

CAPITAL MONITORING EXTRACT FROM JULY OFF (SEPTEMBER CABINET)

This is the first OFF Capital Programme monitoring report for the financial year 2019/20. The actual year to date capital expenditure for the four months April 2019 to July 2019 is £26.4m and the forecast is currently **£302.6m, £54.2m below the revised budget of £356.9m**. 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

Table 1 – London Borough of Hackney Capital Programme – Q1 2019/20	Revised Budget Position	Spend as at end of Q1	Forecast	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Children, Adults & Community Health	28,267	291	20,487	(7,781)
Finance & Corporate Resources	118,481	14,746	116,987	(1,493)
Neighbourhoods & Housing (Non)	38,831	659	37,911	(920)
Total Non-Housing	185,579	15,696	175,385	(10,194)
AMP Capital Schemes HRA	87,976	3,829	69,004	(18,972)
Council Capital Schemes GF	797	150	1,173	376
Private Sector Housing	2,717	434	2,164	(553)
Estate Renewal	59,669	4,370	33,842	(25,827)
Housing Supply Programme	16,922	225	9,427	(7,495)
Other Council Regeneration	3,197	1,685	11,639	8,441
Total Housing	171,279	10,693	127,249	(44,030)
Total Capital Expenditure	356,858	26,389	302,634	(54,224)

CHILDREN, ADULTS AND COMMUNITY HEALTH

The current forecast is £20.5m, £7.8m below the revised budget of £28.3m. More detailed commentary is set out below.

CACH Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Adult Social Care	2,110	27	2,110	0
Education Asset Management Plan	6,420	120	4,353	(2,067)
Building Schools for the Future	618	(48)	617	(1)
Other Education & Children's Services	1,320	5	779	(541)
Primary School Programmes	10,046	101	9,392	(654)
Secondary School Programmes	7,754	86	3,235	(4,518)
TOTAL	28,267	291	20,487	(7,781)

Adult Social Care

The overall scheme is forecasting to fully spend the in-year budget of £2.1m. The two main capital projects in this area are Oswald Street and Median Road Day Resource Centre. The works at Oswald Street Day Centre are complete and the minor variance relates to final accounts. The new day centre was officially opened back in October 2018 and brings all existing day centre services together under one roof and will be used by people with a range of complex needs including dementia, learning disabilities, physical disabilities and autism.

The building is a state-of-the-art facility laid out over two floors and also includes a sensory garden. The feasibility study for Median Road is concluded and we await the cost projection setting out the range of options and recommended approach. This capital project is the first phase of the Council's proposal to transform the current configured Median Road Resource Centre into a new facility which provides interim care services, intermediate care services and residential nursing care accommodation to adults with learning disabilities.

Education Asset Management Plan

The overall scheme is forecasting an underspend of £2.1m against an in-year budget of £6.4m. The main variance relates to the budget set aside for the overall programme. The budget will be reviewed at quarter 2 and if no further works identified the variance will re-profiled to future years. Shoreditch Park AMP forecast is on target to spend the in-year budget of £1.1m. The roof and kitchen alterations are completed. The next round of capital works includes the first-floor internal alteration, music room, playground and toilet refurbishment. All are due to be completed by the end of the year.

Building Schools for the Future

The overall scheme is forecasting a full spend of the in-year budget of £0.6m. The works at Stormon College SEN and Mossbourne Victoria Park Academy are complete and awaiting final account and ICT payments.

Primary School Programmes

The overall Primary School Programme 2019/20 is largely in-line with the budget of £10.1m with a minor underspend. The main scheme relates to Phase 3A of the rolling programme of health and safety remedial works to facades of 23 London School Board (LSB) schools that began in 2017. This is on target to meet the anticipated spend for this budget. January 2019 Cabinet approved a further virement of £1.8m to fund Phase 3A of delivery of the works to all four tranches of the 'Priority 1' works. This builds upon the existing budget of £4.6m approved in December 2017 Cabinet and the £6.3m s106 funding approved in December 2018 Cabinet. This third capital funding phase will involve works at nine schools plus associated party wall, legal and project management services. This will ensure that the full 'Priority 1' scope will be completed, with

the exception of Harrington Hill, Southwold and Springfield. A consultant has been procured and works are being reviewed.

Secondary School Programmes

The overall scheme is forecasting an underspend of £4.5m against the in-year budget of £7.8m. This largely relates to the Urswick School Expansion which is reporting an underspend of £3.9m. The capital project is on hold as the contractor went into liquidation. This capital project is to support the increased pupil growth the 6th Form Entry to include the additional three general classrooms, two seminar rooms, science studio, ICT room, general stock room and ICT equipment store. The scheme will be reviewed, and the budget will be re-profiled in Quarter 2.

July 2019 Cabinet approved the £1.2m budget for the refurbishment of the Drama Theatre and associated ancillary spaces at Stoke Newington School. During the BSF programme, Stoke Newington was one of the three schools that was partially refurbished rather than rebuilt and as a result there were certain areas that still require upgrading to BSF standards. This drama theatre is one such area. It is crucial for the delivery of the drama curriculum, as well as for use as an assembly hall and for general teaching. There will be update at Quarter 2 as this will reflect the actual spend of the budget.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £117m, £1.5m under the revised budget of £118.5m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Property Services	13,109	(200)	11,853	(1,256)
ICT	7,818	884	7,580	(238)
Financial Management	929	(9)	929	0
Other Schemes	286	0	286	0
Mixed Use Development	96,339	14,072	96,339	0
TOTAL	118,481	14,746	116,987	(1,493)

Strategic Properties Services

The overall scheme is forecasting an underspend of £1.3m against the budget of £13.1m. The main variance is the refurbishment of the Council Office building Christopher Addison House which is forecasting an underspend of £1.2m. November 2018 Cabinet approved a further £4.5m to fund the next stage of this capital project. This follows and builds upon the preceding Phase 1 and 2 works which comprised of feasibility studies for the entire building, facilitating the moving of circa 150 additional Council staff and setting up the infrastructure for this site. The project is currently in RIBA Stage 4 and out to tender. The works are expected to begin in Quarter 3 of this year and the construction works are expected to be completed by the end of the financial year. Following the proposed refurbishment works, it is anticipated that the building will be able to accommodate circa 420 Council staff with new ways of working, a potential increase of circa 140. This programme is part of the wider Corporate Estate Rationalisation (CER) Programme and the need to consolidate the Council's buildings to make better use of the space.

ICT Capital

The overall ICT scheme 2019/20 is forecasting to come in at the budget of £7.8m with a minor underspend. The main capital scheme is the rolling programme of the End-user and Meeting Room Device Refresh which is on target for the anticipated spend. 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 costs include staff working on roll out recharged to capital, purchase of devices, overtime for device roll out on weekends and installation of Google 'hangouts' in meeting rooms.

Mixed Use Developments

Tiger Way and Nile Street is forecasting to fully spend the in-year budget of £39.6m. Nightingale School held their official opening ceremony on 11 July 2019. The residential apartments were not completed until June 2019, as a result, the contractor was fined for the delay (81 working days) to the original programme. The reported planned expenditure is to cover the final retention costs and should be applied once all defects are rectified and snagging is complete.

The Nile Street residential block was due to complete on 17 June 2019. The delay was reported by contractor as logistical difficulties and delayed dismantling of hoist. Mitigation strategies are now in place and a new completion programme scheduled. The School decant date began on 17 July 2019 and the full decant was completed on 23 July 2019. External works to the

Easter playground KS2/4 of the PRU is on the programme for handover in September 2019.

The Britannia Site is forecasting to fully spend the in-year budget of £56.8m. The Phase 1 project has now reached contract close. The Phase 1a (Leisure Centre) award of contract was approved by Cabinet on 25 March 2019, and the contract was sealed on 29 May 2019. The Phase 1b (School) award of contract was approved by Cabinet on 29 April 2019 and the contract was sealed on 16 July 2019. Phase 2a has now completed RIBA Stage 4 and is being prepared for an OJEU tender. Phase 2b is currently under review.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £37.9m, £0.9m under the revised budget of £38.8m. More detailed commentary is outlined below.

N&H – Non-Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Museums and Libraries	908	9	546	(362)
Leisure Centres	750	0	750	0
Parks and Open Spaces	7,814	102	6,599	(1,215)
Infrastructure Programmes	12,605	826	12,600	(5)
EHPC Schemes	8,953	0	8,953	(0)
TFL	3,723	(278)	3,723	0
Parking and Market Schemes	373	0	373	0
Other Services	900	0	900	0
Regulatory Services	79	0	655	576
Safer Communities	1,363	0	1,363	(0)
Regeneration	1,363	0	1,450	86
Total	38,831	659	37,911	(920)

Parks and Open Spaces

The overall scheme is forecasting an underspend of £1.2m against the in-year budget of £7.8m. The main variance relates to Springfield Park Restoration which is forecasting an underspend of £0.80m. The Springfield Park restoration project is underway following the successful grant application to the Heritage Lottery Fund and s106 funding was approved in November 2018 Cabinet. This

capital funding will restore Springfield House and the stables, replace the derelict glasshouses with a new community events building, create new landscaping, install new play facilities and create activity and volunteering programmes for the wider community. The Contractor is due to start on site in September 2019 to do the building work and landscape work. There will be an update at Quarter 2 to reflect the actual spend of the budget.

Infrastructure

Wick Road is forecasting to come in largely at the budget of £1.1m with a minor overspend. Wick Road reverted back to two-way traffic on Sunday 4 August 2019 completing the transformation of the road. The capital works also include resurfacing of existing footways, better crossing points for pedestrians, off-road cycle tracks, advance stop lines, new bus stops, new LED streetlights and new trees. These measures will improve safety for cyclists and pedestrians, reduce current rate of road accidents, improve bus journey times, reduce congestion and improve air quality.

HOUSING

The overall forecast in Housing is £127.3m, £44m below the revised budget of £171.3m. More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
AMP Housing Schemes HRA	87,976	3,829	69,004	(18,972)
Council Schemes GF	797	150	1,173	376
Private Sector Housing	2,717	434	2,164	(553)
Estate Regeneration	59,669	4,370	33,842	(25,827)
Housing Supply Programme	16,922	225	9,427	(7,495)
Woodberry Down Regeneration	3,197	1,685	11,639	8,441
Total Housing	171,279	10,693	127,249	(44,030)

AMP Housing Schemes HRA

The overall scheme is forecasting an underspend of £18.9m against the in-year budget of £87.9m. This reduction in spend will be reviewed in Quarter 2 with a view to re-profile the budget into future years.

Council Schemes GF

The variance relates to Borough-wide Housing under occupation and Hostel Major Repairs. All regeneration void works will be used as Temporary Accommodation. The forecast will change during the year depending on how many units become vacant.

Private Sector Housing

The main variance relates to the Disabled Facilities Grant which is forecasting an underspend of £0.5m against the budget of £2.7m. The applications get made throughout the year so forecast will become more accurate as the year progresses.

Estate Regeneration

The overall scheme is forecasting an underspend of £25.8m against the in-year budget of £59.7m. This is largely due to a number of sites being delayed due to various issues but often it is around the procurement of contracts leading to later start on site dates. The budget for these will be reviewed and re-profiled in Quarter 2.

Bridge House Phase 2 is due for handover late 2019. Retention will be due next financial year. There has been a delay to the ER1 Tower Court due to Japanese knotweed works but construction will accelerate during 2019/20. On Kings Crescent Phase 1 & 2, there is minimal spend left. The Final account will be settled, and retention will be paid later in the year. The Colville Phase 2 site has been handed over. Retention to be paid towards the end of 2019/20. St Leonard's Court is due for handover in late 2019 and retention will be paid in 2020/21. On the Frampton Park Regeneration, works will be ongoing for the whole of this financial year. The Aikin Court, Great Eastern Building and King Edwards Road site has been handed over and retention will be paid this financial year. The Nightingale site is not due to start this financial year, but design work and planning expenditure is expected to be incurred this year. The Marian Court Phase 3 start has been delayed due to procurement issues relating to the main contractor. The Demolition contract may now be procured separately.

Housing Supply Programme

The overall scheme is forecasting an underspend of £7.5m against the in-year budget of £16.9m. The Gooch House site is now live again and options are currently being considered. The Whiston Road site will be handed over in the coming months. The Shaftesbury Street site is currently on hold and minimal costs expected to be incurred. Ongoing design works continue for Wimbourne Street, Buckland Street and Murray Grove. Planning is expected to be submitted this year. Pedro Street is currently out for main contractor re-procurement after a delay to the first procurement. The Contract will be awarded towards the end of 2019. Mandeville Street contractors started on site in July 2019, slightly later than expected but works will accelerate during this financial year. The Lincoln Court and Rose Lipman Project EA and Design Team are to be procured imminently. Design work and consultation will continue during 2019/20. The Frampton Park Community Hall plans will be submitted in late 2019/20. The Downham Road 1 and 2, Balmes Road and 81 Downham Road plans will be submitted in late 2020/21. Daubeney Road main contractor bids are currently being analysed. Contractors are expected to be on site in late 2019.

Woodberry Down Regeneration

The £8.4m overspend on Woodberry Down is based on an estimate of 12 Buybacks at £0.50m each and £4.6m for the CPO acquisition of Happy Man Public House located on Woodberry Grove. All costs will be reimbursed by Berkeley Homes.