

4.7 CAPITAL

This is the first OFP Capital Programme monitoring report for the financial year 2018/19. The actual year to date capital expenditure for the four months April 2018 to July 2018 is £37.1m and the forecast is currently £323.3m, £130m below the revised budget of £453.3m. A summary of the outturn by directorate is shown in the table below along with brief details of the reasons for the major variances.

Table 1 Summary

Table 1 – London Borough of Hackney Capital Programme – Q1 2018/19	Revised Budget Position	Spend as at end of Q1	Forecast	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Chief Executive	87	0	87	0
Children, Adults & Community Health	55,906	550	16,865	-39,040
Finance & Corporate Resources	119,370	17,955	108,935	-10,436
Neighbourhoods & Housing (Non-Housing)	48,431	1,960	27,022	-21,410
Total Non-Housing	223,794	20,466	152,909	-70,886
AMP Capital Schemes HRA	81,786	7,425	81,735	-51
Council Capital Schemes GF	1,728	373	1,542	-186
Private Sector Housing	2,501	156	1,550	-951
Estate Renewal	99,869	7,260	57,346	-42,523
Housing Supply Programme	32,398	540	20,985	-11,413
Other Council Regeneration	11,268	911	7,268	-4,000
Total Housing	229,549	16,665	170,425	-59,124
Total Capital Expenditure	453,344	37,130	323,334	-130,010

CHIEF EXECUTIVE SERVICES

The current forecast is in line with the revised budget of £0.87m. The planned spend for this project will continue throughout 2018/19.

CHILDREN, ADULTS AND COMMUNITY HEALTH

The current forecast is £16.9m, £39m below the revised budget of £55.9m. More detailed commentary is outlined below.

CACH Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£'000	£'000	£'000	£'000
Adult Social Care	3,834	114	734	-3,100
Education Asset Management Plan	5,835	-100	3,788	-2,046
Building Schools for the Future	853	118	551	-302
Other Education & Children's Services	911	-55	31	-879
Primary School Programmes	17,250	93	4,096	-13,154
Secondary School Programmes	27,223	379	7,664	-19,559
TOTAL	55,906	550	16,865	-39,040

Adult Social Care

The main variance in Adult Social Care relates to the £2.5m budget set aside for a potential project at Median Road Resource Centre. A CPRP bid will go to September 2018 Cabinet to resource the first phase of the project for £0.60m for the development of concept designs and will cover architect, engineering and cost consultancy fees. This will lead to a business case setting out the range of options and the recommended approach for a more extensive capital project.

Education Asset Management Plan

The main variance relates to Betty Layward School Early Years and Comet Nursery School Early Years which are showing underspends. Both schemes will no longer go ahead as the parameters have been deemed unattainable. This is due to the time set for completing the works not being in line with the Education Funding Agency (EFA) timeline.

Primary School Programmes

Woodberry Down Relocation is reporting an underspend of £0.60m. The variance is a result of planning decisions and the scheme is now under review. The budget may be re-profiled if no decisions are made this financial year.

Shacklewell School is reporting an underspend of £0.75m against the respective in-year budget of £1.6m. The project is in the procurement stage and any underspend will be re-profiled at the next re-profiling exercise to enable the scheme to proceed through into 2019/20.

Secondary School Programme

The main variance relates to the budget set aside to resource additional secondary school provision which is showing an underspend of £18.5m against the respective in-year budget of £19m. The first phase of works is complete and work will be continuing into 2021 with any underspend to be re-profiled at the next re-profiling exercise to better reflect delivery of the programme.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £109m, £10.4m under the revised budget of £119.4m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£'000	£'000	£'000	£'000
Property Services	8,265	398	8,922	657
ICT	7,499	970	3,490	-4,008
Financial Management	1,084	-132	483	-602
Other Schemes	205	16	174	-31
Mixed Use Development	102,318	16,703	95,865	-6,452
TOTAL	119,370	17,955	108,935	-10,436

Strategic Property Services - Strategy & Projects

Vacant possession is now granted for Flat 16 and 17 Cranwood Court and once the property is checked the purchase will move along should come in on budget.

ICT Capital

End-User Devices is showing an underspend of £2.1m. This project relates to the roll out of the device refresh model for council staff and meeting room devices across the core Hackney campus. The device refresh model will be based on a mix of desktop and laptop devices for staff depending on job role, and different equipment for meeting rooms depending on the size of the room. Any variance will be re-profiled at the next re-profiling exercise.

Mixed Used Development

Tiger Way Development and Nile Street are forecasting to come in line with the revised budget of £84m. There was a delay on the contract programme but currently there is no impact on the overall budget.

BSF PRU is reporting an underspend of the revised budget of £6.4m. This budget is the contingency budget for which there is currently no call. The variance will be re-profiled to next year in line with the anticipated scheme delivery timetable.

Britannia Site is reporting to come in line with the revised budget of £11.8m. Phase 1 procurement stage 1 has been completed and the standstill period has ended. It is now progressing to Stage 2 of the procurement. A planning re-consultation will take place and the planning committee date is estimated for September 2018.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING):

The overall forecast in Neighbourhoods and Housing (Non) is £27m, £21.4m under the revised budget of £48.4m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£'000	£'000	£'000	£'000
Museums and Libraries	1,522	30	583	-939
Leisure Centres	1,750	0	1,750	0
Parks and Open Spaces	6,535	740	3,615	-2,920
Infrastructure Programmes	14,388	690	13,672	-716
EHPC Schemes	3,308	97	427	-2,881
TFL	4,361	384	4,361	0
Parking and Market Schemes	305	0	221	-83
Other Services	450	0	450	0
Regulatory Services	79	0	79	0
Safer Communities	1,078	20	1,078	0
Regeneration	14,656	0	786	-13,870
Total	48,431	1,960	27,022	-21,410

Museums & Libraries

The main variance relates to the overall Library Capital Works management system, security and capital works programme which is showing an overall underspend of £0.84m against the respective in-year budget of £1.4m. The planned spend is likely to be in 2019/20 and the variance will be re-profiled in the next re-profiling exercise.

Environmental and Health Committee (EHPC) Schemes

The main variance relates to the budget held for the replacement of the Council's Waste and Fleet Vehicles which is showing an underspend against the respective budget of £2.6m. A business case will be done to set out the options for spend for 2018/19.

Regeneration

The main variance relates to Hackney Wick Regeneration and Dalston Regeneration. In this quarter there is currently no planned spend. An update will be provided in quarter 2 and depending on this review any variance will be re-profiled to next year in line with any revised scheme delivery timetable.

HOUSING:

The overall forecast in Housing is £170.4m, £59.1m below the revised budget of £229.5m. More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance	Comments
	£'000	£'000	£'000	£'000	
AMP Capital Schemes HRA	81,786	7,425	81,735	-51	There are a number of projects active within Asset Management, spend and progress to be reviewed in Q2
Council Capital Schemes GF	1,728	373	1,542	-186	Historic underspend of budget to refurbish properties to be used for temporary accommodation. Any underspend at year end will be carried over for the acquisition of new properties and for the conversion of existing stock.
Private Sector Housing	2,501	156	1,550	-951	Due to a reduction in grant applications Private Sector Housing is likely to underspend therefore the budget will be reviewed for re-profiling in next quarter
Estate Renewal	99,869	7,260	57,346	-42,523	Contracts have been awarded and expenditure has started for Tower Court, St Leonards, Frampton Arms and Lyttleton House. The completion of KER and

					Aitkin Court have slipped and will be reviewed over the financial year.
Housing Supply Programme	32,398	540	20,985	-11,413	Design development cost (architects and Employers Agents/Cost consultants) continue to be incurred. 2 schemes have moved to procurement stage; however, the majority of the scheme has not reached tender stage.
Other Council Regeneration	11,268	911	7,268	-4,000	There has been limited progress on Phase 3 leaseholder buybacks. However, negotiations with remaining leaseholders and progress to CPO continues.
Total Housing	229,549	16,665	170,425	-59,124	