

EXTRACT FROM SEPTEMBER OFF (NOVEMBER CABINET) APPENDIX 3

4.7 CAPITAL

This is the second OFP Capital Programme monitoring report for the financial year 2018/19. The actual year to date capital expenditure for the six months April 2018 to September 2018 is £81.2m and the forecast is currently £309.7m, £142.5m below the revised budget of £452.2m. In each financial year, two re-profiling exercises within the capital programme are carried out in order that the budgets and therefore monitoring reflect the anticipated progress of schemes. The first phase of re-profiling for 2018/19 has been completed and November Cabinet will be asked to approve a total of £140.4m to be allocated into future years. A summary of the forecast outturn by directorate is shown in the table below along with brief details of the reasons for the major variances.

Table 1 – London Borough of Hackney Capital Programme – Q2 2018/19	Revised Budget Position	Spend as at end of Q2	Forecast	Variance (Under/Over)	To be Re-Profiled Phase 1
	£'000	£'000	£'000	£'000	£'000
Chief Executive	87	0	0	-87	0
Children, Adults & Community Health	54,108	2,207	15,978	-38,130	38,718
Finance & Corporate Resources	119,787	30,201	99,960	-19,827	19,522
Neighbourhoods & Housing (Non-Housing)	48,626	3,563	22,657	-25,969	23,666
Total Non-Housing	222,608	35,971	138,595	-84,013	81,906
AMP Capital Schemes HRA	81,786	18,373	81,786	0	0
Council Capital Schemes GF	1,728	671	1,543	-185	185
Private Sector Housing	2,501	441	1,821	-680	680
Estate Renewal	99,869	16,869	64,869	-35,000	57,632
Housing Supply Programme	32,399	5,474	9,767	-22,632	0
Other Council Regeneration	11,267	3,373	11,267	0	0
Total Housing	229,549	45,200	171,052	-58,497	58,497
Total Capital Expenditure	452,157	81,171	309,648	-142,510	140,402

CHIEF EXECUTIVE SERVICES

This capital budget in this area will be used to part-fund the refurbishment works in Gascoigne Community Hall which is one of the Council's Housing Annual Maintenance Programme (AMP) Capital Schemes. The works have been tendered and will commence in October/November and be complete by February 2019. The budget of £0.87m will move from the Chief Executives Directorate to the Housing Directorate and will be included in the Housing Capital monitoring in the next quarter.

CHILDREN, ADULTS AND COMMUNITY HEALTH

The overall forecast for Children, Adults and Community Health is £16m, £38.1m below the revised budget of £54.1m. More detailed commentary is outlined below.

CACH Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Adult Social Care	3,834	227	726	-3,108
Education Asset Management Plan	4,309	498	3,399	-910
Building Schools for the Future	853	118	291	-562
Other Education & Children's Services	636	-55	100	-536
Primary School Programmes	17,144	606	6,003	-11,140
Secondary School Programmes	27,332	814	5,453	-21,878
TOTAL	54,108	2,207	15,973	-38,135

Adult Social Care

The main variance in Adult Social Care relates to the £2.4m budget set aside for a potential project at Median Road Resource Centre. The budget of £0.60m was approved by Cabinet in September 2018 to resource the first phase of the project for the development of concept designs. This will cover architect costs, engineering costs and consultancy fees who look at the range of options and the recommended approach for a more extensive capital project. As the project is at the very early feasibility stages, the remaining budget of £2.4m will be re-profiled to future years.

Education Asset Management Plan

The main variance relates to Daniel House AMP which is showing £0.40m underspend. Daniel Housing AMP is one of the capital schemes in the Council's AMP cyclical and periodic yearly maintenance programme. This particular scheme is currently suspended, and the budget is under review. Therefore, the variance will be re-profiled to 2019-20 until the review is complete.

Building Schools for the Future

The two main variances in the Building Schools for the Future are Stormont College and Ickburgh BSF which are showing a combined underspend of £0.56m against an in-year budget of £0.75m. The forecasted spend will support the final accounts on the build scheme and the variance will be re-profiled to 2019/20.

Primary School Programmes

The overall scheme is reporting an underspend of £11.1m against an in-year respective budget of £17.1m and this variance will be re-profiled to 2019/20. Woodberry Down Relocation is reporting an underspend of £0.17m as a result of the delays in land swap decisions which has finally been agreed. The variance will be re-profiled into future years to support these works.

Shacklewell School is reporting an underspend of £0.67m against the respective in-year budget of £1.6m. The consultants have now been appointed and the scheme will spend over £0.70m in the next 2 quarters. The variance will be re-profiled to 2019/20.

Secondary School Programme

The overall scheme is reporting an underspend of £21.9m against an in-year respective budget of £27.3m. The main variance relates to the budget set aside to resource the additional secondary school provision which is showing an underspend of £18.8m against the respective in-year budget of £19m. The first phase of the works is complete. As there are no further works identified for 2018/19 the variance will be re-profiled to 2019/20 to better reflect programme delivery.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £100m, £19.8m under the revised budget of £119.8m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Property Services	8,682	766	7,542	-1,139
ICT	7,499	1,537	5,109	-2,390
Financial Management	1,084	-123	325	-760
Other Schemes	205	16	152	-53
Mixed Use Development	102,318	28,005	86,832	-15,486
TOTAL	119,787	30,201	99,960	-19,827

Strategic Property Services - Strategy & Projects

The main variance relates to essential works in the Council's Hackney Service Centre relating to the upgrade of the lighting and floor replacement. This is showing an underspend of £0.40m against the respective budget of £0.90m. The delay is due to unexpected work on heating and pipes in the HSC which need to be done before the flooring and lighting can be replaced. The variance will be re-profiled to 2019/20.

ICT Capital

The End-User Device Refresh programme is showing an underspend of £1.2m against the respective budget of £2.8m. 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. The variance will be re-profiled to 2019/20.

Mixed Used Development

The two mixed use projects at Tiger Way and Nile Street are reporting a combined underspend of £7.81m. The construction programme at Tiger Way, providing the new facilities for Nightingale Primary is currently one month behind schedule. The completion date for the school is now expected to be February 2019. The school will remain in its existing premises until then. The show flat for the private residential housing on Tiger Way has been completed and is currently being prepared for public access. Sales have commenced, and the Government's Help to Buy Scheme is helping to generate interest. Regarding construction spend, the current profile is based on the most recent forecast which continues to be reviewed and revised by the programme team. The variance has been re-profiled into 2019/20.

The BSF PRU is reporting an underspend against 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 an underspend of £1.2m against the respective in-year budget of £11.9m. The school, residential (H1/H2) and infrastructure/public realm have commenced Stage 4 design (Phase 1 in conjunction with Morgan Sindall) and the project is preparing for planning subcommittee. The construction phase resourcing is now being reviewed in preparation for the main works to commence in the first quarter of 2019/20. The spend profile has been revised and is based on the agreed milestones. The variance has been re-profiled to 2019/20.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING):

The overall forecast in Neighbourhoods and Housing (Non) is £22.6m, £26m under the revised budget of £48.6m. 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	78	411	-1,111
Leisure Centres	1,750	0	350	-1,400
Parks and Open Spaces	6,535	960	2,364	-4,171
Infrastructure Programmes	14,582	1,799	12,793	-1,790
EHPC Schemes	3,308	95	714	-2,594
TFL	4,361	606	4,361	0
Parking and Market Schemes	305	0	125	-180
Other Services	450	0	450	0
Regulatory Services	79	0	0	-79
Safer Communities	1,078	25	1,050	-27
Regeneration	14,656	0	40	-14,616
Total	48,626	3,563	22,657	-25,969

Museums & Libraries

The main variance relates to the overall Library Capital Works management system, security and capital works programme which is showing an underspend of £1.1m against the respective in-year budget of £1.3m. The planned spend is likely to be in 2019/20 and the variance has been re-profiled to 2019/20.

Parks and Open Spaces

The main variance relates to Springfield Park Restoration which is showing an underspend of £2.7m against the respective in-year budget of £2.8m. This project is a joint partnership to repair the buildings in the park and the park's infrastructure. This project aims to bring about real potential for community spaces which will generate much needed income to help secure a more financially sustainable future for the park. As the project has to be re-tendered the variance has been re-profiled to 2019/20 to fall in line with the procurement timetable.

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 full business case will be done to look at the various options for the replacement of the vehicles. As no further spend has been identified for 2018/19 the variance will be re-profiled to 2019/20.

Regeneration

The main variance relates to the budget held for Hackney Wick and Dalston Regeneration. As no further spend has been identified for 2018/19 the variance will be re-profiled to 2019/20 in line with the revised scheme delivery timetable.

HOUSING:

The overall forecast in Housing is £171.1m, £58.5m below the revised budget of £229.6m. More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance	Commentary
	£m	£m	£m	£m	
AMP Housing Schemes HRA	81,786	18,373	81,786	0	Projects are progressing well within Asset management. There is an increased programme of fire risk works, however spend will be managed within overall approved budget.
Council Schemes GF	1,728	671	1,543	185	Budgets realigned as part of Q1 monitor. Following a review of spend some budgets have been reprofiled
Private Sector Housing	2,501	441	1,821	680	There has been a reduction in grant applications therefore £680k reprofiled to 2019/20
Estate Regeneration Programme	99,869	16,869	64,869	35,000	Regeneration Q2 reviews due October, however of the forecast £50m relates to committed contract spend. Progression of the programme will be reported within Q3 capital monitor.
Housing Supply Programme	32,399	5,474	9,767	22,632	Housing Supply programme has been reprofiled to 2019/20 following delays in planning and procurement.
Woodberry Down Regeneration	11,267	3,373	11,267	0	Woodberry Down Q2 reviews due October. Progression of the programme will be reported within Q3 capital monitor.
Total Housing	229,549	45,200	171,052	58,497	