

4.7 Capital

The capital expenditure outturn for 2018/19 is £268.9m, £13.7m below the revised budget of £282.6m. This represents an outturn of 95% of the agreed budgeted programme. A summary of the outturn by directorate is shown in the table below along with brief details of the reasons for the major variances. A full report on the final outturn with variance analysis will be included in the July Capital Update report along with details of the requested transfer of resources and associated approvals into the 2019/20 capital programme.

Table 1 – London Borough of Hackney Capital Programme – Final Outturn 2018/19	Revised Budget Position	Final Outturn	Variance (Under/Over)
	£'000	£'000	£'000
Children, Adults & Community Health	10,471	11,628	1,157
Finance & Corporate Resources	94,599	92,551	-2,048
Neighbourhoods & Housing (Non-Housing)	19,103	15,847	-3,256
Total Non-Housing	124,173	120,026	-4,147
AMP Capital Schemes HRA	83,672	76,007	-,665
Council Capital Schemes GF	1,543	3,419	1,876
Private Sector Housing	1,636	1,144	-493
Estate Renewal	54,792	50,412	-4,380
Housing Supply Programme	9,193	8,419	-74
Other Council Regeneration	7,584	9,451	1,867
Total Housing	158,420	148,851	-9,568
Total Capital Expenditure	282,593	268,878	-13,715

CHILDREN, ADULTS AND COMMUNITY HEALTH

The final outturn for Children, Adults and Community Health Directorate is £11.6m, £1.1m above the revised budget of £10.5m. More detailed commentary is outlined below.

CACH Directorate Capital Forecast	Revised Budget	Final Outturn	Variance
	£000	£000	£000
Adult Social Care	484	484	-1
Education Asset Management Plan	2,357	2,546	189
Building Schools for the Future	149	236	87
Other Education & Children's Services	399	1,179	780
Primary School Programmes	4,049	4,010	-39
Secondary School Programmes	3,032	3,173	141
TOTAL	10,471	11,628	1,157

Education Asset Management Plan

The final outturn for the overall Education Asset Management Programme is £2.6m, £0.2m above the respective budget of £2.4m. The main variance relates to additional fire upgrade works at William Patten School, emergency works at the children centres and additional emergency asbestos removal works at schools. The variance will be funded from 2019/20 budget and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Primary School Programmes

The final outturn for the overall Primary School Programme 2018/19 is largely in-line with the budget of £4m with a minor underspend. The main variances relate to the overall Schools Facades Repairs programme. In December 2018 Cabinet approved Phase 2 of the Schools Facades repair programme to Victorian Schools but there was a delay in the bidding and procurement processes for this tranche of works. This has had a direct impact on the procurement of the consultants which in turn affected the contractors and workflow. The consultants are now working to ensure that the programme is pulled back on track for the next financial year. A request for the slippage of associated funding and approvals will be included in the July Capital Update in order to bring the profile of budgets in line with the anticipated delivery of the schemes.

Secondary School Programmes

At the last re-profiling exercise £2.6m from the overall programme was re-profiled to 2019/20 in line with the anticipated spend. The final outturn for the overall programme is largely in-line with the budget of £3.2m with a minor overspend. This variance relates to health and safety related emergency works and will be supported from 2019/20 budget. Haggerston Science Laboratory is 80% complete and retention payments will be paid within 12-15 months of completion. This reconfiguration will meet the modern BSF standards, allowing more pupils to be forward facing for ease of teaching and to deliver the modern science curriculum lessons. A request for the slippage of associated funding and approvals will be included in the July Capital Update report.

FINANCE AND CORPORATE RESOURCES

The final outturn for the Finance and Corporate Resources Directorate is £92.6m, £2m under the revised budget of £94.6m. More detailed commentary is outlined below.

F&R Directorate Capital	Revised Budget	Final Outturn	Variance
	£000	£000	£000
Property Services	4,018	3,745	-273
ICT	3,885	3,256	-629
Financial Management	325	155	-169
Other Schemes	152	96	-56
Mixed Use Development	86,220	85,299	-921
TOTAL	94,599	92,551	-2,048

Strategic Property Services – Strategy & Projects

The budget for the compulsory purchase order acquisition of 58A Dalston lane was re-profiled at the last re-profiling exercise to 2019/20 in line with anticipated spend. The acquisition took place earlier than forecasted causing a minor overspend. This flat is the last one remaining property in the Dalston Lane Terrace Conservation-Led Regeneration Project. This redevelopment at 48-76 Dalston Lane will provide 44 new homes, 10 retail units and public realm and landscaping. This acquisition was crucial to the delivery of the project. The variance will be funded from 2019/20 budget. The acquisition of Flat 16 Cranwood Court is complete. This residential property acquisition will enable the Council to increase its housing stock around Old Street and to assist in meeting the increasing demand for temporary housing thereby reducing reliance on private sector housing both within and outside of the Borough. The request of the slippage of associated funding and approvals will be included in the July Capital Update report.

ICT Capital

The main variance relates to the End-User Meeting Room Device Refresh which has a reported £0.7m underspend against the budget of £1m. This variance relates to a delay in finalising the device specification. The devices will now be delivered during quarter 1 of 2019/20 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Mixed Use Developments

The final outturn for the Tiger Way and Nile Street is £77.5m, £1.5m above the budget of £76m. The school is complete and opened in February 2019. The residential project is almost complete. The ground floor show apartment for sales promotion has been completed and snagged. A lock up certificate has been issued and the unit is receiving sales visits from the appointed estate agents. The variance is as a result of final payments relating to the school's capital expenditure. The variance will be supported from 2019/20 budget during the slippage exercise. There is some progress on the lower floors over this reporting period. The Tower is back on programme and there is no delay to the school on the critical path activities. The variance will be slipped to 2019/20 and a request for the slippage of associated funding and approvals will be included

in the July Capital Update in order to bring the profile of budgets in line with the anticipated delivery of the schemes.

The final outturn for the Britannia Site for is £7.8m, £2.4m below the budget of £10.2m. The first phase housing within the Britannia project is being put back a year due to the delays associated with planning for Crossrail 2. The 93 new homes - 81 for Council social rent and shared ownership, and 12 for private sale are now expected to be built by summer 2022. This is the block on the corner of Bridport Place and Penn Street. Construction of the new leisure centre and school is still going ahead as planned, with both expected to open by 2021. The contract for the leisure centre is due to be signed before Easter, with the secondary school contract expected to be signed in May. Both projects should, therefore, be on site this summer. The delays associated with planning for Crossrail 2 impacted on the overall spend in 2018/19.

A request of the slippage of associated funding and approvals will be included in the July Capital Update report in order to bring the profile of budgets in line with the anticipated delivery of the schemes.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The final outturn for the Neighbourhoods and Housing (Non) Directorate is £15.8m, £3.3m under the revised budget of £19.1m. More detailed commentary is outlined below.

N&H – Non-Housing Capital Forecast	Revised Budget	Final Outturn	Variance
	£000	£000	£000
Museums and Libraries	405	214	-191
Parks and Open Spaces	2,653	2,356	-296
Infrastructure Programmes	10,979	9,537	-1,442
EHPC Schemes	282	282	0
TFL	4,361	2,813	-1,548
Parking and Market Schemes	99	338	239
Safer Communities	50	45	-5
Regeneration	275	263	-12
Total	19,103	15,847	-3,256

Museums and Libraries

The final outturn for the overall Museums & Libraries is £0.01m, £0.01m below the respective budget of £0.02m. The capital programme to upgrade all the Council's Libraries will continue into 2019/20. A request of the slippage of associated funding and approvals will be included in the July Capital Update report in order that the scheme concerned can progress.

Parks and Open Spaces

The final outturn for the overall Parks and Open Spaces is largely in line with the budget of £2.7m. Abney Park and Springfield Park Restoration are both at the Planning Stage and the variances will be slipped into 2019/20 budget. This is the Council's ambitious capital project to restore both sites to deliver health benefits to the local community and generate revenue for the future of the parks. Hackney Marshes is in the final stages and the variance will be funded from 2019/20 budget. This completes the successful delivery of the transformation of Hackney Marshes and Mabley Green with a new cricket pavilion and changing rooms named the North Marsh Pavilion. The transformation has included a new all-weather pitches and improved landscaping at Mabley Green, football pitches, developing the Hackney Marshes Centre, new cycling and walking routes and the refurbishment of Cow Bridge. A request of the slippage of associated funding and approvals will be included in the July Capital Update report in order that the schemes concerned can progress.

Infrastructure

The final outturn for the overall Infrastructure capital programme is £9.5m, £1.5m below the respective budget of £11m. This underspend relates to a number of the highway's schemes have been pushed back and will now take place in 2019/20. The Highways Planned Maintenance 2018/19, which is the Councils planned footway and carriageway replacement programme, has successfully completed with a minor overspend which will be funded from 2019/20 budget. A request of the slippage of associated funding and approvals will be included in the July Capital Update report.

TFL funded Capital Projects

The variance is due to the TFL portal issue of their budgets in the month of August. As such this variance is not an actual underspend. The variance will be slipped to 19/20 as the works will continue to 2019/20.

HOUSING

The final outturn for the Housing Directorate is £148.9m, £9.6m below the revised budget of £158.4m. More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Final Outturn	Variance
	£000	£000	£000
AMP Housing Schemes HRA	83,672	76,007	-7,665
Council Schemes GF	1,543	3,419	1,876
Private Sector Housing	1,636	1,144	-493
Estate Regeneration	54,792	50,412	-4,380
Housing Supply Programme	9,193	8,419	-774
Woodberry Down Regeneration	7,584	9,451	1,867
Total Housing	158,420	148,851	-9,568

AMP Housing Schemes HRA

There is a £3.4m underspend within contract 1, where some external works were delayed and will now take place in Quarter 1 of 2019/20. There was £2m held within contingency to cover any FRA works as a result of on-going surveys, however this spend was not required and the forecast was revised to nil for Quarter 4. There was also a £1.2m variance relating to Cherbury Court where works have been moved back to 2019/20 due to contractor issues. A request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Council Schemes GF

There was an increase in spend of £1.1m relating to Regeneration voids, where properties are being used as Temporary Accommodation (TA). This additional expenditure results in revenue savings on TA rents. There was also a £0.5m overspend on Housing Needs Hostels relating to the purchase of a lease for the Royal Parks Hostel which was not previously forecasted. The variance will be funded from 2019/20 budget.

Private Sector Housing

The £0.5m variance relates to an underspend on Disabled Facilities Grants work. This will be carried over and be utilised in 2019/20, where a programme of works relating to approved claims is already in place. A request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Estate Regeneration

There was a £2.4m underspend against budget on Tower Court due to the start on site date being pushed back because of issues with Japanese Knotweed. The forecast was revised down in Quarter 4. There was also an underspend on Colville Phase 2A&B (£1m), Lyttleton House (£1.7m), where construction costs were lower than expected for the last quarter and Colville Phase 2C (£1.6m) where forecast leaseholder buybacks will now be completed in 2019/20. To offset some of this there was an increase in spend on both Bridge House and St Leonards Court of £1.7m and £1.1m respectively, where works are accelerating, and both are expected to complete on time in 2019/20.

Housing Supply Programme

The small variance relates mainly to Mandeville Street (£0.3m) where the start on site date has been pushed back to April 2019. The remainder of the variance is made up of smaller variances on the other sites. A request of the slippage of associated funding and approvals will be included in the July Capital Update report

Woodberry Down Regeneration

The overspend on Woodberry Down is due to two buybacks being completed in 2018/19 which were previously expected in 2019/20 (£0.8m). Additionally, £0.4m was spent as part of a land swap on the estate, which was not previously forecasted. The variance will be funded from 2019/20 budget