APPENDIX 1

Month 6 Capital Monitoring Update

This appendix provides explanations for the 2025/26 forecast variances against the revised annual budgets for each directorate and service area, as set out in Table 2 in the main report and Table 2 in Appendix 2.

<u>Chief Executives Directorate – £0.025 million underspend</u>

ICT – £0.025 million underspend

Since approval of the capital programme in February 2025, additional budget of £0.895 million has been added to the overall ICT programme for the Oracle Stabilisation Programme (approved by CSAMG in July 2025). This addition has been funded through a virement from the existing portfolio-level General Fund contingency budget; £0.75 million of this budget addition is forecast to be spent in 2025/26.

The £0.025 million variance against the approved 2025/26 budget is due to the deletion of the remaining budget for the Network LAN Refresh project, which has now completed.

<u>Stronger Communities – £0.104 million underspend</u>

Culture and Heritage – £0.043 million underspend

A £0.35 million increase to the William Morris Gallery refresh project was approved by CSAMG in September 2025 as a result of the award of two external grants secured from the Wolfson Foundation and Garfield Weston Foundation to fund the redisplay of collections in the permanent gallery. The minor underspend on this project relates to re-profiling of spend to 2026/27 to allow for retention monies due to the contractor.

Early Intervention and Communities – £0.060 million underspend

There is an underspend of £0.060 million within Early Help and Prevention due to deletion of the remaining budget for the Food Distribution Hub project, which has now completed.

There is an underspend of £0.001 million within Libraries due to deletion of the remaining budget for the Lea Bridge Library Garden project, which has now completed.

<u>Adults Service – £0.817 million overspend</u>

There is a forecast overspend of £0.817 million against the 2025/26 approved budget for Adult Services. This budget is fully funded by the Disabled Facilities Grant (DFG), which funds adaptations to help disabled individuals live safely and independently in their homes. The revised forecast is based on the 2025/26 DFG funding allocation of £2.93 million. The annual budget will be updated to reflect the latest DFG funding allocation.

Children's Service – £0.00 million variance

There is no forecast variance against the Children's Services directorate budget, with all 2024/25 slippage on the Music Hub Investment Programme (fully grant-funded by Arts Council England) forecast to be spent during 2025/26.

Resources – £0.002 million underspend

The minor forecast underspend within Resources is due to deletion of the remaining budget for the Mortuary Logistics Service project, which has now completed.

Neighbourhoods and Environment – £2.119 million underspend

Climate Emergency – £0.234 million underspend

There is a forecast underspend of £0.234 million against the approved 2025/26 budget due to reprofiling of spend to future years up until 2029/30, in line with the latest delivery programme.

Further to the P6 forecast, the Climate team has secured a Warm Homes: Local Grant of £3.05 million from the Department for Energy Security and Net Zero to deliver energy performance and low carbon heating upgrades to low-income homes in the borough over the next 3 years. This budget will be added to the capital programme for the next monitoring update to Cabinet.

Community Safety – £0.00 million variance

There is no forecast variance for Community Safety projects, with minor slippage from 2024/25 forecast to be spent by the end of 2025/26.

Neighbourhoods – £1.885 million underspend

There is a forecast underspend of £1.885 million against the approved 2025/26 budget for Neighbourhoods. The key reasons for this variance are as follows:

- £2.03 million underspend on the Low Hall Depot project due to reprofiling of spend to future years in line with the current delivery programme.
- £0.71 million underspend on Civica APP Replacement due to the reprofiling of spend to future years in line with the current delivery programme.
- £1.0 million underspend on the Street Lighting Investment project due to reprofiling of spend to 2026/27 in line with the current delivery programme.
- £0.24 million overspend on the DfT-funded Local Electric Vehicle Infrastructure (LEVI) Pilot project, due to a budget correction.
- £1.42 million overspend on s106-funded highways projects due to accelerated spend from future years' budgets.
- £0.49 million overspend on Lamp Column EV Charging Points due to accelerated spend from the 2026/27 project budget.
- The remaining variance is made up of minor variances across c.100 projects within the overall Neighbourhoods capital programme.

Place - £45.202 million underspend

Regeneration, Planning and Strategic Property – £8.608 million underspend

There is a forecast underspend of £8.608 million against the approved 2025/26 budget for Regeneration, Planning and Strategic Property. The reasons for this variance are as follows:

- £1.35 million underspend on the St James Quarter project, due to £0.9 million being reallocated to Walthamstow Cultural Quarter project and reprofiling of spend to 2026/27 in line with the current delivery programme.
- £1.12 million underspend on Hatherley Mews due to reprofiling of spend to future years in line with the current delivery programme.
- £1.00 million underspend on the s106-funded Patchworks Affordable Housing Grant due to reprofiling of spend to 2026/27 in accordance with the agreed payment schedule.
- £0.93 million underspend on Chestnuts House and £0.78 million underspend on Walthamstow Public Realm Improvements due to budget corrections.
- £0.68 million underspend on Chingford Mount due to reprofiling of spend to 2026/27 in line with the current delivery programme.
- £0.64 million underspend on Walthamstow High Street due to reprofiling of spend to 2026/27 in line with the construction delivery programme.
- £0.64 million underspend on Memorial Park due to a budget correction and minor reprofiling of spend to 2026/27 in line with the current delivery programme.
- £0.47 million underspend on the Vestry House Revitalisation project due a budget correction and reprofiling of spend to 2026/27 in line with the current delivery programme.
- £0.41 million underspend on Chase Lane Park due to an overall underspend and re-allocation of budget within the wider government-funded programme.
- £0.39 million underspend on the Station Forecourt Public Realm Scheme due to reprofiling of spend to 2026/27 in line with the current delivery programme.
- £0.37 million variance on Leyton Gateway due to reprofiling of spend to 2026/27 pending a formal decision on how the project will proceed.
- The remaining variance relates to minor variances across c.30 projects within the Regeneration, Planning and Strategic Property programme.

Capital Strategy, Delivery and Estate – £13.162 million underspend

There is a forecast underspend of £13.162 million against the approved 2025/26 budget for Capital Strategy, Delivery and Estate. The key reasons for this variance are as follows:

- £8.27 million underspend on the Chingford Mount Crematorium project due to a budget correction and re-profiling of spend to future years in line with the latest delivery programme, with construction works now underway.
- £1.81 million forecast spend re-profiled to future years on St James Health Centre in line with the current delivery programme, which remains subject to agreement of lease terms with the NHS.
- £2.10 million forecast spend on the Fellowship Square programme re-profiled to future years in line with the current delivery programme.
- £0.86 million forecast spend on Coronation Square re-profiled to 2026/27 in line with the current delivery programme.
- £0.85 million forecast spend on the Rolls Park clubhouse project re-profiled to future years in line with the latest delivery programme.
- The above variances are offset by a budget addition of £0.8 million on Soho Theatre Walthamstow through a virement from the portfolio-level General Fund contingency budget, as well as reprofiling of spend across several smaller schemes within the programme.

Schools Programme – £2.324 million underspend

There is a forecast underspend of £2.324 million against the approved 2025/26 budget for the Schools Capital Programme due to reprofiling of spend across the multi-year programme up to 2028/29 across all workstreams.

In 2025/26 the programme has received an additional £3.6 million school condition allocation funding, £3 million high needs funding and £2.3 million basic need allocation from the Department for Education, in addition to £0.1 million of Carbon Offset Fund and £0.2 million Greener Schools pilot funding. Programme forecasts up to 2028/29 have therefore been revised in accordance with the latest delivery plans and total programme funding of £49.75 million.

Housing General Fund – £21.107 million underspend

Since approval of the capital programme in February 2025, additional budget of £28.8 million has been added to the overall Housing General Fund programme for the TA Acquisition programme (approved by Cabinet in June 2025). £7 million of this budget addition is forecast to be spent in 2025/26.

The reasons for the forecast underspend of £21.107 million against the approved 2025/26 budget are as follows:

- £11 million forecast spend on the TA Acquisition Programme re-profiled to 2026/27 as a result of delayed GLA confirmation of the grant rate available per property and programme deadline.
- £10.1 million forecast spend on the Priory Court regeneration scheme re-profiled into future years, in line with the expected delivery programme and cashflow forecast for the project.

Housing Delivery (HRA) – £1.726 million underspend

There is a forecast underspend of £1.726 million against the approved 2025/26 budget for the Housing Delivery (HRA) programme. This is primarily due to re-profiling of slippage from 2024/25 on the Avenue Road regeneration scheme into future years up to 2031/32, pending a Cabinet decision on the revised delivery route and programme.

Housing Operations (HRA) – £0.570 million overspend

There is a forecast overspend of £0.570 million against the approved 2025/26 budget for Housing Operations (HRA). This is due to an additional budget of £0.65 million being allocated to the Housing Digital Programme, funded through a virement from the Housing Assets (HRA) budget, which is offset by minor variances across several smaller estates improvement projects.

Housing Assets (HRA) - £7.360 million underspend

Slippage from 2024/25 together with the approved 2025/26 budgets have been allocated to projects within the Housing Assets programme according to current priorities, including building and fire safety and Decent Homes.
The forecast underspend of £7.360 million against the approved 2025/26 budget is due to re-profiling of spend and budget adjustments across the main programme based on current forecasts, as well as the £0.650 million virement to the Housing Digital Programme noted above.

General Fund Contingency – £5.842 million underspend

Since approval of the capital programme in February 2025, £3.307 million has been vired from the General Fund contingency budget to other projects within the capital programme following approval by CSAMG.

There is a forecast underspend of £5.842 million against the approved 2025/26 budget due to these virements and re-profiling of spend to 2026/27. The forecast spend against this budget in 2025/26 is provisionally allocated to the existing Fellowship Square programme (with a further £3.050 million in 2026/27). This, together with the remaining unallocated contingency budget, will continue to be held at portfolio level and vired where necessary, subject to CSAMG approval.