

4.7 CAPITAL

This is the fourth OFP Capital Programme monitoring report for the financial year 2020-21. The actual year to date capital expenditure for the eleven months April 2020 to February 2021 is £125.9m and the forecast is currently **£214.1m, £7.3m** below the revised budget of **£221.4m**. We recognise the large increase between the current actual spend and forecast for the year and this is mainly due to the high number of journals which we expect to come through in this period. A number of these will relate to the capitalisation of revenue spend and we have received assurances from the service areas that the costs will come through close to the forecast level. A summary of the forecast outturn 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

Table 1 – London Borough of Hackney Capital Programme – Q4 2020-21	Revised Budget Position	Spend as at Feb	Forecast	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Children, Adults & Community Health	7,071	4,273	6,992	(79)
Finance & Corporate Resources	11,877	8,058	11,465	(412)
Mixed Use Development	70,586	49,564	70,828	241
Neighbourhoods & Housing (Non)	27,462	17,133	25,170	(2,292)
Total Non-Housing	116,997	79,027	114,455	(2,542)
AMP Capital Schemes HRA	44,649	17,892	35,351	(9,299)
Council Capital Schemes GF	3,851	2,997	10,466	6,615
Private Sector Housing	1,051	450	966	(85)
Estate Renewal	33,576	16,980	33,415	(162)
Housing Supply Programme	11,651	4,446	9,805	(1,846)
Other Council Regeneration	9,586	4,089	9,601	15
Total Housing	104,365	46,853	99,603	(4,762)
Total Capital Expenditure	221,362	125,880	214,058	(7,304)

CHILDREN, ADULTS AND COMMUNITY HEALTH

The overall forecast for Children, Adults and Community Health is £7m, £0.1m below the revised budget of £7.1m. More detailed commentary is outlined below.

CACH Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Adult Social Care	67	7	7	(60)
Education Asset Management Plan	1,343	863	1,314	(29)
Building Schools for the Future	229	158	283	54
Other Education & Children's Services	1,078	909	1,044	(34)
Primary School Programmes	1,013	463	892	(121)
Secondary School Programmes	3,341	1,873	3,452	111
TOTAL	7,071	4,273	6,992	(79)

Adult Social Care

The main variance relates to the health and safety and fixture costs for Oswald Street Day Centre due this quarter, which are no longer required. The underspend will be offered up as savings at year end.

Education Asset Management Plan

The overall scheme is forecasting a minor underspend against an in-year respective budget of £1.34m. This is the Borough's cyclical and periodic yearly maintenance programme to the education asset. The underspends in the overall scheme largely relate to final invoices due this quarter.

Building Schools for the Future

The main variance relates to Ickburgh works which are due to be completed this financial year. The variance will be supported at year end from underspends where no further work is identified for this financial year.

Other Education & Children's Services

The overall scheme is forecasting a minor underspend against the in-year respective budget of £1.08m. The main schemes relate to the expansion of Hackney's specialist resource provision (SRP) for pupils with Social, Emotional and Mental Health (SEMH) needs in the schools set out below:

Queensbridge School the construction of an additional resource on the ground floor of the annexe is complete ahead of schedule. There is retention outstanding and the variance will be slipped to support the final account.

The Garden School works have been delayed due to the relocation of guardians, the planning consent and the works to remove asbestos.

Gainsborough School building works are ahead of the plan causing an overspend this financial year. The listed building consent has been granted

and the contracts have been signed. The budget is fully committed and the retention will be next year.

Primary School Programmes

The overall scheme is forecasting a £0.12m underspend against the in-year respective budget of £1.01m. 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. Below is a brief update on some of the schemes:

Shacklewell School and London Fields facade works are complete and final fees settled.

Contingency Budget for Facade Repairs currently there is no further call against the contingency budget resulting in a reduced forecast compared to quarter 3. The variance will support the continued programme of facade works scheduled for 2021-22.

Woodberry Down Children's Centre Relocation project currently has a slight delay in procurement which has impacted on the tender resulting in a reduced forecast this quarter compared to the previous.

Secondary School Programmes

The overall scheme is forecasting an overspend of £0.11m against the in-year respective budget of £3.34m. The Lifecycle Programme is the Borough's cyclical and annual maintenance programme for its secondary and special schools. Below is a brief update on some of the schemes:

Clapton Girls Academy repair to the roof and school wall are complete.

The Urswick School Expansion is forecasting an overspend. The project is now under review due to the material change in the contract value. The science classroom project started in quarter 4 and will be completed in 2021-22.

Ickburgh School health and safety works are complete.

Contingency Early Failure Reactive budget is forecasting a minor overspend which is due to the emergency health and safety works in the overall programme.

Haggerston School is forecasting a minor overspend to support the boiler replacement and lighting upgrade to be complete this year.

The Garden Lifecycle contract sum quoted is less than originally proposed. This identified savings will support overspends across the overall lifecycle programme.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £82.3m, £0.2m under the revised budget of £82.5m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Property Services	8,275	6,039	8,069	(207)
ICT	2,950	1,745	2,556	(394)
Financial Management	439	142	633	194
Other Schemes	213	131	208	(5)
Total	11,877	8,058	11,465	(412)
Mixed Use Development	70,586	49,564	70,828	241
TOTAL	82,464	57,621	82,293	(170)

Strategic Property Services – Strategy & Projects

The overall scheme is forecasting an underspend of £0.2m against the in-year respective budget of £8.23m. Below is a brief update on a few of the schemes.

Decant of Maurice Bishop House and Moves to Christopher Addison House (CAH) has been delayed due to the pandemic and the Government's instruction for Council's workforce to work from home. The variance will move into the next financial year to support the roll out of the moves as we come out of lockdown.

The Annex (2 Hillman - the Council's staff building) was leased to DWP (Department for Work and Pensions) for 5 years in December 2020 and the works identified for this financial year are complete. The DWP will be setting up a Jobcentre Plus Team at this site to help our residents in Hackney who are being hit by the impact of the pandemic. The underspend will be used to support the roll out of staff moves to the newly refurbished Christopher Addison House in 2021-22.

Asbestos Surveys slowed down for much of the period from April to Nov 2020 due to Covid-19. The forecast is reduced compared to the previous quarter due to fewer surveys completed compared to the original planned. There was also a procurement process to select a new contractor completed in December 2020. The new surveys have started since December and we are expecting invoicing to follow this quarter.

ICT Capital

The overall scheme is forecasting an underspend of £0.39m against the in-year respective budget of £3m. Below is a brief update on a few of the schemes:

The Digital Discharge to Social Care project has now come to an end following the recent Cyber attack on the main ICT system causing the variance. This is the technical project to develop integrations between the systems used by Health and Social Care Teams. The NHS partners will make a decision on how they wish to spend the remainder of the funds.

End-User Meeting Room Device Refresh project has ended and the variance relates to a buffer budget required in case more devices are required for working from home/other projects.

Hackney Education G-Suite project is completed and the underspend will be offered up as savings at year end.

Mixed Use Developments

Tiger Way and Nile Street are forecasting an overspend of £0.25m against the in-year respective budget of £3m. The two year defects period for the school ends in February and for the residential in June 2021. The original proposal for the replacement roof works of the Nightingale Primary School will be completed after the defects period for the school. All 89 residential units are sold at Tiger Way, and at Nile Street (Makers), which reached practical completion later, there remain 87 unsold units out of a total of 175.

Britannia Site is forecasting to spend the in-year respective budget of £64m. Both the school and leisure centre sites have remained open during the third government lockdown. The work has been carefully managed to minimise the impact of Covid-19. The Covid-19 protection measures in place include weekly lateral flow testing, mandatory wearing of face masks, temperature checks and social distancing. The deliveries of materials have been challenging together with a small reduction in site labour but the works are on track to complete in line with published commitments.

Phase 1a (Leisure centre) - The main pool tiling is now complete and the leisure water flume is installed. The final finishes to the reception area are underway. The roofing is complete and fully waterproofed. The sports hall is progressing well with flooring currently being installed. The commissioning of services is on programme with 'heating on' in some spaces and filling of pools and testing is due to commence shortly. The Leisure Centre is on track to open in late Spring / early Summer 2021.

Phase 1b (School) - The external works to the south of the building are now largely complete. All external cladding and windows are complete. Roof finishes, balustrading and fencing are also complete. Services commissioning has commenced with systems being flushed and prepared for start-up. Many classrooms are now complete and locked for snagging. The focus is now on dry lining and plastering to upper levels. The school is

on track to complete in the summer in advance of opening in September 2021.

Phase 2a (Residential) - As reported in the previous quarter, early works and demolition have now been suspended until July 2021.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £25.2m, £2.3m under the revised budget of £27.5m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Museums and Libraries	730	623	720	(10)
Leisure Centres	890	0	250	(640)
Parks and Open Spaces	5,637	3,389	4,513	(1,124)
Infrastructure Programmes	10,296	5,335	9,990	(306)
Environmental & Other Schemes	5,594	4,608	5,548	(47)
Public Realms TfL Funded Schemes	2,470	2,519	3,076	607
Parking and Market Schemes	0	52	53	53
Other Services	100	41	73	(27)
Regulatory Services	0	0	0	0
Safer Communities	763	420	747	(15)
Regeneration	982	145	200	(782)
Total	27,462	17,133	25,170	(2,292)

Leisure Centres

The variance relates to Kings Hall works and where the service area was asked to give further detail on the project delivery. The bid was approved by the December Cabinet to spend £0.30m in this financial year and £0.60m in the next. This phasing of the programme has not been reflected in the budget. The forecast spend is £250K which is £50K less than planned. This shortfall is due to further delays arising from the impact of the 3rd national Covid-19 lockdown.

Parks and Open Spaces

The overall Parks and Open Spaces programme is forecasting an underspend of £1.15m against the in-year respective budget of £5.6m. The reasons for the forecast underspend on the overall programme is due to a delay to getting spend approval on certain projects whilst a review of capital was carried out, staff being redirected to support the Council's Covid-19 response and the impact of the 3rd National lockdown.

The projects that have been delayed are as follows:

Parks Public Convenience and Cafes is forecasting an underspend of £291K. The works will complete in the early part of 2021/22.

London Fields Learner Pool's is forecasting an underspend of £200K; the entire project has been deferred to 2021-22.

Parks Depot the project is forecasting an underspend of £320K, with the enabling works at the 7 sites having been delayed due to the tightening of lockdown restrictions in the last quarter. The works will continue into the next financial year.

Daubeney Fields Play Area is forecasting an underspend of £140K which is due to a delay in the planning application approval that is required before works can commence.

Infrastructure and Public Realms TfL Funded Schemes

The Infrastructure projects underspend will be slipped and overspends will be funded by next year's budget. The TfL schemes are all grant funded and the spend will be contained within the grant limits. TfL budgets and the value of the grant awarded changes throughout the year therefore it will always have a significant variance from budget.

Regeneration (Non-Housing)

The overall scheme is forecasting a £0.78m underspend against the in-year respective budget of £0.98m. Below is a brief update on a few of the schemes:

80-80a Eastway (Old Baths) Old Depot, Surrounding Spaces Project and Trowbridge Centre - There is a slight delay to the 'on site' date for the MUGA (Multi Use Games Area) and classroom works as BAM (external contractors) completes some other works on site. Neilcott have been procured to carry out the works and are likely to take over the site in April 2021. The costs relating to the purchase of the final pod have now been pushed back to 2021-22, as the machine to manufacture this will not be operational until BAM have completed their works at Eastway.

Ridley Road Improvements variance was caused by a slight delay with the procurement of the contractors. The start 'on site' date has now been pushed back to April/May 2021 and therefore the budget will be utilised in 2021-22.

HOUSING

The overall forecast in Housing is £99.6m, £4.8m below the revised budget of £104.4m. More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
AMP Housing Schemes HRA	44,649	17,892	35,351	(9,299)
Council Schemes GF	3,851	2,997	10,466	6,615
Private Sector Housing	1,051	450	966	(85)
Estate Regeneration	33,576	16,980	33,415	(162)
Housing Supply Programme	11,651	4,446	9,805	(1,846)
Woodberry Down Regeneration	9,586	4,089	9,601	15
Total Housing	104,365	46,853	99,603	(4,762)

AMP Housing Schemes HRA

The overall scheme is forecasting an underspend of £9.3m against the in-year respective budget of £44.6m. Below is a brief update on a some of the schemes:

Home Improvement Programmes (HiPs) North West - The variance relates to delays to Kitchen and Bathrooms works and other internal works to Fermain Court and Seaton Point. Street properties and Kitchen and Bathroom works have also slowed down due to Covid-19.

Home Improvement Programmes (HiPs) Central - The external works programme re-phased to next year due to Covid-19.

Home Improvement Programmes (HiPs) South West - The external works programme has been deferred to next year due to Covid-19 causing the variance. There are also delays in Section 20s for Suffolk Estate, Warburton & Darcy and De Beauvoir Square.

PAM (Pre-assembled modules Delay Costs for Covid) - There is a lower take up of prolongation costs than anticipated causing an underspend. This is typically claimed for the cost of time related to resources such as site management, site accommodation and key items of plant and machinery.

Council Schemes GF

The overall scheme is forecasting an overspend of £6.6m against the in-year respective budget of £3.9m. The variance relates to leaseholder buybacks of previously owned Council properties. 22 completions are now expected this financial year which is an increase from last quarter. 30% of the costs will be funded through RTB receipts and the variance will be funded from the Housing Capital programme (AMP Capital Schemes HRA).

Private Sector Housing

A slight underspend is forecast against the budget of £1.05m. Below is a brief update on a few of the schemes:

General repairs grant (GRG) forecasting a slight reduction in forecast compared to quarter 3 as no new applications are expected to be complete this financial year.

Warmth & Security Grant (WSG) are not expecting any further grants this financial year therefore expecting a slight underspend.

Estate Regeneration

The overall scheme is forecasting £0.16m underspend against the in-year respective budget of £33.6m. Below is a brief update on a few of the schemes:

Marian Court demolition has commenced and is due to complete in quarter 1 2021-22, with construction works to start later in the year.

Colville Phase 3-7 expects no further buybacks for the remainder of 2020-21 resulting in a reduced forecast compared to the previous quarter.

Nightingale has had an increase in spend compared to the previous quarter which relates to a CIL payment of £2.2m.

Frampton Park and Lyttleton House sites are handed over. The final accounts may now be settled next year. A retention amount will be held until after the defects period and is included within this years forecast

Tower Court works continue to progress well on site and will continue into next financial year.

Sheep Lane purchase of units completed late 2020 and they are now being marketed for sale.

Garage Conversion Affordable Workspace has a slight delay in expenditure compared to quarter 3 expectations, with the majority of spend this year relating to architect fees as the design progresses.

Housing Supply Programme

The overall scheme is forecasting an underspend of £1.8m against the in-year respective budget of £11.7m. Below is a brief update on a few of the schemes:

Mandeville Street works on site with handover due in May 2021 slightly later than anticipated at quarter 3.

Daubeney Road project now on site and should complete by September 2021, which is slightly later than forecast at quarter 3 and is the reason for the reduced forecast.

Woodberry Down Regeneration

The overall scheme is forecasting to spend the full in-year respective budget of £7m with a minor overspend. There will be 19 Buybacks expected to be completed this financial year and 10 already completed. The majority will be used as Temporary Accommodation until demolition.