

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 09/09/2024

Subject: Capital Programme Monitor & Budget Variations, 2023/24 (Outturn)

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

Responsible Director: Sukvinder Kalsi, Executive Director of Finance and Corporate Services

SUMMARY

The Council's Corporate Plan for 2023-26 sets out the Council's strategy for delivering on the ambitions and vision to transform its services and spend and invest money to help protect high quality essential services for its residents.

A key value is Building Shared Prosperity, and 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. These are:

- build a better future for children and young people
- foster inclusive, sustainable economic growth for everyone
- build more affordable, accessible, safe and sustainable housing
- deliver high quality housing services

All capital programmes are complex and involve considerable local community engagement, procurement, and planning considerations. The total capital outturn for 2023/24 was £184.8m and this included:

- £64m was invested in the existing council homes to ensure compliance and building affordable new homes for residents
- more than £16m in ensuring the safety of Hammersmith Bridge and progressing the stabilisation work
- £25.4m investment in acquiring and building new affordable housing and supported accommodation in the Borough

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

The additional borrowing that has been undertaken during 2023/24 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.

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

RECOMMENDATIONS

1. To note the capital outturn for the year of £184.8m.
2. To approve the proposed budget variations to the capital programme (2023/24 to 2026/27) as summarised in Table 1 and detailed in Appendix 1.
3. To approve additional budget of £0.55m for the Council's agreed contribution towards Education City Youth Zone build, funded from General Fund borrowing.
4. To approve an additional £3.277m budget in relation to pre-agreed works within the HRA asset and compliance programme, funded from HRA borrowing.
5. To approve an additional budget of £1,510m on energy efficiency works at Philpot Square across 2024/25 and 2025/26, of which £0.755m will be funded by the Heat Network Efficiency Scheme grant and £0.755m from HRA borrowing.

Wards Affected: All

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 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	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 is wholly of a financial nature.

Andre Mark, Head of Strategic Planning and Investment, 07776 673 099, 23 June 2024

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 June 2024

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)

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 consistently above the Government target of 2% (on average 5.6% during the last financial year and currently 3%) and interest rates have increased significantly (currently 5.25% in June 2024 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 £306.3m over the next 4 years (£62m regarding the headline General Fund CFR and £257.2m regarding the Housing Revenue Account). CFR in relation to self-financing schemes and finance leases is expected to reduce by £12.9m, mainly due to anticipated loan repayments due to the Council as part of the Civic Campus programme in 2024/25 and 2025/26.

There is a risk that those schemes expected to be self-financing (with closing 2023/24 CFR of £88.2m) 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 2024/25.

For illustrative purposes it is currently estimated that the increase of £62m in the General Fund CFR will result in an estimated additional revenue budget requirement of £5.2m 1per annum by 2027/28.

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

¹ Current cost of borrowing rate of 8.44% calculated using the latest discounted certainty PWLB interest rate of 5.2% and minimum revenue provision (MRP) of 3.24%. MRP on new developments is charged at 2%.

CAPITAL PROGRAMME 2023-24 –OUTTURN OVERVIEW

- Capital expenditure for 2023/24 totalled £184.8m. The capital programme outturn position is summarised in Table 1. The 2023/24 programme has decreased by £47.3m in comparison to the previous quarter. All the variations are detailed in Appendix 1.

Table 1 – LBHF Capital Programme 2023-24 with the total year-end variances

	Revised Budget 2023/24 (Q3) £'000	Total Variances £'000	2023/24 Outturn £'000	Actual spend to revised budget %
CAPITAL EXPENDITURE				
Children's Services	4,191	(1,907)	2,284	54%
Social Care	3,328	(2,057)	1,271	38%
Environment Department	32,010	(4,006)	28,004	87%
Finance and Resources Department	2,162	(1,384)	778	36%
General Fund Schemes under the Economy Department	80,666	(10,858)	69,808	87%
Sub-total (General Fund)	122,357	(20,212)	102,145	83%
Economy Department-HRA Programme	109,817	(27,131)	82,686	75%
Sub-total Economy Department (HRA)	109,817	(27,131)	82,686	75%
Total Expenditure	232,174	(47,343)	184,831	80%
CAPITAL FINANCING				
Use of specific resources (grant/section106/receipts)	88,011	(23,848)	64,163	73%
Borrowing-General Fund	39,821	(7,760)	32,061	81%
Self-financing borrowing - General Fund	43,622	(1,305)	42,317	97%
Borrowing -HRA	60,720	(14,430)	46,290	76%
Total Capital Financing	232,174	(47,343)	184,831	80%

GENERAL FUND CAPITAL PROGRAMME OVERVIEW

- The General Fund expenditure for 2023/24 totalled £102.1m.
- The main areas of investment were:
 - £35.2m Civic Campus redevelopment (including Hammersmith Town Hall refurbishment)

- £16.5m Hammersmith Bridge stabilisation works
 - £11m affordable housing and regeneration schemes
 - £6.5m highways maintenance and transport schemes
 - £2.3m rollout of electric vehicle charging points
 - £2.3m investment in schools' maintenance and SEND provision
 - £1.6m investment in the Council's planned maintenance of its non-domestic property portfolio.
 - £1.3m investment in adaptation works for disabled residents and other social care projects
 - £1.7m investment in public CCTV
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 2023/24 was £32.3m which represents a decrease of £14.8m 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). 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).
6. CFR movements related to these schemes are presented under "Self-Financing Schemes and Loans" heading in the Table 2. CFR for these schemes is £88.2m at the end of 2023/24 and is forecast to be £83m by the end of 2026/27. Appendix 4 details the self-financing schemes and their movements.
7. 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) and incorporates the forecast borrowing for the mainstream programme and self-financing schemes. The actual 2023/24 General Fund CFR as well as future years' forecast are set out below:

Table 2 - Forecast General Fund CFR 2023/24-2026/27 (Outturn)

GENERAL FUND CFR ANALYSIS	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	128.91	134.01	163.09	218.69	224.22	224.85
Revenue Repayment of Debt (MRP)	(1.60)	(1.50)	(2.55)	(4.34)	(4.50)	(4.52)
Appropriation between HRA & GF	(1.96)	(1.48)	-	-	-	-
Mainstream Programme (Surplus)/Shortfall	8.65	32.06	58.15	9.87	5.14	4.78
Closing Capital Finance Requirement (CFR)	134.01	163.09	218.69	224.22	224.85	225.11

SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m	£m
Opening Capital Finance Requirement	28.66	55.42	88.23	111.45	84.71	83.02
Revenue Repayment of Debt (MRP)	-	-	(0.44)	(1.74)	(1.69)	(1.66)
Repayment of loans	-	(9.50)	(10.00)	(25.00)	-	-
In Year Borrowing	26.76	42.32	33.66	-	-	-
Closing Capital Finance Requirement	55.42	88.23	111.45	84.71	83.02	81.36
Finance leases/PFI/ Deferred costs of disposal	13.527	14.34	12.84	11.34	9.84	8.34
Total Closing GF CFR	202.95	265.67	342.98	320.27	317.72	314.82

8. The General Fund Headline CFR (excluding the self-financing schemes) is £163m as at the end of 2023/24, an in-year net increase of £29m, and is forecast to increase to £224.9m by the end of 2026/27. The increase in GF Headline CFR puts additional pressures on revenue budgets.
9. Minimum Revenue Provision (MRP) is the minimum amount by statute 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 and reflected in the Medium Term Financial Strategy. The MRP will, over time, reduce the CFR.
10. 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 2 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.
11. This report is seeking a budget adjustment of £0.55m as part of the Education City Youth Zone project to meet the Council's obligation under the Master Development and Funding Agreement signed between the Council and participating development partners in September 2021. This adjustment is to be funded by General Fund borrowing. The contribution was fully paid on completion of the Youth Zone in 2023/24. The additional borrowing will result in estimated annual revenue costs of £0.046m which will need to be factored into the Council's revenue budget requirement for future years as part of its Medium Term Financial Strategy (MTFS).

HOUSING CAPITAL PROGRAMME OVERVIEW

12. Housing Capital expenditure for 2023/24 totalled £82.7m. Table 2 summarises the 2023/24 HRA capital spend and its funding.

Table 3 - Housing Capital Programme 2023/24 (Outturn)

	Revised Budget 2023/24 (Q3)	Total Variations	2023/24 Outturn
	£'000	£'000	£'000
Approved Expenditure			
HRA Asset Management and Compliance Programme	61,326	2,638	63,964
Building Homes and Communities Strategy	28,267	(13,416)	14,851
Other HRA Capital Schemes	20,224	(16,353)	3,871
Total Housing Programme	109,817	(27,131)	82,686
Available and Approved Resource			
Capital Receipts - Unrestricted	2,971	(836)	2,135
Capital Receipts - RTB (141)	650	(95)	555
Major Repairs Reserve (MRR)	17,176	-	17,176
Contributions Developers (S106)	1,409	(1,189)	220
Contributions from leaseholders	3,150	267	3,417
Capital Grants from Central Government	3,091	(2,057)	1,034
Capital Grants and Contributions from GLA Bodies	8,720	(7,392)	1,328
RtB GLA Ringfence	12,186	(1,655)	10,531
Borrowing (HRA)	60,464	(14,174)	46,290
Total Funding	109,817	(27,131)	82,686

13. Of the total in-year spend, £64m was invested on major improvements and maintenance of the existing housing stock including:
- £16.3m on fire safety works,
 - £4.5m on electrical and other safety works
 - £2.5m on boiler replacement schemes.
14. The remaining £18.7m investment relates to spent on the various affordable housing development and regeneration schemes, including Education City (£5.5m) and Hartopp and Lannoy (£7.3m) developments.
15. Within the Housing Capital Programme there has been a net budget decrease of £27.1m in comparison to the Q3 forecast. Detailed analysis of the budget variances is presented in Appendix 1.
16. The 2023/24 closing HRA CFR is £348.34m, this is an increase of £47.8m in comparison to 2022/23. The HRA CFR is forecast to be £551.7m by the end of 2026/27. The increase in HRA CFR has significant implications for HRA revenue budgets. The HRA CFR movements are shown in Table 4 below:

Table 4- HRA CFR 2023/24 actual and future years' forecast

HRA CFR Forecast	Actual		Forecast			
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m	£m
Opening HRA CFR	256.97	300.57	348.34	464.90	551.87	551.72
In Year Borrowing	41.65	46.29	116.56	86.97	(0.15)	53.78
Appropriation between HRA & GF	1.96	1.48	-	-	-	-
Closing HRA CFR	300.57	348.34	464.90	551.87	551.72	605.49

17. The HRA Asset Management and Compliance Programme requests Cabinet approval to borrow £3.277m to fund 2023/24 spend on major refurbishment works, voids and disrepair works at estates. Finance officers will continue to work with service colleagues to ensure accurate in-year budget profiling in line with service commitments.
18. Cabinet approval is also sought to fund an additional £1,510m on energy efficiency works at Philpot Square across 2024/25 and 2025/26, of which £0.755m will be funded by the Heat Network Efficiency Scheme grant in line with the grant terms and conditions. Of the total grant funding allocation, £0.221m has been received from the Department for Energy Security and Net Zero (DESNZ). Receipt of the remaining grant funds of £0.534m will be subject to the completion of grant claim forms based on eligible spend by the Asset Management and Compliance Service, and subsequent approval by the DESNZ.

FINANCING OF CAPITAL EXPENDITURE IN 2023/24

19. 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. The CFR (underlying need to borrow) has increased in 2023/24 by £110.5m. This has been driven by a combination of spend on elements of the programme that should over the long-term be self-financing (primarily linked to Civic Campus and Education City schemes), and others elements where the borrowing costs are charged to revenue over time, via the Minimum Revenue Provision within the General Fund (as statutorily required) and through the 40 year business plan within the HRA.
20. The additional borrowing that has been undertaken during 2023/24 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 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 within overall borrowing strategy, which is constructed across key strands including our capital programme, treasury management strategy and revenue strategy.

FOUR-YEAR PROGRAMME OVERVIEW

21. Budget Council approved a four-year capital programme for 2023/24 to 2026/27 of £506.8m. The programme has now been revised to £724.5m and the key changes (a net increase of £217.7m) are summarised in the table below:

Budget Movement Summary for 2023/24-2026/27 capital programme	General Fund	HRA	Total
	£'m	£'m	£'m
Four-year capital programme budget approved at Full Council in February 2023	123.6	383.2	506.8
Carry forward of unspent budgets from 2022/23 to future years	48.1	2.8	50.9
New budgets approved for acquisition, progression and delivery of affordable housing	-	50.3	50.3
New budget approved for Homes for Refugees scheme	-	16.8	16.8
Additional budgets with regards to HRA asset management and compliance	-	11.4	11.4
Additional budget for Hammersmith Bridge Strengthening	24.8	-	24.8
New approved budget for Hammersmith Town Hall refurbishment (including GNHF grant)	24	-	24
New budget approved for CHS schools capital programme	16.2	-	16.2
Additional approved budget for Climate Initiative Schemes (Green Investment, Clean Air Neighbourhoods and waste collection and disposal electric vehicles)	12.6	-	12.6
Civic Campus commercial loan cashflow forecast adjustment	9.5	-	9.5
Acquisition of supported housing accommodation	7.7	-	7.7
Additional approved budgets for various other capital schemes including transport	2.9	-	2.9
Reduction in Education City loan budget to reflect the actual cash flow forecast	(9.4)	-	(9.4)
Revised four -year capital programme as at 2023/24 Outturn	260.0	464.5	724.5

REASONS FOR DECISION

22. This report reports the 2023/24 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

23. 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

24. 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.
25. 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.

26. 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.
27. 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.
28. 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.
29. 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.
30. Proposals set out in this report seek to comply with the Council's legal duties.
31. The report sets out the ongoing economic uncertainty, including the impact of high interest rates, and identifies actions which will, in part, mitigate this risk.
32. Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 17 June 2024

VAT IMPLICATIONS

33. 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.
34. Implications verified by: Joanna Monaghan, Principal Accountant (Taxation), Corporate Finance, 28 June 2024.

LIST OF APPENDICES:

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

Appendix 2 – GF Mainstream Capital Programme 2023-27

Appendix 3 – Capital receipts forecast

Appendix 4 – VAT partial exemption

Appendix 5 – Self-financing schemes

Appendix 6 - Summary of Prudential Indicators

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

2023-27 Capital Programme Summary with proposed Q4 variations

	Revised Budget 2023/24 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Variances £'000	2023/24 Outturn £'000	2024/25 Original Budget £'000	Slippages, Additions and Reductions £'000	2024/25 Revised Budget £'000	2025/26 £'000	2026/27 £'000	Total Budget (All years) £'000
CAPITAL EXPENDITURE												
Children's Services	4,191	(1,595)	(312)	-	(1,907)	2,284	7,915	2,117	10,032	1,937	4,314	18,567
Social Care	3,328	(2,057)	-	-	(2,057)	1,271	0	2,057	2,057	-	-	3,328
Environment Department	32,010	(4,232)	226	-	(4,006)	28,004	29,877	552	30,429	7,378	2,376	68,187
Finance and Resources Department	2,162	(229)	(1,155)	-	(1,384)	778	7,587	(4,131)	3,456	-	-	4,234
General Fund Schemes under the Economy Department	80,666	(18,572)	7,714	-	(10,858)	69,808	70,172	18,572	88,744	3,873	3,260	165,685
Sub-total (General Fund)	122,357	(26,685)	6,473	-	(20,212)	102,145	115,551	19,167	134,718	13,188	9,950	260,001
Economy Department-HRA Programme	109,817	(38,824)	11,693	-	(27,131)	82,686	148,108	29,040	177,148	128,955	75,688	464,477
Sub-total Economy Department (HRA)	109,817	(38,824)	11,693	-	(27,131)	82,686	148,108	29,040	177,148	128,955	75,688	464,477
Total Expenditure	232,174	(65,509)	18,166	-	(47,343)	184,831	263,659	48,207	311,866	142,143	85,638	724,478
CAPITAL FINANCING												
Use of specific resources (grant/section106/receipts)	88,011	(32,652)	7,863	941	(23,848)	64,163	76,864	26,636	103,500	45,307	80,652	293,622
Borrowing-General Fund	39,821	(6,934)	684	(1,510)	(7,760)	32,061	53,081	5,069	58,150	9,870	5,136	105,217
Self-financing borrowing -General Fund	43,622	(3,745)	2,440	-	(1,305)	42,317	29,914	3,745	33,659	-	-	75,976
Borrowing -HRA	60,720	(22,178)	7,179	569	(14,430)	46,290	103,800	12,757	116,557	86,966	(150)	249,663
Total Capital Financing	232,174	(65,509)	18,166	-	(47,343)	184,831	263,659	48,207	311,866	142,143	85,638	724,478

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)	
	Analysis of Movements (Q3 to Q4)					2024/25 Original Budget	Slippages, Additions and Reductions	2024/25 Revised Budget	2025/26 Budget	2026/27 Budget		
	Revised Budget 2023/24 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements							2023/24 Outturn
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Scheme Expenditure Summary												
SEN sufficiency	605	(200)	(223)	-	(423)	182	2,500	423	2,923	600	2,500	6,205
Foster carers' extension	520	(432)	-	-	(432)	88	-	432	432	-	-	520
Basic Need Placement Sufficiency	846	(625)	-	-	(625)	221	291	625	916	69	521	1,727
Windows & decarbonisation	400	(5)	-	-	(5)	395	3,201	5	3,206	-	-	3,601
Changing Places	-	-	43	-	43	43	-	-	-	-	-	43
Family Hub Transformation Project	-	(64)	167	-	103	103	-	64	64	-	-	167
School Maintenance Programme	1,820	(269)	(299)	-	(568)	1,252	1,923	568	2,491	1,268	1,293	6,304
Total Expenditure	4,191	(1,595)	(312)	-	(1,907)	2,284	7,915	2,117	10,032	1,937	4,314	18,567
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	3,671	(1,163)	(312)	-	(1,475)	2,196	7,915	1,685	9,600	1,937	4,314	18,047
Sub-total - Specific or Other Financing	3,671	(1,163)	(312)	-	(1,475)	2,196	7,915	1,685	9,600	1,937	4,314	18,047
Mainstream Financing (Internal Council Resource)												
Capital Receipts	25	-	-	-	-	25	-	-	-	-	-	25
Use of Reserves	495	(432)	-	-	(432)	63	-	432	432	-	-	495
Sub-total - Mainstream Funding	520	(432)	-	-	(432)	88	-	432	432	-	-	520
Total Capital Financing	4,191	(1,595)	(312)	-	(1,907)	2,284	7,915	2,117	10,032	1,937	4,314	18,567

Slippage to 2024/25 as a result of capacity constraints ahead of recent successful recruitment and works falling into the Easter and Summer School Break Programme of 2024/25 financial year.

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)						2024/25 Original Budget £'000	Slippages, Additions and Reductions £'000	2024/25 Revised Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	
	Revised Budget 2023/24 (Q3) £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000	2023/24 Outturn £'000						
Scheme Expenditure Summary												
Extra Care New Build project (Adults' Personal Social Services Grant)	957	(957)	-	-	(957)	-	-	957	957	-	-	957
Disabled Facilities Grant	1,215	(399)	-	-	(399)	816	-	399	399	-	-	1,215
Transforming Care (Winterbourne Grant)	300	(300)	-	-	(300)	-	-	300	300	-	-	300
Social Care Capital Projects	856	(401)	-	-	(401)	455	-	401	401	-	-	856
Total Expenditure	3,328	(2,057)	-	-	(2,057)	1,271	-	2,057	2,057	-	-	3,328
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	2,899	(1,628)	-	-	(1,628)	1,271	-	1,628	1,628	-	-	2,899
Capital Grants/Contributions from Non-departmental public bodies	300	(300)	-	-	(300)	-	-	300	300	-	-	300
Sub-total - Specific or Other Financing	3,199	(1,928)	-	-	(1,928)	1,271	-	1,928	1,928	-	-	3,199
Borrowing	129	(129)	-	-	(129)	-	-	129	129	-	-	129
Total Capital Financing	3,328	(2,057)	-	-	(2,057)	1,271	-	2,057	2,057	-	-	3,328

The department is requesting slippage of (£2.057m) from 2023/24 to be included in the 2024/25 capital programme. This consists of (£0.8m) 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 Winterbourne grant (£0.3m) is to be used to purchase a portacabin for use by the Ashchurch day service (£0.1m) and £0.2m contribution towards the purchase of a building for the Autism service to be based in. £0.957 is to be used as a contribution towards the purchase of properties which are used to deliver social care services to residents.

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
	Revised Budget 2023/24 (Q3) £'000	Analysis of Movements (Q3 to Q4)				2023/24 Outturn £'000	2024/25 Original Budget £'000	Slippages, Additions and Reductions £'000	2024/25 Revised Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	
		Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000							
Scheme Expenditure Summary												
Footways and Carriageways	2,555	(351)	24	-	(327)	2,228	2,030	351	2,381	2,030	2,030	8,669
Transport For London Schemes	1,340	(384)	88	-	(296)	1,044	-	384	384	-	-	1,428
Column Replacement	322	10	70	-	80	402	406	(10)	396	346	346	1,490
Other Highways Capital Schemes	4,300	(1,489)	5	-	(1,484)	2,816	6,973	791	7,764	881	-	11,461
Hammersmith Bridge Stabilisation Works	8,139	(109)	-	-	(109)	8,030	4,688	109	4,797	-	-	12,827
Hammersmith Bridge Pre Restoration Works	11,085	(2,610)	-	-	(2,610)	8,475	4,121	2,610	6,731	-	-	15,206
Waste Collection and Disposal Projects	2,004	315	-	-	315	2,319	3,381	(315)	3,066	-	-	5,385
Green Investment Projects	-	80	-	-	80	80	5,000	(3,080)	1,920	3,000	-	5,000
Public CCTV	1,097	589	33	-	622	1,719	1,102	(571)	531	1,121	-	3,371
Kings Coronation Youth Fund	35	(20)	-	-	(20)	15	597	20	617	-	-	632
Parks Projects	1,133	(263)	6	-	(257)	876	1,359	263	1,622	-	-	2,498
Leisure Centre Capital Investment	-	-	-	-	-	-	220	-	220	-	-	220
Total Expenditure	32,010	(4,232)	226	-	(4,006)	28,004	29,877	552	30,429	7,378	2,376	68,187
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	160	(358)	1,658	-	1,300	1,460	-	358	358	-	-	1,818
Grants and Contributions from Private Developers (includes S106/S278)	3,750	(2,828)	1,903	(22)	(947)	2,803	5,675	2,130	7,805	881	-	11,489
Capital Grants/Contributions from Non-departmental public bodies	147	(516)	1,183	22	689	836	320	516	836	-	-	1,672
Capital Grants and Contributions from GLA Bodies	1,933	(484)	(357)	-	(841)	1,092	124	484	608	-	-	1,700
Sub-total - Specific or Other Financing	5,990	(4,186)	4,387	-	201	6,191	6,119	3,488	9,607	881	-	16,679
Mainstream Financing (Internal Council Resource)												
Capital Receipts	1,967	-	(1,967)	-	(1,967)	-	-	3,381	3,381	-	-	3,381
General Fund Revenue Account (revenue funding)	-	-	-	1,209	1,209	1,209	-	-	-	-	-	1,209
Use of Reserves	782	1,346	(1,615)	(150)	(419)	363	2,679	(1,346)	1,333	-	-	1,696
Sub-total - Mainstream Funding	2,749	1,346	(3,582)	1,059	(1,177)	1,572	2,679	2,035	4,714	-	-	6,286
Borrowing	23,271	(1,392)	(579)	(1,059)	(3,030)	20,241	21,079	(4,971)	16,108	6,497	2,376	45,222
Total Capital Financing	32,010	(4,232)	226	-	(4,006)	28,004	29,877	552	30,429	7,378	2,376	68,187

Additional developer contributions have been added to the capital programme this quarter for other highways schemes, the majority of which will be spent in 2024/25. Works to stabilise Hammersmith Bridge are continuing at pace. Works on the full repair and restoration of the bridge have slowed following delays to the Department for Transport's review of the Council's outline business case This has resulted in £2.6m of budget slippage to 2024/25.

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		Total Budget (All years) £'000	
Analysis of Movements (Q3 to Q4)						2024/25 Original Budget £'000	Slippages, Additions and Reductions £'000	2024/25 Revised Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000		
Revised Budget 2023/24 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	2023/24 Outturn £'000							
Scheme Expenditure Summary												
Invest to Save - Flexible Use of Capital Receipts	739	-	(739)	-	(739)	-	3,597	(3,597)	-	-	-	-
Investment in Digital Infrastructure	827	(229)	-	-	(229)	598	-	229	229	-	-	827
Tech-tonic 2 Device refresh	420	-	(420)	-	(420)	-	3,990	(763)	3,227	-	-	3,227
Business Intelligence Infrastructure	176	-	4	-	4	180	-	-	-	-	-	180
Total Expenditure	2,162	(229)	(1,155)	-	(1,384)	778	7,587	(4,131)	3,456	-	-	4,234
Capital Financing Summary												
Mainstream Financing (Internal Council Resource)												
Capital Receipts	739	-	(559)	-	(559)	180	3,597	(861)	2,736	-	-	2,916
Use of Reserves	164	-	(164)	-	(164)	-	3,755	(3,755)	-	-	-	-
Sub-total - Mainstream Funding	903	-	(723)	-	(723)	180	7,352	(4,616)	2,736	-	-	2,916
Borrowing (GF)	1,003	(229)	(176)	-	(405)	598	-	229	229	-	-	827
Borrowing (HRA)	256	-	(256)	-	(256)	-	235	256	491	-	-	491
Total Capital Financing	2,162	(229)	(1,155)	-	(1,384)	778	7,587	(4,131)	3,456	-	-	4,234

The Council's Invest to Save schemes are under review and the budgets have been revised to reflect this. Tech-tonic 2 device refresh roll out is now scheduled for 2024/25.

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 Outturn £'000	2024/25 Original Budget £'000	Slippages, Additions and Reductions £'000	2024/25 Revised Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	
	Revised Budget 2023/24 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000							
Scheme Expenditure Summary												
Civic Campus												
Hammersmith Town Hall Refurbishment	20,140	(7,786)	-	-	(7,786)	12,354	27,202	7,786	34,988	-	-	47,342
Acquisition of commercial units	11,339	2,532	-	-	2,532	13,871	29,264	(2,532)	26,732	-	-	40,603
Commercial Units- Cinema Fit Out	1,750	(1,750)	-	-	(1,750)	-	-	1,750	1,750	-	-	1,750
JV Partnership Loan (Civic Campus)	10,333	(4,527)	680	-	(3,847)	6,486	650	4,527	5,177	-	-	11,663
Civic Campus GHNF Grant	-	-	2,512	-	2,512	2,512	-	-	-	-	-	2,512
Subtotal Civic Campus	43,562	(11,531)	3,192	-	(8,339)	35,223	57,116	11,531	68,647	-	-	103,870
Building Homes and Communities Strategy (GF sites)												
Education City Loan	20,200	-	1,760	-	1,760	21,960	-	-	-	-	-	21,960
Education City -Youth Facility	3,655	-	550	-	550	4,205	-	-	-	-	-	4,205
Mund Street	500	238	-	-	238	738	1,645	(238)	1,407	973	360	3,478
Community Schools Programme	1,470	(420)	-	-	(420)	1,050	350	420	770	-	-	1,820
Subtotal Building Homes and Communities Strategy (GF sites)	25,825	(182)	2,310	-	2,128	27,953	1,995	182	2,177	973	360	31,463
Other GF Capital Schemes managed by the Economy												
Sands End Community Centre	27	-	(27)	-	(27)	-	-	-	-	-	-	-
Planned Maintenance/DDA Programme	4,498	(2,901)	-	-	(2,901)	1,597	6,580	2,901	9,481	2,400	2,400	15,878
Carnwath Road	-	-	-	-	-	-	1,870	-	1,870	-	-	1,870
North End Road - Good Growth Fund	824	(669)	-	-	(669)	155	244	669	913	-	-	1,068
West Kensington & Gibbs Green Public Realm	490	(490)	-	-	(490)	-	510	490	1,000	500	500	2,000
UK SPF Communities and Place	-	-	(12)	-	(12)	(12)	-	-	-	-	-	(12)
WMC JV Exit Costs	-	-	-	-	-	-	1,857	-	1,857	-	-	1,857
Divestment in local supported housing	5,440	(548)	-	-	(548)	4,892	-	548	548	-	-	5,440
Single homelessness and rough sleeping supported accommodation	-	(2,251)	2,251	-	-	-	-	2,251	2,251	-	-	2,251
Subtotal Other GF Capital Schemes managed by the Economy	11,279	(6,859)	2,212	-	(4,647)	6,632	11,061	6,859	17,920	2,900	2,900	30,352
Total Expenditure	80,666	(18,572)	7,714	-	(10,858)	69,808	70,172	18,572	88,744	3,873	3,260	165,685

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)						2024/25 Original Budget £'000	Slippages, Additions and Reductions £'000	2024/25 Revised Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	
	Revised Budget 2023/24 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	2023/24 Outturn £'000						
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	-	-	2,500	-	2,500	2,500	-	-	-	-	-	2,500
Grants and Contributions from Private Developers (includes S106)	1,145	(252)	-	-	(252)	893	1,036	252	1,288	500	500	3,181
Community Infrastructure Levy (CIL)	15,593	(3,239)	-	-	(3,239)	12,354	7,200	3,239	10,439	-	-	22,793
Capital Grants/Contributions from Non-departmental public bodies	27	-	(27)	-	(27)	-	-	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	363	(1,654)	1,362	-	(292)	71	20	1,654	1,674	-	-	1,745
Sub-total - Specific or Other Financing	17,128	(5,145)	3,835	-	(1,310)	15,818	8,256	5,145	13,401	500	500	30,219
Mainstream Financing (Internal Council Resource)												
Capital Receipts (GF)	4,498	(4,498)	-	-	(4,498)	-	-	-	-	-	-	-
1-4-1 capital receipts	-	-	-	451	451	451	-	-	-	-	-	451
Sub-total - Mainstream Funding	4,498	(4,498)	-	451	(4,047)	451	-	-	-	-	-	451
GF Borrowing	59,040	(8,929)	3,879	(451)	(5,501)	53,539	61,916	13,427	75,343	3,373	2,760	135,015
Total Borrowing	59,040	(8,929)	3,879	(451)	(5,501)	53,539	61,916	13,427	75,343	3,373	2,760	135,015
Total Capital Financing	80,666	(18,572)	7,714	-	(10,858)	69,808	70,172	18,572	88,744	3,873	3,260	165,685

Budget adjustments in relation to Civic Campus and Education City commercial loans to reflect actual drawdowns and cash flow forecast. Town hall refurbishment slippage reflects latest contract profiling. £550k budget adjustment to reflect the agreed contribution for Education City Youth Zone, as per the development agreement signed in September 2021. £2.5m additional Green Heat Network Fund grant for the new Civic Campus heating pump. £2.9m CPMP budget slippage is set aside to match-fund a number of decarbonisation projects on the Council's civic accommodation sites.

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) £'000
	Analysis of Movements (Q3 to Q4)					2023/24 Outturn £'000	2024/25 Original Budget £'000	Slippages, Additions and Reductions £'000	2024/25 Revised Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	
	Revised Budget 2023/24 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000							
Scheme Expenditure Summary												
HRA Asset Management and Compliance Programme												
Pre Agreed Works	10,894	-	3,229	-	3,229	14,123	7,773	4,000	11,773	7,041	11,112	44,049
Fire Safety Compliance Programme	8,526	483	-	-	483	9,009	5,064	(483)	4,581	1,400	3,450	18,440
Fire Safety Complex Schemes	7,665	(357)	-	-	(357)	7,308	15,185	357	15,542	13,781	-	36,631
Lift Schemes	559	(559)	-	-	(559)	-	4,192	559	4,751	750	800	6,301
Boiler Schemes	2,197	332	-	-	332	2,529	6,922	(332)	6,590	4,370	4,670	18,159
Safety Works - Electrical	3,264	(491)	-	-	(491)	2,773	5,382	491	5,873	2,000	4,360	15,006
Safety Works	6,778	-	-	(5,070)	(5,070)	1,708	7,924	-	7,924	8,052	17,546	35,230
Void Works	4,381	-	48	3,793	3,841	8,222	3,200	-	3,200	1,200	1,200	13,822
Other Capital Improvements	7,164	(4,216)	-	-	(4,216)	2,948	2,265	4,216	6,481	1,580	770	11,779
Capitalised salaries	6,040	3,249	-	-	3,249	9,289	11,000	(2,249)	8,751	4,600	3,300	25,940
Capitalised repairs	3,858	-	-	1,277	1,277	5,135	4,070	0	4,070	3,500	3,500	16,205
Climate Emergency and Other future works	-	920	-	-	920	920	2,593	590	3,183	-	3,397	7,500
Subtotal HRA Asset Management and Compliance Programme	61,326	(639)	3,277	-	2,638	63,964	75,570	7,149	82,719	48,274	54,105	249,062
Building Homes and Communities Strategy (HRA sites)												
Homes & Communities Strategy	-	-	-	-	-	-	1,378	-	1,378	-	-	1,378
White City Estate Regeneration	722	62	-	-	62	784	958	(62)	896	215	-	1,895
Becklow Gardens	41	10	-	-	10	51	295	(10)	285	720	603	1,659
Barclay Close	54	(7)	-	-	(7)	47	205	7	212	573	50	882
Jepson House	55	(3)	-	-	(3)	52	525	3	528	895	1,704	3,179
The Grange	50	1	-	-	1	51	475	(1)	474	860	325	1,710
Old Laundry Yard	150	(708)	755	-	47	197	415	708	1,123	536	-	1,856
Education City- HRA element	20,668	(15,176)	-	-	(15,176)	5,492	29,729	(5,167)	24,562	20,903	896	51,853
Hartopp & Lanny	5,500	1,789	-	-	1,789	7,289	20,512	2,260	22,772	22,015	2,108	54,184
Farm Lane	435	(143)	-	-	(143)	292	4,960	1,143	6,103	8,508	2,526	17,429
Investment in Affordable Housing-Lillie Road Site	592	4	-	-	4	596	9,564	(1,004)	8,560	13,622	998	23,776
Subtotal Building Homes and Communities Strategy (HRA sites)	28,267	(14,171)	755	-	(13,416)	14,851	69,016	(2,123)	66,893	68,847	9,210	159,801
Other HRA Capital Schemes												
Housing Development Project	95	-	-	-	-	95	-	-	-	-	-	95
Stanhope Joint Venture	432	(339)	-	-	(339)	93	3,522	339	3,861	11,603	12,373	27,930
Property Acquisition for Affordable Housing	242	(9,631)	10,316	-	685	927	-	9,631	9,631	-	-	10,558
New Homes for Refugees	19,455	(14,044)	(2,655)	-	(16,699)	2,756	-	14,044	14,044	-	-	16,800
Nourish Project (Good Growth Fund)	-	-	-	-	-	-	-	-	-	231	-	231
Subtotal Other HRA Capital Schemes	20,224	(24,014)	7,661	-	(16,353)	3,871	3,522	24,014	27,536	11,834	12,373	55,614
Total Expenditure	109,817	(38,824)	11,693	-	(27,131)	82,686	148,108	29,040	177,148	128,955	75,688	464,477

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) £'000
	Analysis of Movements (Q3 to Q4)						2024/25 Original Budget £'000	Slippages, Additions and Reductions £'000	2024/25 Revised Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	
	Revised Budget 2023/24 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	2023/24 Outturn £'000						
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	3,091	(995)	(1,062)	-	(2,057)	1,034	2,593	1,750	4,343	-	-	5,377
Contributions from leaseholders	3,150	-	-	267	267	3,417	3,100	-	3,100	3,000	3,000	12,517
Grants and Contributions from Private Developers (includes S106)	1,409	(1,358)	-	169	(1,189)	220	2,299	1,358	3,657	7,803	8,075	19,755
Capital Grants and Contributions from GLA Bodies	8,720	(9,012)	1,620	-	(7,392)	1,328	300	9,012	9,312	-	-	10,640
RtB GLA Ringfence and Affordable Housing Grants	12,186	(1,655)	-	-	(1,655)	10,531	7,168	1,655	8,823	4,576	4,298	28,228
Sub-total - Specific or Other Financing	28,556	(13,020)	558	436	(12,026)	16,530	15,460	13,775	29,235	15,379	15,373	76,517
Mainstream Financing (Internal Council Resource)												
Capital Receipts (HRA)	2,971	(3,700)	3,700	(836)	(836)	2,135	9,574	4,357	13,931	6,881	42,265	65,212
1-4-1 capital receipts	650	74	-	(169)	(95)	555	1,909	(74)	1,835	1,929	-	4,319
Major Repairs Reserve (MRR) / Major Repairs Allowance	17,176	-	-	-	-	17,176	17,600	(1,519)	16,081	17,800	18,200	69,257
Sub-total - Mainstream Funding	20,797	(3,626)	3,700	(1,005)	(931)	19,866	29,083	2,764	31,847	26,610	60,465	138,788
Borrowing(HRA)	60,464	(22,178)	7,435	569	(14,174)	46,290	103,565	12,501	116,066	86,966	(150)	249,172
Total Capital Financing	109,817	(38,824)	11,693	-	(27,131)	82,686	148,108	29,040	177,148	128,955	75,688	464,477

The overspend of £3.3m in 2023/24 on HRA Asset management and compliance was driven by increased costs of delivering major refurbishment works and capitalised repairs due to the onboarding of additional interim contractors to meet the ongoing demands on voids and disrepair works. This was partially offset by a net budget slippage of £0.64m that will be used to fund future years spend on capital improvement works comprising garage refurbishments, and estate infrastructure improvement schemes. £15m slippage on Education City budget to future years is mainly due to issues with cash flow forecast received from the development partner and delays in overall project delivery. New £10m budget approved in 2023/24 for Quayside affordable homes acquisition has been reprofiled to 2024/25 as the practical completion is anticipated for September 2024. New Homes for Refugees scheme completion deadline has been extended to 31 July 2024 and the slippage of £14m is anticipated to be fully spent by this date.

Appendix 2 –General Fund Mainstream Capital Programme 2023-27 with proposed 2023-24 Q4 variations

	Revised Budget 2023/24 (Q3) £'000	Total Variations £'000	2023/24 Outturn £'000	2024/25 Original Budget £'000	Slippages, Additions and Reductions £'000	2024/25 Revised Budget £'000	Indicative Budget 2025/26 £'000	Indicative Budget 2026/27 £'000	Total Budget (All years) £'000
Approved Expenditure									
Ad Hoc Schemes:									
Social Care Capital projects [ASC]	129	(129)	-	-	129	129	-	-	129
Invest to Save-Flexible Use of Capital Receipts [FIN]	739	(739)	-	3,597	(3,597)	-	-	-	-
Business Intelligence Infrastructure	176	4	180	-	-	-	-	-	180
Investment in Digital Infrastructure [RES]	827	(229)	598	-	229	229	-	-	827
Tech-tonic 2 Device refresh	-	-	-	-	2,736	2,736	-	-	2,736
WMC JV Exit Costs [ECD]	-	-	-	1,857	-	1,857	-	-	1,857
Carnwath Road [ECD]	-	-	-	1,870	-	1,870	-	-	1,870
Hammersmith Bridge Strengthening [ENV]	8,139	(109)	8,030	4,688	109	4,797	-	-	12,827
Hammersmith Bridge Pre Restoration Works [ENV]	11,085	(2,610)	8,475	4,121	2,610	6,731	-	-	15,206
Green Investment Projects	-	80	80	5,000	(3,080)	1,920	3,000	-	5,000
Public CCTV [ENV]	1,097	(13)	1,084	1,102	(869)	233	1,121	-	2,438
North End Road - Good Growth Fund [ECD]	460	(377)	83	224	377	601	-	-	684
Foster carers' extension [CHS]	25	-	25	-	-	-	-	-	25
Leisure Centre Capital Investment [ENV]	-	-	-	220	-	220	-	-	220
Divestment in local supported housing	5,440	(548)	4,892	-	548	548	-	-	5,440
Single homelessness and rough sleeping supported accommodation	-	-	-	-	889	889	-	-	889
Planned Maintenance/DDA Programme [ECD]	4,498	(2,901)	1,597	6,580	2,901	9,481	2,400	2,400	15,878
Waste Collection and Disposal Projects	1,995	(1,995)	-	3,381	-	3,381	-	-	3,381
Footways and Carriageways [ENV]	2,424	(221)	2,203	2,161	(490)	1,671	2,030	2,030	7,934
Column Replacement [ENV]	322	10	332	406	(10)	396	346	346	1,420
Parks Programme & Libraries [ENV]	176	(140)	36	-	140	140	-	-	176
Hammersmith Town Hall Refurbishment [ECD]	4,547	(4,547)	-	20,002	4,547	24,549	-	-	24,549
Community Schools Programme [ECD]	1,470	(871)	599	350	420	770	-	-	1,369
Education City Youth Zone [ECD]	3,500	550	4,050	-	-	-	-	-	4,050
Farm Lane/Mund Street [ECD]	-	-	-	1,119	-	1,119	973	360	2,452
Total Mainstream Programmes	47,049	(14,785)	32,264	56,678	7,589	64,267	9,870	5,136	111,537
Financing									
Capital Receipts	7,229	(7,025)	204	3,597	2,520	6,117	-	-	6,321
Increase/(Decrease) in Borrowing	39,820	(7,760)	32,060	53,081	5,069	58,150	9,870	5,136	105,216
Total Financing	47,049	(14,785)	32,264	56,678	7,589	64,267	9,870	5,136	111,537

Appendix 3 – General Fund Capital Receipts Forecast

Financial Year	
2023/24	
Receipts b/f from 2022/23	10,826
Used in year (actual)	(204)
Generated in year (actual)	-
Total 2023/24	10,622
Financial Year	
2024/25	
Receipts b/f from 2023/24	10,622
Used in year (forecast)	(5,802)
Generated in year (forecast)	-
Total 2024/25 c/f to future years	4,820

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 – Self- financing schemes

Table 2 - Self-financing schemes and loans CFR movements 2023/24-2026/27 (Outturn)

	Revised Budget 2023/24 (Q3)	Total Variations	2023/24 Outturn	2024/25 Original Budget	Slippages, Additions and Reductions	2024/25 Revised Budget	Indicative Budget 2025/26	Indicative Budget 2026/27	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure									
<i>Ad Hoc Schemes:</i>									
Education City -ARK loan	20,200	1,760	21,960	-		-	-	-	21,960
Acquisition of commercial units (Civic Campus)	11,339	2,532	13,871	29,264	(2,532)	26,732	-	-	40,603
Commercial Units- Cinema Fit Out [ECD]	1,750	(1,750)	-	-	1,750	1,750	-	-	1,750
JV Partnership Loan (Civic Campus)	10,333	(3,847)	6,486	650	4,527	5,177	-	-	11,663
Total Mainstream Programmes	43,622	(1,305)	42,317	29,914	3,745	33,659	-	-	75,976
Financing									
Increase/(Decrease) in Borrowing	43,622	(1,305)	42,317	29,914	3,745	33,659	-	-	75,976
Total Financing	43,622	(1,305)	42,317	29,914	3,745	33,659	-	-	75,976

The current self-financing schemes include:

- £25m equity loan to the Civic Campus programme
- £10m development financing to WKSRLLP
- £63m investment in acquisition of Civic Campus commercial units
- £22m development financing to EdCity Office Ltd
- £1.75m Civic Campus Cinema Fit Out

Appendix 6 – 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 Executive Director of Finance and Corporate Services has responsibility to ensure that appropriate prudential indicators are set and monitored and that any breaches are reported to members. The Executive Director of Finance and Corporate Services 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 Actual			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	£102.1m	£82.7m	£184.8m	£134.7m	£177.1m	£311.8m	£13.2m	£128.9m	£142.1m
Capital Financing Requirement (CFR)	£202.9m	£300.6m	£503.5m	£265.71m	£348.38m	£614.0m	£343.0m	£464.9m	£807.9m	£320.3m	£551.8m	£872.1m
Ratio of Financing Costs to Net Revenue Streams	3.02%	31.20%		2.85%	25.62%		2.82%	35.42%		2.80%	38.44%	
Ratio of Commercial/Service Investment Income to Net Revenue Stream	2.11%	3.60%		1.80%	2.71%		1.80%	0.07%		1.79%	3.34%	
Net Debt vs CFR			£236m underborrowed			£141m underborrowed			£317m underborrowed			£474m underborrowed
Authorised Limit for External Debt			£700m			£700m			£850m			£920m
Operational Debt Boundary			£640m			£640m			£790m			£860m
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%