

Title of Report	Capital Update and Property Disposals and Acquisitions Report	
Key Decision No	F S216	
For Consideration By	Cabinet	
Meeting Date	18 March 2024	
Cabinet Member	Councillor Robert Chapman, Cabinet Member for Finance, Insourcing and Customer Service	
Classification	Open	
Ward(s) Affected	All	
Key Decision & Reason	Yes	Spending or Savings
Implementation Date if Not Called In	27 March 2024	
Group Director	Jackie Moylan, Interim Group Director, Finance	

1. Cabinet Member's Introduction

- 1.1 This report updates members on the capital programme agreed in the 2023/24 budget.
- 1.2 Through the proposals brought forward in this report throughout the year we demonstrate our commitment to meeting our manifesto pledges and to deliver against the Council's Strategic Plan.
- 1.3 There are no capital projects or property disposals for approval this month this report sets out the Quarter 3 Capital Monitoring position which shows a forecast spend of £175.4m against a revised budget of £212.7m.
- 1.4 This report also seeks approval to capital budget adjustments across the non housing capital programme as set out in appendix 1.
- 1.5 I commend this report to Cabinet.

2. Interim Group Director's Introduction

2.1 This report updates Members on the current position of the Capital Programme and seeks approval as required to enable officers to proceed with the delivery of those schemes as set out in section 3 of this report.

3. Recommendation(s)

Cabinet is recommended:

3.1 **That the Quarter 3 Capital Monitoring in section 11 be noted.**

3.2 **That the Capital Adjustments of the budgets as set out in Appendix 1 and summarised below be approved:**

Current Directorate	Capital Adjustments
	£'000
Non Housing	(30)
Housing	0
Total	(30)

4. Reasons For Decision

4.1 The decisions required are necessary in order that the schemes within the Council's approved Capital programme can be delivered and to approve the property proposals as set out in this report.

4.2 In most cases, resources have already been allocated to the schemes as part of the budget setting exercise but spending approval is required in order for the scheme to proceed. Where, however, resources have not previously been allocated, resource approval is requested in this report.

4.3 To facilitate financial management and control of the Council's finances.

5. Details of alternative options considered and rejected

None.

6. Policy Context

6.1 The report to recommend the Council Budget and Council Tax for 2023/24 considered by Council on 27 February 2023 sets out the original Capital Plan

for 2023/24. Subsequent update reports considered by Cabinet amend the Capital Plan for additional approved schemes and other variations as required.

6.2 **Equality Impact Assessment**

6.2.1 Equality impact assessments are carried out on individual projects and included in the relevant reports to Cabinet or Procurement Committee, as required. Such details are not repeated in this report.

6.3 **Sustainability and Climate Change**

6.3.1 As above.

6.4 **Consultations**

6.4.1 Relevant consultations have been carried out in respect of the projects included within this report, as required. Once again details of such consultations would be included in the relevant detailed reports to Cabinet or Procurement Committee.

6.5 **Risk Assessment**

6.5.1 The risks associated with the schemes detailed in this report are considered in detail at individual scheme level. Primarily these will relate to the risk of the projects not being delivered on time or to budget. Such risks are however constantly monitored via the regular capital budget monitoring exercise and reported to cabinet within the Overall Financial Position reports. Specific risks outside of these will be recorded on departmental or project based risk registers as appropriate.

7. **Comments of the Interim Group Director, Finance**

7.1 The gross approved Capital Spending Programme for 2023/24 currently totals **£212.700m (£109.552m non-housing and £103.147m housing)**. This is funded by discretionary resources, borrowing, capital receipts, capital reserves (mainly Major Repairs Reserve and revenue contributions) and earmarked funding from external sources.

7.2 The recommendations in this report will result in a revised gross capital spending programme for 2023/24 of **£212.954m (£109.287m non-housing and £103.667m housing)**.

Current Directorate	Revised Budget Position	March 2024 Cabinet	Capital Adjustments	Updated Budget Position
	£'000	£'000	£'000	£'000
Chief Executive's	366	0	200	566
Adults, Health & Integration	1,641	0	0	1,641
Children & Education	13,760	0	(0)	13,760
Finance & Corporate Resources	62,711	0	0	62,711
Climate, Homes & Economy	30,839	0	(230)	30,609
Total Non-Housing	109,317	0	(30)	109,287
Housing	103,667	0	0	103,667
Total	212,984	0	(30)	212,954

8. Comments of the Acting Director of Legal, Democratic and Electoral Services

- 8.1 The Interim Group Director, Finance 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 Proposals for capital spending shall be submitted to Cabinet for acceptance into the capital programme recommended to Full Council for adoption (paragraph 2.17, Financial Procedure Rule FPR2, Section A, Part Five of the Council's Constitution).
- 8.4 Once the capital programme has been approved, Cabinet exercises control over capital spending and resources and may authorise variations to the capital programme provided such variations are within available resources and are consistent with Council policy (paragraph 2.18, Financial Procedure Rule FPR2, Section A, Part Five of the Council's Constitution).
- 8.5 Section 106 Town and Country Planning Act 1990 permits anyone with an interest in land to enter into a planning obligation which is then enforceable by

the local planning authority. Planning obligations are private agreements intended to make acceptable developments which would otherwise be unacceptable in planning terms. Frequently such obligations require the payment of a financial contribution to compensate for the loss or damage created by the development or mitigate against the development's impact. Local authorities must have regard to the legal tests laid down in Regulation 122 of the Community Infrastructure Levy Regulations 2010 prior to requiring a developer to enter into a s106 obligation. Hackney Council approved the Planning Contributions Supplementary Planning Document on 25 November 2015 under which contributions are secured. Once completed, s106 agreements are legally binding contracts and financial contributions can only be used for the purposes specified within the obligation itself.

- 8.6 The Council also receives payments under the Community Infrastructure Levy Regulations 2010 based upon the Council's adopted charging schedule adopted in 2015 (this is separate to the Mayor of London's CIL). The Council's adopted Regulation 123 list details the infrastructure that the payments received will be spent upon. In addition, there is a neighbourhood element to CIL and areas where development is taking place will receive a proportion of the receipts to be spent in local neighbourhoods, this includes the Hackney Community Fund.

9. Comments of the Director of Strategic Property Services

None required.

10. VAT Implications on Land and Property Transaction

None required.

11. Q3 Capital OFP 2023/24

This is the third OFP Capital Programme monitoring report for the financial year 2023/24. The actual year to date capital expenditure for the nine months April 2023 to January 2024 is **£71.7m** and the forecast is currently **£175.4m, £37.3m** below the revised budget of **£212.7m**. This represents a forecast of 57% of the approved budget of £307m, approved by Cabinet in February 2023 (Council's Budget Report). A summary of forecast by the directorate is shown in the table below along with brief details of the reasons for the major variances.

Table 1 Summary of the Capital

Capital Programme 2023/24	Budget Set at Feb Cab 2023	Budget Position at Dec 2023	Spend	Forecast	Variance (Under/Over)	Capital Adjustments	New Bids	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's	2,310	366	2	401	35	200	0	566
Adults, Health & Integration	2,166	1,641	611	1,567	(74)	0	0	1,641
Children & Education	14,422	13,687	9,298	13,484	(203)	0	73	13,760
Finance & Corporate Resources	30,339	35,393	12,627	26,892	(8,501)	0	(350)	35,043
Mixed Use Development	63,113	27,668	1,499	20,706	(6,961)	0	0	27,668
Climate, Homes & Economy	37,093	30,798	16,314	25,601	(5,197)	(230)	42	30,609
Total Non-Housing	149,443	109,552	40,350	88,650	(20,903)	(30)	(236)	109,287
AMP Housing Schemes HRA	51,408	46,313	19,910	46,237	(76)	0	0	46,313
Council Schemes GF	2,621	5,886	3,430	6,569	683	0	520	6,406
Private Sector Housing	2,031	1,620	1,387	1,745	125	0	0	1,620
Estate Regeneration	55,713	20,689	4,912	17,037	(3,652)	0	0	20,689
Housing Supply Programme	33,048	19,760	3,451	9,753	(10,007)	0	0	19,760
New Homes	0	633	93	268	(365)	0	0	633
Woodberry Down Regeneration	12,772	8,246	(1,866)	5,160	(3,086)	0	0	8,246
Total Housing	157,593	103,147	31,317	86,769	(16,379)	0	520	103,667
Total Capital Budget	307,036	212,700	71,666	175,418	(37,281)	(30)	284	212,954

Children and Education

The forecast for the overall Children and Education is £13.5m, £0.2m below the in-year respective budget of £13.7m. More detailed commentary is outlined below highlighting the main variances.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2023	Budget Position at Dec 2023	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Children & Family Services	0	249	18	87	(162)
Education Asset Management Plan	6,937	3,167	1,962	2,952	(215)
Education Sufficiency Strategy	0	5	0	5	0
SEND and Other Education	1,036	1,676	1,220	1,604	(73)
Primary School Programmes	4,121	6,567	4,870	6,474	(93)
Secondary School Programmes	2,328	2,023	1,228	2,362	339
TOTAL	14,422	13,687	9,298	13,484	(203)

Education Asset Management Plan

The forecast for the overall Education Asset Management Plan is £3m, £0.2m below the in-year respective budget of £3.2m. Below is a brief update on the main variances:

Fernbank Children's Centre - The forecast is £308k above the nil in-year respective budget. The variance is as a result of urgent rectification works to the plant room and water supply which is now complete. The overspend will be funded by identified underspends across the overall programme.

Lauriston Primary School - The forecast is £152k, £173k below the in-year respective budget of £325k. These identified works include the replacement of lighting and fire alarm, fire doors and mechanical services refurbishment. This project is in the early initial stages and will take place next year. The forecast reflects the expenditure expected this financial year. The budget will be carried forward into the 2024/25 budget to support the continued works.

Gayhurst Primary School - The forecast is nil spend against the in-year respective budget of £100k. The identified works to the building fabric and the collapsed drainage sinkholes, are in the early initial stages and will take place next financial year. The underspend will fund identified overspends across the overall programme.

Primary School Programmes

The forecast for the overall Primary School Programmes is £6.5m, £0.1m below the in-year respective budget of £6.6m. Below is a brief update on the main variances:

Woodberry Down Extension and Full Refurbishment - The forecast is £2.7m, £0.3m below the in-year respective budget of £3m. The variance is due to the redesign of the roof structure and the variation sign off will be completed in the next quarter.

Mandeville Primary School Façade Works - The forecast is £1m, £0.3m above the in-year respective budget of £0.7m. The variation is due to the revision of the scope of works. This is being reviewed and awaiting legal sign off.

Orchard Primary School Façade Works - The forecast is £0.2m, £0.1m below the in-year respective budget of £0.3m. The majority of the works have been completed. The total value of the works is currently committed and paid. The variance will be carried forward to the 2024/25 budget and will support the final account.

Secondary School Programmes

The forecast for the overall Secondary School Programmes is £2.3m, £0.3m above the in-year respective budget of £2m. Below is a brief update on the main variance:

Lifecycle Works (Early Failure/Reactive) Contingency Budget - The forecast is £1.1m, £0.3m above the in-year respective budget of £0.8m. This is the contingency budget to support the overall programme and support the capitalisation of project manager direct costs, emergency and health and safety schemes across the programme in the year. This forecast is based on the expected works expected by the end of this financial year. Any overspend will be funded by the 2024/25 budget.

FINANCE AND CORPORATE RESOURCES

The forecast for the overall Finance and Corporate Resources is £47.6m, £15.5m below the in-year respective budget of £63.1m. More detailed commentary is outlined below highlighting the main variances.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2023	Budget Position at Dec 2023	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Property Services	19,211	18,929	11,347	16,614	(2,315)
ICT	1,383	2,695	226	1,826	(869)
Other Schemes	8,640	7,239	1,047	6,802	(437)
Temporary Accommodation	1,105	6,530	6	1,649	(4,881)
Total	30,339	35,393	12,627	26,892	(8,501)
Mixed Use Development	63,113	27,668	1,499	20,706	(6,961)
TOTAL	93,452	63,061	14,126	47,598	(15,463)

Strategic Properties Services - Strategy & Projects

The forecast for the overall Strategic Properties Services is £16.6m, £2.3m below the in-year respective budget of £18.9m. Below is a brief update on the main variances:

14 Andrews Rd Works - The forecast is £196k, £150k below the in-year respective budget of £346k. The contractor is on site for the security works, new shutters and relocation of the office. The works are progressing and the estimated completion is by April/May 2024.

CCG Primary Care Capital Project - The forecast is £12.4m, £1.2m below the in-year respective budget of £13.6m. This is the construction of a new build primary care surgery and converting and expanding a listed building to accommodate two practices on land at the rear of 2- 28 Belfast Road, London N16 6UH and The Portico Building, 34 Linscott Road, London, E5 0RD. Both sites are behind on their original programmes. Belfast Road delays were

caused by the Contractors Extension of Time Claim (EOT) regarding Archeological delays at the start of the programme. The Project Manager is forecasting a slight underspend this financial year. The majority of the cost is for the construction work. The Portico is estimated to be completed by Spring 2024 and the Belfast project is estimated to be completed by Summer 2024 respectively.

Voluntary and Community Sector Fire Risk & Remedial Works (General Fund) - The forecast is £0.4m, £0.5m below the in-year respective budget of £0.9m. Following a detailed review and updating of current surveys, various meetings with the Client and the resultant compilation of the Master Risk and Compliance Matrix, a schedule of works is being taken forward for delivery alongside the planning and delivery of standalone building projects. Any works that have been identified as a high risk/priority 1 under the CIPFA, building condition survey or Fire Risk Assessment will progress and is part of the forecast spend for 2023/24. The payments this financial year will be construction works and consultancy fees. Any surplus budget will be utilised in the next financial year to support the continuation of the works.

12-14 Englefield Rd Landlord Works - The forecast is £1.5m, £0.1m above the in-year respective budget of £1.4m. The main contractor went into liquidation and the Project Manager had to reappoint a new contractor causing delays in programme and additional costs as a consequence. This variance will be covered by identified underspends across the overall programme.

ICT Capital

The forecast for the overall ICT Capital is £1.8m, £0.9m below the in-year respective budget of £2.7m. Below is a brief update on the main variance:

ICT Resource - The forecast is £37k, £552k below the in-year respective budget of £589k. This is the main budget held for all ICT capital projects across the Council showing the most significant variance. There are no further bids coming through for this financial year. The underspend will be held to partly cover any overspends across the overall programme. Any surplus budget will be carried forward to the 2024/25 budget to fund future bids.

Corporate Resources Other Schemes

The forecast for the overall Corporate Resources Other Schemes is £6.8m, £0.4m below the in-year respective budget of £7.2m. Below is a brief update on the main variances:

Green Homes Fund - The forecast is £70k, £175k below the in-year respective budget of £245k. This forecast is based on the work to be done this financial year. 21 successful eligible applications have been received so far. These met eligibility criteria and viable measures are identified and retrofit assessments are being carried out. There are some expected delays due to a lack of Retrofit Coordinators hence the variance. Once these assessments are completed the works will commence. This is likely to be in the next financial year therefore the budget will be carried forward to support the continued programme.

Solar Project (Commercial) - The forecast is £180k, £303k below the in-year respective budget of £483k. The forecast is based on the solar installation on the last two remaining two sites due to complete this financial year - Wren Park Community Centre and the Mortuary. The underspend will be carried forward to the 2024/25 budget to continue the rollout of the solar project.

PSDS3b - Decarbonisation - The forecast is £6.2m, £0.1m above the in-year respective budget of £6.1m. There was a delay due to the signing of the JCT contracts but this is now done. Now the proposals for the supply and installation of the 3 large sites with Ground Source Heat Pumps have been completed. These are bespoke machines that are made to order and we will need to place orders with large deposits. Any overspend will be funded by the 2024/25 budget.

Temporary Accommodation

The forecast for the overall Temporary Accommodation is £1.6m, £4.8m below the in-year respective budget of £6.5m. Below is a brief update on the main variance:

Temporary Accommodation Investment - The forecast is £1.4m, £4.3m below the in-year respective budget of £5.8m. The reduction in spend is due to the lower numbers of units expected to be completed by 31 March 2024. Four new Temporary Accommodation units are due for completion this financial year. With the remaining balance to be carried forward into the next financial year to fund an additional six units, and £1m to be spent against CCTV for hostels.

Hostel Fire Risk & Remedial Work Programme - The forecast is £211k, £569k below the in-year respective budget of £780k. The forecast is based on the expected works due this financial year which include lift and landlord maintenance work for 2023/24. The remaining variance will be carried forward to the 2024/25 budget to support the rest of the programme.

Mixed Use Developments

The forecast for the overall Mixed Use Developments is £20.7m, £7m below the in-year respective budget of £27.7m. This forecast largely relates to the Britannia site as Tiger Way and Nile Street are now complete with only retention and final payments due.

Britannia Site - The remaining budget for Phase 1a (new Leisure centre) and Phase 1b (CoLASP) is for retention payments and some small expenditure for consultants wrapping up defects. Phase 2b (Residential Private & Social Housing) Design and Build contractor now on site and piling. In the previous quarter the payments for CIL and S106 were reprofiled to the 2024/25 budget as per the payment plan. There are two payments due before the end of March 2024.

CLIMATE, HOMES & ECONOMY

The overall forecast in Climate, Homes & Economy is £25.6m, £5.2m under the revised budget of £30.8m. More detailed commentary is outlined below highlighting the main variances.

Climate, Homes & Economy Capital Forecast	Budget Set at Feb Cab 2023	Budget Position at Dec 2023	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Leisure, Parks & Green Spaces	17,220	12,561	5,277	8,930	(3,631)
Streetscene	14,991	12,935	7,590	12,411	(524)
Environmental Operations & Other	1,287	796	165	584	(212)
Public Realms TfL Funded Schemes	0	1,701	2,393	1,701	0
Parking & Market Schemes	1,457	637	231	510	(127)
Community Safety, Enforcement & Business Regulations	670	789	361	587	(202)
Regeneration & Economic Development	1,468	1,379	297	878	(501)
Total	37,093	30,798	16,314	25,601	(5,197)

Leisure, Parks and Green Spaces

The forecast for the overall Leisure, Parks and Green Spaces is £8.9m, £3.6m below the in-year respective budget of £12.9m. Below is a brief update on the main schemes causing the variances:

Kings Hall Leisure Centre (Refurbishment) - The forecast is £2.2m, £0.9m below the in-year budget of £3m. The spend on the remedial works will be £0.5m to cover the design team fees and Pre-Construction Services Agreements (PCSA) for contractors and a £0.5m contingency budget to cover any emergency repairs that are needed. The survey cost work continues. The Design Team is moving onto RIBA Stage 3. The PCSA to be awarded for work between February 2024 and June 2025.

Essential Maintenance to Leisure Facilities - The forecast is £1.1m, £0.2m below the in-year budget of £1.3m. This budget is held for reactive maintenance in the Council's leisure facilities. The spend forecast is based on the work expected to be completed by the end of quarter 4. Any surplus budget from this year will be utilised in 2024/25.

London Fields Learner Pool - The forecast is £0.3m, £0.6m below the in-year budget of £0.9m. The project is at RIBA stage 4. The project is awaiting Planning & PINS decision (The Planning Inspectorate for England and Wales) which is causing the variance. Any underspend will be carried forward to the 2024/25 budget.

Play Area Refurbishments: The forecast is £0.1m, £0.7m below the in-year budget of £0.8m. Phase 1 is complete. The contractor for Phase 2 sites (Hackney Downs, Clapton Common, Stonebridge Gardens and Well Street Common) will be appointed imminently. The Landscape Architects will be procured for Phase 3 sites. This project is also delayed due to the PINS application. The majority of the spend will take place once the contractor is appointed, therefore, any underspend will be carried forward to the 2024/25 budget.

Abney Park Restoration Project - The forecast is £2.2m, £0.3m above the in-year budget of £1.9m. This joint restoration project has reached practical completion and handed back to the Council but there have been some additional costs due to snagging and ongoing problems on site. The overspend will be funded from the 2024/25 budget.

West Reservoir Improvements - The forecast is £0.8m, £0.3m above the in-year budget of £0.5m. The project is at the RIBA stage 4 design. The planning application was submitted to be approved by March 2024. The main contractor procurement is scheduled for March 2024. The overspend will be funded from the 24/25 budget.

Streetscene

The forecast for the overall Streetscene is £12.4m, £0.5m below the in-year respective budget of £12.9m. Below is a brief update on the main schemes causing the variances:

Street Road Safety Programme - The forecast is £703k, £188k below the in-year respective budget of £900k. The start on site date is now confirmed as March 2024 for the identified works to road safety around the borough. Any underspend will be carried forward to the next financial year to reflect the change in the timeframe.

Street Lighting Column Structure Programme - The forecast is £280k, £120k below the in-year budget of £400k. The forecast is based on the expected works for the roll out of the programme. Any underspend will be carried forward to the 2024/25 budget.

Regeneration & Economic Development

The forecast for the overall Regeneration & Economic Development is £0.8m, £0.5m below the in-year respective budget of £1.4m. Below is a brief update on the main schemes causing the variance:

Hackney Central Town Development Project (Levelling Up Fund) - The forecast is £0.2m, £0.5m below the in-year respective budget of £0.7m. This project is the Levelling Up Governments Grant Funded project (DLUHC) for Hackney Central and is in the early initial stages. The Bohemia Place Public Realm Project and the Morning Lane Commercial and Cultural Hub will start in 2024/2025. Town Hall Square was delayed, hence the underspend this financial

year. Expenditure for the Town Hall square this financial year includes design, survey, legal, planning, construction and other fees.

HOUSING

The overall forecast in Housing is £103.6m, £10.3m below the revised budget of £113.8m. More detailed commentary is outlined below highlighting the main variances.

Housing Capital Forecast	Budget Set at Feb Cab 2023	Budget Position at Sept 2023	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
AMP Housing Schemes HRA	51,408	50,116	10,488	46,313	(3,803)
Council Schemes GF	2,621	5,886	2,409	6,524	637
Private Sector Housing	2,031	1,702	750	1,620	(82)
Estate Regeneration	55,713	26,174	995	20,689	(5,485)
Housing Supply Programme	33,048	21,153	882	19,732	(1,421)
New Homes	0	633	16	633	0
Woodberry Down Regeneration	12,772	8,178	(2,779)	8,079	(99)
Total Housing	157,593	113,842	12,760	103,589	(10,253)

AMP Housing Schemes HRA

The overall scheme forecast is £46.3m, £3.8m below the in-year respective budget of £50.1m. Below is a brief update on the main schemes causing the variances:

HiPs North West - The forecast is £2.3m, £0.9m below the in-year respective budget of £3.2m. Lincoln Court is now complete with the extended programme of Kitchen and Bathrooms costs rising to just over £1.5m. The underspend will fund identified overspends elsewhere in the capital programme.

HiPs Central - The forecast is £6.8m, £0.6m above the in-year respective budget £6.2m. Seaton Point was plagued by severe access issues and has been extended several times. Resolution was finally obtained through the Courts and the latest completion date is December 2024 costing an estimated £6.1m. The projected final account is anticipated to be £10.1m. Works involve removing asbestos, replacing window frames that are non fire compliant, maintaining scaffolding infrastructure all of which have seen above inflationary price increases. Fermain Court is complete and the final account is expected to be £5m, £1.6m higher than originally anticipated due to cost overruns on materials and delays in the supply chains. The overspend will be part funded by underspend elsewhere in the capital programme with the remaining budget carried forward into next year's capital planned budgets.

Lifts Major Components - The forecast is £0.1m, £0.2m below the in-year respective budget of £0.3m. Currently awaiting procurement and award of contract which is expected in mid 2025. The forecast is based on a recent assessment of repairs and their low values recorded during the first half of the year which continues.

Communal Boiler Houses, Major Works - The forecast is £0.3m, £1.7m below the in-year respective budget of £2m. Originally approved in December 2022 the programme has suffered delays in site surveys, planning designs and site mobilisations which have pushed back works to early 2024/25. The projected underspend will fund overspend elsewhere in the Capital programme.

Fire Risk Works - The forecast is £0.8m, £0.2m below the in-year respective budget of £1m. The programme is on course to deliver key targets on dry risers, sprinklers and fire doors. The forecast is reduced to reflect a new splinter capital code for front entry doors (FEDs). The underspend will be used to partly fund the new initiative which is starting late in the year but ahead of schedule.

Lightning Conductors - The forecast is £1m, £0.2m above the in-year respective budget of £0.8m. The programme is running ahead of schedule due to better than expected performance delivery by the recently appointed contractor. The overspend will be funded by underspend elsewhere in the capital programme.

Social Housing Decarbonisation Fund - Overview - A co-funded grant of £4.5m was approved by Cabinet in February 2023 for capital expenditure incurred in the upgrading of the social housing stock currently below, and on an “in fill basis” or above, Environmental Performance Certificate “C” up to that standard, delivering warm, energy efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty and supporting green jobs. The grant is available over two years and provides for a drawdown of £1.3m by March 2024 and £3.1m by March 2025 without exceptions.

SHDF - Retrofit Design Fees - The forecast is £0.1m, £0.4m below the in-year respective budget of £0.5m. Design fees are based on upgrading 400 properties to EPC “C” from an average “D” rating. Approximately 200 designs have been completed by the agent however, the programme is awaiting procurement of a contractor to deliver the ‘retrofit’ capital works.

SHDF - Retrofit works - The forecast is £0m, £0.9m below the in-year respective budget of £0.9m. The programme is awaiting procurement of a contractor to deliver ‘retrofit’ capital works and the grant funding of £1.3m available this year is unlikely to be claimed. The underspend is funding overspends elsewhere in the capital programme. The 2024/25 budget will be prioritised from the 10 year AMP Capital Schemes planned programme.

Holcroft External Works - The forecast is nil spend against the in-year respective budget of £0.4m. A new stream of works starting late in the year and which is being funded by underspend elsewhere in the capital programme. The works involve installing windows and roofs to 16 street properties. The 2024/25

budget will be prioritised from the 10 year AMP Capital Schemes planned programme.

Front Entry Doors (FEDs) - The forecast is nil spend against the in-year respective budget of £1.9m. This is a recent addition to the capital programme and involves installing 1,400 doors but rising to 5,000 units over the life of the programme. Whilst some delays were initially experienced sourcing materials from overseas these have now been resolved and contractors are accelerating delivery ahead of schedule. The forecast will be part funded this year by underspend elsewhere in the capital programme with the remaining budget carried forward into next year's capital planned budgets. The 2024/25 budget will be prioritised from the 10 year AMP Capital Schemes planned programme.

Planned Internal Programme - The forecast is nil spend against the in-year respective budget of £2m. A late addition to the capital improvement plan that will cost up to £8m across two to three years. It includes 750 new kitchens and bathrooms as well as new electrical and heating upgrades, key fire safety measures and rectifying hazards including damp and mould. The forecast reflects a prudent approach but the contractor could underspend if targets are not met in the final quarter. The forecast will be funded by underspend elsewhere in the capital programme. The 2024/25 budget will be prioritised from the 10 year AMP Capital Schemes planned programme.

Voids Re-servicings - The forecast is £3.1m, £0.8m above the in-year respective budget of £2.3m. There has been a surge in the number of referrals for major voids which places the forecast at risk if referrals continue to escalate at their current rates. Further clarification is awaited from the service area. The forecast will be part funded by underspend elsewhere in the capital programme with significant spillage rolling into next year's capital planned budgets.

Disabled Adaptation - The forecast is £1.9m, £0.2m above the in-year respective budget of £1.7m. The Council's adaptations are delivered through this budget, whilst remaining housing tenures are delivered through the Disabled Facilities Grant, provided by central government through the Better Care Fund. The last eighteen months have seen considerable pressures on adaptations with an influx of referrals dealing with complex issues ranging from increased heart conditions, lack of rehousing properties, higher rates of assessments for children post pandemic and considerable increases in costs as we live with the lasting effects of Covid-19. The forecast will be funded by underspend elsewhere in the capital programme.

Community Halls - The forecast is £0.3m, £0.3m below the in-year respective budget of £0.6m. The programme is awaiting procurement of a dedicated contractor to supply the necessary annual resources to improve the ageing community halls.

Capitalised Salaries and Fees - The forecast is £4.6m, £0.1m below the in-year respective budget of £4.7m. The forecast includes estimated costs for staff engagement on capital works; consultancies in connection with Quantity

Surveyor services and recharges for capital related works provided by the Leasehold Services team and Direct Labour Organisation (DLO). This forecast is at risk following the end of the capital works framework (Contract 1) as there is a need for continuing Quantity Surveyor services currently provided by MACE albeit at daily rates. Planned Asset Management (PAM) has 28 vacancies.

Major Legal Disrepairs - The forecast is £0.6m, £0.6m above the in-year respective budget of £0m. A recent review of high value repairs reveal an unexpected surge in the number of referrals for disrepairs with rising costs. The forecast will be funded by underspend elsewhere in the capital programme but this may be at risk if referrals continue to escalate.

Bridport - The forecast is £6m, £1.5m below the in-year respective budget of £7.5m. A recent spending review revised downwards costing estimates for rotting timber, water ingress and re-leveling of windows. The timeline for completion is estimated to be mid 2024/25. The underspend will fund overspend elsewhere in the capital programme.

Consolidated Capital Schemes as at 31/12/2023	BUDGET £m	FORECAST £m	VARIANCE £m	Comments
Planned Asset Management	11,224	14,221	2,997	*Seaton Point/Fermain Court/Lincoln Court *Severe cost over-run throughout; prolonged access issues at Seaton Point, programme extended by 18 months to Dec2024 at £6m of which £4m paid this year. *Fermain Court now complete at £4.5m and in final accounting, possible £300k outstanding
Electrification	3,700	3,700	0	Phase 1 & 2 testings issued for Lateral Mains and SCAs for programme work signed for Lighting Conductors and Door Entry Systems
Mechanical	4,259	2,535	(1,724)	Communal Boiler Houses Major Works programme approved by CPIC Dec2022 £10m (5 years £2m pa)
High Value R&M	5,862	6,634	772	Higher than expected volumes in major voids - Latest reconciliation identified £2.3m of HVR matched to appropriate Capital budget codes with £0.646m costed to HVR leaving a head room of £0.8m for Q4
Environment	3,777	4,027	250	Legal Disrepairs surging - awaiting update and KPIs from service area
Health & Safety	2,800	2,759	(41)	Cost continue to surge for disabled adaptations doubling from £1m pa to £2m pa
Bridport	7,500	6,000	(1,500)	Costs revised from £6.8m down to £5.3m - Latest 'cost plan V12'
Integrated Housing Management Information	1,543	1,543	0	Estimated year end recharges and possible 'Document Management System'
Commercial Properties	50	50	0	Programme now taken over by Corporate Commercial Properties

IMPROVEMENT WORKS	40,716	41,471	754	
Capitalised Salaries	4,771	4,603	(168)	Recruitment programme deferred to 2024/25
NON-IMPROVEMENT WORKS	4,771	4,603	(168)	
TOTAL	45,487	46,074	586	Est y/e spillage rolling into 2024/25 10 yr Capital Budget Programme
Breakdown of costs				
<i>Cedar to date</i>		19,910		Invoices paid to date
<i>PO Commitments</i>	20,627			Includes some high estimates
<i>Planned Recharges</i>	8,217			Est. recharges from R&M for high value repairs
<i>Planned payables</i>	(2,681)			Net adjustments for over stated commitments
<i>Accruals</i>	0	26,163		
		46,074		

Council Schemes General Fund

The overall forecast for Council Schemes General Fund is £6.6m, £0.7m above the in year respective budget of £5.9m. Below is a brief update on the main schemes causing the variances:

Temporary Accommodation Voids Works - The forecast is £2.0m, £1.6m above the in-year respective budget of £0.4m. There is likely to be an overspend on this budget line, as the majority of all voids on Regeneration sites are still being utilised as Temporary Accommodation due to the lack of overall accommodation in the borough. Each unit is checked on an individual basis to ensure that the works are financially viable before proceeding. Additional funding is likely to be requested later in the year, however it should be noted that any capital budget will be fully repaid over the remaining life of the unit through rental income, with a saving to the general fund Temporary Accommodation budget.

Purchase Leasehold Properties - The forecast is £4.3m, which is £0.9m below the in-year respective budget of £5.2m. Five Local Space units have now completed, with the final two expected to complete in Quarter 4. In addition to this, there are three additional HRA buybacks expected to complete in Quarter 4 which will be used as general needs housing units. Two of these will be part funded by Right To Buy (RTB) and one by Local Allowance Housing Fund Part 2 (LAHF2) grant.

Private Sector Housing Schemes

The overall forecast for Private Sector Housing Schemes is £1.7m, £0.1m above the in year respective budget of £1.6m. The majority of the spend relates to disabled adaptation works, which are funded in full by the Disabled

Facilities Grant (DFG). Any underspend against the grant will be utilised by Adult Social Care.

Estate Regeneration

The overall forecast for Estate Regeneration is £17.0m, £3.7m below the in-year respective budget of £20.7m. Below is a brief update on the main schemes causing the variances:

Estate Renewal Implementation - The forecast is £7.9m, £2.5m below the in-year respective budget of £10.4m. £4.9m of the spend forecast relates to the Mayor of Hackney's Housing Challenge (MHHC), where a number of large payments are expected this financial year. There has been a reduction of £2.9m compared to the previous quarter forecast, due to slight delays on some of the sites and some grant agreements now unlikely to be signed before 31 March 2024. This spend will now occur in 2024/25. All of the MHHC spend is fully financed through RTB receipts. The remainder of the spend relates to capitalised revenue costs including staffing, which will be allocated against individual projects at the end of the year.

Kings Crescent 3&4 - The forecast is £1.7m, £0.3m below the in-year respective budget of £2.0m. The project is now in the Cost optimisation period which is due to run until July 2025. Enabling works are due to start in February 2024 and last approximately 17 months. The cashflow has been updated since the previous quarter based on the latest cash flow forecast from the Project Manager.

Colville Phase 4,5,6 & 7 - The forecast is £1.1m, £0.9m below the in-year respective budget of £2.0m. Four Buybacks were previously forecast to complete in 2023/24, however this has now been reduced to two, with these already having completed earlier in the year. The remaining two will now complete in 2024/25. If the units can be used as Temporary Accommodation, up to 40% of the purchase price can be funded from RTB receipts. Other fees relate to Design Development for Phase 4 of the project.

Marian Court Phase 3 - The forecast is £1.1m, £1.0m below the in-year respective budget of £2.1m. The project is now in the Cost optimisation period which is due to run until August 2025. Enabling works are due to start in April 2024 and last approximately 15 months. The cashflow has been updated since the previous quarter based on the latest cash flow forecast from the Project Manager.

Colville Phase 2C - The forecast is £2.9m, £0.3m above the in-year respective budget of £2.6m. The PCSA period is almost complete, however costs are over budget. Delivery options are now being considered with a view to starting construction as soon as possible. Demolition should be complete by the end of the financial year. The slight increase in the forecast compared to budget relates to a S106 payment not previously forecast and an increase in consultants fees.

Nightingale - All phases - The forecast is £1.5m, £0.7m above the in-year respective budget of £0.8m. The project is now in the Cost optimisation period which is due to run until December 2024. Enabling works are due to start in February 2024 and last approximately 14 months. Additional grant has been sought from the GLA to help with viability.

Housing Supply Programme

The overall forecast for the Housing Supply Programme is £9.8m, £10.0m below the in-year respective budget of £19.8m.

Housing Supply Programme - The forecast is £2.5m, £0.4m above the in-year respective budget of £2.1m. This is the main budget held to capitalise revenue costs including staffing, which will be allocated against individual projects at the end of the financial year.

Wimbourne Street and Buckland Street - The forecast is £6.0m, £10.4m below the in-year respective budget of £16.4m. The sites are now under contract and work has started. The underspend compared to budget is due to the projects being behind schedule compared to the previous forecast, owing to the delayed delivery of major parts 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 appropriate. No updated cashflow was received from the contractor or Employers Agent, who are currently under performance review and so there is a risk that the cashflow may fluctuate between now and the end of the year. The forecast has been based on the best information available from the Project Manager.

De Beauvoir Phase 2 (Rose Lipman) - The forecast is £0.4m, £0.1m above the in-year respective budget of £0.3m. Design development is ongoing to try and find savings. It is likely this will now be delivered alongside the five De Beauvoir Phase 1 sites to try and obtain best value through procurement. The slight increase in spend compared to budget relates to an increased spend on architects fees and allowance for soft market testing.

New Homes Programme

The overall forecast for the New Homes Programme is £0.3m, £0.3m below the in-year respective budget of £0.6m. The underspend is due to delayed project starts. Expenditure this financial year relates to Architects and other Consultants fees relating to design development of the individual projects.

Woodberry Down Regeneration

The overall forecast for the Woodberry Down Regeneration is £5.2m, £3.1m below the in-year respective budget of £8.2m. 37 in phase Buybacks are required to complete before June 2025. 5 units have been bought back so far in 2023/24, with a further 6 expected to complete prior to 31 March 2024. This is a reduction of 5 units from the previous quarters forecast and explains the variance to budget. These completions will now take place during 2024/25. The

spend relating to these Buybacks is £4m and remainder of the spend relates to capitalised revenue charges.

Appendix

Appendix 1 - Summary of Capital Adjustments

Background Documents

None.

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