

4.7 CAPITAL

This is the first OFP Capital Programme monitoring report for the financial year 2021/22. The actual year to date capital expenditure for the four months April 2021 to July 2021 is £14.7m and the forecast is currently **£188.5m**. This represents a forecast of 80% of the approved budget of £236.4m, approved by Cabinet in February 2021 (Council's Budget Report) and is relative to the previous year's outturn of £202.2m. Covid-19 and the additional financial pressures have had a major impact on the Capital Programme in particular with the start times and the delivery of projects and programmes. 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. The September Cabinet will be asked to approve a total of £71.5m into future years together with details of the requested transfer of slippage from 2020/21 into the 2021/22 capital programme. 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

Capital Programme Q1 2021-22	Budget Set at Feb Cab 2021	Budget at July Cab & Slippage	Spend	Forecast	Variance (Under/Over)	To Re-Profile 2021/22	Capital Adjustments & New Bids	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's (Non-Housing)	3,047	5,911	49	3,465	(2,446)	(2,323)	246	3,834
Adults, Health & Integration	39	130	0	0	(130)	(130)	0	0
Children & Education	15,858	20,933	297	17,202	(3,731)	(3,638)	(120)	17,175
Finance & Corporate Resources	15,292	18,468	316	12,867	(5,601)	(5,805)	(30)	12,633
Mixed Use Development	34,315	25,881	604	15,920	(9,961)	(9,961)	0	15,920
Neighbourhoods & Housing (Non)	26,974	36,577	1,266	30,526	(6,051)	(5,579)	598	31,596
Total Non-Housing	95,525	107,900	2,533	79,980	(27,919)	(27,436)	(150)	81,1584
AMP Housing Schemes HRA	64,175	74,519	3,335	46,440	(28,079)	(27,930)	(149)	46,440
Council Schemes GF	11,273	5,387	2,037	20,690	15,303	20,000	0	25,387
Private Sector Housing	2,122	2,091	155	1,580	(511)	0	0	2,091
Estate Regeneration	38,394	45,494	3,023	21,317	(24,177)	(24,177)	0	21,317
Housing Supply Programme	18,638	25,344	1,123	11,502	(13,841)	(13,841)	0	11,502
Woodberry Down Regeneration	6,263	5,075	2,453	6,949	1,874	1,852	0	6,927
Total Housing	140,864	157,909	12,126	108,478	(49,431)	(44,096)	(149)	113,664
Total Capital Budget	236,389	265,809	14,658	188,459	(77,351)	(71,532)	545	194,822

CHIEF EXECUTIVE'S (NON-HOUSING)

The current forecast is £3.5m, £2.5m below the revised budget of £5.9m. More detailed commentary is outlined below.

CX Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Employment, Skills & Adult Learning	0	13	0	13	0
Libraries and Archives	1,753	2,354	23	964	(1,390)
Area Regeneration	1,294	3,544	26	2,488	(1,055)
Total Non-Housing	3,047	5,911	49	3,465	(2,446)

Employment, Skills & Adult Learning

The overall scheme is forecast to spend the full budget this financial year. The main scheme is a Greater London Authority (GLA) grant funded project to provide ICT equipment to support the needs of adult learners during this pandemic and at risk of digital exclusion. Most of the equipment was ordered and delivered back in March 2021 and awaiting final invoices. The team is looking at spending the remaining budget on equipment for face-to-face adult learning at the employment Hubs.

Libraries and Archives

The overall scheme is forecasting £1.4m underspend against the respective in-year budget of £2.4m. The main project which is causing the variance relates to the budget set aside for the refurbishments to Stoke Newington Library. The spend for this year will be for the initial surveys and development plans with further decisions made later on in the year. Therefore the budget will be re-profiled to reflect the likely timeframe of the project.

Area Regeneration

The overall scheme is forecasting £1.1m underspend against the respective in-year budget of £3.5m. Below is a brief update on a few of the schemes.

Dalston and Hackney Town Centre - The most significant underspend relates to the resource held for the development plans for the Dalston & Hackney Town Centre. The project is in progress with the Invitation to Tender in final draft form, to be issued in the coming month to ensure the Design Team is appointed for commencement in early January 2022. The development of the site briefs has been supported by due diligence, including review of heritage assets undertaken by specialist advisors. The Area Regeneration team is looking to appoint a Senior Capital Project Manager (PM) to support the delivery of the programme. The delay to recruitment of the PM officer and design

team means a slight shift in expected spend against spend approval from 2021/22 to 2022/23. The team will be looking to confirm resource approval early in the new year, with the appointment of the lead consultant to align with the jointly agreed programme. The budget will, therefore, be re-profiled to 2022/23.

Multi Use Games Area (MUGA) and Classroom Project at 80-80a Eastway - Following the delays to the start of the works, the Contractor (Neilcott) is on site. The works are progressing and aiming for practical completion in the early part of the Autumn 2021.

ADULTS, HEALTH AND INTEGRATION

The overall scheme is forecasting no spend this financial year against the respective in-year budget of £0.1m. The variance relates to the resource set aside for Median Road which has been put on hold with plans to review in future years. The remaining budget will be reviewed in the next quarter and if not required will be offered up as savings.

AHI Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Adults, Health and Integration	39	130	0	0	(130)
TOTAL	39	130	0	0	(130)

CHILDREN, ADULTS AND COMMUNITY HEALTH

The current forecast is £17.2m, £3.7m below the revised budget of £20.9m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Children & Family Services	0	572	2	572	0
Education Asset Management Plan	3,484	3,225	302	3,410	185
Building Schools for the Future	0	250	0	370	120
Other Education & Children's Services	1,937	2,771	479	2,765	(5)
Primary School Programmes	6,548	8,589	(237)	5,909	(2,680)
Secondary School Programmes	3,889	5,525	(249)	4,175	(1,350)
TOTAL	15,858	20,933	297	17,202	(3,731)

Children & Family Services

The overall scheme is forecast to spend the in-year respective budget and there are two capital projects in this area. Below is a brief update on these projects:

Loft conversions - The Loft conversions to three of the Council foster carers' homes to increase the space in their homes. This physical space will offer additional space to children who are currently sharing a room, accommodate overnight stays, and offer extra long term placement to another child. This project is progressing with the full budget forecasted to spend.

Shoreditch Park Play Adventure - This capital project is the refurbishment of the Shoreditch Play Adventure Playground and Play Hut. The plan is to demolish the existing and build a new modular play-hut with a cabin/classroom and landscaping to this site. This will significantly improve play provision, creating a rich play environment as well ensuring improved accessibility for young people with special educational needs and disabilities to access and engage in all of the play activities offered at the playground. This project is progressing with the full budget forecasted to spend.

Education Asset Management Plan

The overall scheme is forecasting a minor overspend of £0.02m against an in-year respective budget of £3.2m. This is the Borough's cyclical and periodic yearly maintenance programme to the education asset which includes works such as upgrades to lighting, heating, boiler, fire safety and refurbishments to toilets and playgrounds. Below is a brief update on a few of the schemes:

Jubilee School - This project is the work on the school's lighting. The contract award is signed and the works will commence by the summer.

Colvestone School - This project is to refurbish the toilets. Currently on site with anticipated completion by early autumn.

Shoreditch Park School - A Section 77 application has been submitted to the Secretary of State for Education to release a section of the land on the existing site to change the use. Following the decision the overall budget will be reviewed.

Sir Thomas Abney School - This project is in the initial stages and awaiting feedback from the condition survey.

Berger School - The planning application has been granted for installation of 10 condenser units to roof level and the installation is imminent.

Daubeney School - The Contractor has withdrawn and another contractor has been approached for a further quotation on the works.

Building Schools for the Future

The overall scheme is forecasting an overspend of £0.01m against the in-year respective budget of £0.02m.

Ickburgh School (on the site Formerly used by Cardinal Pole Upper School) - The variance relates to the on-going works to rectify poor installation of heating at this site. In addition, the Council received further Government funding to help local authorities create new school places for children and young people with SEND. This capital expenditure will be spent on the expansion of post 16 resources at the School and consist of creation of additional storage, additional toilet provision, associated staff facilities and the relocation of a bike store to provide additional space for bus parking.

Other Education & Children's Services

The overall scheme is forecasting a minor underspend against the in-year respective budget of £2.7m. The schemes relate to the expansion of Hackney's specialist resource provision (SRP) for pupils with Social, Emotional and Mental Health (SEMH) and Autistic Spectrum Disorder (ASD) needs funded by the SEN Special Provision capital grant fund. Below is a brief update on the schemes:

Gainsborough School - The variance is to support ongoing works and retention which will be settled in 2022/23.

The Garden School (on the site Formerly used by Ickburgh School) - The main expansion works are progressing. The asbestos removal, which was discovered during the major works, has started. The asbestos removal will take place alongside the major works and be completed by autumn 2021. This capital project is to deliver additional places for pupils aged 14-16 years, post 16 pupils and expand the school building. The forecast is to spend the full budget this financial year.

Primary School Programmes

The overall Primary School Programme is forecasting an underspend of £2.7m against the in-year respective budget of £8.6m. The main programme relates to the rolling health and safety remedial works to Facades of 23 London School Board (LSB) schools that began in 2017. Several of the schools are at the planning and tendering stages which have been delayed. Further explanations of the schemes causing the variance is set out below. A total of £3.4m will be re-profiled from the 2021/2 budget to 2022/23 budget to reflect the anticipated spend. We are currently seeking further explanation as to this significant slippage.

Woodberry Down Children's Centre Relocation - Currently out to tender. The Contract Award is expected by autumn 2021.

Princess, Hoxton Gardens and De Beauvoir Facade - Contractor is on site.

Daubeney, Colvestone Mandeville and Gayhurst Facade - Currently in the planning stage and the tender application is nearing completion.

Grasmere Facade - Due to 'lead time' for windows manufacturing, there is a delay to the start of the project. The 'lead time' is the time between the initiation and completion of the production process. The project is anticipated to be completed by early 2022.

Harrington Hill Facade - Tender documentation near completion, contractor needs to update survey for site visit to schools in the autumn of 2021. Contractor starts onsite for early 2022, anticipated completion is summer 2022.

Millfields, Rushmore and Morningside Facade - The scaffold design has delayed the start. The completion is due by the autumn of 2021.

Queensbridge Facade - Rear wall structural design and architectural design are approved. The works will start by the autumn of 2021.

Southwold, Springfield, William Patten, Orchard and Tyssen Facade - All tender documents for these sites have been issued to contractors for a school site visit in October 2021. Contract Award due January 2022 and anticipated contract completion date is summer 2022.

Woodberry Down Facade - There will be no spend this financial year. The business case will be completed by autumn 2021 and the tender documentation by winter 2021.

Secondary School Programmes

The overall scheme is forecasting an underspend of £1.4m against the in-year respective budget of £5.5m.

The Urswick School Expansion - The main variance is the expansion to the school. The variance is due to the changes to the project. The science lab was completed in July 2021 and two temporary classrooms will be installed in August 2021. The retention period is February 2022. The modular classroom is currently at the contract award stage. The variance has been re-profiled to 2022/23 to reflect the anticipated spend.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £28.8m, £15.6m under the revised budget of £44.4m. More detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Property Services	11,022	13,235	223	8,061	(5,175)
ICT	3,518	3,861	163	3,861	0
Financial Management	0	0	(139)	0	0
Other Schemes	752	1,371	69	945	(426)
Total	15,292	18,468	316	12,867	(5,601)
Mixed Use Development	34,315	25,881	604	15,920	(9,961)
TOTAL	49,607	44,349	920	28,787	(15,562)

Strategic Properties Services - Strategy & Projects

The overall scheme is forecasting an overspend of £5.2m against the in-year respective budget of £13.2m.

The City & Hackney Clinical Commissioning Group (CCG) Primary Care Project - This project is the main cause of the variance in Strategic Property. It is forecasting an underspend of £3.7m. This project is to develop The City & Hackney Clinical Commissioning Group (CCG) Primary Care estate. This scheme proposes to construct one new build primary care surgery and convert and expand a listed building to accommodate two practices at land rear of 2- 28 Belfast Road and The Portico Building at 34 Linscott Road. The project is still at the planning application stage, which has been reflected in the slippage of spend into 2022/23. All the spend to date is on the feasibility and project management costs to develop the restate pre-construction works. The construction work is expected to start in January/February 2022. Very little of the main project budget will be spent this year.

ICT Capital

The overall ICT scheme is forecast to spend the full in-year respective budget of £3.7m. The main variance resource will be held along with any other underspends across the overall scheme to support any costs relating to the cyber recovery.

Other Schemes

The schemes are forecasting an underspend of £0.4m against the in-year respective budget of £0.8m.

Solar Panel - The main variance relates to the Solar Panel Installation project. Following consultation with key stakeholders, 9 sites were chosen with an additional 3 to potentially go ahead. They are all commercial properties. The contract has been awarded to the supplier and the work has started on planning applications and Distribution Network Operator (DNO) for connection. We anticipate

starting onsite in the autumn of 2021. This follows the successful pilot of solar installation to West Reservoir Leisure Centre and the London Fields Lido. The variance has been re-profiled to 2022/23.

Mixed Use Developments

The schemes are forecasting an underspend of £10m against the in-year respective budget of £25.8m.

Tiger Way - The school (Nightingale Primary School) and residential building are now occupied with all residential units sold. The variance relates to retention payments and the budget has been reprofiled to reflect this.

Nile Street - The school (New Regents College) is completed and occupied. As at July 2021, 89 of the 175 residential units have been sold. The variance relates to retention payments which will be due in 2022/23 and the budget has been reprofiled to reflect this.

Britannia Site - The overall forecast is an underspend of £4m against the in-year respective budget of £20m. Phase 1a (new Leisure centre) - The Britannia Leisure Centre is now open to the public and in operation. Phase 1b (School) - City of London Academy Shoreditch Park is now completed and occupied by the school. Phase 2a (Residential) - This phase remains under review and the variance re-profiled to 2022/23.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £30.5m, £6.1m under the revised budget of £36.6m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Leisure, Parks & Green Spaces	13,566	17,328	279	13,716	(3,612)
Streetscene	11,856	16,366	685	14,904	(1,461)
Environmental Operations & Other	626	1,227	0	601	(627)
Public Realms TfL Funded Schemes	0	23	234	23	0
Parking & Market Schemes	358	358	0	100	(258)
Community Safety, Enforcement & Business Regulations	567	1,275	68	1,182	(94)
Total	26,974	36,577	1,266	30,526	(6,051)

Leisure, Parks and Green Spaces

The overall scheme is forecasting an underspend of £3.6m against the in-year respective budget of £17.3m. Below is the brief update on the schemes.

Abney Park Refurbishment - The project is showing the most significant variance which was caused by delays in the procurement process. The approval from the Cabinet Procurement and Insourcing Committee was granted in June 2021 to appoint the Contractor (Quinn Construction Limited). Quinn will commence mobilisation on 6 September 2021 and will start work on site early November 2021. The contract programme is 62 weeks so they expect to complete work in the autumn of 2022. The underspend has been re-profiled to 2022/23 to reflect the change in the programme of works.

Shoreditch Park Refurbishment - The planning application has been granted and the tender application is nearing completion. The plan is to go out to tender for the main contractor by the end of this summer with a scheduled start onsite by quarter 3 of 2021/22. It is anticipated the forecasted budget will be fully spent this financial year.

Parks Depot - The team will be concentrating on Millfields depot initially and it is likely that the works to the remaining depots will slip to 2022/23. The variance has been reprofiled to 2022/23 to recognise the re-prioritising of these works.

Environmental Services and Other

The variance is due to the delay to the delivery of vehicles. The Street Winter Gritter and a Gully cleansing vehicle are now due for delivery in autumn 2021. The remaining budget has been re-profiled for now and will be reviewed to see if this budget can be released as part of the Council's budget-setting exercise.

HOUSING

The overall forecast in Housing is £108.5m, £49.4m below the revised budget of £157.9m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
		£000	£000	£000	£000
AMP Housing Schemes HRA	64,175	74,519	3,335	46,440	(28,079)
Council Schemes GF	11,273	5,387	2,037	20,690	15,303
Private Sector Housing	2,122	2,091	155	1,580	(511)
Estate Regeneration	38,394	45,494	3,023	21,317	(24,177)
Housing Supply Programme	18,638	25,344	1,123	11,502	(13,841)
Woodberry Down Regeneration	6,263	5,075	2,453	6,949	1,874
Total Housing	140,864	157,909	12,126	108,478	(49,431)

AMP Housing Schemes HRA

The overall scheme is forecasting an underspend of £28.1m against the in-year respective budget of £74.5m. The Housing AMP is underspent this year because the main contract (£40-50m p.a.) is ending on 31 August 2021 and no more works can be issued under that contract. However, the work and the budget are required when the new contracts are awarded later in the year, but work and spend will not commence until 2022/23. The variance has been reprofiled to 2022/23 to recognise the change affecting the programme of works.

Council Schemes GF

The overall scheme is forecasting an overspend of £15.3m against the in-year budget of £5.4m. The additional cost in Council Schemes GF is the funding of the buyback scheme approved by Cabinet. £10m for Local Space Properties and £10m for Leaseholders including 9 properties from L&Q Housing Association. The budget from 2022/23 and 2023/24 has been re-profiled back to the current year to support this overspend.

Estate Regeneration and Housing Supply Programme

The Estate Regeneration scheme (ERP) is forecasting an underspend of £24.2m against the in-year respective budget of £45.5m and the Housing Supply Programme (HSP) is forecasting an underspend of £13.8m against the in-year respective budget of £25.3m. Both schemes (ERP and HSP) are underspent due to slippage in the programme. There are 3 schemes on site, all of which will complete toward the end of the year. There are 5 other schemes with tenders returned, but as the tenders are higher than the appraisal cost, there is additional work to reduce the cost and make the schemes viable before awarding the contract. Once awarded, there is a period of mobilisation before the works and expenditure commences. This additional work on the viability of schemes has led to a delay to contract awards and the start of site works which means significant slippage on the programme. These budgets will be slipped into 2022/23 and be rephased to reflect the build programme once

contracts are awarded. There are a further 3 schemes due to go out to tender, but as a result of the high tender returns, more work is being done before tendering to ensure their viability. This will lead to further slippage on the programmes and so reprofiling of these schemes will be carried out as part of the capital budget development process for 2022/23.

Woodberry Down Regeneration

The £1.9m overspend on Woodberry Down is based on the forecast of 15 Buybacks due this financial year. The budget has been re-profiled from 2022-23 back into the 2021/22 budget to cover the anticipated spend.