

Title of Report	2021/22 Overall Financial Position that takes account of the estimated financial impact of Covid-19 and the on-going emergency	
Key Decision No	FCR SO81	
For Consideration By	Cabinet	
Meeting Date	27 June 2022	
Cabinet Member	Cllr Chapman, Cabinet Member for Finance	
Classification	Open	
Ward(s) Affected	All Wards	
Key Decision & Reason	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function
Implementation Date if Not Called In	4 July 2022	
Group Director	Ian Williams, Group Director of Finance and Corporate Services	

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This is the final Overall Financial Position (OFP) report for 2021-22. It shows that as at March 2022, the Council is forecast to have a provisional outturn overspend of £4.682m on the general fund - an increase of £79k from the previous month.
- 1.2 As stated previously, and summarised in Table 1 of paragraph 2.2 below, much of this overspend relates to the Covid-19 expenditure and the cyberattack, but there are significant areas of non-Covid-19 and cyberattack pressures in respect of looked-after-children placements, staffing in Children's Services, and care packages in Adults Services.
- 1.3 The forecast overspend this month of £4.7m compares to the forecast overspend of £7.3m reported for August, so substantial progress has been made following the cost reduction measures undertaken in 2021-22 and the drive to reduce non-essential spend (see 2.1 (d) below). As part of the budget monitoring cycle the implementation of the vacancy factor has been reviewed and is forecast that 98% of the total saving of £6m will be achieved.
- 1.4 The Council will continue to face significant financial pressures in future years. Demand for services, notably children's and adult's social care, are on an upward trend and are likely to remain high. Additionally, high levels of inflation will impact on the Council's finances next year which will be reviewed and monitored in the 2022-23 OFPs.

2. GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES INTRODUCTION

- 2.1 The OFP shows that the Council is forecast to have an overspend of £4.682m after the application of the Covid-19, Children's and cyberattack set asides as provided for in the budget. The overspend has increased by £79k since the previous month. Key determinants of the overall position include:

(a) The Cyberattack

The Cyberattack continued to impact on services throughout the year and is estimated to have cost £7m. The system problems and backlog of work it has created have resulted in significant overspends in Revenue and Benefits and ICT. The Revenue and Benefits overspend of £1.8m relates primarily to the increase in the bad debt provision required as a result of the overpayment of benefits which are unlikely to be recovered. ICT alone has incurred £3.3m of additional costs necessary to restore and rebuild systems. In addition, A, H & I are reporting a £1.281m impact resulting from additional staffing deployed within the service (£243k estimated for the full year) and a loss of care charges income as a result of not being able to undertake financial assessments (£1.038m)

(b) Vacancy Rate Savings

Services have been very successful in achieving the budgeted vacancy rate savings. Of the £6.274m savings budgeted for, £6,164m will be achieved - an achievement rate of over 98%.

(c) Approved Savings

All of the £3.3m savings approved by Cabinet in February 2021, will be achieved

(d) Cost Reduction Initiatives and Non-Essential Spend Reductions

During the course of the year, services made £3.2m cost reductions and £877k savings in non-essential spend. This explains why the overspend has reduced significantly from £7.3m in August and why our overspend has generally been on a downward trajectory despite significant increases in cost pressures (including additional demand, the Cyberattack and Covid19).

- 2.2 The financial position for services in March is shown in the first table below. The second table shows how this will be funded - by applying the Covid-19 and cyberattack set asides and the savings from the review of the funding of the capital programme noted in previous OFPs.

Table 1: Overall Financial Position (General Fund) March 2022

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month	Covid19 Impact	Cyber-attack Impact
£k		£k	£k	£k	£k
84,902	Children and Education	2,385	(63)	1,694	64
97,540	Adults, Health and Integration	4,064	76	1,214	1,281
25,415	Neighbourhood & Housing	2,679	(70)	1,884	260
21,264	Finance & Corporate Resources	6,081	91	1,170	5,377
17,396	Chief Executive	(27)	45	1,259	0
44,075	General Finance Account	0	0	0	0
290,592	GENERAL FUND TOTAL	15,182	79	7,221	6,982

	Forecast Variance Before Reserves
	£000
GENERAL FUND TOTAL	15,182
LESS COVID SET ASIDE	-4,000
LESS CHILDREN'S SET ASIDE	-2,000
LESS CYBER SET ASIDE	-2,000
LESS CYBER ADDITIONAL RESERVE CREATED IN 2021-22	-1,000
LESS RESOURCES FREED UP BY REVIEW OF FUNDING OF CAPITAL PROGRAMME AND SLIPPAGE IN RCCO	-1,500
NET OVERSPEND	4,682

- 2.3 As well as impacting on local residents, the current and high levels of inflation forecast for the next financial year will impact on the Council's expenditure. This will be constantly reviewed by the Finance Teams in conjunction with services and the position will be reported to Members on a regular basis including in the 2022-23 OFP report.

3. RECOMMENDATIONS

- 3.1 Cabinet is asked to note the update on the overall financial position for March covering the General Fund, Capital and HRA**

4. REASONS FOR DECISION

- 4.1 To facilitate financial management and control of the Council's finances

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This budget monitoring report is primarily an update on the Council's financial position and does not contain any proposals

6.0 BACKGROUND

6.1 Policy Context

This report describes the Council's financial position as at the end of March 2022. Full Council agreed the 2021/22 budget on 24th February 2021.

6.2 Equality Impact Assessment

Equality impact assessments are carried out at budget setting time and included in the relevant reports to Cabinet. Such details are not repeated in this report.

6.3 Sustainability

As above

6.4 Consultations

Relevant consultations have been carried out in respect of the forecasts contained within this report involving the Mayor, the Cabinet Member for Finance, Heads and Directors of Finance and Service Directors through liaison with Finance Heads, Directors and Teams.

6.5 Risk Assessment

The risks associated with the Council's financial position are detailed in this report.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 7.1 The Group Director, Finance and Corporate Resources' financial considerations are included throughout the report.

8. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

- 8.1 The Group Director, Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council's financial affairs.

- 8.2 In order to fulfil these statutory duties and legislative requirements the Section 151 Officer will:
- (i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them.
 - (ii) Determine the accounting records to be kept by the Council.
 - (iii) Ensure there is an appropriate framework of budgetary management and control.
 - (iv) Monitor performance against the Council's budget and advise upon the corporate financial position.
- 8.3 Under the Council's Constitution, although full Council sets the overall budget, it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Council's decisions. The Cabinet must take decisions in line with the Council's overall policies and budget.
- 8.4 Paragraph 2.6.3 of FPR2 Financial Planning and Annual Estimates states that each Group Director in charge of a revenue budget shall monitor and control Directorate expenditure within their approved budget and report progress against their budget through the Overall Financial Position (OFP) Report to Cabinet. This Report is submitted to Cabinet under such provision.
- 8.5 Article 13.6 of the Constitution states that Key decisions can be taken by the Elected Mayor alone, the Executive collectively, individual Cabinet Members and officers. Therefore, this Report is being submitted to Cabinet for approval.
- 8.6 All other legal implications have been incorporated within the body of this report.

9. CHILDREN AND EDUCATION

9.1 Summary Position

- 9.1.1 The Children's & Education directorate's provisional outturn is an overspend of £2.4m after the application of reserves.

9.2 Children's Services

- 9.2.1 The Children and Families Services (CFS) provisional outturn is a £2.4m overspend at the end of March 2022 after the application of reserves. Covid-19 related expenditure accounts for £1.7m of the reported overspend.
- 9.2.2 In 2019/20, a Social Care Grant was announced for both children's and adult social care, and at that time, the funding split between the services was to be agreed locally, and so we opted to split the funding equally between both services. This has increased incrementally year on year and in this financial year, the grant increased further to £1.71bn nationally and this has meant the Council has received a total of £12.6m this year. Children's Services and Adult Social Care have each been allocated £6.3m, and this has been fully factored into the forecast. Further Social Care Grant funding has been announced for 2022/23, however It is clear that this is

not a sustainable way to fund demand pressures in social care services, and we continue to lobby Central Government for a long term funding solution.

9.3 Corporate Parenting

9.3.1 The Corporate Parenting's provisional outturn is an overspend of £2.55m after the use of £4.2m of commissioning reserves. This position also includes the use of £4.5m of Social Care Grant funding. The Covid-19 costs amounted to £972k relating to placements cost.

9.3.2 The overspend is due to an increase in numbers of Looked After Children (LAC) and Leaving Care (LC) in recent years and a marked change in the profile of placements. The outturn was £26.7m compared to last year's outturn of £25.3m – an expenditure increase of £1.4m. The main budget pressures were within residential care and semi-independent placements. Although the total number of LAC clients compared to last year has reduced (608 compared to 622), the outturn increase of £1.4m is mainly attributable to Residential Care Placements and increased rates due to a higher rate of complex care cases.

9.4 Access & Assessment and Multi Agency Safeguarding Hub

9.4.1 The Access and Assessment team has a provisional outturn underspend of £167k, relating to vacant posts within the service. This is a reduction of £69k in the overspend since last month which is due to unplanned court and legal fees, and the increased use of agency staff to cover some of the vacant posts.

9.5 Children in Need

9.5.1 The Children in Need's provisional outturn is an overspend of £323k mainly due to increases in the level of Section 17 and LAC incidental costs, which has been partly offset by the use of Children in Need reserve. Due to the pandemic and the cost of living crisis, there has been an increase in financial hardship for many families which the Council has supported this year. Compared to 2020/21, Section 17 and LAC incidental costs have increased by 15% from £1.516m to £1.749m. There has been an increase in the overspend since last month of £298 k, which relates to a combination of legal fees & court costs coupled with increased accommodation and assessment costs in Section 17 and LAC incidentals.

9.6 Disabled Children Services (DCS)

9.6.1 The DCS and Short breaks has a provisional outturn is an overspend of £421k, largely due to increased staffing costs as well as increased placements demand in homecare and direct payments respectively.

9.7 Clinical Services

9.7.1 The Clinical Services Team's provisional outturn is an underspend of £246k due to vacant posts in the service.

9.8 Family Learning Intervention Programme (FLIP)

9.8.1 FLIP has a provisional outturn is an underspend of £195k due to a number of roles in the team being held vacant throughout the year.

9.9 Young Hackney

- 9.9.1 Young Hackney's provisional outturn is a £136k underspend due to delays in recruiting to vacant posts in the service. The movement in the outturn is due to moving additional Public Health funding towards eligible expenditure within the service

9.10 Directorate Management Team

- 9.10.1 The Directorate Management Team's provisional outturn is an underspend of £172k primarily relating to the allocation of legal fees and court budgets across the service and a reduction in legal fees and court costs, including an underspend in interpreting fees. Overall net expenditure has reduced by £285k since last month.

9.11 Hackney Education

- 9.11.1 Hackney Education has a budget of £23.4m net of budgeted income of circa £224m. This income is primarily Dedicated Schools Grant of which the majority is passported to schools and early years settings or spent on high needs placements. As at the end of March 2022, Hackney Education's overspend is around £4.8m after reserves. Approximately £0.5m of this is estimated to be due to the financial impact of the Covid-19 outbreak
- 9.11.2 The balance of the overspend (£4.3m) is mainly as a result of a £7.6m forecast overspend in SEND, partially offset by savings in other areas of Hackney Education. The £7.6m overspend in SEND is a result of previously reported factors, mainly a significant increase in recent years of children and young people with Education Health and Care Plans (EHCP's)..

10.0 Adults, Health & Integration (AH&I)

10.1 Summary Position

- 10.1.1 The AH&I directorate's provisional outturn is £4.1m overspend after the application of reserves.
- 10.1.2 In 2019/20, a Social Care Grant was announced for both children's and adult social care, and at that time, the funding split between the services was to be agreed locally, and so we opted to split the funding equally between both services. This has increased incrementally year on year and in this financial year, the grant increased further to £1.71bn and this has meant the local authority has received a total of £12.6m this year. Children's Services and Adult Social Care have each been allocated £6.3m, and this has been fully factored into the forecast. It is clear that this is not a sustainable way to fund demand pressures in social care services, and we have continued to lobby Central Government for a long term funding solution.

10.2 Care Management and Adult Divisional Support

The provisional outturn is in balance (£3k budget underspend) and there is a favourable movement of £57k since last month, which is primarily as a result of an increase in the use of workforce retention grant funding towards eligible expenditure.

10.3 Provided Services

10.3.1 The provisional outturn is a £55k underspend. Within this position are two contrasting variances, i.e.

- Housing with Care (HwC) has a provisional outturn overspend of £830k. The majority is in relation to the significant cost of additional agency staff employed to cover for staff who are absent or unable to carry out full duties due to Covid-19. In addition the agreed 21/22 savings target of £500k in relation to efficiencies across the HwC schemes were not delivered this financial year - although this savings target was mitigated through contract efficiencies within commissioned services.

- Day Care Services has a provisional outturn underspend of £885k. This budget underspend is due to a significant number of staff vacancies. These vacant posts have remained unfilled throughout this financial year as activity levels are still well below pre Covid-19 activity level.

10.3.2 The favourable movement of £70k since the previous month is primarily as a result of an increase in use of non-recurrent grant funding.

10.4 Care Support Commissioning (external commissioned packages of care)

10.4.1 Care Support Commissioning (external commissioned packages of care) remains the primary reason for the directorate budget overspend, with a provisional outturn position of £5.1m. Demand for care services continues to increase at a level far greater than current funding available. Linked to the C19 pandemic there has been a significant increase in client growth primarily as a result of hospital discharges, in addition complexity of care needs continues to drive up care costs well above annual inflationary uplifts.

10.4.2 The position has moved adversely by £226k since the previous month, primarily due to increased demand for care services across care support commissioning and an increase in the bad debt provision relating to care charge

10.5 Mental Health

10.5.1 The Mental Health service provided in partnership with the East London Foundation Trust (ELFT), reports a provisional outturn position of a £1.18m overspend. This is primarily due to ongoing demand pressures within external commissioned care services such as supporting living and residential care.

10.5.2 As part of cost reduction plans, Adult Services and the ELFT will continue to work closely to forensically review care packages within the service to seek a reduction of £700k split across 2021-22 and 2022-23 financial years.

10.6 Preventative Services

10.6.1 The Preventative services provisional outturn position is a £1.2m budget underspend which is primarily attributable to the interim bed facility at Leander Court (£0.7m) and Substance Misuse (£0.3m) due to lower than expected demand for these services. In

addition the Carers services reflect a budget underspend of £0.2m due to a significant reduction in carers assessment activity linked to the Covid-19 pandemic.

- 10.6.2 The position has moved adversely by £109k, primarily as a result of additional locum staff resources employed to manage the increased demand driven by hospital discharges.

10.7 ASC Commissioning

- 10.7.1 The ASC Commissioning provisional outturn position is a £1.18m underspend, which is primarily driven by the early delivery of House Related support contract efficiencies of approximately £0.5m and one-off grant funding of £0.7m received to support Mental Health services

- 10.7.2 The position has moved favourably by £131k this month, primarily as a result of a HRS contract ceasing earlier than projected.

10.8 Public Health

- 10.8.1 The Public Health service provisional outturn is a break even position. This includes the delivery of planned savings of £217k. The Covid-19 pandemic has seen a significant increase in Public Health activity, specifically around helping to contain the Covid-19 pandemic in the local area. This work has been completed alongside ensuring demand-led services continue to be managed in order that unmet need can be identified.

- 10.8.2 In addition to the annual Public Health grant, Hackney also received additional grant funding (Covid-19 related) to help contain and manage the Covid-19 outbreak. Covid related expenditure totalled £3.2m this financial year, and this was fully funded by Covid-19 grants (Contain Outbreak Management Funding & Test & Trace support grant)

- 10.8.3 The Hackney Mortuary outturn position is a budget overspend of £213k, of which £67k relates to the balance remaining from Hackney's Wave 2 mortality management contribution. The remaining pressure of £146k is primarily due to increased mortality activity, as well as increased costs associated with building and maintenance of the Hackney mortuary.

11.0 NEIGHBOURHOODS & HOUSING DIRECTORATE

11.1 Summary Position

- 11.1.1 The directorate is forecasting an overspend of £2.7m of which £1.9m is due to the impact of Covid. This is an improvement of £70K on the February position.

11.2 Directorate Management

- 11.2.1 Directorate Management is forecasting a £47k underspend; the reduction in the forecast from February is due to delays in recruitment for a specific piece of work that needs to be carried out across the directorate in response to the results of the staff survey. Recruitment has been completed and the work will be carried out during 2022/23.

11.3 Planning Services

- 11.3.1 Planning Services provisional outturn is an overspend of £1,374K, after the use of £500K reserves to part-fund the underlying overspend in the service. This is an increase of £265K on the overspend position reported in February. The increase is wholly due to an increase in Bad Debt Provision where charges on properties have yet to be validated by Legal Services. There is a £280k variance in Land Charges income as a direct result of the cyberattack where only a partial service will be provided until the summer of 2022. The underlying overspend in Planning Services is primarily related to Planning Application fees and Building Control fees income, which has seen a steady decline over the past year. The service has achieved the vacancy factor savings of £150K, but this reduction in resources will impact on the resource to process planning applications and is leading to pressures on existing staff.
- 11.3.2 The shortfall in planning application fee income, within the underlying overspend, is linked to a decline in the number of very large major applications being received rather than a significant fall in overall planning application numbers for the past 2 - 3 years. This has further resulted in a reduction in the CIL and s106 income due to delays of schemes starting construction. There has been an increase in Planning Performance Agreement income which is now meeting its budgeted income levels, and additional charges have been introduced for commercial planning enquiries. In addition, there has been a recent promotion of the building control services.

11.4 Environmental Operations

- 11.4.1 Environmental Operations has completed the year with a provisional outturn overspend of £1,014K which is primarily due to the impact of Covid-19, this is an increase of £51K from the February forecast. This increase is due to an increase in the fuel costs. The underlying overspend in the service, i.e. non Covid-19 related, is £160k which is primarily related to vehicle repairs and maintenance and rising fuel costs. The Covid-19 impact on the service in 2021/22 was £873k

11.5 Community Safety, Enforcement and Business Regulation

- 11.5.1 Community Safety Enforcement and Business Regulation (CSEBR) provisional outturn is an overspend of £355K; this is a favourable movement of £261K from the February position. The main overspend is within Civil Protection for Covid-19 related costs, an overspend of £667K. The main driver of the overspend is the cost of Covid-19. The improvement since February has been in the main due to the application of additional grants applied directly to the service.

12.0 FINANCE & CORPORATE RESOURCES

12.1 Summary

- 12.1.1 F&R has a provisional outturn overspend of £6.1m - an increase of £91k from the previous month. Of this, £5.37m is due to the impact of the cyberattack and £1.17m is due to Covid..

12.2 Financial Management & Control

12.2.1 Financial Management provisional outturn is an overspend of £131k which is an adverse movement of £31k on last month's forecast. The overspend relates to the costs of a Project Accountant to assist with tracking and monitoring the cyberattack spend as well as reviewing all business cases for additional spend on the recovery.

12.5 Education Partnerships

12.5.1 Education partnerships has fully utilised the £308k budget across 2021/22. The reserve drawdown of £35k relates to revenue expenses at the Britannia, which are covid related. The vacancy saving of £6k has been achieved.

12.6 Property Services

12.6.1 Overall, Property Services' provisional outturn is an overspend of £258k which is an improvement of £0.95m compared to last month's forecast. The main reason for the decrease is due to an amount of commercial rent bad debt provision previously being included in the forecast not being as high as anticipated. The overspend is after £2.73m of reserves usage and £98k appropriated to reserve. This includes £2.5m set aside in the Building Capacity Reserve (BCR) to cover the proposed new structure which addresses the shortfalls in resources within the service and reduces the use of unbudgeted consultants & agency staff.

12.6.2 The Commercial Property overspend has reduced to £84k mainly due to the bad debt provision not being as high as anticipated. This includes a £98k contribution to the Dalston Square reserve. The service is working to ensure long term income is maximised where possible by supporting local businesses; particularly those affected by covid through the use of payment plans and rent free periods.

12.6.3 Education Property is overspent by £91k but the same amount from the empty property reserve will ensure a balanced budget.

12.6.4 Corporate Property and Asset Management are overspending by £2.674m. It has also been agreed that they can use the surplus Annex budget to cover some of their costs. This overspend includes £135k of reserve usage for empty properties and two surveyors.

12.6.5 The reserves usage is in relation to the cost of Empty properties (£91k), £133k in Adult Social Care from the CCG to contribute towards two surveyors, £3k Education Empty Property, plus the £2.5m set aside in the BCR to facilitate the recruitment of additional posts in the proposed new structure.

12.7 Revenues and Benefits

12.7.1 Revenue and Benefits are reporting a provisional outturn overspend of £1.83m after reserves usage. This results from the cyberattack which has increased the bad debt provision required at year end for the overpayment of benefits, which are unlikely to be recovered.

12.7.2 This is an adverse movement of £1.23m on last month's forecast, which is wholly due to the increase in the overpayment bad debt provision requirement which as we have seen, results from the cyberattack..

12.7.3 Revenues and Benefits Customer Services have recently undergone a restructure to consolidate the Corporate and Housing Contact Centres, in order to increase frontline staff and reduce the need for agency staff. The total overspend for 2021/22 is £326k as the restructure remains in the transition period, there is an ongoing requirement for agency staff.

12.8 Housing Needs General Fund

12.8.1 Housing Needs has a provisional outturn overspend of £554k after the allocation of grant income and reserves which is an adverse movement of £379k on February's forecast. This is a result of an increase in the bad debt provision required for rental income from temporary accommodation.

12.8.2 Covid related costs for Housing Needs are £2m for 2021/22, which relates to the ongoing support provided for rough sleepers, following the 'everyone in' programme which commenced as a result of the pandemic. Specific funding has now been identified for £1.2m and the homelessness grant held in reserves from previous years has been used to cover the remaining costs. The programme finished at the end of the financial year, as residents have transitioned into more suitable, permanent accommodation. Specific funding has been identified for the accommodation and ongoing support into 2022/23.

12.9 Facilities Management

12.9.1 Facilities Management has a provisional outturn overspend of £121k, which is predominantly due to increased security costs as a result of the LLW. Generally it is difficult to absorb these costs within the existing cash limits, as the security budget makes up a significant proportion of this.

12.10 Audit & Anti-Fraud

12.10.1 Audit & Anti-Fraud's provisional outturn is an underspend of £379k due to staff vacancies. There is going to be a restructure in the next financial year. The favourable movement of £55k is due to mainly revising down an IT audit forecast.

12.11 ICT

12.11.1 Overall, the ICT Division has a provisional outturn overspend of £3,749k after a £204k reserve drawdown. This is a £227k favourable movement on the previous month's forecast. £3.3m expenditure was necessary to restore and rebuild systems following the cyberattack.

12.11.2 ICT Corporate are reporting an overspend of £3,398k after a drawdown from reserves and recharges identified for project work across the council. Following on from meetings with the Cyber Lead and Service Heads, the net favourable change of £105k is mainly due to a combination of Cyber projects no longer happening and additional spend on existing projects.

12.11.3 Financial Management Systems have an underspend of £54k for 21/22.

12.11.4 Hackney Education ICT has overspent by £450k which is a favourable movement of £103k from February's forecast. This movement is mainly attributable to staff leaving and planned expenditure not occurring.

13.0 CHIEF EXECUTIVE

13.1 Summary

13.1.1 The Chief Executive Directorate services are forecast to underspend by £27k after the use of reserves - a reduction in the underspend of £45k.

13.2 Engagement, Culture and Organisational Development

13.2.1 Engagement, Culture and Organisational Development provisional outturn is an overspend of £70K after the use of reserves of £375k. This is an improvement of £105k from the February position. The improvement results from the allocation of a grant in respect of Covid income losses and an increase in income from venues, design and film activities. The impact of Covid-19 accounts for £238k loss of income. The service has offset this loss of income through a combination of additional income from internal bookings and holding vacancies across the service. The underlying Covid-19 related expenditure of £819k is due to the self-isolation support framework forecast which cost £608k and support for clinically extremely vulnerable residents which cost £97k, which are fully funded from a combination of government grants and health funding.

13.3 Libraries & Heritage

13.3.1 The provisional outturn for Libraries & Heritage is a £9k underspend. The reduction of £99k from the February forecast is predominantly due to staff movement where a number of staff left the service and new starters not taking up positions so vacancies were held longer than expected.

13.4 Legal & Governance

13.4.1 Legal & Governance services' provisional outturn is an overspend against the budget of £182k after usage of reserves of £218k. This is an increase in net expenditure of £342k since the February position and is due entirely to external legal costs and disbursements relating to casework which has yet to be recharged to services. The underlying position in Legal and Governance Services is an underspend against the budget of £160K, the position reported in February.

13.5 Inclusive Economy and Corporate Policy

13.5.1 Inclusive Economy and Corporate Policy are currently forecasting a provisional outturn underspend of £229k, an increase in the underspend of £149k from the February position. The forecast underspend is due to a combination of vacant posts, employees not on top of spinal points, and employees opting out of the pension scheme and application of Covid related grant income. The change in the outturn relates to the application of grant income across the service.

13.6 Regeneration

- 13.6.1 Within Regeneration, there is a £96k underspend currently forecast after reserves usage. The majority of this underspend relates to savings within Private Sector Housing, which are offset somewhat by cost pressures within the Housing Strategy and Policy Team.

14.0 HOUSING REVENUE ACCOUNT (HRA)

- 14.1 The provisional HRA provisional outturn reflects the continuing impact of the recovery from Covid, when the repairs that could be carried out in the first quarter were limited and there was a moratorium on eviction. As restrictions have gradually been lifted, the demand for repairs has increased, the volume of work exceeded the capacity of the DLO, therefore additional work will be allocated to contractors. During the pandemic there has been a significant increase in rent arrears, procedures have been introduced to escalate those cases. Escalation was limited due to access to courts and so arrears continued to rise, however the arrears levels have now stabilised and it is hoped to see a reduction in 2022/23.
- 14.2 The resultant overspend in the HRA from Covid and the cyber attack has been funded from a reduction in RCCO (Revenue Contribution to Capital). The current capital contracts have ended and are being re-procured, and so there is limited value of works remaining on the expired contracts, therefore there was no capital funding from RCCO required during the year. However, the planned works and the funding will be required in future years and factored into a revision of the HRA business plan.
- 14.3 More specifically, Dwelling Rent and Tenant Charges is £1.076m under budget due to a continued increase in voids due to the demolition of properties on regeneration estates and the delays in the re-letting of properties.
- 14.4 The reduction in Non-dwelling Rent income of £50k is due to restricted and limited bookings in Community Halls.
- 14.5 The Leaseholder Charges for services variance of £1.085m is a result of the increase charges for the 2020/21 actuals, billed in September 2021, and the forecast outturn position impact on charges, reflecting the increase cost of insurance
- 14.6 The reduction in the Other Charges for Services and Facilities income (£1.466m) is due to the Thames Water contract having ended early this year.
- 14.7 On the Expenditure side, the Housing Repairs Account has overspent due to restriction during the first quarter of 2021/22 where work carried out was less than planned, but establishment costs were still incurred. When the restrictions were lifted, later in the year, there wasn't capacity to carry out all of the reported repairs, and so there was an increase in work passed to contractors. In addition, there was a continued increased number and cost of legal disrepair cases.
- 14.8 The Special Services overspend of £1,486k is due to an increase in lift servicing and repairs, estate cleaning and an increase in utility costs.
- 14.9 The increase in Bad and Doubtful debt is as a result of the increase in arrears during the year, from £15m to £20m (including former tenants arrears).

- 14.8 To offset the variances, the RCCO has been reduced to produce a balanced budget. This capital resource was not required in the year due to a reduced capital programme. Any remaining surplus has been transferred to reserves to fund future capital investment

15.0 CAPITAL

- 15.1 The capital expenditure outturn for 2021/22 is £154.2m, £12.2m below the revised budget of £166.4m. This represents an outturn of 93% against the current revised budget position at March 2022. It also represents 65% of the budget of £236.4m, approved by Cabinet in February 2021 (Council's Budget Report). Covid-19 and the additional financial pressures continue to have a major impact on the Capital Programme and have impacted the start times and the delivery of projects and programmes. A summary of the forecast by the 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 September Capital Update report along with details of the requested transfer of resources and associated approvals into the 2022/23 capital programme.

Table 1 Summary of the Capital

Capital Programme Final Outturn 2021-22	Budget Set at Feb Cab 2021	Revised Budget Position at March 2022	Final Outturn	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Chief Executive's (Non-Housing)	3,047	2,279	2,077	(202)
Adults, Health & Integration	39	0	0	0
Children & Education	15,858	11,422	9,577	(1,845)
Finance & Corporate Resources	15,292	8,597	8,809	212
Mixed Use Development	34,315	13,332	11,777	(1,555)
Neighbourhood & Housing (Non)	26,974	24,278	19,848	(4,430)
Total Non-Housing	95,525	59,908	52,089	(7,820)
AMP Housing Schemes HRA	64,175	43,281	43,751	471
Council Schemes GF	11,273	22,183	25,734	3,551
Private Sector Housing	2,122	1,580	869	(711)
Estate Regeneration	38,394	20,736	17,717	(3,019)
Housing Supply Programme	18,638	11,909	9,472	(2,437)
Woodberry Down Regeneration	6,263	6,782	4,561	(2,221)
Total Housing	140,864	106,471	102,105	(4,366)
Total Capital Budget	236,389	166,380	154,194	(12,186)

15.2 CHIEF EXECUTIVE'S (NON-HOUSING)

15.2.1 The final outturn for the Chief Executive (Non-Housing) is £2.08m, £0.20m below the revised budget of £2.28m. More detailed commentary is outlined below.

CX Directorate Capital Forecast	Budget Set at Feb Cab 2021	Revised Budget Position at March 2022	Final Outturn	Variance
	£000	£000	£000	£000
Employment, Skills & Adult Learning	0	13	13	(0)
Libraries and Archives	1,753	269	86	(183)
Area Regeneration	1,294	1,997	1,978	(19)
Total Non-Housing	3,047	2,279	2,077	(202)

15.2.2 Employment, Skills & Adult Learning

The final outturn for the overall Employment, Skills & Adult Learning is in line with the in-year respective budget. The main project 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 and the equipment for face-to-face adult learning was installed at the employment Hubs.

15.2.3 Libraries and Archives

The final outturn for the overall Libraries and Archives is £0.09m, £0.18m below the respective in-year budget of £0.27m. As reported at quarter 4, the majority of the Libraries capital programme has been pushed back to 2022/23 to reflect the phasing of the works for the Stoke Newington library project and the slippage in the general planned maintenance and improvement budgets due to the desire to link the investment in our facilities to the developing Library Strategy. The team retained a small contingency budget this year to cover any emergency work during the year. The variance budget will be carried forward to support the 2022/23 programme.

15.2.4 Area Regeneration

The final outturn for the overall Area Regeneration is largely in line with the respective in-year budget of £2m with a minor underspend. Below is a brief update on a few of the schemes:

Dalston & Hackney Town Centre - The final outturn is £6k which is in line with the forecast. The preferred supplier for Lead Architecture services has been identified with an appointment to be recommended to the Cabinet Procurement and Insourcing Committee in July 2022. The appointment of a Commercial advisor is also underway, to be completed by July 2022. The underspend will be carried forward to the 2022/23 budget to reflect the anticipated spend.

Ridley Road Improvements - The final outturn is £1.05m, £0.15m, above the in-year budget of £0.85m. The implementation of all public realm improvements at Ashwin Street is now complete. This includes the implementation of new granite paving, planting of 9 trees, new sustainable drainage systems and shrubs, and resurfaced carriageway.

At Ridley Road the free public wifi has been installed and is fully accessible to traders and the local community. 13 new trees have been planted throughout the length of Ridley Road Market, 4 of the 7 new seats have been installed with the remainder to go in, in June. The granite sets in the horseshoe area are now implemented with the work to complete granite sets in the Market Garden area and entrance from Kingsland High Street and the remaining seating will be completed in June 2022. The road resurfacing will take place in July 2022. The gazebo stalls have been ordered and should be delivered in early June 2022. The work to commence engagement with the local community on the installation of the Gateway signage will commence in June 2022. The project will be fully implemented by quarter 2 of 2022/2023. The overspend will be covered by the 2022/23 budget as part of the carry forward exercise.

Plough Yard Fit Out - There was no spend in 2021/22 against the in-year budget of £0.17m. This is due to a delay in signing the lease agreement with Plexal, meaning the fit-out and ventilation works had been delayed until 2022/23. The underspend will be carried forward to the 2022/23 budget.

Multi Use Games Area (MUGA) and Classroom Project at 80-80a Eastway - The final outturn is £0.91m, £0.06m above the in-year budget of £0.85m. The project is completed and the new sports/community facility is now open. The team is in the process of agreeing the final accounts. The overspend will be funded by the 2022/23 budget as part of the reprofiling exercise.

Trowbridge Centre Improvements - There was no spend in 2021/22 against the in-year budget of £20k. The underspend is due to the decision to change the use of the remaining budget. The budget will now fund public realm improvements at this site as opposed to purchasing an additional pod. The design works have started and the underspend will be carried forward to 2022/23 to reflect the anticipated spend.

15.3 CHILDREN AND EDUCATION

15.3.1 The final outturn for Children and Education is £9.6m, £1.8m below the revised budget of £11.4m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2021	Revised Budget Position at March 2022	Final Outturn	Variance
	£000	£000	£000	£000
Children & Family Services	0	572	95	(477)
Education Asset Management Plan	3,484	2,233	2,063	(170)
Building Schools for the Future	0	302	249	(52)
Other Education & Children's Services	1,937	2,460	2,503	43
Primary School Programmes	6,548	2,406	2,113	(293)
Secondary School Programmes	3,889	3,449	2,553	(896)
TOTAL	15,858	11,422	9,577	(1,845)

15.3.2 Children & Family Services

The final outturn for the overall Children & Family Services is £95k, £477k below the in-year budget of £572k. Below is a brief update on the two schemes:

Carer Loft Conversion - The final outturn is £90k, £132k below the in-year budget of £222k. As a result of the ongoing Covid-19 pandemic, two of the projects have not progressed as expected, causing the variance. The other project is progressing moderately and is anticipated to complete in 2022/23. This project is for three loft conversions to our in-house foster carer homes with the aim to enable foster carers to offer increased capacity for ongoing placements to young people. The variance will be carried forward to 2022/23 to reflect this change.

Shoreditch Play Adventure - The final outturn is £5k, £345k below the in-year budget of £350k. The initial costs are for the initial design work of the Shoreditch Play Adventure hut. Circa £300k is the main cost of the build which should commence from September 2022 and finish in December 2022.. The remaining £45k is the cost of a project manager to oversee the process. The variance will be carried forward to 2022/23 to support the programme of works.

15.3.3 Education Asset Management Plan

The final outturn for the overall Education Asset Management Programme is largely in line with the in-year respective budget of £2.2m with a minor underspend. 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, Queensbridge, Colvestone, Lauriston Primary Schools - All works completed in line with the in-year budget of £778k with minor underspend. The variance will be carried forward to cover any retention due in 2022/23.

Randal Cremer Primary School - The final outturn is nil spend against the in-year budget of £40k. The variance is due to the delay with Procurement. This project will now be delivered in the financial year 2022/2023 and the variance will be carried forward.

Shoreditch Park Primary School - The final outturn is £480k, £21k above the in-year budget of £459k. This is due to additional works completed to support boundary walls at the main school. The overspend will be funded by the 2022/2023 budget.

Sir Thomas Abney Primary School - The final outturn is £30k, £4k above the in-year budget of £26k. There is a small overspend due to the emergency water pump replacement. The overspend will be funded by the 2022/2023 budget.

Berger Primary School - The final outturn is £271k, £29k below the in-year budget of £300k. The comfort cooling upgrade works were ongoing up until the end of 2021/22 and now continuing into the new financial year. The variance will be carried forward into 2022/23 to support ongoing works.

15.3.4 Other Education & Children's Services

The final outturn for the overall Other Education and Children's Services is £2.4m with a minor overspend. 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:

Queensbridge School - The final outturn is £6k, £4k above the in-year budget of £2k. The project is almost complete and the variation is due to emergency health and safety purchases for the school. The overspend will be funded by identified underspends in other SEN projects.

The Garden School - The final outturn is in line with the in-year budget of £2.10m with a minor overspend. There was more work than anticipated, hence the minor overspend in 2021/22. The work will be continuing into 2022/23. The overspend will be funded by the budget in 2022/23.

Gainsborough School - The final outturn is £15k, £22k below the in-year budget of £37k. The retention is due in quarter 2 of 2022/23. There are savings due to the Project completing early. The underspend will be used to support any overspending in the other SEN projects.

15.3.5 Primary School Programmes

The final outturn for the overall Primary School Programmes is largely in line with the full in-year respective budget of £2.4m with a minor overspend. Below is a brief update on a few of the schemes:

Woodberry Down Children Centre - Relocation - The final outturn is £39k, £63k below the in-year budget of £101k. The variance is due to a delay to start on site caused by initial blockage of the access road by Berkeley Homes. The 'start on site' is due May 2022. The variance will be carried forward to the 2022/23 budget to reflect this change.

Princess May (Facades Work) - The final outturn is in line with the in-year budget of £240k with no further expenditure due.

De Beauvoir (Facades Work) - The final outturn is £231k, £125k below the in-year budget of £357k. The underspend is due to initial savings in 2021/22. The works will continue into 2022/2023 therefore the underspend will be carried forward and used to cover the expected increase in materials prices in 2022/23.

Gayhurst and Grasmere School (Facades Work) - There was no spend during 2021/22 against the in-year budget of £235k due to the delays in the procurement process. The remedial works to the facades of these schools will start next financial year. The budget will be carried forward into 2022/2023.

Hoxton Gardens (Facade Work) - The final outturn is £317k, £7k below the in-year budget of £324k. The works are ongoing into 2022/2023. The completed element of the work has been approved and the variance is due to initial savings which might be used up because of the increases in prices of materials in 2022/23. The budget will be carried forward into 2022/2023.

Mandeville (Facades Work) - The final outturn is £22k, £15k above the in-year budget of £7k. The variance is due to the scheme starting earlier than planned. The scheme will continue in 2022/23 and the overspend will be covered by the budget in 2022/23.

Millfields (Facades Work) - The final outturn is £305k, £73k above the in-year budget of £231k. The work is ahead of schedule and the variations have been approved for the works causing the variance. The overspend will be funded by the 2022/23 budget as part of the slippage exercise.

Morningside (Facades Work) - The final outturn is £353k, £23k below the in-year budget of £376k with no further expenditure due. The variance will cover any identified overspends in the facade programme.

Randal Cremer Façade - The final outturn is £31k against a nil budget in 2022/22. The work is complete. There will be a review in 2022/23 to see if any additional works are needed. The overspend will be funded by the 2022/23 budget as part of the reprofiling exercise.

Rushmore School (Facades Work) - The final outturn is £201k, £41k above the in-year budget of £160k. The overspend is due to a minor variation caused by the boundary wall works affecting the final completion. The overspend will be funded by identified underspends in the overall facades programme as part of the reprofiling exercise.

15.3.6 Secondary School Programmes

The final outturn for the overall Secondary School Programmes is £2.6m with an underspend of £0.8m against the in-year budget of £3.5m. This is the upgrade and improvement to the lifecycle of the Education Estate based on statutory surveys which includes works such as upgrades to roofing, emergency lighting, heating, boiler, fire safety and CCTV upgrades. Below is a brief update on a few of the schemes:

Stoke Newington School Lifecycle - The final outturn is largely in line with the in-year budget of £1.4m with a minor underspend. Although the discovery of asbestos delayed the start on site slightly, the works to replace the roof and boiler have now commenced on a full scale. The roof replacement scheme is on track to be delivered with a completion date for the end of 2022/23. The boiler element will be completed in the summer holidays of 2022/23. The minor underspend will be slipped to the budget in 2022/23.

The Urswick School (Expansion Work) - The final outturn is £197k, £107k below the in-year budget of £304k. The cost of hiring a modular building for 5 years was below what was estimated, causing the underspend. The variance will be carried forward to the 2022/23 budget to continue the programme of works.

Haggerston School Lifecycle - The final outturn is £36k, £623k below the in-year budget of £659k. The tender for roofing works has returned but unfortunately there is a shortage of staffing resources in Procurement which means the project has not progressed as originally planned, causing the underspend. The variance will be slipped to the 2022/23 budget to continue the programme of works.

15.4 FINANCE AND CORPORATE RESOURCES

15.4.1 The final outturn for the overall Finance and Corporate Resources is £20.6m, £1.3m below the revised budget of £21.9m. More detailed commentary is outlined below

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2021	Revised Budget Position at March 2022	Final Outturn	Variance
	£000	£000	£000	£000
Property Services	11,022	3,979	2,795	(1,184)
ICT	3,518	3,861	5,771	1,910
Other Schemes	752	757	243	(514)
Total	15,292	8,597	8,809	212
Mixed Use Development	34,315	13,332	11,777	(1,555)
TOTAL	49,607	21,930	20,586	(1,343)

15.4.2 Strategic Properties Services - Strategy & Projects

The final outturn for the overall Strategic Property Services is £2.8m, £1.2m below the in-year respective budget of £4m. Below is a brief update on the schemes:

Annex (Staff Moves) and Decant to Maurice Bishop House and Christopher Adderson House - The final outturn is £253k, £49k below the in-year budget of £204k. The budget will be used on furniture and future room alterations. The variance will be carried forward to the 2022/23 budget to continue the rollout.

Hackney Education (Restack) - The final outturn is £2k, £2.7k below the in-year budget of £4.9k. The underspend will fund the work to the new signage and therefore the variance will be carried forward into the budget in 2022/23.

Hackney Service Centre (Infrastructure, Restack, Flooring & Lighting Upgrade) - The final outturn is £463k, £66k below the in-year budget of £529k. The flooring and lighting upgrade and the actions coming from the structural engineer's report will commence in 2022/23. The work on acoustic pods, lockers, chairs to support users' requirements will also continue into the next financial year. Therefore the underspend will be carried forward to the 2022/23 budget.

40-43 St Andrews Road - The final outturn is £140k, £78k below the in-year budget of £218k. Final account is being agreed and the remaining budget to be spent on various small closeout items.

14 Andrews Rd (The Council's Vehicles Maintenance Workshop) - The final outturn is £22.5k, £2.5k below the in-year budget of £20k. The revised design for the new office accommodation is being finalised. The works are due to commence in January 2023. Therefore the variance will be carried to the 2022/23 budget.

Stoke Newington Assembly Hall - The final outturn is £371k, £130k below the in-year budget of £501k. The work to replace the assembly hall ceiling is to commence in September 2022. The other works relating to the fabric and mechanical

and electrical are currently being scoped. The variance will be carried forward to the 2022/23 budget.

Corporate Property Annual Surveys -The final outturn is £29k, £133k below the in-year budget of £152k. The survey work is expected to continue into the new financial year therefore the variance will be carried forward to the 2022/23 budget.

The City & Hackney Clinical Commissioning Group (CCG) Primary Care Project - The final outturn is £381k, £279k below the in-year budget of £660k. The project is now in the construction stage with a contractor appointed. The variance will be carried forward to the 2022/23 budget to support the timeline of the project.

Remedial Fabric Works at Millfields Disinfecting Station - The final outturn is in line with the in-year budget of £30k with a minor underspend. Phase 1 work is complete and the final account payments to be made. Phase 2 works are to be determined by the project manager but anticipated to spend the remaining budget in 2022/23. The variance will be carried forward to the 2022/23 budget to support the next phase of works.

Landlord Works to 80-80a East Way (The Old Baths) - The final outturn is £288k against a nil budget in 2022/22. The project is complete and the final account has been agreed. The overspend will be funded by identified underspends in the overall property programme.

Landlord Works 12 -14 Englefield Road (East and South-East Asian Community Centre) - The final outturn is £54k, £26k below the in-year budget of £80k. The tender is due out in June 2022 with works due to commence in November 2022. The variance will be carried forward to the 2022/23 budget.

Landlord Works 329 Queensbridge Road (Marie Lloyd Day Centre) - The final outturn is £24k, £125k below the in-year budget of £150k. The works are currently out to tender and due to commence in September 2022. The variance will be carried forward to the 2022/23 budget.

Landlord Works at 61 Leswin Road (The Old Fire Station) - The final outturn is £231k against the nil in-year budget. The contractor is appointed with work due to commence in July 2022. The overspend will be funded by the 2022/23 budget.

15.4.4 ICT Capital

The final outturn for the overall ICT scheme is £5.8m, £3.6m above the in-year respective budget of £3.9m. Below is a brief update on the schemes:

Cyber Recovery - The most significant variance in ICT relates to the cyber recovery and the acceleration of upgrades due to the loss of data. The overspend will be part-funded from the 2022/23 budget and identified underspends in the overall ICT Capital programme.

End-user IT Equipment, Mobile Phone Refresh and Members Device Refresh - Final outturn is £295k, £174k below the in-year budget of £470k. Phase 2 of End-User IT Equipment and Mobile Phone refresh is with Procurement. The variance will be carried forward to the 2022/23 budget to continue the roll out of the devices.

Devices for Hackney Residents - Final outturn is £13k, £45k below the in-year budget of £58k. The underspend will be used to fund library projects in Hackney Central in 2022/23 and the variance carried forward.

ICT Health Check - Final outturn is £22k, £60k below the in-year budget of £100k. The underspend will be used to fund the Google Optimisation Projects in 2022/23 therefore the variance will be carried forward.

15.4.5 Corporate Resources Other Schemes

The final outturn for the overall Corporate Resources Other Schemes is £0.24m, £0.51m below the in-year respective budget of £0.76m. Below is a brief update on the schemes:

E-Tendering System - The final outturn is £5k, £10k below the in-year budget of £15k. The project has been delayed in 2021/22. The underspend will be carried forward to the 2022/23 budget to continue the rollout.

Shoreditch Hoxton Heat Cluster - The final outturn is £35k, £35k below the in-year budget of £70k. The works are paused due to the departure of the Project Manager therefore the variance will be carried forward to the 2022/23 budget.

Green Homes Fund - The final outturn is £40k, £148k below the in-year budget of £188k. The project has been delayed in 2021/22. The underspend will be carried forward to the 2022/23 budget to continue the programme.

Solar Pilot (Leisure Centres) - The final outturn is £34k, £50k below the in-year budget of £85k. The work on this project is completed and the remaining budget will be carried forward to fund the Solar Pilot (Commercial) in 2022/23.

Solar Pilot (Commercial) - The final outturn is £130k, £270k below the in-year budget of £400k. The work was delayed in 2021/22 but is set to continue in 2022/23 and the variance will be carried forward to continue the programme of works.

15.4.6 Mixed Use Developments

Tiger Way - The final outturn is £228k above the nil in-year budget in 2021/22. The project is complete and at the snagging and defect stage, causing this minor overspend against this project. The roof replacement is in the defect stage with no reported issues. 50% of the retention has been released to McLaren with the expected final payment to be released in June 2022. The delay in releasing the full retention at practical completion was due to long-standing defects, primarily the roof. The overspend will be funded from the 2022/23 budget.

Nile Street - The final outturn is £1.3m above the in-year budget of £92k. Final accounts have been agreed with McLaren, but there are likely to be some final adjustments in 2022/23. There are ongoing inspections to pick up and resolve defects. The contractor plans to resolve defects by the end of quarter 2 of 2022/23. The overspend will be funded from the 2022/23 budget.

Britannia Site - The final outturn is £11.8m, £1.6m below the in-year budget of £13.3m. Phase 1a (Leisure) and Phase 1b (CoLASP) are now in the defects period. The overall underspend is from various areas:

- Some of the provisional sums which formed part of the phase 1 contractors contracts were not realised.
- Contingency spend for phase 1 has also come in under budget.
- Due to the refusal of the Section 77 application for phase 2a site the programme for phase 2b has been delayed slightly which in turn delayed the phase 2b spend.

The refusal by the Secretary of State of the Section 77 application for part of the Shoreditch Park Primary School Playground on which Phase 2a of the scheme (81 affordable and 12 private units) was to be delivered prompted a feasibility exercise to consider how the affordable housing could be delivered on the phase 2b site. Following this, a revised tenure and unit mix for Phase 2b to include the 81 affordable units along with 314 private residential units was presented to the March 2022 Cabinet. In order to recover all or some of the lost income from the Phase 2a site, the Council is reserving the right to submit a new S77 application to deliver private housing on the Phase 2a site in the future.

All of the delays set out above have contributed to the overall variance. A Cabinet Report went to the March Cabinet to update Members on delivery and to approve the next stages of the Britannia masterplan. The underspend at year end will go towards the next phase of the programme in 2022/23.

15.5 NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

15.5.1 The final outturn for the overall scheme in the Neighbourhoods and Housing (Non) is £19.8m, £4.4m under the revised budget of £24.3m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Budget Set at Feb Cab 2021	Revised Budget Position at March 2022	Final Outturn	Variance
	£000	£000	£000	£000
Leisure, Parks & Green Spaces	13,566	5,446	3,581	(1,865)
Streetscene	11,856	13,298	10,335	(2,962)
Environmental Operations & Other	626	601	317	(284)
Public Realms TfL Funded Schemes	0	3,880	4,561	681
Parking & Market Schemes	358	50	69	19
Community Safety, Enforcement & Business Regulations	567	1,003	985	(18)
Total	26,974	24,278	19,848	(4,430)

15.5.2 Leisure, Parks and Green Spaces

The final outturn for the overall Leisure, Parks and Green Spaces is an underspend of £1.5m against the in-year respective budget of £5.5m. Below is a brief update on the schemes:

Essential Maintenance to Leisure Centres - The final outturn is £228k, £108k above the in-year budget of £120k. The main spend is on the Kings Hall Leisure Centre building which constantly requires maintenance to keep it open and meet Health and Safety standards. The overspend will be funded by the 2022/23 budget.

Clissold Park Paddling Pool The final outturn is £38k, £640k below the in-year budget of £678k. The underspend was due to the delay in appointing the contractors. The contractors started work in March 2022 with completion due in June 2022. The variance will be carried forward to the 2022/23 budget to reflect the actual spend of the works.

Shoreditch Park - The final outturn is £231k, £389k below the in-year budget of £600k. The underspend is due delays with contractors. Planning approval was granted in July 2021 and, whilst work to improve the Park has been delayed by the coronavirus pandemic, the contractors started on site in February 2022 with completion due in September 2022. This is a community-led improvement project to the park and will include sports pitch improvement works, implementation of a new outdoor gym, multi-use games area (MUGA), beach volleyball court, new planting, pathways, entrances and children's playground area. The variance will be carried forward to the 2022/23 budget to support the continued works.

Abbey Park - The final outturn is £1.1m, £0.3m below the in-year budget of £1.4m. The sign off of the main steelwork package for fabrication and order is placed. The service trenching works to the Chapel is completed. The steelwork for the Chapel Mezzanine is in fabrication. The blockwork for the Chapel toilets is now complete and agreement made on the welfare links pending design. The variance will be carried forward to the 2022/23 budget to support the continued works.

Parks Equipment and Machinery - The final outturn is £231k, £35k below the in-year budget of £106k. The team are progressing with the upgrade of parks equipment and machinery but there are currently supplier issues resulting in underspends this quarter as the team are dependent on current availability. The variance will be carried forward to the 2022/23 budget when the delivery is expected. The pump chambers in the Café and Chapel have been installed.

Parks Public Conveniences & Cafes - The final outturn is £316k, £111k below the in-year budget of £427k. This scheme is to provide enhancements of two public conveniences per year over a 4 year period, which started with Hackney Downs and Millfields in 2019. London Fields, Haggerston toilets and Clissold Pavilion are now complete and open to the public. The variance will be carried forward to the 2022/23 budget to support the continued works.

Parks Play Areas Improvements - The final outturn is £136k, £163k below the in-year budget of £300k. The contractors have been appointed to refurbish five play areas. Phase 1 play refurbishment works to Clapton Pond are complete and Haggerston Park, Clapton Square, Stoke Newington Common and Butterfield Green contractor is appointed, with works to commence in September 2022 (after summer holidays) due to be completed by the end of 2022. Phase 2 play refurbishment works to Hackney

Downs, Well Street Common, Stonebridge Gardens and Clapton Common - Public consultation on designs completed, designs being updated and costed. Application for common consent to be submitted to the Planning Inspectorate by Summer 2022 with works expected to commence upon approval. Expected to be early 2023 (6 months approval process). The variance will be carried forward to the 2022/23 budget to support the next phase of works.

Parks Depot - The final outturn is £35k, £10k above the in-year budget of £25k. The project is in the initial stages. The main contractor is appointed and works will commence in the Autumn of 2022/23. The overspend will be funded from the 2022/23 budget.

West Reservoir Improvements - The final outturn is £60k against the nil in-year budget for 2022/23. The water source heat pump project work has commenced with completion due July 2022. The overspend will be funded by the 2022/23 budget as part of the slippage exercise.

Millfields Estate Play Area refurbishments and Mabley Green All-weather pitch Refurbishments - All of the works were completed in line with the in-year budget of £154k.

St Leonard's Church Wall repairs - Final outturn is £36k, £9k below the in-year budget of £23k. These works were completed with a minor overspend which will be funded by identified underspends in the Park's Infrastructure budget as part of the reprofiling exercise.

15.5.3 Streetscene

The final outturn for the overall Streetscene is £10.3m, £2.9m below the in-year budget of £13.3m. Below is a brief update on the schemes:

Park Trees Programme - Final outturn is £42k, £153k below the in-year budget of £195k. The work is delayed as the contractor is prioritising the main Tree Planting programme which is ongoing into 2022/23. The variance will be carried forward to the 2022/23 budget to support the continued roll-out.

Tree Planting Programme - Final outturn is £2.1m, £0.4m below the in-year budget of £2.5m. This project is ongoing into 2022/23. The volume of work and the timeline of planting is limited within the year, therefore, the variance will be carried forward to the 2022/23 budget to support the continued programme.

Highways Planned Maintenance, Highways Planned Water Drainage, Bridge Maintenance, Road Safety, Develop Borough Infrastructure and Borough Wide 20mph - Final outturn is £4.5m, £0.4m below the in-year budget of £4.9m. These schemes are a rolling programme of works into 2022/23. The variance will be carried forward to the 2022/23 budget to support the continued works.

Air Quality and Active Travel, Dockless Bikes, EV Buildout Go Ultra Low City - Final outturn is £63k, £627k below the in-year budget of £691k. The contractors have been appointed. The variance will be carried forward to the 2022/23 budget to support the continued programme.

Highways Work (S106 Funded) - The S106-funded programmes for Highway works is underspent by £1.2m against the in-year respective budget of £2.4m. With these schemes, the service does not have control over when work may begin because they must wait for the developers to finish their work. The variance will be carried forward to the 2022/23 budget.

15.5.4 Public Realms TfL Funded Schemes

The final outturn for the overall Public Realms TfL Funded Schemes is £4.6m, £0.7m above the in-year budget of £3.9m. All the funding has been maximised in 2021/22. The variance is due to the revised budget not aligned to the grant as the allocation of the grant varies during the year.

15.5.4 Community Safety, Enforcement & Business Regulations

The final outturn for the overall Community Safety, Enforcement & Business Regulations is largely in line with the in-year budget of £1m with a minor underspend. Below is a brief update on a few of the schemes:

Enforcement Strategy Database - The final outturn is in line with the in-year budget of £180k with a minor underspend. The project is still in the development stage. The team negotiated a better deal resulting in an underspend against the forecast. The underspend will be carried forward into the 2022/23 budget.

Shoreditch CCTV Camera Upgrade - The final outturn is in line with the in-year budget of £605k. The works are 91% complete and 40 of the 44 cameras are installed and running. The balance is held up due to factors such as long term building works with hoardings and scaffolding on the public highway preventing us digging it up, as well as TfL withholding permission to dig up roads due to recently installed surfaces by them. These issues will resolve over time but are outside the Council's control. The upgrade will continue into 2022/23.

Dalston CCTV Camera Upgrade - The final outturn is £177k, £20k below the in-year budget of £197k. The works are complete except one camera; this has been delayed because Highways have moved an adjacent lighting pole, causing difficulties in putting a pole base in as the sub-surface contains unusually high quantities of building debris. Trial digging is underway to establish a new site for it; this will be completed imminently. Full completion is due in 2022/23 and the variance will be carried forward into the 2022/23 budget.

15.6 HOUSING

15.6.1 The final outturn for the overall Housing is £102.1m, £4.4m below the revised budget of £106.5m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Set at Feb Cab 2021	Revised Budget Position at March 2022	Final Outturn	Variance
	£000	£000	£000	£000
AMP Housing Schemes HRA	64,175	43,281	43,751	471
Council Schemes GF	11,273	22,183	25,734	3,551
Private Sector Housing	2,122	1,580	869	(711)
Estate Regeneration	38,394	20,736	17,717	(3,019)
Housing Supply Programme	18,638	11,909	9,472	(2,437)
Woodberry Down Regeneration	6,263	6,782	4,561	(2,221)
Total Housing	140,864	106,471	102,105	(4,366)

15.6.2 AMP Housing Schemes HRA

The final outturn for the overall scheme is largely in line with the in-year budget of £43.3m with a minor overspend which will be covered by the 2022/23 budget.

As mentioned at the previous quarter, the delivery programme for Bridport has been revised with works being pushed back into next year following protracted negotiations with the contractor Wilmot Dixon.

Fermain Court has been hit with asbestos on the front and rear behind cladding panels which could not have been anticipated. The contractor forecasted more completions which have not materialised by the end of this financial year.

The brought forward projects were prioritised and some works for Suffolk and Arden have been deferred into next financial year. There is also a reduction in the scope of work on both projects. The emphasis is now on fire stopping works instead of full roof void compartmentation.

The increase in costs for the Integrated Housing Management System follows initiatives taken in the aftermath of the Cyber attack.

15.6.3 Council Schemes GF

The final outturn for the overall scheme is £25.7m, £3.6m above the in-year budget of £22.2m. The overspend will be covered by the 2022/23 budget. The main expenditure (£23.6m) in this scheme relates to Leaseholder Buybacks. 56 units were bought back during the year, including bulk purchases from L&Q and Local Space. These purchases are being part funded by either 1-4-1 RTB receipts or GLA Buyback funding.

There continues to also be significant spend on Regeneration voids which are to be used as Temporary Accommodation properties. This includes 5 units to be allocated to Afghanistan refugee families.

55 Albion Grove Hostel re-fit works are now complete and no further expenditure is expected.

15.6.4 Private Sector Housing Schemes

The final outturn for the overall scheme is £0.9m, £0.7m below the in-year budget of £1.6m. The underspend in the Disabled Facilities Grants will be utilised by Adult Services. The underspend in both the General Repairs grant and Warmth and Security grant is due to lower applications than expected. The spend is expected to increase in 2022/23 and the variance will be carried forward to the 2022/23 budget.

16.6.5 Estate Regeneration Programme (ERP)

The final outturn is £17.7m, £3m below the in-year budget of £20.7m. Below is a brief update on the projects:

Estate Renewal Implementation - The final outturn is £3.2m, £4.3m below the in-year budget of £7.5m. The main spend relates to the Mayor's Housing Challenge where Housing Associations utilise some of our RTB receipts to improve the affordable unit mix on their developments. The reason for the underspend in the period is due to the admin and development charge from revenue being allocated against the individual projects. The underspend will fund identified overspends across the programme.

Marian Court - The final outturn is £2.3m, £0.6m above the in-year budget of £1.7m. The procurement is currently on-going amid challenging market conditions due to high cost inflation. The 'start on site' is currently scheduled for Summer 2022. The overspend will be funded by identified underspends across the programme.

Bridge House - The final outturn is £74k, £53k above the in-year budget of £21k. The project was handed over but retention is still being held. Final Accounts should be settled imminently. The overspend will be funded by underspends across the overall programme.

Kings Crescent Phase 3 & 4 - The final outturn is in line with the in-year budget of £1m with a minor overspend. The procurement is currently on-going amid challenging market conditions due to high cost inflation. The 'start on site' is currently scheduled for January 2023. The minor overspend will be funded by underspends across the overall programme.

Colville Phase 2 - The final outturn is £207k, £35k above the in-year budget of £172k. The project was handed over and retention now released. The overspend will be funded by identified underspends across the programme.

Colville Phase 2C - The final outturn is £875k, £362k above the in-year budget of £512k. The procurement is currently on-going amid challenging market conditions due to high cost inflation. The 'start on site' is currently scheduled for March 2023. The overspend will be funded by underspends across the programme.

Colville Phase 4 and 5 - The final outturn is £527k, £1.8m below the in-year budget of £2.4m. The spend in the year relates to Buybacks. The underspend against the forecast was due to the reduction of buybacks which will now complete in 2022/23. The underspend will go to the 2022/23 budget.

St Leonard's Court The final outturn is £29k, £16k above the in-year budget of £14k. The project was handed over but retention is still being held. Final Accounts should be settled imminently. The overspend will be funded by identified underspends across the overall programme.

Nightingale Block E - The final outturn is £746k, £502k above the in-year budget of £244k. The procurement is currently on-going amid challenging market conditions due to high cost inflation. The 'start on site' is currently scheduled for October 2022. The overspend will be funded by underspends across the overall programme.

Frampton Park Regeneration - The final outturn is £1.2m, £1.1m above the in-year budget of £11k. The final account is now settled, which came in slightly higher than expected due to cost increases. The overspend will be funded by identified underspends across the overall programme.

Lyttelton House - The final outturn is £165k, £155k above the in-year budget of £10k. The final account is now settled, which came in slightly higher than expected due to cost increases. The overspend will be funded by identified underspends across the overall programme.

Tower Court - The final outturn is £7.1m, £354k above the in-year budget of £6.7m. The construction is progressing well. Some units have been handed over and project completion is due for September 2022. The overspend will be funded by the allocated 2022/23 budget

Sheep Lane - The final outturn is £8k, £6k below the in-year budget of £15k. 7 units have now been sold. The project is complete and no further costs are expected. The underspend will fund identified overspends across the overall programme.

Garage Conversion Affordable Workspace - The final outturn is £79k, £147k below the in-year budget of £226k. The spend this year mainly relates to design development, with no work costs to start until at least 2022/23. The variance will be slipped to the 2022/23 budget.

15.6.6 Housing Supply Programme

The final outturn is £9.5m, £2.4m below the in-year budget of £11.9m.. Below is a brief update on the projects:

Gooch House - The final outturn is £379k, £419k below the in-year budget of £800k. Contract works have started on site. Works are due to complete in July 2022, which is a slight delay since last quarter and explains the reduction in outturn. The underspend will be carried forward to 2022/23 to continue the roll out of this programme.

Wimbourne Street and Buckland Street - The final outturn is £637k, £1.3m below the in-year budget of £1.9m. A cost optimisation process is currently underway with the preferred contractor. Savings are being investigated to try and achieve an agreeable

position before the contract becomes unconditional. The underspend will be carried forward to 2022/23 to continue the roll out of this programme.

Murray Grove - The final outturn is £377k, £270k above the in-year budget of £108k. Bids received for the build contractor were significantly higher than expected. Options are currently being investigated which means the 'start on site' will be delayed. The overspend will be funded by identified underspends across the overall programme.

Pedro Street, Tradescant House and Woolridge Way - The final outturn is £1.4m, £0.4m above the in-year budget of £1m. The rectification works relating to the ground contamination is currently being undertaken. The options for the site and re-procurement are to start next financial year. The overspend will be funded by identified underspends across the overall programme.

De Beauvoir Phase 1 (Downham Road East, Downham Road West, Balmes Road, 81 Downham Road and Hereford Road) - The final outturn for these schemes is £1.2m, £0.6m above the in-year budget of £0.6m. Invitation To Tender for the main contractor will be issued late in 2022. The overspend will be funded by identified underspends across the overall programme.

Mandeville Street - The final outturn is in line with the in-year budget of £1m with a minor underspend. The Shared Ownership units were completed and handed over prior to the end of the financial year. The remaining Social Rent units are due to be handed over in quarter 1 of 2022/23. The underspend will cover any overspend in the overall programme.

Lincoln Court - The final outturn is £435k, £45k above the in-year budget of £390k. The site is on hold due to viability issues and other maintenance works at Lincoln Court. The overspend will be funded by identified underspends across the overall programme.

Rose Lipman Project - The final outturn is £1.1m, £766k above the in-year budget of £328k. The overspend is mainly due to a completed buyback, which wasn't budgeted for until 2022/23. Design works are ongoing to identify cost savings and to ensure a viable position can be reached. The site is due to go to Planning in January 2023. The overspend will be funded by the 2022/23 budget.

Daubeney Road - The final outturn is £3m, £0.3m below the in-year budget of £3.3m. The site is due for completion in June 2022. There have been continued price rises owing to Covid-19, party wall issues and design updates. The underspend will be carried forward to 2022/23 to continue the roll out of this programme.

15.6.7 Woodberry Down Regeneration

The final outturn is £4.6m, £2.2m below the in-year budget of £6.8m. There have been 6 Leaseholder Buybacks completed during 2021/22. The 9 other units which were previously allowed for in the forecast are now expected to complete during 2022/23 and this explains the reduction in spend since last quarter. The underspend will be carried forward to 2022/23 to continue the roll out of this programme.

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