

## CAPITAL

This paper updates the Audit Committee following the Quarter 1 Capital Expenditure exercise for the financial year 2023/24. The actual year to date capital expenditure for the four months April 2023 to July 2023 is £12.3m and the forecast is currently **£244.7m, £113.2m** below the revised budget of **£357.9m**. This represents a forecast of 80% of the approved budget of £307m, approved by Cabinet in February 2023 (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. A total of £115m (phase 1 re-profiling) was transferred to future years agreed at the September 2023 Cabinet and a total of £37.4m budget from 2022/23 was brought into the current capital programme. A summary of the forecast and phase 1 re-profiling by directorate is shown in the table below along with brief details of the reasons for the major variances.

Capital Programme 2023/24	Budget Set at Feb Cab 2023	Budget Position at July 2023	Spend	Forecast	Variance (Under/Over)	Capital Adjustments	To Re-Profile 2023/24	New Bids	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's	2,310	2,767	0	576	(2,191)	0	(2,175)	158	749
Adults, Health & Integration	2,166	3,304	129	2,447	(857)	(119)	(738)	0	2,447
Children & Education	14,422	21,269	2,346	18,485	(2,784)	0	(2,636)	0	18,633
Finance & Corporate Resources	30,339	40,170	2,345	37,232	(2,937)	30	(1,120)	(750)	38,330
Mixed Use Development	63,113	63,800	(563)	34,915	(28,885)	0	(28,885)	0	34,915
Climate, Homes & Economy	37,093	52,367	3,006	37,895	(14,472)	(38)	(13,622)	494	39,201
<b>Total Non-Housing</b>	<b>149,443</b>	<b>183,676</b>	<b>7,264</b>	<b>131,551</b>	<b>(52,126)</b>	<b>(127)</b>	<b>(49,176)</b>	<b>(98)</b>	<b>134,275</b>
AMP Housing Schemes HRA	51,408	52,991	6,006	48,752	(4,240)	(0)	(4,240)	1,365	50,116
Council Schemes GF	2,621	3,738	846	6,524	2,785	0	(2,102)	4,250	5,886
Private Sector Housing	2,031	1,932	440	1,702	(230)	(150)	(80)	0	1,702
Estate Regeneration	55,713	60,486	409	26,174	(34,312)	(633)	(33,679)	0	26,174
Housing Supply Programme	33,048	42,835	410	21,153	(21,682)	0	(21,682)	0	21,153
New Homes	0	0	15	633	633	633	0	0	633
Woodberry Down Regeneration	12,772	12,239	(3,139)	8,178	(4,061)	0	(4,061)	0	8,178
<b>Total Housing</b>	<b>157,593</b>	<b>174,222</b>	<b>4,988</b>	<b>113,115</b>	<b>(61,107)</b>	<b>(150)</b>	<b>(65,844)</b>	<b>5,615</b>	<b>113,842</b>
<b>Total Capital Budget</b>	<b>307,036</b>	<b>357,898</b>	<b>12,251</b>	<b>244,666</b>	<b>(113,232)</b>	<b>(277)</b>	<b>(115,020)</b>	<b>5,517</b>	<b>248,118</b>

## CHIEF EXECUTIVE'S

The current forecast for the overall Chief Executive's is £0.6m, £2.2m below the in-year revised budget of £2.8m. Below is a brief update on the main variance:

CX Directorate Capital Forecast	Budget Set at Feb Cab 2023	Budget Position at July 2023	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Libraries and Archives	2,310	2,767	0	576	(2,191)	Stoke Newington Library Refurb: The project has been re-planned to start the stakeholder engagement process. It is now envisaged that the main contract for repairs to the building will run from summer 2024, subject to the procurement process generating value for money tenders. Therefore the budget has been re-profiled to reflect the likely timeframe of the project.
<b>Total</b>	<b>2,310</b>	<b>2,767</b>	<b>0</b>	<b>576</b>	<b>(2,191)</b>	

## ADULTS, HEALTH AND INTEGRATION

The overall forecast for Adults, Health and Integration is £2.5m, £0.9m below the respective in-year budget of £3.3m. Below is a brief update on the main variance:

AHI Directorate Capital Forecast	Budget Set at Feb Cab 2023	Budget Position at July 2023	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Adults, Health and Integration	2,166	3,304	129	2,447	(857)	Hackney Mortuary Refurb: £0.9m u/spend. The design and planning is complete. The two tenders are out; one for the building and one for the equipment (fridges etc) both due back September 2023. The award of the contract is due by Autumn 2023. The construction 'start on site' date is expected by Autumn 2024. U/spend has been re-profiled 2024/25.
<b>Total</b>	<b>2,166</b>	<b>3,304</b>	<b>129</b>	<b>2,447</b>	<b>(857)</b>	

## CHILDREN AND EDUCATION

The current forecast is £18.5m, £2.8m below the in-year revised budget of £21.3m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2023	Budget Position at July 2023	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Children & Family Services	0	327	0	152	(175)	Shoreditch Play Adventure: £175k u/spend. The contract award for project management is imminent. Once the team is appointed, they will re-tender the contract for the build. U/spend has been re-profiled to 2024/25.
Education Asset Management Plan	6,937	7,817	419	6,509	(1,309)	Benthal Primary School (Mitigation Work): £455k u/spend. Spend relates to the small cost for erecting school fences. AMP Contingency Budget: £517k u/spend. The forecast is based on the programme of works expected for this year. Berger Primary School (Comfort Cooling System): £277k u/spend. The project is in the procurement stage. The tenders are being validated by the procurement team and planned works will start in Quarter 3 once contractors have been appointed. Woodberry Down Primary School: £850k u/spend. The project is in the procurement stage. The Project Manager is looking to appoint the LEP for this procurement. U/spend has been re-profiled to 2024/25.
Education Sufficiency Strategy	0	48	0	5	(43)	No material variances.
SEND and Other Education	1,036	3,649	545	2,122	(1,527)	8 projects (Education SEND Strategy, Simon Marks, Nightingale, Sebright, Side by Side, Daniel House, The Bridge Academy & Comet CC) are in the early initial stages of feasibility and meetings are taking place to discuss the procurement stage. Therefore an overall total of £1.5m has been re-profiled to future years.
Primary School Programmes	4,121	6,110	940	7,036	926	Mandeville (Facades Work): £1.1m o/spend. The variation is as a result of additional health and safety works to the roof. This work was identified as likely to be required in May 2022. Inspections were undertaken by the contractors and specialist consultants following a local incident and it was determined that the entire roof exhibited similar defects and that all the stonework to this roof level would require urgent reactive maintenance. The o/spend has been funded by identified

						underspends across the programme.
Secondary School Programmes	2,328	3,318	442	2,662	(656)	Lifecycle Works (Early Failure/Reactive) Contingency Budget: £1.1m u/spend. Part of the budget has been used to fund identified o/spends across the programme and the remaining budget has been re-profiled to 2024/25 to support future works. Temporary Secondary School Audrey Street Site: £217k o/spend. The project to restore the grounds and park after dismantling the modular building is currently underway. The costs are coming in higher than originally estimated. Haggerston School Lifecycle (Roof & Boiler replacement): £214k o/spend. The works related to the ongoing roof replacement on site. The planned delivery of this contract will conclude in 2023/24.
<b>TOTAL</b>	<b>14,422</b>	<b>21,269</b>	<b>2,346</b>	<b>18,485</b>	<b>(2,784)</b>	

## FINANCE AND CORPORATE RESOURCES

The forecast for the overall Finance and Corporate Resources is £72.1m, £31.8m below the in-year respective budget of £104m. More detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2023	Budget Position at July 2023	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Property Services	19,211	21,456	1,917	20,032	(1,423)	Voluntary and Community Sector Fire Risk & Remedial Works (General Fund): £0.8m u/spend. The team is progressing with the schedules and consulting with the end users for the final program for each site. The majority of the work will commence in Autumn 2023. The variance will remain in this year's budget for now but will be reviewed next quarter.
ICT	1,383	3,445	118	2,366	(1,079)	ICT Resource: £1.1m u/spend. This is the main budget for all ICT capital projects. The u/spend is not being re-profiled as the team are working on imminent bids held for the Council's Education Device Refresh and Telephony Replacement. The variance will be reviewed next quarter.
Other Schemes	8,640	9,964	309	9,529	(435)	Building Access System: £430k u/spend. The project is estimated to start in December 2023. The plan is to spend £20k this year and the remaining next financial year. Therefore the variance has been re-profiled to the 2024/25 budget to reflect the actual spend of the project.
Temporary Accommodation	1,105	5,305	0	5,305	0	No material variances.

<b>Total</b>	30,339	40,170	2,345	37,232	(2,937)	
Mixed Use Development	63,113	63,800	(563)	34,915	(28,885)	The reason for the lower forecast is that the Britannia Phase 2b project (Residential Private & Social Housing) is later starting on site and the construction spend has been amended in line with the contractor's construction estimated cash flow now that the contractor has been appointed. The variance has been re-profiled to future years (again in line with the contractors forecast cash flow). The remaining budget for Phase 1a (new Leisure centre) and Phase 1b (CoLASP) is for retention payments, Britannia Masterplan contingency and Colville energy centre contribution.
<b>TOTAL</b>	93,452	103,970	1,782	72,147	(31,822)	

## CLIMATE, HOMES AND ECONOMY

The overall forecast in Climate, Homes and Economy is £37.9m, £14.5m under the revised budget of £52.4m. More detailed commentary is outlined below.

Climate, Homes & Economy Capital Forecast	Budget Set at Feb Cab 2023	Budget Position at July 2023	Spend	Forecast	Variance	Explanation
	£000	£000	£000	£000	£000	
Leisure, Parks & Green Spaces	17,220	24,109	1,116	14,979	(9,130)	Kings Hall Leisure Centre (Refurbishment): £1.6m u/spend. This year's spend will be £1m to cover design team fees and PCSA for contractors and a £0.5m contingency budget to cover any emergency repairs that are needed. Essential Maintenance to Leisure Facilities: £1.3m u/spend. This is the budget held for reactive maintenance in the Council's leisure facilities. The u/spend will fund the London Fields Lido Teaching Pool project which is due to be completed in Autumn 2024. The remaining budget will be reprofiled to the 2024/25 budget to fund further maintenance and repair works to the Council's leisure facilities as and when required. London Fields Lido Teaching Pool: £3.3m u/spend. The project is at the design and planning stage with construction to commence in January 2024. West Reservoir Improvements: £1.9m u/spend. The consultation is complete. The team is in the process of submitting a planning application by September 2023. The construction will start in quarter 4. The variance has been re-profiled to the 2024/25 budget.
Streetscene	14,991	19,738	1,266	19,332	(406)	Dockless Bikes, EV Charging Points and Legible London Signing: £370k u/spend. The reduction in spend compared to budget is due to delays in the project due to long lead time in procurement and the consultation process. The variance has been re-profiled to the 2024/25 budget.

Environmental Operations & Other	1,287	1,606	0	706	(900)	Waste & Fleet Replacement: £0.9m u/spend. This forecast is based on the vehicles expected to be replaced this financial year. £99k will be used to cover two Parks electric vans and a £50k contingency will be held for any emergency replacements in the year. There is a long term plan to look at the Council's future fleet requirements and the desire to replace them with electric vehicles. The supply is not quite available on the market as yet but the Project Manager wants to progress a feasibility study later in the year. The variance has been re-profiled to the 2024/25 budget for the time being and reviewed as part of budget-setting.
Public Realms TfL Funded Schemes	0	0	422	0	0	No material variance. This is TfL grant funded schemes which LBH will be notified of the funding allocation mid year.
Parking & Market Schemes	1,457	1,304	0	926	(378)	Cycle Hangers project: £0.4m u/spend. The variance is due to delays in the project due to long lead time in procurement and consultation process. The remaining variance has been re-profiled to the 2024/25 budget to continue the roll out of this programme.
Community Safety, Enforcement & Business Regulations	670	924	61	696	(228)	Enforcement Strategy database: £20k u/spend. The spend this financial year will be on new laptops/tablets that are required for the new database compatibility. The remaining variance has been re-profiled to the 2024/25 budget to support future commitments.
Area Regeneration	1,468	4,686	142	1,256	(3,430)	Hackney Central Levelling Up Projects: £2.2m u/spend. The LuF funding has been re-profiled. All LuF funding is on track to be spent before the grant funding deadline
<b>Total</b>	<b>37,093</b>	<b>52,367</b>	<b>3,006</b>	<b>37,895</b>	<b>(14,472)</b>	

## HOUSING

The overall forecast in Housing is £113.1m, £61.1m below the revised budget of £174.2m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Position at July 2023					Explanation
	Spend	Forecast	Variance			
	£000	£000	£000	£000	£000	
AMP Housing Schemes HRA	51,408	52,991	6,006	48,752	(4,240)	Main variance relates to Fire Risk Works - £2.3m u/spend. The forecast is part of a wider fire entrance door programme approved at £5.6m. September will see the rollout of stage 1 which consists of the installation of 1,400 doors at a cost of £2.8m. Green Initiatives- £1.2m u/spend. The

						programme is awaiting procurement of a mechanical contractor.
Council Schemes GF	2,621	3,738	846	6,524	2,785	Main variance relates to Purchase Leasehold Properties - £4.2m o/spend. 1 unit was completed in quarter 1 relating to the Local Space deal, with a further 4 expected to be completed in quarter 2 and the remaining 2 units to be completed before the end of the financial year. By Qtr2 £4.2m will be added to the budget (as per a previous cabinet agreement) and the remaining funds will be spent on buybacks to be used as general needs housing.
Private Sector Housing	2,031	1,932	440	1,702	(230)	Main variance relates to General Repairs Grant - £150k u/spend. The forecast is based on expected grant awards for this financial year.
Estate Regeneration	55,713	60,486	409	26,174	(34,312)	Main variance relates to Colville Phase 2C - £19.2m u/spend. The site is currently in a pre-construction services agreement (PCSA) phase with the preferred contractor. Demolition is due to take place in Spring 2023, however the actual works are not now due to start until March 2024, which is later than expected at the time of budget setting and this explains the underspend. The budget has been re-profiled to future years to reflect the updated cash flow forecast.
Housing Supply Programme	33,048	42,835	410	21,153	(21,682)	Main variance relates to Wimbourne Street and Buckland Street - £18.5m u/spend. The sites are now under contract and the works have started. The reduction in spend compared to budget is due to the project being behind schedule, owing to the delayed delivery of a major part of the building fabric. This delay has been caused by the contractor and therefore no financial liability sits with the Council. It will cause a delay to handover and Liquid Ascertained Damages (LAD's) will be applied to recover some of the loss where possible. The budget has been re-profiled to future years to reflect the updated cash flow forecast.
New Homes	0	0	15	633	633	There is £0.6m o/spend. The budget for these projects is currently held in the Asset Review Programme with the Estate Regeneration above and a virement has been done to move the budgets to cover the o/spend. The spend in this financial year relates to Architects and other Consultants fees relating to design development of the projects.
Woodberry Down Regeneration	12,772	12,239	-3,139	8,178	(4,061)	£4m u/spend. 37 'in phase' Buybacks are required to complete before July 2025. 16 Buybacks have been estimated to complete during this financial year. These costs will be reimbursed by Berkeley Homes as part of their Land Assembly charges and the remaining budget has been re-profiled to fund the buybacks in 2024/25 and 2025/26.
<b>Total Housing</b>	<b>157,593</b>	<b>174,222</b>	<b>4,988</b>	<b>113,115</b>	<b>(61,107)</b>	