	3,173	7,792	5,381	(3,173)	2,208	-	-	10,000
<b>Total Mainstream Programmes</b>	<b>52,609</b>	<b>(25,849)</b>	<b>26,760</b>	<b>36,843</b>	<b>(1,217)</b>	<b>35,626</b>	<b>28,611</b>	<b>524</b>	<b>91,521</b>
<b>Financing</b>									
Increase/(Decrease) in Borrowing	52,609	(25,849)	26,760	36,843	(1,217)	35,626	28,611	524	91,521
<b>Total Financing</b>	<b>52,609</b>	<b>(25,849)</b>	<b>26,760</b>	<b>36,843</b>	<b>(1,217)</b>	<b>35,626</b>	<b>28,611</b>	<b>524</b>	<b>91,521</b>

2. 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.
  
3. 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 a 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 incurs. The rate used is based on the weighted average life of an asset.