

CAPITAL

The capital expenditure outturn for 2019/20 is £230.5m, £16.1m below the revised budget of £246.6m. This represents an outturn of 93% below 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 2020/21 capital programme.

Table 1 – London Borough of Hackney Capital Programme – Final Outturn 2019-20	Revised Budget Position	Final Outturn	Variance (Under/Over)
	£'000	£'000	£'000
Children, Adults & Community Health	9,816	9,646	(170)
Finance & Corporate Resources	90,184	92,015	1,831
Neighbourhoods & Housing (Non)	20,193	20,459	266
Total Non-Housing	120,194	122,120	1,927
AMP Capital Schemes HRA	60,894	48,047	(12,846)
Council Capital Schemes GF	2,976	2,776	(200)
Private Sector Housing	1,454	1,311	(143)
Estate Renewal	38,856	39,178	322
Housing Supply Programme	6,594	4,480	(2,114)
Other Council Regeneration	15,591	12,553	(3,038)
Total Housing	126,365	108,346	(18,020)
Total Capital Expenditure	246,559	230,466	(16,093)

CHILDREN, ADULTS AND COMMUNITY HEALTH

The final outturn for Children, Adults and Community Health is £9.65m, £0.17m below the revised budget of £9.82m. More detailed commentary is outlined below.

CACH Directorate Capital Forecast	Revised Budget	Final Outturn	Variance
	£000	£'000	£000
Adult Social Care	270	135	(135)
Education Asset Management Plan	3,306	3,749	443
Building Schools for the Future	66	(24)	(90)
Other Education & Children's Services	574	455	(119)
Primary School Programmes	3,202	3,162	(40)
Secondary School Programmes	2,398	2,168	(229)
TOTAL	9,816	9,646	(170)

Education Asset Management Plan

The final outturn for the overall Education Asset Management Programme is £3.75m, £0.44m above the respective budget of £3.31m. The main scheme relates to Shoreditch Park Primary School. The proposals for improving facilities at this site continue to be developed and, as such, the budget for funding these keep on being revisited through the year as proposals are firmed up. This has required budgets to be increased and the AMP bid approved at the Cabinet meeting in March 2020 has included a budget to support the Shoreditch Park School in 2021. In addition, there is capital expenditure incurred to support the delivery of ICT at the School. The refurbishment of an area of road into the playground includes additional expenditure factored to it which will reduce the level changes from the existing playground into the new area created. The variance is due to the changing dynamics of the scheme and will be slipped to 2020/21 to be resourced from the future budget. 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 Programmes is £3.16m, £0.04m below the 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. Some schools have overspends as a result of works completed earlier than profiled and the underspends in the remaining schools are a result of slight delay in work. Shoreditch Park School underspend is due to a delay in final accounts which were expected by 31 March 2020. The variances will be supported by 2020/21 budgets 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.

Secondary School Programmes

The final outturn for the overall Secondary School Programmes is £2.17m, £0.23m below the respective budget of £2.40m. The underspend in The Urswick School relates to slight delay in works and the variance will be slipped. The minor underspend in Cardinal Pole School will be slipped to 2020/21 to support any final accounts. The underspend in Haggerston School Science Laboratory relates to the value of final accounts differing from the original value, hence the variance. The variance will be supported by underspends in other schemes and the balance slipped to 2020/21. The minor overspend at the Stoke Newington School Drama Theatre and Auxiliary area relates to works completed earlier than anticipated. This variance will be funded from 2020/21 budget. A request of 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 overall Finance and Corporate Resources is £92m, £1.8m above the revised budget of £90.2m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Final Outturn	Variance
	£000	£'000	£000

Property Services	5,047	3,724	(1,322)
ICT	4,382	3,063	(1,320)
Financial Management	274	315	41
Other Schemes	886	188	(697)
Mixed Use Development	79,596	84,724	5,129
TOTAL	90,184	92,015	1,830

Strategic Property Services – Strategy & Projects

The final outturn for the overall Strategic Property Services is £3.72m, £1.32 below the respective budget of £5.05m. Christopher Addison House, the Council's Corporate Estate Rationalisation (CER) Programme, has a minor underspend. The project has faced numerous delays particularly relating to stakeholder review and sign off and the time taken to procure and award the main contract. The main contractor was successfully appointed in January 2020 and started on site in February 2020 but inevitably works have been delayed due to the lockdown and impact of Covid-19. The completion reoccupation was expected to be in the autumn of 2020. Covid-19 may affect the timeline and it will now have to be re-visited. This delay has impacted the other related schemes such as the staff moves for the Annex and the decant to Maurice Bishop House. 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 scheme.

Stoke Newington Essential works will be tendered and the works carried out in 2020/21, therefore the variance will be slipped. Approximately 110 Asbestos Surveys of the 143 sites have been completed for 2019/20. The contractor has not been able to complete all the remaining Asbestos Surveys of the planned 143 sites due to contractor workload, scheduling issues and other problems with access to sites. The remaining surveys will continue once it is safe to do the lock down has lifted. 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 scheme.

The final account and retention for Keltan House Windows and refurbishment and 15-49 Chapman Road Car Pound schemes have been paid and the variance will be used to cover overspends in other schemes. Clapton Common Former Toilets Refurbishment was due to be completed by 31 March 2020 but now slightly delayed due to Covid-19 and one of the contractors has poor health unrelated to Covid-19. The Project Manager may have to commission another contractor to complete some of the outstanding work. Trowbridge Centre is complete and the underspend will partly fund regeneration works in the Hackney Wick area in 2020/21. The works for 80-80a Eastway have been delayed and will commence once it is safe to do so. 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 scheme.

ICT Capital

The final outturn for the overall ICT Capital is £3.06m, £1.32m below the respective budget of £4.38m. 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. The outturn has slightly decreased as our current supplier was unable to fulfil some of our chromebook orders due to current supply chain problems relating to Covid-19. The remainder of the budget to be rolled over to next year to fund meeting room refreshes or potentially purchase more chromebooks for working from home however the progress will depend on the state and responsiveness of the supply chain during the 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 scheme.

The Digital Discharge to Social Care project has managed to integrate the Council's Social Care System data into the hospital's system but due to an extended testing period, the project has over run and will continue throughout the beginning of 2020/21. HLT is expected to have G-suite by early 2020/21. Project has not progressed as much as expected due to the device refresh project over running. The underspend to be rolled over to the next financial year. ICT Infrastructure Upgrades underspend relates to shifting priorities due to Covid-19 as ICT is focusing on ensuring council employees can work from home. The variance will be slipped to 2020/21 the tender should go out in 2020/21.

The Data Centre Network Switches have been purchased and have arrived at the Hackney Service Centre. However the project has been put on hold due to Covid-19. The business case has been completed but not yet approved. It should continue in 2020/21 assuming priorities can shift but seeing the impact on supply chains across the country, it may be difficult to know when the project can fully proceed. The underspend will be carried to 2020/21 to ensure there is enough budget to continue with the project. Some kiosks have arrived at the libraries for the Devices for Hackney Residents project with more coming in 2020/21. There has been a delay in deliveries due to Covid-19 resulting in less expenditure than anticipated in 2019/20. Project will continue through 2020/21 with the underspend rolled over. The Windows Server CAL has been capitalised and has come in less than anticipated due the requirements of the license changing. The underspend will be given up as savings. 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 scheme.

Mixed Use Developments

The final outturn for the overall Mixed Use Development is £84.7, £5.1m above the respective budget of £79.6m. Tiger Way Development development is complete and handed over and in the 2 year contract defects period in the Design and Build contract. The variance is due to value engineering which resulted in savings in the scheme. The variance will support the final account which will be paid in phases from 2020/21. 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 scheme.

At the Nile Street Development 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 variance is due to additional marketing fees and void costs.

There is also an inclusion of ground rent which was not factored into the forecast. The variance will be supported by the 2020/21 budget and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

The overall outturn for the Britannia Site Development is £36.2m, £6.2m above the respective budget of £30.1m. The expenditure in the last couple of months have been slightly higher than expected as progress on site was approximately three weeks ahead of schedule and therefore valuations have also been higher. The variance will be supported by the 2020/21 budget and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The final outturn for the overall Neighbourhoods and Housing (Non) is £20.5m, £0.3m above the respective revised budget of £20.2m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Revised Budget	Final Outturn	Variance
	£000	£'000	£000
Museums and Libraries	350	293	(57)
Leisure Centres	375	160	(215)
Parks and Open Spaces	2,946	2,468	(478)
Infrastructure Programmes	10,392	10,882	490
EHPC Schemes	3,542	4,227	685
TFL	2,036	1,824	(212)
Parking and Market Schemes	52	243	191
Other Services	0	0	0
Regulatory Services	0	0	0
Safer Communities	183	124	(59)
Regeneration	317	239	(78)
Total	20,193	20,459	266

Museums and Libraries

Library Capital project underspend is due to the Clapton Shelving project not able to progress until further notice due to the delayed Listed Building Status application. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Leisure Centres

Essential Maintenance to Leisure Centres underspend relates to the estimated poolside tiles for Clissold Leisure Centre coming in higher than was budgeted for in 2019/20. There is a budget in 2020/21 to cover these costs. Therefore, the variance in 2019/20 will be slipped into 2020/21 for this expenditure and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Parks and Open Spaces

The final outturn for overall Parks and Open Spaces is £2.5m, £0.5m below the respective budget of £2.9m. The Council has successfully been awarded £4.1m of National Lottery Heritage Grant Funding in December 2019 to progress onto the delivery stage of Abney Park Restoration. Abney Park Cemetery in Stoke Newington is a 12.5 hectare public open space owned and managed by Hackney Council. The project is proceeding as normal with no significant effects from Covid 19. This is because we are in the design stage so the team can just get on with things at home or wherever they are working at the moment. The variance will be slipped into 2020/21 where the anticipated spend will take place.

Springfield Park Restoration overspend relates to works completed earlier than forecasted. The refurbishment was progressing well but as a result of Covid-19 the construction site was closed by the main contractor until further notice. The contractors were struggling to work on site and adhere to the social distancing rules, staff and sub contractors began self isolating and this resulted in lack of personnel to resource the project sufficiently. The contractors were experiencing difficulties sourcing materials so they made the decision to close the site. The contractors have not yet applied for an extension of time in relation to the delay caused by Covid-19 so we are unable to request a new target programme yet but they have indicated that if they can get back on site in May/July we should still be able to complete in the Autumn of 2020. If they are unable to get back on site in the next couple of months the completion will be delayed. The variance will be supported by the budget in 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

The planned works to Parks have been suspended due to Covid-19 resulting in an underspend and will continue as soon as safe to return on site. The underspend in the Parks Equipment and Machinery relates to items that are all ordered but not able to be delivered due to supplier lock down until safe to resume business. Parks Public Conveniences and Cafes underspend relates to the Millfields Site which will now take place in 20/21. Hackney Downs Site public convenience and cafe is complete. Drinking Water Fountains underspend relates to a delay in works being costed and quotes being obtained for historic fountains in Green Spaces.

Fairchild's Gardens underspend relates to delays in approval. Shepherdess Walk Play Area's underspend also relates to delays in approval with stakeholders but this is now underway and work will resume. West Reservoir Improvements Project is delayed and the variance will be slipped. Millfields Estate Play Area Project is delayed due to a complete redesign after consultation with User Groups. The current budget for Hackney Downs Community Cycle Hub is insufficient to fund feasibility therefore partner fundings are being explored. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Infrastructure

In the main the overspend in these schemes relate to the works taking place earlier than what the team had profiled. The overspends will be supported by the 2020/21

budget and therefore the budget will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

EHPC Schemes

The final outturn for the overall EHPC schemes is £4.23m, £0.69m above the respective budget of £3.54m. The main variance relates to the Council's Fleet vehicles for the Waste Services which were ordered but delivery date is not until 2020/21. The variance will be funded by the 2020/21 budget. The overspend in the Hostile Vehicle Mitigation Measures scheme was caused by works accelerated due to increased security risks and the potential threat of terrorist activity. The variance will be funded from the 2020/21 budget and therefore the budget will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Public Realms TfL Funded Schemes

In the main the overall is in line with the TfL allocation for 2019/20. The schemes will continue into 2020/21 and any variances will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Safer Communities

The final outturn for the overall Safer Communities is £0.12m, £0.06m below the respective budget of £0.18m. The variance was due to delays in sign off progress to Shoreditch CCTV Cameras, 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. The variance in this financial year will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Regeneration (Non-Housing)

The final outturn for the overall Regeneration (Non-Housing) is £0.24m, £0.08m below the respective budget of £0.32m. Hackney Wick Regeneration plan to commission a public realm strategy with public realm improvement works being undertaken during 2020/21. Ridley Road Improvements and Dalston Regeneration will now take place in 2020/21. 80-80a Eastway (GLA) 2 Pods and a CNC machine will be purchased with the remaining expenditure reprofiled to future years. Trowbridge (GLA) budget has been mainly design work and remaining budget to be utilised in 2020/21. The variance in this financial year will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

HOUSING

The final outturn for the overall in Housing is £108.3m, £18m below the respective 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	Final Outturn	Variance
	£000	£'000	£000
AMP Housing Schemes HRA	60,894	48,047	(12,846)
Council Schemes GF	2,976	2,776	(200)
Private Sector Housing	1,454	1,311	(143)
Estate Regeneration	38,856	39,178	322
Housing Supply Programme	6,594	4,480	(2,114)
Woodberry Down Regeneration	15,591	12,553	(3,038)
Total Housing	126,365	108,346	(18,020)

AMP Housing Schemes HRA

The final outturn for the overall scheme is £48m, £12.8m below the respective budget of £60.9m. The main variance relates to the SCA/Pipeline Works for HiPs North West, HiPs Central and HiPs South West being rolled into the next financial year. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Council Schemes GF

The final outturn for the overall scheme is £2.8m, £0.2m below the respective budget of £3m. The most significant variance relates to the allowance made for major repair works at multiple Hostels (Housing Needs) properties. This underspend will be utilised on various properties in 2020/21. There continues to be a high level of spend on Borough Wide Housing Under Occupation where some regeneration properties are being used as Temporary Accommodation. A cost benefit analysis is undertaken on each property before any works commences. The small variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Private Sector Housing

The final outturn for the overall budget is £1.31m, £0.14m below the respective budget of £1.45m. There is a slight reduction in the Warmth and Security Grant and General Repairs Grant outturns compared to budget due to some works not being completed prior to 31.03.2020. A new Warmth and Security Grant policy is being implemented which reduced the number of successful grant applications during 2019.20. Once the new policy is implemented, this should mean the number of successful grant applications will start to increase again. The variance in this financial year will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Estate Regeneration

The final outturn for the overall scheme is £39.2m, £0.3m below the respective budget of £38.9m. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

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 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 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.

Housing Supply Programme

The final outturn for the overall scheme is £4.48m, £2.11m below the respective budget of £6.59m. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Mandeville The main variance to budget related to the Mandeville Street project (£0.29m underspend). This project is on site but works progressed slightly slower than expected during the last quarter and will be further delayed due to Covid 19.

Daubeney Contract award approved by Cabinet in January 2020. Projected start on site date of July 2020 subject to Party Wall Agreements in place by July 2020.

Pedro Street Demolition of site complete. Contract award approved by Cabinet in February 2020. Projected start on site date of July 2020.

Murray Grove (Fairbank Estate) Projected start on site date of September 2021 subject to planning approval and satisfactory tender returns for construction work.

Buckland Street vacant possession on all garages has now 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 October 2021 subject to planning approval and satisfactory tender returns for construction work.

Former Frampton Park Community Hall, Tradescant House (Woolridge Way), Downham Road East, 81 Downham Road, Balmes Road Downham Road West, Hertford Road, De Beauvoir Phase 2 and Lincoln Court all have estimated start on site dates during 2022.

Woodberry Down Regeneration

The final outturn for the overall scheme is £12.6m, £3m below the respective budget of £15.6m. The main variance relates to buybacks of leasehold properties on Woodberry Down which did not complete before the end of this financial year. These buybacks will take place in 2020/21. The variance in this financial year will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.