



COMMITTEENAME

MeetingDateLegal
at MeetingTime

MeetingLocation

MAYOR AND CABINET (The Executive)

Councillors:

ChairExpectedRolesRepresentingCells

MembersExpectedRolesRepresentingCells

Mayoral Advisers:

AdvmemExpectedRepresentingCells

Tim Shields
Chief Executive

Contact: Clifford Hart, Governance Services Officer
Tel: 020 8356 3597
Clifford.hart@hackney.gov.uk

Deadline(pubagenda)

The press and public are welcome to attend this meeting

NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY
REPRESENTATIONS RECEIVED AND THE RESPONSE TO ANY SUCH
REPRESENTATIONS

Whilst much of the business on the agenda for this meeting will be open to the public and media to attend, there will sometimes be business to be considered that contains, for example, confidential, commercially sensitive or personal information.

This is the formal 5 clear day notice under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to confirm that this Cabinet meeting will not be held partly in private.

The 28 clear day notice for this meeting was published last month in the Executive Meetings and Key Decisions Notice. This gave notice that there was no intention to meet in private after the public meeting to consider reports which contain exempt or confidential information.

ADDITIONAL MEETING INFORMATION

Meeting Dates

15 July 2019
16 September 2019
16 October 2019
18 November 2019
16 December 2019
20 January 2020
17 February 2020
23 March 2020
20 April 2020

Public Involvement

The public have the right to ask questions or submit petitions or deputations to Cabinet meetings.

Contact Governance Services (Tel: 020 8356 3597) for further information on how this can be arranged. Or email: Clifford.hart@hackney.gov.uk

Further information can also be found within Part 4 of the Council's Constitution (which can be seen on the website www.hackney.gov.uk at this link –

<http://mginternet.hackney.gov.uk/documents/s36746/4.4%20-%20Executive%20Procedure%20Rules.pdf>

Contact for Information

Clifford Hart
Tel: 020 8356 3597
Email: Clifford.hart@hackney.gov.uk

CABINET AGENDA

MeetingDateLegal

ORDER OF BUSINESS

Item No

1. FIEL
D_IT
EM_
NUM
BER

Wards Affected

Field_Wards

Contact Officers

FIELD_AUTHOR
FIELD_AUTHOR_TEL

2. FIEL
D_IT
EM_
NUM
BER

Access and Information

Location

Hackney Town Hall is on Mare Street, bordered by Wilton Way and Reading Lane.

Trains - Hackney Central Station (London Overground) - Turn right on leaving the station, turn right again at the traffic lights into Mare Street, walk 200 metres and look for the Hackney Town Hall, almost next to The Empire immediately after Wilton Way.

Buses 30, 48, 55, 106, 236, 254, 277, 394, D6 and W15.

Facilities

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall.

Induction loop facilities are available in the Assembly Halls, Rooms 101, 102 and 103 and the Council Chamber.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

Copies of the Agenda

The Hackney website contains a full database of meeting agendas, reports and minutes. Log on at: www.hackney.gov.uk

Paper copies are also from the Governance Services Officer whose contact details are shown on page 2 of the agenda.

Council & Elections Website – www.hackney.gov.uk

The Council & Elections section of the Hackney Council website contains details about the democratic process at Hackney, including:

- Mayor of Hackney
- Your Councillors
- Cabinet
- Speaker
- MPs, MEPs and GLA
- Committee Reports
- Council Meetings
- Executive Meetings and Key Decisions Notice
- Register to Vote
- Introduction to the Council
- Council Departments

DEMOCRATIC PROCESS

Representation

Contact details for all Councillors are available on the website or by calling 020 8356 3373.

Ward Councillors may be contacted at their surgeries or through the Members' Room at the Town Hall (020 8356 3373).

You may also write to any Councillor or a member of the Cabinet c/o Hackney Town Hall, Mare Street, London E8 1EA.

Scrutiny Procedures

Details are listed in Part 4 of the Council's constitution, see the website for more details or contact the Head of Overview and Scrutiny on 020 8356 3312

Executive Meetings and Key Decisions Notice

The procedure for taking Key Decisions is listed in Part 4 of the Council's Constitution, available on the website (www.hackney.gov.uk).

The Executive Meetings and Key Decisions Notice showing Key Decisions to be taken is available on the Council's website. If you would like to receive a paper copy please contact Governance Services (Tel: 020 8356 3597). Or email: Clifford.hart@hackney.gov.uk

Emergency Procedures

In case of fire or any other emergency the Head of Governance Services or his/her nominated officer will ensure orderly evacuation of all those present in the meeting room. All Members Officers and members of the public should proceed without delay to the assembly meeting point near the car park at the back of the Town Hall where the nominated officer will conduct a count of all who have been evacuated to ensure that all are safe.

Advice To Members And Officers On Handling Exempt Papers

- Do not photocopy
- Store securely for as long as you hold it
- All papers can be given to Governance Services Officers who will dispose of them appropriately and arrange for them to be recycled
- Note that copies of all exempt papers are held by Governance Services staff.

Rights of Press and Public to Report on Meetings

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting. Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting room. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

ADVICE TO MEMBERS ON DECLARING INTERESTS

Hackney Council's Code of Conduct applies to **all** Members of the Council, the Mayor and co-opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- The Director of Legal & Governance;
- The Legal Adviser to the committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

1. Do you have a disclosable pecuniary interest in any matter on the agenda or which is being considered at the meeting?

You will have a disclosable pecuniary interest in a matter if it:

- i. Is of a description specified in regulations made by the Secretary of State and either:
 - a) Is an interest of yours, or
 - b) Is an interest of
 - Your spouse or civil partner
 - A person with whom you are living as husband and wife, or
 - A person with whom you are living as if you were civil partners

And you are aware that that other person has that interest

2. If you have a disclosable pecuniary interest in an item on the agenda you must:

- i.
- ii. If you attend a meeting and are aware that you have a disclosable pecuniary interest in any matter to be considered, or being considered, at that meeting, you must subject to the sensitive interest rules, disclose that interest to the meeting and, unless you have obtained a dispensation, you cannot participate in any further discussion on the matter and must leave the meeting room whilst the matter is under discussion and takes place.
- ii. If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the room and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

3. Do you have any other interest on any matter on the agenda which is being considered at the meeting?

A Member will have 'other interests' in a matter if:

- i. A Member is a member of an external body, this must be disclosed on the interests form and declared at meetings.
- ii. When contractual, financial, consent, permission or licence matters are under consideration relating to an external body on which you sit as a Member, such an interest must be declared and you cannot participate in the meeting as a Member of the Committee and must leave the meeting whilst the matter is under discussion and takes place
- iii. When contractual, financial, consent, permission or licence matters are under consideration and you have actively engaged in supporting an individual or organisation on the matter, you cannot participate in the meeting as a member of the Committee and must leave the meeting whilst the matter is under discussion and takes place.
- iv. Where a Member has received a gift or hospitality with an estimated value of at least £25, this must be disclosed on the register of interests form and declared at meetings.

4. If you have other interests in an item on the agenda you must:

- i.
- ii. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.
- iii. You may remain in the room, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.
- iv. If you have an interest in a contractual, financial, consent, permission or licence matter under consideration, you must leave the room unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the room or public gallery whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the room. Once you have finished making your representation, you must leave the room whilst the matter is being discussed.
- v. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the room. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non pecuniary interest.

Further Information

Advice can be obtained from Dawn Carter-McDonald, Interim Director of Legal and Governance on 020 8356 6234 or email dawn.carter-mcdonald@hackney.gov.uk



FS 566728

2020/21 Overall Financial Position, Property Disposals And Acquisitions Report that takes account of the estimated financial impact of Covid-19 and the on-going emergency

Key Decision No. FCR R.21

CABINET MEETING DATE 2020/21

25TH JANUARY 2021

CLASSIFICATION:

OPEN

WARD(S) AFFECTED: ALL WARDS

CABINET MEMBER

Deputy Mayor Rebecca Rennison

Cabinet Member for Finance, Housing Needs and Supply

KEY DECISION

Yes

REASON

Spending or Savings

GROUP DIRECTOR

Ian Williams: Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This Overall Financial Position (OFP) is based on detailed November monitoring data from directorates. Turning to this report, we are forecasting an overspend on the General Fund (i.e. excluding Housing costs) of £65m before the application of the Government's emergency funding (£32.3m). Of this, £61m relates to additional expenditure and reduced income incurred on the General Fund that is owed to Covid-19. The non-Covid-19 related overspend is £4.6m.

Further Government support to partially meet the cost of lost local authority income, together with measures allowing for Council Tax and Business Rate shortfalls to be met out of future years' budgets, mean we are able to currently forecast a year end position of a £3m overspend. It is important to note that this may well change, particularly given that current figures pre date the move to tier 4 and then the lockdown.

We will shortly be bringing forward our budget for 2021/22. While the Government has committed to further financial support in relation to coronavirus for the coming year, funding continues to fail to address the continued growth in demand faced by local authorities and on a day-to-day basis, the Government continues to pursue its commitment to austerity. This means that even in the midst of a global pandemic, we have had to identify savings of over £10m in order to balance the coming year's budget.

We also continue to call on the Government to recognise the pressures that local residents and businesses will continue to face in the coming year. In particular, the need for benefits to be paid at a level that actually meets people's needs rather than the Government's ideological preferences and for further support, including rate relief, to be extended to struggling local businesses.

We will continue to take a responsible approach to our local finances, doing everything we can to protect our residents from the Government's austerity agenda. Unlike the Government, we cannot simply borrow to increase our spending power, but have to balance our books; indeed, if the Government had to adhere to the same rules as us, they would have been served a Section 114 long before now. As it is, with national debt now at historically high levels and the Government committed to its (Un)fair Funding Review, the future for local government finances remains bleak.

2. GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES INTRODUCTION

- 2.1 The OFP shows that the Council is forecast to have a £65m funding shortfall (General Fund) before the application of the Government's emergency funding. This is equivalent to 6% of the total gross budget and 19% of the net budget. This is an increase of £0.5m in the

overspend from September and is owed to an increase in Covid-19 related expenditure.

- 2.2 As Cabinet is aware, we were awarded £17.835m of grant in the first two tranches and a further £3.516m from the third tranche of emergency funding, giving a total of £21.351m. On 12th October, the Prime Minister announced that an additional £0.919bn emergency funding would be made available for local government together with £0.1bn for local authority leisure centres most in need. Our allocation from the £0.919bn was £11m, bringing our total emergency funding to £32.349m. According to a Government announcement before Christmas, we have also been allocated a further £11m for 2021/22. The 2020/21 emergency funding is reflected in the forecasts below.
- 2.5 With regards to the scheme that would partially compensate councils for losses in some sales, fees, and charges previously reported to Cabinet; we are required to submit 3 returns. The first covered actual losses in April, May, June, and July; the second related to losses in August, September, October, and November. The third will cover the remainder of the financial year. We have submitted the first two returns and the first return has been accepted in full and we await confirmation (or otherwise) from MHCLG on the second. Until we have data for the final four months, we cannot accurately extrapolate to an annual allocation. So, the report continues to assume our best annual estimate of £9.6m although this could change as we receive later data and MHCLG reviews our claims.
- 2.6 The estimates contained within this report are very indicative and will be revised further as more information becomes available. It must also be noted that the Government funding listed in this report is intended to cover the pandemic only and funding is of a one-off nature.
- 2.7 The position of the General Fund is shown below. The first table shows the funding shortfall of £65m of which £61m is owed to Covid-19 while the second table analyses the impact of applying Government funding.

TABLE 1: OVERALL ESTIMATED BUDGET SHORTFALL 2020/21

| Revised Budgets | Service Unit | Forecast: Change from Revised Budget after Reserves | Variance from Previous Month | Amount of variance owed to Covid | Variance excluding Covid |
|-----------------|--|---|------------------------------|----------------------------------|--------------------------|
| | | £k | £k | £k | £k |
| 61,507 | Children's Services | 3,644 | 252 | 2,135 | 1,509 |
| 25,711 | Education | 2,739 | -256 | 2,739 | 0 |
| 95,098 | ASC & Commissioning | 6,752 | 2 | 4,911 | 1,841 |
| 33,763 | Community Health | 1,295 | 32 | 1,702 | -407 |
| 216,079 | Total CACH | 14,430 | 30 | 11,487 | 2,943 |
| 36,653 | Neighbourhood & Housing | 14,569 | 433 | 13,512 | 1,057 |
| 19,757 | Finance & Corporate Resources | 14,401 | 44 | 13,923 | 478 |
| 0 | Reduced Council Tax & Business Rates Income | 20,500 | 0 | 20,500 | 0 |
| 8,947 | Chief Executive | 1,499 | 0 | 1,402 | 97 |
| 31,442 | General Finance Account | 0 | 0 | 0 | 0 |
| 312,878 | GENERAL FUND TOTAL | 65,399 | 507 | 60,824 | 4,575 |

2.8 In order to look at the budgetary implications of this shortfall in 2020/21 we must first adjust for Council Tax and Business Rates. The governing regulations require that any difference between the budgeted income and outturn income for these two income streams is not charged to the General Fund in 2020/21 but instead is charged in the following year. And so without changes to the regulations if we do make a shortfall of £20.5m on Council Tax and Business Rates income in 2020/21 (as currently forecast), it would all be charged to the General Fund in 2021/22 thereby increasing the budget gap by an equivalent amount in this year.

2.9 However, as noted in previous OFPs, the Government is intending to partially alleviate the burden. It is proposing to fund 75% of the shortfall on Council Tax and Business Rates, with the remaining losses being charged against the General Fund in 2021/22 and in the following 2 years. The government is proposing that the charge will be a third in each year. For illustrative purposes, if we have a shortfall of £20.5m then we will have to charge £5.125m to the General Fund over the next 3 years. If this is in equal instalments then it will be at a rate of £1.7m per annum beginning in 2021/22. Obviously, we will be able to offset against this any payments we receive in respect of 2020/21 debts in 2021/22 and beyond from local taxpayers and businesses.

2.10 The application of the emergency funding, compensatory funding and the deferral of Council Tax and Business Rates losses to future years is shown in table 2 below

TABLE 2: SHORTFALL AFTER THE APPLICATION OF GRANT

| Revised Budgets | Service Unit | Forecast: Change from Revised Budget after Reserves | Amount of variance owed to Covid-19 | Variance excluding Covid-19 |
|-----------------|--|---|-------------------------------------|-----------------------------|
| | | £k | £k | £k |
| 61,507 | Children's Services | 3,644 | 2,135 | 1,509 |
| 25,711 | Education | 2,739 | 2,739 | 0 |
| 95,098 | ASC & Commissioning | 6,752 | 4,911 | 1,841 |
| 33,763 | Community Health | 1,295 | 1,702 | -407 |
| 216,079 | Total CACH | 14,430 | 11,487 | 2,943 |
| 36,653 | Neighbourhood & Housing | 14,569 | 13,512 | 1,057 |
| 19,757 | Finance & Corporate Resources | 14,401 | 13,923 | 478 |
| 8,947 | Chief Executive | 1,499 | 1,402 | 97 |
| 34,403 | General Finance Account | 0 | 0 | 0 |
| 312,878 | GENERAL FUND TOTAL | 44,899 | 40,324 | 4,575 |
| | Estimated Emergency Fund | -32,349 | -32,349 | |
| | Funding to Partially Compensate loss of Sales, Fees & Charges income | -9,575 | -9,575 | |
| | FUNDING STILL REQUIRED AFTER APPLICATION OF GRANT | 2,975 | -1,600 | |

2.11 The Covid-19 gap after funding is now showing a small surplus but this must be disregarded given all the uncertainties that lie ahead. It must be noted that the additional spend and income reduction estimates shown above were made prior to London being re-designated a third-tier and then fourth-tier area and the introduction of the further lockdown in November. In view of these factors, we cannot assume that at the end of the year, that the external funding allocations will cover all the additional spend and income losses arising from Covid-19 and further funding may well be needed before April.

2.12 Aside from anything else, we will make a substantial loss on business rates and council tax income which although will not impact this year (other than through reduced cash flow) will impact negatively on the General Fund in 2021/22 to 2023/24. So, the position is not as encouraging as the comparison above suggests.

2.13 Turning to the overall 2020/21 budget gap, this is now £3m (£4.6m excluding direct Covid-19 spend) as set out in table 2 above, and so it is essential that services look again at all areas of spend to drive down the outturn further to minimise any required drawdown on corporate resources which have, as noted previously, been severely impacted upon by Covid-19 and have significantly diminished our corporate flexibility. Since the September OFP was cast this pressure on corporate resources has increased as we now have to find an additional £1.6m to fund the 2020/21 2.75% pay award.

- 2.14 It must also be noted that the non-Covid-19 overspend is on an upward trajectory having increased by £2.7m since May. It is of paramount importance therefore that directorates take all steps to contain further spending increases as failure to do so will make an extremely challenging situation very much worse.
- 2.15 As reported in previous reports to Cabinet, It is by no means clear what the longer term financial impact on local government will be as a result of Covid-19 but it looks likely that the UK faces a significant recession, possibly its sharpest recession on record. It is also worth noting that the UK's debt is now worth more than its economy after the government borrowed a record amount in May. The £55.2bn figure was nine times higher than in May last year and the highest since records began in 1993 and it sent total government debt surging to £1.95trn. Income from tax, National Insurance and VAT all dived in May amid the coronavirus lockdown as spending on support measures soared.
- 2.16 Clearly this will have an impact on future public sector and local authority budgets. It seems that at this time there is much less of an appetite within Government for austerity than that following the financial crisis in 2008 but it remains to be seen whether sufficient resources are made available to put local government on a sound and sustainable financial footing going forward.
- 2.17 As stands, our indicative funding settlement for the coming year indicates the need for over £10m in savings and work is underway to identify these. To date, this has included the identification of £8m in corporate savings to be achieved by:
- a. Application of a vacancy adjustment of 3.5% . Proposals of this nature are being implemented by various London boroughs and we have been reviewing other authorities' approaches to managing this which include a clear understanding of the financial impact of delays in recruitment, freezing some posts for a period of time, and recruitment panels (or equivalent) to determine new roles. The application of this will be monitored through the OFP (£6m)
 - b. Review of the added years adjustment to payroll budgets. Added years relate to pension fund members on historic enhanced terms and conditions where we pay more to the Fund. We are reviewing, in conjunction with Equiniti, whether this charge in its totality continues to be justified as the cohort of fund members this relates to has reduced and therefore so should have our charge. Our initial estimate of this reduction is a saving of £1m.
 - c. Reduction in the Revenue Contribution to Capital (RCCO) by £1m. A reduction in our RCCO budget will mean identifying the same amount from an alternative resource to fund the capital programme, for example CIL/S106 or capital receipts. An additional call of £1m on one of these funding streams is manageable from our balance

sheet as it stands. To give a sense of scale - our current budgeted General Fund capital programme is over £100m and so a £1m change in financing therefore represents less than a 1% impact.

Further work is now taking place at directorate level to identify and agree the remaining savings needed for the 2021/22 budget and these will be brought forward in next month's OFP report and the budget.

- 2.18 A cumulative equalities impact assessment has been undertaken as part of savings development and the issues raised are being taken on board as part of the development of savings proposals. Each of the proposals are subject to a separate equalities impact assessment where there is a likely impact on residents and/or staff.
- 2.19 On 17th December, the Government published the 2021/22 Local Government Finance Settlement. It confirmed the funding announcements that were made following the publication of the 2020 Spending Review. It includes a £2.2 billion or 4.5% cash increase in core funding – including a £1 billion increase in social care funding - although much of this comes from an assumed 5% increase in council tax. In fact less than £0.3 billion is from the government with the other £1.9 billion coming from the assumed tax increase. On paper, core funding in 2021-22 would be 15% higher in cash-terms and 1% higher in real-terms than in 2015-16. Accounting for population growth though, this amounts to a 3% cut in core funding per capita over the last 6 six years, nor does it take into account the increasing demand for key services. And this follows much bigger cuts over the period 2009-10 and 2015-16. It also assumes that the Council Tax base will increase by the same average amount in the last five years which does not seem reasonable in the wake of Covid-19, the economic downturn and Brexit
- 2.20 The actual increase in core funding is likely to be less than 4.5% because the government's projections assume that the numbers of people claiming means-tested council tax discounts will continue to fall as they did prior to the Covid-19 crisis. This almost certainly will not be the case – indeed increases in unemployment will likely mean an increase in claimants. The government is providing £670 million as part of its £3 billion Covid-19 funding package for next year to address this issue. The plans imply a further increase in reliance on council tax for overall core funding – 61% in 2021-22, compared to 49% in 2015-16 and more like 40% back in 2009-10. Relying on council tax for funding increases potentially has distributional consequences: councils in poorer areas can raise less via council tax. It is also this increased reliance on local tax and income that has left local authorities so exposed to the financial impact of the pandemic.
- 2.21 Of the social care £1bn, £300m is additional grant - £240m is funding used to level the playing field between councils who have different abilities to raise funding through the council tax precept for adult social care, and £60m is distributed purely using the Adults Social care RNF. However, it should be noted that half of the new social care grant (£150m) and the new Lower Services Grant (£111m) are paid for by

unused New Homes Bonus Grant (NHB) which in previous years has been paid to local authorities by way of an unspent NHB grant. So it is questionable if this is new money although we may have benefited from this distribution instead of the Settlement Funding Assessment allocation method which had been used previously to redistribute unspent NHB.

- 2.22 There was confirmation that the 2020-21 social care grant allocation (adults and children) of £1.4bn will be rolled forward into 2021/22 and our allocations of this and the new grant are in line with what we expected. The same position applies to IBCF.
- 2.23 The Government confirmed that a 3% increase in council tax for social care and a 1.999% increase for the core principle (giving a total of 4,999%) will be allowable before a referendum is required.
- 2.24 The announcement also confirmed the allocation of £1.55bn of Emergency Covid funding in 2021/22 and the £670 million to enable councils to help fund the cost to councils of the the additional CTRS claimants that the Government expects in 2021/22 as a result of increased unemployment and to further support those least able to pay. They are seeking views on a proposal to distribute the £670m on the basis of each billing authority's share of the England level working-age local council tax support caseload, adjusted to reflect average bill per dwelling in the area. Indicative allocations and detailed methodology note will be published "shortly".
- 2.26 There is also a new grant (Lower Tier Services Grant) which will allocate £111 million to councils with responsibility for services such as homelessness, planning, recycling and refuse collection and leisure services. The grant also contains a one-off minimum funding floor, so that no council – either upper or lower tier – will have less funding available in 2021-22 than this year. We get £1.1m from the former element and nothing from the latter but support the latter on grounds that we would welcome its inclusion as part of the Fair Funding methodology.
- 2.27 The government has committed £622 million to continue the New Homes Bonus scheme in 2021-22 and our allocation is in line with what we expected. But they are using the unspent NHB topslice to fund £150m of the £300m Social Care Grant; and the lower tier services grant worth £111m. The Government is committed to reforming the NHB grant next year.
- 2.28 Revenue Support Grant will be increased in line with CPI inflation which is in line with expectations.
- 2.29 The Government confirmed that it will compensate local authorities for an estimated 75 percent of the irrecoverable loss of council tax and business rates revenues in 2020-21 which will cost an estimated £800m and that it will provide £254 million of additional resource funding to tackle homelessness and rough sleeping in 2021-22 (£103m of this had been previously announced).

- 2.30. With regards to grants outside the Settlement, Public Health Grant allocations have been delayed and are expected to be published in the near future. Details of the Flexible Homelessness Support Grant and Homelessness Reduction Grant will be confirmed and the Lead Local Flood Authorities Grant has been discontinued. No decision has been made on whether to continue the Independent Living Fund and on the Domestic Abuse Bill funding, £125m was announced but there is no confirmation on distribution yet
- 2.31 On another matter, the Deputy Mayor (Rebecca Rennison) and the Group Director of Finance and Resources were appointed as Non-Executive Directors to London Energy Limited on 21st January 2021. The appointments will be for a three year period. The primary role will be to assist the Board to promote the success of the Company by providing leadership within a framework of prudent and effective controls for risk assessment and management. In addition, both will work with the Board to set the strategic aims and objectives of the Company, and will be expected to participate fully in ensuring that the Board exercises effective leadership of and control over the Company and its subsidiaries and properly monitors its executive management.

3.0 RECOMMENDATIONS

3.1 To note the update on the overall financial position for November, covering the General Fund and HRA.

3.2 To approve the corporate savings noted at 2.17

4. REASONS FOR DECISION

4.1 To facilitate financial management and control of the Council's finances and approve the corporate savings

4.2 CHILDREN, ADULT SOCIAL CARE AND COMMUNITY HEALTH (CACH)

Summary

The CACH directorate is forecasting an overspend of £14.69m after the application of reserves and grants. Covid-19 related expenditure accounts for £11.74m of the reported overspend.

Children & Families Service

Children's Services (CS) is forecasting a £3.64m overspend (5.9%) as at the end of November against budget after the application of reserves totalling £7.075m. Covid-19 related expenditure accounts for £2.135m of the reported budget overspend. The draw down from reserves includes:

- £3.869m from the Commissioning Reserve, set up to meet the cost of placements where these exceed the current budget.
- £1.6m for additional staffing required to address a combination of increased demand across the service and management response to the Ofsted inspection.

The forecast also incorporates £4.650m of Social Care Grant funding (that is an additional £3.450m in 2020/21 when compared to last year). Set against this, there is a significant increase in spend driven by looked-after children (LAC) and leaving care (LC) placements costs within Corporate Parenting where the net overall spend is forecast to increase by £5.2m compared to last year (excluding reserves and Social Care grant, however £1.34m has been identified as relating to Covid-19). There is also an increase in forecast spend on staffing across CS of £3.4m when compared to last year (£0.6m has been identified as relating to Covid-19 and £0.67m relates to an increase in the employer pension contribution from 15.6% to 18.5% and a further £0.77m for pay inflation of 2.75%). £1.6m is linked to increased staffing levels agreed in response to increased demand and additional posts agreed to assist in responding to the Ofsted recommendations arising from the inspection in November 2019 in which the Council received a 'requires improvement' judgement.

Corporate Parenting (CP) is forecast to overspend by £3.6m (including £1.34m of Covid-19 expenditure) after the use of £3.9m of commissioning reserves. This position also includes the use of £2.9m of social care funding that was announced in the October 2019 Budget - £0.6m is in relation to staffing costs and the remaining £2.3m is for placements. The overall position for Corporate Parenting has increased by £0.5m since October and is largely due to increased placements costs linked to Covid-19.

Gross expenditure on Looked After Care (LAC) and Leaving care (LC) placements (as illustrated in the table below) is forecasted at £25.6m compared to last year's outturn of £20.4m – an increase of £5.2m (this includes £1.34m of Covid-19 expenditure).

Table 3: Placements Summary for LAC and Leaving Care

| Service Type | Budget | Forecast | Forecast Variance | Funded Placements | Current Placements |
|---------------------------------------|---------------|---------------|-------------------|-------------------|--------------------|
| Residential | 3,131 | 7,712 | 4,581 | 15 | 40 |
| Secure Accommodation (Welfare) | - | 21 | 21 | 0 | - |
| Independent Foster Agency | 6,488 | 7,804 | 1,316 | 128 | 155 |
| In-House Fostering | 2,400 | 2,222 | (178) | 102 | 95 |
| Semi-Independent (Under 18) | 1,570 | 3,316 | 1,746 | 24 | 54 |
| Semi-independent (18+) | 1,370 | 2,555 | 1,185 | 73 | 94 |
| Family & Friends | 569 | 956 | 387 | 27 | 43 |
| Residential Family Centre (P & Child) | - | 256 | 256 | - | 4 |
| Other Local Authorities | - | 85 | 85 | - | 3 |
| Overstayers (18+) | 290 | 498 | 208 | 61 | 61 |
| Staying Put (18+) | 200 | 492 | 292 | 19 | 35 |
| Extended Fostering (18+) | - | 57 | 57 | - | 2 |
| UASC | - | (404) | (404) | 52 | 45 |
| Expenditure | 16,018 | 25,568 | 9,550 | 501 | 631 |

**based on the average cost of placements.*

This is the gross position of £9.5m above forecast for CP placements including UASC income. The UASC income is in excess of the placements costs incurred for the 45 UASC placements in the service. As we met the threshold last year for UASC numbers (the trigger was 0.07% population of the child population), this meant that we then were eligible for an increase in the funding rate (up from £114 last year to £143 in 2020/21 per person per night). Of the additional funding received this year, £200k has been used to fund the additional UASC staffing unit within the Looked after Children service, and the remaining funds have been used to carry out age assessments and meet additional needs of UASCs.

This gross position is mitigated by reserves of £3.9m and £2.3m Social Care Grant to get to a net reported position for CP placements of £3.3m.

| Placement Type | Annual Forecast £ 000 | Weekly Cost £ 000 | Weekly Unit Cost (Avg) | Current YP No | Last month YP No |
|-------------------------------------|--------------------------|----------------------|---------------------------|---------------|---------------------|
| Residential Care | 7,712 | 159 | 3,987 | 40 | 39 |
| Secure Accommodation (Welfare) | 21 | - | 0 | 0 | 0 |
| Independent Foster Agency | 7,804 | 150 | 969 | 155 | 145 |
| In-House Fostering | 2,222 | 43 | 453 | 95 | 92 |
| Semi-Independent (Under 18) | 3,316 | 68 | 1,267 | 54 | 52 |
| Semi-independent (18+) | 2,555 | 34 | 358 | 94 | 94 |
| Family & Friends | 956 | 17 | 406 | 43 | 43 |
| Residential Family Centre (P&Child) | 256 | 10 | 2,394 | 4 | 3 |
| Other Local Authorities | 85 | 1 | 406 | 3 | 3 |
| Overstayers (18+) | 498 | 19 | 310 | 61 | 58 |
| Staying Put (18+) | 492 | 16 | 461 | 35 | 36 |
| Extended Fostering (18+) | 57 | 1 | 498 | 2 | 2 |
| UASC | (404) | 34 | 727 | 45 | 45 |
| Total | 25,568 | 553 | 12,236 | 631 | 612 |

One of the main drivers for the cost pressure in Corporate Parenting continues to be the rise in the number of children in costly residential placements which has continued to grow year-on-year and the number of under 18s in high-cost semi-independent placements. Where children in their late teens are deemed to be vulnerable, and in many cases are transitioning from residential to semi-independent placements, they may still require a high-level of support and in extreme circumstances bespoke crisis packages. We are also seeing an increase in the number of Independent Fostering Agency (IFA) placements and a stagnation in the number of in-house fostering placements. The annual cost of an IFA placement (£50k) is twice as much as an In-house fostering placements (£25k).

The forecast for LAC and LC Placements is a net increase of £5.2m compared to last year (excluding reserves and Social Care Grant funding). This is largely attributed to increases in Semi-independent placements (both under and over 18s) of £2.1m; Residential care £2.2m; and IFAs £0.7m. This forecast includes additional expenditure of approximately £1.34m in relation to Covid-19. If we exclude the Covid-19 expenditure, the increase compared to the 2019/20 outturn is £3.8m. Management actions are continuing to be developed by the

service to reduce the number and unit cost of residential placements. Given that the average annual cost of a residential placement is approximately £200k, a net reduction in placements would have a significant impact on the forecast.

This year we continue to see significant pressures on staffing, however this has been partly offset by the Social Care Grant funding which has been allocated to the service. This is mainly due to over-established posts recruited to meet an increase in demand (rise in caseloads), additional capacity to support the response to the Ofsted focused visit in 2019 and cover for maternity/paternity/sick leave and agency premiums. Given the outcome of the inspection referred to above, alongside further increased demand in the system, as well as the ongoing impact of Covid-19, it is likely that staffing costs will continue to be above establishment and this is being reviewed by the service to ensure there is sufficient capacity for the following year.

Directorate Management Team is forecast to overspend by £354k after a drawdown of £712k reserves for post Ofsted staffing pressure and £166k Social Care Grant funding for the creation of two Service Manager posts. £276k of staffing pressure in relation to Covid-19 is forecast in this area, and this includes an estimate of additional staffing relating to delays in closing cases during this period.

Disabled Children's Service is forecast to overspend by £155k after the use of £476k of reserves. Staffing is projecting an overspend of £160k due to additional staff brought in to address increased demand in the service. This is offset by £215k of additional Social Care Grant funding. Commissioning is projecting a £625k overspend attributed to care packages (£292k Home Care, £353k Direct Payments, Short Breaks and other commissioning £-20k). Other operating costs pressures come to £60k.

Access and Assessment is forecast to underspend by £139k after the use of reserves which relates to staff vacancies in the team, delays in recruitment and the emergency duty team demand being projected to be lower than anticipated for the year. There are significant levels of non-recurrent funding in the service including £564k of reserve funding to provide additional capacity following the Ofsted inspection.

Safeguarding and Learning Service is forecast to underspend by £104k. Staffing is underspent by £118k, which is due to vacancies in the team and delays in recruitment. Supplies and Services are also forecast to underspend by £14k (mainly due to Security Services and Hire of Room / Halls not being incurred due to Covid-19).

Children In Need is forecast to overspend by £38k after the use of reserves. There are significant levels of non-recurrent funding in the service including £687k of Social Care Grant funding in recognition of staffing pressure at the start of the financial year. Recruitment to permanent Social Worker posts is in progress which should address the high numbers of agency staff currently in this service.

Hackney Education

Hackney Education has a budget of £25.7m net of budgeted income of circa £240m. This income is primarily Dedicated Schools Grant of which the majority is passported to schools and early years settings or spent on high needs placements.

As at the end of November 2020, Hackney Education is forecasting to overspend by around £8.8m. Approximately £2.7m of this is the forecast financial impact of the Covid-19 outbreak. The balance of the overspend (£6.1m) is mainly as a result of a £8m forecast over-spend in SEND, offset by forecast £2m of savings in other areas of Hackney Education. The £8m over-spend in SEND is a result of previously reported factors, mainly a significant increase in recent years of children and young people with Education Health and Care Plans (EHCP's). The forecast is consistent with the forecast reported in the previous period.

The Government has formally confirmed its intention to ensure that local authorities are not left with the burden of SEND cost pressures and have issued new funding regulations which state that deficits arising from DSG shortfalls will not be met from local authorities' general funds unless Secretary of State approval is gained. The finance teams are working on what exactly this will mean for the Council's finances and are also consulting with the auditors and other Councils. At this time it is thought that it is unlikely these changes to funding regulations will have a material impact on the forecast.

The Government's expectation is that the DSG overspend will remain in the Council's accounts as a deficit balance which will then reduce in future years as additional funding is received. However, Government's commitment to this additional funding and the level this will be at is not clear. There is therefore a financial risk to the Council of carrying this deficit forward and we will need to consider options for mitigating this risk which might include setting aside a reserve equivalent to the deficit at year end.

Covid-19 Winter Grant. On 8 November 2020, the Government announced a package of extra targeted financial support for those in need over the winter period. This includes the £170 million Covid-19 Winter Grant Scheme, which has been made available in December 2020 and covers the period until the end of the financial year. DWP will provide the grant scheme funding to county councils and unitary authorities (including metropolitan councils and London boroughs) who will administer the scheme and provide direct assistance to support families with children, other vulnerable households and individuals. The grant will be used to support those most in need across England with the cost of food, energy and water bills and other associated costs.

The Council has received £1.1m and decisions have been made on the strategy to target low-income vulnerable families with children and

Hackney Education is issuing food vouchers to families of some 14,000 children aged 0-16. The working group established to administer this funding is continuing to look at ways in which to provide further support to families of Post-16 children with SEND and families from the Orthodox Jewish community who attend independent schools.

A summary of the latest budgetary position is shown below.

| | Variance £'000 | Variance due to COVID £'000 | What the variance might have been excluding C19 £'000 |
|-------------------------------------|----------------|-----------------------------|---|
| SEND Forecast (excluding transport) | 7,755 | 250 | 7,505 |
| SEND Transport | 578 | 70 | 508 |
| Hackney Education forecast other | 441 | 2,419 | (1,978) |
| Net variance | 8,774 | 2,739 | 6,035 |

The table below provides a breakdown of the forecast against service areas in Hackney Education and an explanation for significant variances.

| Table 6 - Budget Commentary Excluding the C19 Impact | | | | |
|---|-------------------|-----------------------------------|---------------------------|--|
| Service area | 2020/21 budget £k | Forecast Year-end Exp Excl C19 £k | Variance Excluding C19 £k | Budget commentary |
| High Needs and School Places | 48,147 | 56,160 | 8,013 | The forecast assumes an increase in spend by around £3.8m from what was incurred in 2019/20. A group of key Council officers will meet to develop/refine the forecast. |
| Education Operations | 3,684 | 3,729 | 45 | Immaterial variance |
| Early Years, Early Help and Wellbeing | 42,435 | 43,039 | 604 | This reflects forecast spending in children's centres and residual costs associated with an in-year closure of a school-based children's centre where the full-year budget was vired as savings so is partly offset under contingencies and recharges. |
| School Standards and Performance | 1,843 | 1,774 | (69) | Immaterial variance |
| Contingencies and recharges | 10,875 | 9,258 | (1,617) | Forecast under-spends in contingency and savings delivered in previous years. |
| Delegated school funding to maintained mainstream schools | 134,360 | 133,417 | (944) | Forecast variance reflects Schools Forum agreement to vire from Schools Block of the DSG to the High Needs block to contribute to the SEND |

| | | | | |
|--------------|---------------|---------------|--------------|-----------|
| | | | | pressure. |
| DSG income | (215,633) | (215,633) | | |
| TOTAL | 25,711 | 31,745 | 6,033 | |

Adult Social Care & Community Health

The November 2020 revenue forecast is a £6.75m overspend. Covid-19 related expenditure accounts for £4.9m of the reported overspend. To note this overspend does not include Covid-19 NHS discharge related spend of £2.6m where there is an agreement to fully recharge the cost to the CCG as well as care provider support from the Infection Control Fund (£1.5m).

The overall position for Adult Social Care last year was an overspend of £4.027m. The revenue forecast includes significant levels of non-recurrent funding including iBCF (£1.989m), Social Care Support Grant (£4.644m), and Winter Pressures Grant (£1.405m).

Announcements on social care funding as part of the Spending Reviews in 2019 and 2020 provided further clarity on funding levels till the end of Parliament, however, it is still unclear what recurrent funding will be available for Adult Social Care after this period.

The non-recurrent funding was only intended to be a 'stop-gap' pending a sustainable settlement for social care through the Green Paper, however this is subject to ongoing delay. The implications of any loss of funding will continue to be highlighted in order that these can be factored into the Council's financial plans. This will include ensuring that it is clear what funding is required to run safe services for adults. Alongside this the service continues to take forward actions to contain cost pressures. Some of these management actions are outlined in the table below.

Care Support Commissioning (external commissioned packages of care) contains the main element of the overspend in Adult Social Care, with a £5.4m pressure. Covid-19 related expenditure accounts for £4.1m of the total budget pressure. The forecast also includes £1.4m of the Winter Pressures grant to fund the ongoing additional care package cost as a result of hospital discharges. The full £1.4m has already been committed at the beginning of the financial year.

| Service type | 2020/21 Budget | Nov 2020 Forecast | Full Year Variance to budget | Variance from Sep 2020 | Management Actions |
|-----------------------|----------------|-------------------|------------------------------|------------------------|--|
| Learning Disabilities | 16,735 | 18,091 | 1,356 | 267 | - ILDS transitions/demand management and move on strategy - Three conversations |
| Physical and Sensory | 13,748 | 16,615 | 2,868 | (184) | |

| | | | | | |
|--|--------|--------|-------|------|---|
| Memory, Cognition and Mental Health ASC (OP) | 8,297 | 9,249 | 952 | 13 | - Review of homecare processes - Review of Section 117 arrangements - Personalisation and direct payments - increasing uptake |
| Occupational Therapy Equipment | 740 | 653 | (87) | (11) | |
| Asylum Seekers Support | 170 | 486 | 316 | 47 | |
| Total | 39,690 | 45,094 | 5,405 | 132 | |

Physical & Sensory Support is forecasting an overspend of £2.9m. This includes a forecast of £2.4m of additional funding support for care providers in response to the Covid-19 pandemic. The remaining pressure of £0.5m relates directly to the number and complexity of care support packages in Physical and Sensory Support. The overall position is broadly consistent with the previously reported September/October position, with a small forecast decrease of £184k. The gross forecast spend on care packages in Physical Support is £18.9m (£17.8m in 19/20) and in Sensory Support is £1.21m (£1.04m in 19/20). The forecast also includes £350k of iBCF and £755k of Winter Pressure funding towards care packages in 20/21.

Memory, Cognition and Mental Health ASC (OP) is forecasting an overspend of £0.95m. The overall position has remained broadly unchanged (£13k forecast change) since the last reported September/October position. The gross forecast spend on care packages for 20/21 is £12.2m (£12.2m in 19/20). The forecast also includes £650k of Winter Pressure funding and £400k of iBCF towards care packages in 20/21.

The Learning Disabilities service is forecasting an overspend of £1.36m, which reflects an adverse movement of £267k on the September/October reported position. This continues to be primarily driven by the increasing complexity of care needs for new and existing Learning Disability clients and inflationary pressures experienced by providers. The gross forecast spend on care packages in Learning Disabilities is £32.8m (£30.9m in 19/20). The forecast also includes significant non-recurrent funding from the iBCF (£1m) and Social care (£4.6m) grants. In addition a contribution from the NHS of £2.7m (£2.1m in 2019/20) for jointly funded care packages for service users has been factored into the forecast. This is building on the work completed in 2019/20 to agree the share of funding for complex care packages.

The Mental Health service is provided in partnership with the East London Foundation Trust (ELFT), and is forecast to overspend by £1.0m. The overall position is made up of two main elements - a £1.36m overspend on externally commissioned care services and £354k underspend across staffing-related expenditure. The gross spend on care packages in Mental Health (ELFT) is £4.98m (£4.9m in 19/20).

Provided Services is forecasting a £232k overspend against a budget of £10.1m. This is largely attributed to:

- Housing with Care overspend of £757k, of which the majority is in relation to the significant cost of additional agency staff cover employed for staff absences including staff shielding or self-isolating at present due to Covid-19.
- Day Care Services are projected to underspend by £525k. The Oswald Street day centre re-opened in October but is currently supporting a much reduced number of service users. Consequently staff vacancies that were forecast to be filled across the day care service are now forecast to remain vacant across the financial year.

Preventative Services is forecasting an underspend of £232k. Forecast underspends on Concessionary Fares (£57k) and the Interim Bed facility at Leander Court (£178k) are offset by pressures of staff costs within the Integrated Discharge service and the Information and Assessment team.

ASC Commissioning is forecasting a £62k underspend but this underspend masks significant one-off reserve funding of £1.95m in 20/21 supporting activity within commissioning - across teams and projects including the project management office, the commissioning team, the direct payments team and supporting the Lime Tree and St Peters' care scheme prior to recommissioning. Disabled Facilities Grant funding has been applied in 20/21 to the Telecare contract. Additional grant funding of £95k has been received for domestic violence services.

Care Management and Adult Divisional Support is forecasting a £403k overspend which is driven primarily by staffing costs within the Integrated Learning Disabilities team (£302k). The team had a relatively high number of agency staff which the service is actively addressing with planned recruitment campaigns.

Public Health

Public Health is forecasting a breakeven position, and this includes £55k for the Covid-19 triage service and delays in the delivery of planned savings (£375k). There are some other miscellaneous Covid-19 related costs in the service that have been captured in the forecast this month.

The Public Health grant increased in 2020/21 by £1.569m. This increase included £955k for the Agenda for Change costs, for costs of eligible staff working in organisations such as the NHS that have been commissioned by the local authority. The remaining grant increase has been distributed to Local Authorities on a flat basis, with each given the same percentage growth in allocations from 2019/20. There is a separate grant allocation for PrEP related activity that was subsequently announced and the local authority will receive £344k to fund the costs incurred this year.

The service has pressures in demand led services including sexual health, and is working closely with commissioners to ensure future provision remains within the allocated sexual health budget in future financial years. In this year this is being offset by underspends in other areas of the service and from the increased grant allocation.

Hackney has been allocated £3.1m of the total £300m announced by Government to support Local Authorities to develop and action their plans to reduce the spread of coronavirus in their local area as part of the launch of the wider NHS Test and Trace Service. This funding will enable the local authority to develop and implement tailored local Covid-19 outbreak plans. A working group has been established and plans are being developed to allocate these funds accordingly. To date, £1.3m has been committed against various projects.

Mortuary costs have substantially increased during Covid-19, and the response to the pandemic plan required the Mortality Management Group to activate the Dedicated Disaster Mortuary (DDM) plans for London. Additional capacity was required rapidly to ensure that there was enough capacity to meet predictions in the initial wave. This has come at an increased cost of approximately £23m to date across London, and based on ONS figures, Hackney's estimated additional cost is likely to be £752k. In anticipation of a potential second spike, a further £16m has been created as a provision across London, and Hackney's share of this will be a further £510k. This has been factored into the reporting position.

Detailed impact of Covid-19 on CACH

This is set out below

Impact of Covid-19 on CACH Costs and Income

| Additional Spend | Reduced Income | Net Effect | Sub-Service | Variance Narrative |
|------------------|----------------|------------|---|---|
| 674 | - | 674 | FLIP Young Hackney and DAIS CIN, A&A and DCS DMT | Workforce Pressure Termination dates for some Family Learning Intervention Project (FLIP) staff have been extended and support is being provided to other service areas via Rapid Support. This is for an additional YH business support officer and DAIS intervention officer due to a peak in workload created by Covid-19 Delays in CIN and A&A agency staff leaving due to Covid-19 lockdown; additional DCS staff due to increase in workload. Increase staffing pressure due to workload cases that are not closed as a result of Covid-19. |
| 1,090 | - | 1,090 | Corporate | LAC placement costs |

| | | | | |
|-------|-----|-------|---|--|
| | | | Parenting (LAC) | This relates to CP placements costs, and is due to delays in step-downs, placements being extended as well as additional support hours. We have also reflected the increased residential placements due to unavailability of foster carers/ IFAs during this period. |
| 281 | - | 281 | Corporate Parenting (LC) NRPF | Care Leavers & NRPF From April to August, £28k was provided to eligible residents with nrpf by increasing the subsistence payment by 25%. £25 internet allowance for each family and Free School Meal allowance for children who were not receiving a school meal allowance from their school. |
| 90 | - | 90 | DCS / Short Breaks | Other This assumes pressure to apply a 10% increase to DCS home care packages in line with home care for adults providers (90k). |
| 2,400 | - | 2,400 | ASC - Care Support Commissioning | ASC - Supporting the Market Additional funds provided to care providers - estimated across 12 months |
| 648 | - | 648 | ASC - Provided Services & ASC Commissioning | ASC - Workforce Pressures Cost of engaging additional care staff to cover permanent officers shielding or self-isolating. Estimated cost of support workers for Covid-19 Urgent Housing Pathway (£53k) |
| 1,413 | - | 1,413 | ASC - Care Support Commissioning | ASC - Additional Demand A number of care packages across ASC are now being funded by NHS discharge funds. This is the full year estimate of the additional demand cost of care packages not being supported by NHS discharge funding. |
| - | 300 | 300 | ASC - Care Support Commissioning | ASC - Loss of care charges income (10% estimated reduction in the collection rate). |
| 150 | - | 150 | ASC Commissioning | Delay in delivery of Housing Related Support savings |
| 65 | - | 65 | PH | PH - COVID 19 Triage Service Contracted cost for the year £55k + 10k other Covid-19 related costs |
| 1,262 | - | 1,262 | PH | PH - Additional Mortuary costs |
| 375 | - | 375 | PH | Delay in delivery of PH savings in Substance Misuse and the Healthier City and Hackney Fund |
| 30 | 290 | 320 | HE | High Needs and School Places Kench Hill Charity grant and loss of SEND traded income. |
| - | 193 | 193 | HE | Education operations Loss of traded income and additional ICT costs |

| | | | | |
|--------------|--------------|---------------|--------------|---|
| - | 1,018 | 1,018 | HE | Early Years, Early Help and Wellbeing Loss of childcare income in children's centres. |
| - | 502 | 502 | HE | Schools Standards and Performance Loss of traded income. |
| 906 | - | 706 | HE | Contingencies and Recharges Mainly potential payments to schools to compensate for loss of children centre income and potentially supporting schools with additional costs through Covid-19 in areas not covered by Government schemes. |
| 9,384 | 2,303 | 11,487 | Total | |

4.3 NEIGHBOURHOODS AND HOUSING

The forecast position for the Neighbourhoods and Housing Directorate as at November 2020 is a £14.3m overspend primarily as a direct result of Covid-19. The forecast includes the use of £1.1m of reserves, the majority of which are for one off expenditure/projects. The estimated total Covid-19 impact in Neighbourhoods and Housing as of October 2020 is £13.5m of which £10.6m is an income shortfall and £2.9m additional expenditure.

Directorate Management continues to show an underspend but this figure has reduced significantly due to the virements to move budgets into other service areas within the directorate to help rightsize existing shortfalls in service budgets.

Environmental Operations is showing an overspend of £3.745m, which is an adverse movement of £51k from September 2020. This is due to an increase in the use of Covid-related PPE and a spike in use of agency staff due to the number of permanent operations staff either being off sick or isolating as a result of covid episodes. The full year over spend of £3.745m is made up of £2.534m related to a shortfall in income mainly from commercial waste and hygiene services due to the lockdown as businesses have closed and all services which require going to residents' homes have been ceased in line with Government guidelines. Bulky Waste collection has seen an improvement in expected income as it has now surpassed its Covid-impacted forecast, so that has come down by 15K. A further £1.089m expenditure relates to additional supplies and services such as PPE, and hand sanitisers for all staff, which has now been forecast to the end of March 21. £0.121m is the net overspend in the service which relates to various operational running costs within the service. This has come down as some operational costs have reduced due to less demand in some areas of operation due to Covid.

Parking service is showing a net overspend of £5.8m of which £6m is income shortfall related to Covid. The improvement from September 20 of £329k is due to review of non essential expenditure which will not be

going ahead this year. The restrictions have resulted in a reduced level of income across all income streams within Parking. In the first two months of the lockdown parking income dropped by 44% from last year and because of the restrictions, we continue to be prudent in our income forecast. The current forecast in parking income is £19.7m, which is still a shortfall in income of £6.5m (26%) from budget. The Parking income forecasting model is being updated on a weekly basis taking into account actuals being received and activity volumes which will inform the forecast accordingly in the coming months.

Market and Shop Front Trading is forecast to overspend by £1.094m, which is an adverse movement of £134k from September due to increased requirement of safety measures to comply with Covid-19 restrictions. £906k is an income shortfall and £204k is additional expenditure which is a direct result of the lockdown. There is an adverse variance as additional safety and security measures are put in place for the markets to open. The Combined Markets and Shop Trading income budget is £1.6m and it is expected that only £685k of that is likely to be achieved if the lockdown is lifted.

Although the original lockdown was beginning to be lifted, once we entered Tier 3 it became difficult to make the markets safe for social distancing and therefore takeup of market stalls was low because the footfall into markets is limited due to the need to maintain social distancing.

Streetscene is showing a net overspend of £419k, of which £412k is a shortfall in income against a budget of £2.4m (16%).

Other than the impact of Covid-19, Libraries & Heritage are currently forecasting a small overspend due to the recharges for the Facilities Management Contract. There has been a variation to the old contract and costs have come in higher than anticipated. The Covid-19 impact detail is listed in the table below and there continues to be a prudent approach in the service area and controllable budget forecasts are reviewed and reduced on a monthly basis to try and mitigate the additional Covid-19 costs where possible.

Leisure & Green Spaces have a minimal improvement since September although the new Facilities Management Contract is likely to be a potential risk going forward, as Green Spaces are now being charged for costs that hadn't previously been recharged directly to the Service Area. The Covid-19 impact detail is listed in the table below and as with the Library Service there continues to be a prudent approach in the service area and controllable budget forecasts are reviewed and reduced on a monthly basis to try and mitigate the additional Covid-19 costs where possible.

Planning is forecasting an overspend of £1.755m which is due to a shortfall in planning applications fee income, PPA (Planning Performance Agreement) and CIL income. There has been a £315k reduction in forecast income this month due to the impact of the cyberattack and a slow but continued decline in planning applications.

The shortfall in planning application fee income is linked to a decline in the number of very large major applications being received rather than a significant fall in overall planning application numbers for the past 2 years. This has further resulted in a reduction in the CIL and s106 income due to delays in schemes starting construction. There are a number of large schemes at the pre-application stage which are due to be submitted in early 2020/21. The development industry is also putting on hold the submission of major planning applications until there is more clarity on the impact of Covid-19, Brexit and the Hackitt review on build cost and sales value as this impacts the viability and deliverability of their schemes.

Despite a 20% uplift in planning fees 2 years ago, the income has consistently fluctuated between £1.5-1.7m over the past 3 years. With a budget of £2.2m and a plateau in the housing market, this level of income is unachievable. The income target for minor applications of £1.2m is forecast to be achieved, however the cost of determination of minor applications is more than the fee received as Local Authorities have not yet been afforded the option by the Government of setting their own fees. In practice, major applications help subsidise minor applications therefore the shortfall in new major applications will also detrimentally affect this cross subsidy. The Head of Planning is taking the following actions to address this budget pressure for 2020/21:

.The implementation of a new planning back office system will deliver process and cost efficiencies especially within the planning application registration and validation process, these efficiencies will help offset any underachievement of income.

- Review of the Planning Service cost base including non staff costs.
- Benchmarking with other planning authorities with a focus on sustainable caseloads.
- Review of the Growth Team activity and Planning Performance Agreements

Within the Housing General Fund, the underspend relates to staffing vacancies.

The favourable variance within Regeneration mainly relates to Private Sector Housing, where a reduction of £20k relating to parking permits has been forecast. Vacancies within the Housing Strategy and Policy Team make up the remainder of the variance for the year.

The impact of Covid-19 is shown below

| Additional Spend | Reduced Income | Net Effect | Sub-Service | Variance Narrative |
|------------------|----------------|------------|----------------------|--|
| 63 | 99 | 162 | Libraries & Heritage | The service is not expecting any income during 20/21 for library fines, room bookings, sales etc due to the initial closure and future uncertainty of how the long term service will operate. The additional Covid-19 related expenditure is based on a prudent approach to security where the |

| | | | | |
|-------|-------|-------|-----------------------|---|
| | | | | contract has not changed despite the closures. |
| 715 | | 715 | Leisure Services | This is the estimate of additional costs required to support GLL who manage the leisure centres within Hackney. The total amount is being taken from the contract surplus share which GLL are holding on Hackney's behalf. There is an agreement in place for this to be repaid at a future point. |
| 125 | 331 | 456 | Events & Green Spaces | Parks & Green Spaces have two main areas of expenditure relating to Covid-19, which are additional emptying and cleaning of the bins (£74) across parks and green spaces and cleaning of the toilets (£71k) (which had to be re-opened due to increased usage of the parks). There are also additional Parks Signage costs around Social Distancing which are starting to filter through to the cost centres. The loss of income is primarily down to the Events Team - as no bookings are expected this year and Parks in general where all income including from internal sources is on a much reduced expectancy or none at all (corporate volunteering and general parks events). |
| 1,089 | 2,535 | 3,624 | Environment Ops | <p>Environment Ops has three main areas of expenditure that have been impacted heavily by Covid-19. The use of agency staff to cover both sickness and staff absences, use of agency staff to cover food deliveries for the council, internal vehicle cleaning every day and where required to help the service or Council (£590k). This forecast is up to the end of Mar 21, previously it was up to Sept 20 and then Dec 20 but further restrictions were introduced by Central Government in Sept and a national lockdown in Nov 20. The figures will continue to be reviewed regularly to update the forecast. The ongoing purchase of PPE and other equipment to aid daily operational works, such as masks, gloves and sanitizers (£359k). The virus has also had a large impact on income especially Comm Waste due to so many businesses closing during the ongoing lock down (£2,362k), also a further increase in the bad debt provision of (100K) to (140K) to account for more defaulters due to either struggling to reopen or struggling to continue as going concerns. This again has been revised to take into account new Government measures.</p> <p>Hygiene Services - the inability to go into people's homes and buildings (£137k) and (£35k) on Bulky waste collections which had a significant drop off in requests in Apr and May 20 but has picked up significantly to allow a</p> |

| | | | | |
|--------------|---------------|---------------|---|--|
| | | | | reduction of 15k on the original 50k impact expected on income. |
| 0 | 6,025 | 6,025 | Parking | There has been a significant impact on Parking services due to Covid-19 in all income areas from PCNs, Pay and Display, Suspension and Permits. Current full year income forecast is £19.3m against a budget of £25.8m which is a shortfall in income of £6.025m. There are various minor underspends in other areas of the service of (£329k) giving a net overspend position of £5.8m. |
| 204 | 906 | 1,110 | Markets and Shop Front Trading | Market stalls and Shop Front Trading have been heavily impacted by Covid-19 . There has been no income in quarter one or two with minimal income in quarter 3. As the lockdown continues with the Government advice on markets being able to open the take up has been very little and it's difficult to make the areas safe for social distancing despite putting in additional resources into the markets, which has increased the Covid-19 related expenditure. |
| | 412 | 412 | Streetscene | All the variance relates to income shortfall. Whilst the current circumstances have decimated some areas, in particular around NRSWA (s74), there are some signs of recovery. |
| 745 | 262 | 1,007 | Community Safety, Enforcement & Business Regulation | Civil Protection - £414k overspend consists of expenditure for: 1) PPE sourced for procurement. 2) Overtime, extra staff costs and other expenses for staff recruited for Covid-19, after authorisation by Gold. 3) Training provided to other teams such as Gold Loggists. 4) Extra infrastructure and equipment costs for needs such as temporary mortuaries, the Mobile Testing Unit site, the PPE Sub regional Hub, Food Hub etc. Enforcement - reduced income £62k due to less Fixed Penalty Notices and reduced LNL for Enforcement officers. Enforcement officers overtime £116K, Agency staff for Parks £83. CS Enforcement BR Management £30K, High court fees for Hackney Marshes & London Fields, £96K Security patrols in Parks. Licensing & Technical Support - Reduced income £200K Fees & Levy. Business Regulation EH & TS - Specialist Noise Advice and Control Officer overtime £7K. |
| 2,941 | 10,570 | 13,511 | | |

4.4 FINANCE & CORPORATE RESOURCES

Finance and Resources is forecasting an overspend of £14.35m (before the inclusion of reduced council tax and business rates income of £20.5m, primarily reflecting lower forecast collection rates). Of this £13.9m is owed to Covid-19, which leaves a non-covid overspend of £0.4m which is spread across various services.

The impact of Covid-19 on the directorate is as follows: -

Commercial Property is forecasting a £3.1m rental loss relating to Covid-19 and there was also increased expenditure on security and patrols of retail properties during lockdown. This expenditure may increase again in light of the current tier status.

Additional Covid-19 cost pressures in Revenues and Benefits sum to £3.5m. The collection of benefits overpayments has reduced by £1.76m because of Covid-19. The remaining £1.65m is primarily owed to loss of court costs income, additional staffing requirements across the service to deal with increased workload resulting from Covid-19 (particularly claims management), increased administrative costs associated with re-billing (print costs and postage costs), and anticipated additional expenditure on the Discretionary Crisis Support Scheme.

Customer Services is reporting a Covid-19 related cost of £282k relating to additional staff and software needed to add capacity to handle support for vulnerable residents.

There is an estimated £2.5m of Housing Needs costs arising from Covid-19 which result from two main sources. Firstly, the service has incurred additional staff costs to carry out the rough sleeping initiative and to move people into emergency accommodation and latterly into more settled accommodation; and has incurred additional direct costs of emergency accommodation. The service has also incurred costs with landlord incentives, required to secure accommodation and is forecasting having to make provision for those residents in Temporary Accommodation unable to pay their rents due to Covid-19; and there has been a reduction in rent income. This overspend reflects the allocation of Next Steps Accommodation Programme (Rough Sleeping) Grant.

Registration Services have been severely affected by Covid-19 which has created a forecast £590k shortfall resulting from a significant reduction in Ceremony Services (75%) and Citizenship Awards (50%). The impact of Covid-19 has led to a decrease of approximately 56% of income compared to last year whilst expenditure on staffing has also increased as there has been a requirement for sessional staff to cover front line services whilst some vulnerable staff work from home.

The Central Procurement and the Energy Team is forecasting Covid-19 related costs of £2.38m. The Covid-19 expenditure relates to PPE which is being managed as a coordinated effort across the council with the ordering being led by Procurement. The spend on PPE to date is approximately £1.9m. It is difficult to try to estimate the usage going forward, and several items of equipment are still held in stock such that in some instances the stock levels will be sufficient for several months. However, the use of PPE will probably be required over a longer period of time so a forecast of £0.5m further expenditure has been added to the spend to date to try to account for this.

There is a £673k Covid-19 cost in ICT resulting from the requirement for additional agency staff and equipment to ensure staff are able to work from home.

4.5 CHIEF EXECUTIVE

Overall, the Directorate is forecasting to overspend by £1.499m of which £1.402m is owed to Covid-19.

Policy, Strategy & Economic Development are reporting an overspend of £784k all of which is due to Covid-19, arising from food parcels for residents who cannot access or afford food during Covid-19, security and moving costs and Emergency Grants to 4 organisations in the Voluntary Sector to provide Covid-19 related services.

Communications is forecasting an overspend of £715k, most of which is due to the impact of Covid-19, which has reduced film, venues, and advertising income.

Legal and Governance, Chief Executive Office and HR are forecast to come in at budget.

4.6 Housing Revenue Account (HRA)

The impact of Covid-19 on the HRA is to increase net expenditure by £4.2m. of which £2.3m is an income loss - which is mainly reflected in the increase in the bad debt provision - and £1.9m is additional expenditure.

It is estimated that there will be increased arrears of £1.15m in respect of dwelling rents, tenant charges and commercial income, arising from Covid-19. It is also assumed there will be an increase in irrecoverable debts and therefore an increase in the bad debt provision (£1.7m) has been assumed. Income, especially rent collection, is being monitored on a weekly basis and improvements in the rent collection rate will inform the level of provision for bad debts as the year progresses. There is also increased expenditure on Housing Repairs (£1.3m).

There are also variations from budget which are not related to Covid-19, but the only significant variation is within Special Services. The Special Services variance is due to increased costs of the integration of the Estate Cleaning service which is being reduced over 3 years. The overspend here is offset by variations to budget within other services.

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This budget monitoring report is primarily an update on the Council's financial position and there are no alternative options here and the savings are part of a process to balance the budget next year

6.0 BACKGROUND

6.1 Policy Context

This report describes the Council's financial position as at the end of November 2020. Full Council agreed the 2020/21 budget on 26th February 2020.

6.2 Equality Impact Assessment

Equality impact assessments are carried out at budget setting time and included in the relevant reports to Cabinet. Such details are not repeated in this report.

6.3 Sustainability

As above

6.4 Consultations

Relevant consultations have been carried out in respect of the forecasts contained within this report involving the Mayor, the Deputy Mayor and Member for Finance, Housing Needs and Supply, HMT, Heads of Finance and Directors of Finance.

6.5 Risk Assessment

The risks associated with the Council's financial position are detailed in this report.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The Group Director, Finance and Corporate Resources' financial considerations are included throughout the report.

8. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

8.1 The Group Director, Finance and Corporate Resources 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 Under the Council's constitution although full Council set the overall budget it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Council's decisions. The Cabinet must take decisions in line with the Council's overall policies and budget.
- 8.4 Paragraph 2.6.3 of FPR2 Financial Planning and Annual Estimates states that each Group Director in charge of a revenue budget shall monitor and control Directorate expenditure within their approved budget and report progress against their budget through the Overall Financial Position (OFP) Report to Cabinet. This Report is submitted to Cabinet under such provision.
- 8.5 Article 13.6 of the Constitution states that Key decisions can be taken by the Elected Mayor alone, the Executive collectively, individual Cabinet Members and officers. Therefore, this Report is being submitted to Cabinet for approval.
- 8.6 All other legal implications have been incorporated within the body of this report.

| | |
|--|---|
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| Comments of the Group Director of Finance and Corporate Resources | Ian Williams – Tel: 020-8356-3003 Group Director of Finance and Corporate Resources ian.williams@hackney.gov.uk |
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Summary of Phase 2 Re-Profiling - Appendix 1

| Summary of Phase 2 Re-profiling | To Re-Profile 2020/21 | Re-Profiling 2021/22 |
|--|--------------------------|-------------------------|
| | £'000 | £'000 |
| Children, Adults & Community Health | | |
| Median Road Refurbishment | (30) | 30 |
| Median Road Refurbishment | (100) | 100 |
| Shoreditch Park AMP | (202) | 202 |
| Laursiton AMP | (70) | 70 |
| AMP Contingency | 10 | (10) |
| Ickburgh BSF Ph3 | (18) | 18 |
| Queensbridge ARP | 51 | (51) |
| The Garden School SEN | (60) | 60 |
| Gainsborough SEND | 107 | (107) |
| Woodberry Down | 1 | (1) |
| Shacklewell School | 22 | (22) |
| Façade Developmnt & Profes Cost | 52 | (52) |
| Gainsborough Façade Repair | 13 | (13) |
| Princess May Façade | (203) | 203 |
| Contingency Facade Repairs | (50) | 50 |
| De Beauvoir Façade | (134) | 134 |
| Grasmere Façade | (120) | 120 |
| Hoxton Gardens Façade | (360) | 360 |
| Mandeville Façade | 7 | (7) |
| Millfields Façade | (140) | 140 |
| Morningside Façade | (230) | 230 |
| Rushmore Façade | (42) | 42 |
| Stoke Newington BSF Life Cycle | 453 | (453) |
| Clapton Girls BSF Life Cycle | 40 | (40) |
| Clapton Portico | 4 | (4) |
| The Urswick School Expansion | 115 | (115) |
| Cardinal Pole Lifecycle | 38 | (38) |
| Our Ladys School Lifecycle | 21 | (21) |
| Urswick School Lifecycle | 27 | (27) |
| Haggerston Science Lab | 73 | (73) |
| The Garden Lifecycle | 24 | (24) |
| Stormont House Lifecycle | 58 | (58) |
| Thomas Fairchild Lifecycle | 23 | (23) |
| Finance & Corporate Resources | | |
| HLT Restack | (15) | 15 |
| SFA - Stoke Newington Assembly | (252) | 252 |
| 14 Andrews Rd Roof Renewal | (201) | 201 |
| HSC Lighting Upgrade | (203) | 203 |

Appendix 1

| | | |
|--|---------|----------|
| LandlordWks12-14 Englefield Rd | 24 | (24) |
| Landlord wks 37-39 Leswin Road | 16 | (16) |
| Wally Foster Centre | (100) | 100 |
| Social Care Microfiche | (17) | 17 |
| Record Management Optimisation | (42) | 42 |
| End-user Mtg Rm Device Refresh | 58 | (58) |
| HLT G Suite | 69 | (69) |
| Financial Management System | 0 | 0 |
| E-Tendering System | (25) | 25 |
| Intallation of AMR's | (35) | 35 |
| Intallation of AMR's | (10) | 10 |
| PV Solar Panel | (45) | 45 |
| INVAC Project | (30) | 30 |
| Green Homes Fund | (90) | 90 |
| Solar Pilot (Leisure Centres) | (37) | 37 |
| Solar Project (Commercial) | (270) | 270 |
| Mixed Use Development | | |
| PRU Nile Street | (485) | 485 |
| Britannia Site | 13,345 | (13,345) |
| Britannia Phase 2a | (2,219) | 2,219 |
| Neighbourhood & Housing (Non) | | |
| Library Management System | (8) | 8 |
| Library Capital Works | (327) | 327 |
| Library Self-Issue Machines | (20) | 20 |
| Library Refurb Programme | 125 | (125) |
| Stoke Newington Library Refurb | (200) | 200 |
| Stamford Hill Library | (150) | 150 |
| Play Area Refurbishments | (250) | 250 |
| Clissold Park Paddling Pool | (400) | 400 |
| Drinking Water Fountains | (30) | 30 |
| Abney Park | (363) | 363 |
| Shoreditch Park | (75) | 75 |
| Fairchild's Gardens | (95) | 95 |
| Develop Borough's Infrac | (300) | 300 |
| H/ways Oakwharf (0040-08) S106 | (81) | 81 |
| The Shoreditch Public Realm | (568) | 568 |
| Highway Wk BridgeHse&MarianCrt | (68) | 68 |
| Highway Wks 211-227 Hackney Rd | (100) | 100 |
| Highway Wks 35 Shore Road | (11) | 11 |
| Highway Wk 420-424 SevenSister | (81) | 81 |
| Highway Wk Sheep Lane Ion Hse | (22) | 22 |
| Public Realm New Inn Broadway | (726) | 726 |

Appendix 1

| | | |
|----------------------------------|---------|---------|
| Highway Wks Thirlmere House | (26) | 26 |
| Highway Wks King Edwards Road | (31) | 31 |
| Plough Yard Fit Out | (106) | 106 |
| Comm Vehicles Winter Maintenance | (251) | 251 |
| Streetspace (TFL) | (952) | 952 |
| Shoreditch CCTV Cameras | (370) | 370 |
| Hackney Wick Regeneration | 37 | (37) |
| 80-80a Eastwy (GLA) | (300) | 300 |
| Ridley Road Improvements | (841) | 841 |
| Housing | | |
| HiPs North West | (1,300) | 1,300 |
| HiPs Central | 1,200 | (1,200) |
| HiPs South West | (2,826) | 2,826 |
| Dom Boiler Replace/Cen Heating | 236 | (236) |
| Green initiatives | 600 | (600) |
| Recycling Scheme | 73 | (73) |
| Hostels - Major Repairs | 448 | (448) |
| Disabled Facilities Grant | 149 | (149) |
| General repairs grant (GRG) | 22 | (22) |
| Warmth & security grant (WSG) | (140) | 140 |
| Marian Court Phase 3 | (242) | 242 |
| Kings Crescent Phase 3+4 | (24) | 24 |
| Colville Phase 2C | (300) | 300 |
| Nightingale | (418) | 418 |
| Frampton Park Regeneration | 370 | (370) |
| Lyttelton House | 473 | (473) |
| Garage Conversion Afd Wrkspce | (162) | 162 |
| Housing Supply Programme | (116) | 116 |
| Gooch House | (278) | 278 |
| Murray Grove | 35 | (35) |
| Downham Road 1 | (20) | 20 |
| Downham Road 2 | (20) | 20 |
| Balmes Road | (20) | 20 |
| Pedro Street | (2,688) | 2,688 |
| Mandeville Street | (254) | 254 |
| Tradescant House | (43) | 43 |
| Rose Lipman Project | 554 | (554) |
| Woolridge Way | (25) | 25 |
| Daubeney Road | (898) | 898 |
| Herford Road | (20) | 20 |
| Other Heads | (50) | 50 |
| Phase2 & Other Heads | 2,346 | (2,346) |

Appendix 1

| | | |
|--------------------------|--------------|------------|
| Woodberry Down Phase 2-5 | 303 | (303) |
| Total | (810) | 810 |

COUNCIL TAX TAXBASE 2021-22

| Line | Band | @ | A | B | C | D | E | F | G | H | Total |
|------|---|-------|---------|----------|----------|----------|----------|---------|---------|-------|-----------|
| | Actual current properties | | | | | | | | | | |
| 1 | Dwellings on database 22/11/20 | 0 | 8092 | 31763 | 35126 | 24119 | 12546 | 4666 | 1231 | 48 | 117591 |
| 2 | Exemptions (minus) | 0 | 1943 | 1085 | 560 | 377 | 178 | 94 | 9 | 3 | 4249 |
| | Disabled Reductions of Band: | | | | | | | | | | |
| 3 | Add to Lower Bands | 3 | 26 | 41 | 59 | 45 | 28 | 2 | 0 | 0 | 204 |
| 4 | Take from Higher Bands (minus) | | 3 | 26 | 41 | 59 | 45 | 28 | 2 | 0 | 204 |
| 5 | Line 1-2+3-4 = H | 3 | 6172 | 30693 | 34584 | 23728 | 12351 | 4546 | 1220 | 45 | 113342 |
| | Number in H above Entitled to | | | | | | | | | | |
| | One 25% Discount SPD | -2 | -3432 | -15153 | -11750 | -5339 | -1849 | -521 | -144 | 0 | -38190 |
| | One 25% Discount with disregards | 0 | -25 | -293 | -321 | -221 | -102 | -31 | -6 | 0 | -999 |
| 6 | | -2 | -3457 | -15446 | -12071 | -5560 | -1951 | -552 | -150 | 0 | -39189 |
| 7 | Line 6 x 25% | -0.5 | -864.25 | -3861.5 | -3017.75 | -1390 | -487.75 | -138 | -37.5 | 0 | -9797.25 |
| 8 | Number in H above Entitled to | | | | | | | | | | |
| | Two 25% (50%) Discount | 0 | 0 | -14 | -13 | -5 | -11 | -8 | -4 | -7 | -62 |
| 9 | Line 8 X 50% | 0 | 0 | -7 | -6.5 | -2.5 | -5.5 | -4 | -2 | -3.5 | -31 |
| 10 | No in H above entitled to | 0 | -1 | -7 | -10 | -7 | -8 | -2 | -1 | 0 | -36 |
| | 25% discount Uninhabitable / major works | | | | | | | | | | |
| | 25% of above | 0 | -0.25 | -1.75 | -2.5 | -1.75 | -2 | -0.5 | -0.25 | 0 | -9 |
| | | | | | | | | | | | |
| 10a | No in H above entitled to | | -54 | -144 | -221 | -211 | -113 | -7 | -2 | 0 | -752 |
| | 100% reduction for 1 month | | | | | | | | | | |
| | 8.3% of above | | -4.48 | -11.95 | -18.34 | -17.51 | -9.38 | -0.58 | -0.17 | 0.00 | -62.42 |
| | | | | | | | | | | | |
| 10b | No in H above charged | | 31 | 58 | 54 | 60 | 39 | 12 | 4 | 0 | 258 |
| | Empty homes premium 100% | | | | | | | | | | |
| | 100% of above | | 31 | 58 | 54 | 60 | 39 | 12 | 4 | 0 | 258 |
| 10c | No in H above charged | | 104 | 79 | 25 | 14 | 5 | 5 | 6 | 1 | 239 |
| | Empty homes premium 200% | | | | | | | | | | |
| | 200% of above | | 208 | 158 | 50 | 28 | 10 | 10 | 12 | 2 | 478 |
| 11 | No in H above entitled to | 0 | 178 | 260 | 349 | 303 | 236 | 146 | 35 | 4 | 1511 |
| | 0% discount | | | | | | | | | | |
| | 0% of above | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Total Discounts = Q | -0.50 | -629.98 | -3666.20 | -2941.09 | -1323.76 | -455.63 | -121.08 | -23.92 | -1.50 | -9163.67 |
| 13 | Line 5+ Line 12 | 0.00 | 5542.02 | 27026.80 | 31642.91 | 22404.24 | 11895.37 | 4424.92 | 1196.08 | 43.50 | 104178.33 |
| | Estimated changes likely | | | | | | | | | | |
| 14 | Assumed Exemptions | | -200 | -160 | -120 | 0 | 0 | 0 | 0 | 0 | -480 |
| | Ratio of Line 12 to 5 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Changes to Status of Existing Properties: | | | | | | | | | | |
| 15 | Change in Discounts | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | |
|----|---|--------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|--------------|-------------------|
| 16 | Change in Exemptions | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Expected appeals against bands: | | | | | | | | | | |
| 17 | Add to Lower Bands | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | Take from Higher Bands | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | Line 14+15+16+17+18 = J | 0 | -200 | -160 | -120 | 0 | 0 | 0 | 0 | 0 | -480 |
| | CTRS Discount | | | | | | | | | | |
| | Ttl Band reduction based on total monetary award | -1.13 | -1,665.00 | -8,535.38 | -7,399.13 | -3,463.88 | -1,924.88 | -689.63 | -70.88 | 0.00 | -23,749.88 |
| | Expected in year changes | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | | |
| 20 | Total CTS Band Equivalent | -1.13 | -1,665.00 | -8,535.38 | -7,399.13 | -3,463.88 | -1,924.88 | -689.63 | -70.88 | 0.00 | -23,749.88 |
| | <i>Total CTR Discount = Z</i> | -1.13 | -1,665.00 | -8,535.38 | -7,399.13 | -3,463.88 | -1,924.88 | -689.63 | -70.88 | 0.00 | -23,749.88 |
| 21 | H - Q + J - Z | 1.38 | 3,677.02 | 18,331.42 | 24,123.78 | 18,940.36 | 9,970.50 | 3,735.29 | 1,125.21 | 43.50 | 79,948.46 |
| 22 | <i>To calculate band equivalents</i> | 0.550 | 0.667 | 0.778 | 0.889 | 1.000 | 1.222 | 1.444 | 1.667 | 2.000 | |
| 23 | Band D Equivalent:Lines 29x30 | 1 | 2,451 | 14,258 | 21,443 | 18,940 | 12,186 | 5,395 | 1,875 | 87 | 76,637 |
| 24 | Contributions in lieu of Class O | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 | Band D equivalent for Taxbase calculation | | | | | | | | | | 76,637 |
| 26 | Band D Equivalent for Taxbase Calculation | | | | | | | | | | 76,637 |
| | | | | | | | | | | | |
| 27 | Band D equivalent for Taxbase calculation after non-collection allowance 6.0% applied | | | | | | | | | | 72,039 |

| HOUSING REVENUE ACCOUNT BUDGET SUMMARY | | | | APPENDIX A | |
|---|----------------------------|---------------------------|---------------------------|---|---|
| | 2019/20 Outturn £000 | Budget 2020/21 £000 | Budget 2021/22 £000 | Change from 2020/21 to 2021/22 £000 | Change from 2020/21 to 2021/22 % |
| Income | | | | | |
| Dwellings rent gross | (111,866) | (113,504) | (115,223) | (1,719) | 1.51% |
| Non dwellings rents gross | (4,681) | (4,555) | (4,954) | (399) | 8.77% |
| Tenant charges for services and facilities | (12,811) | (12,450) | (12,756) | (306) | 2.46% |
| Leaseholder charges for services and facilities | (11,947) | (11,134) | (11,668) | (534) | 4.80% |
| Other Charges for services and facilities | (3,267) | (2,935) | (2,995) | (60) | 2.04% |
| | | | | | |
| Gross income | (144,572) | (144,577) | (147,595) | (3,018) | |
| | | | | | |
| Expenditure (still to finalise) | | | | | |
| Repairs and maintenance | 27,140 | 25,793 | 26,996 | 1,204 | 4.67% |
| Services to Estates | 17,521 | 15,876 | 15,564 | -313 | -1.97% |
| Supervision and Management | 52,005 | 46,685 | 45,472 | -1,213 | -2.60% |
| Rents, Rates and Other Charges | 1,607 | 1,536 | 1,289 | -247 | -16.08% |
| Increase in provision for bad debts | 1,844 | 1,754 | 2,554 | 800 | 45.61% |
| Cost of Capital Charges | 3,567 | 1,593 | 1,000 | -593 | -37.24% |
| Depreciation | 43,081 | 44,127 | 44,008 | -119 | -0.27% |
| | | | | | |
| Gross Expenditure | 146,765 | 137,365 | 136,883 | (481) | |
| | | | | | |
| Net Cost of Service | 2,193 | (7,212) | (10,712) | (3,500) | |
| | | | | | |
| Revenue Contribution to Capital Outlay | 5,725 | 8,712 | 10,712 | 2,000 | 22.96% |
| Contributions to/from Reserves | (7,918) | (1,500) | 0 | 1,500 | -100.00% |
| | | | | | |
| Net HRA (SURPLUS) / DEFICIT FOR YEAR | 0 | (0) | (0) | 0 | |

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HRA Fees and Charges

Appendix B

| Description | Set by or in collaboration with third parties or by Statute | 2021/22 Fees & Charges £ | 2020/21 Fees & Charges £ | New for 2019/20 | % increase/decrease | No increase | Reason for increase |
|--|---|---------------------------|---------------------------|-----------------|---------------------|-------------|--|
| Housing Management | | | | | | | |
| Parking Permits | | | | | | | Set by Parking Services |
| Parking Permits - Renewal | | | | | | | Set by Parking Services |
| Parking Permits - Visitor | | | | | | | Set by Parking Services |
| Copy Documents (Tenant Files) | Contract Price | 10.22 | 10.17 | | 0.5% | | Increased by Inflation 0.5% |
| Replacement Key Fobs | Cost per Key Fob | 20.44 | 20.34 | | 0.5% | | Increased by Inflation 0.5% |
| Carport | Cost per week | 3.58 | 3.56 | | 0.6% | | Increased by Inflation 0.5% |
| Garages above ground | Cost per week | 17.90 | 16.90 | | 5.9% | | Increased £1p.w as per savings plan |
| Garages Underground | Cost per week | 13.75 | 12.75 | | 7.8% | | Increased £1p.w as per savings plan |
| Parking Space (Uncovered) | Cost per week | 2.15 | 2.14 | | 0.7% | | Increased by Inflation 0.5% |
| Parking Space (Covered) | Cost per week | 3.58 | 3.56 | | 0.6% | | Increased by Inflation 0.5% |
| Hire of Community Halls Managed by Housing Services | | | | | | | |
| New Lettings (Private functions and non community linked events) | Daily Rate | 357.73 | 355.95 | | 0.5% | | Increased by Inflation 0.5% |
| New Lettings (Private functions and non community linked events) | Hourly Rate maximum of 5 hrs | 30.66 | 30.51 | | 0.5% | | Increased by Inflation 0.5% |
| Community Bookings (community activities, provisions and functions) | Daily Rate | 204.42 | 203.40 | | 0.5% | | Increased by Inflation 0.5% |
| Community Bookings (community activities, provisions and functions) | Hourly Rate maximum of 5 hrs | 20.44 | 20.34 | | 0.5% | | Increased by Inflation 0.5% |
| Housing Service Related meetings (e.g. TRA Meetings, councillor surgeries, police meetings) | | 0.00 | 0.00 | | | | |
| Tenant Charges | | | | | | | |
| Grounds Maintenance | Cost per week | 2.01 | 2.01 | | | 0.0% | no change |
| Block Cleaning | Cost per week | 5.71 | 5.63 | | 1.4% | | Increase by 1.5% to fund enhanced service at weekends and deep clean |
| Estate Cleaning | Cost per week | 2.49 | 2.45 | | 1.6% | | Increase by 1.5% to fund enhanced service at weekends and deep clean |
| Landlord lighting | Cost per week | 1.36 | 1.36 | | | 0.0% | no change |
| CCTV monitoring | | | | 0.44 | | | |
| Concierge | ave Cost per week | 27.78 | 25.74 | | 7.9% | | Remove subsidy |
| Other Income | | | | | | | |
| Leaseholder Charges | | | | | | | |
| Processing applications to carry out alterations | | £100 to £750 | £100 to £750 | | | | Service and fees to be reviewed |
| Providing pre-sale information packs and reply to further enquires | | 200.00 | 250.00 | | | | Fee recently reviewed. Information provided to be extended to incorporate Capital Programme. |
| Providing mortgage packs and dealing with remortgage enquiries | | £150-£400 | 250.00 | | | | Fee recently reviewed. Information provided to be extended to address cladding questions. |
| Registration of subletting | | 30.00 | 30.00 | | | | Records are out of date. Project commencing in December 2019 to bring records up-to-date. |
| Providing copies of lease/transfer agreement | | 30.00 | 30.00 | | | | |
| Advising on and processing requests to extend leases | | £1500 or more | £1500 or more | | | | These are legal and surveying fees |
| Advising on and processing enfranchisement applications | | £1500 or more | £1500 or more | | | | These are legal and surveying fees |
| Processing shared owners requests to staircase | | £350 (LRTBS) £750 (Legal) | £350 (LRTBS) £750 (Legal) | | | | Not all leases allow LBH to charge a fee |
| Providing enhanced range of services (including gas safety checks) that are not included under the terms of. NEW | | | | Range of fees | | | Gas safety to be made available for 10 storeys and above properties from December 2019. |
| External Wall Survey Report (EWS1) | | | | 750.00 | | | New requirement for mortgage applications |

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CABINET

Monday, 25th January, 2021

at 6.00 pm

Under the current national emergency arrangements this meeting will be held remotely. The live stream can be viewed here: <https://youtu.be/nLZ-IK5wNZg>

Cabinet Members:

Mayor Philip Glanville

Cllr Anntoinette Bramble, Deputy Mayor and Cabinet member for education, young people and children's social care

Cllr Rebecca Rennison, Deputy Mayor and Cabinet member for Finance, housing needs and supply

Cllr Susan Fajana Thomas, Community safety

Cllr Chris Kennedy, Health, adult social care and leisure

Cllr Guy Nicholson, Planning, culture and inclusive economy

Cllr Clayeon McKenzie, Housing services

Cllr Carole Williams, Employment, skills and Human Resources

Cllr Caroline Woodley, Families, early years and play

Mayoral advisers:

Cllr Sem Moema, Private renting and housing affordability

Cllr Yvonne Maxwell, Older people

Tim Shields - Chief Executive

15 January 2021

Jessica Feeney - Governance Services Officer

Email: jessica.feeney@hackney.gov.uk AND governance@hackney.gov.uk

The press and public are welcome to remotely join this meeting.

Hackney Council website: www.hackney.gov.uk

The Council and Democracy section of the Hackney Council website contains full details about the democratic process at Hackney, including:

- Councillor contact details
- Agendas, reports and minutes from council meetings
- The council's constitution
- Overview and Scrutiny information
- Details and links to area forums and local consultations

CABINET

Monday, 25th January, 2021

AGENDA

ORDER OF BUSINESS

Title of report /key Decision Number & Ward (where applicable)

- 1. Apologies for Absence**
- 2. Urgent Business**

The Chair will consider the admission of any late items of urgent business. Late items of urgent business will be considered under the agenda item where they appear. New Items of unrestricted urgent business will be dealt with under Item 14. New items of exempt urgent business will be dealt with at Item 18.

3. Declarations of Interest - Members to declare as appropriate

A Member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

i must disclose the interest at the start of the meeting or when or when the interest becomes apparent, and

ii. may not participate in any discussion or vote on the matter and must withdraw from the meeting proceedings in person or virtually.

A Member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at paragraphs 8.1 - 15.2 of Section 2 of Part 5 of the constitution and Appendix A of the Members' Code of Conduct.

4. Notice of intention to conduct business in private, any representation received and the response to any such representations

On occasions part of the Cabinet meeting will be held in private and will not be open to the public if an item is being considered that is likely to lead to the disclosure of exempt or confidential information. In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (the Regulations), members of the public can make representations about why that part of the meeting should be open to members of the public.

This agenda contains exempt items as set out at Item 16.

No representations with regard to these have been received.

This is the formal 5 day clear day notice under the Regulations to confirm that this Cabinet Procurement Committee meeting will be partly held in private for the reasons set out in this agenda.

5. **To consider any deputations, questions or petitions referred to the Cabinet by the Council's Monitoring Officer**
6. **To consider the unrestricted Minutes of the Previous Meeting of Cabinet meeting held on 30 November and 14 December 2020.**
7. **To receive the unrestricted Minutes of the Previous Meetings of Cabinet Procurement Committee meeting held on 9 November and 7 December 2020**
8. **2021/22 Overall Financial Position, Property Disposals and Acquisitions Report Which Takes Account of the Estimated Financial Impact of Covid19 and the On-going Emergency - Key Decision No. FCR R21**

Report to follow.

9. **Capital Update Report - Key Decision No. FCR R30**
10. **Council Tax Base and Local Business Rate Income - Key Decision No. FCR R36**

Report to follow

11. **Housing Revenue Account Budget 2021/22 Including Tenants Rents and Service Charges - Key Decision No. FCR R37.**
12. **Purchase of Ex Council Properties From Local Space - Key Decision No. NH R42**
13. **Appointments to Outside Bodies**
14. **Any Other Unrestricted Business the Chair Considers To Be Urgent**
15. **Dates Of Future Meetings - Meetings of the Cabinet commencing at 6.00pm for the remainder of the Municipal Year 2020/21 as follows:**

**22 February 2021
22 March 2021
26 April 2021**

16. Exclusion Of The Public & Press

Note from the Director of Legal & Governance

Item 17 allows for the consideration of exempt information in relation to Items 7 respectively.

Proposed resolution :

THAT the press and public be excluded from the proceedings of the Cabinet during consideration of Exempt Items 20 and 21 on the agenda on the grounds that it is likely, in view of the nature of the business to be transacted, that were members of the public to be present , there would be a disclosure of exempt business as defined in paragraph 3 of Part 1 of schedule 12A of the Local Government Act 1972, as amended.

17. To receive the restricted Minutes of the Previous Meetings of Cabinet Procurement Committee meeting held on 7 December 2020

18. Any other exempt business the Chair considers to be urgent.

RIGHTS OF PRESS AND PUBLIC TO REPORT ON MEETINGS

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting. Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is

under consideration.

Providing oral commentary during a meeting is not permitted.

Hackney Council's Code of Conduct applies to **all** Members of the Council, the Mayor and co opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- Interim Director of Legal;
- The Legal Adviser to the committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

You will have a disclosable pecuniary interest in a matter if it:

- i. relates to an interest that you have already registered in Parts A and C of the Register of Pecuniary Interests of you or your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner;
- ii. relates to an interest that should be registered in Parts A and C of the Register of Pecuniary Interests of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner, but you have not yet done so; or
- iii. affects your well-being or financial position or that of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner.

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you (subject to the rules regarding sensitive interests).
- ii. You must leave the meeting when the item in which you have an interest is being discussed. You cannot stay in the meeting whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision.
- iii. If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the meeting and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as

whether you can

only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

You will have 'other non-pecuniary interest' in a matter if:

- i. It relates to an external body that you have been appointed to as a Member or in another capacity; or
- ii. It relates to an organisation or individual which you have actively engaged in supporting.
 - i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.
 - ii. You may remain in the meeting, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.
 - iii. If you have an interest in a contractual, financial, consent, permission or licence matter under consideration, you must leave the meeting unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the meeting whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the meeting. Once you have finished making your representation, you must leave the meeting whilst the matter is being discussed.
 - iv. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non pecuniary interest.

Advice can be obtained from Dawn Carter-McDonald, Director for Legal & Governance Services (Acting), via email dawn.carter-mcdonal@hackney.gov.uk

| | |
|--|---|
| Capital Update Report KEY DECISION NO. FCR R.30 | |
| CABINET MEETING DATE 25 January 2020 | CLASSIFICATION: Open If exempt, the reason will be listed in the main body of this report. |
| WARD(S) AFFECTED All Wards | |
| CABINET MEMBER Philip Glanville, Mayor of Hackney | |
| KEY DECISION Yes REASON Spending or Savings | |
| GROUP DIRECTOR Ian Williams Finance and Corporate Resources | |

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report updates members on the capital programme agreed in the 2020/21 budget.
- 1.2 The recommendations contained in this report reflect our continued commitment to meeting our manifesto pledges - to invest in more Hackney based SEND provision and in our schools generally. In particular, the Garden School Post 16 and expansion project (additional £0.2m taking the budget to £2.24m) at the old Ickburgh site will increase provision for young people with Autistic Spectrum Disorder (ASD) and Severe Learning Difficulties (SLD) and the continuation of our facades programme (£4.68m) to a further 13 primary schools help to ensure that our young people are educated in a fit for purpose environment.
- 1.3 This report also demonstrates our continued commitment to improving the public realm in particular through tree planting (£1.750m) and green screen programmes (£0.7m) - whilst Colvestone Crescent has been selected as the location for Hackney's first inaugural '21st Century Street' programme (£0.3m) launched in response to growing demands in Dalston to address the air quality and road safety impact of motor vehicles, improve the look and feel of streets, and increase the amount of green space and tree canopy cover.
- 1.4 We continue our investment in our parks - £1m in park depots which are vital in ensuring that Parks Operational staff have a secure and safe environment in which to carry out their work. There are currently plans in place to integrate these staff with grounds maintenance staff from Hackney Housing and there is a need to improve both how the sites are laid out and improve the facilities on site to accommodate the increase in staff numbers.
- 1.5 Work continues on our road safety programme with a £0.3m investment to reduce traffic on residential streets, creating low-traffic neighbourhoods so more people can walk and cycle as part of their daily routine. We also want to ensure our highways are well and sustainably lit, and meet our pledge to replace all our street-lights with energy-saving LED bulbs. So far 63% of street-lights have been replaced, and the £1.250m of investment set out in this report will help us replace the remaining 37%. This will reduce the Council's energy consumption through street lighting by 40%, reducing the Council's carbon footprint and generating savings – helping us to further meet our goal to prevent a climate emergency.
- 1.6 Finally to ensure our infrastructure is maintained we continue to invest in highways maintenance (£2.280m) including £0.280m in upgrading drainage to improve safety and mitigate flooding risk and a further £0.2m to continue our bridge maintenance programme.
- 1.6 I commend this report to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

2.1 This report updates Members on the current position of the Capital Programme and seeks spending and resource approval as required to enable officers to proceed with the delivery of those schemes as set out in section 9 of this report.

3. RECOMMENDATION(S)

3.1 **That the schemes for Children, Adults and Community Health as set out in section 9.2 be given approval as follows:**

The Garden School Post 16 and Expansion: Resource and Spend approval of **£200k in 2021/22** is requested to increase the existing budget and fund the expansion at The Garden School a school for pupils with Autistic Spectrum Disorder (ASD) and Severe Learning Difficulties (SLD).

London Schools Board (LSB) Façade Repair Programme: Virement and spend approval of **£4,677k (£3,672k in 2021/22 and £1,005k in 2022/23)** to continue the programme of health and safety remedial works to the facades of 23 London School Board (LSB) schools that began in 2017.

3.2 **That the schemes for Neighbourhoods and Housing (Non) as set out in section 9.4 be given approval as follows:**

Parks Depots: Spend approval of **£1,000k (£350k in 2020/21 and £650k in 2021/22)** is requested to fund the enabling works to the Council's Parks Depots

Developing Borough Infrastructure: Spend approval of **£300k in 2021/22** is requested to fund to improve the public realm on Dalston's Colvestone Crescent. Colvestone Crescent has been selected as the location for Hackney's first inaugural '21st Century Street' programme.

Bridge Maintenance Schemes 2019/20: Spend approval of **£200k in 2020/21** is requested for the continuation of the 5 year Bridge Maintenance Programme in the borough.

Road Safety Programme: Spend approval of **£300k in 2021/22** is requested to fund the continuing road safety works on the borough's roads.

Highways Street Lighting LED Upgrades 2020/21: Spend approval of **£1,250k (£635k in 2020/21 and £615k in 2021/22)** is requested to continue the upgrade of the highways street lighting across the entire borough.

Parks Trees 2020/21: Spend approval of **£200k in 2020/21** is requested to continue the essential maintenance work on existing trees around the Borough.

Tree Planting Programme: Resource and spend approval of **£1,750k (£1,500k in 2020/21 and £250k in 2021/22)** is requested to fund the programme to increase tree canopy cover around the borough.

Green Screens Programme: Resource and spend approval of **£700k (£100k in 2020/21 and £600k in 2021/22)** is requested to deliver the Greens Screens programme over two years.

Highways Surface Water Drainage 2020/21: Spend approval of **£280k in 2020/21** is requested to facilitate the delivery of the 2020/21 water drainage programme at various locations across the borough.

Highways Planned Maintenance 2020/21: Spend approval of **£2,000k in 2020/21** is requested to continue to deliver the 2020/21 Planned Maintenance Highways Programme.

3.3 That the re-profiling of the budgets as detailed in para 9.4 and Appendix 1 be approved as follows:

| Summary of Phase 2 Re-profiling | To Re-Profile 2020/21 | Re-Profiling 2021/22 |
|---------------------------------|-----------------------|----------------------|
| | £'000 | £'000 |
| Non-Housing | 2,225 | (2,225) |
| Housing | (3,035) | 3,035 |
| Total | (810) | 810 |

3.4 That the capital programme adjustments summarised below set out in detail in para 9.5 be approved accordingly.

| Summary of Capital Adjustments | Budget 2020/21 | Change 2020/21 | Updated 2020/21 |
|--------------------------------|----------------|----------------|-----------------|
| | £'000 | £'000 | £'000 |
| Non-Housing | 4,092 | (191) | 3,901 |
| Housing | 23,284 | (480) | 22,805 |
| Total | 27,377 | (671) | 26,706 |

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 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.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

None.

6. BACKGROUND

6.1 Policy Context

The report to recommend the Council Budget and Council Tax for 2020/21 considered by Council on 26 February 2020 sets out the original Capital Plan for 2020/21. Subsequent update reports considered by Cabinet amend the Capital Plan for additional approved schemes and other variations as required.

6.2 Equality Impact Assessment

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

As above.

6.4 Consultations

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. As referenced above the feasibility work in both Dalston and Hackney Central will be subject to further community engagement and eventually consultation.

6.5 Risk Assessment

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 GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The gross approved Capital Spending Programme for 2020/21 currently totals **£219.625m (£111.746m non-housing and £107.880m 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 financial implications arising from the individual recommendations in this report are contained within the main report.

- 7.3 If the recommendations in this report are approved, the revised gross capital spending programme for 2020/21 will total **£220.503m (£116.138m non-housing and £104.365m housing)**.

| Current Directorate | Revised Budget Position | Capital Adjustments | Phase 2 | Jan 2020 Cabinet | Updated Budget Position |
|-------------------------------------|-------------------------|---------------------|--------------|------------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Children, Adults & Community Health | 7,461 | (543) | (621) | 0 | 6,298 |
| Finance & Corporate Resources | 73,570 | 352 | 9,436 | 0 | 83,358 |
| Neighbourhoods & Housing | 30,714 | 0 | (6,590) | 2,358 | 26,482 |
| Total Non-Housing | 111,746 | (191) | 2,225 | 2,358 | 116,138 |
| Housing | 107,880 | (480) | (3,035) | 0 | 104,365 |
| Total | 219,625 | (671) | (810) | 2,358 | 220,503 |

- 7.4 On 1 November 2020 the Chief Executive's new senior management structure came into effect. The summary table above is reporting the budgets based on the old Council's organisation structure. The budget will be reported on the old structure to the end of the financial year 2020/21 and then the new structure will be reported from 1 April 2021.

8. COMMENTS OF THE DIRECTOR OF LEGAL

- 8.1 The Group Director, Finance and Corporate Resources 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 Under the Council's Constitution, although full Council set the overall Budget it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Council's decisions. The Cabinet has to take decisions in line with the Council's overall policies and budget.
- 8.4 The recommendations include requests for spending approvals. The Council's Financial Procedure Rules (FPR) paragraphs 2.7 and 2.8 cover the capital programme with 2.8 dealing with monitoring and budgetary control arrangement

8.5 Paragraph 2.8.1 provides that Cabinet shall exercise control over capital spending and resources and may authorise variations to the Council's Capital Programme provided such variations: (a) are within the available resources (b) are consistent with Council policy.

9. CAPITAL PROGRAMME 2020/21 AND FUTURE YEARS

9.1 This report seeks spending approval for schemes where resources have previously been allocated as part of the budget setting process, as well as additional resource and spending approvals for new schemes where required.

9.2 Children, Adults and Community Health:

9.2.1 **The Garden School Post 16 and Expansion:** Resource and Spend approval of **£200k in 2021/22** is requested to increase the existing budget and fund the expansion at The Garden School a school for pupils with Autistic Spectrum Disorder (ASD) and Severe Learning Difficulties (SLD). The Government has committed £365m of capital funding, the Special Provision Capital Fund (SPCF), to help local authorities create new school places and improve existing facilities for children and young people with SEND. The funding is intended for children and young people who have an education, health and care plan (EHP) for whom the local authority is responsible. Hackney Council has been allocated an overall £3.375m from the SPCF. The Council consulted with the local community to complete a plan showing how they plan to invest their funding. The proposal for developing Post-16 provision at The Garden School was identified and evaluated through the development of the SEND Provision Capital Plan of Intent, outlining how the LA intend to invest the special provision fund allocation.

The original allocation for this project of £2.038m was approved by Cabinet in October 2019. That is £1.538m from the Special Provision Capital Fund to support this proposal with an additional £500k contribution from The Garden School's budget. The Ickburgh Road site, until last year occupied by New Regent's College and now being secured through Corporate Property's Guardian contract, has been identified as the most suitable site available for refurbishment to accommodate this provision. The site was formerly used by Ickburgh school (a school for pupils with profound and multiple needs). A feasibility study was undertaken in 2019, the design has been developed and the project has been approved to go to tender. Hackney's special provision capital fund plan included a £200k contingency for this project (in addition to the £2.038m). The preferred option and the design developed from this requires the additional £200k to meet the requirements of the scheme.

Census data and roll figures confirm that there are increasing numbers of young people with Autism Spectrum Disorder (ASD) in Hackney. Over recent years the number of children and young people with Statements of SEN/Education, Health and Care Plans has increased significantly, approximately 36% over the last 5 years, with an average annual growth of 6.1%. The requests for post-16 places year-on-year have grown due to the raised age of participation age, extension of the offer of education under the SEND reforms, and also the raised expectations for young people's outcomes. In Hackney, Autistic Spectrum Disorder is by far the

most prevalent reason for a young person in year 9 to age 20 having an Education, Health and Care Plan (EHCP).

This capital project supports all 5 Priorities of the Council’s 2018-2028 Sustainable Community Strategy, by providing education for SEN pupils within the borough enabling local pupils to access local education, helping them to develop the skills and preparation for adulthood and providing links to the community through the development of the post 16 curriculum. The project also involves the replacement of the roof and upgrading the insulation of the building to help improve the energy efficiency of the building. This approval will have no net impact on the capital programme as these resources will be fully funded by grant.

9.2.2 **London Schools Board (LSB) Façade Repair Programme:** Virement and spend approval of **£4,677k (£3,672k in 2021/22 and £1,005k in 2022/23)** to continue the programme of health and safety remedial works to the facades of 23 London School Board (LSB) schools that began in 2017. The table below sets out the list of 13 schools for the next stage of work.

| No | School |
|----|-----------------|
| 1 | Daubeney |
| 2 | Mandeville |
| 3 | Morningside |
| 4 | Springfield |
| 5 | Southwold |
| 6 | Tyssen |
| 7 | De Beauvoir |
| 8 | Orchard |
| 9 | Harrington Hill |
| 10 | Colvestone |
| 11 | Princess May |
| 12 | Grasmere |
| 13 | Woodberry Down |

In December 2017 Cabinet authorised spend approval of £4,601k, resource and spend approval of £6,308k in December 2018, and a further spend approval £1,796k in January 2019. The programme was instigated by falling masonry at two schools. Following these incidents the Council commissioned detailed conditions surveys of the facades of all similar schools, to assess the health and safety risks and potential scope of remedial works. The resulting scope was then prioritised in varying degrees of priorities and works are being procured and delivered in line with these priorities.

Following the experience of delivery of the first two projects (Shoreditch Park and Gainsborough Primary Schools) the Council procurement strategy is to procure contractors who are specialists in maintaining the facades of heritage and listed buildings. Where schemes are less complex, a smaller individual value per school,

and do not involve heritage and listed buildings (or where the risk issues associated with the same are manageable), it is more appropriate to seek a larger contractor that can oversee multiple sites being worked on in parallel.

This capital project supports all 5 Priorities of the Council's 2018-2028 Sustainable Community Strategy, by creating local job opportunities on the Facade School repair programme, it contributes towards making Hackney 'a borough where everyone can enjoy a good quality of life and the whole community can benefit from growth'. It also makes Hackney 'a borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life' by encouraging better learning ability at first class schools through well run school programmes assisted by local council. The health and safety programme at these schools promotes the wellbeing of all citizens of Hackney borough. The Facade programme will connect Hackney communities with working partnerships to promote community cohesion and build a greener and environmentally sustainable community which is prepared for the future. The overall funding of the scheme is a combination of Section 106 funding and capital contribution. This approval will have no net impact as the resources already form part of the capital programme.

9.3 Neighbourhoods and Housing (Non):

9.3.1 **Parks Depots:** Spend approval of **£1,000k (£350k in 2020/21 and £650k in 2021/22)** is requested to fund the enabling works to the Council's Parks Depots set out in the table below. These 7 depots are currently spread across the various parks. All of which are vital in ensuring that Parks Operational staff have a secure and safe environment in which to carry out their work. There are currently plans in place to integrate these staff with grounds maintenance staff from Hackney Housing and there is now a need to improve both how the sites are laid out and improve the facilities on site to accommodate the increase in staff numbers. All of the sites have suffered from a chronic lack of investment over the years. As part of the review by the Cross Cutting Public Realm Programme Board in 2018 looking at how to integrate Housing Grounds Maintenance with Parks and Green Spaces Grounds Maintenance a number of recommendations were made. One of which was a programme of works to improve the Parks Depot infrastructure to support the integration of staff.

The exact works at each site is still to be determined but the overarching remit of this project is to provide adequate staff welfare for both the current and the newly integrated teams, better facilities and storage for equipment, materials and vehicles. It should be noted that costs for specific sites are not finalised at this stage and will only be confirmed once detailed plans are developed for each of the sites. Improving the various depots spread throughout the Borough will assist the Parks Operational teams to contribute to Priority 1 of the Council's Community Strategy 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth' and Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This capital spend demonstrates the Council's commitment to invest in, maintain and protect the parks and green spaces we have and work with residents and grassroots groups to enhance these existing green spaces to build Hackney's resilience to climate

change, improve local air quality and to create pleasant and safe walking and cycling routes which will also encourage greater physical activity amongst people who live and work in the borough. This approval will have no net impact as the resources already form part of the capital programme.

| No | Depot |
|----|-----------------|
| 1. | Clissold Park |
| 2. | Hackney Downs |
| 3. | Hackney Marshes |
| 4. | Haggerston Park |
| 5. | London Fields |
| 6. | Millfields |
| 7. | Springfield |

9.3.2 Developing Borough Infrastructure: Spend approval of **£300k in 2021/22** is requested to improve the public realm on Dalston's Colvestone Crescent. Colvestone Crescent has been selected as the location for Hackney's first inaugural '21st Century Street' programme. The 21st Century Streets Programme has been launched in response to growing demands in Dalston to address the air quality and road safety impact of motor vehicles, improve the look and feel of streets, and increase the amount of green space and tree canopy cover. Whilst the exact design of the space is yet to be determined, the broad vision is for a new, large green space, secure cycle storage, cycle and dockless cycle parking, a School Street, electrical vehicle charging and an increase of ten-year tree canopy cover to 40 per cent of the street. This approach will also incorporate the principles of the forthcoming Child Friendly Borough planning document to ensure children and young people have the power to influence change; can have doorstep play, can move around safely; have connections with nature; have inclusive, vibrant and healthy open spaces.

This capital spend demonstrates the Council's commitment towards improving quality of life for our residents. The aspiration is for Hackney's transport system to be exemplar for sustainable urban living in London and to transform Hackney's places and streets into the most attractive and liveable neighbourhoods in London. Creating a better balance between pedestrians, cyclists and motor vehicles is therefore critical if we are to make our neighbourhoods more attractive and liveable for everyone. This capital project supports Hackney's Community Strategy Priority 1 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth', Priority 3 'A greener and environmentally sustainable community which is prepared for the future', Priority 4 'An open, cohesive, safer and supportive community' and Priority 5 'A borough with healthy, active and independent residents'. This approval will have no net

impact on the capital programme as these resources will be funded by discretionary resources held by the local authority.

9.3.3 Bridge Maintenance Schemes 2019/20: Spend approval of **£200k in 2020/21** is requested for the continuation of the 5 year Bridge Maintenance Programme in the borough. This capital resource will significantly help in reducing long-term maintenance on these structures, which is required to maintain and improve the Streetscene for the people that live, work and travel in Hackney. This capital expenditure is continuing the 5-year bridge maintenance programme within the borough. The works to Temple Mills Bridge include the removal of corroded and defective steelwork. The application of anti-corrosion coating to the soffit and parapets. The removal of corroded ends for bridge deck and the renewal of anti-slip surfacing. The works to Eastway Bridge include the works to the soffit of the deck extension; the installation of Pigeon Deterrent and repair to Jack arch soffits caused by leaching. This capital expenditure supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as the resources already form part of the approved programme.

9.3.4 Road Safety Programme: Spend approval of **£300k in 2021/22** is requested to fund the continuing road safety works as set out in the table below. It is essential to reduce traffic on residential streets, creating low-traffic neighbourhoods so more people can walk and cycle as part of their daily routine. The proposed road closures could also assist in addressing some of the difficulties faced in social distancing on various streets within the borough. By reducing traffic volumes, this increases walking and cycling space. This can particularly be helpful for those taking their exercise and encountering pedestrians coming in the other direction, as it will improve safety if pedestrians need to move into the road to pass at safe distances. The road closures will reduce the dominance of the private vehicle and would contribute to achieving the Council wider aspirations of reducing overall traffic flows should help to improve air quality, reduce traffic casualties and make our neighbourhoods more pleasant places to walk, play and cycle in. This capital expenditure supports Priorities 3 in the Hackney's Sustainable Community Strategy 2018-2028 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on resources as they already form part of the capital programme.

| No | Location | |
|----|--------------------|---|
| 1 | Kings Park Area | Road Closures at Ashdean and Meeson Road to create a Low Traffic Neighbourhood by preventing vehicles rat running through the area to avoid Homerton High Street. |
| 2 | Richmond Road Area | Bus filter on Richmond Road along with closures alongside the eastern side of the A10 in order to create a Low Traffic Neighbourhood. |
| 3 | Victoria Park Road | Continuation of safety improvements along the road, particularly at junctions with side roads |

| | | |
|---|--|--|
| 4 | Shepherdess Walk | Shepherdess Walk just south of Murray Grove together with Nile Street and Ebenezer Street junctions with Provost Road. |
| 5 | Low Traffic Neighbourhoods - Modal Filters and schemes that prioritise walking and cycling | Road safety and Public Realm Improvement at various locations in the borough. |

9.3.5 **Street Lighting Upgrades 2020/21:** Spend approval of **£100k in 2021/22** is requested to fund the continuing street lighting upgrade programme to remove inefficient high energy consuming items. The new lighting will improve the distribution, quality and colour of light, improving visibility and object detection for both motorised and sustainable forms of transportation. The new lighting will also significantly improve the Streetscene for the people that live, work and travel in Hackney. The program to date has focused on secondary and residential roads, this phase of the project will target street lighting on our principal road network (Mare Street and Well Street) and the higher output luminaires and upgrade the existing street lights located across the entire borough. The works will consist of the replacement of traditional high pressure sodium luminaires with modern LED street lighting technologies. This lighting improvement scheme will reduce energy consumption and carbon emissions; reduce sky glow and night time pollution; and improve lighting levels. This demonstrates the Council's focus to lead growth in the social environment and night time economy and to help to reduce crime and fear of crime for all users. It will make it safer to walk, spend time and play on our streets. This will make our streets safer, welcoming, more accessible and more inclusive for disabled people, older people and families with young children. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as the resources already form part of the approved programme.

9.3.6 **Highways Street Lighting LED Upgrades 2020/21:** Spend approval of **£1,250k (£635k in 2020/21 and £615k in 2021/22)** is requested to continue the upgrade of the highways street lighting across the entire borough. This capital expenditure is continuing the street lighting upgrade programme to remove inefficient high energy consuming items. The new lighting will improve the distribution, quality and colour of light, improving visibility and object detection for both motorised and sustainable forms of transportation. As of 31 March 2020, approximately 63% of the Public Highway lighting stock has been upgraded to LED. This capital investment will continue to upgrade the remaining 37% (set out in the table below). With the expansion of cycling links across London, the new lighting will also make it safer to cycle on our streets and encourage more people to use this form of transport to reduce car dependency and improve the air quality and general health and wellbeing of our residents. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as the resources already form part of the approved programme.

| New Ward | Numbers |
|------------|---------|
| Brownswood | 144 |

| | |
|----------------------------|-------------|
| Cazenove | 85 |
| Clissold | 129 |
| Dalston | 123 |
| De Beauvoir | 101 |
| Hackney Central | 106 |
| Hackney Downs | 145 |
| Hackney Wick | 130 |
| Haggerston | 68 |
| Homerton | 141 |
| Hoxton East and Shoreditch | 130 |
| Hoxton West | 66 |
| Kings Park | 0 |
| Lea Bridge | 134 |
| London Fields | 137 |
| Shacklewell | 0 |
| Springfield | 124 |
| Stamford Hill West | 148 |
| Stoke Newington | 123 |
| Victoria | 136 |
| Woodberry Down | 35 |
| Total | 2205 |

9.3.7 **Parks Trees 2020/21:** Spend approval of **£200k in 2020/21** is requested to continue the essential maintenance work on existing trees around the Borough. This includes conservation, treatment of disease, improving the structure, removal of dangerous or defective branches. Since the pandemic and the extra pressures placed on our Parks and Open Spaces the capital expenditure will ensure that this tree resource is protected and enhances the tree resource for the future. With increased planting planned in line with the Council's aspirations to increase the borough's canopy cover as a response to climate emergency. This capital expenditure will significantly benefit the successful maintenance of the London Borough of Hackney's 58 parks and open spaces totalling 282 hectares, of which 27 currently are Green Flag award winners. Hackney prides itself on these high quality green spaces and they greatly contribute to the identity of the borough. Hackney is the third most densely populated area in the country (after Islington and Kensington and Chelsea), and this can put pressure on the availability of the green space that residents use for leisure, relaxation and sports, all of which contributes to good emotional and physical wellbeing and creates opportunities for social interaction. The multitude of positive environmental services provided by trees are invaluable to Hackney and enrich the lives of people in the local area. From the sequestration of carbon and the production of oxygen to the trapping of harmful pollutants Hackney's parks trees contribute to the overall air quality experienced by the borough's human population. Their ability to naturalise the urban environment through the provision of food and habitat for wildlife and normalisation of the hydrological cycle contributes to an improved quality of life for the local area. This capital expenditure supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as the resources already form part of the approved programme.

- 9.3.8 **Tree Planting Programme:** Resource and spend approval of **£1,750k (£1,500k in 2020/21 and £250k in 2021/22)** is requested to fund the programme to increase tree canopy cover around the borough. The Council is looking to meet the demanding targets set out in our climate emergency motion and has committed to a range of decisive infrastructural changes and improvements to achieve this. This includes increasing on-street canopy cover in Hackney by 50% through the planting of 5,000 new street trees and 1,000 trees in parks across parks and open spaces and housing land. Increasing on-street canopy cover from 20% to 30% by 2022. The Council is focused on tackling the urgent issue of poor air quality on its streets caused by emissions of NOx, CO2 and particulates and 50% of which comes from transport. The planting of trees is a key part of the Council's 'nature-based solution' of increasing green infrastructure and significantly reducing carbon dioxide emissions, reducing global warming and protecting and conserving biodiversity. The benefits of increased canopy cover during the hottest summer months through shading and evaporative cooling, may help reduce heat-related hospital admissions and energy demand for cooling. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as the resources already form part of the approved programme.
- 9.3.9 **Green Screens Programme:** Resource and spend approval of **£700k (£100k in 2020/21 and £600k in 2021/22)** is requested to deliver the Greens Screens programme over two years. The requested funding will deliver 29 green screens at primary schools in Hackney. The installation of vegetated screens at these schools will provide a barrier between the air pollution from busy roads and the school, blocking air pollution reaching the school and improving local air quality. The chosen schools have been assessed for need and those who would benefit the most from the intervention have been selected based on a number of factors affecting air quality and the expected impact of the green screen. The Council have already installed 3 green screens at schools in the borough as part of the Green Screens programme. The plan is to install green screens at a further 29 selected schools, bringing the total number of schools with green screens to 32. Not only will this absorb and screen harmful pollutants, it will also contribute to the overall level of green infrastructure in the borough which can help lock-in carbon dioxide, and provide a wide range of biodiversity, cooling, and drainage benefits. The Council is focused on tackling the urgent issue of poor air quality on its streets caused by emissions of NOx, CO2 and particulates and 50% of which comes from transport. Greening Screens is also a key part of creating healthy streets and liveable neighbourhoods. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as it will be funded by discretionary resources held by the authority.
- 9.3.10 **Highways Surface Water Drainage 2020/21:** Spend approval of **£280k in 2020/21** is requested to facilitate the delivery of the 2020/21 water drainage programme at various locations across the borough. This bid will deliver 48 new road gullies out of 100 identified locations. Gullies are upgraded by installing new

concrete gully pots, new hinged grates and replacing the pipework in the line to the main sewer if required. Many gullies in Hackney are of an older type constructed of brick that are being gradually replaced when they are no longer operational as part of the capital drainage programme. Ineffective gullies lead to water holding on the carriageway, which can accelerate carriageway deterioration and can be a problem to both cyclists and pedestrians and in extreme cases can contribute to property flooding. The cyclical gully cleaning programme identifies the location where a gully may need replacing. The service gives priority in targeting defective gullies in flood risk areas. This capital resource will enhance the environment and contribute to the green infrastructure of the borough ensuring the area is accessible and welcoming. All sections of the community will benefit from an improved streetscene. Walking and cycling will be more attractive and therefore car use should be reduced leading to a healthier community. A better environment will lead to more people out and about which in turn will lead to an improved economy. Improvements to walking will also assist people with disabilities making travelling around the borough more attractive. Safety improvements will lead to less accidents and less casualties, helping the Council meet our national and local accident reduction targets. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as the resources already form part of the approved programme.

| Gully Replacement Programme 20/21 | | |
|--|-------------------|-----------------|
| Road Name | Location | Ward |
| Queens Drive | 5 Aston Court, 64 | Brownwood |
| Cazenove Road | 87 | Cazenove |
| Northwold Road | 57 | Cazenove |
| Northwold Road | 53 | Cazenove |
| Osbaldeston Road | 74 | Cazenove |
| Stoke Newington Church Street | 271A | Clissold |
| Albion Road | 67B | Clissold |
| Allen Road | 35A | Clissold |
| Howard Road | 77 | Clissold |
| Springdale Road | 34 | Clissold |
| Lansdowne Drive | LC40 | Dalston |
| Downs Park Road | 83 | Hackney Central |
| Geldeston Road | 33-39 | Hackney Downs |
| Kenninghall Road | 25 | Hackney Downs |
| Jenner Road | 15 | Hackney Downs |
| Downs Road | 28 | Hackney Downs |
| Kenton Road | Opp 25 | Hackney Wick |

| | | |
|--------------------|-----------------------------|-----------------|
| Trowbridge Road | Opp LC14 | Hackney Wick |
| Wallis Road | Opp LC12 | Hackney Wick |
| Penn Street | 28 | Hoxton East |
| Penn Street | 26 | Hoxton East |
| Rivington Street | 1 | Hoxton East |
| Falkirk Street | 394 | Hoxton East |
| Falkirk Street | 394 | Hoxton East |
| Falkirk Street | 394 | Hoxton East |
| Wenlock Road | 5 | Hoxton East |
| Hoxton Street | 119 | Hoxton East |
| Branch Place | 4 | Hoxton East |
| Shaftesbury Street | JO Shepherdess Walk. 106 | Hoxton West |
| Brunswick Place | 20 | Hoxton West |
| Brunswick Place | 47 | Hoxton West |
| Brunswick Place | 20-26 | Hoxton West |
| Shepherdess Walk | 121 | Hoxton West |
| Murray Grove | 55 | Hoxton West |
| Powerscroft Road | 84 | Lea Bridge |
| Westgate Street | LC10 | London Fields |
| Dunn Street | 7D | Shacklewell |
| St Andrews Grove | 14 | Stamford Hill |
| West Bank | 7 | Stamford Hill |
| Amhurst Park | 29 | Stamford Hill |
| Lordship Road | 127 | Stamford Hill |
| Lordship Road | 191 | Stamford Hill |
| Dynevor Road | 2 | Stoke Newington |
| Shore Road | 20 | Victoria |
| Shore Road | 29-35 | Victoria |
| Well Street | 11 | Victoria |
| Victoria Park Road | 163 | Victoria |
| Victoria Park Road | 206 | Victoria |

9.3.11 **Highways Planned Maintenance 2020/21:** Spend approval of **£2,000k in 2020/21** is requested to continue to deliver the 2020/21 Planned Maintenance Highways Programme as set out in the tables below. This follows the £2,000k approved by October 2020 Cabinet. Hackney's highway asset network has been gradually deteriorating over the years and in order to stem this decline, it is essential that the highway network is adequately maintained and accorded

sufficient priority for funding. A well-maintained network is essential to provide an acceptable level of service and ensure maximum benefit is obtained from the existing highway infrastructure and in particular cyclists and pedestrians. This bid will also assist in reducing highway-related insurance claims, reduce the costs associated with reactive maintenance works and as stated above, significantly improves the street scene for the people that live, work and travel in Hackney. It is also important to recognise that additional trees (borough-wide 5000 trees, separate programme) will be planted during each of footway upgrade schemes to ensure that no abortive works are completed in the future and therefore keep costs to a minimum. This capital resource will enhance the environment and contribute to the green infrastructure of the borough ensuring the area is accessible and welcoming with pleasant spaces to walk, play, cycle with managed flow of traffic. This capital project links in with the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future' and Priority 4 'An open, cohesive, safer and supportive community'. This approval will have no net impact as the resources already form part of the capital programme.

| Minor Footway schemes | |
|---------------------------------|--|
| Road | Location |
| Chart Street | Southern small section from East Road |
| Pearson Street | J/W Appleby Street to Ombsy Street, southern section of footway |
| Bevenden Street | Small section adjacent to new development |
| Dynevor Road | Various small sections |
| Rectory Road | Various Small sections |
| Meynell Gardens | Small sections of old PCC Paving cracked throughout |
| Daubeney Road | From new ASP slabs at the junction of Redwald Road to Colne Road |
| Major Footway Scheme | |
| Road | Location |
| Southborough Road | Whole Road |
| Atherden Road | Whole Road |
| Homeleigh Road | Whole Road |
| Southgate Road | Various sections Existing material a mixture of modular/old PCC paving. Numerous trip hazards. Countles tree root problems |
| Egerton Road | Various sections |
| Baches Street | York stone paving. Take up and relay. Many uneven slabs. Trip hazards. |
| Sigdon Road | All modular paving. Tree root problems causing trip hazards. |
| Major Carriageway Scheme | |
| Road | Location |
| Drysdale Road | Whole road. Surface rutting/cracking. Numerous trenches. Large depressions. |

| | |
|-------------------------------|--|
| Albion Road | From the zebra crossing at the junction of Stoke Newington Church Street to the junction of Hawksley Road. Surface cracking/crazing. Wheel track rutting. Subsidence. |
| Wardle Street | Whole road- Major reconstructions including ancillary footway works |
| Brownswood Road | From Junction with Queens Drive to Green Lanes |
| Alvington Crescent-Section 1 | From St Marks Rise to House No.8 Alvington Crescent. Ponding issues. Numerous trenches. Deterioration of surface course. Undulations. |
| Alvington Crescent- Section 2 | From House No.56 to the speed table at the junction of Shacklewell Lane. Surface crazing. Numerous trenches. Deterioration of surface course. |
| Ayrsome Road | From the junction of Painsthorpe Road to House No.90 Ayrsome Road. Surface cracking/crazing. Numerous potholes. Drainage issues. Ponding issues in channels outside House No.15-House No.17. |
| Batley Road | Whole road. Surface rutting/cracking. Numerous trenches. Large undulations/subsidence at the junction of Leswin Road. |
| Bethnal Green Road | From the junction of Ebor Street to the junction of Shoreditch High Street (red route). Surface rutting. Large depressions/undulations. Principal Road. |
| Colberg Place | Whole road. Surface cracking/crazing. Wheel track rutting in several sections of the carriageway. |
| Colvestone Crescent | From the junction of St Marks Rise to the junction of Cecilia Road. Surface crazing and cracking. Large depressions/undulations. Multiple patch repairs. Church located close by. |
| Lordship Road | From St Kildas Road to Manor Road/Lordship Road junction. Surface cracking/crazing. Deterioration of surface course. Numerous trenches. |
| | |

9.4 Re-Profiling of the Capital Budgets:

9.4.1 The capital programme is re-profiled twice each year to ensure that the budgets reflect changes in the anticipated development and progress of schemes within the approved programme. This helps to enhance capital budget monitoring and associated financing decisions. The table below summarises the re-profiling of the capital programme between years, the full details of which are shown in **Appendix 1**.

| Summary of Phase 2 Re-profiling | To Re-Profile 2020/21 | Re-Profiling 2021/22 |
|-------------------------------------|--------------------------|-------------------------|
| | £'000 | £'000 |
| Children, Adults & Community Health | (621) | 621 |
| Finance & Corporate Resources | 9,436 | (9,436) |
| Neighbourhood & Housing (Non) | (6,590) | 6,590 |
| Total Non-Housing | 2,225 | (2,225) |
| Housing | (3,035) | 3,035 |

| | | |
|--------------|--------------|------------|
| Total | (810) | 810 |
|--------------|--------------|------------|

9.5 Capital Programme Adjustments:

9.5.1 Capital Programme adjustments are requested in order to adjust and reappropriate the 2020/21 approved budgets to better reflect project delivery of the anticipated programme. The full details for the required changes are set out in the table below.

| Capital Adjustments | Budget 2020/21 | Change 2020/21 | Updated 2020/21 |
|--|---------------------------|---------------------------|----------------------------|
| | £ | £ | £ |
| Children, Adults & Community Health | | | |
| Queensbridge Primary | 110,000 | 60,000 | 170,000 |
| Benthal AMP | 341,872 | 86,010 | 427,883 |
| Betty Layward AMP | 121,000 | (45,890) | 75,110 |
| Holmleigh AMP | 110,000 | (110,000) | 0 |
| Lauriston AMP | 110,000 | (9,880) | 100,120 |
| AMP Contingency | 216,480 | 19,760 | 236,240 |
| Stoke Newington BSF Life Cycle | 147,000 | (371,922) | (224,922) |
| Clapton Girls BSF Life Cycle | 283,166 | 557,674 | 840,840 |
| Cardinal Pole Lifecycle | 0 | (37,999) | (37,999) |
| Our Ladys School Lifecycle | 24,334 | (45,334) | (21,000) |
| Urswick School Lifecycle | 26,000 | (52,798) | (26,798) |
| Ickburgh School Lifecycle | 55,000 | 16,500 | 71,500 |
| Haggerston School Lifecycle | 394,843 | 100,530 | 495,373 |
| Haggerston Science Lab | 0 | (72,873) | (72,873) |
| The Garden Lifecycle | 24,333 | (12,777) | 11,556 |
| Stormont House Lifecycle | 0 | (58,000) | (58,000) |
| Thomas Fairchild Lifecycle | 0 | (23,000) | (23,000) |
| Finance & Corporate Resources | | | |
| 15-49 Chapman Road Car Pound | 1,763 | (1,763) | 0 |
| Clapton Common Fr Toilet Refurb | 62,456 | (14,652) | 47,804 |
| Acquisition Gd Flr Retail DWC | 3,850 | 14,652 | 18,503 |
| Mixed Use Development | | | |
| Tiger Way Development | 540,943 | (540,943) | 0 |
| Neighbourhoods & Housing | | | |
| Highways Planned Maintenance | 1,519,263 | 351,808 | 1,871,071 |
| Housing | | | |
| Estate Lighting | 300,000 | (50,000) | 250,000 |
| Replace Play Equipment | 200,000 | (149,999) | 50,001 |
| Road & Footpath Renewals | 200,000 | (99,999) | 100,001 |
| H & S and Major Replacement | 800,000 | (299,999) | 500,001 |

| | | | |
|---------------------------------|-------------------|------------------|-------------------|
| Lift Renewals | 500,000 | (300) | 499,700 |
| Boiler Hse Major Works | 400,000 | 77,363 | 477,363 |
| Fire Risk Works | 6,000,000 | (1,000,000) | 5,000,000 |
| Lightning Conductors | 350,000 | 50,000 | 400,000 |
| Hardware Smoke Alarms | 50,000 | 10,479 | 60,479 |
| Gascoyne Comm Hall refurb | 32,196 | (32,196) | 0 |
| Bridport | 400,000 | 1,015,000 | 1,415,000 |
| B/wide Housing under occupation | 1,000,493 | 231,007 | 1,231,500 |
| Hostels - Major Repairs | 345,161 | (447,533) | (102,372) |
| 55 Albion Grove Hostel Re-Fit | 49,474 | 216,526 | 266,000 |
| Estate Renewal Implementation | 8,269,909 | 373,044 | 8,642,953 |
| Marian Court Phase 3 | 2,265,630 | (408,052) | 1,857,579 |
| Frampton Park Regeneration | 881,634 | 29,832 | 911,466 |
| Lyttelton House | 1,239,810 | 5,176 | 1,244,985 |
| Total | 27,376,610 | (670,549) | 26,706,061 |

9.6 For Noting:

- 9.6.1 Delegated powers report dated 3 December 2020 gave resource and spend approval for the acceptance and grant from Historic England's Covid-19 Emergency Heritage at Risk Fund to fund necessary structural works, general repairs and cleaning of the wall. The capital expenditure of **£23k in 2020/21** will fund the works at **North Wall to the Churchyard of St Leonard's Church**. The Council is liable for the upkeep and maintenance of a number of former parish burial grounds, typically closed to new burials by Order in Council in 1858. One such is the public park at St Leonard's Churchyard, which was the parish burial ground of the Church of St Leonard, Shoreditch. This sits within the South Shoreditch Conservation Area and is part of the setting and curtilage of the Grade I listed Church of St Leonard. The open space is bounded by various walls and railings, those to the east, north and west sides being Grade II listed in their own right. The wall retains the soil of the burial ground and abuts the public pavement. The wall is partly early 18th century and partly 19th century, with various piers and railings of various dates and is a prominent feature of the local streetscape. It has been in poor condition for many years and has been included in Historic England's Heritage at Risk Register for some years. The listed wall is currently in a dilapidated state of disrepair and works are urgently needed. The wall is listed, has some structural issues and is in need of refurbishment and therefore doing nothing is not an option. Due to the listed nature of the wall the works will need to be carried out using as many of the existing materials as possible. The works will be craft based and use conservation best practice techniques including the use of lime mortar. Tenders will avoid the use of herbicides and pesticides in wall cleaning. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as the resources are fully funded by grant.

APPENDICES

One.

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required.

None.

| | |
|---|---|
| Report Author | Samantha Lewis, 020 8356 2612 samantha.lewis@hackney.gov.uk |
| Comments of the Group Director of Finance and Corporate Resources | Jackie Moylan, 020 8356 3032 jackie.moylan@hackney.gov.uk |
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TITLE OF REPORT: COUNCIL TAXBASE AND LOCAL BUSINESS RATES INCOME 2021/22

Key Decision No. FCR R.36

CABINET MEETING DATE 2020/21

25TH JANUARY 2021

CLASSIFICATION:

OPEN

WARD(S) AFFECTED: ALL WARDS

CABINET MEMBER

Deputy Mayor Rebecca Rennison

Cabinet Member for Finance, Housing Needs and Supply

KEY DECISION

Yes

REASON

Spending or Savings

GROUP DIRECTOR

Ian Williams: Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report is a key component of setting the Budget and Council Tax for the forthcoming financial year. The monies available for service delivery this year depend on the amount of Council Tax that we believe will be collected and we must be careful to estimate this accurately.
- 1.2 We recognise that this will be a challenging year in financial terms for many of our residents and businesses. We will be bringing forward plans in the budget to provide additional support for those on the lowest incomes and will continue to lobby the Government for increased support for struggling local businesses.
- 1.3 In addition, Members are asked to agree the baseline level of Local Business Rate income the Council will be likely to receive for 2021/22.
- 1.4 The Government has decided it will not provide for the continuation of a 75% local retention scheme in 2021/22 and so the local share will be the same as in 2020/21 - 30%.
- 1.5 On the basis of advice from London Councils and its advisers, the boroughs have unanimously agreed not to retain the London Business Rates Retention and Pooling pilot arrangement in 2021/22. This is discussed more fully in the report.
- 1.6 There has still been little progress in dealing with the appeals to business rates valuations that arose from the 2017 revaluation. This brings an increased risk regarding the forecasting of the amount to be collected and the position is made more unpredictable by the length of time it takes for the Valuation Office to deal with these. Unfortunately, this is entirely outside the control of the Council.

2.0 GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES INTRODUCTION

- 2.1 Section 33 of the Local Government Finance Act 1992 requires that the authority must agree Hackney's Council Tax Base for 2021/22 as calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. This decision must be taken and communicated to preceptors by 31 January 2021. This report recommends a Council Tax Base of 72,039 Band D equivalents based on a Council Tax collection rate for 2021/22 of 94%. The reasons for the reduction in the assumed council tax collection rate from 95.5% are given below
- 2.2 Section 3 of The Non-Domestic Rating (Rates Retention) Regulations 2013, requires that for 2021/22, the authority must estimate Hackney's billing authority Non-Domestic Rating income and calculate the major preceptor's share due to the Greater London Authority and the Government share, and any deductions to be made for qualifying relief. The figures contained in this report will become the effective starting point for setting the Council's Budget for 2021/22, subject to the completion of 2021/22 NDR1 (an official return that is submitted to the Government)

- 2.3 This report asks the Council to approve the estimate of business rates yield for 2021/22, to be used in the budget and tax setting report before Council on 24 February 2021.
- 2.4 It should also be noted that the Welfare Reform Act 2012 abolished Council Tax Benefit in March 2013 and replaced it with the Council Tax Reduction Scheme (CTRS). We are not proposing any changes to the 2020/21 scheme for 2021/22.
- 2.5 The report is late because the decision regarding the continuation of the London Business Rates Pool into 2021/22 was delayed and this forms a key part of the report and the recommendations. The earliest that we were likely to receive a formal decision would not have allowed sufficient time for officer deliberation and Member consultation to take place before the publication date.

3.0 RECOMMENDATION(S)

Cabinet is recommended to:

- 3.1 **Recommend to Council that in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Hackney Council as its Council Tax Base for 2021/22 shall be 72,039 Band D equivalent properties adjusted for non-collection. This represents an estimated collection rate of 94%.**
- 3.2 **Recommend to Council that in accordance with The Non-Domestic Rating (Rates Retention) Regulations 2013 Hackney's non-domestic rating income for 2021/22 is £91,064,033 subject to completion of the NNDR1. This comprises three elements.**
- **£33,471,970 which is payable in agreed instalments to the Greater London Authority**
 - **£27,738,583 which is retained by Hackney Council and included as part of its resources when calculating the 2021/22 Council Tax requirement.**
 - **£29,853,480 which is payable in agreed instalments to Central Government**
- 3.3 **To note that no changes are proposed to the current CTRS scheme in 2021/22.**

Council is recommended to agree:

- 3.4 **That in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Hackney Council as its Council Tax Base for 2021/22 shall be 72,039 Band D equivalent properties adjusted for non-collection. This represents an estimated collection rate of 94%.**

3.5 That in accordance with The Non-Domestic Rating (Rates Retention) Regulations 2013 Hackney's non-domestic rating income for 2021/22 is £91,064,033 subject to completion of the NDR1. This comprises three elements.

- **£33,471,970 which is payable in agreed instalments to the Greater London Authority**
- **£27,738,583 which is retained by Hackney Council and included as part of its resources when calculating the 2021/22 Council Tax requirement.**
- **£29,853,480 which is payable in agreed instalments to Central Government**

3.6 To note that no changes are proposed to the current CTRS scheme in 2021/22.

4. REASONS FOR DECISION

Council Tax Base

4.1 The rules for calculating the Council Tax Base are set out in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The calculation is based on the valuation list and other information available on the 22nd November 2020.

4.2 Firstly, the authority must estimate the number of properties in each band after allowing for exempt properties. These figures are also adjusted to allow for discounts (e.g. single person discount and Council Tax Reduction Scheme) and the impact of changes in discounts and exemptions which allow the Council to charge additional Council Tax to the owners of empty homes and second homes. A formula is then used to calculate the total number of Band D equivalent properties. This gives a higher weighting to properties in bands above Band D and a lower weighting to properties in bands below Band D. This can therefore be thought of as the average number of properties liable to pay Council Tax. The calculation is set out at **Appendix 1**.

4.3 The Authority then must estimate what percentage of the total Council Tax due for the year it will be able to collect. This is usually referred to as the collection rate. This percentage is then applied to the total number of Band D equivalent properties to give the tax base to be used for setting the Council Tax. Another way of considering the tax base is that it represents the amount of Council Tax income that will be received from setting a Band D Council Tax of £1.

- 4.4 There are a number of factors to be considered when assessing the likely ultimate collection rate for 2021/22. 2013/14 marked the first year of the new Local Council Tax Reduction Scheme and significant changes in the level of discounts allowed for second homes and empty properties, which in turn led to increased volatility regarding the eventual collection rate to be achieved, particularly as the Council was often issuing bills for monies it has not had to previously collect. Despite this, collection rates have held up very well since this time but in 2020/21, they were adversely affected by the Covid-19 pandemic and the associated economic downturn which reduced rates below the budgeted estimate of 95.5% to an estimated 92.04%. Whilst we expect collection rates to recover in 2021/22, given the on-going impact of Covid-19 on the local economy, we do not expect it to reach 95.5% in 2021/22 although we fully expect to achieve this rate in 2022/23. It is very difficult to estimate what the rate will be in 2021/22 given the uncertainties resulting from Covid-19 and the associated restrictions, the economic downturn and Brexit, but we believe that an assumed rate of 94% is an evidence based prudent estimate which takes account of our improved collection performance since 2013/14 and the ongoing downturn in the local economy and its impact on residents' ability to pay.
- 4.5 If actual collection in the forthcoming year exceeds the budgeted collection rate this is likely to generate a surplus in the Collection Fund which would provide additional one-off resources available for use in 2022/23 and beyond, either for one-off revenue or the Capital Programme.
- 4.6 A collection rate of 94% will result in a tax base of **72,039** Band D equivalents, as shown in the table below.

| 2021/22 TAX BASE/COLLECTION RATE | |
|--|----------------|
| | 2021/22 |
| Aggregate of Band D Equivalents Estimate | 76,637 |
| of Collection Rate | 94.0% |
| Tax Base (Band D Equivalents) | 72,039 |

- 4.7 This compares to a tax base of 74,386 Band D equivalents used in the 2020/21 budget setting.

Business Rates and the Local Business Rates Retention Scheme

- 4.8 The Local Business Rate retention scheme came into effect from 2013/14 as part of the changes to Local Government funding in the Local Government Finance Act 2012.

- 4.9 In essence the scheme allowed Local Government to keep 50% of any Business Rate growth from its baseline position. For Hackney and all other London Boroughs the remaining 50% share was split on a 60/40 basis with the Greater London Authority (GLA). In 2017/18 these proportions were amended to the following distribution of all business rates collected: - the GLA 37%; Central Government 33% and London Boroughs 30%.
- 4.10 A change to the system was made in 2018/19 with the introduction of the London 100% Business Rates Retention and Pooling Pilot scheme. Under this scheme Hackney retained 64% of the rates raised and the GLA kept 36% with no Government share plus a share of any growth achieved by the boroughs
- 4.11 Yet another change was made in 2019/20 with the introduction of a 75% London Business Rates Retention and Pooling Pilot scheme. Under this scheme, Hackney retained 48% of the rates raised, the GLA retained 27% and Central Government 25%. In both 2020/21 and 2021/22 the Government decided it would not provide for the continuation of the 75% local shares scheme and that the 2017/18 shares of business rates income will apply, i.e. GLA 37%; Central Government 33% and London Boroughs 30%. This reduces the amount of business rates retained by Hackney from 48% to 30% but the losses in income will be mitigated to some extent by additional Government funding.
- 4.12 In 2020/21, even though the financial benefits of the London Business Rates Retention and Pooling Pilot scheme were lower than previous years, the boroughs decided to continue with the pooling arrangement. This decision in part was made for strategic reasons as boroughs regarded the scheme as a key milestone on the journey towards greater fiscal and functional devolution, demonstrating the clear benefits of collective working between London authorities.
- 4.13 For 2021/22, the outlook for business rates in London has changed as a result of Covid-19, the associated downturn in the economy, Brexit and a potential decision by the Valuation Office to devalue office rateable values in England. Because of these factors, the risk of boroughs making business rates losses is much greater than in previous years and these losses would not be equally distributed amongst the boroughs (as explained below) and so the boroughs unanimously decided not to continue the pooling scheme in 2021/22 but remain committed to reconstituting the pool in 2022/23.

- 4.14 The potential office devaluation stems from appeals made by office ratepayers for a 25% rebate in their bills to bring them in line with the reliefs given by the Government to the retail, hospitality and leisure sectors. According to the BBC, 150,000 ratepayers have appealed. A Valuation Office Agency spokeswoman said that discussions were still ongoing, and no formal decision has been made. She added: "Understanding the impact of the ongoing pandemic on rateable values is a complex legal and valuation issue. We are working to resolve these cases as quickly and efficiently as we can." It is possible therefore that office space could be devalued by 25% in 2020/21 and this could continue into 2021/22 as office rental levels are unlikely to recover in 2021/22. Moreover, in the past the Government has never compensated councils for decisions taken by the Valuation Office and so any financial burden is likely to fall wholly on councils. The LGA is lobbying the Government to reintroduce the 2020/21 75% collection fund deficit compensation in 2021/22 if the devaluation does take place
- 4.14 The combination of the continuation of Covid-19, the economic downturn, Brexit and the potential office devaluation means that many boroughs may see significant losses in business rates in 2021/22 which if a pooling scheme operated would have to be borne by all boroughs. However, the losses would not be borne equally as the method of allocating out the losses would be the same as the method for allocating out any pooling surplus and so boroughs that benefited from this method such as Hackney would lose from the allocation of the deficit.
- 4.15 A further issue is that overriding the pooling arrangement is the Government's system of safety net protection which limits the amounts of losses any borough can make irrespective of the total pooling losses in London. Because the amount of safety net protection depends on the resource bases of the boroughs which vary, so will the protection and hence shares of any pooling losses.
- 4.16 To determine its budgetary position Hackney, along with all other Local Authorities has to complete an NNDR1 form which includes the number of rateable local businesses (which is not limited to commercial organisations as it includes schools, churches and of course an authority's own civic estate) multiplied by the appropriate business rate multiplier to arrive at a total cash sum which is then adjusted for various allowable reliefs and discounts to give the final baseline position. This form is required to be completed and submitted to MHCLG by 31 January each year in respect of the following financial year.
- 4.17 Up until 2013/14, the calculation within the NNDR1 had not required formal approval by Members as it had no direct impact on the Council's finances. From 2013/14 onwards, under the current Council constitution, this does now require formal agreement by Members and as such is the subject of the formal recommendations at paragraph 3.2 and 3.5.

4.18 It should be noted that we, at the time of writing this report, are still in the process of completing the NDR1 form. The figures included within this report and recommendations are therefore based on officers' latest estimates of the figures to be included in NDR1 but it is anticipated that the final version of this will have been completed by the time of Cabinet and Council meetings. Members will be informed if there are any changes required to the estimate as a result of the completion of the form.

4.19 In past national budgets, the Government has announced various rate reliefs for all businesses, a small number of which are being rolled into 2021/22. In 2020/21, various Covid-19 related reliefs were also introduced, in particular the significant retail, hospitality and leisure (RHL) sector reliefs but as stands none of these will be rolled forward into 2021/22.

It is estimated that Hackney Council will receive £5.196m in s31 grant in respect of previous national budgets and other Government policies.

4.20 In addition to this, the Council retains a cost of collection allowance for the administration of the collection of business rates and for 2021/22, this allowance is **£596k**

4.21 The total resources therefore available to the Council in respect of Non-Domestic Rates and to be included in the budget to be approved by Council in March will therefore be **£48.859m**, as follows:

| | |
|--|---------------|
| Net rates yield retained by Hackney | 43.714 |
| Share of 2020/21 Deficit c/fwd. | -16.571 |
| Cost of Collection allowance | 0.596 |
| 2020/21 Retail, Hospitality, Leisure (RHL) Reliefs S31 Grant | 13.967 |
| Government Deficit Contribution S31 Grant | 1.957 |
| Other S31 Grants | 5.196 |
| Total NDR resources | 48.859 |

So we have a deficit of £16.571m in 2020/21 which is largely offset by the 2020/21 RHL reliefs and the 75% compensation scheme.

4.23 Council Tax Reduction Scheme (CTRS)

It is a statutory requirement that the Council approves the CTRS scheme each year. As stated above, no changes are proposed to the current scheme.

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5.1 The requirement to calculate the Council Tax base and business rates has been laid down by Statute. As such, there are no alternatives to be considered.

6.0 BACKGROUND

6.1 Policy Context

This report sets out the Council Taxbase and estimated NNDR income in 2021/22. Both of these are required by statute. Hackney's tax base for 2021/22 must be notified to the GLA and to the various levying bodies which base their levies on the Council Tax Base. Under regulations this must take place before 31 January 2021. The appropriate bodies will be notified by the due date once the tax base is confirmed

6.2 Equality Impact Assessment

This is not a service but one element of a statutory obligation for residences to pay council tax. The calculation of this element – Taxbase – is determined by statute and regulations.

6.3 Sustainability

As above

6.4 Consultations

Relevant consultations have been carried out involving the Mayor, the Member for Finance, and Directors of Finance.

6.5 Risk Assessment

The risks associated with the schemes Council's financial position are detailed in this report.

7.0 COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The setting of a realistic and prudent collection rate for Council Tax in 2021/22 is an essential component of the overall budget strategy. If the collection rate set is over-optimistic, this may result in a deficit on the collection fund at the end of 2021/22, the major part of which would need to be met from Hackney's 2022/23 Budget. This would impact adversely on the overall budget strategy.

7.2 The proposed tax base of 72,039 Band D equivalents would result in Council Tax income of £84.98m for Hackney's element, assuming no increase in the Council Tax in 2021/22. The overall resources for the 2021/22 budget will be dependent on the outcome of the Final Local Government Finance Settlement due to be announced in early February 2021, although we do now have the provisional settlement figures.

7.3 Similarly, the setting of an accurate baseline Local Business Rates is essential to enable the Council to be able to plan effectively. Once agreed the amount of Business Rates attributable to the GLA will need to be paid over at certain dates irrespective of whether or not the income has been received by the Council from local businesses. Thus, an overly optimistic or simply erroneous baseline could have significant cash flow implications as well as adverse impact on the future year's budgets. Forecasting the estimated business rates yield is extremely difficult for 2021/22 given the ongoing impact of Covid-19, the associated economic downturn, Brexit and the potential office valuation. The risks to business rates income arising from these factors has resulted in the London boroughs not continuing with the London Rates Retention and Pool in 2021/22 although the boroughs are committed to reconstituting the scheme in 2022/23

7.4 **As set out in section 4.18, the NNDR1 form that is used to calculate the baseline business rate yield for the following financial year is still subject to finalisation. The figures included within this report are therefore based upon officers' best estimate at this stage.**

8. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

8.1 Cabinet is being asked to recommend to Council, and Council is being asked to agree, the calculation of the Council Tax Base as required by s.33 Local Government Finance Act (LGFA) 1992. S.33 imposes a duty on the Council, as a billing authority, to calculate the basic amount of its council tax by reference to a formula set out in the Act and Regulations made under the Act.

8.2 S.67 LGFA originally provided that adopting the council tax base had to be a decision of full Council. This section was amended by s.84 Local Government Act 2003 which abolished that requirement. However, the calculation is not an "executive" function and it cannot be discharged by the Mayor and Cabinet. It could be delegated to an officer, but Hackney has not delegated the decision to an officer so the responsibility rests with full Council.

8.3 As the report makes clear, the decision must be taken by 31 January in each year and therefore this report will be considered by Council on 27 January 2021

8.4 An important part of the calculation of the council tax base is the collection rate which is assumed in the calculation. It is important that Members adopt a prudent approach to agreeing this assumption since, as the report makes clear, an unrealistic assumption is likely to lead to a deficit on the account which will have to be met from elsewhere thus undermining the integrity of the Council's budget. Members will therefore wish to satisfy themselves that the proposed collection rate of 94% is realistic.

8.5 Members are reminded that the calculation of the Council Tax Base is covered by s.106 of the Local Government Finance Act 1992. This provides that if a Member owes two or more months' arrears of Council Tax, they are obliged to disclose this fact to the meeting and not vote on the matter. Failure to comply is a criminal offence punishable by a fine.

APPENDICES

Appendix 1 – Council Tax Base Calculation Schedule

| | |
|--|---|
| Report Author | Jackie Moylan Director, Finance & Corporate Resources Tel: 0208 356 3032 |
| Comments of the Group Director of Finance and Corporate Resources | Ian Williams, Group Director of Finance and Corporate Resources Tel: 0208 356 3003 |
| Comments of Director of Legal and Governance | Dawn Carter-McDonald , Head of Legal and Governance Tel: 0208 356 4817 |

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|--|---|
| TITLE OF REPORT- HOUSING REVENUE ACCOUNT BUDGET 2021/22 INCLUDING TENANTS RENTS AND SERVICE CHARGES | |
| Key Decision No. FCR R37 | |
| CABINET MEETING DATE (2020/21) 25th January 2021 | CLASSIFICATION: Open If exempt, the reason will be listed in the main body of this report. |
| WARD(S) AFFECTED All Wards | |
| CABINET MEMBER Councillor Clayeon McKenzie Housing Services | |
| KEY DECISION Yes | |
| REASON Affect two or more wards | |
| GROUP DIRECTOR Ian Williams Group Director of Finance and Corporate Resources | |

1. CABINET MEMBER'S INTRODUCTION

- 1.1 The report recommends a budget for the Housing Revenue Account (HRA) for 2021/22 and rents for our Council homes. The budget proposals have been developed against a backdrop of unprecedented challenges for the Council and Hackney residents.
- 1.2 This year, the pandemic has had a huge impact on the budget for managing and maintaining Council homes, with more tenants put into financial difficulty and struggling to pay their rent, higher costs from providing additional support to those residents most in need, and less extra income from other sources such as hiring out community halls. Unlike other Council services central government funding has not been available to support the HRA in respect of the costs incurred directly as a result of the pandemic. .
- 1.3 Despite the challenges of the pandemic and from October the cyber attack we continue to deliver high quality services to our residents and progress investment and replacement of the housing investment contracts and the ICT system.
- 1.4 Last year the Government's plan set a longer term rent deal, which permits annual rent increases of up to CPI + 1% for a period of at least five years from April 2020. The policy will help to provide a stable financial platform for the Council to plan its financial resources, to invest in and maintain its assets and to provide excellent housing services to our residents. The Asset Management Strategy which we approved in March 2020 assumes that we adopt this rent policy to maintain investment in our Council homes. Therefore this budget proposes an increase to Council rents in line with this policy. A good, secure Council home will remain more important than ever as the Council rebuilds from the pandemic. A small increase in rent will help provide the vital funds to ensure these are protected.
- 1.5 I am pleased to announce that we will be holding most tenant service charges for another year; with increases only in cleaning and concierge. We are able to do this as we are making savings whilst maintaining and/or improving services to our residents. We are continuing to manage inflation and cost pressures with our savings strategy and continue to deliver improved value for money for our residents through service modernisation and integration of services. We will continue this strategy going forward.
- 1.6 From this year we are introducing a service charge for those residents that benefit from 24 hour CCTV monitoring for their estates. This is in line with the principle that only those households receiving a service pay for that service. The average charge per week for this service will be about 44p per week which represents good value to improve the security of peoples' homes.
- 1.7 I commend this report to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 This report sets out the proposed budget and rent levels for the forthcoming financial year. The rent increase is proposed at CPI + 1% which is in line with Government policy.
- 2.2 The HRA Business Plan, approved by Cabinet in March 2019 as part of the Asset Management Strategy sets out the savings requirements to ensure that the investment in the existing housing stock can be maintained to ensure the housing stock is sustainable in the long term. The necessary savings have been identified for 2021/22 and are included in this proposed budget.

3. RECOMMENDATION(S)

- 3.1 **To approve the HRA budget proposals as set out in section 11 and Appendix A.**
- 3.2 **To approve the increase in rent of 1.5% (CPI + 1%) in line with The Social Housing Regulator's rent standard and agree that rents will increase on average by £1.52 from £101.58 per week to £103.10 per week with effect from Monday 1st April 2021.**
- 3.3 **To approve the increase in HRA fees and charges in line with inflation 0.5% as set out in Appendix B.**
- 3.4 **To agree the level of tenant service charges as set out in paragraph 12.6; and the service charges for the Concierge service as set out in paragraph 12.7.**
- 3.5 **To delegate to the Group Director of Finance and Corporate Resources in consultation with the Lead Member for Housing the setting of communal heating charges to reflect the unit costs of utilities.**
- 3.6 **To agree the Housing Capital Programme budget and spend approval as set out in Section 16.**

4. REASONS FOR DECISION

- 4.1 The Local Government and Housing Act 1989 Section 76 requires local authorities with a Housing Revenue Account (HRA) to set a budget for the account, which is based on best assumptions, that avoids a deficit and furthermore to keep the HRA under review.
- 4.2 Local authority rent setting powers are set out in section 24 of the Housing Act 1985, this provides that:
- (1) A local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses.
 - (2) The authority shall from time to time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 5.1 The budget has been built from the HRA Business Plan and reviewing the base budget, including current experience with items of essential expenditure, maintenance and investment to preserve the housing service and its assets.
- 5.2 The budget setting for the HRA continues to be challenging due to the previous Government policy to reduce rents by 1% for four years ending 2019/20. Although rents are now increasing by CPI + 1% the effects of the rent reduction policy are still being managed from the lower rental income levels.
- 5.3 Alternative rent increases were considered in setting the budget, but any reduction to the rent standard set by the Regulator of Social Housing would result in additional savings that would impact on services to tenants, and substantial savings for Central Government in the subsidy of Housing Benefit. A reduction to the rent standard would also have a long term impact on future rent levels and income. Any rent increase above the rent standard would place the Housing Benefit cost pressure on the General Fund and therefore was discounted.

6. BACKGROUND

6.1 Policy Context

- 6.1.1 The HRA budget has been set in line with the HRA Business Plan and the Council's budget setting process. The HRA Business Plan sets out the Council's plans for managing and maintaining its housing stock (including leasehold properties) and other assets held in the HRA. The HRA Business Plan financial model informs the budget setting and capital programme over the Business Plan period. Its fundamental purpose is to set out the resources required to ensure the effective and sustainable management of these housing assets.
- 6.1.2 The Social Housing Regulator set a new rent standard effective from 1st April 2020. The direction is to revert to a rent increase of CPI +1% over the next 5 years, in line with the rent policy before the recent rent reduction policy. This policy is intended to reestablish a stable financial platform for councils and registered providers to plan ahead.
- 6.1.3 The first HRA Business Plan was approved by Cabinet in December 2013. As a result of substantial changes to the capital investment profile, updates were approved by Cabinet in December 2014 and 2016. In order to reflect the Asset Management Strategy, approved by Cabinet in March 2019, a revised HRA business plan was included setting out the financial plan to manage and maintain the Council's Housing stock and other assets held in the HRA.
- 6.1.4 During the year the world has been dealing with a global pandemic, which has had a serious impact on the delivery of services to tenants, the cost of services and tenants ability to pay rent and other charges. Whilst there were

signs of recovery, the 2nd and 3rd lockdowns and the cyber attack on the Council's IT systems have further impacted on costs and income recovery.

- 6.1.5 Whilst the budget is set in line with the approved HRA Business Plan, much of the detail has changed. A revision of the business plan is required, but it would be more appropriate to wait until there are clearer signals of what services and cost will be after the pandemic. In addition, the Asset Management contracts will shortly be tendered and so cost assumptions may change. Therefore during 2021/22 the business plan will be revised and presented alongside the 2022/23 budget.
- 6.1.6 Whilst the HRA business plan is for a period of 30 years, more focus is on the medium-term (five years) as there is more certainty on costs, demands, resources and pressures, which will enable the prioritisation of housing investment. However, the view of the medium term is also considered in the light of the strategic objectives of the Council and the impact of Government policies on rents, disposals and regeneration.
- 6.1.7 The Council wishes to sustain its investment in its housing assets by ensuring all homes are maintained to a high standard, through a wide range of works and cyclical programmes that ensure compliance with legal and safety regulations and that protect against, and prevent deterioration of its buildings. Stock condition information is primarily based on historic works programmes and periodic survey data. An extensive stock condition survey was undertaken during 2018 in order to update information in the stock database and this has been used to inform the Asset Management Strategy and delivery plan. There are also wider Council ambitions to reduce the carbon emissions from the housing stock from investment in thermal and heating technologies, but there is currently no identified resource to fund this investment.
- 6.1.8 In addition to investment in existing properties, the Council continues to progress three extensive regeneration programmes within the borough: Woodberry Down, the Estate Regeneration Programme (ERP), and the Housing Supply Programme (HSP). The financial plans for the existing HRA stock and the regeneration programmes are presented and monitored separately to ensure the viability of each of the asset investments.
- 6.1.9 Under the self-financing system, introduced in April 2012, the Government calculated that Hackney's HRA could sustain £168m of debt. Whilst the debt cap has been removed, this figure is still a relevant measure of viability and so will be used as a guide. However, resources and delivery plans will be profiled to deliver effective investment plans and respond to issues, and so this benchmark may be exceeded for short periods provided prudent assumptions and forecasts are made on medium-term resources.
- 6.1.10 The HRA Business Plan financial model required savings of £1.0m over the period 2020/21 to 2022/23. However due to additional cost pressures the savings requirement has increased to £2.5m . This savings requirement is being monitored and may require increasing during 2021/22 to deal with the

lasting impact of the pandemic. The development of savings proposals is being undertaken in the context of the strategic objectives for housing services and the housing improvement plan and also to need to balance the competing priorities of

- Maintaining and improving the service we deliver to our tenants and leaseholders
- Maintaining the investment in our housing stock;
- Ensuring the safety of our residents in their homes
- The delivery of our housing regeneration programmes; and
- Sustainable borrowing for the HRA

6.2 Equality Impact Assessment

6.2.1 Under Section 149 of the Equality Act, the Public Sector Equality Duty, the Council has a duty to eliminate unlawful discrimination, harassment and victimisation and advance equality of opportunity between people who share a protected characteristic and those who do not. The protected characteristics cover age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation. The Cabinet is required to consciously consider this duty at every stage of the decision making process.

6.2.2 Work has been undertaken to ensure that all savings proposals have had the appropriate Equality Impact Assessments undertaken, where applicable. The savings proposals protect frontline housing services and are therefore intended where possible to have either a neutral or beneficial impact on services, including for groups who share the protected characteristics under the Equality Act. A number of the proposals, in particular those relating to savings through base budget reviews and limiting inflation, ultimately mean the same service at less price.

6.2.3 In terms of the equalities impact of the proposed rent increase we are relying on the Government's impact assessment of September 2018. It concluded that they did not consider that any specific equalities impacts will arise.

6.2.4 The recommended budget will allow for capital resources as required by the HRA Business Plan to improve and maintain the quality of the Council's housing stock. Good quality housing is a generally accepted key determinant of health and general well-being and investment in the housing stock will have a positive impact on tenants including some of the most deprived people in the borough.

6.3 Sustainability

6.3.1 This report sets the overall HRA budget for 2021/22. The budget includes a significant contribution to capital which will enable the delivery of the 2021/22 capital programme. The capital planned maintenance budget will continue to include provision for sustainability. We will continue to explore external funding opportunities to invest in programmes to increase energy efficiency in the Council's housing stock.

6.4 Consultations

6.4.1 The Council consults with tenants on the levels of rent and service charge increases every year. This year, consultation has taken place via the Residents Liaison Group (RLG) and an article in Our Homes. The consultation runs until early January 2021 and any feedback will be reported at the Cabinet meeting.

6.5 Risk Assessment

6.5.1 There have been a number of significant announcements from the Government which impact upon the HRA budget and Business Plan. These are not always joined up to the extent that they often appear contradictory. While welfare reform remains a significant risk it is one that we have managed reasonably well for the last couple of years. Universal Credit was rolled out in Hackney in October 2018 on a full service basis which means that claimants with a change in circumstances or making a new claim are migrated onto Universal Credit. Claimants are expected to be digitally ready as they are required to manage their claim online and complete online tasks e.g. Job search activities.

6.5.2 During the year the impact of the global pandemic on the ability of tenants to pay their rent during lockdown, any financial difficulties they may have suffered and the impact of the cyber attack has resulted in a significant increase in the value of rent arrears. Rent arrears don't directly impact on the budgets but the provision for unpaid debt is based on the value of rent arrears. Additional provision for unpaid rent will be made in 2020/21 and an additional allowance has been made in the 2021/22 budget. However if the impact of the pandemic continues and the threat of eviction is not reintroduced, it is likely that arrears will continue to increase and additional provision will be required.

6.5.3 The budget provision for unpaid debt is £1.5m p.a.. Prior to the 2nd lockdown and cyber attack, the impact on arrears in 2020/21 is likely to require an additional £1.2m for tenants and £0.5m for commercial properties. However, this may increase further provision required before the end of the financial year and into 2021/22.

6.5.4 The number of new Universal Credit claimants in HRA properties increased by over 50% this year and due to the payment profile, they account for the largest proportion of the increase in rent arrears. Paying tenants arrears have also increased significantly, and whilst tenants on Housing Benefit account for a large proportion of arrears, this has not increased significantly during the year.

6.5.5 The Asset Management Strategy, approved by Cabinet in March 2019, set out the Council's long-term objectives for, investing in the Council's housing stock, ensuring we build on recent successes, and demonstrating continuous improvement. The strategy provides an overarching framework for investment decision-making across the Council's homes and estates. The finances from

the strategy have been used to inform the HRA Business Plan financial model.

6.5.6 The impact of covid restrictions has limited the amount and types of work that could be carried out by contractors during the year and so capital investment is forecast to be lower this year.

6.5.7 In addition to managing the costs/borrowing, there are operational risks to increasing the investment that need to be considered:

- Capacity and technical skills of the staff required to deliver an increased and complex capital programme.
- Appropriate governance is required to ensure efficient investment, value for money is delivered and that the programme does not overcommit resources.
- Expectation that there will be a need to manage what can be delivered in the transition period until appropriate contracts and processes are in place.

6.6 Modern tools for Housing

6.6.1 Working with IT, good progress has been made in developing and launching new services for housing. We are working closely with IT, Housing colleagues and residents to identify user needs, design user-friendly and straightforward customer journeys, test prototypes and launch new services.

6.6.2 These applications have reduced our use of Universal Housing (UH) through simple and elegant web-based user interfaces powered by Application Programming Interfaces (APIs), and are already delivering significant benefits to residents and users.

6.6.3 These systems have developed some reusable components to facilitate more flexible service delivery models across the Council. The technology has been designed in such a way that different business applications can safely access the same core data, thus providing a 'single view of the truth', which reduces errors and the need to duplicate work. As well as delivering direct benefits for residents and users, this work has given us clarity about our preferred technical approach and standards.

6.6.4 We have designed this new programme of work around some key objectives:

- migrate from UH quickly, safely and with the least possible disruption to essential business activities
- deliver a sustainable set of technology services with the skills in-house to support them
- use open-source software frameworks and hyper-scale cloud platforms to avoid supplier dependency
- conduct the programme in a manner consistent with Hackney's values
- complete the programme with a clear roadmap for further improvements and the budget and skills to achieve this.

6.6.5 The HRA business plan included £2m p.a. for investment/development of the housing system, but with the intense focus following the end of the civica support for UH and more recently the cyber attack, this budget has been increased to £3m p.a. for the next 3 years. This can be managed within the flexibility of the capital programme and will result in reduced budget provision in the future as we transition away from UH.

6.6.6 The Housing ICT board oversees and monitors the progress of the new systems, and approves smaller allocations of the approved budget in line with the progress and development of the new system to ensure a successful transfer is achieved.

6.7 Leaseholder Buybacks

6.7.1 In March 2000 Cabinet approved a £10m budget for the buyback of ex-Right to Buy leasehold properties in Council blocks as a way to increase the supply of affordable housing. The scheme is progressing well, although it has not been actively promoted and 5 properties have been acquired and let, a further 10 are in contract to be acquired in early January with agreement on a further 4. These property acquisitions total £10m.

6.7.2 In addition, there is agreement to purchase a further 25 properties from Local Space for which the Council currently has nomination rights. As part of this agreement, Local Space will acquire up to 48 properties outside of the borough for the Council to continue to have nomination rights.

6.7.3 The acquisition of properties for Social Rent is not financially viable, even with contribution from Right to Buy 1-4-1 funding. However the value of the properties are protected in any future Right to Buy application from the cost floor formula which sets the minimum sales value at the full cost paid.

6.7.4 In addition, the Council currently holds over £50m of RtB 1-4-1 receipts funding which if not spent in 3 years is returned to MHCLG and redistributed or reallocated. This funding can only contribute towards 30% of the cost of the property and so the remaining funding is required for other housing resources or borrowing.

6.7.5 A further £10m allocation has been provided for in the 2021/22 capital budget and officers are exploring opportunities to increase the resources available to support this programme, including s106 contribution, capital receipts and other disposals with an aim to maintain the number of properties in the housing stock and mitigate the reduction from RtB sales.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 Finance comments are set out in the report.

8. VAT IMPLICATIONS ON LAND & PROPERTY TRANSACTIONS

Not Applicable

9. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES

- 9.1 Section 74 Local Government and Housing Act 1989 requires the Council to keep a separate ring fenced Housing Revenue Account. Section 75 and Schedule 4 of that Act deal with the items to be credited and debited to the Account, which by virtue of Section 76 must not go into deficit. Subsection 76(2) requires the Council during January or February of each year to formulate proposals in relation to the likely income and expenditure to the Account to secure that the Account for the year does not show a deficit.
- 9.2 Section 24 of the Housing Act 1985 provides that a local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses and that the authority shall from time to time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require. Under subsection 24(5) a local housing authority must have regard in particular to any relevant standards set out for them under Section 193 of the Housing and Regeneration Act 2008. Section 193 gives the Regulator of Social Housing (RSH) the power to set standards concerning amongst other things rent levels. To date the RSH has not set a rent level standard for the Council.
- 9.3 Section 23 of the Welfare Reform and Work Act 2016 provides that in relation to each relevant year, registered providers of social housing must secure that the amount of rent payable in respect of that relevant year by a tenant of their social housing in England is at least 1% less than the amount of rent that was payable by the tenant in respect of the preceding 12 months.
- 9.4 Section 102 of the Housing Act 1985 provides that a variation of tenancy conditions that relates to rent or to payments in respect of services provided by the landlord may be varied in accordance with a provision in the tenancy agreement. Condition 3.7 of the tenancy agreement provides that at least 4 weeks' notice of a rent and/or service charge increase will be given to tenants.
- 9.5 This report makes recommendations which are designed to fulfil the Council's duties as set out above and the Cabinet must be satisfied that the proposals recommended are reasonable and achievable and will not result in a deficit to the HRA.

10. HRA PROJECTED POSITION FOR 2020/21

- 10.1 The HRA budget is monitored monthly and reported to Cabinet in the Overall Financial Position reports. As at November 2020 the HRA is forecast to break even with additional contribution from reserves and a reduction in Revenue Contributions to Capital Outlay (RCCO) to mitigate the impact of covid and the cyber attack.
- 10.2 At the start of the year the HRA had £11.2m of revenue balances and £5.9m of earmarked reserves. Reserves have reduced significantly in the past 2 years and so it is proposed to take opportunities to steadily increase the

quantum of reserves over the medium term. This will allow flexibility in ensuring a sustainable level of borrowing in line with the HRA Business Plan assumptions.

11 2021/22 HRA BUDGET

11.1 The proposed 2021/22 HRA budget is shown in the table below and detailed in Appendix A.

| HRA BUDGET SUMMARY 2021/22 | |
|---|------------------|
| | £000's |
| Income | |
| Dwellings rent gross | (115,223) |
| Non dwellings rents gross | (4,954) |
| Tenant charges for services and facilities | (12,756) |
| Leaseholder charges for services and facilities | (11,668) |
| Other Charges for services and facilities | (2,995) |
| | |
| Gross income | (147,595) |
| | |
| Expenditure | |
| Repairs and maintenance | 26,996 |
| Services to Estates | 15,564 |
| Supervision and Management | 45,472 |
| Rents, Rates and Other Charges | 1,289 |
| Increase in provision for bad debts | 2,554 |
| Cost of Capital Charges | 1,000 |
| Depreciation | 44,008 |
| | |
| Gross Expenditure | 136,883 |
| | |
| Net Cost of Service | (10,712) |
| | |
| Revenue Contribution to Capital Outlay | 10,712 |
| Contributions to/from Reserves | 0 |
| | |
| Net HRA (SURPLUS) / DEFICIT FOR YEAR | (0) |

12. INCOME

12.1 The HRA self-financing regime aim was to give the local authority financial certainty to develop longer term plans for the HRA. The assumptions in the self-financing settlement, set by the Government, were based on local

authorities continuing to implement rent restructuring and setting rent increases at RPI plus ½%. Following consultation in 2013 the DCLG amended the rent restructuring arrangements to allow for full convergence to take place in 2014/15 and to fix future rent increases to 1% above the Consumer Prices Index (CPI) for a period of ten years. Then the summer 2015 budget required a 1% rent reduction to be delivered for four years from 2016/17. It is estimated that the 1% rent reduction will have a cumulative impact on the HRA Business Plan of a £142m reduction in revenue over ten years, and £644m over the 30 year life of the HRA Business Plan.

- 12.2 Following the 1% rent reduction, from 2020 rent increases reverted to CPI+1% in line with the rent standard. This will result in an average rent increase of £1.52 from £101.58 per week to £103.10 per week.
- 12.3 Year on year the increase in income in 2021/22 arising from the 1.5% rent increase is £1.72m and this income will be used to invest in the Council's housing stock, and deliver improvements to services. Included in the HRA budget is an continuing investment in tenant sustainability services to support households maintain their tenancies through working in partnership across the Council, with the DWP, advice providers, and other partners to co-design ways to boost benefit take up and income maximisation (involving the local Universal Credit Partnership), prevent debt, as well as consolidating approaches to debt collection and preventing evictions. We are committed to working with tenants providing crisis support, income maximisation and debt support. We continue to work with partners to support the delivery of the Council's Poverty Reduction Strategic priorities.
- 12.4 Service charges for tenants are based on a pooled cost approach, where all tenants receiving a service are charged the same amount. We are proposing to only increase service charges for cleaning services to reflect the enhancement in services of deep clean and weekend services.

The proposed service charges for 2021/22 are as follows:

| | 2020/21 Service Charges £ per week | 2021/22 Proposed Charge £ per week |
|---------------------|---|---|
| Block Cleaning | 5.63 | 5.71 |
| Estate Cleaning | 2.45 | 2.49 |
| Grounds Maintenance | 2.01 | 2.01 |
| Landlord Lighting | 1.36 | 1.36 |
| CCTV monitoring | N/A | 0.44 |

- 12.5 From 2021/22 it is proposed to introduce a CCTV monitoring charge to tenants and leaseholders. The HRA currently pays £263,000 for the monitoring of over 1,600 cameras on estates. This cost is an allowable service charge for both tenants and leaseholders and is eligible for housing

benefit for tenants. The average cost is £0.44 per week (£22.88 per year) and so this will be the charge to tenants. Leaseholders pay the actual cost of the service which can range from £5-£200 per year and so for its introduction leaseholders will be capped at three times the average charge of £68.64 per year.

- 12.6 For those blocks with a concierge service, Cabinet approved the ending of the subsidy for tenants and leaseholders in January 2016. Cabinet further approved in January 2018 that increases to charges for the concierge service, which now includes a requirement for the service provider to pay London Living Wage. This year's increase removes any subsidy from the cost of the service with future increases in line with contract price inflation which is linked to the increases to London Living Wage.

There are 823 households across 13 blocks receiving a concierge service and the proposed charges which are the same for all tenants and leaseholders for 2021/22 are as follows:

| Block | 2020/21 Charge £ per week | 2021/22 Proposed Charge £ per week |
|----------------------------------|--------------------------------------|---|
| Angrave Court | 23.62 | 25.83 |
| Bryant Court | 23.33 | 25.23 |
| Fellows Court | 30.41 | 32.54 |
| Gooch House | 23.96 | 25.83 |
| Granard House | 28.78 | 30.99 |
| Hugh Gaitskell House - Pathmeads | 22.80 | 24.65 |
| Laburnum Court | 23.33 | 25.23 |
| Regents Court | 23.33 | 25.23 |
| Seaton Point | 35.16 | 38.74 |
| The Beckers One | 23.88 | 25.83 |
| The Beckers Two | 23.88 | 25.83 |
| Vaine House | 28.78 | 30.99 |
| Welshpool House | 23.30 | 24.28 |

- 12.7 The energy purchasing consortium that the Council is a member of has a contract year running from April to March. Therefore the unit prices for utilities will not be available until March. We are also currently undertaking a review of communal heating charges as the cost of providing communal heating is not being fully recovered. The charges to tenants and leaseholders will be reviewed once all data has been analysed. It is recommended to delegate authority to the Group Director of Finance and Corporate Resources, in consultation with the Lead Member for Housing Services, to approve the 2021/22 charges, calculated in line with the approved methodology.

- 12.8 Leaseholders' service charges reflect actual costs incurred for their block/estate. So their service charge will be different to that of a neighbour who is a tenant. The increase in income arising from Leaseholder service charges reflects the increase in the number of Right to Buys over the last year and the sale of private and shared ownership properties on completed regeneration estates. Leaseholder' service charges reflect actual cost incurred for the service to the block/estate. Therefore the savings included in the 2021/22 budget that impact on the service to leaseholders i.e. cleaning, will be passed on to leaseholders when calculating the actual service charge after year end.
- 12.9 It is proposed to increase fees and charges in line with inflation of 0.5%. It is proposed to increase garage rents by £1 per week to reflect the cost of maintaining them at a lettable standard and to bring them more in line with the local rental market. The proposed fees and charges for 2021/22 are shown in Appendix B.
- 12.10 Charges for Travellers sites are set in line with rent policy within the HRA Business Plan, so charges are proposed to be increased by CPI plus 1%. For 2021/22 this would be a 1.5% increase which would equate to an average increase of £1.85 per week.

13. EXPENDITURE

- 13.1 The budget setting assumptions are based on 0% inflation except in contractual cases. No budgetary provision has been made for the pay award as a result of the Government's announcement of a public sector pay freeze.
- 13.2 Energy costs have fallen over the past 6 months but are sensitive to volatility and the direction of price movements remains difficult to predict. Significant savings in energy costs have been made in previous years and with the introduction of an improved process for meter readings we have more accurate billing and are therefore able to reduce the budget for energy. Some of these savings have been offset by a reduction in recharges to tenants.
- 13.3 The number of Right to Buy sales reduced significantly in recent years with an estimated 36 sales this year. The impact on the HRA income is noted in paragraph 12.3, there are a number of budget adjustments made on the expenditure side of the budget to reflect the number of sales, and these are in line with the HRA Business Plan assumptions.

14. ROLL OUT OF UNIVERSAL CREDIT

- 14.1 Universal Credit (UC) was implemented in Hackney from 3 October 2018. UC moves from direct payment of Housing Benefit to cash collection from all tenants. Experience has shown an adverse impact on collection rates and increase in bad debt that need to be factored into the budgets.

- 14.2 The roll out of UC on a full service basis means that claimants with a change in circumstances or making a new claim are migrated onto UC and are expected to be digitally ready as they are required to manage their claim online and complete online tasks e.g. Job search activities. The impact on arrears has been significant with £1.5m of arrears relating to UC however in most cases arrears has been related to the increased administrative time in processing claims therefore should not fully translate into bad debt. Total UC arrears currently amount to 30% of total rent arrears. It should be noted that we have a very good collection rate compared to our peers – over 96% - which is an excellent position and we will continually review and refine our strategy to respond to changes as the roll out of UC continues.
- 14.3 The full roll out of UC in Hackney has been operational for just over a year and the figures show that there are increased levels of rent arrears which has the potential for increased levels of bad debt. Increasing rent arrears is not sustainable for housing services, therefore we are developing operational and procedural changes that minimise the build-up of arrears into the development of the new housing system and on-line rent accounts. Alongside these service developments, we carry out close monitoring of rent accounts and are in communication with other income services of the Council to support residents at risk of falling into debt.
- 14.4 We have been planning for the implementation of UC for a number of years and measures we have taken to mitigate the impact on residents are as follows:
- A strong income collection service that supports early intervention and identification of support needs.
 - Online rents portal, empowering customers and providing an effective communication channel.
 - Investment in in-house customer support services
 - Resident Sustainment team
 - Financial Inclusion team
 - A Council-wide welfare reform group drawing together services already supporting affected residents
 - Working closely with the local DWP delivery partner
 - Strong voice on the DWP local authority welfare steering group
- 14.5 During the year as a result of the financial impact of Covid, UC cases have increased by over 50%. Due to the timing of payment to claimants and then the collection of their rent, this has resulted in a disproportionate increase in rent arrears.
- 14.6 There is sufficient resource for the bad debt provision included in this HRA budget and the Group Director of Finance and Corporate Resources will ensure that an earmarked HRA reserve is maintained to assist with managing some of the impact of the introduction of UC albeit should be noted that this may not mitigate the substantial impact of policy.

15 SAVINGS STRATEGY

- 15.1 The 2021/22 savings strategy focuses on the integration of services and the sharing of resources to deliver the savings under the headings of; continued saving, reallocation or recharging and cashable savings. The savings also include base budget review.
- 15.2 For 2021/22 we are proposing savings of £3.474m offset with £0.950m of cost pressures to deliver the £2.5m savings requirement per the HRA business plan; these have been achieved without the need for compulsory redundancies and are set out in the table below.

| | 2020/21 £000 |
|---|-------------------------|
| Previously agreed | |
| Increase garage rent by £1 per week | 150 |
| Removal of Concierge subsidy | 50 |
| Reallocation/Recharge | |
| CCTV service charge | 240 |
| Additional Refuse collection and Waste management on Estates (charge to leaseholders) | 400 |
| Review/reallocation of support charges | 400 |
| Major Works cost recovery | 60 |
| Council Tax (voids) charged to Regenerations scheme | 200 |
| Cost Savings | |
| Residents Participation restructure | 60 |
| Residents Safety restructure | 50 |
| Transformation Restructure | 30 |
| Finance restructure | 75 |
| Transfer of New build cost centres to Business as Usual | 300 |
| Base Budget Review | |
| Ground Rent income from new build | 70 |
| Transaction costs | 80 |
| Court Costs | 50 |
| Residual budgets | 59 |
| Insurance premiums (leaseholders) | 300 |
| Leaseholders Service charges | 500 |
| Interest Charges (debt balances not increasing) | 400 |
| Cost Pressure - Major Repairs Decant Accommodation | (150) |
| Cost Pressure - Bad Debt Provision | (800) |
| TOTAL | £2,524 |

- 15.3 These savings increase the productivity and efficiency of the Housing Service, deliver the business plan requirements and enable us to continue the investment in our stock and regeneration programmes. The savings strategy to ensure a financially sustainable business plan for 2021/2022 onwards is to develop proposals from service modernisation and commercialisation.

Savings will be delivered from proposals which will improve our business processes, improve outcomes and deliver value for money.

16. HOUSING CAPITAL PROGRAMME

- 16.1 The Housing Capital Programme 2021/22 has been developed with due regard to the Asset Management Strategy and the Housing Development Strategy approved by Cabinet in March and April 2019. The Asset Management Strategy sets out the Council's long-term objectives for investing in our homes and provides an overarching framework for investment decision-making across the Council's homes and estates. It also considers the values we have as an organisation, the relevant local and national policy context, set out the ambitions that Hackney has for the quality of its homes and the priorities that will be established to ensure that the limited available resources are directed at the greatest need.
- 16.2 The capital programme for housing covers the investment in HRA stock and assets managed by Housing Services, the housing regeneration programmes, investment in HRA hostels and housing grants managed by Housing Needs and Private Sector Housing.
- 16.3 The proposals in this budget allow for RCCO of £10.7m and the depreciation charge of £44.0m which will be used along with the relevant grant contributions, contributions from leaseholder for Major Works, and sales receipts from completed Regeneration properties (outright sale and shared ownership).
- 16.4 These sources of funding will be supplemented with borrowing to support the housing capital programme as reflected in the HRA Business Plan. The borrowing will be funded and repaid with future rental income from HRA and regeneration properties
- 16.5 The table below summarises the Housing Capital Programme for 2021/22 based on the HRA business plan model.

| | 2020/21 £'000 |
|-------------------------------|--------------------------|
| Asset Management Plan | 64,175 |
| Estate Regeneration Programme | 38,394 |
| Housing Supply Programme | 18,638 |
| Woodberry Down | 6,262 |
| Other | 13,395 |
| TOTAL EXPENDITURE | 140,864 |

- 16.6 A main component of the capital programme is the investment plan for the housing stock. The Asset Management Strategy sets out proposals for a move from a previous component based approach, to an area/zone based

approach which takes a holistic view to the improvements of blocks and estates by considering all the elements/components in an area/zone. This approach has been used to develop the capital programme over the life of the HRA business plan.

- 16.7 The investment in existing stock follows a 7 year cycle, where properties are surveyed and works are consulted on in the preceding year, with the works programme extending to up to 18 month. Year 2 of the programme for 2021/22 is reduced due to the limited value of works that can be awarded under existing contracts and the re-procurement of these contracts which will commence in April 2022.
- 16.8 The Council’s response to the Grenfell Fire tragedy has been reflected in the capital programme with provision for the fire safety work that the Council knows of or anticipates will come from the Fire Risk Assessments.
- 16.9 The budget requirement for the Regeneration programmes reflects the current delivery programme, which is reported and monitored by the Housing Development Board. During the past year, with the uncertainty of Brexit and the impact of the pandemic, the cost, sales and programmes have been subject to fluctuation and extension due to the uncertainty. Whilst every effort is made to maintain the delivery and viability of the programme, there are many factors that impact on them and so by following the programme’s governance structure, decisions are made at the appropriate point about the programmes commitments, costs and delivery.

APPENDICES

Appendix A HRA Budget Proposals
Appendix B Fees and Charges Proposals

EXEMPT

None

BACKGROUND PAPERS

None

| | |
|--|--|
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| Comments for and on behalf of the Group Director of Finance and Resources | Simon Theobald 020 8356 4304 Head of Finance for Neighbourhoods and Housing Simon.theobald@hackney.gov.uk |

**Comments for and on
behalf of the Interim
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LONDON BOROUGH OF HACKNEY COUNCIL

CABINET DECISION NOTICE - Monday, 25 January 2021

This document outlines the decisions taken at the above Cabinet meeting.

Unless otherwise indicated, executive decisions listed in this document will come into force and may then be implemented 5 working days after publication of this document unless the decision is called in. During that period the Director of Legal & Governance Law may call-in a decision for scrutiny if so required by no fewer than 5 Members of the Council (Part 4 of the Council's Constitution; Scrutiny Procedure Rules: Call-in Procedures).

Date of Publication:

26 January 2021

Last Date for Call-In:

2 February 2021

Contact: Jessica Feeney, Governance Services Officer

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6. To consider the unrestricted Minutes of the Previous Meeting of Cabinet meeting held on 30 November and 14 December 2020.

The unrestricted minutes of the meeting held on 30 November 2020 and 14th December 2020 were approved.

7. To receive the unrestricted Minutes of the Previous Meetings of Cabinet Procurement Committee meeting held on 9 November and 7 December 2020.

The unrestricted minutes of the meeting held On 9 November and 7 December 2020 were approved.

8. 2021/22 Overall Financial Position, Property Disposals and Acquisitions Report Which Takes Account of the Estimated Financial Impact of Covid19 and the On-going Emergency - Key Decision No. FCR R21

RESOLVED:

That the Cabinet:

- I. **Noted the update on the overall financial position for November, covering the General Fund and HRA.**
- II. **Approved the corporate savings noted at 2.17**

REASONS FOR DECISION

To facilitate financial management and control of the Council's finances and approve the corporate savings

9. Capital Update Report - Key Decision No. FCR R30

RESOLVED:

- I. **That the schemes for Children, Adults and Community Health as set out in section 9.2 were approved as follows:**

The Garden School Post 16 and Expansion: Resource and Spend approval of **£200k in 2021/22** is requested to increase the existing budget and fund the expansion at The Garden School a school for pupils with Autistic Spectrum Disorder (ASD) and Severe Learning Difficulties (SLD).

London Schools Board (LSB) Façade Repair Programme: Virement and spend approval of **£4,677k (£3,672k in 2021/22 and £1,005k in 2022/23)** to continue the programme of health and safety remedial works to the facades of 23 London School Board (LSB) schools that began in 2017.

- II. **That the schemes for Neighbourhoods and Housing (Non) as set out in section 9.4 were approved as follows:**

Parks Depots: Spend approval of **£1,000k (£350k in 2020/21 and £650k in 2021/22)** is requested to fund the enabling works to the Council's Parks Depots

Developing Borough Infrastructure: Spend approval of **£300k in 2021/22** is requested to fund to improve the public realm on Dalston's Colvestone Crescent. Colvestone Crescent has been selected as the location for Hackney's first inaugural '21st Century Street' programme.

Bridge Maintenance Schemes 2019/20: Spend approval of **£200k in 2020/21** is requested for the continuation of the 5 year Bridge Maintenance Programme in the borough.

Road Safety Programme: Spend approval of **£300k in 2021/22** is requested to fund the continuing road safety works on the borough's roads.

Highways Street Lighting LED Upgrades 2020/21: Spend approval of **£1,250k (£635k in 2020/21 and £615k in 2021/22)** is requested to continue the upgrade of the highways street lighting across the entire borough.

Parks Trees 2020/21: Spend approval of **£200k in 2020/21** is requested to continue the essential maintenance work on existing trees around the Borough.

Tree Planting Programme: Resource and spend approval of **£1,750k (£1,500k in 2020/21 and £250k in 2021/22)** is requested to fund the programme to increase tree canopy cover around the borough.

Green Screens Programme: Resource and spend approval of **£700k (£100k in 2020/21 and £600k in 2021/22)** is requested to deliver the Greens Screens programme over two years.

Highways Surface Water Drainage 2020/21: Spend approval of **£280k in 2020/21** is requested to facilitate the delivery of the 2020/21 water drainage programme at various locations across the borough.

Highways Planned Maintenance 2020/21: Spend approval of **£2,000k in 2020/21** is requested to continue to deliver the 2020/21 Planned Maintenance Highways Programme.

- III. **That the re-profiling of the budgets as detailed in para 9.4 and Appendix 1 were approved as follows:**

| Summary of Phase 2 Re-profiling | To Re-Profile 2020/21 | Re-Profiling 2021/22 |
|---------------------------------|-----------------------|----------------------|
| | £'000 | £'000 |
| Non-Housing | 2,225 | (2,225) |
| Housing | (3,035) | 3,035 |
| Total | (810) | 810 |

- IV. **That the capital programme adjustments summarised below set out in detail in para 9.5 were approved accordingly.**

| Summary of Capital Adjustments | Budget 2020/21 | Change 2020/21 | Updated 2020/21 |
|--------------------------------|----------------|----------------|-----------------|
| | £'000 | £'000 | £'000 |
| Non-Housing | 4,092 | (191) | 3,901 |
| Housing | 23,284 | (480) | 22,805 |
| Total | 27,377 | (671) | 26,706 |

REASONS FOR DECISION

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

10. Council Tax Base and Local Business Rate Income - Key Decision No. FCR R36

RESOLVED

That the Cabinet:

- I. Recommended to Council that in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Hackney Council as its Council Tax Base for 2021/22 shall be 72,039 Band D equivalent properties adjusted for non-collection. This represents an estimated collection rate of 94%.
- II. Recommended to Council that in accordance with The Non-Domestic Rating (Rates Retention) Regulations 2013 Hackney's non-domestic rating income for 2021/22 is £91,064,033 subject to completion of the NNDR1. This comprises three elements.
 - £33,471,970 which is payable in agreed instalments to the Greater London Authority
 - £27,738,583 which is retained by Hackney Council and included as part of its resources when calculating the 2021/22 Council Tax requirement.
 - £29,853,480 which is payable in agreed instalments to Central Government
- III. Noted that no changes were proposed to the current CTRS scheme in 2021/22.

Council was recommended to agree:

- IV. That in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Hackney Council as its Council Tax Base for 2021/22 shall be 72,039 Band D equivalent properties adjusted for non-collection. This represents an estimated collection rate of 94%.
- V. That in accordance with The Non-Domestic Rating (Rates Retention) Regulations 2013 Hackney's non-domestic rating income for 2021/22 is £91,064,033 subject to completion of the NDR1. This comprises three elements.
- £33,471,970 which is payable in agreed instalments to the Greater London Authority
 - £27,738,583 which is retained by Hackney Council and included as part of its resources when calculating the 2021/22 Council Tax requirement.
 - £29,853,480 which is payable in agreed instalments to Central Government
- VI. To note that no changes are proposed to the current CTRS scheme in 2021/22.

REASONS FOR DECISION

Council Tax Base

The rules for calculating the Council Tax Base are set out in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The calculation is based on the valuation list and other information available on the 22nd November 2020.

Firstly, the authority must estimate the number of properties in each band after allowing for exempt properties. These figures are also adjusted to allow for discounts (e.g. single person discount and Council Tax Reduction Scheme) and the impact of changes in discounts and exemptions which allow the Council to charge additional Council Tax to the owners of empty homes and second homes. A formula is then used to calculate the total number of Band D equivalent properties. This gives a higher weighting to properties in bands above Band D and a lower weighting to properties in bands below Band D. This can therefore be thought of as the average number of properties liable to pay Council Tax. The calculation is set out at **Appendix 1**.

The Authority then must estimate what percentage of the total Council Tax due for the year it will be able to collect. This is usually referred to as the collection rate. This percentage is then applied to the total number of Band D equivalent properties to give the tax base to be used for setting the Council Tax. Another way of considering the tax base is that it represents the amount of Council Tax

income that will be received from setting a Band D Council Tax of £1.

There are a number of factors to be considered when assessing the likely ultimate collection rate for 2021/22. 2013/14 marked the first year of the new Local Council Tax Reduction Scheme and significant changes in the level of discounts allowed for second homes and empty properties, which in turn led to increased volatility regarding the eventual collection rate to be achieved, particularly as the Council was often issuing bills for monies it has not had to previously collect. Despite this, collection rates have held up very well since this time but in 2020/21, they were adversely affected by the Covid-19 pandemic and the associated economic downturn which reduced rates below the budgeted estimate of 95.5% to an estimated 92.04%. Whilst we expect collection rates to recover in 2021/22, given the on-going impact of Covid-19 on the local economy, we do not expect it to reach 95.5% in 2021/22 although we fully expect to achieve this rate in 2022/23. It is very difficult to estimate what the rate will be in 2021/22 given the uncertainties resulting from Covid-19 and the associated restrictions, the economic downturn and Brexit, but we believe that an assumed rate of 94% is an evidence based prudent estimate which takes account of our improved collection performance since 2013/14 and the ongoing downturn in the local economy and its impact on residents' ability to pay.

If actual collection in the forthcoming year exceeds the budgeted collection rate this is likely to generate a surplus in the Collection Fund which would provide additional one-off resources available for use in 2022/23 and beyond, either for one-off revenue or the Capital Programme.

A collection rate of 94% will result in a tax base of **72,039** Band D equivalents, as shown in the table below.

| 2021/22 TAX BASE/COLLECTION RATE | |
|---|----------------|
| | 2021/22 |
| Aggregate of Band D Equivalents | 76,637 |
| Estimate of Collection Rate | 94.0% |
| Tax Base (Band D Equivalents) | 72,039 |

This compares to a tax base of 74,386 Band D equivalents used in the 2020/21 budget setting.

Business Rates and the Local Business Rates Retention Scheme

The Local Business Rate retention scheme came into effect from 2013/14 as part of the changes to Local Government funding in the Local Government Finance Act 2012.

In essence the scheme allowed Local Government to keep 50% of any Business Rate growth from its baseline position. For Hackney and all other London Boroughs the remaining 50% share was split on a 60/40 basis with the Greater London Authority (GLA). In 2017/18 these proportions were amended to the following distribution of all business rates collected: - the GLA 37%; Central Government 33% and London Boroughs 30%.

A change to the system was made in 2018/19 with the introduction of the London 100% Business Rates Retention and Pooling Pilot scheme. Under this scheme Hackney retained 64% of the rates raised and the GLA kept 36% with no Government share plus a share of any growth achieved by the boroughs

Yet another change was made in 2019/20 with the introduction of a 75% London Business Rates Retention and Pooling Pilot scheme. Under this scheme, Hackney retained 48% of the rates raised, the GLA retained 27% and Central Government 25%. In both 2020/21 and 2021/22 the Government decided it would not provide for the continuation of the 75% local shares scheme and that the 2017/18 shares of business rates income will apply, i.e. GLA 37%; Central Government 33% and London Boroughs 30%. This reduces the amount of business rates retained by Hackney from 48% to 30% but the losses in income will be mitigated to some extent by additional Government funding.

In 2020/21, even though the financial benefits of the London Business Rates Retention and Pooling Pilot scheme were lower than previous years, the boroughs decided to continue with the pooling arrangement. This decision in part was made for strategic reasons as boroughs regarded the scheme as a key milestone on the journey towards greater fiscal and functional devolution, demonstrating the clear benefits of collective working between London authorities.

For 2021/22, the outlook for business rates in London has changed as a result of Covid-19, the associated downturn in the economy, Brexit and a potential decision by the Valuation Office to devalue office rateable values in England. Because of these factors, the risk of boroughs making business rates losses is much greater than in previous years and these losses would not be equally distributed amongst the boroughs (as explained below) and so the boroughs unanimously decided not to continue the pooling scheme in 2021/22 but remain committed to reconstituting the pool in 2022/23.

The potential office devaluation stems from appeals made by office ratepayers for a 25% rebate in their bills to bring them in line with the reliefs given by the Government to the retail, hospitality and leisure sectors. According to the BBC, 150,000 ratepayers have appealed. A Valuation Office Agency spokeswoman said that discussions were still ongoing, and no formal decision has been made. She added: "Understanding the impact of the ongoing pandemic on rateable values is a complex legal and valuation issue. We are working to resolve these cases as quickly and efficiently as we can." It is possible therefore that office space could be devalued by 25% in 2020/21 and this could continue into 2021/22 as office rental levels are unlikely to recover in 2021/22. Moreover, in the past the Government has never compensated councils for decisions taken by the Valuation Office and so any financial burden is likely to fall wholly on councils. The LGA is lobbying the Government to reintroduce the 2020/21 75% collection fund deficit compensation in 2021/22 if the devaluation does take place

The combination of the continuation of Covid-19, the economic downturn, Brexit and the potential office devaluation means that many boroughs may see significant losses in business rates in 2021/22 which if a pooling scheme operated would have to be borne by all boroughs. However, the losses would not be borne equally as the method of allocating out the losses would be the same as the method for allocating out any pooling surplus and so boroughs that benefited from this method such as Hackney would lose from the allocation of the deficit.

A further issue is that overriding the pooling arrangement is the Government's system of safety net protection which limits the amounts of losses any borough can make irrespective of the total pooling losses in London. Because the amount of safety net protection depends on the resource bases of the boroughs which vary, so will the protection and hence shares of any pooling losses.

To determine its budgetary position Hackney, along with all other Local Authorities has to complete an NNDR1 form which includes the number of rateable local businesses (which is not limited to commercial organisations as it includes schools, churches and of course an authority's own civic estate) multiplied by the appropriate business rate multiplier to arrive at a total cash sum which is then adjusted for various allowable reliefs and discounts to give the final baseline position. This form is required to be completed and submitted to MHCLG by 31 January each year in respect of the following financial year.

Up until 2013/14, the calculation within the NNDR1 had not required formal approval by Members as it had no direct impact on the Council's finances. From 2013/14 onwards, under the current Council constitution, this does now require formal agreement by Members and as such is the subject of the formal recommendations at paragraph 3.2 and 3.5.

It should be noted that we, at the time of writing this report, are still in the process of completing the NDR1 form. The figures included within this report and recommendations are therefore based on officers' latest estimates of the figures to be included in NDR1 but it is anticipated that the final version of this will have been completed by the time of Cabinet and Council meetings. Members will be informed if there are any changes required to the estimate as a result of the completion of the form.

In past national budgets, the Government has announced various rate reliefs for all businesses, a small number of which are being rolled into 2021/22. In 2020/21, various Covid-19 related reliefs were also introduced, in particular the significant retail, hospitality and leisure (RHL) sector reliefs but as stands none of these will be rolled forward into 2021/22.

It is estimated that Hackney Council will receive £5.196m in s31 grant in respect of previous national budgets and other Government policies.

In addition to this, the Council retains a cost of collection allowance for the administration of the collection of business rates and for 2021/22, this allowance is **£596k**

The total resources therefore available to the Council in respect of Non Domestic Rates and to be included in the budget to be approved by Council in March will therefore be **£48.859m**, as follows:

| | |
|--|---------------|
| Net rates yield retained by Hackney | 43.714 |
| Share of 2020/21 Deficit c/fwd. | -16.571 |
| Cost of Collection allowance | 0.596 |
| 2020/21 Retail, Hospitality, Leisure (RHL) Reliefs S31 Grant | 13.967 |
| Government Deficit Contribution S31 Grant | 1.957 |
| Other S31 Grants | 5.196 |
| Total NDR resources | 48.859 |

So we have a deficit of £16.571m in 2020/21 which is largely offset by the 2020/21 RHL reliefs and the 75% compensation scheme.

Council Tax Reduction Scheme (CTRS)

It is a statutory requirement that the Council approves the CTRS scheme each year. As stated above, no changes are proposed to the current scheme.

11. Housing Revenue Account Budget 2021/22 Including Tenants Rents and Service Charges - Key Decision No. FCR R37.

RESOLVED:

That the Cabinet:

- I. Approved the HRA budget proposals as set out in section 11 and Appendix A.**
- II. Approved the increase in rent of 1.5% (CPI + 1%) in line with The Social Housing Regulator's rent standard and agree that rents will increase on average by £1.52 from £101.58 per week to £103.10 per week with effect from Monday 1st April 2021.**
- III. Approved the increase in HRA fees and charges in line with inflation 0.5% as set out in Appendix B.**
- IV. Agreed the level of tenant service charges as set out in paragraph 12.6; and the service charges for the Concierge service as set out in paragraph 12.7.**
- V. Delegated to the Group Director of Finance and Corporate Resources in consultation with the Lead Member for Housing the setting of communal heating charges to reflect the unit costs of utilities.**
- VI. Agreed the Housing Capital Programme budget and spend approval as set out in Section 16.**

REASONS FOR DECISION

The Local Government and Housing Act 1989 Section 76 requires local authorities with a Housing Revenue Account (HRA) to set a budget for the account, which is based on best assumptions, that avoids a deficit and furthermore to keep the HRA under review.

Local authority rent setting powers are set out in section 24 of the Housing Act 1985, this provides that:

(1) A local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses.

(2) The authority shall from time to time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require.

12. Purchase of Ex Council Properties From Local Space - Key Decision No. NH R42

RESOLVED:

That the Cabinet:

- I. Authorised budget provision and spend of up to £10m from existing affordable housing budgets for the purchase of former Right-to-Buy properties owned by Local Space to support the increased supply of affordable housing in the borough.**
- II. Authorised the agreement of a nominations agreement with Local Space for 30 years for the portfolio of properties to be purchased out of borough.**
- III. Gave delegated authority to the Director of Strategic Property Services, in consultation with the Group Director of Neighbourhoods and Housing and the Group Director of Finance and Corporate Resources, to negotiate final terms, conditions on the above purchases, including price and purchase of the property.**
- IV. Authorised the Director of Legal and Governance Services to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report and to enter into any other ancillary legal documentation as required.**

REASONS FOR DECISION

As outlined within the report, there is a significant need to expand the stock of social housing in Hackney, particularly for the provision of temporary accommodation.

As set out within Part 7 of the Housing Act 1996, the Council has a statutory duty to provide interim temporary accommodation to homeless households to whom it has a duty to provide permanent housing.

Currently, meeting this statutory duty requires using expensive nightly let and/or spot purchased accommodation. By agreeing to purchase the 25 former council properties from Local Space, we will not only immediately increase the number of affordable units in response to the increasing demand, but will potentially have access to more units of affordable settled accommodation for those currently within our temporary provision, freeing up this stock for future use.

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UNRESTRICTED MINUTES OF A MEETING OF THE CABINET

MONDAY, 14TH DECEMBER 2020

| | |
|-------------------------------|--|
| Chair | Mayor Phillip Glanville in the Chair |
| Councillors Present: | <p>Cllr Anntoinette Bramble, Deputy Mayor and Cabinet member for education, young people and children’s social care</p> <p>Cllr Rebecca Rennison, Deputy Mayor and Cabinet member for Finance, housing needs and supply</p> <p>Cllr Jon Burke, Energy, waste, transport and public realm</p> <p>Cllr Chris Kennedy, Health, adult social care and leisure</p> <p>Cllr Clayeon McKenzie, Housing services</p> <p>Cllr Caroline Woodley, Families, early years and play</p> <p>Cllr Carole Williams, Employment, skills and Human Resources</p> <p>Mayoral Advisors:</p> <p>Cllr Yvonne Maxwell, Older people</p> |
| Apologies: | <p>Cllr Guy Nicholson, Planning, culture and inclusive economy</p> <p>Cllr Sem Moema, Private renting and housing affordability</p> |
| Officers in Attendance | <p>Tim Shields – Chief Executive</p> <p>Ian Williams - Finance & Resources Group Director,</p> <p>Ajman Ali - Neighbourhoods & Housing Group Director,</p> <p>Dawn Carter Mcdonald– Director of Law and Governance</p> <p>Jessica Feeney – Governance Services Officer – Legal & Governance</p> |

In respect of the detailed discussion for this meeting please see the recording of the meeting as detailed on the agenda front sheet

:-https://www.youtube.com/watch?v=-KRA5jXpv_c&feature=youtu.be

1 APOLOGIES FOR ABSENCE

There were apologies for absence from Councillor Nicolson

NOTED

2 URGENT BUSINESS

There were no items of urgent business.

NOTED

3 DECLARATIONS OF INTEREST - Members to declare as appropriate

All Cabinet Members declared a non-pecuniary interest in relation to item 10, due to having worked with or currently working with voluntary organisations.

NOTED

4 NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATION RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS

There were no representations.

NOTED

5. TO CONSIDER ANY DEPUTATIONS, QUESTIONS OR PETITIONS REFERRED TO THE CABINET BY THE COUNCIL'S MONITORING OFFICER

There were none received.

6. 2020/21 Overall Financial Position, Property Disposals And Acquisitions Report That Take Account of the Estimated Financial Impact of Covid19 and the On-going Emergency - Key Decision No. FCR R.19

Deputy Mayor Rennison introduced the report.

RESOLVED:

That the Cabinet noted the update on the overall financial position for October, with particular regard to the cyberattack.

REASONS FOR DECISION

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

7. CAPITAL UPDATE REPORT KEY DECISION NO - FRC R20

The Mayor introduced the report.

Councillor Burke thanked all of the Cabinet Members and Officers who had worked hard on this piece of work, he highlighted that the investments leave a fantastic legacy and demonstrate Hackney Council's clear commitments to the future.

Councillor Woodley highlighted that she was happy with the investment that had been agreed for the Adventure Playground, and that the workers at the Adventure Playground were also really pleased that the work they had put in had been recognised with a gesture like this.

The Mayor thanked Councillor Woodley for her hard work on this.

Deputy Mayor Bramble supported what her colleagues had said, she added that area was really appreciated by its users.

RESOLVED:

That the schemes for Children, Adults and Community Health as set out in section 9.2 be were approved as follows:

- I. Lifecycle Early Failure (Reactive Works): Spend approval of £250k in 2020/21 is requested to increase the existing budget to fund the additional reactive works and remedial works across 9 schools in the borough.**
- II. Shoreditch Adventure Playground and Play Hut: Resource and spend approval of £350k (£9k in 2020/21 and £341k in 2021/22) is requested for refurbishment works to the adventure playground and play hut.**

That the schemes for Finance and Corporate Resources as set out in section 9.3 be were approved as follows:

- III. 2 Hillman Street Compliance Works: Spend approval of £150k in 2020/21 is requested to fund the compliance works to the site following the passive fire protection (PFP) and fire door (FD) survey commissioned in May 2019.**

That the schemes for Neighbourhoods and Housing (Non) as set out in section 9.4 be were approved as follows:

- IV. Essential Maintenance to Leisure Centres: Spend approval of £900k (£300k in 2020/21 and £600k in 2021/22) is requested for urgent works to two facilities at Clissold Leisure Centre. The replacement of the wet side floor tiles and replacement of the sports hall floor.**
- V. That the Section 20 consultation process with leaseholders is waived for the Seaton Point project (section 9.5), in favour of claiming the cost of EWI works apportioned to leasehold properties from the Government's Building Safety Fund.**

REASONS FOR DECISION

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

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.

8 Abandoned, Untaxed and Obstructive Parking Vehicle Policies- Key Decision No. NH Q47

Councillor Burke introduced the report to members.

RESOLVED:

- I. That the Cabinet Approved the proposed untaxed vehicle policy set out in appendix one and summarised in section 4.4 of this report. 3.1.2. The proposed parking removals policy set out in appendix two and summarised in section 4.5 of this report. 3.1.3. The proposed abandoned vehicle policy as set out in appendix three and summarised in paragraphs 4.6 to 4.13 of this report.**
- II. The Cabinet delegated the authority to the Director of Public Realm and Head of Parking and Markets/Street Trading Service to amend the policies listed in 3.1.1 to 3.1.3 to accommodate new challenges that may arise in future and incorporate any changes to legislation in line with the objectives set out in this report.**

REASONS FOR DECISION

Abandoned vehicle removal and disposal is a statutory duty of local authorities. Hackney Council has been given devolved powers from the DVLA and is

responsible for dealing with untaxed vehicles in the borough. Computer network links between the DVLA and local authorities have made it easier to trace vehicle owners and registered keepers of vehicles. By removing abandoned and untaxed vehicles, the borough's streets will look less neglected, are less likely to attract other anti-social behaviour and crime as well as providing a safer environment for the whole community as these vehicles will be removed. The Parking Removal Policy will help to ensure that parking spaces are available to residents, visitors and businesses - this will prevent unauthorised parking and dealing with other abuses such as blue badge fraud and cloned vehicles.

9. Ageing Well Strategy - Key Decision No. CE R31

Councillor Maxwell introduced the report.

The Mayor thanked Councillor Maxwell and Officers for all the hard work which had been carried out.

RESOLVED:

That the Cabinet:

- I. Adopts the Ageing Well Strategy 2020-2025**
- II. Supports an application to be made for Hackney to join the World Health Organisation's Global Network for age-friendly cities and communities.**

REASONS FOR DECISION

The current administration has made a commitment to: develop a new Older People's Strategy, through a process led by older people, ensuring they have a central place in shaping all Council services and the wider priorities of the Council. Prior to this commitment, the Council was set to develop an older people's housing strategy in 2017 and initial consultation and engagement work was undertaken with residents. Feedback from these sessions made it clear that housing could not be considered in isolation from other factors that also impact on a person's quality of life; for instance their health, wellbeing, their sense of independence, how they come to find out about services, how safe they feel both at home and outside and how they feel included and supported in society. With an increasing ageing population, the Council needed to consider how it would meet the needs of this group and how to support residents to live longer in better health and wellbeing. The Council wanted to promote as much independence, dignity and participation, to remove barriers that older people experience but also enable opportunities and conditions in which older people can flourish in Hackney. Part of this aim was to also ensure that older people

themselves are involved in decision making processes around this and that we recognise the important and asset-based contributions that this population make. In an effort to include residents who might not necessarily identify as 'older', and because a preventative approach to active ageing is important, in consultation with the lead cabinet member at the time, the strategy was renamed to 'ageing well'.

10 A Place for Everyone Hackney Voluntary and Community Sector Grants - Key Decision No. CE R28

Councillor Kennedy introduced the report.

RESOLVED:

That the Cabinet:

- I. Agreed that £485,000 (including £93,000 carry forward of 2020/21 repurposed grants) of the Council's grant budget be used to support grants that will be responsive to the needs of communities as a result of the impacts of COVID-19 and that final decisions are delegated to the Strategic Director of Inclusive Economy, Corporate Policy and NewHomes in consultation with the Portfolio Holder for Health, Adult Social Care and Leisure.**
- II. Agreed that £225,000 of the available grant programme budget should be made available in 2021/22 towards the implementation of the priorities for investment as outlined in the VCS Strategy following the review of grants.**
- III. Agreed in principle approval for a second year of funding for some organisations receiving a Main Grant 2021/22, as set out in Appendix**
- IV. Approved the extension of the Specialist Grants and Advice Service Grants for one year both of which will form part of the wider review of the Council's grant programme**
- V. Agreed that as in previous years £262,333 of the grant budget be used to support the commissioning of Adventure Playgrounds in 2021/22**
- VI. Agreed to contribute to the London Council's Grant Scheme administered by London Councils**

REASONS FOR DECISION

The Council was fortunate to have an uncommitted grant budget available to repurpose this year as the needs created by the crisis have placed a considerable additional burden on a sector that was already challenged by years of austerity. However the impact of this resource and other external funding was amplified by the ability of the sector to respond and pivot activity to meet these needs. Playgrounds) Social Welfare Advice Grants £780,328 2nd year of two-year Main Grants £417,175

Funding remains stretched and organisations are reporting that they have exhausted existing budgets or are facing a cliff edge in March when grant periods end. We also know that some organisations' trustees responded to the crisis by using reserves, seeing no alternative to meeting very immediate and pressing needs. Organisations are also reporting fatigue amongst staff and volunteers, especially those involved in the supporting residents that have been made particularly vulnerable by the crisis.

Hackney's communities are facing challenges that are both very immediate and pressing as well as those that are likely to impact longer term as a result of the pandemic. The Council therefore needs to ensure that the grants budget is prioritised to support organisations that can meet the short term needs of very vulnerable residents whilst investing in organisations that will have a critical role in supporting those residents longer term. It is intended therefore to combine an approach next year that ensures funding reaches those organisations that can respond to the crisis whilst developing longer term solutions through the implementation of an approach outlined in the VCS Strategy which ensures investment provides the community infrastructure for our residents to thrive.

11. Appointments to Outside Bodies

There were none

12. Any Other Unrestricted Business the Chair Considers To Be Urgent

There were none

13. Dates Of Future Meetings - Meetings of the Cabinet commencing at 6.00pm for the remainder of the Municipal Year 2020/21 as follows:

25 January 2021
22 February 2021
22 March 2021
26 April 2021

The Cabinet Noted The Dates for future meetings

14. Exclusion Of The Public & Press

The Cabinet did not wish to discuss the exempt appendices, therefore the Cabinet did not move into an exempt session.

End of Meeting

Duration of the meeting: 18:00HRS – 18:45HRS

Contact:

Jessica Feeney - Governance Services Officer - jessica.feeney@hackney.gov.uk

UNRESTRICTED MINUTES OF A MEETING OF THE CABINET

MONDAY, 30TH NOVEMBER 2020

| | |
|-------------------------------|--|
| Chair | Mayor Phillip Glanville in the Chair |
| Councillors Present: | <p>Cllr Anntoinette Bramble, Deputy Mayor and Cabinet member for education, young people and children’s social care</p> <p>Cllr Rebecca Rennison, Deputy Mayor and Cabinet member for Finance, housing needs and supply</p> <p>Cllr Jon Burke, Energy, waste, transport and public realm</p> <p>Cllr Chris Kennedy, Health, adult social care and leisure</p> <p>Cllr Guy Nicholson, Planning, culture and inclusive economy</p> <p>Cllr Clayeon McKenzie, Housing services</p> <p>Cllr Caroline Woodley, Families, early years and play</p> <p>Mayoral Advisors: Cllr Yvonne Maxwell, Older people</p> |
| Apologies: | <p>Cllr Sem Moema, Private renting and housing affordability</p> <p>Cllr Carole Williams, Employment, skills and Human Resources</p> |
| Officers in Attendance | <p>Tim Shields – Chief Executive</p> <p>Ian Williams - Finance & Resources Group Director,</p> <p>Ajman Ali - Neighbourhoods & Housing Group Director,</p> <p>Dawn Carter Mcdonald– Director of Law and Governance</p> <p>Jessica Feeney – Governance Services Officer – Legal & Governance</p> |

In respect of the detailed discussion for this meeting please see the recording of the meeting as detailed on the agenda front sheet :- <https://youtu.be/Ca1rCQf1TgA>

1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

NOTED

2 Urgent Business

There were no items of urgent business.

NOTED

3 DECLARATIONS OF INTEREST - Members to declare as appropriate

All Cabinet Members declared a non-pecuniary interest in relation to item 15 as Howards Pallis, Councillor Pallis' father was to be nominated for a school governor position.

NOTED

4 NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATION RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS

There were no representations.

NOTED

5. To consider any deputations, questions or petitions referred to the Cabinet by the Council's Monitoring Officer

The Mayor welcomed Mr. Watson, a Victoria Ward resident, to the Cabinet to ask a Question. Mr. Watson, raised a concern regarding Covid 19 being detected in the animal population, it was explained that if animals caught the virus from humans they could go on to further contaminate other humans. Chris Watson made reference to articles shared by Professor Joanne Santini of UCL.

Mr Watson asked Hackney Council to take a lead in preventive action by looking at the risk that the ever increasing population of urban foxes here in London, could in the future undo all the good work of lockdowns and social distancing and other preventive strategies currently employed by Hackney. Chris asked Hackney Council not to ignore this risk posed by Hackney's fox population.

The Mayor thanked Mr Watson for his question and advised that a formal written response would be provided. The Mayor said that the issue of foxes is something that is well known to Cabinet Members. In terms of fox population and Covid 19, it was advised that it would not be the Council responsibility to deal with this however

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the responsibility would be for another area of government, Mr. Watson was informed that Public Health had received the outline of his question for this evening. Mr Watson, understood that it may not be the councils responsibility but felt that it was everyone's responsibility to control the pandemic, If it was not the councils responsibility it was asked by Mr. Watson that the Mayor lobbied whose responsibility it would be.

6. To consider the unrestricted Minutes of the Previous Meeting of Cabinet meeting held on 19 October 2020.

The minutes were approved.

7. To receive the unrestricted Minutes of the Previous Meetings of Cabinet Procurement Committee meeting held on 7 September and 5 October 2020.

The minutes were approved.

8. 2020/21 Overall Financial Position, Property Disposals And Acquisitions Report That Take Account of the Estimated Financial Impact of Covid19 and the On-going Emergency - Key Decision No. FCR R.17

Deputy Mayor Rennison introduced the report.

RESOLVED:

That the Cabinet noted the update on the overall financial position for September, covering the General Fund, Capital and HRA.

REASONS FOR DECISION

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

9. CAPITAL UPDATE REPORT KEY DECISION NO - FRC R18

The Mayor introduced the report to Members.

RESOLVED:

That the schemes for Finance and Corporate Resources as set out in section 9.2 were approved as follows:

City & Hackney Clinical Commissioning Group (CCG) Capital Project: Resource and spend approval of £80k in 2020/21 is requested to increase

the existing budget to fund the additional design team survey work, specialist advice and District Valuer fees to improve existing GP surgeries across the borough.

That the capital programme adjustments summarised below set out in detail in para 9.3 were approved accordingly.

| Summary of Capital Adjustments | Budget 2020/21 | Change 2020/21 | Updated 2020/21 |
|--------------------------------|----------------|----------------|-----------------|
| | £'000 | £'000 | £'000 |
| Non-Housing | 1,670 | 0 | 1,670 |
| Housing | 15,073 | 0 | 15,073 |
| Total | 16,743 | 0 | 16,743 |

REASONS FOR DECISION

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

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.

10 Primary Care Capital Projects - Cabinet Project Report Key Decision No - FCR 16

The Mayor and Councillor Kennedy introduced the report.

RESOLVED:

That the Cabinet:

Approve the progression of the two Primary Care Capital Projects to LBH Gateway Stage 2 and RIBA Stages 3-7 to Practical Completion subject to a further Viability check following construction tender prices and agreed District Valuer rentals.

Agreed the budget as set out in exempt Appendix 5 for Stage 2 of the project involving detailed design and planning and the tendering of the construction contract.

Approved the viability of the two Primary Care Capital Projects to provide new surgeries for the Springhill and Lower Clapton practices as set out in this report.

Delegated Authority to the Group Director for Finance and Resources and the Director of Strategic Property Services to:

- a. Finalise the terms of and enter into Agreement for Leases/Lease with the two practices and enter into any other Legal documentation as necessary;**
- b. Finalise the terms of and enter into a Nominations Agreement on Belfast Road with NHS England and City & Hackney CCG and enter into any other Legal documentation as necessary.**
- c. Complete the designs for the two surgeries;**
- d. Procure full planning consent for each project;**
- e. Tender the construction work for each project;**
- f. Agree the rental value of each surgery with the District Valuer;**
- g. Review the viability against the recommended construction tender and rents agreed with the District valuer (2nd Viability Gateway);**
- h. Authorise the construction work if the viability test is met;**
- i. Complete the leases with the practices, on completion of the construction phase.**

REASONS FOR DECISION

The Council working with City and Hackney Clinical Commissioning Group (CCG) agreed to support (without obligation) the CCG's Estates Strategy which included finding parts of the Council's estate that would benefit from providing primary care facilities. Both sites are in the Council's freehold ownership and are surplus to requirements having particular constraints. Located close to two of the surgeries within Hackney most under pressure with good design they can provide excellent Primary Care Surgeries future proofed to meet expected increases in demand over the next 15 years and current predicted changes to NHS working practices.

Both Surgeries currently occupy substandard accommodation that is too small to support their list sizes. Lower Clapton's premises are owned by NHS Property Services and their relocation to The Portico will help to facilitate a redevelopment of this key Hackney site. Springhill's accommodation is spread out over the Guinness Estate on Stamford Hill and is held leasehold with the lease expiring in September 2022. Neither NHS Property Services or the practices have the sites to provide new facilities within the localities. Lower Clapton would have no option than to continue to struggle on. As the Guinness Estate is looking at a partial redevelopment there is the risk that Springhill's lease would not be renewed potentially resulting in the loss of the practice resulting in even more pressure on the other practices in the area.

Primary Care Surgeries are still seen as a niche asset class although there is strong investor appetite for the properties. The long lease commitments typically of 15-20 years are in demand. The practice's contracts involve their

rents being reimbursed by NHS England effectively giving these investments a Government covenant.

On the basis the viability test can be met, the two surgeries will be a sensible long term investment for the Council which can be added to the commercial property investment portfolio, adding diversification to the Council's income.

The Council has a statutory duty under section 2B(1) of the NHS Act 2006 to take such steps as it considers appropriate to improve the health of people in its area and it may exercise that duty by, amongst other things, taking steps to provide facilities for the prevention, diagnosis or treatment of illness. However there is no obligation on the Council to develop primary care surgeries or to 'plug the gap' left by underinvestment by the NHS in primary care. However these projects not only support these vital services for residents but also bring back into productive use two vacant sites, providing a steady repayment via rent of the development cost and construction risk committed to by the Council.

11

Appointment of Main Contractor Britannia Phase 2a - Key Decision No. NH Q70

Deputy Mayor Rennison introduced the report.

RESOLVED:

That the Cabinet:

Approved that the appointment of Bidder B for the main works for Britannia Phase 2a (subject to approval of the disposal of land under Section 77 of the Department for Education's Schools Standards and Framework Act 1998) for the value set out in exempt Appendix 1 is delegated to the Group Director, Chief Executive's Directorate.

Subject to the provisions of paragraph 3.1, agreed to enter into a JCT Design and Build Contract 2016 and all ancillary documentation relating thereto with Bidder B, and authorised the Director of Legal Services to prepare, agree, settle and sign the necessary legal documentation to effect the proposals in this report and to enter into any other ancillary legal documentation as required.

Authorised demolition of the existing Britannia Leisure Centre on completion of the new Leisure Centre, noting that this task is included within the existing contract for works on Phase 1 of the Britannia masterplan.

RELATED DECISIONS

Cabinet considered and approved proposals to develop the Britannia Leisure Centre site in April and December 2017. This followed extensive consultation in two phases between December 2016 and February 2017 (initial concepts stage), and April 2017 until February/March 2018 (design development and detailed design/pre-planning stage) with local residents, stakeholders, the Greater London Authority and departments within the Council, in order to arrive at a masterplan design which incorporated maximum community benefit through the provision of the new secondary school and a new leisure centre, as well as more than 80 genuinely affordable homes.

The Council's Planning Sub-committee resolved to grant planning permission for the Britannia Masterplan (including Phase 2a) on 7 December 2018 (Planning reference: 2018/0926). In line with the primary objectives of the project, the first phase of development was to build the new council leisure centre and secondary school on the site of the existing leisure centre (including the hard courts on Shoreditch Park). This is then able to unlock the rest of the existing leisure centre site for residential market sale development. This is key to the financial business case, and provides the cross-subsidy required to pay for the new social infrastructure.

For this reason, authority is also sought in this Cabinet report to demolish the existing leisure centre, upon completion of the new facility, to enable the masterplan to be delivered.

At its meeting in September 2019, the Council's Cabinet agreed the procurement strategy for Britannia Phase 2a; to undertake procurement via the OJEU process for the main works contract, the award of which would be brought back to Cabinet for approval; and to procure an early works contractor separately by inviting bids from a pre-approved list, selected from Constructionline.

At its meeting in March 2020, the Cabinet Procurement Committee approved the award of contract for the early works package for Britannia Phase 2a ("Contract Award Report for the selection of a contractor for the early works for Britannia Phase 2a" Key Decision Nr NH Q60).

A decision is also required by the Secretary of State for Education under Section 77 of the Schools Standards and Framework Act 1998. As this decision has been deferred, the early works were unable to be completed during summer 2020 and, for this reason, the programme will be updated to target a later start on site date of summer 2021

REASONS FOR DECISION

The development of the Phase 2a site will contribute to delivering the Council's aspirations to make best use of council land by building new social rented and low-cost home ownership homes, thus delivering the affordable housing element of the Britannia Masterplan.

The early works contractor will be novated to the main contractor. This ensures that the Council has a single point of contact, and more importantly warranty, for the entire project.

This report outlines the process that has been followed in selecting a bidder for the main works for Britannia Phase 2a.

The estimated contract value of this procurement is above the OJEU threshold for works, and as such the tender process undertaken for this contract was via the Restricted Procedure.

The decision was taken to use the EU Restricted Procurement Route in order to give the widest range of suitable contractors/developers the opportunity to tender for the main works contract, and also to provide a framework in which best value can be obtained in terms of both price and quality. The OJEU Restricted Procedure enables the client to 'pre-qualify' suppliers based on their financial standing and technical or professional capability.

A pre-tender cost plan was prepared for the Council by its Quantity Surveyor (QS), setting out the estimated costs of construction. The pre-tender costs pertaining to the main works are set out in Exempt Appendix 1.

It is proposed that the Council will enter into a JCT Design and Build Standard Form of Contract 2016 with Bidder B, with Hackney Council standard amendments.

12 **Air Quality Action Plan 2020-2025 - Key Decision No. NH R11**

Councillor Burke introduced the report. Councillor Burke invited Sam Kirk the Environmental Services Strategy Manager to provide further details on the report.

RESOLVED:

That the Cabinet:

Approved the undertaking of a statutory consultation over an 8 week period to begin on 14th December 2020, with the relevant organisations set out under Schedule 11 of the Environment Act 1995, businesses and the public as part of the preparation of the revised draft Air Quality Action Plan (AQAP).

Delegated authority to the Strategic Director of Sustainability & Public Realm in consultation with the relevant cabinet member, to approve any future statutory consultations relating to the Air Quality Action Plan.

REASONS FOR DECISION

Part IV of the Environment Act 1995 requires local authorities to designate an Air Quality Management Area where National Air Quality Objectives are exceeded. Where an Air Quality Management Area is designated, an Air Quality Action Plan must be produced identifying how National Air Quality Objectives will be met.

The Council's current AQAP has expired, and officers have updated the Action Plan in line with current local, London wide and national policy in order to contribute to improvements in air quality.

Schedule 11 of the Environment Act 1995 requires that local authorities consult with a number of organisations and groups when preparing their AQAP, and these are listed in section 7 below. There is no specific requirement to consult with individual businesses and the public under Schedule 11 of the Environment Act 1995. However, the consultation will be in the public domain and as such individual businesses and members of the public will have the opportunity to respond to this consultation.

13

Childrens and Families Service 2019-20 Full Year Report - Key Decision No. CACH Q92

Deputy Mayor Bramble introduced the report.

RESOLVED:

That the Cabinet:

- **Endorsed the report.**
- **Took note of information held within the report.**
- **Recommended this report to Council.**

REASONS FOR DECISION

The report is for information and endorsement only

14 General Exception Report - Planning Statement of Community Involvement Amendment

Councillor Nicholson introduced the report to members.

RE SOLVED:

That the Cabinet approve the amendments to Hackney’s Statement of Community Involvement as set out under Appendix 1.

REASONS FOR DECISION

Following the recent cyberattack, the Council has been unable to access planning application data stored on its IT systems. It is not practicable for the Council to wait for the data held on its ICT systems to be recovered, consequently work around measures must be taken. In response it is proposed that temporary amendments be made to the SCI. If the Council were to issue planning decisions without complying with the SCI, there would be a risk of judicial review, with all the attendant financial and reputational burdens that this brings.

Subject to the Cabinet’s agreement this decision will be made under the General Exceptions process. In accordance with that process the Council’s Monitoring Officer has notified the Chair of the Scrutiny, or the Speaker, and the respective notice has been published within the prescribed timescale.

15. School Governor Nomination Report - Non Key Decision

Deputy Mayor Bramble introduced the report to members.

RESOLVED:

That the Cabinet approved the following re-nomination to the Simon Marks Primary School as set out below.

| Governing Body | Name | Date Effective |
|----------------------------|---------------|-----------------------|
| Simon Marks Primary School | Howard Pallis | 30 November 2020 |

16. Appointments to Outside Bodies

There were none

17. Any Other Unrestricted Business the Chair Considers To Be Urgent

There were none

18. Dates Of Future Meetings - Meetings of the Cabinet commencing at 6.00pm for the remainder of the

Municipal Year 2020/21 as follows:

14 December 2020

25 January 2021

22 February 2021

22 March 2021

26 April 2021

The Cabinet Noted The Dates for future meetings

19. Exclusion Of The Public & Press

The Cabinet did not wish to discuss the exempt appendices, therefore the Cabinet did not move into an exempt session.

END OF MEETING

| |
|---|
| Duration of the meeting: 18:00HRS – 18:45HRS |
|---|

Contact:

Jessica Feeney - Governance Services Officer - jessica.feeney@hackney.gov.uk

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**DRAFT
UNRESTRICTED MINUTES OF A MEETING OF THE CABINET PROCUREMENT
COMMITTEE**

MONDAY 7 DECEMBER 2020

| | |
|-----------------------------|---|
| Chair | Cllr Deputy Mayor Rebecca Rennison in the Chair |
| Councillors Present: | Councillors Deputy Mayor Anntoinette Bramble, Cllr Jon Burke and Cllr Caroline Woodley |
| Also in attendance: | Councillor Carol Williams |
| Apologies: | nil |

| | |
|-------------------------------|--|
| Officers in Attendance | <p>Mr Rotimi Ajilore – Head of Procurement</p> <p>Ms Dawn Cafferty – Category Lead Social Care</p> <p>Ms Judith Hughes – Category Lead – Corporate</p> <p>Mr Patrick Rodger - Senior Lawyer – Procurement - Legal & Governance</p> <p>Mr Clive Sheldon - Lawyer – Procurement - Legal & Governance</p> <p>Ms Anisah Hilali – Procurement - Legal & Governance</p> <p>Ms Claire Oldham - Operations Manager - Benefits and Needs</p> <p>Mr Mike Sparrow - Project officer</p> <p>Mr David Borrell - Project Officer</p> <p>Ms Merle Ferguson - Procurement Strategy & Systems Lead</p> <p>Mr Clifford Hart – Senior Governance Services Officer – Legal & Governance</p> |
|-------------------------------|--|

1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

NOTED

2 Urgent Business

There were no items of urgent business.

The Chair however advised there was a supplementary report in respect of agenda item 9 - as this was for noting only there was no requirement to record reasons for lateness but more that the supplementary report slightly amended some of the originally circulated report, but did not in any way affect the recommendations for the Committee to consider.

NOTED

3 DECLARATIONS OF INTEREST - Members to declare as appropriate

There were no declarations of interests.

NOTED

4 NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATION RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS

There were no representations.

NOTED

5 DEPUTATIONS/PETITIONS/QUESTIONS

There were no deputations, petitions or questions.

NOTED

6. DRAFT UNRESTRICTED MINUTES OF THE CABINET PROCUREMENT COMMITTEE HELD ON 9 NOVEMBER 2020

RESOLVED

That the unrestricted minutes of the meeting of Cabinet Procurement Committee held on 9 November 2020 be confirmed as an accurate record of the proceedings.

7. Extension of Temporary Accommodation Dynamic Purchasing System - Business Case/Contract Award - Key Decision No. FCR R.23

The Chair asked for an introduction of the report.

The Operations Manager - Benefits and Needs - Ms Claire Oldham informed the meeting that

- the report provided a business case for the extension of the current Dynamic Purchasing System (DPS) used to procure temporary accommodation for homeless residents. The extension would enable the Benefits & Housing Needs Service to fulfill its statutory duty to house homeless households.
- The DPS is a stand alone system with no contract management module.
- Although the DPS has limitations, currently it was the best option for the service to continue with business as usual. The complexity of the current legacy systems and manual processes that surround the DPS mean that it was not possible to effectively implement an alternative system at present but that it was hoped that new systems could be further explored in order to bring in a more integrated and modern system, but with current national situation and the priorities of the service this was not possible.

In thanking Ms Oldham for her introduction the Chair, in asking if there were any comments or points of clarification commented that as commented on by Ms Oldham there had been considerable discussions as to a possible new and better integrated model and the desire of the service to address this - however the current situation did not lend to being able to do so but that it was something that would be explored when it feasibly possible to do so.

There being no points of clarification on a **MOTION** by the Chair, Deputy Mayor Bramble, Councillors Burke and Woodley gave the agreement to the proposals and it was:

RESOLVED:

That approval be given to extending the current Temporary Accommodation DPS for a period of up to 36 months, from January 2021 to January 2024.

RELATED DECISIONS

The current Dynamic Purchasing System was procured in 2016 with the Contract Award Report agreed at Cabinet Procurement Committee in January 2017.

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

The DPS was procured in 2016, to replace two framework agreements (one each for stage 1 and stage 2 accommodation) which had been the source of temporary accommodation suppliers for the Council. This model offered an ineffective solution, as Frameworks are closed after the tender process, restricting the service to only those providers appointed to the Framework. The nature of the accommodation needs in Hackney meant that suppliers were required urgently and this resulted in a large amount of off contract spend as officers used non Framework providers to meet urgent need, which was either non compliant (under Council Contract Standing Orders [CSOs], which state

spend must be covered by a contract or a STA), or covered by a large number of Single Tender Actions (STAs).

The Dynamic Purchasing System model offered a resolution to this issue, as suppliers can join a DPS at any stage of its duration, and can try again if their application fails. This allows for the service to encourage more suppliers to join the DPS, offering a wider variety of accommodation options, giving a more compliant solution and reducing off contract spend and STAs. There have been issues with the successful execution of the DPS model, which are set out in the lessons learned section of this report

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

Build A Bespoke Management System In House

This option was rejected for two reasons, firstly the significant cost and resources required from the Council to develop and build a bespoke in house system. Secondly, any management system would need to integrate with the plethora of legacy systems that the service currently uses making any development extremely complex. As the systems currently used within the service are due to be subject to review it would not be an effective solution to develop a system to fit within them.

Purchase ADAM Or Another Temporary Accommodation Property Management Software Solution.

The ADAM product can either be purchased and utilised as a direct replacement for the DPS or can be joined as part of the WREN Group (Waltham Forest, Redbridge, Ealing and Newham).

Utilising the ADAM solution through the WREN Group has the following advantages:

- Councils use many common suppliers and 49 of our suppliers are already on the ADAM system. Our total spend with these suppliers was £22,847,882 in 19/20. This is more than the 23 that are currently on our own DPS with whom we spent £18,090,087 in 19/20.
- ADAM supports suppliers through the application process. Removing the need for the time consuming chasing, evaluating and scoring.
- Once a supplier is approved available properties are loaded onto the system for Councils to book. Currently this is all done manually via emails between various officers and suppliers.
- All the relevant safety certificates are also uploaded with the property and the system provides prompts for when these are due to expire. Again these are currently provided manually via email exchange with the supplier. Documents are being stored on google drives and logged on a spreadsheet to track expiry dates.
- Payments are automatically adjusted for overpayments utilising the booking dates entered. Payments currently have to be manually adjusted.

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The main issue regarding potential use of ADAM is the combination of legacy systems and manual processes that are currently used within the Benefits & Housing Needs Service.

The Service currently has an inhouse (unsupported) legacy system known as Temporary Accommodation Payment to Landlord System (TAPL). This is a hybrid booking and payment system. The system was designed to make payments and the booking part was tagged on afterwards. This has resulted in a situation where the booking element is not designed to deal with the current workload of the Temporary Accommodation Team.

TAPL is used as the most accurate source of temporary accommodation information for reporting and reconciliation. As ADAM doesn't carry out all the functions that TAPL does, introducing this would lead to double handling, with data needing to be entered twice, into the two separate systems.

ADAM is designed purely to procure, book and make payments for temporary accommodation from private providers whereas TAPL is utilised to make payments for void Council properties used for temporary accommodation and leased properties.

This option was rejected as the research carried out into using ADAM (or an alternative system, if available as the market is extremely small) highlighted the need for clear, effective integrations between ADAM / the system and other Hackney systems, such as payments and housing allocations, in order to achieve the best results. As set out above, there are a large number of legacy systems, undertaking different functions which would all need to be integrated with ADAM in order to make the system viable. However these integrations would not in some cases be possible, or cost effective, and a major review is due to take place on all systems, in order to find the best and most effective solution for the service area. Following the outcome of the review and any changes implemented, a clearer route regarding integrating with a management system such as ADAM will become clear.

8. Provision of Residential Sales Agent Service for the sale of new residential property at The Makers (*formerly known as the Nile Street development*) - Contract approval - Key Decision No FCR R25

The Chair, in asking for an introduction of the report, advised that there were exempt appendices and should members wish to discuss their contents then this would be done in part 2 (exempt proceedings).

The Project Officer - Mr Mike Sparrow informed the meeting that:

- that in respect of the mixed-use developments at Nile Street and Tiger Way for high quality education facilities funded by the sale of co-located residential units to private purchasers, which was now complete. A residential sales agency - Cushman and Wakefield was appointed to market and sell the co-located Residential Units, and successfully sold 264 units at both the Otto and The Makers mixed-use developments (formally known as the Tiger Way and Nile

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Street developments), as of 25 October 2020, with 96 units unreserved at The Makers and all of the Residential Units are either reserved or sold at the Otto site.

- following the decision by the agent In June of 2020 to no longer operate in the UK/Global marketplace for residential sales, and having given notice to the Council to terminate their services effective from 30th September 2020, as a result of negotiations, they agreed extend their UK sales services at The Makers until 31st December 2020 with international sales being provided by Jones Lang LaSalle Limited as their sub-agent, in order to facilitate a handover to a new incoming Sales Agent leaving no gap in the sales service provision. The report recommended the award of contract for a replacement Sales Agent following a re-procurement exercise.

In thanking Mr Sparrow for his succinct introduction the Chair asked if there were any points of clarification/comments from the Committee.

Councillor Woodley commented that perhaps there would be some assurances in terms of public perception of the marketing process for the remaining sales and possible concerns in taking on a new agent.

In response Mr Sparrow commented that as was known generally the sales market was extremely flat given the current national situation with COVID, and uncertainties due to Brexit as well. The properties were selling still, and would continue to do so but the current situation meant that this was at a slower rate, but with a new qualitative sales agent it was hoped that there would be further movement.

The Chair further commented that the whole scheme had come about as part of the wider Funding and Investment Strategy (FR J47) for the Schools Estate, which had been approved for the strategic mixed-use developments at Nile Street and Tiger Way to provide high quality education facilities funded by the sale of co-located residential property. The Chair advised that whilst it was accepted that there were issues arising due to the current market situation, it was hoped that through the process of having a new sales agent, the sales of the remaining residential units would be progressed to recover the capital investment in the overall development and reduce the operating costs to the Council for any vacant residential units (Void Costs).

Mr Sparrow further commented that the existing sales contract had been running for the previous two years with a further year left,. The sales strategy had been successful, and it had been envisaged by this point there would be a number of properties still available though perhaps not as many as now. However with the new agent and access to a new data base of clients new sales would hopefully be progressed going forward.

There being no further questions or points of clarification, on a **MOTION** by the Chair it was :

RESOLVED

That approval be given to the award of contract for the provision of residential sales agency services to Service Provider A for the unreserved residential property at The Makers (formerly known as the Nile Street development).

RELATED DECISIONS

Cabinet Resolution of 21 July 2014 (Key Decision FR J47): Cabinet resolved under Item 13.1.2 to approve the strategic developments at Nile Street and Tiger Way and to authorise the Corporate Director of Finance and Resources to set up such governance arrangements that are necessary for the developments.

As part of delivery and marketing arrangements for the residential element of these mixed-use schemes, residential development and branding consultants Londonewcastle Capital Limited were appointed by Hackney Schools for the Future 2 Limited (HSF2L) with a 'head' contract between HSF2L and the Council. Cabinet authorised on 12 April 2016 the signing and sealing of the Development and Branding Agreement with HSF2L.

Cushman and Wakefield (CW) were awarded the Sales Agent contract for the Nile Street and Tiger Way developments on 13th December 2016 by Cabinet Procurement Committee (CPC), ref: FCR N3 Sales Agent Services.

On 19 April 2017 CPC resolved that:

- The Group Director of Finance & Corporate Resources be given the delegated authority to approve all legal and financial requirements necessary to set up a Management Company with limited liability for each of the Nile Street and Tiger Way developments with the responsibility of managing the maintenance and operation of the buildings on these developments together with any governance arrangements required for the developments; to ensure they are kept in good condition to the satisfaction of the occupants to manage the billing and collection of various charges to be paid by the occupants of the buildings and discharge all statutory landlord obligations as required.
- The Group Director of Finance & Corporate Resources and the Director of Legal Services be given the delegated authority to approve all legal and financial requirements necessary to ensure that the Council retains the freehold interest of the land and to grant a 999-year head lease to the respective Management Company for each development and for the Management Company in turn to grant 999-year sub-leases of the Residential Units.

On 11 August 2020 the Hackney Procurement Board considered the Business Case and approved:

- the re-procurement for the provision of a residential estate agency service for the sale of new Residential Units at The Makers using a compliant framework as a route to market.
- the proposed route to market being a mini-competition under the Homes England - Framework Agreement - Property Professional Services Framework 2018-2022.

REASONS FOR DECISION/OPTIONS APPRAISAL.

The requirement for the decision to award a contract for sales agency services was triggered by a change of national corporate strategy by the incumbent agent (Cushman and Wakefield). The unexpected termination of the current

sales agency contract requires the Council to procure a replacement Sales Agent in the shortest possible time so that service continuity can be maintained.

It is imperative that sales of the remaining Residential Units progress in order to recover the capital investment in the development and reduce the operating costs to the Council for any vacant Residential Units (Void Costs).

The Service Provider's fees will be calculated as a proportion of the agreed sales price for a Residential Unit, therefore the contract value for the sale of the remaining units is subject to market conditions and is therefore an approximation. However, it is anticipated that the contract value will be in the region of £1,800,000 and £2,500,000 in fees.

The value of the remaining fees is forecast to exceed the Public Contracts Regulations 2015 (PCR) threshold for Services, and in accordance with legal opinion from Bevan Brittan, a new PCR-compliant re-procurement was determined to be necessary.

The approved Business Case set out the case for:

- The continued use of a Sales Agent to sell the remaining high value properties at The Makers development in a difficult market place and achieve the base sales prices necessary to accomplish the Funding and Investment Strategy (FR J47) for the Schools Estate.
- Selecting a compliant procurement route that has suitable Service Providers that will promote The Makers' image and branding. It is also necessary to employ the services of a sales agency that has an established brand and reputation consummate with high quality London property. The sales agency should have national and international coverage and corresponding client databases to maximise the access to potential purchasers.

Alternative delivery and procurement options were considered and assessed in the Business Case and lessons from the contract with CW were reflected upon. The Business Case's options appraisal re-confirmed that the original strategy remains valid and preferred: to procure an external Sales Agent with market-leading expertise in the sale of Residential Units of the quality demonstrated at The Makers.

Once the analysis had re-confirmed the need to re-procure an external Sales Agent to continue to deliver the Sales and Marketing Strategy, the choice of procurement route was straightforward. There are only a handful of agents specialising in the sale of high-value residential properties within the UK and internationally, and even fewer PCR-compliant frameworks facilitating access to these organisations.

Procurement Route Appraisal: The Business Case confirmed that the preferred option was to procure the services under the Homes England Property Professional Framework 2018-2022 (HEPP) via a mini-competition with the Council requiring the Service Providers on the framework to submit competitive proposals against an outcome-based performance specification. The framework also meets the key drivers for the procurement of a new replacement Sales Agent and is of a low risk procurement.

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Homes England is a new agency established from the Homes and Communities Agency. The Homes and Communities Agency Framework Agreement provided the compliant route to market for the initial Sales Agent procurement in 2016.

The HEPP is the most appropriate route to market as it provides access to top-quality organisations specialising in the selling of high-value residential properties within the UK and internationally.

The Council can be confident that the majority of the Service Providers on the HEPP will have the capability, capacity expertise and experience to support the needs of the Council.

The performance of the Service Providers on HEPP framework is monitored by Homes England. The Council is encouraged to report back poor or non-performance, thus incentivising the Service Provider(s) beyond the remit of the contract between the successful Service Provider (the appointed Sales Agent) and the Council.

In summary, the measurable benefits of using the HEPP are:

- Offers the Council a compliant route to market in as short a time as possible;
- The Council is actively supporting the UK public sector's collaborative procurement initiatives;
- Provides the Council access to the most appropriated Service Providers via the framework agreement;
- Has the greatest number of Service Providers who are most able to meet the needs of the Council, thus the Council will enjoy best value for money in terms of cost and quality of service;
- The Council will enjoy no fee/charges for access to the Homes England's framework and tendering portal (ProContract);
- Homes England has already undertaken the pre-selection due diligence;
- The HEPP framework consists of a substantial number of suitable sales agents for the East/Central London market;
- The Council's project team is supported by the Homes England procurement team in managing the tender process via Homes England's ProContract portal.

The Council, as freeholder of the site and sole owner of the Makers Management Company (holder of the head lease), has the legal power to appoint a Sales Agent and dispose of the leaseholds. As a local Authority, the Council has the right to use the HEPP framework, this has been independently verified by the Project.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

The following alternative service delivery and procurement options were considered and rejected. Please see the Business Case for detailed analysis of options.

- Do nothing;

- Assigning the benefit of the CW contract to a Third Party sub-agent as permitted under the terms of the contract;
- The use of the Council's in-house sales services 'Hackney Sales';
- Insourcing (self-delivery) through the recruitment of a dedicated professional individual;
- Single Tender Action;
- Procurement of Sales Agent via a PCR (OJEU) Open/Restricted Procedure tender process;
- Procurement of Sales Agent via Crown Commercial Services Framework – Estate Professional Services RM3816: National Sales - Lot 1, mini-competition;
- Procurement of Sales Agent via Crown Commercial Services Framework – Estate Professional Services RM3816: London and the South East - Lot 2c (CCS Lot 2c), mini competition.

Two potential options for insourcing were considered: the engagement of Hackney Sales, and self-delivery by recruiting a suitable individual. These were rejected for the following reasons:

The use of Hackney Sales - Following consultation with Head of Sales & Marketing, Hackney Sales declined the opportunity on the basis that they do not currently have the experience, resources or database of clients to sell the type of Residential Units at The Makers.

Insourcing through the recruitment of a dedicated professional individual -

- Lack of in-house management expertise, with the short-term nature of the project providing no opportunity to develop these;
-
- Cost, timescales and management involved in the recruitment of staff not viable;
- Property portal procurement challenges;
-
- Lack of corporate support from the Sale Agent in terms of market insight and research.
- The short-term, fixed nature of the project.

.9. Selection of a contractor for the construction of Primary Care Surgeries at 1.Land to rear of 2-28 Belfast Road, London N16, and 2. The Portico, 34 Linscott Road, London E5. - Business case approval - Key Decision No FCR R.22

The Chair, in asking for an introduction of the report, advised that there were exempt appendices and should members wish to discuss their contents then this would be done in part 2 (exempt proceedings). The Chair reiterated her comments at the start of the meeting regarding a supplementary report in respect of this item, and that as this was for noting only there was no requirement to record reasons for lateness but more that the supplementary report slightly amended some of the originally circulated report, but did not in any way affect the recommendations for the Committee to consider.

The Project Officer - Mr Borrell, advised the meeting that the report sought approval to the business case for selection of a contractor for the construction of Primary Care Surgeries at 1. Land to rear of 2-28 Belfast Road, London N16, and 2. The Portico, 34 Linscott Road, London E5. By way of background Mr Borrell advised that I :

- the Council and the (CCG) were working to provide improved healthcare across the Borough and the two sites had been identified for Primary Care surgeries for the Springhill and Lower Clapton Practices respectively to replace current premises
- the first stage of the Primary Care Capital Projects had been completed with Cabinet approval on 30 November to proceed with Project Stage 2 -, in principal, Project Stage 3 .
- Stage 3 - construction stage of the project, currently programmed to commence in October 2021 subject to the viability of each development, and the procurement process due to commence in January 2021 with a contractor appointed in August 2021.
- the business case established the recommended approach to the procurement of a contractor for each Primary Care Surgery, with its emphasis on smaller regional contractors with local knowledge.
- based on current market conditions the projects were forecast to be self-funding but each individual scheme was subject to robust financial viability testing. The process ensured that the Council selected a contractor on the basis of both cost and quality, and allowed for further detailed financial assessments to be undertaken prior to entering into formal contractual arrangements.

The Chair thanked Mr Borrell for his introduction. There being no points of clarification, on a **MOTION** by the Chair it was:

RESOLVED

That approval be given to the procurement of a contractor using the EU Restricted Procedure for works at:

1. Land to Rear of 2- 28 Belfast Road, London N16 6UH – New Build

2.The Portico Building, 34 Linscott Road, London, E5 0RD - Repair and refurbishment of existing Grade II listed building and new build extension.

RELATED DECISIONS

City & Hackney CCG & Hackney Council – Capital Projects – Appointment of Professional Team & Procurement of Project Manager – Made by The Director of Strategic Property Services, dated 20th October 2019.

City & Hackney CCG & Hackney Council – Capital Projects – Appointment of Professional Team & Procurement of Cost Consultancy Services – Made by The Director of Strategic Property Services, dated 11th February 2020.

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City & Hackney CCG & Hackney Council – Capital Projects – Appointment of Professional Team & Procurement of Design Team – Made by The Director of Strategic Property Services, dated 27th February 2020.

Primary Care Capital Projects - Cabinet Report. The Cabinet report is being considered by Cabinet at its sitting on 30 November 2020. (A link will be provided to the finalised Cabinet report and Cabinet decision when available).

The Project is reported to The Primary Care Capital Projects Governance Board which sits quarterly.

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

This report outlines the process for procuring a principal contractor for each site:

1.Land to Rear of 2- 28 Belfast Road, London N16 6UH - Cazonove Ward.

2.The Portico, 34 Linscott Road, London, E5 0RD - Lea Bridge Ward.

The Council wishes to develop both sites as Primary Care Surgeries and to procure a principal contractor to deliver each project.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

Procuring through a Framework was considered. However, this was rejected due to concern about narrowing the market. There are a number of NHS frameworks open to local authority use and the professional team was appointed through the use of the NHS SBS framework. However when it comes to construction the frameworks tend to concentrate on larger contractors with the emphasis on large scale acute care contracts.

An Open Procedure was also rejected as it was felt that the burden placed on tenderers via this route would limit the response.

A Competitive Procedure with Negotiation as provided for in the Regulations was also rejected as more preparatory work and additional market testing would be required, taking longer than other standard procurement options at greater cost. This would, therefore, delay the start of the procurement. A negotiated process can still be moved to if the tenders received are over the cost plan.

The recommendation is to use the EU Restricted Procedure procurement route in order to give the widest range of suitable local contractors the opportunity to tender, and also provide a “framework” in which best value can be obtained in terms of both price and quality.

Please see exempt Appendix 2: Rider Levett Bucknall (RLB): Contractor Procurement Proposal which reviews in more detail all the options

considered and their recommendation to proceed with the EU Restricted Procedure route.

10. Information Item - Addendum report The General Construction Consultancy framework (Framework 2) - (Item originally considered at Cabinet Procurement Committee - 9 November 2020 - Item 12 FCR R.15)

The Chair asked for a brief introduction, and advised that there was an exempt appendix and should members wish to discuss its contents then this would be done in part 2 (exempt proceedings).

The Head of Procurement - Mr Ajilore reported that the report before the Committee advised of an amendment in figures to the report considered on 9 November with regard to the The General Construction Consultancy framework (Framework 2). As a result of the discovery of the inaccurate figures it was felt appropriate to report the correct figures, though in doing so this had no bearing on, or affected the actual the recommendations agreed on 9 November, and was purely an information report.

The Chair thanked Mr Adjilore for his introduction.

There being no comments and clarifications it was:

RESOLVED

That the report be noted..

11. ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no items of unrestricted urgent business.

NOTED

12.. DATE OF FUTURE MEETINGS

NOTED – meetings of the Cabinet Procurement Committee commencing at 5.00pm for the remainder of the Municipal Year 2020/21 as follows:

18 January 2021
15 February 2021
8 March 2021
12 April 2021
11 May 2021

13. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED

THAT the press and public be excluded from the proceedings of the Cabinet Procurement Committee during consideration of Exempt items 14-17 on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972 as amended.

SUMMARY OF EXEMPT PROCEEDINGS

- 14. Provision of Residential Sales Agent Service for the sale of new residential property at The Makers (*formerly known as the Nile Street development*) - Contract approval - Key Decision No FCR R25**

AGREED to note the exempt appendices A-C in relation to agenda item 8.

- 15. Selection of a contractor for the construction of Primary Care Surgeries at 1.Land to rear of 2-28 Belfast Road, London N16, and 2. The Portico, 34 Linscott Road, London E5. - Business case approval - Key Decision No FCR R.22**

AGREED to note the exempt appendices 1a & b, and 2 in relation to agenda item 9.

- 16. Information Item - Addendum report The General Construction Consultancy framework (Framework 2) - (Item originally considered at Cabinet Procurement Committee - 9 November 2020 - Item 12 FCR R.15)**

AGREED to note the exempt appendix in relation to agenda item 10.

- 17. DRAFT EXEMPT MINUTES OF THE CABINET PROCUREMENT COMMITTEE HELD ON 9 NOVEMBER 2020**

AGREED the exempt minutes of the meeting of Cabinet Procurement Committee held on 9 November 2020

- 18. ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT**

There were no exempt items of urgent business.

NOTED

| |
|---|
| Duration of the meeting: 18:00HRS – 18:25HRS |
|---|

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Contact:

Clifford Hart - Senior Governance Officer - Clifford.hart@hackney.gov.uk

Clifford.hart@hackney.gov.uk

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AGENDA ITEM 6

UNRESTRICTED MINUTES OF A MEETING OF THE CABINET PROCUREMENT COMMITTEE

MONDAY, 9TH NOVEMBER 2020

| | |
|-----------------------------|---|
| Chair | Cllr Deputy Mayor Rebecca Rennison in the Chair |
| Councillors Present: | Councillors Deputy Mayor Anntoinette Bramble, Cllr Jon Burke and Cllr Caroline Woodley |
| Also in attendance: | Councillor Carol Williams |
| Apologies: | nil |

| | |
|-------------------------------|---|
| Officers in Attendance | Mr Rotimi Ajilore – Head of Procurement Merle Ferguson - Procurement Strategy & Systems Lead Ms Dawn Cafferty – Category Lead Social Care Ms Karen Tait-Lane - Category Lead – Construction & Environment Ms Judith Hughes – Category Lead – Corporate Mr Clive Sheldon - Lawyer – Procurement - Legal & Governance Kevin Keady - Head of Parking Services Michael Wiktoro - Interim Area Services Manager Michael Pegram - Head of Insurance Norman Harding - Fleet Manager Matthew Cain - Head of Digital Mr Clifford Hart – Senior Governance Services Officer – Legal & Governance |
|-------------------------------|---|

1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

NOTED

2 Urgent Business

There were no items of urgent business.

NOTED

3 DECLARATIONS OF INTEREST - Members to declare as appropriate

There were no declarations of interests.

NOTED

4 NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATION RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS

There were no representations.

NOTED

5 DEPUTATIONS/PETITIONS/QUESTIONS

There were no deputations, petitions or questions.

NOTED

6. UNRESTRICTED MINUTES OF THE CABINET PROCUREMENT COMMITTEE HELD ON a. 7 SEPTEMBER, and b: 5 OCTOBER

RESOLVED

That the unrestricted minutes of the meetings of Cabinet Procurement Committee held on 7 September, and 5 October 2020 be confirmed as an accurate record of the proceedings.

7. Parking Services Enforcement - Business Case - Key Decision No. NH .12

The Chair asked for an introduction of the report.

The Head of Parking Services - Mr Kevin Keady advised the meeting of :

- the exceptional performance over the past few years, and continued ease for customers buying permits, paying for, or appealing against Penalty Charge Notices, and an ability to tackle nuisance and dangerous parking both on-street and on estates, and working with residents and communities to create bespoke solutions to resolve parking issues.
- LBH being one one of few London councils continuing a business as usual operation throughout the pandemic ensuring traffic movement

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being unobstructed, easy access for over 9000 key workers to support the borough's pandemic response, operating, mitigated against the severe financial impact in neighbouring councils that ceased parking enforcement during the lockdown

- the comprehensive review of the service in line with the Mayor's 2018 Manifesto to review all outsourced services with a view to bringing them in-house, with the insourcing appraisal reviewing the external parking enforcement service resulting in recommendations to bring Parking Enforcement services in house from 1 April 2022.
- an in-house provision allowed for significant annual savings, supporting local employment by seeing the transfer of approximately 130 APCOA workers to LBH, and compliance with TUPE regulations (pay, terms and conditions of employment), a comprehensive review of the staff structure once it was brought in-house, and all employees assured of transition to the in-house operation, conducted in full compliance with the TUPE Regulations
- the report sought approval to commence the insourcing of parking enforcement from the external contractor before contract expiration in March 2022, noting that the commencement of procurement exercises for the elements of service that would continue to be outsourced (Parking CCTV hardware/software and removal trucks which will follow the normal procurement process along with a business case).

In thanking Mr Keady for his detailed introduction reminded the meeting of the exempt appendices referred to and that the Committee would need to wait to the end of the public agenda to ask any points of clarification.

The Chair then asked Councillor Burke as lead Member on the report to give comments.

Councillor Burke commented that:

- that the Parking team should be thanked for their excellent considerable work in bringing the report and proposals to the Committee
- the long standing ambition of his, and that of the administration to review wherever possible and bring back in external contracted services, and being in line with one of the Mayor's overarching priorities, recognising that this was not always possible
- the evident costs saving as a result together with the benefits afforded to a parking service operative in being a council employee in terms of pay and conditions and future prospects
- the positive opportunities of employment of local people/residents and a building of good expertise in house and local employment as a result of the inhouse process

The Chair welcomed Councillor Williams to the meeting, and Councillor Williams commented;

- That she wished to place on record her thanks to officers in bringing the proposals for consideration in an excellent and timely manner,
- that the insourcing proposals would offer a better service for the whole borough and employees would come under the Council's generous terms and conditions, and in line with the Mayor's priorities
- that in building on the success of the proposed insourcing that employment opportunities would increase as a result and that residents of the Borough would benefit as a result
- that the proposals were welcomed by the Unions and they would be very supportive of the insourcing

Deputy Mayor Bramble and Councillor Woodley echoed the sentiments expressed in welcoming the proposals and the hard work and efforts of both members and officers, and in reference to paragraph 5.4.2 of the report to tackle inequality with regard to better job opportunities, a delivery of a high quality well run service, and an ability to effectively assess and review performance.

The Chair thanked Members for their contributions and commented that

- as the Council would manage this and other new insourced services that standards would be set and targets etc worked out as a measure of performance
- some further clarification of how the process of the service being insourced would be managed, and the the further work required in terms of the fleet management and CCTV contracts, and whether the proposals for the insourcing would assist in the proposed vehicle maintenance proposals later in the agenda

In response Mr Keady commented that:

- that he acknowledged and thanked the Committee for their supportive comments in terms of the considerable hard work and effort in getting the proposals to where they were now
- in terms of the next steps in outline a project plan had been drawn up and a transition team established to work closely with the existing provider who had been a market lead for many years, and the importance of working effectively with them during transition period, and that the process would commence by December, and consultation with workers and the Trade Unions around February 2021
- in terms of the overall position of the CCTV/Infrastructure contracts his contract manager Mr Wiktoro would give an overview and he thanked Mr Wiktoro for the hard work in drawing up much of the contract detail and information provided for Members on this matter

The Interim Service Area Manager - Mr Wiktoro reported that :

- there would be considerable liaison with the Council's legal service to clarify the position of possible transfer of the existing two CCTV/Infrastructure contracts given the required six months notice

period required for termination, with expiry of the contracts in March 2022

- that in terms of the possibility of electrification of vehicles this was a possibility which would be explored, though there were possible complications because of technical issues, however the service was intending to liaise with the fleet manager in the coming weeks to address these issues.

The Chair thanked officers for their clarifications.

There being no further points of clarification on a **MOTION** by the Chair, Deputy Mayor Bramble, Councillors Burke and Woodley gave the agreement to the proposals and it was:

RESOLVED:

- i. That approval be given to the commencement of the insourcing of parking enforcement from the external contractor before the contract expires in March 2022; and**
- ii. That approval be given to the commencement of procurement exercises for the elements of service that would continue to be outsourced (Parking CCTV hardware/software and removal trucks which will follow the normal procurement process along with a business case).**

RELATED DECISIONS - Not applicable.

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

This report provides the Cabinet Procurement Committee (CPC) with the results of the 'Parking Enforcement Contract Review' and the 'Parking Enforcement Insourcing Feasibility Study' along with details of the 'Parking Enforcement Insourcing Business Case' that was carried out by Parking & Markets Service since 2018 for all services that are currently outsourced to APCOA (the service provider).

8. Parking Enforcement Agents Services CONTRACT APPROVAL - Key Decision No. NH R.9

The Chair asked for a brief introduction of the report.

The Interim Service Area Manager - Mr Wiktorko advised the meeting that:

- the parking services were responsible for the management of parking and traffic and as a result, Penalty Charge Notices (PCN) (parking tickets) were issued to vehicles parked in contravention, or committing a moving traffic violation (banned turn or driving in bus lane), with 65% taking responsibility for the offence paying PCN;
- those that chose to ignore the PCN and not pay - . when that happened an application was made to the Northampton County Court Traffic Enforcement Centre for an Order for Recovery, and if then unpaid then an application for

Warrant of Control and passed to the Enforcement Agents (bailiffs) to recover the outstanding debt.;

- In 2020/21, Enforcement Agents recovered almost £1 million in outstanding PCNs, ensuring that drivers' did not ignore parking regulations in the borough, being a statutory requirement under the Traffic Management Act 2004 to process PCNs to the enforcement agent stage.
- the existing contract was due to expire this month, after 4 years and the contract model had been updated slightly as detailed in the report:
- Following the tender process 6 applications were received and an extensive evaluation process completed , based on the evaluation criteria of quality as the cost of the contract was set by the Taking Control of Goods Act 2013, resulting in each Enforcement Agent having to charge the same fees. As a result there were 4 successful bidders, as detailed in exempt appendix 1.
- The Committee was therefore asked to consider and agree to the appointment of bidders 1, 3, 5 and 6 as suppliers for the provision of Enforcement Agent Services for the collection of unpaid Penalty Charge Notices under YPO Framework.

The Chair thanked Mr Wiktorko for his succinct introduction.

The Chair then asked Councillor Burke as lead Member if he had any comments to add at this stage. Councillor Burke responded that he had nothing to add and thanked officers for their considerable hard work and continued efforts in this area.

The Committee then discussed the report and recommendations - the main points being, and responses given by Mr Wiktorko and Mr Keady:

- the positive use of the corporate debt policy in consideration of the proposals
- insight into the assessment of outsourcing/insourcing, and clarification given on possible insourcing service having been explored though with the majority of PCNs issued located outside of Hackney, the recovery of the debt through /with an in-house operation would be more costly, whereas outsourced provider (s) had an established network of Enforcement Agents across the country, and if the Enforcement Agent did not recover the outstanding warrant there was no cost to the Council but if the operation was carried out in-house there would be associated staff, transport, admin costs
- comments in relation to 'willing' to work with the Council on green issues and not a commitment from the contractors , and whether that would be revisited, together with the environmental impact of vehicle removal and implications regarding the green agenda, and clarification that this related to the contractor vehicles which as yet had not become electrical as there were no such models on the market for use, but the intention was to address this as soon as there

were, though difficulties likely arising with charge capacity/range of the vehicles being used country-wide and lack of charging points in rural areas

- further concerns on the environmental impact of vehicle removal and implications regarding the green agenda, and indications given of changing existing vehicles from petrol to diesel, and the possibility of addressing electrification, but that it would be difficult to include a specific condition within the proposed contract, other than a commitment to explore such possibilities
- clarification given in relation to the share out of the contracts with each contractor starting with a 25% share then an assessment after 9 months of performance, and subsequent allocation to be based on that assessment.

The Chair thanked officers for their clarifications. There being no further discussion, on a **MOTION** by the Chair it was:

RESOLVED

- i. That approval be given to the appointment of bidders 1, 3, 5 and 6 as suppliers for the provision of Enforcement Agent Services for the collection of unpaid Penalty Charge Notices under YPO Framework;**
- ii. That it be agreed that the period of the YPO Framework contract would be 4 years commencing on 23rd November 2020 with an option for a further 1-year extension.

RELATED DECISIONS

On 7th July 2020, Hackney Procurement Board decided to commence the tender process for the use of Enforcement Agents in the recovery of unpaid PCNs.

The HPB approved business case can be found in Appendix 2 of the report.

REASONS FOR DECISION/OPTIONS APPRAISAL.

The Business Case sets out the structure of the YPO framework that incorporates a minimum of two (2) and a maximum of four (4) Enforcement Agents (EA), with one EA being Primary and others becoming Secondaries, but with an opportunity to become Primary every nine months, subject to the performance of all parties on the framework.

All of the contractors will start from the same position and warrants will be equally distributed. This will be done over the first nine months, after this period the Debt Recovery Team will fully analyse the performance of each contractor

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and the best-performing contractor will become the Primary Enforcement Agent while the remaining contractors will become Secondary enforcement agents.

The Primary enforcement agent's performance will then be reviewed every 9 months and if the Primary enforcement agency fails to achieve a 38% recovery rate, the best performing Secondary enforcement agent will be appointed as Primary (whose performance will, in turn, be reviewed every nine months and the Enforcement Agent will be replaced if they fail to meet the recovery rate required).

Having completed the tender process, the Council has, therefore, decided that with the new competition amongst the enforcement agents to become the Primary enforcement agent, the appointment of four contractors (one Primary and three Secondaries) would provide greater dedication of resources from the contractors, especially in the number of enforcement agents assigned to Hackney cases – resulting in improved recovery rates. This reduces the risk of Secondary Enforcement Agents becoming disinterested in the Contract as they are not Primary as there will be two other agents that can pick up the work.

Further, Secondary Enforcement Agents will no longer receive an equal split of the remaining share of the warrants as before. Their share of warrants will now be based on their performance, meaning that the share of warrants may be as close as 40%, 35% and 25% or as far apart as 90%, 7% and 3% of warrants per Secondary Enforcement Agent. This, in turn, creates greater competition between the Secondary EAs.

RELATED DECISIONS – as detailed in para 4 of the report.

REASONS FOR DECISION/OPTIONS APPRAISAL – as detailed in para 5.1 of the report.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED) as detailed in para 5.4 of the report.

9. Provision of Vehicle Maintenance - Key Decision No. FCR R.8

The Chair asked for a brief introduction of the report.

The Fleet Manager - Mr Norman Harding advised the meeting that

- with 480 vehicles Hackney operated one of the largest local authority fleets in London with only Greenwich and Islington operating more, with . quality vehicle

maintenance being important to key frontline services such as Waste; Adult Social Care; Learning Trust & Housing

- For 15 years fleet vehicle maintenance had been outsourced, and it was now proposed to insource the service to raise quality standards and potentially offer financial savings.
- The 2019 tender award for one last external contract for 5 years failed to deliver a successful outcome and was abandoned in June 2019, with a short term interim contract awarded to a local family business in consideration of attempting an alternative tender exercise or accelerate the plan to insource the service
- numerous positive and negative attributes with insourcing the vehicle maintenance service detailed in the exempt appendices to the report with the key feature providing a compelling case for insourcing was that the workshop facilities and heavy equipment was already there to deliver the service from day one, with the proposed insourcing also to be more affordable, protection of the Council's operator licence being highly visible and keeping control by the Council, having already fleet/engineering & transport management support which all directorates currently making used and bought into, a facility in the heart of Hackney improved vehicle up-time, together with quality maintenance leading to lower costs and benefiting the environment;
- the summary of business risks in the main exempt appendix noting that most of these risks would be present whether the service was insourced or externalised
- The risks fall within 3 basic areas of recruitment, financial, Internal Policy or Process as outlined , together with the key elements of the process namely training, TUPE, and Consultation as detailed in the report , and the anticipated support and agreement of the UNIONS in terms of the insourcing proposals and the positives that will come from these with regard to employment and staff protection, together with assurances that pay would be in line with the London Living wage. .

The Chair thanked Mr Harding for his succinct introduction.

In asking if the Committee had any questions, and noting that Councillor Burke would like to add some comment, the Chair thanked Mr Harding and his team for the considerable efforts they had gone to with regard to the proposals, and briefly commented that:

- the report's very comprehensive detailed proposals gave a real sense of the task, and spelt out the complexities of such a process coupled with issues of it crossing a whole range of council services, and how officers had successfully come to the point of recommending the insourcing proposals
- the matter of the particular insourcing being brought for consideration earlier than originally anticipated given the contract process which had not come to fruition the previous year as detailed

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- the much welcomed opportunities the proposed insourcing would bring in regard to employment and apprenticeships which would also allow for greater integration across services in terms of those opportunities

Councillor Burke, in also congratulating Mr Harding and his team for the extensive and excellent work in bringing these proposals to the Committee given their complexity, commented that

- the exceptional work already carried out by the waste service since the COVID situation had developed, and the visible presence of waste management across the Borough throughout the last 6 months had been evident
- the comparisons between the current service provision and the previous international waste management provider was like 'night and day' and the fact that the service being provided locally to local people, and the commitment of staff to ensure this was exceptional
- the commitment to the concept of insourcing wherever possible of service provision being vindicated by the excellence and qualitative insourced service provisions this far
- the better liaison of the service in house in the event of operational issues and being able to deal with such issues on the spot, fostering good work practices and understanding
- the employment of locally based staff together with the inhouse terms and conditions to be offered under TUPE, and the future opportunities in terms of promotion and progression through the service

The Chair noted Councillor Williams's indication to speak , and Councillor Williams commented;

- that the proposals were very likely to be welcomed by the unions and their positive support of the insourcing as detailed her thanks to officers in bringing the proposals for consideration in an excellent and timely manner, and the mention of the local employment opportunities and proposed apprenticeship scheme, given the award winning current Hackney apprenticeship scheme in operation
- her appreciation of the acknowledgement of pay in line with the London Living Wage, and the fact that this had been increased as of today to £10.85 and the huge impact that this increase would have, and given that it was indeed London Living Wage week commencing today

Further points were expressed by Councillor Woodley with regard to welcoming the proposals and thanking officers for their efforts, and the fact that services such as special needs school transport would be done by local fleet vehicles and the sense of having that service locally provided enforced issues of positively managing safety and risk well.

Deputy Mayor Bramble, in concurring with her colleagues with regard to the excellent proposals, commented on the need to ensure that the proposals were clearly

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explained publicly and ensuring that it emphasised the complexities of insourcing of a service and the period of time for it to come into effect.

There being no further points of clarification on a **MOTION** by the Chair, Deputy Mayor Bramble, Councillors Burke and Woodley gave the agreement to the proposals and it was:

RESOLVED

- i. that the detailed business case for insourcing the Vehicle Maintenance Service and the associated business risks highlighted in the report be noted; and**
- ii. that approval be given to the proposal to insource the Vehicle Maintenance Service, and for the in-house Service to be operational by April 2021.**

RELATED DECISIONS – as detailed in para 4 of the report.

REASONS FOR DECISION/OPTIONS APPRAISAL – as detailed in para 5.1 of the report.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED) as detailed in para 5.4 of the report.

10. Provision of insurance services for leasehold right to buy property (excluding provision of insurance broker service) FCR R.7

The Chair asked for an introduction of the report.

The Head of Insurance - Mr Michael Pegram advised the meeting that:

- the report advised of results of the Leasehold Buildings Insurance renewal procurement and recommended the award of a three year contract (with provision for a two year extension) to Insurer B as detailed in the exempt appendix to the report.. The policy covered damage to property of the leaseholder(s) for normal household insurable perils.
- that leaseholders with property based in Council freehold dwellings, e.g flats in Council blocks, under the lease terms had buildings insurance cover arranged through the Council, with premiums recharged to leaseholders as part of the existing service charge process.
- the current insurer was Ocaso S.A. UK, and the tender issued in the summer of 2020 being for a period of 3 years with the option to extend for 2 further years. Prior to the issue of the OJEU notice, there was a 30 day statutory consultation and a summary of the observations received during

the Section 20 consultation was attached at appendix 1 also with each observation responded to directly.

- the restricted nature of the property insurance market for local authorities with only a small number of potential bidders as perception of risk was high.
- Four bids were received from four established insurance providers which represented a healthy and competitive response despite a hardening market, with risk assessment being assessed as low risk; however the cost over the contract life exceeded delegated powers, hence the report for consideration
- in conjunction with the Council's insurance brokers, Marsh (formerly JLT Speciality Ltd) an evaluation of tenders received, had resulted in the recommendation as advised with leaseholder statutory consultation commencing followed by formal notice to both the successful and unsuccessful Insurers.
- The costs would have limited impact due to being recharged to individual leaseholders, however officers would be mindful, particularly in the current economic climate, of the need to ensure minimalised costs, hence the high weighting (65%) attributed to cost in the evaluation process, and by tendering for a three year contract, the Council was able to secure a discount for offering a long term agreement.

The Chair thanked Mr Pegram for his succinct introduction.

The Chair in asking the Committee if they had any comments advised /claried of the option to insourcing /in house insuring wherever possible, and the tender process embarked upon given the specific expertise in the market, and assurances of support to leaseholders both in the consultation period and going forward in respect of costs.

In response to further points of clarification as regards to leaseholder consultation Mr Pegram commented that:

- the consultation was statutory and officers welcomed responses/comments during this process given the importance of the procurement which was on behalf of residents, and clearly it would be evident if the provision was indeed wrong/inadequate, as residents required a strong level of trust in the service provided
- it was essential to give clarity on the the option to insourcing /in house insuring wherever possible as advised by the Chair, and the tender process embarked upon given the specific expertise in the market the role of support to leaseholders in the process and overall understanding of concerns raised (albeit limited to this stage) and the effectiveness of that support evident by the responses to the consultation, and the likely further comments /queries concerned to be raised as the final consultation on tender choice issued to leaseholders was anticipated by the more detailed information given to leaseholders by way of the notice of intention, the actual provision and cost to the leaseholder

There being no further points of clarification, on a **MOTION** by the Chair it was:

RESOLVED

- i. **that the procurement process used for the procurement of leasehold buildings insurance be noted ; and**

- ii. **that approval be given to the award of the leasehold buildings insurance contract to Insurer B for a period of 3 years (with provision to extend for 2 years) following a 30 day statutory consultation with leaseholders.**

RELATED DECISIONS

Business case and Risk Assessment (Low Risk) approved by the Group Director of Finance & Resources prior to issuing the Invitation to Tender.

REASONS FOR DECISION/OPTIONS APPRAISAL.

The Council has a legal requirement to procure and maintain a contract of insurance for both its own and leaseholders' interest in leasehold property acquired under the Right To Buy or similar legislation.

As part of our standard terms of lease the lessor (the Council) has a duty to arrange building insurance for the block, including the demised premises.

The current insurance contract was last tendered in 2015 and the appointed Insurer agreed to a 5 year (including a two year optional extension) contract, renewable annually, which expires in March 2021. Having sufficient insurance cover is a risk management control for the Council without which it would have to meet the cost of any claims and would effectively be in breach of its lease obligations as a landlord.

The full premium is recharged to leaseholders via the existing service charge process managed by Hackney Housing. Purchasing the insurance via a market exercise ensures that the Council can demonstrate that it is seeking to procure the policy on the best available terms.

Terms have been sought on cover no less comprehensive than those currently in place. Where it was felt appropriate, based on the claims experience and observations from stakeholders, improvements to the cover provided were requested.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

There are no feasible alternative options available to the Council. To completely self-insure the assets and liabilities would create unmanageable levels of uncertainty and financial loss. It would demand the retention of financial provision(s) substantially over and above the cost of insurance premiums.

However, due to the impact of Covid-19 the option to invoke Regulation 72 (Public Contract Regulations 2015) was considered but subsequently dismissed.

Regulation 72 allows an authority to extend/award public contracts without triggering a requirement to conduct a fresh tender process in certain circumstances.

Whilst the Covid-19 pandemic would allow the Council to meet the criteria, the incumbent suppliers guaranteed premium rates (40% increase) to extend the existing contract beyond 2021 were considered too high. In any event this would have merely delayed the timing of our market procurement exercise rather than circumnavigate the decision.

11. Telephony Procurement Business Case - Key Decision No. FCR R14

The Chair asked for a brief introduction of the report.

The Head of Digital - Mr Matthew Cain advised the Committee that:

- the customer services strategy clearly stated the Council's commitment to ensuring Council services were accessible to all Hackney residents, with the provision of a robust and reliable telephony service being vital for ensuring that services were delivered, particularly to those who were unable or unwilling to access services on the web
- identified 'communications as a platform' as the technology category most likely to meet needs because it enables work with the best provider in each category - in terms of user needs and cost, had better visibility of the customer experience from start to finish (eg. a contact centre agent being able to see whether a colleague is available to take a call), supported residents who need to move from one form of messaging to another, better visibility of the whole cost of telephony and demand for phone-based services, and used data better to support customers
- the council received 2m calls each year to its central customer services teams
- improvements to the customer experience by extending contact centre software to other teams (eg planning, FAST) -with the direction of travel to continue so volumes of calls managed through the contact centre telephony system would increase
- learnt the strengths and weaknesses of using 'best of breed' solutions for specific tasks (eg. our webchat software) and the importance of this providing an integrated experience for residents and staff to support efficient ways of working
- that the level playing field option proposed was the optimal approach because it offered the greatest level of control, flexibility, and ability to match the right service for our needs, encouraged healthy competition in quality and cost throughout contract reducing prices and overheads, the use of SMEs may get better value for money, maximises opportunity around common use of HackIT API Platform which enabling the collection of data once and use it many times (consistent with GDPR principles)
- encourages long-term resilience in telephony service with front loaded cost/effort with longer term flexibility for additional service integration and value, both technical and financial i.e. "lego" platform
- identified the Cabinet Office's Digital Marketplace as the most appropriate framework for the procurement containing listings for all of the market-leading options and enables us to analyse the solutions against the Technical Code of Practice in a timely manner though currently conducting a request for

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information process to evaluate the Digital Marketplace compared to the Crown Commercial Services framework 'Network Services 2', and it was discovered that a broader range of economically advantageous suppliers were available through Network Services 2, that framework would be used instead.

The Chair thanked Mr Cain for his succinct report. Both the Chair and members sought clarification as regards:

- the exact product being purchased
- the use of hybrid technology encompassing smart phones/whatsapp group messaging given that a large area of the community did not have access to this but rather just text messaging
- how the interaction between Council officers and the public would improve
- interaction of the frameworks and timing for the procurement

In response Mr Cain advised that::

- the type of product being sourced was a technical/software application which would enable a combination of public access, and webchat, together with the offer of a mobile app for members/officers using a council number as opposed to the mobile number
- a possible element of external support in transferring the current to a new system
- the ability to switch and allow for multiple numbers of persons on a call in a simple manner and not causing the public any issues when dialling in or having to redial and the interface internally offering a seamless service to the public
- improved technology in terms of current screen/multiple screen usage for officers to assist in the single screen usage at home, from having more than one screen used in the office
- recognition of the limitations of the proposed hybrid service on public users and having a system that recognised and differentiated /allowed both hybrid and text only usage
- A framework from the two options has been selected and procurement outcome can be reported to the next committee meeting

The Chair thanked Mr Cain for his responses, noted the tight timing for this procurement and expressed her expectation to see a report that addresses all the issues that the committee raised and provides the level of details required.

There being no further points of clarification on a MOTION by the Chair it was:

RESOLVED

- i. **that approval be given to authorising the procurement of a 'Communications as a Platform' service and 'contact centre software' solutions;**

- ii. that approval be given to authorising the procurement via the Digital Marketplace (G Cloud 12 - RM1557.12), or an alternative Crown Commercial Services framework consistent with the Council’s contract standing orders; and
- iii. that the contract award decision be reviewed in December 2020

RELATED DECISIONS

None

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

The Council currently has two telephony contracts:

- 1. With Centiant, a ‘systems integrator’ currently costing £883,000 per annum which provides:
 - a. A cloud-based VoIP communication system provided by NFON
 - b. A cloud-based customer contact centre system provided by Puzzel
 - c. A voice-activated switchboard provided by Netcall, hosted on-premise
 - d. A mobile telephony service provided by NFON and backed off to Mobile Network Providers
- 2. Legacy telecommunications such as ISDN and private wires provided by Daisy and BT costing £95,000 per annum

| Telephony Budget | Component | Full Year Forecast £'000's (As at 30th Sept 2020) | Variance to Budget |
|-------------------------|---------------------------|--|---------------------------|
| 948,001 | Centiant ² | 883 | |
| | BT iPad SIMs ¹ | 19 | |
| | BT Telephone Plan | 36 | |
| | Daisy Landline Plan | 58 | |
| | Total | 996 | |

¹ There have been several credits relating to the BT iPad sims which have reduced the annual forecast. It is estimated that these SIMs should cost approximately £6k per month with a forecast of £72k per annum.

² Centiant Breakdown

(Estimate based on usage on September 2020 Centiant Bill)

| Component | Full Year Forecast (£'000) (As at 30th Sept 2020) |
|--------------------------------|--|
| VoIP communication system | 224 |
| Customer contact centre system | 199 |
| Switchboard | 75 |
| Mobile telephony service | 386 |
| Total | 883 |

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

There are a limited number of viable alternatives. There is no prospect of residents not needing to call us in the next three years. The Council could not provide the infrastructure necessary to run telephony in-house.

The main alternative technical category would be a 'unified communications as a service'. The purpose of UCaaS is to have a single ready-made platform through which organisations access different services, such as phone, video calling, call recording and so on. We have rejected this category because we believe that a unified approach would:

- Involve greater compromises of how the solution meets specific user needs (eg. some UCaaS providers excel at contact centre solutions, others at telephony)
- Increase the risks associated with vendor lock-in
- Reduce our overall agility - whether operational flexibility or adaptability to changing technology
- Require us to develop skills in a single solution and therefore the skills would be less transferable

12. The General Construction Consultancy Related Framework (Framework 2) Contract Award - Key Decision No. FCR R.15

The Chair asked for an introduction of the report.

The Procurement Category Lead - Finance - Ms Karen Tait Lane advised the meeting that :

- the report sought agreement to award the four year General Construction Consultancy Related Framework Agreement, (Framework 2), to five bidders to Lots 4, 5 and 8, six bidders to Lot 7 and to not proceed with an award to Lot 9.

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- although there were existing third party consultancy frameworks in the market, the Authority felt that this framework would better serve its needs by maximising flexibility, speed of delivery and value for money for consultancy services.
- Since the commencement of the procurement departmental requirements had changed and resources also had been impacted by Covid-19. It was determined by the participating directorates that only five priority Lots, out of the original 14 Lots advertised, should be procured, as detailed in the report.
- Unfortunately Lot 9 attracted limited market interest with a very broad range of tender prices, and therefore the evaluation Panel was unable to select the top 5 scoring bidders on the basis of MEAT, which in this case would be all of the bidders, therefore recommended not to proceed with an award for Lot 9.

Ms Tait Lane further advised that the Construction based Consultancy Framework aims to deliver:

- Cost efficient, quality driven construction related consultancy services for the Education, Regeneration and Corporate Property Services Divisions of the Council;
- An option to use either a mini-competition call off or, a direct award where urgent but in limited circumstances;
- Collaborative working including the sharing of information and places an obligation on the consultants to reduce Council costs, a focus on the Council's Sustainable Procurement Strategy 2018-22 in addition to the Framework Key Performance Indicators (KPIs) and construction industry statutory requirements, such as BREEAM.
- The consultants confirmed their willingness to participate in any Hackney apprentice initiative and a requirement for consultants to pay their staff the London Living Wage (LLW).
- The Contract Manager responsible for contract delivery, would monitor providers' performance including obtaining metrics outcomes from the call off contract, as identified in the Council's Sustainable Procurement Strategy, as well as, the Framework contractual and statutory obligations.

The Chair thanked Ms Tait lane for her succinct introduction.

The Chair in asking if there were any points of clarification commented that the report before the Committee had been a long time coming due to the complexities of the framework in terms of the nature of the service being quite a specialist skill set, recognising that it was ideal in terms of the route but that all aspects of the proposals had been explored including insourcing.

Ms Tait-Lane concurred with the Chair in respect of those observations, and briefly commented on the overall aspects driving the contract including enhanced sustainability, and the calloff allowing for considerable flexibility in the proposals.

There being no further points of clarification on a **MOTION** by the chair it was:

RESOLVED

That approval be given to awarding the contract for the four year General Construction Consultancy Related Framework Agreement (Framework 2) to:

- a) **Lot 4 - Multi-Disciplinary Building Surveying led Services: Bidder A, Bidder B, Bidder C, Bidder D and Bidder E**
- b) **Lot 5 - Multi-Disciplinary Design led Services: Bidder A, Bidder B, Bidder C, Bidder D and Bidder E**
- c) **Lot 7 - Complex Project Management (Employer's Agent): Bidder A, B, C, D, E and F**
- d) **Lot 8 - Cost Management Services (Quantity Surveyors) Bidder A, B, C, D and E**
- e) **Lot 9 - Facilities Management - Not proceed with an award**

RELATED DECISIONS

The Hackney Procurement Board meeting of 11 July 2017 agreed to procure a four-year General Construction Consultancy related Framework ("Framework 2") under an OJEU Restricted procedure to replace the majority of services covered by two existing frameworks due to expire on 31 December 2017.

REASONS FOR DECISION/OPTIONS APPRAISAL.

The four-year Framework is one of two re-procurements to address the expiration of two previous frameworks: 1) the Professional Services Framework and, 2) the Employer's Agent Framework. Both of these frameworks were identified as a critical requirement to support the Council to deliver its strategic vision and support Corporate & Finance, the Housing & Neighborhood and, by extension, the Education Directorates.

The following options were considered at business case stage and rejected:

- a) Not to reprocure - this was rejected as the framework was essential to the Council's delivery of its strategic vision on property and development delivery.
- b) To use existing third party frameworks - officer research, at the time, identified no suitable frameworks and so this procurement option was not pursued.

The Restricted Procedure ensures that only high quality, skilled providers will be selected to the Framework.

The Framework lot structure was developed jointly with the Directorates with the aim of leveraging greater efficiencies and to establish a Council quality standard for consultants on major and planned works. The Framework has the flexibility for call offs via mini competitions, or where urgent, through direct award, but only within tightly defined conditions.

Mini-competition call offs will retain competitive pressure, with suitably qualified providers, based on project specific requirements.

To mitigate the risk of poor performance or the withdrawal of a provider the top 5 scorers have been selected in each Lot based on the Most Economically Advantageous Tender based on both price and quality.

Since the procurement commenced, with the exception of daylight and sunlight services (Lot 13), there are now a number of third party frameworks available which can provide the services intended to be covered by: Lots 6 (Simple Project Management); 10 (Planning Consultancy); 11 (Mechanical and Electrical Engineering); 12 (Structural and Civil Engineering) and 15 (Fire and Safety Services). For daylight and sunlight services it is proposed to either continue with project specific purchases or consider an alternative procurement arrangement possibly with a partner public sector organisation.

The Contract Notice for the Framework includes no provision to be extended beyond the four year term.

The Framework does not guarantee work to any Lot provider.

Framework 1 was awarded in January 2018.

13. ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no items of unrestricted urgent business.

NOTED

14.. DATE OF FUTURE MEETINGS

NOTED – meetings of the Cabinet Procurement Committee commencing at 5.00pm for the remainder of the Municipal Year 2020/21 as follows:

7 December 2020

18 January 2021

15 February 2021

8 March 2021

12 April 2021

11 May 2021

15. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED

THAT the press and public be excluded from the proceedings of the Cabinet Procurement Committee during consideration of Exempt items 16-20 on the agenda on the grounds that it is likely, in the view of the nature of the business to be

transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972 as amended.

SUMMARY OF EXEMPT PROCEEDINGS

16. Parking Services Enforcement - Business Case - Key Decision No. NH .12

AGREED to note the exempt appendices in relation to agenda item 7.

17. Parking Enforcement Agents Services CONTRACT APPROVAL - Key Decision No. NH R.9

AGREED to note the exempt appendices in relation to agenda item 8.

18. Provision of Vehicle Maintenance - Key Decision No. FCR R.8

AGREED to note the exempt appendices in relation to agenda item 9.

19. Provision of insurance services for leasehold right to buy property (excluding provision of insurance broker service) FCR R.7

AGREED to note the exempt appendices in relation to agenda item 10.

20. The General Construction Consultancy Related Framework (Framework 2) Contract Award - Key Decision No. FCR R.15

AGREED to note the exempt appendices in relation to agenda item 12.

21. ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no exempt items of urgent business.

NOTED

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|---|
| Duration of the meeting: 17:00HRS – 18:35HRS |
|---|

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