

CAPITAL

This is the fourth OFF Capital Programme monitoring report for the financial year 2019/20. The actual year to date capital expenditure for the eleven months April 2019 to February 2020 is £159.8m and the forecast is currently £233.9m, £11.8m below the revised budget of £245.6m. 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 – London Borough of Hackney Capital Programme – Q4 2019-20	Revised Budget Position	Spend as at end of Q4	Forecast	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Children, Adults & Community Health	9,816	7,611	9,865	48
Finance & Corporate Resources	90,184	69,500	90,990	805
Neighbourhoods & Housing (Non)	19,254	12,391	19,258	4
Total Non-Housing	119,254	89,501	120,112	858
AMP Capital Schemes HRA	60,894	28,140	49,971	(10,923)
Council Capital Schemes GF	2,976	1,770	2,602	(375)
Private Sector Housing	1,454	1,099	1,325	(129)
Estate Renewal	38,856	26,631	41,092	2,236
Housing Supply Programme	6,594	1,444	5,001	(1,593)
Other Council Regeneration	15,591	11,180	13,758	(1,833)
Total Housing	126,365	70,266	113,748	(12,617)
Total Capital Expenditure	245,619	159,767	233,861	(11,759)

CHILDREN, ADULTS AND COMMUNITY HEALTH

The overall forecast for Children, Adults and Community Health is £9.87m, £0.05m above the revised budget of £9.82m. More detailed commentary is outlined below.

CACH Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Adult Social Care	270	132	4	(266)
Education Asset Management Plan	3,306	3,038	3,433	127
Building Schools for the Future	66	(31)	57	(9)
Other Education & Children's Services	574	425	467	(107)
Primary School Programmes	3,202	2,039	3,299	97
Secondary School Programmes	2,398	2,007	2,606	208
TOTAL	9,816	7,611	9,865	48

Education Asset Management Plan

The overall scheme is forecasting an overspend of £0.13m against an in-year respective budget of £3.31m. The most significant variance relates to expenditure incurred to support the delivery of ICT at the Shoreditch Park Primary School.

Primary School Programmes

The overall scheme is forecasting a minor overspend of £0.10m against an in-year respective budget of £3.20m. 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. It was determined that no further spend was anticipated for a number of the schools. The minor variance will be slipped to 2020/21 to support the continuation of the works.

Secondary School Programmes

The overall scheme is forecasting an overspend of £0.21m against an in-year respective budget of £2.40m. The main scheme relates to Stoke Newington School Theatre Refurbishment of the Drama Theatre and associated ancillary spaces at the school. The variance is due to works completing earlier than anticipated. The variance will be slipped to 2020/2021.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £91m, £0.8m above the revised budget of £90.2m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Property Services	5,047	1,494	4,989	(58)
ICT	4,382	2,228	3,915	(468)
Financial Management	274	15	317	43
Other Schemes	886	14	194	(692)
Mixed Use Development	79,596	65,749	81,575	1,980
TOTAL	90,184	69,500	90,990	805

Strategic Property Services – Strategy & Projects

The main variance relates to the refurbishment of the Council's Office Building Christopher Addison House (Council's Corporate Estate Rationalisation (CER) Programme). The project has faced numerous delays but successfully appointed the main contractor in January who started on site in February. The original completion reoccupation was expected to be in the summer of 2020. This timeline has now been re-visited and reoccupation is likely to be autumn of 2020 due to works taking 6 months to complete.

ICT Capital

The main variance relates to End-user Mtg Rm Device Refresh which is the Council's rolling-out provision of new ICT equipment for staff and members and new ICT equipment for meeting rooms. There are still a few sites that need chrome devices but there are still issues with the legal team and their software requirements. There are also some network issues with smaller sites as there is no wifi on site and therefore making the chrome books not compatible. Enabling works are required before rolling out the devices. There is an increase in the amount of chrome boxes vs. chromebooks due to more desks identified and changes in demand. Some users across the council

are not using "zero client" as much as anticipated and therefore chrome devices are more suitable.

Digital Discharge to Social Care Project has been on hold for a number of months throughout the financial year due to issues with testing. During testing the team discovered some technical issues which were also affecting a number of other projects. This required fairly significant remedial work to our IT infrastructure which is now complete. This project is dependent on the upgrade of the Mosaic social care system go-live date. The Digital Discharge project team have been working through the remaining issues and are on target to complete before the end of this financial year.

Devices for Hackney Residents is forecasting an underspend. The new kiosk devices and public facing kiosk PCs for the libraries will be purchased in this financial year and the remaining items in 2020/21. The budget will, therefore, be slipped to 2020/21.

Members Device Refresh has found iPads to be the preferred choice. 40% so far have provided their device choice & the majority are choosing iPads. This is due to them already being familiar with the interface and, if required, the Members can also use a "grab and go" chromebook. The project is forecasting to come in line with the budget as this is the scenario where all Members will choose iPads.

Mixed Use Developments

Tiger Way Development is forecasting a minor overspend against the in-year respective budget of £5.99m. This development is complete and handed over and in the 2 year contract defects period in the Design and Build contract. The project works are complete and have been given a qualified-green status subject to final resolution of the roof remedial works and agreement of final account. The variance is due to void costs relating to empty apartments and will be resourced from the 2020/21 budget.

Nile Street is forecasting an underspend of £0.60m against the in-year respective budget of £27.5m. The New Regents College School is complete and handed over and the development is in the 2 year contract defects period in the Design and Build contract. The Practical Completion (PC) of New Regents College took place on 1 July 2019, the uncompleted (snagging) items were recorded and slowly rectified. This included the agreed replacement of some of the vinyl flooring due mainly to poor consistency of colour. This delay in replacing the vinyl was due to a strike at the manufacturer. The cost of these outstanding works were taken out of the PC valuation. The variance is due to Value Engineering and will be slipped to 2020/21.

Britannia Site is forecasting an overspend of £2.53m against the in-year respective £30.1m budget. Phase 1a (Leisure) is still on target for completion March 2021. Furniture, Fixtures and Equipment (FF&E) procurement Eastern Shires Purchasing Organisation (ESPO) framework confirmed for FFE package procurement. Phase 1b (School) is still on target for May 2021 completion. Both concrete cores are complete and the suspended ground floor is also complete. Steel frame and precast concrete floors progressing well. Three no cost variations issued for the reporting period. Phase 2a (Social rent homes, shared ownership homes, outright sale homes, early years centre, associated public realm and landscape works) has started the procurement process for a main construction contractor. The enabling works which involve site

clearance and demolition, hoarding and gates, ground investigation work, piling and removal of any obstructions in the ground, to start in the first half of 2020. Phase 2b has been put on hold until spring. The meeting with Jones Laing LaSalle (JLL) has been arranged to discuss options for progression. The variance will be supported by the 2020/21 budget.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is largely coming in line with the revised budget of £19.3m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Museums and Libraries	350	233	285	(65)
Leisure Centres	375	0	160	(215)
Parks and Open Spaces	2,946	1,505	2,488	(457)
Infrastructure Programmes	9,995	6,258	10,156	161
EHPC Schemes	3,542	3,112	4,141	598
TFL	1,494	952	1,370	(124)
Parking and Market Schemes	52	198	252	200
Other Services	0	0	0	0
Regulatory Services	0	0	0	0
Safer Communities	183	0	152	(31)
Regeneration	317	132	255	(61)
Total	19,254	12,391	19,258	4

Parks and Open Spaces

Springfield Park Restoration is forecasting to come in line with the in-year respective budget of £1m. This is a joint capital project to 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 Springfield House work is progressing well. Timber repairs, external facade repairs, first fix M&E works, extension drainage and slab are all complete. The Blockwork to the extension is to commence. The window refurbishments and lift shaft blockwork are ongoing. The Stable Block structural steel installation, chimney breast removal, drainage installation, floor screeding are all complete. The first fix M&E, the window refurbishments and carpentry works are ongoing. The Community Events building is taking shape. Steel frame installation and the brickwork is complete. The scaffolding is erected and the roof rafter/build up installation is in progress. The pond works are ongoing. The completion of this overall project is expected to be in Autumn 2020. The variance in this financial year will be slipped into 2020/21.

EHPC Schemes

The installation of Hostile Vehicle Mitigation Measures is forecasting a minor variance. This is the Council's measure to mitigate the risk at 8 key sites across the borough to areas which attract large numbers of people (Narrow Way, Kingsland Market,

Chatsworth Road Market, Hoxton Square, Rivington Street, Ridley Road Market, Broadway Market and Hoxton Street Market). This variance is caused by works accelerated due to increased security risks and the potential threat of terrorist activity. The variance in this financial year will be slipped and supported by the 2020/21 budget.

Safer Communities

There is no anticipated spend in this financial year on Shoreditch CCTV Cameras due to the delays in obtaining sign off to progress the scheme on the TfL routes. The majority of sites will be on red routes and will require significant coordination with TfL to meet their requirements. Without absolute TfL approval, the Council cannot order the works without risk of incurring abortive costs. £1m was reprofiled at the last reprofiling exercise. The variance will therefore be slipped to 2020/21.

Regeneration (Non-Housing)

Hackney Wick Regeneration plan to commission a public realm strategy this financial year, with public realm improvement works being undertaken during 2020/21. Dalston Regeneration will now take place in 2020/21. 80-80a Eastway (GLA) 2 Pods and a CNC machine will be purchased this year with the remaining expenditure reprofiled to future years. Trowbridge (GLA) budget this year will be mainly design work and remaining budget to be utilised in 2020/21. Any variance in this financial year will therefore be slipped to 2020/21.

HOUSING

The overall forecast in Housing is £113.7m, £12.6m below the revised budget of £126.4m. Some projects in the Estate Regeneration and Housing Supply Programme have taken longer to deliver than was anticipated at the time of the BCHfL bid and it has been necessary to reprofile the timelines for delivery projects that were originally expected to be underway in 2019/20 (the 'early schemes') and 2021/22 (the 'later schemes'). More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
AMP Housing Schemes HRA	60,894	28,140	49,971	(10,923)
Council Schemes GF	2,976	1,770	2,602	(375)
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Estate Regeneration	38,856	26,631	41,092	2,236
Housing Supply Programme	6,594	1,444	5,001	(1,593)
Woodberry Down Regeneration	15,591	11,180	13,758	(1,833)
Total Housing	126,365	70,266	113,748	(12,617)

AMP Housing Schemes HRA

The overall scheme is forecasting an underspend of £10.92m against the in-year respective budget of £60.89m. The main variance relates to a total of £9.59m of SCA/Pipeline Works for HiPs North West, HiPs Central and HiPs South West being rolled into the next financial year.

Council Schemes GF

The overall scheme is forecasting an underspend of £0.37m against the in-year respective budget of £2.98m. The variance relates to Borough Wide Housing Under Occupation where the Regeneration voids continue to be used as Temporary Accommodation. The reduction in costs at 111 Clapton Common with the majority now to be incurred next financial year. The allowance is made for works at multiple Hostels (Housing Needs) properties. The majority of the spend relates to BAM, which will be allocated at the end of the financial year.

Private Sector Housing

The overall scheme is forecasting to come in line with the budget with a minor underspend. Disabled Facilities Grant expenditure is progressing well and remains on target to spend the in-year respective budget. General repairs forecast has reduced slightly based on expenditure to date. A few more grants will be paid during March alongside a large payment relating to Hackney leaseholders. There is a slight reduction in Warmth and Security Grant forecast compared to Quarter 3 expectations. A new policy is being implemented which has reduced the number of successful grant applications in the interim.

Estate Regeneration

The overall scheme is forecasting an overspend of £2.24m against the in-year respective budget of £38.86m.

Marian Court Phase 3 and Phase 4 projected start on site date of January 2021 subject to vacant possession; value engineering; planning approval for design changes; and satisfactory tender negotiations for construction work. Note that additional GLA funding has been requested to help close the viability gap in this strategically important project. In the event that it is not possible to secure additional GLA funding, the scheme would still be deliverable, however this will significantly impact the Council's ability to address viability challenges on other projects.

Kings Crescent Phase 3 and 4 vacant possession has been achieved. Project start on site of August 2021 date subject to confirmation of GLA planning approval and satisfactory tender returns for construction work.

Colville 2C and 2C SR projected start on site date of October 2021 subject to vacant possession; planning approval for design changes following resident feedback from earlier phases and satisfactory tender returns for construction work.

Nightingale Council Works A the vacant possession has been achieved. Projected start on site date of March 2022 subject to revise energy and fire safety strategy; planning approval for design changes; and satisfactory tender returns for construction work.

Former Frampton Park Hall, Tradescant (Woolridge Way), Downham Road East, 81 Downham Road, Balmes Road Downham Road West and Lincoln Court start on site

date not currently confirmed within the Building Council Homes for Londoners (BCHfL) programme period.

Housing Supply Programme

The overall scheme is forecasting an underspend of £1.59m against the in-year respective budget of £6.59m.

Daubeney vacant possession has been achieved. Contract award approved by Cabinet in January 2020. Projected start on site date of July 2020 subject to Party Wall Agreements in place by June 2020.

Pedro Street vacant possession has been achieved. Contract award approved by Cabinet in February 2020. Projected start on site date of July 2020 subject to signed contract by March 2020. Murray Grove (Fairbank Estate) vacant possession achieved. Projected start on site date of November 2021 subject to planning approval and satisfactory tender returns for construction work.

Buckland Street vacant possession has been achieved. Projected start on site date of January 2022 subject to planning approval and satisfactory tender returns for construction work.

Wimbourne Street vacant possession has been achieved. Projected start on site date of February 2022 subject to planning approval and satisfactory tender returns for construction work.

Woodberry Down Regeneration

The overall scheme is forecasting an underspend of £1.83m against the in-year respective budget of £15.59m. The main variance relates to buybacks of leasehold properties on Woodberry Down. The costs will be reimbursed by Berkeley Homes. A further three Phase 3 Buybacks are expected before the end of the financial year. A slight reduction compared to Quarter 3 forecast with six more completing in early April 2020.