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Period 7 Capital Monitoring Update

Neighbourhoods - £1.2m underspend

Leytonstone Leisure Centre Roof Development is the main driver for the underspend in this directorate, which is currently reporting a slippage of £1.1 million. As it stands, the costs captured only reflect fees related to consultants. On-site works began in October, and the first valuation is due to be completed by mid-November, with mobilisation costs expected to come in by the next reporting period. Delays to on-site works relate to an unexpected, extended procurement process in July.

Across the Neighbourhoods directorate for the total Capital Programme, there is a total variance of £6.3 million due to two schemes not being forecasted across the outer financial years. Although it is likely that they will spend to budget upon completion, due to the funding nature of both schemes and therefore leading to no variance across the forecast and budget, an underspend is still being reported as a result of the service not projecting their spend.

Regeneration, Planning and Delivery - £0.9m underspend.

Sutherland Road Public Realm, which fits into one of the Strategic Priorities for the council, is currently reporting a slippage of £0.6 million for this financial year. The by-election purdah in the Higham Hill Ward in October, combined with the resourcing challenges faced by their contractor pushed the original start date from October to a provisional start date at the end of November. Due to this, completion date is now expected to slip into the 2024/25 financial year.

Other minor underspends across the directorate total £0.3m are also related to on-site delays of schemes.

Across the Regeneration, Planning and Delivery directorate for the total Capital Programme, there is a total variance of £12.7 million. Similar to Neighbourhoods, the variance is due to projects not being forecasted across the outer financial years.

Housing Delivery/Operations (GF) - £7.1m underspend

The main drivers for the underspend are coming from a £1.8 million slippage from the Disabled Facilities Grant and a £5.2 million Sixty Bricks slippage which are further explained below.

Disabled Facilities Grant’s forecast assumes completion of £1.1m of pending assessment/assessed work. This variance is driven by staff changes within the service impacting delivery. Adult Social Care are looking to add more staff costs to the grant and are performing a benchmarking exercise to assess what fees other Local Authorities apply to the grant.

The £5.2 million slippage on the Sixty Bricks side is driven mostly by Priory Court – which is presently exhibiting a slippage of £4.6 million. The Priory Court scheme is currently under review and a proposal is being drafted for January’s Cabinet for approval to amend the scheme, review the tenure mix, and identify whether the scheme remains value for money.

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Housing Assets (HRA) - £4.2m overspend

For month 7, the Assets team have done a deep dive into their projects and have decided to forecast £5.8 million over the revised budget which was set.

This is driven mainly by an increase of £2 million in Energy Works. £1 million has already been drawn down for works on 100 houses, however, this is yet to be actioned. In addition to higher level specification leading to costs exceeding their original estimate in Southfield's, there are number of energy projects currently being scoped and priced for this financial year.

Furthermore, a £1.7 million increase is also expected in Chantry, with works being expected to carry over into the next financial year. Additional expenditure of £1.5 million is also projected to be incurred in schemes assigned to structure works, due to some works being at the exploratory stage and with potential delays being incurred due to winter weather.

Montague Road is also forecasting a £0.6 million increase due to progress delays driven by material and labour costs. In addition, major voids spend per property is increasing due to the state of the properties and property numbers increasing, resulting in increased expenditure. Works relating to Housing Assets elements are due to be completed in 23/24.

The £5.8 million overspend is reduced by a £1.3 million slippage of the Fire Safety programme. The partnering contractor, Morgan Sindall, was initially meant to submit costs for the works in July 2023. The original forecasted costs assumed works would be onsite in September, however it is now looking likely we will start works in late-November. The reduced spend this year is therefore in accordance with the delays in the commencement of works. Morgan Sindall have now submitted costs, this is currently under review by the external QS with cost updates taking place.

Housing Delivery/Other (HRA) - £5.9m underspend

The main driver for the underspend in Housing Delivery/Other is Priory Court (HRA) with a £4.6 million slippage. This scheme is currently under review and a proposal is being pulled together for Cabinet to amend the scheme and review the tenure mix and identify whether the scheme is value for money. Provisional start date has been pushed to March 2024 pending approval of the revised scheme.

The remaining slippage is in reference to Other Schemes, reporting a £1.2 million slippage. The breakdown is as follows: £0.4 million slippage in Estate Parking Controls, £0.3 million slippage in Positive Places, and £0.35 million slippage in Waste Improvements, all as a result of resourcing issues causing delays to the projects.

Conclusion

Variances with the budget agreed for 2023/24 by Cabinet in period 3 of this financial year, are more visible within the Place Directorate – which is reporting an underspend of £10.7 million due to various slippages in the service areas, as discussed above.

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In total for this financial year, it is likely that we will see a slippage of £22.6 million. Across the capital programme, this is represented by a projected spend of £516 million against a budget of £543 million.