

## 2017/18 Quarter 2 Capital OFF

### 1.0 Background and Introduction

This is the second OFF Capital Programme monitoring report for the financial year 2017/18. Table 1 below shows that the revised capital programme for 2017/18 is £435.195m, (non-Housing schemes totalling £243.880m and Housing schemes totalling £191.315m). The actual year to date capital expenditure for the six months April 2017 to Sept 2017 is £104.885m and the full year projected outturn is £285.735m, £149.459m below current revised budget.

The first (of two) budget reprofiling exercise for 2017/18 has been completed, and November Cabinet approved a total of £145m to be reprofiled into future years, as set out in the table below.

Explanations for the major budget 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 – London Borough of Hackney Capital Programme – Q2 2017/18	Revised Budget Position end Q2	Spend as at end of Q2	Projected Outturn	Variance (Under/Over)	Budget Reprofiled at Nov Cabinet
	£'000	£'000	£'000	£'000	£'000
Chief Executive	88	-	87	(1)	0
Children, Adults & Community Health	184,027	40,168	96,309	(87,718)	83,683
Finance & Corporate Resources	15,972	3,284	15,827	(144)	2,043
Neighbourhoods & Housing (Non-Housing)	43,793	7,604	24,475	(19,318)	19,320
<b>Total Non-Housing</b>	<b>243,880</b>	<b>51,056</b>	<b>136,699</b>	<b>(107,181)</b>	<b>105,046</b>
Hackney Homes HRA	59,699	30,330	95,106	35,407	
Council Capital Schemes GF	2,175	574	1,690	(485)	
Private Sector Housing	2,349	921	1,776	(573)	
Estate Renewal	101,087	20,397	42,177	(58,910)	
Housing Supply Programme	7,650	507	4,061	(3,589)	
Other Council Regeneration	18,355	1,100	4,227	(14,128)	
<b>Total Housing</b>	<b>191,315</b>	<b>53,830</b>	<b>149,037</b>	<b>(42,278)</b>	<b>40,000</b>
<b>Total Capital Expenditure</b>	<b>435,195</b>	<b>104,885</b>	<b>285,735</b>	<b>(149,459)</b>	<b>145,046</b>

## **2.0 CHIEF EXECUTIVE'S SERVICES**

The current forecast is in line with the revised budget of £88k. Of the 2 schemes, 1 have been coded with a traffic light of green and 1 amber.

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

The current forecast is £96.3m, £87.7m below the revised budget of £184m. Of the 101 schemes, 40 have been coded with a traffic light of green and 61 amber. A summary of the position is below.

CACH Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Adult Social Care	4,764	1,834	4,740	(24)
Education Asset Management Plan	6,776	366	4,350	(2,426)
Building Schools for the Future	114,632	25,426	68,581	(46,052)
Other Education and Childrens Services	997	(17)	227	(770)
Primary School Programmes	17,431	558	2,435	(14,996)
Secondary School Programmes	39,427	12,001	15,978	(23,449)
<b>TOTAL</b>	<b>184,027</b>	<b>40,168</b>	<b>96,309</b>	<b>(87,718)</b>

### Adult Social Care

The major capital project within Adult Social Care is Oswald Street Day Centre, accounting for £3.8m of this year's total £4.7m budget, and this project is forecast to be complete in 2017/18 as planned.

### Primary School Asset Management Programme

There are a number of projects in the Primary School Asset Management Programme have ended, resulting in both minor overspends and underspends. Of the £2m reprofiled, £1.4m relates to three early years schools (Betty Layward, Comet and Woodberry Down) where scope of works are to be finalised. .

Education Asbestos Removal is forecasting £80k underspend which has been re-profiled to 2018/19. Works to the Schools during summer went ahead as planned. The remaining two schools will be completed in October half term. The forecast includes the surveys for façade works and AMP works.

### Building Schools for the Future

The Tiger Way and Nile Street programmes are reporting in-year underspends of £14.6m and £29.3m against their respective £38m and £69m budgets, all of which has been re-profiled into next year. Builds on both schemes are on target, with the reprofiling reflecting changes to spend profiles/scheduling. Tax implications on the

schemes continue to be refined, and the sales/marketing and building management agents have now been appointed.

### Primary School Programmes

£15m of the £22m for Primary Schools Programmes has been re-profiled into future years.

Of this, £9m relates to schemes which are to begin in future years. Sir Thomas Abney is one scheme progressing which has an underspend of £3m. The expansion project will not go ahead as planned due to spaces not filling at school as expected. The variance will be treated as savings to the Basic Needs Fund.

### Secondary School – BSF Lifecycle Programme

£23m of the £39m for Secondary Schools BSF Lifecycle Programme has been reprofiled into future years. This includes £18m of budget with no spend approval, and £2.4m for Britannia, which is on target for build. The LEP continues to support the Council in the delivery of the Britannia project to Planning Determination, by enabling the procurement of key consultant services and surveys. A number of consultant and advisor appointments have now been made. The scheme is on target to deliver as planned.

The largest in-year spend is Temporary School at Audrey Street which has a forecast of £7.4m. Planning permission was granted at committee on 9 November 2016 for the temporary provision of three secondary year groups over a five year period. Financial close was achieved on 30 January 2017 and work on site began the same day. There has been recent progress on delivery and completion of snagging works. The other planned expenditure relates to estimated charges from high ways. The underspend of £600k has now been re-profiled to future years to support possible options for four year provision and the agreement towards works to return the land to original state. The budget is earmarked for these.

#### **4.0 FINANCE AND CORPORATE RESOURCES**

The current forecast is £15.8m, £0.1m under the revised budget of £15.9m. Of the 109 schemes, 89 have been coded with a traffic light of green and 20 amber.

<b>F&amp;R Directorate Capital Forecast</b>	<b>Revised Budget</b>	<b>Spend</b>	<b>Forecast</b>	<b>Variance</b>
	£000	£000	£000	£000
Property Services	8,003	1,450	7,574	(429)
ICT	6,070	850	6,136	66
Financial Management	1,548	17	1,548	0
Other Schemes	192	38	192	(0)
<b>TOTAL</b>	<b>15,813</b>	<b>2,355</b>	<b>15,450</b>	<b>(363)</b>

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

The current forecast is £24.5m, £19.3m under the revised budget of £43.8m. Of the 237 schemes, 175 have been coded with a traffic light of green and 62 amber. The codes identified as amber reflect underspends which have been reprofiled.

<b>N&amp;H – Non Housing Capital Forecast</b>	<b>Revised Budget</b>	<b>Spend</b>	<b>Forecast</b>	<b>Variance</b>
	£000	£000	£000	£000
Museums and Libraries	909	79	275	(634)
Leisure Centres	2,000	0	0	(2,000)
Parks and Open Spaces	9,349	3,155	6,644	(2,705)
Highways/Infrastructure	17,143	2,459	11,034	(6,109)
EHPC	1,857	0	1,611	(246)
TFL	3,647	1,318	3,647	0
Other Public Realm	893	44	443	(450)
Safer Communities	123	47	123	(0)
Regeneration	7,873	501	698	(7,175)
<b>Total</b>	<b>43,793</b>	<b>7,604</b>	<b>24,475</b>	<b>(19,318)</b>

##### Museums & Libraries

A number of Library Capital bids were submitted to October 2017 cabinet. Hackney Council's will be procuring a new Library Management System (LMS), upgrading the CCTV in libraries, new installation of visitor counters, new installation of door entry systems and essential works and maintenance. Library self-issue machines is showing a small underspend but will be completed in 2018/19 so has been re-profiled to future years.

### Leisure Centres

The budget for Leisure Centre works has been re-profiled out of 2017/18.

### Parks and Open Spaces

There are a number of schemes within Parks and Open Spaces where parts of budgets are being reprofiled into 2018/19, notably Parks infrastructure, Hackney Marshes, Abney Park and Springfield Park restoration.

### Highways/Infrastructure schemes

The majority of the schemes in this area are dependent on developers and planning and have been re-profiled to 2018/19. The installation of LED lighting works across several streets across the borough is on target for 2017/18.

### Regeneration (Non-Housing)

Most of this 2017/18 budget has been re-profiled, including Dalston Regeneration, Afford Workspace Space Studio, Hackney Wick Regeneration and Dalston Public Toilets, which is dependent on a lease agreement, to be reviewed in quarter 3.

## **6.0 HOUSING**

The current forecast in Housing is £149m, £42.3m below the revised budget of £191.3m. As part of the re-profiling exercise £40m has been re-profiled to 2018/19. The Q2 monitoring process has also identified that budgets across the sub-sections of the Housing programme require realigning, and this work is in progress. More detailed commentary is outlined below.

	Budget	Spend	Forecast	Variance	Commentary
AMP Housing Scheme HRA	59.699	30.330	95.106	35.407	Appointed contractors under new tender were slow to commence and deliver works in 2015/16 and 2016/17 and so budgets were reprofiled. Contractors are now up to speed and catching up with works required to maintain building. The overspend represents the underspend in previous years and are in line with HRA business plan.
Council Schemes GF	2.175	0.574	1.690	(485)	Historic underspend of budget to refurbish properties as vacant properties are all brought back into use. Budget 'set-a-side' for acquisition of new properties and conversion of existing stock.
Private Sector Housing	2.349	0.921	1.776	(573)	Demand lead grants programme including DFG as part of BCF with grant funding.
Estate Regeneration Programme	101.086	20.397	42.177	(58.910)	Scheme and programme budgets monitored quarterly and report to Housing Development board. Scheme and programme forecast in line with budget for life of schemes, but profiling of key cost drivers (leaseholder buybacks and construction expenditure) dependant on CPO and tender/contract award. Key delay at Nightingale – phasing review, Bridge House – contaminated land now on site, Tower Court and St Leonard – tender extension but contracts now awarded.
Housing Supply Programme	7.650	0.507	4.061	(3.589)	Design development cost (architects and Employers Agents/Cost consultants). 2 schemes submitted for planning. Scheme not at tender stage.
Woodberry Down Programme	18.355	1.100	4.227	(14.128)	Next phase not viable (according to Berkeleys) so limited progress on leaseholder buybacks. Continue to negotiate with remaining leaseholders and buy properties back, but at a slower rate than planned
<b>TOTAL</b>	<b>191.315</b>	<b>53.830</b>	<b>149.037</b>	<b>(42.278)</b>	