

## CAPITAL

This is the first OFP Capital Programme monitoring report for the financial year 2020/21. The actual year to date capital expenditure for the four months April 2020 to July 2020 is £20.7m and the forecast is currently **£215m**, **£131.7m** below the revised budget of **£346.7m**. In each financial year, two re-profiling exercises within the capital programme are carried out in order that the budgets and monitoring reflect the anticipated progress of schemes. In normal circumstances the phase 1 re-profiling is done as part of Quarter 2 capital monitoring but considering the additional financial pressures arising from Covid-19, the decision to bring forward phase one re-profiling as part of Quarter 1 capital monitoring was taken. September Cabinet will be asked to approve a total of £126.7m into future years. A summary of the forecast and phase 1 re-profiling by directorate is shown in the table below along with brief details of the reasons for the major variances.

**Table 1 Summary of the Capital**

<b>Table 1 – London Borough of Hackney Capital Programme – Q1 2020-21</b>	<b>Revised Budget Position</b>	<b>Spend as at end of Q1</b>	<b>Forecast</b>	<b>Variance (Under/Over)</b>	<b>To be Re- profiled Phase 1</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children, Adults & Community Health	16,446	146	6,740	(9,705)	8,905
Finance & Corporate Resources	15,292	680	13,693	(1,598)	2,748
Mixed Use Development	105,203	8,010	60,487	(44,716)	44,716
Neighbourhoods & Housing (Non)	47,282	3,549	26,146	(21,136)	15,693
<b>Total Non-Housing</b>	<b>184,222</b>	<b>12,386</b>	<b>107,066</b>	<b>(77,156)</b>	<b>72,062</b>
AMP Capital Schemes HRA	94,358	4,952	49,147	(45,211)	45,211
Council Capital Schemes GF	1,007	261	1,404	397	(397)
Private Sector Housing	2,464	90	1,020	(1,444)	1,444
Estate Renewal	28,758	306	33,879	5,122	(5,122)
Housing Supply Programme	21,592	499	15,464	(6,128)	6,128
Other Council Regeneration	14,314	2,235	6,986	(7,328)	7,328
<b>Total Housing</b>	<b>162,493</b>	<b>8,342</b>	<b>107,900</b>	<b>(54,593)</b>	<b>54,593</b>
<b>Total Capital Expenditure</b>	<b>346,715</b>	<b>20,728</b>	<b>214,966</b>	<b>(131,749)</b>	<b>126,656</b>

## CHILDREN, ADULTS AND COMMUNITY HEALTH

The current forecast is £6.7m, £9.7m below the revised budget of £16.4m. More detailed commentary is outlined below.

<b>CACH Directorate Capital Forecast</b>	<b>Revised Budget</b>	<b>Spend</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adult Social Care	1,136	7	197	(939)

Education Asset Management Plan	5,887	111	1,577	(4,309)
Building Schools for the Future	586	12	97	(489)
Other Education & Children's Services	1,226	(7)	964	(262)
Primary School Programmes	4,054	(73)	1,957	(2,096)
Secondary School Programmes	3,558	96	1,949	(1,609)
<b>TOTAL</b>	<b>16,446</b>	<b>146</b>	<b>6,740</b>	<b>(9,705)</b>

## **Adult Social Care**

The overall scheme is forecasting an underspend of £0.9m against the respective budget of £1.1m. The two main capital projects in this area are Oswald Street and Median Road Day Resource Centre. Oswald Street Day Centre project is complete and the expenditure this year relates to health and safety and fixtures. The minor variance relates to final accounts and will be re-profiled to 2021-22. 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. Median Road feasibility was concluded last year but there is more detail to work through. On this basis the resource held for Median Road will be re-profiled to 2021-22 and a small budget held this year for further feasibility studies. 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 £4.3m against an in-year respective budget of £5.9m. The main variance relates to Shoreditch Park Primary School which is forecasting £2.2m underspend against the in-year respective budget of £2.6m. The roof and kitchen alterations are completed. The next round of capital works include the first floor internal alteration, music room, playground and toilet refurbishment. All due to be completed by the end of the year. The structural repairs to the main school is completed. The Art block element of the project is likely to spend 15% of its budget this financial year and the balance has been re-profiled. Due to Covid-19, the external toilet works have been deferred until Summer 2021. The MUGA element is ongoing and planned to complete this financial year. The resurfacing of the playground is currently on hold with the external gate works now completed. The refurbishment of the internal toilets have been completed and it is currently in defect period. The variance will be re-profiled to 2021-22.

## **Building Schools for the Future**

The overall scheme is forecasting an underspend of £0.5m against the in-year respective budget of £0.6m. The works at Stormont College SEN and Mossbourne are complete and part of the underspend this financial year will be offered up as savings and the remainder will be used to support the cooling works at Ickburgh which is on-going with no delays anticipated at this time.

### **Other Education & Children's Services**

The overall scheme is forecasting an underspend of £0.3m against the in-year respective budget of £1.2m. There are no asbestos works planned for this financial year therefore the underspend has been re-profiled to 2021-22. The tendering at The Garden School SEND is due in January 2021 and the revised budget is currently re-profiled to actual spend. This capital works will increase the number of the Post-16 places for pupils with Austistic Spectrum Disorder and Severe Learning Difficulties Places. The forecast for Gainsborough SEND is technical advisers projected for this financial year. The plan is to complete the scheme this financial year with any overspends supported from 2021-22 budget. Retention is planned for 2021-22. This project aims to provide additional capacity for 10 additional resourced provision placements to allow primary aged children with Social, Emotional and Mental Health Needs (SEMH) to access a mainstream setting at a level which supports their learning and development.

### **Primary School Programmes**

The overall Primary School Programme is forecasting an underspend of £2.1m against the in-year respective budget of £4.1m. The most significant variance is Woodberry Down which is reporting an underspend of £1m against the in-year respective budget of £1.1m. The expenditure this financial year will be consultants costs projected up to tender phase with costs relating to ground breaking works and the remaining budget has been re-profiled to 2021-22.

Further surveys at a number of the schools have been carried out for the next phase of remedial works to the facades and it recognises additional works are required. This is the rolling programme of health and safety remedial works to facades of 23 London School Board (LSB) schools that began in 2017. On the outcome of these surveys there will be a spending approval request via CPRP bid to increase the current budget from the available resources which was already approved during budget setting. The overall variances have been reprofiled to 2021-22 to support any retention payments and to support the next phase of the programme.

### **Secondary School Programmes**

The overall scheme is forecasting an underspend of £1.6m against the in-year respective budget of £3.6m. The two main significant variances relate to The Urswick

School Expansion and Stoke Newington School Drama Theatre and associated ancillary spaces.

The Urswick School Expansion works to the science lab will start later in the year and the expansion of the school element to start possibly early 2021-22. The variance has been re-profiled to 2021-22 to reflect the actual spend of the works. This capital project is to support the increased pupil growth of the school to 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.

Stoke Newington School forecast includes the works identified this year and the projected retention for the refurbishment of the drama theatre. 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 required 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.

## **FINANCE AND CORPORATE RESOURCES**

The overall forecast in Finance and Corporate Resources is £74.2m, £46.3m under the revised budget of £120.5m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Property Services	10,126	502	9,846	(280)
ICT	4,150	292	2,882	(1,268)
Financial Management	209	(109)	520	311
Other Schemes	807	(4)	445	(362)
<b>Total</b>	<b>15,292</b>	<b>680</b>	<b>13,693</b>	<b>(1,598)</b>
Mixed Use Development	105,203	8,010	60,487	(44,716)
<b>TOTAL</b>	<b>120,494</b>	<b>8,691</b>	<b>74,180</b>	<b>(46,315)</b>

## **Strategic Properties Services - Strategy & Projects**

The overall scheme is forecasting an overspend of £2.9m against the in-year respective budget of £10.1m. Covid-19 has impacted the wider Corporate Estate Rationalisation (CER) Programme with increased staff working from home and the re-opening of public buildings with strict rules of social distancing. The main variance relates to the refurbishment of the Council Office building Christopher Addison House which is forecasting an overspend of £0.8m. A number of design issues relating to the structure were realised after work had commenced by the contractor. This has resulted in proposed variations to the contract which if approved will increase the ceiling price of the main contract. There will also be an increase to other costs associated with the

project but these will be covered by the existing contingency. Assuming the approval is given, the project is scheduled to complete in October 2020. 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. The other significant variance relates to the flooring replacement to the Council's Hackney Service Centre. The decision to bring forward a number of works at this building was taken. A large part of the Council's workforce continues to work from home which is a good opportunity to complete all the works this financial year. The budget from 2021-22 has been re-profiled back to current year to cover this overspend.

### **ICT Capital**

The overall ICT scheme is forecasting an underspend of £1.3m against the in-year respective budget of £4.1m. The main variance is the resource held for the overall ICT capital programme which will support future capital projects planned for 2021-22. The variance has therefore been re-profiled.

The rolling programme of the End-user and Meeting Room Device Refresh should have ended last financial year but due to priorities shifting to home working, more support is required relating to the roll out of new devices. A number of additional chrome books have been purchased as part of the new way of working. This expenditure this financial year will be staffing and hardware with the remainder of the budget to be earmarked for installing kit in Christopher Addison House, meeting room refresh and hardware. This is dependent on council plans as kit may be transferable from existing buildings if they are not at full capacity. 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 other variance is the Hackney Learning Trust G-Suite work which is underway but the actual migration to G-suite is likely to start in September due to most staff being on school holidays. This project is for consultation and implementation only so no devices will be purchased. The variance has been re-profiled to 2021-22.

### **Other Schemes**

The overall scheme is forecasting an underspend of £0.4m against the in-year respective budget of £0.8m. These schemes cover smart meter data, the home energy efficiency measures (Green Homes Fund), Solar PV Panel and the pilot of Solar Panel in Leisure centres. The forecasted spend is to pay the current installer, planning applications costs and cost of two plaques for the pilot solar panels. There will be further feasibility studies on the wider solar panels rollout for the Council's stock, therefore, the variance has been re-profiled to 2021-22.

### **Mixed Use Developments**

Tiger Way and Nile Street is forecasting an underspend of £10.1m against the in-year respective budget of £14.1m. The Design and Build (D&B) projects at Tiger Way are in its defects periods. Outstanding defects are being undertaken on a priority basis; where works are a priority for reasons of health, safety and security they have been undertaken by McLaren and their subcontractors. Until recently defects that were not a priority had been put on hold, but more recent updates from Government have enabled McLaren and their sub-contractors to put in place revised safe methods of working and action practically all of the lower priority defects too. The situation continues to be the subject of regular review in accordance with the latest Government advice. In addition to the above defects, the replacement of the Nightingale School roof is a significant piece of defect rectification at Tiger Way. In respect of Covid-19 the principal contractor, McLaren, is organising the works in compliance with site operating procedures and guidance issued by construction industry organisations. Close liaison has been maintained with the school, so that the operations of McLaren do not conflict with those of the school, who have their own Covid-19 operating procedures relating to their teaching environment to comply with. The variance relates to final accounts, forecasted voids and associated costs, project management costs, sales agent and marketing fees and has been re-profiled to 2021-22.

Britannia Site is forecasting an underspend of £34.6m against the in-year respective budget of £87.6m. Phase 1a (Leisure Centre) is on target for completion in March 2021. Phase 1a - South elevation being fast tracked to enable the temporary energy centre installation in September. Pool works continue to increase in momentum to make up for lost time due to COVID-19. Phase 1b (School) is on target for completion in May 2021. Phase 1b - Windows have commenced to ground and first floors. Concrete topping to precast concrete floors now complete and lift installations commenced. Morgan Sindall continues to progress at speed and there are no major issues to report. Phase 2a (Homes) will progress later this financial year. Phase 2b remains under review. The variance has been re-profiled to 2021-22 to reflect the actual programme of works.

## **NEIGHBOURHOODS AND HOUSING (NON-HOUSING)**

The overall forecast in Neighbourhoods and Housing (Non) is £26.1m, £21.1m under the revised budget of £47.3m. More detailed commentary is outlined below.

<b>N&amp;H – Non Housing Capital Forecast</b>	<b>Revised Budget</b>	<b>Spend</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Museums and Libraries	6,070	222	1,310	(4,760)
Leisure Centres	1,590	0	1,490	(100)
Parks and Open Spaces	13,457	649	7,025	(6,432)
Infrastructure Programmes	12,411	543	7,294	(5,117)
Environmental & Other EHPC Schemes	5,409	1,055	5,162	(246)

Public Realms TfL Funded Schemes	4,185	1,045	1,425	(2,760)
Parking and Market Schemes	358	0	0	(358)
Other Services	900	0	100	(800)
Regulatory Services	79	0	0	(79)
Safer Communities	1,133	3	1,133	0
Regeneration	1,691	31	1,206	(484)
<b>Total</b>	<b>47,282</b>	<b>3,549</b>	<b>26,146</b>	<b>(21,136)</b>

### **Museums and Libraries**

The overall scheme is forecasting an underspend of £4.8m against the in-year respective budget of £6.1m. A number of the capital works relating to Hackney's museum and libraries have been reviewed in light of Covid-19 and are unlikely to progress this financial year. Therefore the variance has been re-profiled to 2021-22.

### **Leisure Centres**

The overall scheme is forecasting to come in line with the in-year respective budget of £1.6m. The leisure centres have been closed to the public since Covid-19 and during this closure the Council has attempted to progress vital repair works. The works to pools have been delayed due to the contractor's staff being furloughed which has impacted the delayed opening of some of the pools. The phased re-opening of services at our leisure centre started from 25 July 2020 with additional safety and hygiene measures in place in line with coronavirus regulations. The forecast this financial year will fund the essential works to the roof of King's Hall Leisure Centre and essential repair works at Clissold Baths to continue meeting the Council's landlord obligations in respect of on-going maintenance. It is likely that the repair works that are currently being done at London Field Lido (not new works) will also need to be funded from this budget. This capital spend will maintain the leisure facilities and ensure they are accessible and welcoming for the whole community.

### **Parks and Open Spaces**

The overall scheme is forecasting an underspend of £6.4m against the in-year respective budget of £13.5m. The most significant variances relate to Abney Park restoration project, Shoreditch Park and West Reservoir Improvements.

Abney park project is underway following the successful grant application to the National Lottery Heritage Lottery Fund (NLHF) in December 2019. We have entered the delivery stage of the project to refurbishment of the chapel, building of a new cafe, rebuilding of the Southern entrance and delivery of activity programme. The Covid-19 has had very little impact on the project as the design team are successfully working

remotely. The project is on target for on-site work in May 2021. The underspend of £1.5m has been re-profiled to 2021-22 to reflect the actual programme of works.

Shoreditch Park feasibility and design works to be completed in 2020-21 and the main construction works to take place early in 2021-22. Like most projects the variance is mainly due to Covid-19 and the known financial pressures facing the Council.

Springfield Park Restoration is on target to spend the in-year respective budget of £2.6m. The construction site closed for six weeks because the contractor was experiencing problems sourcing materials and they were unable to work on site and adhere to the Government's social distancing regulations. The site has now reopened and progress is being made with utility suppliers and providers on new supplies, routes and metering. Stables Marketing has been affected as most agents are furloughed and the market is slow. The closure has meant that the practical completion date has been pushed back to December 2020. The NLHF are aware of the delay to the programme and it has no impact on the funding or our ability to meet their requirements.

West Reservoir Improvements Project is a big project and it is likely that the plans may have to be scaled down. The project has been put on hold for this financial year and will be reviewed next year. The variance has been re-profiled to 2021-22.

Play areas, sport courts and toilets were closed since Covid although most have now reopened or planned to be opened by September/October in line with strict rules from Public Health. The development works have been put on hold and the variance re-profiled to 2021-22.

The parks have remained open during the lockdown and remain the main hub for recreational space for the community. To keep our parks and green spaces open, clean and safe during the Covid-19 crisis we have to continue to invest in them further. The expenditure this financial year will be essential repair and maintenance and the variance re-profiled.

## **Infrastructure**

The overall scheme is forecasting an underspend of £5.1m against the in-year respective budget of £12.4m. Covid-19 has impacted the delivery of a number of projects therefore up to 50% of the overall budget has been re-profiled to 2021-22. The department is conducting a full review of the capital projects to identify critical sites and produce a slimmed down version of the programme of works. This includes Park Trees, Highways Surface Water Drain Risk, LED Lights on Highways Bridge Maintenance Schemes and highways works to a number of sites in the borough. The main risk will be costs potentially being higher in the future if work is delayed.



## **Environmental Services and Other**

The overall scheme is forecasting to come in line with the in-year respective budget of £5.4m. The only underspend relates to bin weighing equipment which will be procured in 2021-22 and the variance re-profiled.

## **Public Realms TfL Funded Schemes**

The overall scheme is forecasting an underspend of £2.8m against the in-year respective budget of £4.2m. All of these schemes are grant funded to facilitate the delivery of the TfL funded schemes to implement measures to reduce road traffic accidents and fund projects to encourage sustainable transport within the borough. Most of these schemes are being ceased due to TfL funding shortfall. All spend to date will be claimed and the remaining budget offered up as savings. The Council's department is conducting a full review of the capital projects to identify a new replacement scheme.

## **Regeneration (Non-Housing)**

The overall scheme is forecasting to come in line with the in-year respective budget of £1.7m with a minor underspend. Full spend of budget confirmed by the Project Manager before the end of Mar 2021. Contract for works to MUGA and Classroom to be signed imminently.

## **HOUSING**

The overall forecast in Housing is £107.9m, £54.6m below the revised budget of £162.5m. More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
AMP Housing Schemes HRA	94,358	4,952	49,147	(45,211)
Council Schemes GF	1,007	261	1,404	397
Private Sector Housing	2,464	90	1,020	(1,444)
Estate Regeneration	28,758	306	33,879	5,122
Housing Supply Programme	21,592	499	15,464	(6,128)
Woodberry Down Regeneration	14,314	2,235	6,986	(7,328)
<b>Total Housing</b>	<b>162,493</b>	<b>8,342</b>	<b>107,900</b>	<b>(54,593)</b>

## **AMP Housing Schemes HRA**

The overall scheme is forecasting an underspend of £45.2m against the in-year respective budget of £94.4m. The projected underspend at Quarter 1 represents the

latest assessment of Covid-19 and its enduring impact on capital projects and in particular their starting times.

Contract 1 contributes 50% of the reprofiling with uncertainties arising from social distancing, backlog of Section 20 applications (where we have to consult leaseholders on any major works taking place in the block) and access for Kitchen and Bathroom installations. Contract 1 is also undergoing renegotiation of its principal contracts under Project Partnering Contract (PPC) and through the South East Consortium for circa £40m.

Both the Electrical and Mechanical sectors have downgraded their programmes but are hopeful of improving their forecast for Quarter 2 following the collation and assessment of field intelligence. The variance has been reprofiled to 2021-22 to recognise the change which has affected the programme of works.

### **Council Schemes GF**

The overall scheme is forecasting an overspend of £0.4m against the in-year budget of £1m. This relates to the allowance made for major repair works at multiple Hostels (Housing Needs) properties and the Borough Wide Housing Under Occupation where some regeneration properties are being used as Temporary Accommodation. Borough-wide Housing regeneration void works for Temporary Accommodation have accelerated along with the works at 111 Clapton Common. The budget from 2021-22 has been re-profiled back to current year to cover this overspend.

### **Private Sector Housing**

The main variance relates to the Disabled Facilities Grant which is forecasting an underspend of £1.1m against the in-year budget of £1.9m. There is a reduction in spend due to Covid 19 access issues. The variance has been reprofiled to 2021-22 to recognise the change affecting the programme of works.

### **Estate Regeneration**

The overall scheme is forecasting an overspend of £5.1m against the in-year respective budget of £28.8m. The Estate Regeneration (ERP) was first approved in 2011 (updated in 2015, refreshed in 2016 and updated in 2019) is a Council-led programme that will deliver nearly 3,000 homes across 18 sites/estates including 195 refurbished properties. The programme will deliver new homes of mixed tenure of social rent, shared ownership and outright sale focused on meeting existing and future housing needs with the aim of achieving the highest proportion of genuinely affordable homes that is viable. The progress on the capital projects are set out below:

Tower Court works have accelerated again after a slow down due to Covid-19. The budget from 2021-22 has been re-profiled back to current year to cover this overspend.

Kings Crescent Phase 1 and 2 site is complete and the spend in 2020-21 relates to retention payment.

Kings Crescent Phase 3 and 4 on site date will be early 2021-22. Expenditure this year relates to Design fees and Planning.

Colville Phase 2 site handed over and the spend in 2020-21 relates to final construction payment and consultant fees.

Colville Phase 2C demolition due to start next financial year and the spend this year relates to consultancy and survey fees.

Colville Phase 4 and 5 estimate four buybacks to be completed this financial year.

St Leonard's Court site handed over and the spend in 2020-21 relates to consultant fees and sales and marketing.

Nightingale spend relates to consultation fees.

Marian Court Phase 3 demolition takes place this financial year and procurement ongoing.

Garage Conversion Affordable Workspace design work and surveys to be carried out this financial year.

Sheep Lane purchase of 'off the shelf' units should be handed over in Quarter 3.

### **Housing Supply Programme**

The overall scheme is forecasting an underspend of £7.3m against the in-year respective budget of £14.3m. The Housing Supply Programme (HSP) was approved by Cabinet in 2016 (updated 2020) to focus on delivering new homes on Council owned sites for social rent and shared ownership. The additional affordable housing will help meet the challenge of reducing the number of families being housed in temporary accommodation. The progress on the capital projects are set out below:

Gooch House works are currently forecast to start in Quarter 4 of 2020-21.

Wimbourne Street is due to start on site next financial year. Procurement will take place during 2020-21.

Buckland Street is due to start on site next financial year. Procurement will take place during 2020-21.

Murray Grove procurement to take place during this financial year.

Downham Road 1 and 2 planning application to be submitted this financial year. Design work ongoing.

Balmes Road planning application to be submitted this financial year. Design work ongoing.

Pedro Street project now started on site and works to accelerate during this financial year.

Mandeville Street works have now re-started after slowing during the Covid period. Due for handover in April 2021.

Tradescant House planning application to be submitted this financial year. Design work ongoing.

Lincoln Court design options being considered. Planning application to be submitted before the end of the financial year.

Rose Lipman project now started on site and works to accelerate during this financial year.

Woolridge Way project now started on site and works to accelerate during this financial year.

81 Downham Road project now started on site and works to accelerate during this financial year.

Daubeney Road project now started on site and works to accelerate during this financial year.

Hereford Road planning application to be submitted this year. Design work ongoing.

### **Woodberry Down Regeneration**

The £7.3m underspend on Woodberry Down is based on a reduction of Buybacks this financial year and the variance re-profiled to 2021-22. The Woodberry Down Regeneration was first approved by Cabinet in 2004 with the forecast to deliver over 5,500 homes over a 20 year period and is being delivered by a partnership of the Council, Berkeley Homes, Notting Hill Genesis, Woodberry Down Community Organisation and the Manor House Development Trust.