

CAPITAL

This paper updates the Audit Committee following the Quarter 2 Capital Expenditure exercise for the financial year 2022/23. The actual year to date capital expenditure for the four months April 2022 to September 2022 is **£24.3m** and the forecast is currently **£165.2m**, **£12.2m** below the revised budget of **£177.3m**. This represents a forecast of 68% of the budget of £244.3m, approved by Cabinet in February 2022 (Council's Budget Report). Each financial year, two re-profiling exercises within the capital programme are carried out in order that the budgets and monitoring reflect the anticipated progress of schemes. The November Cabinet was asked to approve the Capital Update Acquisition and Disposal Cabinet Report recommending the phase 2 reprofiling of £13.9m capital budget into future years. A summary of the forecast and phase 2 re-profiling by directorate is shown in the table below along with brief details of the reasons for the major variances.

Capital Programme 2022/23	Budget Set at Feb Cab 2022	Budget Position at Sept 2022	Spend	Forecast	Variance (Under/Over)	Capital Adjustments	To Re-Profile 2022/23	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's	4,035	1,008	56	408	(600)	0	(150)	858
Adults, Health & Integration	30	30	0	0	(30)	(30)	0	0
Children & Education	14,862	19,065	2,200	15,689	(3,376)	(0)	(2,677)	16,388
Finance & Corporate Resources	28,668	20,344	2,006	17,047	(3,297)	0	(3,297)	17,047
Mixed Use Development	32,382	11,894	125	9,650	(2,244)	0	(3,187)	8,707
Climate, Homes & Economy	40,318	34,004	5,627	24,809	(9,194)	(4)	(9,092)	24,908
Total Non-Housing	120,297	86,344	10,015	67,603	(18,741)	(34)	(18,403)	67,907
AMP Housing Schemes HRA	43,886	41,409	9,444	42,689	1,280	0	1,280	42,689
Council Schemes GF	6,999	4,426	447	6,532	2,107	0	0	4,426
Private Sector Housing	2,164	1,210	447	1,210	0	0	0	1,210
Estate Regeneration	30,003	12,203	1,304	12,928	725	(0)	725	12,928
Housing Supply Programme	33,406	23,353	2,146	24,923	1,570	0	1,570	24,923
Woodberry Down Regeneration	7,595	8,382	505	9,294	912	0	912	9,294
Total Housing	124,052	90,982	14,292	97,576	6,593	(0)	4,487	95,469
Total Capital Budget	244,349	177,326	24,306	165,179	(12,147)	(34)	(13,916)	163,376

CHIEF EXECUTIVE'S

The current forecast for the overall Chief Executive's is £1m, £3.2m below the revised budget of £4.2m. More detailed commentary is outlined below.

CX Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Sept 2022	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Libraries and Archives	4,035	1,008	56	408	(600)	Stoke Newington Library - The variance relates to the budget set aside for the refurbishments at this site. The spend for this year will be for the initial surveys and development plans. The project has been delayed due to the rising cost of the works and options needed to be appraised as to mitigating the cost and keeping within budget. The bid requesting spend approval for the work went to Cabinet in October 2022.
Total Non-Housing	4,035	1,008	56	408	(600)	

ADULTS, HEALTH AND INTEGRATION

The overall forecast for Adults, Health and Integration in this Quarter is no spend against the respective in-year budget of £30k.

AHI Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Sept 2022	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Adults, Health and Integration	30	30	0	0	(30)	Median Road - The project is no longer going ahead. This budget will be offered up for savings.
TOTAL	30	30	0	0	(30)	

CHILDREN AND EDUCATION

The current forecast for the overall Children and Education is £15.7m, £3.4m below the revised budget of £19.1m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Sept 2022	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Children & Family Services	0	477	45	477	0	No material variance.
Education Asset Management Plan	4,095	2,920	506	2,415	(505)	Morningside Primary School (Lighting Upgrade) - The Project Manager is currently reviewing the overall project costs of the scheme which is expected to start in quarter 4 of 2022/23. The variance has been re-profiled to reflect the anticipated spend.
Building Schools for the Future	38	91	23	91	0	No material variance.
Other Education & Children's Services	1,328	1,596	(150)	1,651	55	Education SEND Strategy - This project is in the initial feasibility stages and the Project Manager is awaiting the survey schedules. There is a likelihood that the costs will be slightly higher than previously forecasted for this financial year. Despite the increased cost, the total cost will still be within the overall approved budget. The budget from 2022/23 has been re-profiled back to current year to cover this overspend.
Primary School Programmes	6,368	10,755	2,060	8,390	(2,365)	Woodberry Down Children Centre Relocation - The variance relates to the procurement delays which impacted the project starting on time. The contractors have now started on site with the contractor's first invoice expected by the end of quarter 2. The budget has been re-profiled to 2023/24 to reflect the revised programme.
Secondary School Programmes	3,033	3,226	(285)	2,665	(561)	Stoke Newington School Lifecycle Work - The roof is near completion and the lighting upgrade is due to go out to tender. £0.5m underspend will be used for the redecoration works at the school site. Therefore this underspend will be transferred to support this work.
TOTAL	14,862	19,065	2,200	15,689	(3,376)	

FINANCE AND CORPORATE RESOURCES

The forecast for the overall Finance and Corporate Resources is £17m, £3.3m below the in-year respective budget of £20.3m. More detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Sept 2022	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Property Services	23,772	14,563	860	11,507	(3,057)	CCG - Forecast is £3m, £2m u/spend against £4m budget. All the costs for this financial year are for 'Design and Build' at both sites. Construction will continue into 2023/24. The variance has, therefore, been re-profiled to 2023/24 in line with the actual programme.
ICT	4,243	4,143	1,070	4,143	0	No material variance.
Other Schemes	654	1,638	76	1,398	(240)	Community Energy Fund - The fund is scheduled to launch on the 1st of November. The application process will be open until January 2023 when we will review the bids and allocate the initial circa £75k for feasibility studies which will take 2-3 months to complete. Once these are finalised, we will open the capital stage where we will allocate the remaining £225k for solar installation projects. £10k has been reserved for promotion, events and unexpected costs.
Total	28,668	20,344	2,006	17,047	(3,297)	
Mixed Use Development	32,382	11,894	125	9,650	(2,244)	Britannia Site 2b - Phase 2b (Residential) is in the initial stages. The tender is out for a design and build contractor to carry out the works required. The forecast figures now include marketing collateral and temporary marketing suite fit out to the end of the financial year. As previously reported in quarter 1 the underspend is due to a delay to the start of the construction programme which was due to start in quarter 4 of 2022/23 and now pushed back to start in quarter 1 of 2023/24.
TOTAL	61,051	32,238	2,131	26,697	(5,540)	

CLIMATE, HOMES AND ECONOMY

The overall forecast in Climate, Homes & Economy is £24.8m, £9.2m under the revised budget of £34m. More detailed commentary is outlined below.

Climate, Homes & Economy Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Sept 2022	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Leisure, Parks & Green Spaces	22,934	19,640	2,786	12,950	(6,690)	Kings Hall LC £2.9m u/spend - Due to resourcing issues within the service the project has been delayed. The Design Team has now been appointed. The Contractors will be appointed in 2023/24, therefore, the variance has been re-profiled in line with the revised programme. London Fields Learner Pool - £3m u/spend. The Design team is now appointed and will be on site late Autumn 2022/23. The majority of the spend will take place once the contractor is appointed therefore the variance has been re-profiled to 2023/24 to reflect the next phase of the programme.
Streetscene	12,765	11,150	1,085	9,912	(1,238)	Infrastructure Programme -The £1.2m underspend relates to Infrastructure Programmes which need to be re-profiled as the service has been prioritising schemes which are grant funded and there are specific time restrictions on spend and claims. A number of infrastructure bids have now been submitted for spend approval to the October 2022 Cabinet. The remaining budget will be re-profiled to 2023/24 to support the continued works.
Environmental Operations & Other	734	734	0	254	(480)	Fleet replacement - There will be a minimal amount of spend for this financial year in this area. The fleet replacement project is planned to take place in future years therefore the underspend has been re-profiled to 2024/25. Depot Repairs Programme - This is the budget held for the Depot Repairs Programme which has no plans to spend this year.
Public Realms TfL Funded Schemes	0	0	1,628	0	0	No material variance.
Parking & Market Schemes	308	70	0	96	26	No material variance.
Community Safety, Enforcement & Business Regulations	493	512	5	188	(324)	Enforcement Strategy Database - The forecast is nil spend. There are still ongoing development additions or upgrades to be progressed.
Area Regeneration	3,084	1,899	123	1,409	(490)	Dalston and Hackney Town Centre - The spend this year relates to design team fees, a development advisor and a cost consultant as the feasibility work progresses. The remaining

Climate, Homes & Economy Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Sept 2022	Spend	Forecast	Variance	Explanation
						spend will most likely take place in 2023/24 therefore the budget has been re-profiled.
Total	40,318	34,004	5,627	24,809	(9,194)	

HOUSING

The overall forecast in Housing is £97.6m, £6.6m above the revised budget of £91m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Sept 2022	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
AMP Housing Schemes HRA	43,886	41,409	9,444	42,689	1,280	Fire Risk Assessments - The Council's Hackney Procurement Board recently approved the urgent fire safety works at Fellows Court following a mobilisation order from The London Fire Brigade. Whilst steps were taken to ensure 'cost certainty' there remains a possibility that the final spend could be higher due to extra design and specifications to be agreed with the Contractor post procurement.
Council Schemes GF	6,999	4,426	447	6,532	2,107	Purchase Leasehold Properties - There continues to be a programme of HRA Buybacks on existing estates of former Right-to-Buy properties. These are partly funded by either ring-fenced Right-to-Buy receipts or GLA Buyback Grant and will result in savings for Housing Needs. The current forecast reflects the expectation that at least 10 properties will be purchased this year, as part of the agreement with Local Space.
Private Sector Housing	2,164	1,210	447	1,210	0	No material variance.
Estate Regeneration	30,003	12,203	1,304	12,928	725	Marian Court - Demolition is due to start soon. The project should then be going into a cost optimisation period with the preferred contractor, with a view to reducing costs and improving viability. The increase in costs relates to CIL and S106 payments which were not previously forecast until next financial year. The budget from future years will be brought forward to cover this overspend.

Housing Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Sept 2022	Spend	Forecast	Variance	Explanation
Housing Supply Programme	33,406	23,353	2,146	24,923	1,570	Wimbourne Street and Buckland Street - Both sites are now under contract and works have started, with an estimated completion date of June 2024. The increase compared to the last quarter is due to receiving an updated cash flow forecast from the Contractor, which showed the programme spend accelerated compared to previous expectations. The budget from future years will be brought forward to cover this overspend.
Woodberry Down Regeneration	7,595	8,382	505	9,294	912	The increase compared to budget is driven by the £4m overage payment that is now due to Berkeley Homes. This is somewhat offset by a reduction in the number of Buybacks now expected to complete during this year, with 11 now estimated compared to last quarters 16. The budget from future years will be brought back to cover this overspend.
Total Housing	124,052	90,982	14,292	97,576	6,593	