

## London Borough of Hammersmith & Fulham

**Report to:** Cabinet

**Date:** 16/10/2023

**Subject:** Capital Programme Monitor & Budget Variations, 2023/24 (First Quarter)

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

**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 forecast capital budget for 2023/24, as at first quarter, is £243.4m and includes:

- £66.8m investment in the existing council homes to ensure compliance and building affordable new homes for residents
- £38.7m investment in provision of new affordable housing
- £11m investment to ensure the continuing safety of Hammersmith Bridge and progressing the stabilisation works.
- £13m investment in road maintenance and infrastructure schemes including £1.2m investment in the rollout of electric vehicle charging points and £3.4m in Clean Air Neighbourhoods scheme as part of our Climate and Ecology Strategy
- £4m investment in parks, leisure, and community safety
- £3.2m investment in social care capital projects including disabled facilities adaptations works
- £2.8m investment in maintaining schools including £1m investment on window replacement and decarbonisation schemes

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.

The details of the capital programme for the financial year 2023/24 (including the financing of this spend) and the future programme are set out in the report.

---

### RECOMMENDATIONS

1. To note the net increase in forecast capital expenditure of £10.7m for 2023/24.
2. To approve the updated four-year capital programme for 2023-2027 of £653m as detailed in Appendix 1.

3. To approve £4,890,000 additional budget with regards to Hammersmith Bridge stabilisation works, funded from General Fund borrowing.
4. To approve £3,389,000 additional budget for Clean Air Neighbourhoods scheme, funded from Transport for London (TfL), Section 106 and parking reserve contributions.
5. To approve £176,000 additional budget in relation to Business Intelligence (BI) development work, funded from General Fund borrowing.
6. To approve the additional budget in relation to the self-financing schemes as noted in Appendix 4.
7. To note the potential risks regarding the General Fund Programme, as summarised in paragraphs 18-23.
8. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 24-28.
9. To note prudential indicators presented in Appendix 5, as per Prudential Code requirements.

---

**Wards Affected:** All

---

The capital programme contains schemes and projects which are directly linked to 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 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</p>

	have protected the services on which the most vulnerable residents rely.
Doing things with local residents, not to them	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.
Taking pride in H&F	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. The proposals also are continuing to invest in CCTV so that residents feel secure in their homes and on the streets.
Rising to the challenge of the climate and ecological emergency	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.

## Financial Impact

This report and its contents are wholly of a financial nature.

Andre Mark, Head of Strategic Planning and Investment, 07776 673 099, 24 August 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, 21 August 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 2023-27 (published February 2023) - [Four Year Capital Programme 2023-27 And Capital Strategy 202324.pdf \(lbhf.gov.uk\)](#)
- 

## ECONOMIC AND STRATEGIC OVERVIEW

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 5.25% in August 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 £318.2m over the next 4 years (£64.4m regarding the headline General Fund CFR, £26.3m regarding self-financing schemes and £227.5m 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 £64.4m in the General Fund CFR will result in an estimated additional revenue budget requirement of £5.4m<sup>1</sup> per annum by 2026/27.

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

## **CAPITAL PROGRAMME 2023/24 – Q1 OVERVIEW**

1. The updated Quarter 1 2023/24 capital programme is summarised in Table 1. The programme has increased by £10.7m to £243.4m in comparison to the previous quarter. All the variations are detailed in Appendix 1.

**Table 1 – LBHF Capital Programme 2023/24 with proposed Q1 variations**

---

<sup>1</sup> Current cost of borrowing rate of 8.37% calculated using the latest discounted certainty PWLB interest rate of 5.19% (including certainty rate discount) and minimum revenue provision (MRP) of 3.18%. MRP on new developments is charged at 2%.

	2023/24 Revised Budget (2022/23 Outturn) £'000	Total Q1 Variances £'000	Revised Budget 2023/24 (Q1) £'000	2023/24 Actual spend to date (Q1) £'000	Actual spend to revised budget %
<b>CAPITAL EXPENDITURE</b>					
Children's Services	5,152	(2,364)	2,788	387	14%
Social Care	1,701	1,496	3,197	4	0%
Environment Department	20,170	7,320	27,490	4,231	15%
Finance and Resources Department	7,493	(3,421)	4,072	-	0%
General Fund Schemes under the Economy Department	92,049	9,354	101,403	8,361	8%
<b>Sub-total (General Fund)</b>	<b>126,565</b>	<b>12,385</b>	<b>138,950</b>	<b>12,983</b>	<b>9%</b>
Economy Department-HRA Programme	106,087	(1,659)	104,428	11,638	11%
<b>Sub-total Economy Department (HRA)</b>	<b>106,087</b>	<b>(1,659)</b>	<b>104,428</b>	<b>11,638</b>	<b>11%</b>
<b>Total Expenditure</b>	<b>232,652</b>	<b>10,726</b>	<b>243,378</b>	<b>24,621</b>	<b>10%</b>
<b>CAPITAL FINANCING</b>					
Use of specific resources (grant/section106/receipts)	88,169	3,969	92,138	13,898	15%
Borrowing-General Fund	39,142	6,283	45,425	8,864	20%
Self-financing borrowing -General Fund	35,626	8,143	43,769	1,668	4%
Borrowing -HRA	69,715	(7,669)	62,046	191	0%
<b>Total Capital Financing</b>	<b>232,652</b>	<b>10,726</b>	<b>243,378</b>	<b>24,621</b>	<b>10%</b>

## GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

- The General Fund (GF) mainstream programme cuts across the departments and represents schemes which are funded from Council resources (capital receipts or borrowing). It is the area of the programme where the Council has the greatest discretion. The mainstream programme forecast for 2023/24 is £52.7m which represents an increase of £2.7m in comparison to the previous forecast at 2022/23 outturn. The mainstream programme and quarter 1 movements are summarised in Appendix 2.
- The mainstream programme does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Appendix 4 details the self-financing schemes and their borrowing requirement.
- 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 CFR and incorporates the forecast borrowing for the mainstream programme. The current forecast for the General Fund Headline CFR (excluding the self-financing schemes set out in Appendix 4) is set out below:

	Last forecast (2022/23 Q4) £m	Current forecast (2023/24 Q1) £m
<b>General Fund CFR</b>	<b>£m</b>	<b>£m</b>
2022/23 Closing CFR (actual)	134.01	134.01
2023/24 Closing CFR	171.55	176.35
2026/27 Closing CFR	189.33	198.37

5. The mainstream forecast assumes funding of £10.8m (brought forward from 2022/23) from capital receipts. These will be partially used to support invest to save expenditure and IT investment in accordance with the council's reserve strategy and action plan.
6. The Hammersmith Stabilisation Project is complex and has required significant additional technical engineering work (to the pedestals/bearings and other related structures). In addition, there have been significant material cost pressures (steel prices increased by more than 50%) and labour costs have also increased due to prevailing inflationary pressures. Consequently, this report seeks an approval for £4.89m for this project funded from temporary General Fund borrowing. This sum will be included in the overall project costs for the full restoration of the Bridge and will be expected to be met equally with DfT and TfL.
7. The Clean Air Neighbourhoods scheme is designed to tackle air pollution in the Borough and will include a range of measures working together to improve air quality and people's health such as tree planting, traffic reduction trials, sustainable drainage schemes, school streets initiatives and improved infrastructure for walking and cycling. This report seeks an approval of £3.389m to be funded from a combination of TfL funding, S106 and parking reserve contributions.
8. This report also seeks approval for an additional £0.176m budget to fund development work for the council's Business Intelligence function, funded from the General Fund borrowing. This will result in an additional estimated cost to revenue of £0.015m per year.
9. There is also the proposed addition of £8.8m to the loan facility budget for the Civic Campus Joint Venture LLP. This reflects the need for the loan facility to be a revolving credit facility (with the JV having repaid £9.5m from the original agreed £10m capital budget in June 2023). The requirement for a revolving credit facility is something that has been clarified with the JV LLP in recent weeks. The business plan for the JV LLP anticipates the loan being fully and finally repaid in summer 2024 (2024/25 financial year) when the Civic Campus project is closer to completion. As such, this transaction is accounted for as self-financing (see Appendix 4, Table 2).

## **HOUSING CAPITAL PROGRAMME OVERVIEW**

10. Housing Capital expenditure for 2023/24 is forecast at £104.4m. The expenditure and funding analysis of the Housing Programme is summarised in Table 2 below.

**Table 2 – Housing Capital Programme 2023/24 with proposed Q1 variations:**

	<b>Revised Budget 2023/24 (Outturn)</b>	<b>Total Variations</b>	<b>Revised Budget 2023/24 (Q1)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Approved Expenditure</b>			
HRA Asset Management and Compliance Programme	66,830	-	66,830
Building Homes and Communities Strategy	25,659	(2,628)	23,031
Other HRA Capital Schemes	13,598	969	14,567
<b>Total Housing Programme</b>	<b>106,087</b>	<b>(1,659)</b>	<b>104,428</b>
<b>Available and Approved Resource</b>			
Capital Receipts - Unrestricted	3,568	(597)	2,971
Capital Receipts - RTB (141)	201	449	650
Capital Receipts - GF	1,442	(1,442)	-
Major Repairs Reserve (MRR)	17,013	118	17,131
Contributions Developers (S106)	525	764	1,289
Contributions from leaseholders	2,833	-	2,833
Capital Grants from Central Government	-	-	-
Capital Grants and Contributions from GLA Bodies	-	2,029	2,029
RtB GLA Ringfence	11,046	4,689	15,735
Borrowing (HRA)	69,459	(7,669)	61,790
<b>Total Funding</b>	<b>106,087</b>	<b>(1,659)</b>	<b>104,428</b>

11. Within the Housing Capital Programme there has been a net budget decrease of £1.7m, mainly due to budget reprofiling to future years in relation to affordable housing schemes.

12. The HRA CFR movements are shown in Table 3 below:

**Table 3 – HRA CFR at Q1 2023-24 (including future years forecast):**

HRA CFR Forecast	Actual	Forecast			
	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Opening HRA CFR	256.97	300.57	364.10	462.44	524.22
In Year Borrowing	41.65	62.05	98.34	61.78	3.80
Appropriation between HRA & GF	1.96	1.48	-	-	-
<b>Closing HRA CFR</b>	<b>300.57</b>	<b>364.10</b>	<b>462.44</b>	<b>524.22</b>	<b>528.03</b>

13. The Housing Revenue Account 2023/24 CFR has increased by £63.5m in comparison to 2022/23. This is mainly due to 2022/23 budgets being reprofiled to 2023/24 for the HRA Asset Management and Compliance Programme. The HRA CFR is forecast to increase to £528.03m by the end of 2026/27.

## **FINANCING OF CAPITAL EXPENDITURE IN 2023/24**

14. The financing of the capital programme across both the General Fund and HRA can be seen in summary at table 1 (above) and in more detail within the appendices. The Capital Financing Requirement (CFR), which demonstrates the council's underlying need to borrow, is forecast to increase in 2023/24 by £140.4m, driven by a combination of spend on elements of the programme that should over the long-term be self-financing (primarily linked to the Civic Campus

project), and others elements where the borrowing costs are charged to revenue over time, via the Minimum Revenue Provision (MRP) within the General Fund (as statutorily required) and through the 40 year business plan within the HRA.

15. The additional borrowing forecast for 2023/24 is currently assumed to be 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 more than the opportunity cost of the return from investing cash balances. Internal borrowing is however by its nature a finite option and must be considered alongside other strategic priorities for the use of cash balances (such as use of earmarked reserves and the council's investment strategy). This is considered within the overall borrowing strategy, which is constructed across key strands including our capital programme, treasury management strategy and revenue strategy.

#### **FOUR YEAR CAPITAL PROGRAMME OVERVIEW**

16. Budget Council approved a four-year capital programme for 2023/24 to 2026/27 of £506.8m. The programme now stands at £653m. The movement (a net increase) of £146.2m is summarised in the below attached table:

<b>Budget Movement Summary for 2023/24-2026/27 capital programme</b>	<b>£'m</b>
<b>Four-year capital programme budget approved at Full Council in February 2023</b>	<b>506.8</b>
Carry forward of unspent budgets from 2022/23 to future years	50.9
New budget approved for progression and delivery of LBHF's development for Farm Lane & Lille Road sites	40.7
New approved budget for Hammersmith Town Hall refurbishment	21.5
New budget approved for CHS schools capital programme	13
Additional budget for Hammersmith Bridge Strengthening	7.8
Civic Campus commercial loan cashflow forecast adjustment	8.8
Acquisition of SBHA properties	5.4
Additional approved budget for Clean Air Neighbourhoods scheme	3.9
Additional approved budgets for various other capital schemes	3.7
Additional budget, as per agreed TfL and s106 funding, for various infrastructure and transport schemes	2.2
Reduction in Education City loan budget to reflect the actual cash flow forecast	(11.7)
<b>Revised four -year capital programme as at 2023/24 Q1</b>	<b>653.0</b>

17. A summary of four-year capital programme, including proposed Q1 variations, is presented in Appendix 1.

#### **GENERAL FUND CAPITAL PROGRAMME RISKS**

18. The following risks associated with funding of future years' expenditure have been identified within the General Fund Capital programme:



19. **Pre-development costs:** The General Fund capital programme includes several regeneration schemes that are at an early stage. These include Farm Lane, Mund Street, Lillie Road, and Community Schools Programme budgets totalling £9.7m. Should these schemes not fully progress there is a risk that some, or all, of the expenditure may need to be written off to revenue. As mitigation against this risk the Development Board (chaired by the Strategic Director of The Economy) is providing a gateway and governance process for these schemes before commitment of funds. An earmarked revenue reserve of £5m is also set aside as further mitigation.
20. **Community Infrastructure Levy:** The current programme assumes Community Infrastructure Levy (CIL) contributions of £22.8m towards its funding. The exact amount and timing of these receipts largely depends on the progress of various developments around the Borough. Should these receipts not materialise or be delayed, the funding gap will need to be met by borrowing, resulting in additional borrowing costs and revenue pressures.
21. **Self-financing:** The current four-year capital programme contains £73.5m of budgets in relation to self-financing schemes. This is in addition to £55.4m already spent on these schemes as at 31 March 2023. 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).
22. £63m of the above self-financing schemes is in relation to acquisition of Civic Campus commercial units. The financing of the borrowing costs for this scheme is highly sensitive to market changes and therefore there is a risk that, in the current economic climate, anticipated rental income targets might be lower than forecast and will not be sufficient to cover the associated borrowing costs.
23. **Capital receipts:** There are currently no forecast capital receipts and therefore will rely on borrowing to finance capital programmes in future years. However, the Council's Property Transformation team is systematically reviewing all assets as part of asset management best practice and as part of the wider accommodation strategy. As part of this programme of work, surplus assets may be identified that cannot be re-purposed for other uses and that could be sold for a capital receipt to support the capital programme. Any decisions on asset disposals will be the subject of a future report.

## **HOUSING CAPITAL PROGRAMME RISKS**

24. The following risks associated with funding of future years' expenditure have been identified within the Housing Capital programme:
25. **S106 Funding:** The proposed programme for 2023/24–2026/27 relies on £20m of S106 receipts for affordable housing, of which £16.1m has been received to date with the remainder dependent on the associated developments proceeding in a timely manner. There is a risk should such contributions not materialise.
26. **Right to Buy funding (retained receipts):** The Council has retained £16.1m of RTB 1-4-1 receipts which need to be spent within five years from the date of

retention on eligible expenditure in respect of building new affordable housing schemes. £1.6m of these receipts is due to be spent by 31 March 2024. Should these receipts not be spent in a timely basis, the Council will have to repay them back to the Department of Levelling Up, Housing and Communities (DLUHC) with interest which would be an additional cost to the HRA.

27. **Building Safety Act and Fire Safety Act:** The Building Safety Act came into force on 28 April 2022 whereas the Fire Safety Act was enacted in 2021. These legislations will significantly impact on the Council in its role as landlord. Whilst the Council has already approved its current Asset Management and Compliance Programme, which is included in the Capital Programme, additional safety requirements and further significant capital requirements will need to be considered. An updated Asset Management Capital Strategy, setting out a 12-year plan, was approved by the Cabinet in September 2021. Four-year spend for the period 2023/24-2026/27 has already been incorporated into the current Capital Programme. The impact of the proposals has been modelled in the latest HRA 40-year Business Plan and indicates a requirement for additional revenue savings to finance the significant capital servicing costs involved.
28. **Pre-development costs:** The current HRA programme contains £15.5m budget in relation to affordable housing schemes which are still in predevelopment stages. Of this, £4.1m has been spent as of 31 March 2023. Should these schemes not fully progress there is a risk that some, or all, of the expenditure may need to be written off to revenue. As a mitigation against this risk, an officer group (chaired by the Strategic Director of The Economy) provides a gateway and governance process for these schemes before any recommendation for commitment of funds. An earmarked revenue reserve of £3.6m is also set aside as further mitigation.

## **REASONS FOR DECISION**

29. This report reports the quarter 1 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**

30. 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**

31. 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.

32. 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.
33. 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.
34. 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.
35. 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.
36. 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.
37. Proposals set out in this report seek to comply with the Council's legal duties.
38. 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.
39. Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 20 August 2023.

## **VAT IMPLICATIONS**

40. 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 3.
  
41. Implications verified by: Joanna Monaghan, Principal Accountant (Taxation), Corporate Finance, 22 August 2023.

### **LIST OF APPENDICES:**

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

Appendix 2 – GF Mainstream Capital Programme 2023-27

Appendix 3 – VAT partial exemption

Appendix 4 – Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)

Appendix 5 – Summary of Prudential Indicators

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

### SUMMARY CAPITAL PROGRAMME 2023/24-2026/27

	2023/24 Revised Budget (Outturn)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2023/24 (Q1)	2023/24 Actual spend to date	2024/25	2025/26	2026/27	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>CAPITAL EXPENDITURE</b>											
Children's Services	5,152	(15,317)	12,953	-	(2,364)	2,788	387	6,345	1,868	7,107	18,108
Social Care	1,701	-	1,496	-	1,496	3,197	4	-	-	-	3,197
Environment Department	20,170	(3,563)	10,883	-	7,320	27,490	4,231	8,041	3,714	2,376	41,621
Finance and Resources Department	7,493	(3,597)	176	-	(3,421)	4,072	-	5,677	-	-	9,749
General Fund Schemes under the Economy Department	92,049	(3,761)	13,565	(450)	9,354	101,403	8,361	45,974	3,838	2,400	153,615
<b>Sub-total (General Fund)</b>	<b>126,565</b>	<b>(26,238)</b>	<b>39,073</b>	<b>(450)</b>	<b>12,385</b>	<b>138,950</b>	<b>12,983</b>	<b>66,037</b>	<b>9,420</b>	<b>11,883</b>	<b>226,290</b>
Economy Department-HRA Programme	106,087	(42,806)	40,697	450	(1,659)	104,428	11,638	142,736	105,517	73,993	426,674
<b>Sub-total Economy Department (HRA)</b>	<b>106,087</b>	<b>(42,806)</b>	<b>40,697</b>	<b>450</b>	<b>(1,659)</b>	<b>104,428</b>	<b>11,638</b>	<b>142,736</b>	<b>105,517</b>	<b>73,993</b>	<b>426,674</b>
<b>Total Expenditure</b>	<b>232,652</b>	<b>(69,044)</b>	<b>79,770</b>	<b>-</b>	<b>10,726</b>	<b>243,378</b>	<b>24,621</b>	<b>208,773</b>	<b>114,937</b>	<b>85,876</b>	<b>652,964</b>
<b>CAPITAL FINANCING</b>											
<b>Specific/External Financing:</b>											
Government/Public Body Grants	6,417	(15,317)	14,449	-	(868)	5,549	415	6,345	1,868	7,107	20,869
Grants and Contributions from Private Developers (includes S106/CIL)	32,626	(4,153)	1,307	-	(2,846)	29,780	1,904	10,571	9,240	4,595	54,186
Capital Grants/Contributions from Non-departmental public bodies	493	-	297	-	297	790	1	-	-	-	790
Capital Grants and Contributions from GLA Bodies	11,443	2,510	5,734	136	8,380	19,823	5,471	7,310	5,234	3,153	35,520
Leaseholder Contributions	2,833	-	-	-	-	2,833	-	2,750	2,737	2,724	11,044
<b>Sub-total - Specific Financing</b>	<b>53,812</b>	<b>(16,960)</b>	<b>21,787</b>	<b>136</b>	<b>4,963</b>	<b>58,775</b>	<b>7,791</b>	<b>26,976</b>	<b>19,079</b>	<b>17,579</b>	<b>122,409</b>
<b>Mainstream Financing (Internal):</b>											
Capital Receipts - General Fund	10,826	(3,597)	(1,442)	1,442	(3,597)	7,229	59	3,597	-	-	10,826
Capital Receipts - HRA	3,769	(28,545)	28,356	41	(148)	3,621	39	11,504	8,789	42,265	66,179
Major Repairs Reserve (MRR)	17,013	-	118	-	118	17,131	6,002	17,415	17,934	17,454	69,934
Earmarked Reserves (Revenue)	2,749	-	2,633	-	2,633	5,382	7	1,845	-	-	7,227
<b>Sub-total - Mainstream Funding</b>	<b>34,357</b>	<b>(32,142)</b>	<b>29,665</b>	<b>1,483</b>	<b>(994)</b>	<b>33,363</b>	<b>6,107</b>	<b>34,361</b>	<b>26,723</b>	<b>59,719</b>	<b>154,166</b>
Borrowing-General Fund	74,768	(3,402)	19,720	(1,892)	14,426	89,194	10,532	49,092	7,353	4,776	150,415
Borrowing -HRA	69,715	(16,540)	8,598	273	(7,669)	62,046	191	98,344	61,782	3,802	225,974
<b>Total Capital Financing</b>	<b>232,652</b>	<b>(69,044)</b>	<b>79,770</b>	<b>-</b>	<b>10,726</b>	<b>243,378</b>	<b>24,621</b>	<b>208,773</b>	<b>114,937</b>	<b>85,876</b>	<b>652,964</b>

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

Children's Services	Current Year Programme							Future Years Budgets			
	Analysis of Movements (Revised budget to Q1)							2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
	2023/24 Revised Budget £'000	2023/24 Actual spend to date £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000	Revised Budget 2023/24 (Q1) £'000				
<b>Scheme Expenditure Summary</b>											
SEN sufficiency	1,185	-	(7,596)	6,812	-	(784)	401	2,500	600	4,499	8,000
Foster carers' extension	167	-	-	-	-	-	167	-	-	-	167
Windows & decarbonisation	-	-	(2,601)	3,601	-	1,000	1,000	2,601	-	-	3,601
School Maintenance Programme	3,800	387	(5,120)	2,540	-	(2,580)	1,220	1,244	1,268	2,608	6,340
<b>Total Expenditure</b>	<b>5,152</b>	<b>387</b>	<b>(15,317)</b>	<b>12,953</b>	<b>-</b>	<b>(2,364)</b>	<b>2,788</b>	<b>6,345</b>	<b>1,868</b>	<b>7,107</b>	<b>18,108</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	4,985	387	(15,317)	12,953	-	(2,364)	2,621	6,345	1,868	7,107	17,941
<b>Sub-total - Specific or Other Financing</b>	<b>4,985</b>	<b>387</b>	<b>(15,317)</b>	<b>12,953</b>	<b>-</b>	<b>(2,364)</b>	<b>2,621</b>	<b>6,345</b>	<b>1,868</b>	<b>7,107</b>	<b>17,941</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	25	-	-	-	-	-	25	-	-	-	25
<b>Sub-total - Mainstream Funding</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>
<b>Borrowing</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142</b>
<b>Total Capital Financing</b>	<b>5,152</b>	<b>387</b>	<b>(15,317)</b>	<b>12,953</b>	<b>-</b>	<b>(2,364)</b>	<b>2,788</b>	<b>6,345</b>	<b>1,868</b>	<b>7,107</b>	<b>18,108</b>

The projected spend in 2023/24 includes £401k on accessibility works included in school planned programmes and enhancing the provision for SEN learners with EHCPs, based on recommendations from the SEN Sufficiency Review. The spend will be funded from the High Needs Provision Capital Allocation and Special Provision Capital grants. There is projected spend of £1m in 2023/24 relating to the windows and decarbonisation programme in schools, in line with the climate and ecological Council priorities. In addition, £800k is expected to be drawn down from School Condition Allocation grant funds in 2023/24 towards planned and unplanned works in maintaining the condition of all LA maintained schools and carrying out condition surveys of all LA maintained schools. £420k will be spent on project management and contingency. The remaining budget of £15.3m will be carried forward to fund Capital spend in future years in line with the approved 2023-28 Capital programme.

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

Social Care Services	Current Year Programme							Future Years Budgets			
Analysis of Movements (Revised budget to Q1)											
2023/24 Revised Budget £'000	2023/24 Actual spend to date £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2023/24 (Q1) £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000	
<b>Scheme Expenditure Summary</b>											
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	-	957	-	-	-	957	
Disabled Facilities Grant	99	4	-	985	-	1,084	-	-	-	1,084	
Transforming Care (Winterbourne Grant)	300	-	-	-	-	300	-	-	-	300	
Social Care Capital Projects	345	-	-	511	-	856	-	-	-	856	
<b>Total Expenditure</b>	<b>1,701</b>	<b>4</b>	<b>-</b>	<b>1,496</b>	<b>-</b>	<b>3,197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,197</b>	
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	1,272	4	-	1,496	-	2,768	-	-	-	2,768	
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	-	300	-	-	-	300	
<b>Sub-total - Specific or Other Financing</b>	<b>1,572</b>	<b>4</b>	<b>-</b>	<b>1,496</b>	<b>-</b>	<b>3,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,068</b>	
<b>Borrowing</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129</b>	
<b>Total Capital Financing</b>	<b>1,701</b>	<b>4</b>	<b>-</b>	<b>1,496</b>	<b>-</b>	<b>3,197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,197</b>	
£1.496m additional budget to reflect a new 2023/24 Disabled Facility Grant allocation.											

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

### Environment Department

### Current Year Programme

### Future Years Budgets

	Analysis of Movements (Revised budget to Q1)							Revised Budget 2023/24 (Q1) £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
	2023/24 Revised Budget £'000	2023/24 Actual spend to date £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000						
<b>Scheme Expenditure Summary</b>												
Footways and Carriageways	2,555	173	-	-	-	-	2,555	2,030	2,030	2,030	8,645	
Transport For London Schemes	272	65	-	1,067	-	1,067	1,339	-	-	-	1,339	
Column Replacement	382	0	-	-	-	-	382	346	346	346	1,420	
Other Highways Capital Schemes	5,826	150	(3,463)	(31)	-	(3,494)	2,332	4,463	199	-	6,994	
Clean Air Neighbourhoods	1,178	-	-	3,389	-	3,389	4,567	-	-	-	4,567	
Hammersmith Bridge Stabilisation Works	10	1,472	-	4,890	-	4,890	4,900	-	-	-	4,900	
Hammersmith Bridge Pre Restoration Works	6,149	1,640	-	-	-	-	6,149	-	-	-	6,149	
Waste Collection and Disposal Projects	227	-	-	936	-	936	1,163	-	-	-	1,163	
Public CCTV	1,097	604	-	-	-	-	1,097	1,102	1,139	-	3,338	
Kings Coronation Youth Fund	-	-	-	632	-	632	632	-	-	-	632	
Parks Projects	2,254	126	(100)	-	-	(100)	2,154	100	-	-	2,254	
Leisure Centre Capital Investment	220	-	-	-	-	-	220	-	-	-	220	
<b>Total Expenditure</b>	<b>20,170</b>	<b>4,231</b>	<b>(3,563)</b>	<b>10,883</b>	<b>-</b>	<b>7,320</b>	<b>27,490</b>	<b>8,041</b>	<b>3,714</b>	<b>2,376</b>	<b>41,621</b>	
<b>Capital Financing Summary</b>												
<b>Specific/External or Other Financing</b>												
Capital Grants from Central Government	160	24	-	-	-	-	160	-	-	-	160	
Grants and Contributions from Private Developers (includes S106/S278)	8,128	236	(3,563)	312	-	(3,251)	4,877	4,563	199	-	9,639	
Capital Grants/Contributions from Non-departmental public bodies	166	1	-	297	-	297	463	-	-	-	463	
Capital Grants and Contributions from GLA Bodies	394	63	-	1,662	-	1,662	2,056	-	-	-	2,056	
<b>Sub-total - Specific or Other Financing</b>	<b>8,848</b>	<b>324</b>	<b>(3,563)</b>	<b>2,271</b>	<b>-</b>	<b>(1,292)</b>	<b>7,556</b>	<b>4,563</b>	<b>199</b>	<b>-</b>	<b>12,318</b>	
<b>Mainstream Financing (Internal Council Resource)</b>												
Capital Receipts	-	-	-	-	-	-	-	-	-	-	-	
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-	
Use of Reserves	675	7	-	2,633	-	2,633	3,308	-	-	-	3,308	
<b>Sub-total - Mainstream Funding</b>	<b>675</b>	<b>7</b>	<b>-</b>	<b>2,633</b>	<b>-</b>	<b>2,633</b>	<b>3,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,308</b>	
<b>Borrowing</b>	<b>10,647</b>	<b>3,900</b>	<b>-</b>	<b>5,979</b>	<b>-</b>	<b>5,979</b>	<b>16,626</b>	<b>3,478</b>	<b>3,515</b>	<b>2,376</b>	<b>25,995</b>	
<b>Total Capital Financing</b>	<b>20,170</b>	<b>4,231</b>	<b>(3,563)</b>	<b>10,883</b>	<b>-</b>	<b>7,320</b>	<b>27,490</b>	<b>8,041</b>	<b>3,714</b>	<b>2,376</b>	<b>41,621</b>	

£1.1m additional budgets are in relation to new funding agreed by Transport for London. £3.5m of forecast slippages are in relation to various pedestrianisation, cycling paths, road resurfacing and Clean Air Neighbourhood schemes. Q1 additions also contain £4.9m budget for Hammersmith Bridge stabilisation works, £1.15m of budget for purchase of electric waste vehicles, £3.4m Clean Air Neighbourhood budget and £0.6m contribution with regards to King's Coronation Youth Fund.



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

Finance and Resources Department	Current Year Programme							Future Years Budgets			
	Analysis of Movements (Revised budget to Q1)							2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
	2023/24 Revised Budget £'000	2023/24 Actual spend to date £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000	Revised Budget 2023/24 (Q1) £'000				
<b>Scheme Expenditure Summary</b>											
Invest to Save - Flexible Use of Capital Receipts	4,336	-	(3,597)		-	(3,597)	739	3,597	-	-	4,336
Investment in Digital Infrastructure	827	-	-	-	-	-	827	-	-	-	827
Tech-tonic 2 Device refresh	2,330	-	-	-	-	-	2,330	2,080	-	-	4,410
Business Intelligence Infrastructure	-	-	-	176	-	176	176	-	-	-	176
<b>Total Expenditure</b>	<b>7,493</b>	<b>-</b>	<b>(3,597)</b>	<b>176</b>	<b>-</b>	<b>(3,421)</b>	<b>4,072</b>	<b>5,677</b>	<b>-</b>	<b>-</b>	<b>9,749</b>
<b>Capital Financing Summary</b>											
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	4,336	-	(3,597)	-	-	(3,597)	739	3,597	-	-	4,336
Use of Reserves	2,074	-	-	-	-	-	2,074	1,845	-	-	3,919
<b>Sub-total - Mainstream Funding</b>	<b>6,410</b>	<b>-</b>	<b>(3,597)</b>	<b>-</b>	<b>-</b>	<b>(3,597)</b>	<b>2,813</b>	<b>5,442</b>	<b>-</b>	<b>-</b>	<b>8,255</b>
<b>Borrowing (GF)</b>	<b>827</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>-</b>	<b>176</b>	<b>1,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,003</b>
<b>Borrowing (HRA)</b>	<b>256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>256</b>	<b>235</b>	<b>-</b>	<b>-</b>	<b>491</b>
<b>Total Capital Financing</b>	<b>7,493</b>	<b>-</b>	<b>(3,597)</b>	<b>176</b>	<b>-</b>	<b>(3,421)</b>	<b>4,072</b>	<b>5,677</b>	<b>-</b>	<b>-</b>	<b>9,749</b>

£3.6m Invest to Save budget reprofiled to reflect the current forecast with regards to Resident Experience and Access Programme scheme which is funded 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							Future Years Budgets			
	Analysis of Movements (Revised budget to Q1)							2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budget (All years)
	2023/24 Revised Budget	2023/24 Actual spend to date	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements	Revised Budget 2023/24 (Q1)				
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Scheme Expenditure Summary</b>											
<b>Civic Campus</b>											
Hammersmith Town Hall Refurbishment	36,866	1,648	-	-	-	-	36,866	10,476	-	-	47,342
Acquisition of commercial units	12,922	5	18	-	-	18	12,940	27,663	-	-	40,603
Commercial Units- Cinema Fit Out	1,750	-	-	-	-	-	1,750	-	-	-	1,750
JV Partnership Loan (Civic Campus)	2,208	1,663	-	8,125	-	8,125	10,333	650	-	-	10,983
<b>Subtotal Civic Campus</b>	<b>53,746</b>	<b>3,316</b>	<b>18</b>	<b>8,125</b>	-	<b>8,143</b>	<b>61,889</b>	<b>38,789</b>	-	-	<b>100,678</b>
<b>Building Homes and Communities Strategy (GF sites)</b>											
Education City Loan	18,746	-	-	-	-	-	18,746	930	524	-	20,200
Education City -Youth Facility	3,655	-	-	-	-	-	3,655	-	-	-	3,655
Farm Lane	191	-	-	-	(191)	(191)	-	-	-	-	-
Mund Street	1,475	19	(809)	-	-	(809)	666	885	914	-	2,465
Community Schools Programme	457	68	-	-	-	-	457	-	-	-	457
Investment in Affordable Housing-Lillie Road Site	259	-	-	-	(259)	(259)	-	-	-	-	-
<b>Subtotal Building Homes and Communities Strategy (GF sites)</b>	<b>24,783</b>	<b>87</b>	<b>(809)</b>	-	<b>(450)</b>	<b>(1,259)</b>	<b>23,524</b>	<b>1,815</b>	<b>1,438</b>	-	<b>26,777</b>
<b>Other GF Capital Schemes managed by the Economy</b>											
Sands End Community Centre	27	-	-	-	-	-	27	-	-	-	27
Planned Maintenance/DDA Programme	8,678	59	(500)	-	-	(500)	8,178	2,900	2,400	2,400	15,878
Carnwath Road	1,870	-	(1,870)	-	-	(1,870)	-	1,870	-	-	1,870
North End Road - Good Growth Fund	1,088	7	(600)	-	-	(600)	488	600	-	-	1,088
WMC JV Exit Costs	1,857	-	-	-	-	-	1,857	-	-	-	1,857
Asset Purchase - SBHG Sheltered Housing	-	4,892	-	5,440	-	5,440	5,440	-	-	-	5,440
<b>Subtotal Other GF Capital Schemes managed by the Economy</b>	<b>13,520</b>	<b>4,958</b>	<b>(2,970)</b>	<b>5,440</b>	-	<b>2,470</b>	<b>15,990</b>	<b>5,370</b>	<b>2,400</b>	<b>2,400</b>	<b>26,160</b>
<b>Total Expenditure</b>	<b>92,049</b>	<b>8,361</b>	<b>(3,761)</b>	<b>13,565</b>	<b>(450)</b>	<b>9,354</b>	<b>101,403</b>	<b>45,974</b>	<b>3,838</b>	<b>2,400</b>	<b>153,615</b>

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

Economy Department General Fund Managed Schemes	Current Year Programme							Future Years Budgets			
	Analysis of Movements (Revised budget to Q1)							2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budget (All years)
	2023/24 Revised Budget	2023/24 Actual spend to date	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements	Revised Budget 2023/24 (Q1)				
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Grants and Contributions from Private Developers (includes S106)	1,180	19	(359)	-	-	(359)	821	360	-	-	1,181
Community Infrastructure Levy (CIL)	22,793	1,648	-	-	-	-	22,793	-	-	-	22,793
Capital Grants/Contributions from Non-departmental public bodies	27	-	-	-	-	-	27	-	-	-	27
Capital Grants and Contributions from GLA Bodies	3	3	-	-	-	-	3	-	-	-	3
<b>Sub-total - Specific or Other Financing</b>	<b>24,003</b>	<b>1,670</b>	<b>(359)</b>	<b>-</b>	<b>-</b>	<b>(359)</b>	<b>23,644</b>	<b>360</b>	<b>-</b>	<b>-</b>	<b>24,004</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts (GF)	5,023	59	-	-	1,442	1,442	6,465	-	-	-	6,465
<b>Sub-total - Mainstream Funding</b>	<b>5,023</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>1,442</b>	<b>1,442</b>	<b>6,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,465</b>
GF Borrowing	63,023	6,632	(3,402)	13,565	(1,892)	8,271	71,294	45,614	3,838	2,400	123,146
<b>Total Borrowing</b>	<b>63,023</b>	<b>6,632</b>	<b>(3,402)</b>	<b>13,565</b>	<b>(1,892)</b>	<b>8,271</b>	<b>71,294</b>	<b>45,614</b>	<b>3,838</b>	<b>2,400</b>	<b>123,146</b>
<b>Total Capital Financing</b>	<b>92,049</b>	<b>8,361</b>	<b>(3,761)</b>	<b>13,565</b>	<b>(450)</b>	<b>9,354</b>	<b>101,403</b>	<b>45,974</b>	<b>3,838</b>	<b>2,400</b>	<b>153,615</b>

£5.4m additional budget for the acquisition of sheltered housing as approved via leader's Urgent Decision in March 2023. £8.1m additional budget to reflect the latest cash flow forecast with regards to Civic Campus commercial loan. £3.8m budget reprofiled to future years in respect of Mund Street, Carnwarth Road, North End Road and Corporate Planned Maintenance schemes mainly due delays in commencement of the works.

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

Economy Department- HRA Capital Programme	Current Year Programme						Future Years Budgets			
	2023/24 Revised Budget £'000	2023/24 Actual spend to date £'000	Analysis of Movements (Revised budget to Q1)			Revised Budget 2023/24 (Q1) £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
			Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000					
<b>Scheme Expenditure Summary</b>										
<b>HRA Asset Management and Compliance Programme</b>										
Pre Agreed Works	11,143	1,005	-	-	-	11,143	10,014	7,368	11,558	40,083
Fire Safety Compliance Programme	8,068	1,489	-	-	-	8,068	5,035	2,627	5,450	21,180
Fire Safety Complex Schemes	11,501	1,669	-	-	-	11,501	16,925	13,781	-	42,207
Lift Schemes	4,001	-	-	-	-	4,001	750	750	800	6,301
Boiler Schemes	4,645	309	-	-	-	4,645	6,140	4,370	4,670	19,825
Safety Works - Electrical	10,205	264	-	-	-	10,205	2,250	2,000	4,360	18,815
Safety Works	14,283	588	-	-	-	14,283	9,208	9,052	19,100	51,643
Void Works	4,581	715	-	-	-	4,581	3,200	3,200	1,200	12,181
Other Capital Improvements	8,533	445	(600)	-	-	7,933	2,161	1,330	770	12,194
Capitalised salaries	6,040	-	-	-	-	6,040	5,600	5,600	3,300	20,540
Capitalised repairs	6,467	(482)	-	-	-	6,467	4,070	3,500	3,500	17,537
Climate Emergency and Other future works	16,286	-	-	-	-	16,286	17,335	15,660	22,760	72,041
Allowance for program slippage for financial modelling purposes	(38,923)	-	600	-	-	(38,323)	(21,160)	(18,987)	(18,608)	(97,078)
<b>Subtotal HRA Asset Management and Compliance Programme</b>	<b>66,830</b>	<b>6,002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,830</b>	<b>61,528</b>	<b>50,251</b>	<b>58,860</b>	<b>237,469</b>
<b>Building Homes and Communities Strategy (HRA sites)</b>										
Homes & Communities Strategy	1,378	-	(1,378)	-	-	(1,378)	1,378	-	-	1,378
White City Estate Regeneration	272	172	450	-	-	450	958	215	-	1,895
Becklow Gardens	926	-	(885)	-	-	(885)	295	720	603	1,659
Barclay Close	548	-	(494)	-	-	(494)	205	573	50	882
Jepson House	1,884	-	(1,829)	-	-	(1,829)	525	895	1,704	3,179
The Grange	973	-	(923)	-	-	(923)	475	860	325	1,710
Old Laundry Yard	440	19	(290)	-	-	(290)	415	536	-	1,101
Education City- HRA element	19,238	4,829	1,751	43	-	1,794	28,379	2,238	205	51,854
Farm Lane	-	17	(16,993)	17,237	191	435	4,700	8,794	3,500	17,429
Investment in Affordable Housing-Lillie Road Site	-	19	(23,184)	23,417	259	492	9,564	12,622	998	23,676
<b>Subtotal Building Homes and Communities Strategy (HRA sites)</b>	<b>25,659</b>	<b>5,056</b>	<b>(43,775)</b>	<b>40,697</b>	<b>450</b>	<b>(2,628)</b>	<b>46,894</b>	<b>27,453</b>	<b>7,385</b>	<b>104,763</b>
<b>Other HRA Capital Schemes</b>										
Housing Development Project	95	3	-	-	-	95	-	-	-	95
Stanhope Joint Venture	496	1	-	-	-	496	8,654	13,499	7,041	29,690
Property Acquisition for Affordable Housing	242	-	-	-	-	242	-	-	-	242
Hartopp & Lannoy	12,534	576	1,200	-	-	1,200	25,660	14,083	707	54,184
Nourish Project (Good Growth Fund)	231	-	(231)	-	-	(231)	-	231	-	231
<b>Subtotal Other HRA Capital Schemes</b>	<b>13,598</b>	<b>580</b>	<b>969</b>	<b>-</b>	<b>-</b>	<b>969</b>	<b>34,314</b>	<b>27,813</b>	<b>7,748</b>	<b>84,442</b>
<b>Total Expenditure</b>	<b>106,087</b>	<b>11,638</b>	<b>(42,806)</b>	<b>40,697</b>	<b>450</b>	<b>(1,659)</b>	<b>142,736</b>	<b>105,517</b>	<b>73,993</b>	<b>426,674</b>

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

Economy Department- HRA Capital Programme	Current Year Programme						Future Years Budgets				
	Analysis of Movements (Revised budget to Q1)						2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000	
	2023/24 Revised Budget £'000	2023/24 Actual spend to date £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000					Revised Budget 2023/24 (Q1) £'000
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-	
Contributions from leaseholders	2,833	-	-	-	-	-	2,833	2,750	2,737	2,724	11,044
Grants and Contributions from Private Developers (includes S106)	525	1	(231)	995	-	764	1,289	5,648	9,041	4,595	20,573
Capital Grants and Contributions from GLA Bodies	-	-	-	2,029	-	2,029	2,029	2,593	-	-	4,622
RtB GLA Ringfence and Affordable Housing Grants	11,046	5,405	2,510	2,043	136	4,689	15,735	4,717	5,234	3,153	28,839
<b>Sub-total - Specific or Other Financing</b>	<b>14,404</b>	<b>5,406</b>	<b>2,279</b>	<b>5,067</b>	<b>136</b>	<b>7,482</b>	<b>21,886</b>	<b>15,708</b>	<b>17,012</b>	<b>10,472</b>	<b>65,078</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts (HRA)	3,568	3	(24,707)	24,110	-	(597)	2,971	9,574	6,881	42,265	61,691
1-4-1 capital receipts	201	36	(3,838)	4,246	41	449	650	1,930	1,908	-	4,488
Major Repairs Reserve (MRR) / Major Repairs Allowance	17,013	6,002	-	118	-	118	17,131	17,415	17,934	17,454	69,934
Capital Receipts (GF)	1,442	-	-	(1,442)	-	(1,442)	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>22,224</b>	<b>6,041</b>	<b>(28,545)</b>	<b>27,032</b>	<b>41</b>	<b>(1,472)</b>	<b>20,752</b>	<b>28,919</b>	<b>26,723</b>	<b>59,719</b>	<b>136,113</b>
Borrowing(HRA)	69,459	191	(16,540)	8,598	273	(7,669)	61,790	98,109	61,782	3,802	225,483
<b>Total Capital Financing</b>	<b>106,087</b>	<b>11,638</b>	<b>(42,806)</b>	<b>40,697</b>	<b>450</b>	<b>(1,659)</b>	<b>104,428</b>	<b>142,736</b>	<b>105,517</b>	<b>73,993</b>	<b>426,674</b>

The total forecast slippage at q1 is £42.8m. Of this, £40.2m is in relation to newly approved budgets in May 2023 for Lillie Rd and Farm Lane development schemes which have been reprofiled to future years as the start on site is estimated to be in Spring 2024. The remaining £2.6m slippages are due to further delays in a number of affordable housing development schemes which are in early RIBA 1-3 stages. These schemes continue to progress and are subject to regular viability and affordability assessments.

## Appendix 2 –General Fund Mainstream Capital Programme 2023-27 with proposed 2023/24 Q1 variations

	2023/24 Revised Budget £'000	Total Variations £'000	Revised Budget 2023/24 (Q1) £'000	Indicative Budget 2024/25 £'000	Indicative Budget 2025/26 £'000	Indicative Budget 2026/27 £'000	Total Budget (All years) £'000
<b>Approved Expenditure</b>							
<b>Ad Hoc Schemes:</b>							
Social Care Capital projects [ASC]	129	-	129	-	-	-	129
Invest to Save-Flexible Use of Capital Receipts [FIN]	4,336	(3,597)	739	3,597	-	-	4,336
Business Intelligence Infrastructure	-	176	176	-	-	-	176
Investment in Digital Infrastructure [RES]	827	-	827	-	-	-	827
Capital Investment in Street Lighting [ENV]	-	-	-	-	-	-	-
WMC JV Exit Costs [ECD]	1,857	-	1,857	-	-	-	1,857
Carnwath Road [ECD]	1,870	(1,870)	-	1,870	-	-	1,870
Hammersmith Bridge Strengthening [ENV]	10	4,890	4,900	-	-	-	4,900
Hammersmith Bridge Pre Restoration Works [ENV]	6,149	-	6,149	-	-	-	6,149
Public CCTV [ENV]	1,097	-	1,097	1,102	1,139	-	3,338
Other Highways Capital Schemes [ENV]	-	-	-	-	-	-	-
North End Road - Good Growth Fund [ECD]	1,084	(600)	484	600	-	-	1,084
HRA Watermeadow adjustment [ECD]	1,442	(1,442)	-	-	-	-	-
Foster carers' extension [CHS]	167	-	167	-	-	-	167
Leisure Centre Capital Investment [ENV]	220	-	220	-	-	-	220
Asset Purchase - SBHG Sheltered Housing [ECD]	-	5,440	5,440	-	-	-	5,440
Planned Maintenance/DDA Programme [ECD]	8,678	(500)	8,178	2,900	2,400	2,400	15,878
Electric Vehicles [ENV]	65	1,089	1,154	-	-	-	1,154
Footways and Carriageways [ENV]	2,555	-	2,555	2,030	2,030	2,030	8,645
Column Replacement [ENV]	382	-	382	346	346	346	1,420
Parks Programme & Libraries [ENV]	169	-	169	-	-	-	169
Hammersmith Town Hall Refurbishment [ECD]	14,073	-	14,073	10,476	-	-	24,549
Community Schools Programme [ECD]	457	-	457	-	-	-	457
Education City Youth Zone [ECD]	3,500	-	3,500	-	-	-	3,500
Farm Lane/Mund Street [ECD]	641	(641)	-	525	914	-	1,439
Investment in Affordable Housing-Lillie Road Site [ECD]	260	(260)	-	-	-	-	-
<b>Total Mainstream Programmes</b>	<b>49,968</b>	<b>2,685</b>	<b>52,653</b>	<b>23,446</b>	<b>6,829</b>	<b>4,776</b>	<b>87,704</b>
<b>Financing</b>							
Capital Receipts	10,826	(3,597)	7,229	3,597	-	-	10,826
Increase/(Decrease) in Borrowing	39,142	6,282	45,424	19,849	6,829	4,776	76,878
<b>Total Financing</b>	<b>49,968</b>	<b>2,685</b>	<b>52,653</b>	<b>23,446</b>	<b>6,829</b>	<b>4,776</b>	<b>87,704</b>

## **Appendix 3 – 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 4 - 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 2023/24-2026/27:

**Table 1 - Forecast General Fund CFR 2023/24-2026/27 (Quarter 1)**

<b>GENERAL FUND CFR ANALYSIS</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS</b>					
<b>Opening Capital Finance Requirement (CFR)</b>	<b>128.91</b>	<b>134.01</b>	<b>176.35</b>	<b>193.83</b>	<b>197.17</b>
Revenue Repayment of Debt (MRP)	(1.60)	(1.60)	(2.37)	(3.49)	(3.58)
Appropriation between HRA & GF	(1.96)	(1.48)	-	-	-
Mainstream Programme (Surplus)/Shortfall	8.65	45.42	19.85	6.83	4.78
<b>Closing Capital Finance Requirement (CFR)</b>	<b>134.01</b>	<b>176.35</b>	<b>193.83</b>	<b>197.17</b>	<b>198.37</b>
<b>SELF FINANCING SCHEMES AND LOANS</b>					
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Opening Capital Finance Requirement</b>	<b>28.66</b>	<b>55.42</b>	<b>89.11</b>	<b>84.38</b>	<b>83.12</b>
Revenue Repayment of Debt (MRP)	-	-	(0.38)	(1.69)	(1.66)
Repayment of loans	-	(10.07)	(33.60)	(0.10)	-
In Year Borrowing	26.76	43.77	29.24	0.52	-
<b>Closing Capital Finance Requirement</b>	<b>55.42</b>	<b>89.11</b>	<b>84.38</b>	<b>83.12</b>	<b>81.45</b>
Finance leases/PFI/ Deferred costs of disposal	13.53	12.39	11.69	10.99	10.29
<b>Total Closing GF CFR</b>	<b>202.95</b>	<b>277.86</b>	<b>289.90</b>	<b>291.27</b>	<b>290.11</b>

2. The current forecast for the General Fund (GF) Headline CFR is £176.35m at the end of 2023/24 and £198.37m by the end of 2026/27. 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
  - £20.2m 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 forecast to increase by £33.7m (£43.8m new expenditure less £10.1m loan repayments) to £89.1m in 2023/24 and to £81.5m by the end of 2026/27. Table 2 details the CFR movements regarding these schemes:



**Table 2 - Self-financing schemes and loans CFR movements 2023/24-2026/27**

	Revised Budget 2023/24 @ 2022/23 Outturn £'000	Total Variations Q1 £'000	Revised Budget 2023/24 (Q1) £'000	Indicative Budget 2024/25 £'000	Indicative Budget 2025/26 £'000	Indicative Budget 2026/27 £'000	Total Budget (All years) £'000
<b>Approved Expenditure</b>							
<b>Ad Hoc Schemes:</b>							
Education City -ARK loan	18,746	-	18,746	930	524	-	20,200
Acquisition of commercial units (Civic Campus)	12,922	18	12,940	27,663	-	-	40,603
Commercial Units- Cinema Fit Out [ECD]	1,750	-	1,750	-	-	-	1,750
JV Partnership Loan (Civic Campus)	2,208	8,125	10,333	650	-	-	10,983
<b>Total Mainstream Programmes</b>	<b>35,626</b>	<b>8,143</b>	<b>43,769</b>	<b>29,243</b>	<b>524</b>	<b>-</b>	<b>73,536</b>
<b>Financing</b>							
Increase/(Decrease) in Borrowing	35,626	8,143	43,769	29,243	524	-	73,536
<b>Total Financing</b>	<b>35,626</b>	<b>8,143</b>	<b>43,769</b>	<b>29,243</b>	<b>524</b>	<b>-</b>	<b>73,536</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 (2023/24 rate 3.18%).

## Appendix 5 – Summary of Prudential Indicators

The Prudential Code requires local authorities to set up and monitor several prudential indicators to ensure that all their capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so the local authorities will consider their arrangements for the repayment of debt (including through MRP or loans fund repayments) and consideration of risk and the impact, and potential impact, on the authority's overall fiscal sustainability. Indicators for prudence are required to be set over a minimum three-year rolling period. They should also be set in line with a capital strategy and asset management plan that is sustainable over the longer term. Where statutorily ringfenced resources such as the HRA or police fund exist, the indicators of prudence should be set separately for these areas.

As the Council's S151 officer, the Director of Finance has responsibility to ensure that appropriate prudential indicators are set and monitored and that any breaches are reported to members. The Strategic Director of Finance has confirmed that the PIs set out below are all expected to be complied with in 2023/24 and it is not envisaged at this stage that there will be any difficulty in achieving compliance with the suggested indicators for 2024/25.

Prudential Indicator	2022/23 Actual			2023/24 Forecast			2024/25 Forecast			2025/26 Forecast		
	GF	HRA	Total	GF	HRA	Total	GF	HRA	Total	GF	HRA	Total
Capital Expenditure	£74.3m	£65.8m	£140.1m	£128.1m	£104.5m	£232.6m	£65.4m	£142.7m	£208.1m	£9.4m	£105.5m	£114.9m
Capital Financing Requirement (CFR)	£202.9m	£300.6m	£503.5m	£279.8m	£364.1m	£643.9m	£325.2m	£462.4m	£787.6m	£325.9m	£524.2m	£850.1m
Net Debt vs CFR			£269m underborrowed			£95m underborrowed			£95m underborrowed			£95m underborrowed
Ratio of Financing Costs to Revenue Stream	-0.13%	6.18%		-2.39%	4.56%		-1.82%	4.60%		-1.87%	4.47%	
Authorised Limit for External Debt			£650m			£650m			£700m			£750m
Operational Debt Boundary			£570m			£600m			£650m			£700m
Limit on surplus funds invested for more than 364 days (non-specified investments)			£0m			£120m			£120m			£120m
Maturity structure of borrowing			Upper limit under 12 months:15% Lower limited 10 years and above:100%			Upper limit under 12 months:15% Lower limited 10 years and above:100%			Upper limit under 12 months:15% Lower limited 10 years and above:100%			Upper limit under 12 months:15% Lower limited 10 years and above:100%