

2017/18 Quarter 4 Capital Monitoring

1. Background and Overview

This is the Quarter 4 Capital Programme monitoring report for 2017/18. Table 1 below shows that the revised capital programme budget for 2017/18 is £279m (non-Housing schemes totalling £129.7m and Housing schemes totalling £149.3m). The actual year to date capital expenditure for the eleven months April 2017 to February 2018 is £201.5m and the full year projected outturn is £264m, £15m below current revised budget.

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 – Q4 2017/18	Revised Budget Position	Actual Spend as at end Feb	Projected Outturn	Change from Revised Budget
	£'000	£'000	£'000	£'000
Chief Executive	87	0	87	0
Children, Adults & Community Health	25,592	19,315	23,310	-2,281
Finance & Corporate Resources	81,017	59,776	74,931	-6,086
Neighbourhoods & Housing (Non-Housing)	23,049	16,815	22,255	-794
Total Non-Housing	129,744	95,906	120,583	-9,161
AMP Capital Schemes HRA	94,241	65,032	90,671	-3,571
Council Capital Schemes GF	1,697	1,069	1,697	0
Private Sector Housing	1,776	1,398	1,766	-10
Estate Renewal	44,338	33,277	42,284	-2,054
Housing Supply Programme	3,047	1,269	2,807	-241
Other Council Regeneration	4,227	3,545	4,227	0
Total Housing	149,327	105,589	143,451	-5,876
Total Capital Expenditure	279,071	201,495	264,034	-15,037

2. Chief Executive Service

The current forecast is in line with the revised budget of £0.87m. There is only 1 scheme within the service that has been coded with a traffic light of green.

3. Children, Adults and Community Health Directorate

The current forecast is £23.3m, £2.3m below the revised budget of £25.6m. Of the 106 schemes, 53 have been coded with a traffic light of green and 53 amber. More detailed commentary is outlined below.

CACH Directorate Capital Forecast	Revised Budget	Spend to Date	Projected Outturn	Change from Revised Budget
	£'000	£'000	£'000	£'000
Adult Social Care	3,863	3,171	3,463	-400
Education Asset Management Plan	3,465	3,639	4,156	691
Building Schools for the Future	586	24	546	-40
Other Education & Children's Services	657	379	559	-98
Primary School Programmes	4,924	1,829	3,764	-1,160
Secondary School Programmes	12,096	10,273	10,822	-1,274
TOTAL	25,592	19,315	23,310	-2,281

Adult Social Care

The main variance within Adult Social Care is Oswald Street Day Centre which is reporting an in-year underspend of £400k against the respective budget of £3.8m. This is due to project delays in the fit-out and construction of the centre.

Primary School Asset Management Programme

The overall Primary School Asset Management Programme is forecasting an in-year overspend of £691k against the respective budget of £3.5m. The main variance is London Fields AMP which is reporting a £636k overspend against the respective budget of £85k for 2017/18 due to the works completing earlier than planned. Budget provision for this exists in 2018/19.

Building Schools for the Future

The overall BSF PRUs programme is reporting in-year underspend of £40k against the respective budget of £586k. The planned expenditure will support any final payments on the BSF programme.

Primary School Programmes

The overall school façade repairs programme, which forms the bulk of the Primary School capital programme, is reporting in-year underspends of £909k against their respective £2.7m budget. This scheme is a rolling programme of repairs of significant structural and condition issues with the high level façades and roofs of the Victorian and Edwardian schools in the Borough. The costs were originally based on an estimate when the bid was originally submitted. There is now a fairly accurate contracted cost which is more than what was

submitted in the first year due to the level of work involved. The variance will be slipped to 2018/19 to support the expenditure required in later years.

Secondary School – BSF Lifecycle Programme

The main variance is the AMP Works programme which is reporting an in-year underspend of £1.3m against the respective budget of £12m. This is due to a review of the AMP works in 2017/18. We have left a contingency budget in this cost centre. The variance will support other works and emergency works that are out of scope but have to be completed due to statutory & health and safety reasons with the balance slipped to 2018/19 to support the overall programme.

4. Finance and Corporate Resources

The current forecast is £75.2m, £5.8m below the revised budget of £81m. Of the 117 schemes, 69 have been coded with a traffic light of green and 48 amber. A more detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Revised Budget	Spend to Date	Projected Outturn	Change from Revised Budget
	£'000	£'000	£'000	£'000
Property Services	4,998	4,055	6,745	1,747
ICT	5,459	2,114	4,558	-901
Financial Management	372	137	372	0
Other Schemes	307	146	160	-146
Mixed Use Development	69,881	53,324	63,096	-6,785
TOTAL	81,017	59,776	74,931	-6,086

Property Services

There are a number of variances in schemes relating to landlord works to Voluntary Sector properties. The works projects are anticipated to start mid to end of March 2018. There are also a number of capital schemes which form part of the Corporate Estate Rationalisation which are still pending project options. Any variances will form part of slippage into 2018/19.

ICT

There are a number of variances within individual schemes, relating to both minor overspends and underspends. In the main, however, these offset each other. The balance of the underspend in year will be slipped to 2018/19 to support the ongoing programmes in that year.

Mixed Use Developments

The Tiger Way and Nile Street mixed use schemes are reporting in-year underspends of £5.6m against their respective £63m budget. The variance is as a result of review of the capital strategy and will be slipped to 2018/19. Both of these schemes are to be funded through residential sales on-site, where there is inherent risk in this post-Brexit era (around value and timing of capital

receipts), and this is something scrutinised and monitored through the Strategic Partnering Board.

The Britannia scheme is reporting an in-year underspend of £1.2m against its £7.4m annual budget. This scheme is to replace the outdated leisure centre with a new one, build a new secondary school, and provide private housing to pay for some of the cost of these community facilities, as well as some affordable homes, all on the Council-owned land on that site. The variance is as a result of a review of the strategy. The scheme will be going to planning for approval in March 2018.

5. Neighbourhoods and Housing -Non-Housing

The current forecast is £22.3m, £0.8m below the revised budget of £23.1m. Of the 238 schemes, 168 have been coded with a traffic light of green and 70 amber. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Revised Budget	Spend to Date	Provisional Outturn	Change from Revised Budget
	£'000	£'000	£'000	£'000
Museums and Libraries	211	90	129	-82
Parks and Open Spaces	6,140	5,063	6,247	107
Highways/Infrastructure	10,703	7,844	10,083	-620
EHPC	1,323	1,144	1,323	0
TFL	3,548	1,916	3,548	0
Parking and Market Schemes	159	169	159	0
Regulatory Services	79	0	0	-79
Safer Communities	170	79	126	-44
Regeneration	713	508	638	-75
Total	23,049	16,815	22,255	-794

Museums & Libraries

The overall Library Security, Capital works and Management System Upgrade programme is reporting a total in-year underspend of £82k against their respective budget of £211k. The Council 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. The variance is due to the service area awaiting an update from suppliers to install the machines. This is now planned to take place in 2018/19 and the underspend will be slipped into 2018/19.

Parks and Open Spaces

The main variance is London Fields Lido Refurbishment which is showing in-year overspend of £55k against the respective budget of £1.5m. The variance is due to major issues with the contractor and the additional works required to the poolside area. These works will be funded by reserves held by the Council.

Highways/Infrastructure

The £620k underspend within highways/infrastructure is purely where budgets are to be re-profiled into the following year, as a result of changes to timelines.

6. Neighbourhoods and Housing - Housing

The current forecast in Housing is £143.4m, £5.9m below the revised budget of £149.3m. More detailed commentary is outlined below.

N&H - Housing Capital Forecast	Revised Budget	Spend to Date	Provisional Outturn	Change from Revised Budget	Comments
	£'000	£'000	£'000	£'000	
AMP Capital Schemes HRA	94,241	65,032	90,671	-3,571	Contractors are now up to speed and catching up with works required to maintain building. The 2018/19 capital programme for the Housing Stock was agreed at the March Cabinet meeting. The majority of the packages (SCA) of work for 2017/18 have started on site. There is £3.5m of works packages that have not been issued to contractors and therefore reprofiled to 2018/19.
Council Capital Schemes GF	1,697	1,069	1,697	0	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	1,776	1,398	1,766	-10	Demand lead grants programme including DFG as part of BCF with grant funding.
Estate Renewal	44,338	33,277	42,284	-2,054	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, however contract awards for Tower Court, St Leonards, Frampton Arms and Lyttelton House have now been awarded and construction and expenditure will commence in next financial year. Kings Crescent and Great Eastern Building has achieved Practical Completion and are now occupied. The completion of KER and Aikin Court was due before March, but have now slipped to the new financial year.
Housing Supply Programme	3,047	1,269	2,807	-241	Design development cost (architects and Employers Agents/Cost consultants) continue to be incurred. 2 schemes achieved planning permission and move to procurement stage. Majority of scheme not at tender stage.
Woodberry Down Programme	4,227	3,545	4,227	0	Viability negotiations of Phase 3 continue so limited progress on leaseholder buybacks. However, progressing to CPO. Continue to negotiate with remaining leaseholders and buy properties back, but at a slower rate than planned
Total Housing	149,327	105,589	143,451	-5,876	