

## APPENDIX 1 – CAPITAL MONITORING

### 1. CAPITAL MONITORING

1.1. The Capital programme for 2025/26 through to 2030/31 was agreed at Council in February 2025. The table below sets out the overall Capital Programme budgets by Directorate.

Summary of Existing Approved Capital Programme	Previous Year's Budget £m	2025- 26 Budget £m	2026-27 Budget £m	2027-28 + Budget £m	Total Budget £m
Ageing Well	2.558	0.962	0.000	0.000	3.520
Living Well	31.882	6.859	6.424	3.381	48.546
Starting Well	43.666	0.351	15.517	29.346	88.880
<b>People</b>	<b>78.106</b>	<b>8.172</b>	<b>21.941</b>	<b>32.727</b>	<b>140.946</b>
Environment	31.016	15.328	13.651	28.400	88.395
Housing & Property (GF)	64.470	55.617	106.458	184.349	410.894
Housing & Property (HRA)	431.333	173.486	141.031	508.943	1,254.793
Planning & Public Protection	0.683	0.306	0.770	0.000	1.759
<b>Place</b>	<b>527.502</b>	<b>244.737</b>	<b>261.910</b>	<b>721.692</b>	<b>1,755.841</b>
Customer Services	1.548	0.128	0.030	0.000	1.706
Finance	0.065	0.532	1.929	0.000	2.526
IT, Digital & Customer	3.450	6.678	1.783	0.000	11.911
Public Health	0.305	0.032	0.000	0.000	0.337
<b>Resources</b>	<b>5.368</b>	<b>7.370</b>	<b>3.742</b>	<b>0.000</b>	<b>16.480</b>
<b>Grand Total</b>	<b>610.976</b>	<b>260.279</b>	<b>287.593</b>	<b>754.419</b>	<b>1,913.267</b>

General Fund/HRA Split	Previous Years Budget	2025- 26 Budget	2026-27 Budget	2027-28 + Budget	Total Budget
General Fund	179.643	86.793	146.562	245.476	658.474
Housing Revenue Account	431.333	173.486	141.031	508.943	1,254.793
<b>Total</b>	<b>610.976</b>	<b>260.279</b>	<b>287.593</b>	<b>754.419</b>	<b>1,913.267</b>

## 2. Capital Outcomes

2.1. In 2025/26, there was £135.353m of capital expenditure; this has resulted in notable capital outcomes, which are outlined below:

- The Highways Improvement Programme (HIP) has led to over 17.5 km of roads resurfaced, and 6.9 km of footways replaced
- The opening of Riverstone House, a new facility to support young adults as they transition toward independent living, with on-site support and overnight facilities to ensure a safe and nurturing environment.
- £2.3m has been spent on home adaptations in the borough to allow residents to continue living in their own homes instead of incurring expensive care costs
- We have replaced 452 street lighting columns ensuring the borough is well lit at night and as safe as possible.
- Expenditure of £5.7m on building and enhancement works to our schools to ensure that our young adults have the appropriate facilities to maximise their education
- £1.7m has been spent as part of the Authorities commitment to build a brand-new, purpose built Special Educational Needs and Disabilities (SEND) school located in Gidea Park.
- The Council has invested over £7.8m in the Councils wholly owned development company Mercury Land Holdings which aims to increase the provision of housing supply in the borough.
- Spend of over £35m enhancing the Councils existing housing stock and ensuring properties continue to meet and exceed the Decent Homes Standard (DHS) a set of minimum technical and safety criteria for rented housing.
- In addition, over £31m has been spent purchasing additional properties from the market in order to meet urgent & complex family needs which otherwise would not be met, leaving the Council open to failing in its duty. These purchases resulted in a small but useful gain in housing stock and rental income." within the borough to increase the number of properties owned by the Council.
- In 2025/26 alone the Council has spent over £24m on the 12 estates regeneration project, a joint venture aiming to deliver over 3,500 much-needed new homes across 12 existing housing sites within the borough
- The purchase of 29 vehicles for the Passenger Travel Service (PTS) providing accessible transport for vulnerable residents.
- £2.8m has been spent enhancing our IT infrastructure including the Havering Roadmap Programme which has delivered significant modernisation across the Council's technology estate, the modernisation of our staff telephony and the migration to the new Havering

environment. This work will also give greater focus on improving the customer experience & tightening monitoring control.

### 3. 2025/26 Capital Outturn

3.1. The table below is a summary of the final outturn position for 2025/26 financial year.

Directorate / Service	Budget 2025/26	2025/26 Forecast Period 9	2025/26 Outturn	Variance between Period 9 Forecast and Outturn
	£m	£m	£m	£m
Ageing Well	0.962	0.047	0.000	(0.047)
Living Well	6.859	3.357	2.938	(0.419)
Starting Well	0.351	5.180	2.299	(2.881)
<b>People</b>	<b>8.172</b>	<b>8.584</b>	<b>5.237</b>	<b>(3.347)</b>
Environment	15.328	13.374	10.224	(3.150)
Housing & Property (GF)	55.617	35.934	22.836	(13.098)
Housing & Property (HRA)	173.486	100.142	93.761	(6.381)
Planning & Public Protection	0.306	0.390	0.377	(0.013)
<b>Place</b>	<b>244.737</b>	<b>149.840</b>	<b>127.198</b>	<b>(22.642)</b>
Customer Services	0.128	0.077	0.076	(0.001)
Finance	0.532	0.032	0.049	0.017
IT, Digital & Customer	6.678	5.156	2.790	(2.366)
Public Health	0.032	0.032	0.003	(0.029)
<b>Resources</b>	<b>7.370</b>	<b>5.297</b>	<b>2.918</b>	<b>(2.379)</b>
<b>Total</b>	<b>260.279</b>	<b>163.721</b>	<b>135.353</b>	<b>(28.368)</b>

3.2. Of the £260m approved Capital programme for 2025/26, capital expenditure was £135m. Senior Officers/Members are asked to note and approve the carry forward request of £125m. This will allow the completion of 2025/26 agreed projects in the 2026/27 financial year. Once agreed these ongoing projects will be added to the 2026/27 capital programme agreed by Members as part of the Medium-Term Financial Strategy (MTFS) in February 2026.

3.3. Financing - The Council finances its capital expenditure through a combination of resources both internal and externally generated. Each funding stream is considered in terms of risk and affordability in the short and long term. The current and future climates have a significant influence on capital funding decisions. As a result, the planned disposals and borrowing costs are kept

under regular review to ensure timing maximises any potential receipts or reduces borrowing costs.

3.4. The table below provides how the 2025/26 capital expenditure was funded:

Services	2025/26 Capital Expenditure  £m	Financing				
		Capital Receipts  £m	Revenue and reserves  £m	CIL and S106  £m	Grants  £m	Borrowing  £m
General Fund (excluding Regeneration)	<b>28.665</b>	4.848	1.891	2.603	10.071	9.252
Regeneration	<b>12.927</b>	0.000	0.000	0.075	0.008	12.844
<b>Total General Fund</b>	<b>41.592</b>	<b>4.848</b>	<b>1.891</b>	<b>2.678</b>	<b>10.079</b>	<b>22.096</b>
HRA	<b>93.761</b>	22.536	11.479	0.000	15.230	44.516
<b>Grand Total</b>	<b>135.353</b>	<b>27.384</b>	<b>13.370</b>	<b>2.678</b>	<b>25.309</b>	<b>66.612</b>

#### 4. Variance from Period 9 Forecasts

4.1 Forecasting of the capital programme is reported to senior management and Members on a quarterly basis and whilst all endeavour is made to ensure capital delivery is as planned, slippage and delays do naturally occur often for reasons beyond officer's control.

4.2 In 2025/26 there is a variance of £28.368m (as set out in table 3.1) between the period 9 forecast reported and the final outturn of £135.353m. Explanations for the key items of slippage are set out below.

#### 4.3 PEOPLE

##### 4.3.1 Ageing Well

Programme Area /Service/ Directorate	Budget 2025/26  £m	2025/26 Forecast Period 9  £m	2025/26 Outturn  £m	2025/26 Variance  £m
Ageing Well Other	0.962	0.047	0.000	(0.047)
<b>Adults Social Care</b>	<b>0.962</b>	<b>0.047</b>	<b>0.000</b>	<b>(0.047)</b>
<b>Ageing Well</b>	<b>0.962</b>	<b>0.047</b>	<b>0.000</b>	<b>(0.047)</b>

There are no significant areas of slippage within the Ageing Well service.

### 4.3.2 Living Well

Programme Area /Service/ Directorate	Budget 2025/26 £m	2025/26 Forecast Period 9 £m	2025/26 Outturn £m	2025/26 Variance £m
Adults Social Care - DFG	2.786	2.749	2.336	(0.413)
Adults Social Care - Other	0.331	0.273	0.168	(0.105)
Art & Culture	0.100	0.000	0.069	0.069
Libraries	0.786	0.005	0.018	0.013
Leisure SLM	0.792	0.000	0.000	0.000
Leisure Other	2.064	0.330	0.347	0.017
<b>Leisure &amp; Culture</b>	<b>6.859</b>	<b>3.357</b>	<b>2.938</b>	<b>(0.419)</b>
<b>Living Well</b>	<b>6.859</b>	<b>3.357</b>	<b>2.938</b>	<b>(0.419)</b>

There are no significant areas of slippage within the Living Well service.

### 4.3.3 Starting Well

Programme Area /Service/ Directorate	Budget 2025/26 £m	2025/26 Forecast Period 9 £m	2025/26 Outturn £m	2025/26 Variance £m
Children's Social Care Programme	0.340	0.084	0.065	(0.019)
<b>Children's Social Care</b>	<b>0.340</b>	<b>0.084</b>	<b>0.065</b>	<b>(0.019)</b>
Education - Other	0.011	0.000	0.000	0.000
Schools	0.000	5.096	2.234	(2.862)
<b>Education</b>	<b>0.011</b>	<b>5.096</b>	<b>2.234</b>	<b>(2.862)</b>
<b>Starting Well</b>	<b>0.351</b>	<b>5.180</b>	<b>2.299</b>	<b>(2.881)</b>

#### Schools – Slippage of £2.862m

The school's slippage has predominantly been caused by delays in the procurement process and appointment of contractors for the SEND unit at Brittons Academy, Lime Academy expansion, the Harrow Lodge Primary Send unit and the expansion of Gidea Park. The spend has now slipped to 2026/27.

There has also been delays in the Emmanuel Community Free school on the Beam Park housing development where £600k of funding has yet to be paid over to the school as the works to build the nursery and SEND unit have not yet been started by the 3<sup>rd</sup> party.

## 4.4 PLACE

#### 4.4.1 Environment

Programme Area /Service/ Directorate	Budget 2025/26 £m	2025/26 Forecast Period 9 £m	2025/26 Outturn £m	2025/26 Variance £m
Environment TfL	2.298	2.128	0.752	(1.376)
Highways & Street Lighting	10.287	10.027	8.269	(1.758)
Parking	0.109	0.109	0.015	(0.094)
Public Realm - Grounds Maintenance	0.014	0.014	0.014	0.000
Public Realm - Parks	1.213	0.980	0.763	(0.217)
Public Realm - Waste	1.407	0.116	0.411	0.295
<b>Environment</b>	<b>15.328</b>	<b>13.374</b>	<b>10.224</b>	<b>(3.150)</b>
<b>Environment</b>	<b>15.328</b>	<b>13.374</b>	<b>10.224</b>	<b>(3.150)</b>

#### Environment TfL – Slippage of £1.376m

The £1.376m underspend variance is due to a number of schemes not being delivered within the 2025/26 financial year, resulting in lower spend and reduced grant claims. All schemes are funded through TfL’s Local Implementation Plan (LIP), with funding claimed in arrears; therefore, only expenditure incurred is reimbursed and unspent budgets are not claimed.

The variance is mainly driven by:

- Delivery delays, including works at Gallows Corner, preventing completion of several schemes. TfL has agreed to carry this funding forward to 2026/27.
- Resourcing constraints, meaning some planned schemes were not delivered and funding was not claimed.

#### Highways & Street Lighting– Slippage of £1.758m

The £1.758m underspend variance within Highways & Street Lighting is primarily due to delays in programme delivery and the timing of expenditure falling into 2026/27. Delivery of the highways capital programme was significantly impacted by delays to the Gallows Corner works, and a wider network works embargo, resulting in a number of schemes being deferred to 2026/27. Ongoing uncertainty and late changes to the Gallows Corner programme also affected forward planning and delivery. TfL has approved the carry forward of affected schemes.

Developer-funded works will also continue into 2026/27 in line with scheme development and delivery timelines, with forecasts to be updated accordingly.

The Street Lighting underspend relates to delays in contractor-led condition surveys late in the year, resulting in expenditure falling into 2026/27.

In addition, lower spend on moving traffic enforcement cameras reflects a decision to rotate existing cameras rather than purchase new units. This approach will be reviewed in 2026/27 and forecasts updated as required.

#### 4.4.2 Housing & Property – General Fund

Programme Area /Service/ Directorate	Budget 2025/26	2025/26 Forecast Period 9	2025/26 Outturn	2025/26 Variance
	£m	£m	£m	£m
Corporate Buildings	4.642	2.169	2.380	0.211
Health & Safety	0.015	0.015	0.000	(0.015)
Pre-Sale Expenses	0.322	0.078	0.069	(0.009)
Schools Building Maintenance	4.074	4.074	2.550	(1.524)
Schools Expansions	11.033	4.317	2.743	(1.574)
Vehicle Replacement	2.124	2.070	2.039	(0.031)
<b>Housing Property &amp; Assets (GF)</b>	<b>22.210</b>	<b>12.723</b>	<b>9.781</b>	<b>(2.942)</b>
Inclusive Growth Programme	0.246	0.246	0.128	(0.118)
<b>Inclusive Growth</b>	<b>0.246</b>	<b>0.246</b>	<b>0.128</b>	<b>(0.118)</b>
Bridge Close (GF)	0.180	0.180	0.175	(0.005)
Mercury Land Holdings	24.153	12.915	7.803	(5.112)
Rainham & Beam Park	1.720	1.639	1.079	(0.560)
Regeneration Other	7.108	8.231	3.870	(4.361)
Regeneration TfL	0.000	0.000	0.000	0.000
<b>Regeneration &amp; Place Shaping (GF)</b>	<b>33.161</b>	<b>22.965</b>	<b>12.927</b>	<b>(10.038)</b>
<b>Housing &amp; Property (GF)</b>	<b>55.617</b>	<b>35.934</b>	<b>22.836</b>	<b>(13.098)</b>

#### Schools Building Maintenance – Slippage of £1.524m

£1.524m underspend overall due to two large projects being deferred, these being Scotts Primary SEN space and Newton's Primary MUGA facility (£0.8m underspend overall), and less unplanned maintenance spend than forecast in the school's conditions budget (£0.64m overall).

#### Schools Expansions – Slippage of £1.574m

Majority of underspend (£1.574m) attributed to planning delays in Balgores New Special School Project, with much of the planned 2025/26 spend being pushed into 2026/27.

#### Mercury Land Holdings – Slippage of £5.112m

The slippage reflects a delayed start on site at four schemes approved to start in 2025/26 (Peel Way, Albert Road, Dorrington Gardens and Keswick Avenue), plus slower than profiled progress at Priors Road and Quarles, which are under construction. The starts have run behind the P9 profile because business case approval and funding release took longer than the profile assumed. The spend reprofiles into 2026/27 within the existing MLH funding envelope.

### **Rainham & Beam Park – Slippage of £0.560m**

The slippage is due to a delayed property acquisition which was confirmed through a Non-Key Executive Decision, but which has been bogged down in negotiations with the owner. The acquisition is still planned, and the funds carried over into 2026/27.

### **Regeneration Other – Slippage of £4.361m**

Slippage of £5m on Phase 1 Farnham & Hildene commercial acquisitions which did not commence due to delay in confirmation of the GLA funding pushing back the project by several months. Once the GLA funding is in place the spend will accelerate during 2026/27. This is offset by accelerated spend on the Family Welcome Centre commercial unit which has ran ahead of the period 9 profile.

### **4.4.3 Housing & Property (HRA)**

<b>Programme Area /Service/ Directorate</b>	<b>Budget 2025/26 £m</b>	<b>2025/26 Forecast Period 9 £m</b>	<b>2025/26 Outturn £m</b>	<b>2025/26 Variance £m</b>
HRA Stock	81.243	66.389	66.996	0.607
<b>Housing Property &amp; Assets (HRA)</b>	<b>81.243</b>	<b>66.389</b>	<b>66.996</b>	<b>0.607</b>
12 Estates	6.268	4.938	1.847	(3.091)
Bridge Close Acquisitions	18.511	4.240	2.127	(2.113)
Bridge Close Regeneration	0.412	0.400	0.308	(0.092)
HRA Regeneration	67.052	24.175	22.483	(1.692)
<b>Regeneration &amp; Place Shaping (HRA)</b>	<b>92.243</b>	<b>33.753</b>	<b>26.765</b>	<b>(6.988)</b>
<b>Housing &amp; Property (HRA)</b>	<b>173.486</b>	<b>100.142</b>	<b>93.761</b>	<b>(6.381)</b>

### **HRA Stock – Slippage of £0.607m**

The slippage of £0.607m comprises a number of slipped projects offset by accelerated spend on other projects.

Key Slippages are as a result of professional support services (£1.2m) where numerous members of staff originally forecast to be capitalised were deemed to not meet the capitalisation criteria, and in environmental improvement works (£0.8m) where S20 leaseholder consultation was delayed meaning a delay in commencing the works on site.

Slippage also occurred largely around the HRA Affordable Housing Acquisition programme as prioritisation was switched to the GLA funding compliant acquisitions which had a corresponding accelerated spend against forecast.

## 12 Estates – Slippage of £3.091m

The project is behind schedule but is still progressing on site with spend now anticipated in 2026/27. The process of approving the valuation is likely to continue until the end of July and then the project will be back up to speed.

## Bridge Close Acquisitions – Slippage of £2.113m

Slippage in the Bridge Close acquisitions is due to the HICC (Havering Islamic Community Centre) relocation arrangement being pushed to next year as discussions are ongoing.

## HRA Regeneration – Slippage of £1.692m

This is largely around the HRA acquisitions programme with prioritisation placed upon the GLA acquisitions programme on the basis that this was grant funded.

### 4.4.4 Planning & Public Protection

Programme Area /Service/ Directorate	Budget 2025/26 £m	2025/26 Forecast Period 9 £m	2025/26 Outturn £m	2025/26 Variance £m
Enforcement	0.306	0.390	0.377	(0.013)
<b>Planning &amp; Public Protection</b>	<b>0.306</b>	<b>0.390</b>	<b>0.377</b>	<b>(0.013)</b>
<b>Planning &amp; Public Protection</b>	<b>0.306</b>	<b>0.390</b>	<b>0.377</b>	<b>(0.013)</b>

There are no significant areas of slippage within the Planning & Public Protection.

## 4.5 RESOURCES

### 4.5.1 Customer Services

Programme Area /Service/ Directorate	Budget 2025/26 £m	2025/26 Forecast Period 9 £m	2025/26 Outturn £m	2025/26 Variance £m
Cems & Crems	0.128	0.077	0.076	(0.001)
<b>Bereavement &amp; Registration Services</b>	<b>0.128</b>	<b>0.077</b>	<b>0.076</b>	<b>(0.001)</b>
<b>Customer Services</b>	<b>0.128</b>	<b>0.077</b>	<b>0.076</b>	<b>(0.001)</b>

There are no significant areas of slippage within Customer Services.

## 4.5.2 Finance

Programme Area /Service/ Directorate	Budget 2025/26 £m	2025/26 Forecast Period 9 £m	2025/26 Outturn £m	2025/26 Variance £m
Contingency	0.500	0.000	0.000	0.000
<b>Corporate Finance</b>	<b>0.500</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Exchequer & Transactional Programme	0.032	0.032	0.049	0.017
<b>Exchequer &amp; Transactional</b>	<b>0.032</b>	<b>0.032</b>	<b>0.049</b>	<b>0.017</b>
<b>Finance</b>	<b>0.532</b>	<b>0.032</b>	<b>0.049</b>	<b>0.017</b>

There are no significant areas of slippage within Finance.

## 4.5.3 IT, Digital & Customer

Programme Area /Service/ Directorate	Budget 2025/26 £m	2025/26 Forecast Period 9 £m	2025/26 Outturn £m	2025/26 Variance £m
ICT Cloud Migration	1.644	1.644	1.187	(0.457)
ICT Modern Device Management	2.101	1.854	1.348	(0.506)
Transformation	2.933	1.658	0.255	(1.403)
<b>IT, Digital &amp; Transformation</b>	<b>6.678</b>	<b>5.156</b>	<b>2.790</b>	<b>(2.366)</b>
<b>IT, Digital and Customer</b>	<b>6.678</b>	<b>5.156</b>	<b>2.790</b>	<b>(2.366)</b>

### ICT Modern Device Management – Slippage of £0.506m

The focus on the disaggregation from Newham leading to a Havering specific Azure environment has deferred delivery of other schemes to 2026/27. Refurbishing more laptops rather than providing new equipment has also contributed to the variance against the period 9 forecast.

### Transformation – Slippage of £1.403m

As part of this work, the services have developed and enhanced the CRM system and created numerous Power BI dashboards that increase operational efficiency and transparency around workloads and performance.

The variance is mainly due to £1m being ear-marked for projects that were to be funded in-year, but was not required during the year. In addition, the development of the digital strategy was undertaken in-house and therefore additional costs were not incurred. and some of the digital projects were put on hold in favour of other priorities e.g. creating the sovereign IT service for Havering.

## 4.5.4 Public Health

<b>Programme Area /Service/ Directorate</b>	<b>Budget 2025/26 £m</b>	<b>2025/26 Forecast Period 9 £m</b>	<b>2025/26 Outturn £m</b>	<b>2025/26 Variance £m</b>
Insight, Policy & Strategy	0.032	0.032	0.003	(0.029)
<b>Insight, Policy &amp; Strategy</b>	<b>0.032</b>	<b>0.032</b>	<b>0.003</b>	<b>(0.029)</b>
<b>Public Health</b>	<b>0.032</b>	<b>0.032</b>	<b>0.003</b>	<b>(0.029)</b>

There are no significant areas of slippage within Public Health service.