

## CAPITAL OVERALL FINANCIAL POSITION – 31 July 2017

This is the first OFP Capital Programme monitoring report for the financial year 2017/18. Table 1 below shows that the revised capital programme for 2017/18 is £429.7m, (non-Housing schemes totalling £238.4m and Housing schemes totalling £191.315m).

The actual year to date capital expenditure for the four months April 2017 to July 2017 is £63.0m and the full year projected outturn is currently £365.5m, £64.3m below the revised budget.

Explanations for the major variances are contained within the Directorate comments below and a full list of schemes, including variances and comments on progress, are available from the corporate Capital Team.

**Table 1 Summary of the Capital**

	Revised Budget Position	Spend as at 31 July 2017	Projected Outturn	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Chief Executive	8,083	39	8,083	(1)
Children, Adults & Community Health	178,946	24,035	169,895	(9,050)
Finance & Corporate Resources	15,813	2,355	15,450	(363)
Neighbourhoods & Housing (Non-Housing)	35,551	4,434	35,512	(38)
<b>Total Non-Housing</b>	<b>238,392</b>	<b>30,863</b>	<b>228,940</b>	<b>(9,452)</b>
Hackney Homes HRA	59,699	15,316	59,699	(0)
Council Capital Schemes GF	2,175	345	2,175	(0)
Private Sector Housing	2,349	666	1,059	(1,290)
Estate Renewal	101,087	14,890	53,057	(48,030)
Housing Supply Programme	7,650	230	2,171	(5,479)
Other Council Regeneration	18,355	716	18,355	(0)
<b>Total Housing</b>	<b>191,315</b>	<b>32,163</b>	<b>136,516</b>	<b>(54,799)</b>
<b>Total Capital Expenditure</b>	<b>429,707</b>	<b>63,026</b>	<b>365,456</b>	<b>(64,251)</b>

### CHIEF EXECUTIVE SERVICES

The current forecast is in line with the revised budget of £8.1m. Of the 17 schemes, 16 have been coded with a traffic light of green and 1 amber.

The main variance in the past has been Hackney Wick Regeneration. This year the budget is just to cover fees for the project so it is anticipated this project will come in on budget.

## **CHILDREN, ADULTS AND COMMUNITY HEALTH**

The current forecast is £169.9m, £9.1m under the revised budget of £178.9m. Of the 96 schemes, 53 have been coded with a traffic light of green and 43 amber.

### Adult Social Care

The main variance in Adult Social Care is Oswald Street Day Centre which is forecasting a variance of £835k against the current budget. However, of this £6669k was already approved in July 2016 but needs to be brought into the capital programme and a further £348k is in respect of additional fit-out costs to be agreed via the September Capital Update Report. There will be a CPRP bid submitted to increase the overall budget. Health Integration Project is forecasting an underspend £33k, this project is now complete and outstanding orders require closing.

### AMP Primary Programme

In the main a number of underspends in AMP Primary Programme will resource both identified overspends and professional fees based on the final account of the package of works.

Woodberry Down AMP is forecasting an underspend of £457k. After a review of the scheme, it has been decided to suspend the works for the foreseeable future the budget will be pulled back in to the AMP main programme to resource identified schemes.

The £123k reported underspend in the Improvements to Kitchens scheme is due to urgent works to repair parapet and stone works at the school which is impacting on the works in the kitchen. The kitchen works will be re-visited when repair works is complete. The underspend of £53k in Gainsborough Boundary Wall scheme will resource the works of the high level façade and parapet works.

There are a number of reported underspends within the Early Years Programme for various schools. Both Betty Layward School underspend of £648k and Comet Nursery School underspend of £446k are due to delay in agreeing the scope of works. The Education Funding Agency (EFA) will be advised of the review of forecast and any update will be reported in Quarter 3.

Woodberry Down School is forecasting an underspend of £144k which is due to the review of the scope of works. The EFA will claw back £114k and the match-funded element will be reduced by £38k. Morningside School underspend of £343k is due to the project not going ahead. We expect a possible clawback or a transfer of money and will have a more up to date information in Quarter 3 report.

### Building Schools for the Future

The main scheme which is causing a major variance is BSF PRU which is reporting an underspend of £2.1m. This budget will be used to support the Nile Street scheme and will be re-profiled during the re-profiling exercise later on in the year. The current forecast for Tiger Way is in line with the revised budget of £38.5m and Nile Street is in line with the revised budget of £68.6m. The construction is on target for completion in early 2019. Costs remain within budget. Marketing plans are progressing well, ahead of launching sales at the end of this calendar year.

Britannia Site is reporting to come in line with the revised budgeted forecast of £6.2m. The master plan process is on track to complete Stage 1 for the Leisure Centre and School imminently. Residential has made good progress with proposed locations of the respective housing builds agreed. The financial model has been developed to allow real time tracking so that forecast sensitivity analysis can be undertaken as required.

### Primary School Programmes

The main variance is Sir Thomas Abney which is reporting an £3.1m underspend. This scheme is discontinued due to feasibility results. This budget will be offered up as savings and transferred back into the Basic Need fund to be used for other capital schemes.

Orchard Refurbishment and Extension is reporting an underspend of £502k, this forecast is the estimated final payments to close down the scheme. The scheme is complete and the variance will be offered up as savings.

The forecasted underspend of £762k for Shacklewell School will be re-profiled to future years.

The relocation of the Woodberry Down Children's Centre is reporting an underspend of £572k. The scheme delay is a result of no movement on land swap arrangement, hence variance. If no decision is made on the arrangement, the budget will have to be re-profiled to future years.

### Secondary School Programme

The main variance is BSF Whole Life Costing which is reporting an underspend of £179k. This code is the main cost centre for lifecycle schemes. The variance be vired to resource any schemes highlighted in the year or any overspends relating to the lifecycle.

The Urswick School Expansion underspend of £165k is due to the delay in agreeing the full scope of works with the school. The project is currently at the procurement stage.

## **FINANCE AND CORPORATE RESOURCES**

The current forecast is £15.4m, £363k under the revised budget of £15.8m. Of the 117 schemes, 96 have been coded with a traffic light of green and 21 amber.

### **Strategic Property Services - Asset Management**

There are a number of projects in Strategic Property Services that have ended resulting in a number of underspends. These underspends will be used to fund any overspends, final invoices and any defects liabilities.

Corporate Annual Surveys is forecasting an £150k overspend and a CPRP bid will be submitted to cover this. 15-49 Chapman Road Car Pound is forecasting an overspend of £135k which is due to further work requests from client.

Stoke Newington Town Hall is forecasting an overspend of £81k which is due to the extension of the project resulting in higher project management costs. This will be reviewed once final contractor costs are in and CPRP bid submitted if necessary.

### **Strategic Property Services - Strategy & Projects**

There are delays in the acquisition causing underspends for Flat 16 and 17 Cranwood Court as the vendor needs to obtain a vacant possession.

### **ICT Capital**

There are a number of variances within individual schemes in the ICT Capital Programme, relating to both minor overspends and underspends. The full ICT Capital programme for 2017-19 is going to Cabinet in September 2017 for approval. Once approved the underspends will be re-allocated to fund new ICT Capital schemes and the forecast will be in line with the budget. The new programme is designed to provide modern and flexible tools for work; will enable digital service transformation; will enable us to use information as an asset; and will ensure we have a robust and reliable technology platform.

## **NEIGHBOURHOODS AND HOUSING (NON-HOUSING):**

The current forecast is £35.5m, £38k under the revised budget of £35.6m. Of the 232 schemes, 25 have been coded with a traffic light of green and 7 amber.

### **Museums & Libraries**

A number of the schemes have completed and the underspends will be pulled back in to the Essential Maintenance to Libraries programme to resource identified schemes.

Parks, Infrastructure Programmes and Parking & Market Schemes are largely on target for this quarter. A number of the works in public realm are dependent on developers and planning.

## **HOUSING:**

The forecast in Housing is reported against the current budget position. In the autumn, the Housing Capital budgets for 2017/18 will be reviewed, adjusted and reappropriated to better reflect project delivery of the anticipated programme. The capital adjustment will be reported to Cabinet in the autumn.

### Housing - AMP Capital Schemes Housing Revenue Account:

The current forecast is in line with the revised budget of £59.7m.

The Housing Improvement Programme (HiPs) is the new programme to replace the Decent Homes Programme. A number of the schemes showing underspends which were previously under the Decent Homes will be incorporated into the new programme.

We expect an increase in consultancy costs and this will cause an overspend of £2.0m for Capitalised Salaries. Estimates based on current agency to continue for full year and some additional. This may change in year depending on decisions taken on structure and work.

Green Initiatives is forecasting an overspend of £2.1m and a business case has been approved for heating meter initiative to cover this.

### Housing - Council Capital General Fund:

The current forecast is in line with the revised budget of £2.2m. The planned voids works programme will commence and this will show an overspend for Borough Wide Housing Under Occupation. A virement from the main Housing Needs Allocation will be done to cover the additional expenditure and bring the overall budget in line with the revised budget.

### Housing – Private Sector Housing:

The current forecast is £1.1m, £1.3m below the revised budget of £2.3m. Empty Property, External Works, General Repairs and Landlord Grants are forecasting underspends due to low uptake. Landlord Grants could get a surge in spend if additional licencing begins.

### Housing - Estate Renewal:

The current forecast is £53.1m, £49.0m under the revised budget of £101.1m. This is largely due to the profiling of schemes which are to be reviewed in the autumn to ensure that the allocated budgets better reflect the actual delivery timeframes of the individual schemes.

### Housing Supply Programme

The current forecast is £2.2m, £5.5m below the revised budget of £7.7m. Once again this is due to the profiling of the schemes and work to align the budgets more closely to the anticipated delivery timeframes will be completed in the Autumn.

### Housing – Other Regeneration

The current forecast is in line with the revised budget of £18.4m. The leaseholder buybacks are due to commence for 2017/18 for the Woodberry Down Regeneration Programme.