C A B I N E T

Monday 18 July 2022
at 6.00 pm Council Chamber, Hackney Town Hall, Mare Street, London E8 1EA

The live stream can be viewed here:
https://youtu.be/nwkuTMYlvJg or https://youtu.be/L41nIVFtHjQ

Members of the Committee:
Mayor Philip Glanville, Mayor (Chair)
Councillor Anntoinette Bramble, Deputy Mayor and Cabinet Member for Education, Young People and Children's Social Care (Vice-Chair)
Councillor Robert Chapman, Cabinet Member for Finance
Councillor Mete Coban MBE
Councillor Susan Fajana-Thomas
Councillor Christopher Kennedy, Cabinet Member for Health, Adult Social Care and Leisure
Councillor Clayeon McKenzie, Cabinet Member for Housing Services
Councillor Guy Nicholson, Deputy Mayor for housing supply, planning, culture and inclusive economy
Councillor Carole Williams, Cabinet Member for Employment, Skills and Human Resources
Councillor Caroline Woodley, Cabinet Member for Families, Early Years and Play

Mayoral Advisors:
Councillor Sem Moema
Councillor Yvonne Maxwell
Councillor Sade Etti

Mark Carroll
Chief Executive
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Governance Officer
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Hackney

Cabinet
Monday 18 July 2022
Agenda

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 Urgent Business will be dealt with under Item 13 below. New items of exempt business will be dealt with at Item 17 below).

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 the interest becomes apparent, and
(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

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 Two 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 representations 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 the public.

This agenda contains exempt items as set out at **Item 14 : Exclusion of the Press and Public.** No representations with regard to these have been received.

<u>This is the formal 5 clear day notice under the Regulations to confirm that this Cabinet meeting will be partly held in private for the reasons set out in this Agenda.</u>

5 Questions/Deputations

Deputation - Motorcycle parking permits review

The document 'Motorcycle parking permits review – summary and recommendations report' contains serious factual errors.

Hackney should urgently withdraw this document, reassess the consultation in light of accurate evidence, and revisit decisions based upon it.

Some examples of errors are:

- "respondents felt motorcycles were better for the environment compared to cars, vans and lorries. However this is contradicted by research that shows that motorcycles contribute heavily to dangerous nitrous oxide (NO_2), and Particulate Matter (PM_{10}) pollutants on a par with vehicle counterparts."
- "Research also shows that motorcycles are proven to emit less CO_2, but much more harmful levels of nitrogen oxides than cars."
- "research has shown that motorcycles emit nitrogen oxide (NO_2) within the range of petrol and diesel cars."

These statements are all false. Official National Statistics produced by BEIS and Defra show that PTWs produce around 70% less NO_2 and 50% less PM than cars on a per km basis. In addition, NO_2 is nitrogen dioxide not nitrous oxide or nitrogen oxide as referred to in the report.

These errors appear to show a misunderstanding of the issue and are as a result of using inappropriate and unreliable research which vastly overstates PTW impact.

These errors are important for the following reasons:

- The February 2021 Cabinet decision on motorcycle parking permits was made on the basis of incorrect evidence
- The errors themselves were fundamental to the decision and were used as a justification for the decision
- The belief in this incorrect evidence led to officers dismissing the correct evidence when it was presented, as is seen in the report: "respondents felt motorcycles were better for the environment […] this is contradicted by research […] "
- The majority view of consultation respondents in opposing charging for PTWs was dismissed on the basis that a majority were also concerned about air quality. This logic was also based on the false belief that PTWs are more polluting than cars
- The reliance on these errors has led to and is leading to incorrect decisions. The errors resulted in a disproportionate view of PTW impact on others, which was used to justify a disproportionate impact on PTWs
- The council has a responsibility to make decisions that are evidenced based, fair and proportionate, and cannot make decisions based on flawed evidence

The deputation will be introduced by Cathy Phillpotts.

6 Unrestricted minutes of the previous meeting of Cabinet held on 27 June 2022 (Pages 11 - 16)

To agree the minutes of the previous meeting of Cabinet held on 27 June 2022.

7 Capital Update and Property Disposals And Acquisitions Report - Key Decision No. FCR S084 (Pages 17 - 38)

8 2021/22 Overall Financial Position Report - May 2022 - Key Decision No: FCR S083 - TO FOLLOW (Pages 39 - 64)

The report is late because of the need to properly reflect various exceptional factors and new emerging external information including government announcements as well as the ongoing impact of Covid19, the Cyberattack and the current wider economic situation.

9 Acquisition of Local Space properties - Key Decision No: FCR S078 (Pages 65 - 78)

10 Woodberry Down Principal Development Agreement updates - Key Decision No: CHE 112 (Pages 79 - 96)

11 Article 4 Direction to remove permitted development rights for change of use from Use Class E to residential in Hackney's designated industrial areas - Key Decision No: NH S111 (Pages 97 - 116)

12 A Place for Everyone Hackney Voluntary and Community Sector Grants - Key Decision No: CED S115 (Pages 117 - 176)

13 New items of unrestricted urgent business

To consider any items admitted at Item 2 above.

14 Exclusion of the press and public

Note from the Governance Services Manager

Items 15 and 16 allow for the consideration of exempt information in relation to items 7 and 10 respectively.

RESOLVED:

That the press and public be excluded from the remainder of the meeting as the items below contain exempt information, as defined under paragraph, 3 & 5 of Part 1, schedule 12A of the Local Government Act 1972.

15 Capital Update and Property Disposals And Acquisitions Report - Key Decision No: FCR S084 (Pages 177 - 186)

Exempt Appendix in relation to item 7.

16 Woodberry Down Principal Development Agreement updates - Key Decision No: CHE 112 (Pages 187 - 192)

Exempt Appendix in relation to item 10.

17 New items of exempt urgent business

To consider any EXEMPT items admitted at Item 2 above.

Public Attendance

Following the lifting of all Covid-19 restrictions by the Government and the Council updating its assessment of access to its buildings, the Town Hall is now open to the public and members of the public may attend meetings of the Council.

We recognise, however, that you may find it more convenient to observe the meeting via the live-stream facility, the link for which appears on the agenda front sheet.

We would ask that if you have either tested positive for Covid-19 or have any symptoms that you do not attend the meeting, but rather use the livestream facility. If this applies and you are attending the meeting to ask a question, make a deputation or present a petition then you may contact the Officer named at the beginning of the Agenda and they will be able to make arrangements for the Chair of the meeting to ask the question, make the deputation or present the petition on your behalf.

The Council will continue to ensure that access to our meetings is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice. The latest general advice can be found here - https://hackney.gov.uk/coronavirus-support

Rights of Press and Public to Report on Meetings

The Openness of Local Government Bodies Regulations 2014 give the public the right to film, record audio, take photographs, and use social media and the internet at meetings to report on any meetings that are open to the public.

By attending a public meeting of the Council, Executive, any committee or sub-committee, any Panel or Commission, or any Board you are agreeing to these guidelines as a whole and in particular the stipulations listed below:

- Anyone planning to record meetings of the Council and its public meetings through any audio, visual or written methods they find appropriate can do so providing they do not disturb the conduct of the meeting;

- You are welcome to attend a public meeting to report proceedings, either in ‘real time’ or after conclusion of the meeting, on a blog, social networking site, news forum or other online media;

- You may use a laptop, tablet device, smartphone or portable camera to record a written or audio transcript of proceedings during the meeting;

- Facilities within the Town Hall and Council Chamber are limited and recording equipment must be of a reasonable size and nature to be easily accommodated.

- You are asked to contact the Officer whose name appears at the beginning of this Agenda if you have any large or complex recording equipment to see whether this can be accommodated within the existing facilities;

- You must not interrupt proceedings and digital equipment must be set to 'silent' mode;

- You should focus any recording equipment on 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 to respect the wishes of those who do not want to be filmed and photographed may result in the Chair instructing you to cease reporting or recording and you may potentially be excluded from the meeting if you fail to comply;

- Any person whose behaviour threatens to disrupt orderly conduct will be asked to leave;

- Be aware that libellous comments against the council, individual Councillors or officers could result in legal action being taken against you;

- The recorded images must not be edited in a way in which there is a clear aim to distort the truth or misrepresent those taking part in the proceedings;

- Personal attacks of any kind or offensive comments that target or disparage any ethnic, racial, age, religion, gender, sexual orientation or disability status could also result in legal action being taken against you.

Failure to comply with the above requirements may result in the support and assistance of the Council in the recording of proceedings being withdrawn. The Council regards violation of any of the points above as a risk to the orderly conduct of a meeting. The Council therefore reserves the right to exclude any person from the current meeting and refuse entry to any further council meetings, where a breach of these requirements occurs. The Chair of the meeting will ensure that the meeting runs in an effective manner and has the power to ensure that the meeting is not disturbed through the use of flash photography, intrusive camera equipment or the person recording the meeting moving around the room.

Advice to Members on Declaring Interests

If you require advice on declarations of interests, this can be obtained from:

The Monitoring Officer;
The Deputy Monitoring Officer; or
The legal adviser to the meeting.

It is recommended that any advice be sought in advance of, rather than at, the meeting.

Disclosable Pecuniary Interests (DPIs)

You will have a Disclosable Pecuniary Interest (*DPI) if it:

- Relates to your employment, sponsorship, contracts as well as wider financial interests and assets including land, property, licenses and corporate tenancies.

- Relates to an interest which you have registered in that part of the Register of Interests form relating to DPIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner.

- Relates to an interest which should be registered in that part of the Register of Interests form relating to DPIs, but you have not yet done so.

If you are present at any meeting of the Council and you have a DPI relating to any business that will be considered at the meeting, you **must**:

- Not seek to improperly influence decision-making on that matter;
- Make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent; and
- Leave the room whilst the matter is under consideration

You **must not**:

- Participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business; or
- Participate in any vote or further vote taken on the matter at the meeting.

If you have obtained a dispensation from the Monitoring Officer or Standards Committee prior to the matter being considered, then you should make a verbal declaration of the existence and nature of the DPI and that you have obtained a dispensation. The dispensation granted will explain the extent to which you are able to participate.

Other Registrable Interests

You will have an 'Other Registrable Interest' (ORI) in a matter if it

- Relates to appointments made by the authority to any outside bodies, membership of: charities, trade unions, lobbying or campaign groups, voluntary organisations in the borough or governorships at any educational institution within the borough.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to ORIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner; or
- Relates to an interest which should be registered in that part of the Register of Interests form relating to ORIs, but you have not yet done so.

Where a matter arises at any meeting of the Council which affects a body or organisation you have named in that part of the Register of Interests Form relating to ORIs, you **must** make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent. You **may** speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Disclosure of Other Interests

Where a matter arises at any meeting of the Council which ***directly relates*** to your financial interest or well-being or a financial interest or well-being of a relative or close associate, you must disclose the interest. You **may** speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Where a matter arises at any meeting of the Council which ***affects*** your financial interest or well-being, or a financial interest of well-being of a relative or close associate to a greater extent than it affects the financial interest or wellbeing of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest, you **must** declare the interest. You **may** only speak on the matter if members of the public are able to speak. Otherwise you must not take part in any discussion or voting on the matter and must not remain in the room unless you have been granted a dispensation.

In all cases, where the Monitoring Officer has agreed that the interest in question is a **sensitive interest**, you do not have to disclose the nature of the interest itself.

Agenda Item 6

MINUTES OF A MEETING OF THE CABINET

MONDAY 27 JUNE 2022

Councillors Present:	**Mayor Philip Glanville in the Chair** **Cllr Robert Chapman, Cllr Mete Coban, Cllr Susan Fajana-Thomas, Cllr Christopher Kennedy, Deputy Mayor Guy Nicholson, Cllr Carole Williams, Cllr Caroline Woodley, Cllr Sem Moema and Cllr Sade Etti**
Councillors Virtually Present:	**Deputy Mayor Anntoinette Bramble (Vice-Chair), , Cllr Yvonne Maxwell**
Apologies:	**Councillor Clayeon McKenzie**
Officers in Attendance:	**Dawn Carter-Mcdonald, Director of Legal, Democratic and Electoral Services** **Jessica Feeney, Governance Services Officer** **Chris Lovitt, Deputy Director of Public Health** **Ian Williams, Group Director Finance and Corporate Resources**
Officers in Attendance Virtually:	**Jacquie Burke, Group Director Children & Education** **Angela Birch, Principal Public Health Specialist** **Mark Carroll, Chief Executive** **Helen Woodland, Group Director Adults, Health and Integration** **Amy Wilkinson, Workstream Director**

1 Apologies for Absence

Apologies for absence were received from Councillor McKenzie.

2 Urgent Business

There were no items of urgent business.

3 Declarations of interest - Members to declare as appropriate

All Members declared a non-pecuniary interest in relation to item 10, as they knew of the School Governor Appointment.

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

There was none.

5 Questions/Deputations

There was none.

6 Unrestricted minutes of the previous meeting of Cabinet held on 30 May 2022

RESOLVED:

That the Minutes of the previous meeting of Cabinet held on the 30 May 2022 were approved.

7 Capital Update and Property Disposals And Acquisitions Report - Key Decision No. FCR S082

Mayor Glanville introduced the report.

RESOLVED:

I. That the scheme for Climate, Homes and Economy (Non-Housing) as set out in section 11.2 and 11.3 be given approval as follows:

   Parks Infrastructure: Spend approval of £1,000k in 2022/23 is requested to fund essential maintenance and refurbishments to the existing parks infrastructure.

   Parks Bins Replacement: Spend approval of £100k in 2022/23 is requested to replace existing single use litter bins in the borough parks with dual use recycling bins.

II. That the scheme outlined in section 12.1 be noted.

III. To authorise either the surrender of the existing lease and regrant of a new lease of 125 years or the extension of the existing lease to 125 years to The Bootstrap Company, The Printhouse, 18-22 Ashwin Street E8 3DL (which forms part of 18 - 24 Ashwin Street as shown edged in red for indicative purposes only on the plan at Appendix 1).

IV. To delegate authority to the Corporate Director of Finance and Resources to agree all commercial terms of the transaction.

V. To delegate authority to the Director of Legal to settle, agree and enter into all documentation necessary for this transaction.

REASONS FOR DECISION:

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

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.

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

8 2021/22 Overall Financial Position Report - March 2022 - Key Decision No. FCR S081

Councillor Chapman introduced the report to the Cabinet.

RESOLVED:

That the Cabinet is asked to note the update on the overall financial position for March covering the General Fund, Capital and HRA

REASONS FOR DECISION

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

9 Proposal for the development of a City and Hackney Children & Families Integrated Framework 2022 - 2027 - Key Decision No. CE S105

Councillor Kennedy outlined the report to Cabinet.

RESOLVED

I. The Cabinet noted, and endorsed the continued direction of travel, in terms of partnership and integration across the breadth of children's health, mirroring current integration of children's social care and education, and progressing integrated children's health work to date.

II. Endorsed and approved the establishment by the Council (with the City of London Corporation and other applicable partners) of a Joint Children and Families Health Framework as a mechanism to support this.

III. Endorsed and approved the development of several key partnership principles that will underpin all children's health work going forward, to be formally agreed and signed up to by all relevant partners.

IV. This endorsement is based on the understanding that the joint health framework will provide strategic direction for the re-commissioning of 0-19 services and potentially pave the way for key decisions on staffing structures/services, in-sourcing and pooled budgets over the next 5 years.

REASON FOR DECISION

The recent 2022 City & Hackney Health Needs Assessment (HNA) (https://hackneyjsna.org.uk/wp-content/uploads/2022/03/FINAL_-A-health-needs-assessment-for-the-population-aged-0-to-25-for-the-City-of-London-and-Hackney-Google-Docs.pdf) for CYP 0-19 (up to 25 for those with a statutory responsibility) identified that services need to be joined up at a strategic level to deliver maximum impact. Financial constraints, staffing challenges (recruitment and retention), rising demand, increasing levels of complex needs, and widening health inequalities (mainly due to the impact of COVID) have increased pressure on services. Large disparities exist between children and young people within the borough, particularly for vulnerable CYP, those from ethnic backgrounds other than white and for CYP with SEN. Compared to London and the rest of England, CYP in the borough are less likely to have achieved a good level of development and are more likely to be severely obese by the end of reception. Hospital admissions for lower respiratory tract infections in infants are above regional and national rates and the rate of STI diagnoses in 15 - 24 years olds was fourth highest of all local authorities in 2021.

A key finding of the consultation undertaken as part of the HNA identified that joint principles, structures and ways of working that will support the integration of services and the re-commissioning of 0-19 (up to 25yrs) services are urgently needed.

The joint health framework will consolidate and support our strategic direction, embed key integration principles and outline the direction of travel for the re-commissioning and provision of 0 - 19 services. It will serve as a blueprint for new ways of working that could potentially lead to changes in organisational structures, working processes and cultures including the possible integration of businesses, the pooling of budgets and/or in-sourcing.
Significantly, a joint framework and a set of key principles will support the current re-commissioning of the 0-19 public health services (health visiting, family nurse partnership, school nursing and others), and other significant developments.

A lot of work on integrating services has already been undertaken or is at the planning stage, the framework and action plan will assemble these across the Children Young People Maternity and Families workstream governed by the Integrated Care Partnership Board (ICPB) and those in process or planned by City & Hackney Public Health, City of London Corporation, Hackney Council and wider partners. This will establish a baseline of integrated practice and identify areas of learning and good practice.

We already have a lot to build on locally. We want to strengthen our direction of travel toward integrated planning and delivery in order to further improve health outcomes and tackle some of our key challenges together.

Integration and Innovation: working together to improve health and social care for all (2021) and the White paper:Joining up care for people, places and populations, Feb 2022 have set out the legislative proposals to accelerate the pace of integration. Within the overall structure and oversight of integrated care systems (ICSs) and local authorities the White Paper includes new duties to: collaborate, deliver improvements in data sharing and improved health and wellbeing outcomes, and amend section 75 of the 2006 NHS Act to support pooled budgets between the NHS, local government, and wider delivery partners. This is a timely opportunity to accelerate integrated working and to drive this ambition forward within existing budgets.

10 Schedule of Local Authority School Governor appointments

Deputy Mayor Bramble introduced the report to Cabinet.

RESOLVED:

That the Cabinet approved the following nominations as set out below:

Governing Body	Name	Date Effective
London Fields Primary School	Ophelia Carter	27/06/2022

11 New items of unrestricted urgent business

There were none.

12 Exclusion of the press and public

There was no requirement for the meeting to move into an exempt session.

2 New items of exempt urgent business

Duration of the meeting: 6.00 - 6.20 pm

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Title of Report	Capital Update and Property Disposals and Acquisitions Report	
Key Decision No	FCR S084	
For Consideration By	Cabinet	
Meeting Date	18 July 2022	
Cabinet Member	Philip Glanville, Mayor of Hackney	
Classification	Open with exempt appendices	
Ward(s) Affected	All	
Key Decision & Reason	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function
Implementation Date if Not Called In	26 July 2022	
Group Director	Ian Williams, Finance and Corporate Resources	

1. **<u>Cabinet Member's introduction</u>**

1.1 This report updates members on the capital programme agreed in the 2022/23 budget.

1.2 Through the proposals in this report we demonstrate our commitment to meeting our manifesto pledges as well as continuing to deliver against the Council's revised Corporate Plan to Rebuild a Better Hackney. Specifically we are investing in facilities for our young people and building a greener borough as well as continuing to work to maximise our commercial income in the light of 12 years of austerity and Government funding cuts.

1.3 This month we seek approval for the allocation of £416k of Department for Education (DfE), Devolved Formula Capital (DFC) grant to individual schools maintained by Hackney Council for 2022/23 to support them in essential maintenance of their buildings. We are also seeking approval for £850k of investment in the Ann Tayler Children's Centre to fund a new roof. This is a Council owned Children's Centre situated in London Fields which provides day care for children aged 0 to 4 years old. By undertaking this major investment, at this time, the Council will safeguard and enhance the asset value of the property and ensure that the children and families that use the centre continue to benefit from a fit for purpose facility.

1.4 In continuing our journey to Net Zero we will bring forward investment of £2.835m over a 4 year period to roll out a further 675 cycle hangers across the borough, providing secure cycle parking for over 4,000 cyclists and their bikes. Hackney already leads the way for such secure on street storage and this investment represents a doubling of existing capacity in the borough, and three times what we promised in our recent Manifesto. It is encouraging that in response to the Climate Emergency, residents are more and more choosing cycling as their preferred way to travel. As a consequence the demand for cycling spaces has continued to far outstrip supply - and this proposal will substantially reduce the waiting time for a cycle parking space. We will ensure that these new hangers are installed in an equitable way, matched to demand and the current waiting list, but also ensure all parts of the borough and that homes on our streets and estates are equally served. We will also audit our existing hangers to ensure that they are being used as efficiently as possible and explore provision for a more diverse range of bikes.

1.5 This report also recommends investment of £65k at Millfields Waste Depot to fund the appointment of the professional advisers necessary to develop a detailed scope of works to rectify the defects at this site which the Council inherited from the Olympic Development Association (ODA) and prepare the documentation required to go out to tender.

1.6 With regard to Keltan House; following the Council becoming aware of WeWorks desire to surrender their lease, the Council's Strategic Property Services team and our Agent, in conjunction with the Council's Area Regeneration team, have been working to secure an alternative tenant. As well as the fundamental priority of finding an operator that could make a centre of this size financially and commercially viable, and meet rent and other lease commitments into the medium and long term we also considered how these operators could contribute to the Borough's aspirations in terms of social value, such as equal opportunity and fairness, ambitions for net zero carbon and growing small businesses.

1.7 With regard to 74 & 75 Walrond House, following our initial review of the property in conjunction with our letting agents, we considered the best configuration in order to benefit from current retail market demand and to minimise void risks in the medium to long term. We opted to seek interest from retailers seeking 3000-4000 sq ft units, enabling us to offer a unit with a good retail profile i.e. street frontage along with another unit that may not be as attractive a proposition on an individual basis. Subsequent interest confirmed that this was the most viable proposition.

Consequently, in this report we recommend granting leases for the period of 15 years to incoming tenants for both properties.

1.8 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 approval as required to enable officers to proceed with the delivery of those schemes as set out in section 11 of this report and the property proposal as set out in Section 3.5 and 3.6..

2.2 **Proposed Lease of Keltan House, 89-115 Mare Street, E8 4RT:** Where the Council enters into a lease of more than 7 years this constitutes a disposal for the purpose of Section 123 of the Local Government Act 1972 and the Council is required to demonstrate that it has achieved best consideration. The proposed letting is the result of a targeted three month marketing campaign by an established agency with extensive experience and expertise in the East London property market. The proposal is the best all round offer the Council has received as a result of this campaign. A 15 year lease is required by the proposed tenant due to the level of investment that will be made in the ‘fit-out’ of the building and set up costs of the business. The majority of the existing ‘fit-out’ is likely to be of benefit and value to the incoming tenant and as such reused, reducing the level of incentives sought by the incoming tenant, and removing the need for the Council to provide an up-front capital contribution, which was a requirement of other bids. The 15 year lease secures a sustained rental income stream with a rent review every five years. In addition, the tenant is well financed and expected to provide a good covenant.

2.3 The Council’s Area Regeneration team visited the proposed tenant to discuss their social value commitments and wider contributions to the area that they could support at Keltan House. In line with the draft Hackney Central Town Centre Strategy, there is a particular interest in how the tenants of Keltan House will; support the local diversity of workspace provision, promote wider benefits for local businesses and stakeholders beyond the premises, including for residents; and contribute towards the Net Zero pathway. In conversations, the proposed tenant has suggested they will be able to provide a good balance of workspace spaces and price points, and promote workshops, work experience and mentor programmes for local education providers. The tenant is expected to invest in the building over the duration of the lease to improve the environmental credentials, as well as opening up the entrances to be more inviting, which would have a significant benefit for the wider impact on Mare Street.

2.4 The Council's Area Regeneration team will be working on a memorandum of understanding to reflect these Council aspirations with regards to delivering wider social benefit, and to quantify the expectations of the proposed tenant's commitments. The Memorandum of Understanding will establish Environmental, Social and Governance benchmarks to track the socio-environmental environmental impacts.

2.5 I am satisfied that this proposed letting complies with the Council's obligations under Section 123 and should the letting not proceed will enable the re-marketing of the property. Finally, I would like to place on record my thanks to all those members of the teams from within the Council and our agents who have worked tirelessly to reach this outcome.

2.6 **Proposed Lease of 74 &75 Walrond House, Matthias Road, N16 8BF:** Similar to the case above, where the Council enters into a lease of more than 7 years this constitutes a disposal for the purpose of Section 123 of the Local Government Act 1972 and the Council is required to demonstrate that it has achieved best consideration. 74 & 75 Walrond House Walrond House have been marketed for an extended period by a specialist Retail sector Agency. The proposal is the best all round offer the Council has received as a result of this campaign. A 15 year lease is required by the proposed tenant due to the level of investment that will be made in the 'fit-out' of the building, bearing in mon that these units have been provided to a basic shell & Core with Capped services standard and the tenant will be required to complete an extensive fit out including installation of services. The 15 year lease proposed will secure a tenant of good covenant securing a strong revenue stream for the duration of the proposed lease.

2.7 In common with Keltan House , the Council's Area Regeneration team have engaged with the proposed tenant to discuss their social value commitments and wider contributions to provide training and employment opportunities within the immediate area.

2.8 The Council's Area Regeneration team will be working on a memorandum of understanding to reflect these Council aspirations with regards to delivering wider social benefit, and to quantify the expectations of the proposed tenant's commitments.

3. <u>Recommendations</u>

3.1 That the schemes for Children and Education as set out in section 11 be given approval as follows:

Final Devolved Formula Capital (DFC) Allocation Capital Funding: Resource and spend approval of £416k in 2022/23 is requested for the

allocation of the Department for Education (DfE) grant to individual schools maintained by Hackney Council for 2022/23.

Ann Tayler Children's Centre: Virement and spend approval of £850k (£50k in 2022/23, £780k in 2023/24 and £20k in 2024/25) is requested to fund the new roof replacement at this children's centre.

3.2 That the scheme for Finance and Corporate Resources as set out in section 11 be given approval as follows:

Millfields Waste Depot: Resource and spend approval of £65k in 2022/23 is requested to enable Council officers to start Phase 1 of the remedial works at this site.

3.3 That the scheme for Climate, Homes & Economy (Non-Housing) as set out in section 11 be given approval as follows:

Cycle Hangers: Resource and spend approval of £2,835k (£70k in 2022/23, £945k in 2023/24, £945k in 2024/25, £875k in 2025/26) is requested to enable Council Officers to roll out a further 675 cycle hangers across the borough over 3 years, providing secure cycle parking for more than 4,000 bikes.

3.4 That the scheme outlined in section 12 be noted.

3.5 To approve the disposal by leasehold interest of the basement, part ground, first, second and third floors of Keltan House for a term of 15 years (as shown edged in red for indicative purposes only on the plan in Appendix 1).

3.6 To approve the disposal by leasehold interest of 74 &75 Walrond House for a term of 15 years (as shown edged in red for indicative purposes only on the plan in Appendix 3).

3.7 To authorise the Director of Legal Services to prepare, agree, settle and sign the necessary legal documentation to effect the proposed disposals and to enter into any other ancillary legal documentation required to complete the proposed disposal transactions.

3.8 To delegate authority to the Group Director of Finance and Corporate Resources to enter into a lease of 15 years, and to agree all other terms of the lease, provided that the requirements of Section 123 Local Government Act 1972 are met.

4. Reason(s) for decision

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

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

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

5. Details of alternative options considered and rejected

5.1 **Proposed Lease to Keltan House, 89-115 Mare Street, E8 4RT:** Letting of the building on a floor by floor basis has been considered but this is not considered to be viable because of the significant management cost (including a concierge, maintenance, and statutory compliance) and the much higher risk of voids.

5.2 The Council did consider a transaction with an alternative rent structure, where the base rent is lower than the market rent but the Council might receive a top up rent depending upon the tenant’s turnover. This option was rejected because the transaction proposed by this Cabinet report provides greater certainty of income. Predictability of income is of great importance to the Council.

5.3 A freehold disposal has been considered but is not recommended, because the property is a significant income generator and represents a strategic hold within the general fund. This is a position that both the Strategic Property team and Finance and Corporate Resources team informally keep under review.

5.4 **Proposed Lease of 74 & 75 Walrond House, N16 8BF:** Letting of the building as individual units has been considered, however it was concluded that the relatively poor retail profile and lower floor level of 75 Walrond house would detract from the overall value that could be obtained and would represent an increased risk of void costs with lower rental value forecast as it would be less attractive to retail tenants of good covenant. The present proposal provides a relatively secure income stream for the Council in the medium term.

6. Background

Proposed Lease to Keltan House, 89-115 Mare Street, E8 4RT (The Property)

6.1 The property comprises 30,000 square feet across the basement, part ground and upper floors of Keltan House; the majority of the ground floor is occupied by Mare Street Market (a Barworks subsidiary).

6.1.1 The Property was let to WeWork in 2016 and was completely renovated by the tenant to provide a combination of open plan workspace and smaller office suites. Without prior consultation with us, WeWork emptied the building of all members / sub-occupiers in September 2021. We were initially advised that this was a temporary cost saving exercise. However, WeWork's intentions to permanently close the building and seek a surrender of its lease with the Council became apparent in the following weeks.

Approach

6.1.2 Strategic Property Services consequently appointed a suitably experienced Commercial property agent to act for the Council in negotiating appropriate surrender terms with WeWork and finding a new tenant for the property. Our initial strategy was for our Agent to directly approach eight to ten established workspace operators on a strictly confidential non-disclosure agreement basis, in order to assess the level of interest and likely terms required by a new operator in the event that the WeWork lease is surrendered. Our Agent simultaneously engaged with WeWork to consider any proposals they had in terms of surrendering the lease, whilst maintaining the Council's primary position that WeWork could not simply walk away from their obligations.

6.1.3 The list of initial parties to be approached was compiled by the Councils Strategic Property Services team and our Agent, in conjunction with the Council's Area Regeneration team, and included consideration of operators listed on the Council's Approved Workspace Providers list as well as our collective wider knowledge of the key players in the market. A fundamental priority was finding an operator that could make a centre of this size financially and commercially viable, and meet rent and other lease commitments into the medium and long term. We also considered how these operators could contribute to the Borough's aspirations in terms of social value, such as equal opportunity and fairness, ambitions for net zero carbon and growing small businesses.

6.1.4 There was very strong interest in the property and a number of proposals were received and analysed. The assessment criteria included rental income; requirement for capital expenditure by the Council; tenant covenant strength; consequent asset value; experience and commercial viability; and economic and environmental impact. Terms have now been agreed with the strongest applicant, subject to contract.

Proposed Lease of 74 & 75 Walrond House, Matthias Road N16 8BF

6.1.5 The overall property comprises three ground floor retail units of 7,070 sq ft in total. Subjects of this report are Units 74 & 75 Matthis Road which make up 1,668 sq ft and 3,336 sq ft respectively. Unit 74 fronts onto Matthias Road, whilst Unit 75 Matthias Road, whilst adjoining, fronts onto a landscaped courtyard.

6.1.6 The Property was recently developed by Anchor Housing and comprised seventy two good quality flats, three retail units and a community resource centre located to the rear of the development. The three retail units replace ten smaller Hackney owned retail units which previously stood on the site. These small units struggled in this location and Anchor considered three medium sized units would prove more viable in today's market. Anchor provided a fund of £200,000 to be used to either fit out the premises or to use as an incentive for tenants to fit out the premises themselves. This enabled Hackney to offer the incentive of 19 months rent free to reflect the tenants investment in the premises, without direct loss or cost to the Council,

Approach

6.1.7 Strategic Property Services appointed a suitably experienced Retail Agent to market the property. Our initial strategy was to let the units individually, however the agents reported back on particular difficulties with letting of the units individually, outlining in particular the poor retail profile , column layout and lower floor level of the largest of the units, suggesting that the most suitable approach would entail letting of units 74 & 75 together as the combined floor area was attractive to national retailers seeking units of approximately 4,000 sq ft units. There was little local interest particularly due to the fit out requirements, in particular considering the requirement to raise the floor level in Unit 75 Walrond House and a requirement to remove a non structural wall between the units.

6.1.8 A fundamental priority was finding a retailer of sufficient covenant to make the investment in the fit out and meet ongoing rent and other lease commitments into the medium and long term.

6.1.9 There was very strong interest in the property and a number of proposals were received and analysed. The assessment criteria included rental income; requirement for capital investment by the Council; tenant covenant strength; consequent asset value; experience and commercial viability; and economic and environmental impact. Terms have now been agreed with the strongest applicant, subject to contract.

Outcome

6.2 The Council has agreed terms with a national retailer, subject to contract.

Policy Context

6.3 The report to recommend the Council Budget and Council Tax for 2022/23 considered by Council on 28 February 2022 sets out the original Capital Plan for 2022/23. Subsequent update reports considered by Cabinet amend the Capital Plan for additional approved schemes and other variations as required.

Equality impact assessment

6.4 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.

Sustainability and climate change

6.5 As above.

Consultations

6.6 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.

Risk assessment

6.7 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 2022/23 currently totals **£245.479m (£121.427m non-housing and £124.052m 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 2022/23 will total **£245.230m (£121.178m non-housing and £124.052m housing).**

Current Directorate	Revised Budget Position	July 2022 Cabinet	Updated Budget Position
	£'000	**£'000**	**£'000**
Chief Executive's	4,035	0	4,035
Adults, Health & Integration	30	0	30
Children & Education	15,670	(384)	15,286

Finance & Corporate Resources	61,704	65	61,769
Climate, Homes & Economy (Non-Housing)	39,988	70	40,058
Total Non-Housing	**121,427**	**(249)**	**121,178**
Housing	124,052	0	124,052
Total	**245,479**	**(249)**	**245,230**

7.4 **Proposed Lease to Keltan House, 89-115 Mare Street, E8 4RT:** This report seeks approval to grant a 15 year lease to a new tenant following the surrender of the current lease with WeWork. The proposed rental offer is considered reasonable and in line with market conditions. As the property is currently vacant there is a risk of substantial amounts of void costs; particularly relating to security and business rates (c.£317k pa) if we do not have a new tenant in place.

7.5 There will be reduced rental periods and a rent free period during the first 24 months, however, there will be no capital contribution requirements from the Council. The rental income will also be at a fixed rate every year with five year rent review, which gives the Council predictability over its forecasted income.

7.6 Details of the proposed lease, being commercially sensitive, can be found in the exempt appendix 2.

7.7 **Proposed Lease of 74 & 75 Walrond House, Matthias Road, N16 8BF:** This report seeks approval to grant a 15 year lease. The units are completed to a shell and core standard, prospective tenants are required to fit them out themselves.

7.8 There will be a rent free period for the first 19.5 months. However, there will be no capital contribution requirements from the Council. The rental income will also be at a fixed rate every year with five year rent review, which gives the Council predictability over its forecasted income.

7.9 Details of the proposed lease, being commercially sensitive, can be found in the exempt appendix 4.

8. <u>VAT implications on land and property transactions</u>

8.1 **Proposed Lease to Keltan House, 89-115 Mare Street, E8 4RT:**

Rent: There is an ‘option to tax’ on Keltan House so all rent will be taxable at the ‘Standard Rate’.

Rent Free Period: Since the Council has an ‘option to tax’ in place on Keltan House, if the tenant was doing something for the Council in return for any rent free period, for example undertaking works that were Council responsibility, there would be a risk that there is a barter in place. In these circumstances, the Council charges VAT on the ‘rent free’ period. However, where a ‘rent free’ period is given to a tenant and the tenant does nothing in return, for example where the ‘rent free’ is agreed as a market incentive, there is ‘no supply’ by the tenant to the landlord, and no VAT charge applies during the ‘rent free’ period.

8.2 **Proposed Lease of 74 & 75 Walrond House, Matthias Road, N16 8BF**

Rent: There is an ‘option to tax’ on 74 & 75 Walrond House, Matthias Road, N16 8BF so all rent will be taxable at the ‘Standard Rate’.

Rent Free Period: Since the Council has an ‘option to tax’ in place on 74 & 75 Walrond House, Matthias Road, N16 8BF, if the tenant was doing something for the Council in return for any rent free period, for example undertaking works that were Council responsibility, there would be a risk that there is a barter in place. In these circumstances, the Council charges VAT on the ‘rent free’ period. However, where a ‘rent free’ period is given to a tenant and the tenant does nothing in return, for example where the ‘rent free’ is agreed as a market incentive, there is ‘no supply’ by the tenant to the landlord, and no VAT charge applies during the ‘rent free’ period.

8.3 **Millfields Waste Depot:** On the basis that the Council is arranging for works to be undertaken VAT will be charged to the Council on the works. The Council owns the building and uses it for Council purposes. On this basis the VAT would be input tax for the Council and assuming the use by the Council is for non-business purposes the VAT should be recoverable in full. If there is any exempt use by the Council from the site then a proportion of the VAT incurred on the works will need to be included in the Council's partial exemption calculation. The original transaction "The Council gave Transport for London (TfL) land in full payment for them to build the depot". From a VAT perspective there is a barter transaction although no money changed hands the items did. From a VAT perspective the Council values the things moving between the parties and charges VAT. However, TfL barter "Millfield Depot" had a defect and they are now asked to put it right. The Council have decided to do the work, but from a VAT perspective this supply is still TfL supply (barter). Since, the Council has decided to do the work we, the Council, are acting as the contractor supplying TfL with construction work to put their barter right and as such we need to charge TfL VAT on the amount the Council recoups from them.

9. Comments of the Director of Legal, Democratic and Electoral Services

9.1 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.

9.2 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.

9.3 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 Councils' decisions. The Cabinet has to take decisions in line with the Council's overall policies and budget.

9.4 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

9.5 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.

9.6 **Proposed Lease to Keltan House, 89-115 Mare Street, E8 4RT and Proposed Lease of 74 & 75 Walrond House N16 8BF:** This report seeks authority to enable the disposal of leasehold interests for terms of 15 years. Section 123(2) and (7) of the Local Government Act 1972 provides that the Council cannot dispose of land for a term in excess of 7 years where that disposal is for consideration at less than best value that can reasonably be obtained on the open market without the consent of the Secretary of State.

9.7 The recommendation to grant long term leases of prime location property in the Borough is further supported by Section 1.1 of the Localism Act 2011 which grants every local authority the power to do anything which they consider is likely to achieve economic well being of the area. In this case ensuring that the property is a) not at risk of void periods which can result in illegal occupation and b) generating a market value income meets the criteria of the 2002 Act.

9.8 As the Director of Strategic Property Services has confirmed that these Properties have been marketed appropriately and these transactions represent the best financial outcome for the Council, the requirements of Section 123 have been met and there are no legal impediments to the grant of the leases for the required terms.

10. Comments of the Director of Strategic Property Services

10.1 I am satisfied that the property Keltan House, 89-115 Mare Street, E8 4RT and 74 &75 Walrond House Matthias Road N16 8BF have been marketed appropriately and that these transactions represent the best financial outcomes for the Council and the requirements of Section 123 have been met and there are no legal impediments to the grant of the leases for the required term.

11. Capital programme 2021/22 and future years

11.1 **Children and Education:**

11.1.2 **Final Devolved Formula Capital (DFC) Allocation Capital Funding:** Resource and spend approval of **£416k in 2022/23** is requested for the allocation of the Department for Education (DfE) grant to individual schools maintained by Hackney Council for 2022/23. The Department for Education allocates the Devolved Formula Grant annually to local authorities. The grant will be allocated to individual Local Authority schools based on the total number of pupils per school as at 1 April 2021. Every eligible school gets a fixed sum, and a variable amount based on pupil numbers. This investment will support the Government's priority to ensure that every child has the opportunity of a place at a good school, whatever their background. This year Hackney Council has been granted £416k to help maintain and improve the condition of school buildings and grounds. This capital funding helps to support Priority 1 and 2 Priority of the Council's 2018-2028 Sustainable Community Strategy 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth' and 'A borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life'. This approval will have no net impact on the capital programme as the resources are funded by grant.

11.1.3 **Ann Tayler Children's Centre:** Virement and spend approval of **£850k (£50k in 2022/23, £780k in 2023/24 and £20k in 2024/25)** is requested to fund the new roof replacement at this children's centre. This is a Council owned children's centre situated in London Fields provides full day care for children aged 0 to 4 years old. Following ongoing issues with roof leaks, reported over a number of years by the children's centre, a survey and a report was commissioned, which identified from the condition of the roof, that it had become life-expired, and required replacement. The current dilapidated condition of the roof, at times, with heavy rainfall, causes areas of the centre to be taken out of use, impacting on the occupants. A full replacement is required to ensure the integrity of the roof for the next 20 years. By undertaking this major investment, at this time, the Council will safeguard and enhance the asset value of the property. This will increase the environmental benefits to the occupants, and provide a wind and water tight building and we will also ensure where practical, the materials are used from sustainable resources, and also ensure the replaced roof meets the 'U' value requirements of the building regulations, which ensures a more energy efficient property is provided for future use reducing carbon values to meet the long term objectives of being carbon neutral objectives. 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 as the resources already form part of the capital programme.

11.2 Finance and Corporate Resources

11.2.2 **Millfields Waste Depot:** Resource and spend approval of **£65k in 2022/23** is requested to enable Council officers to start Phase 1 of the remedial works at this site. The existing Millfield waste depot was built between 2008 - 2010 for the Council by the Olympic Delivery Association (ODA). This was part of a complex set of arrangements between the ODA and the Council related to the construction of the Olympic park. In 2016 the Council undertook an extensive investigation into the potential ground defects to try and ascertain whether they were genuine construction defects or were due to acceptable levels of wear and tear. This detailed investigation would also determine if the issues would continue to get worse, the work needed to rectify them, and an initial cost estimate of this work. The Council appointed external specialists to investigate the potential defects. The potential defects investigated were as follows:

- Rutting/sinking of the surface in the heavy vehicle parking area along the eastern edge of the site
- Long continuous cracks in the heavy vehicle parking area, significant cavities in the subsurface, and the buckling of the boundary palisade fence, all of which are occurring along the eastern boundary
- The sinking and breakup of a significant area of the surface at the entrance to the depot.

Through a legal agreement with Transport for London (TfL), TfL have agreed to pay the Council £300k towards the rectification of a number of ground defects at the Millfields waste depot. To recover this money, the Council must prove to TfL that this money has been spent on the rectification works prior to January 2026. This project will be split into 2 phases:

- Phase 1 will cover the appointment of the professional advisers necessary to develop a detailed scope of works to rectify the defects and prepare the documentation required to go out to tender. A revised cost estimate of the works will also be produced.
- Phase 2 will cover the tender process, the appointment of a competent contractor and the carrying out of the works.

This approval is for the funding needed to deliver Phase 1. The intention is to appoint external professional advisers to provide project management and technical services for which the costs will be recoverable from TfL. Internal staff time to appoint and oversee these professional advisers is not recoverable but will be absorbed across the wider capital programme for Phase 1. It is estimated that this phase will take 18 weeks. Once Phase 1 has been completed, a subsequent further bid will be submitted for the funding needed to deliver Phase 2. The existing cost estimate for Phase 2 is between £800-£900k, however only once Phase 1 has been completed will a more accurate cost of the works and the time required to carry them out be ascertained. 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 externally funded by TfL.

11.3 **Climate, Homes & Economy (Non-Housing)**

11.3.2 **Cycle Hangers:** Resource and spend approval of **£2,835k (£70k in 2022/23, £945k in 2023/24, £945k in 2024/25, £875k in 2025/26)** is requested to enable Council Officers to roll out a further 675 cycle hangers across the borough over 3 years, providing secure cycle parking for 4000 bikes. Hackney Council has over the last few years installed nearly 650 cycle hangars across the borough. However, despite this work - which has seen the number of hangars increase by a third in the last two years - demand for the spaces has continued to far outstrip supply, and consequently the waiting list for a space stands at over 5,000 residents. The calculated waiting time for those on the waiting list today now stands at over 11 years, with many cycle hangars having a waiting list of over 40 residents, and space turnover averaging between one and two spaces per hangar per year. This capital expenditure for the provision of cycle hangars will:

- Help 4,000 residents currently awaiting a space on street and on estates obtain a space in a secure cycle storage;
- Reduce the resident waiting lists from 11 years to less than 2 years;
- Unlock significant cycling potential by removing a major obstacle to cycling more (the lack of storage for a bike in many people's homes); and
- Enable significant income growth that will ensure that future investment in new cycle hangars can be self-funded:
- Allow our residents to access a mode of transport that can save them significant amounts of their weekly budgets by lowering their transport expenses and help improve their health.

The hangars are sited in the carriageway and do not form an obstruction to the use of the footway. Each hangar typically replaces a pre-existing car parking bay. Locations are chosen to respond to demand and with an even spread across the borough to ensure equitable access to the scheme. Managing the cycle hangar scheme is resource intensive and the expected increase in delivery from 75 hangars per year to 225 would require appropriate resources to deliver. Scheme planning, procurement and public consultation and engagement will be carried out by a dedicated officer in the Council's Streetscene team, together with an additional officer in the Council's Parking team to lead on-site identification and installation. Both would be funded through this capital approval. The additional revenue generated by the growth of the scheme would be used in part to expand the customer service and engineering teams within Parking to meet this growth in service.

In order to support this business case, it is intended to seek approval from Cabinet for fee increases that will reduce the payback period to around 20 years, while ensuring that the council's commitment that the annual fee for rental of a cycle parking space remains lower than the lowest cost parking permit on both estates and on-street is delivered. If funding is agreed, the first step will be to tender for suppliers to bid for the provision of the hangars necessary to meet existing waiting list demand. It is anticipated that the size and length of the contract that Hackney would seek would drive down cost, and potentially deliver better value than the modelling assumptions used in this request, which are based around the current cost of the hangars installed in Hackney (£3,5k each). The conclusion of this procurement would allow hangars to be installed from 2023/24.

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' and Priority 5 'A borough with healthy, active and independent residents'. The current Hackney's cycle hangar scheme is self-funding with a large waiting list. This approval will have no net impact on the capital programme as it will be funded by earmarked discretionary resources held by the authority.

12. For Noting:

12.1 In June 2022, the Council was successfully awarded £700k external funding from the Greater London Authority Green and Resilient Spaces to fund the improvement works to the **West Reservoir in Woodberry Down**. A delegated powers report dated 29 April 2022 gave resource and spend approval to enable Council officers to proceed with the delivery of works to this site. The Council has accepted the grant agreement with the grant conditions. As a result **£700k in 2023/24** was approved to spend on this project. This capital funding aims to open up currently inaccessible waterside green space at West Reservoir for public access, allowing people to circulate around the perimeter of the water, as well as creating new reedbed habitats for wildlife. New bridges will link routes over the New River enabling more people to experience the natural and built heritage of the site. An improved open water swimming facility and other enhancements will also increase the number of visitors to the site. This builds upon the £1.6m Council's capital contribution for the improvement works at the West Reservoir Centre and £264k grant funding from the Department for Business, Energy and Industrial Strategy (BEIS) for the installation of a water source heat pump at the West Reservoir Centre approved by cabinet in May 2021. The milestones for this next phase of the improvements works is set out in the table below:

Milestone	Date	£'000
Procurement of Design Team	Aug 2022	120
Public Consultation & Engagement	Nov 2022	3
Planning Application Submitted	Feb 2023	4.5
Contractors Start on Site	Aug 2023	137.5
Hard/Soft Landscaping works complete	Nov 2023	435
Capital Works Complete Public engagement & volunteering activities on site	Mar 2024	0
Total		**700**

West Reservoir was built in 1833 to purify the New River and to act as a water reserve for London. The former filter house, now a water sports centre with a café, was built in the 1930s. The site has historical significance to the borough. The West Reservoir is owned by Hackney Council, but leased to the Council's Leisure Partner Greenwich Leisure Limited (GLL), who operate the site on behalf of the Council. GLL will continue to operate the site once the improvements have been made, and will use income from their water sports operation, event hire business and cafe to pay for the maintenance of the site. In addition, the project will develop a volunteer programme run by Hackney Council's new Volunteering Officer in partnership with London Wildlife Trust to assist in maintaining the newly opened green connection around the edge of the Reservoir. The Volunteering Officer will be paid from the Council's Parks and Green Spaces revenue budget.

The Council is committed to providing more green spaces for residents to enjoy, as well as helping to enhance and protect biodiversity. The Council wants to make West Reservoir a site that is more accessible and better used by the community, whilst enhancing its environmental sustainability and maintaining its uniqueness. This also demonstrates the Council's commitment to working towards addressing the impacts of climate change, poor health, increasing work opportunities and biodiversity loss. 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' and Priority 5 'A borough with healthy, active and independent residents'. This approval will have no net impact on the capital programme as it will be funded by grant.

<u>Appendices</u>

Appendix 1 - Site Plan for Keltan House, 89-115 Mare Street, E8 4RT

Appendix 3 - Site Plan 74 & 75 Walrond House, N16 8BF

Exempt Appendices

Appendix 2 - Exempt Keltan House, 89-115 Mare Street, E8 4RT

Appendix 4 - Exempt 74 & 75 Walrond House, N16 8BF

By Virtue of Paragraphs using Part 3 of schedule 12A of the Local Government Act 1972 this appendix is exempt because it contains information relating to the financial or business affairs of any particular person including the authority holding the information and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Background documents

None.

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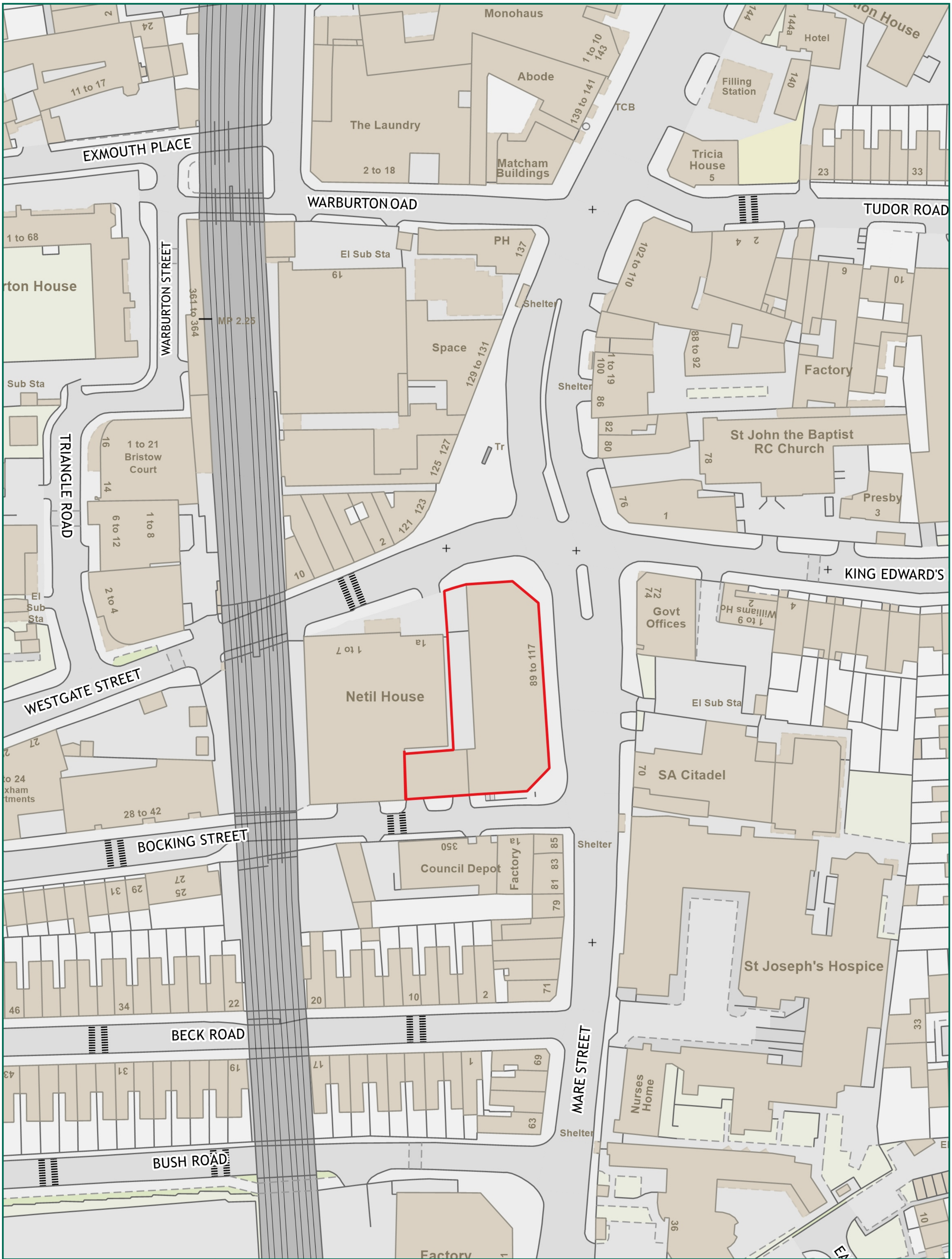

NORTH

Scale: 1:1250 at A4

Hackney

89-115 Mare Street, Keltan House

Ref:

Wednesday, June 8, 2022

Produced by: Strategic Property Services

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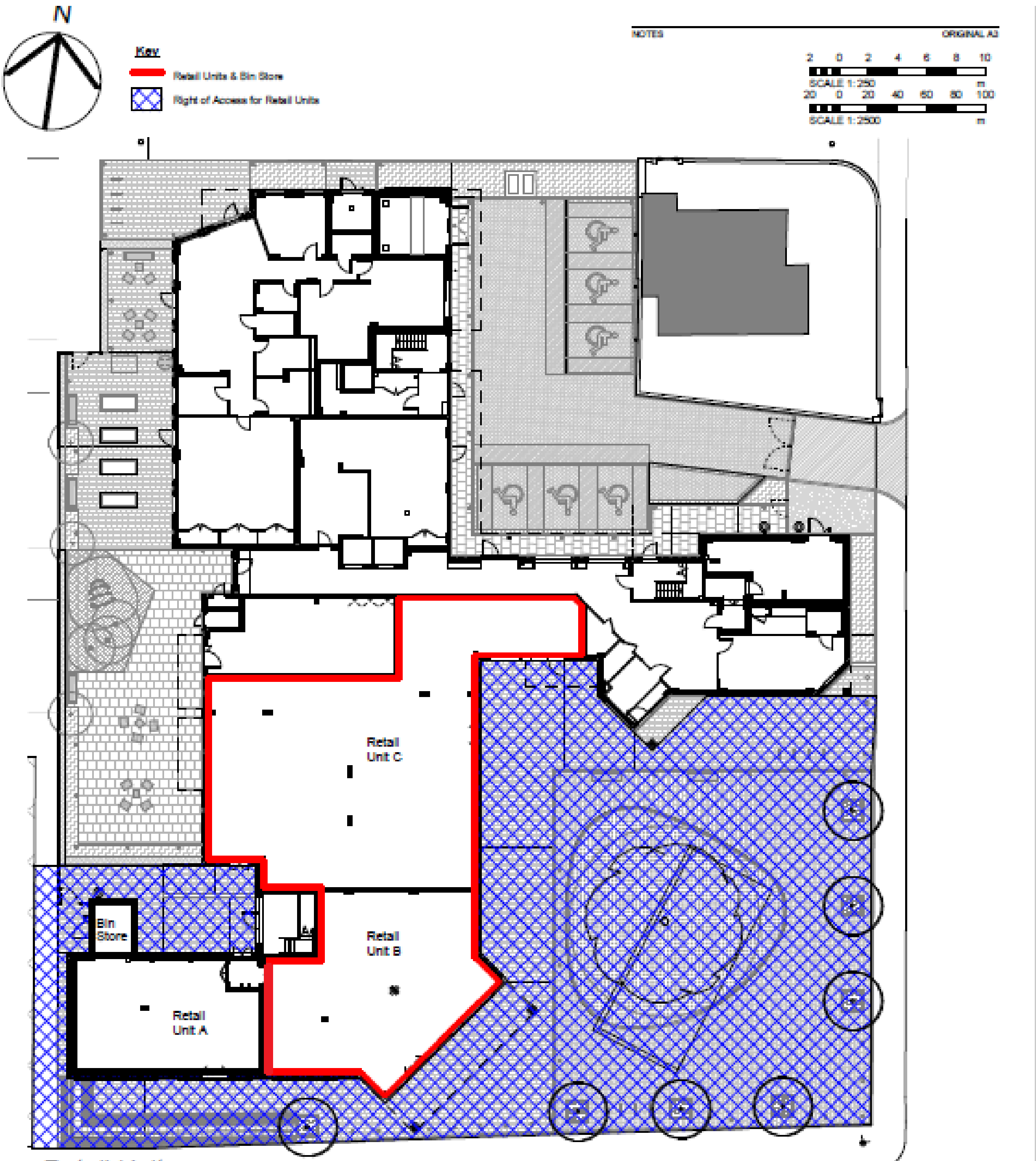

Retail Units

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Title of Report	**2022/23 Overall Financial Position - May 2022**	
Key Decision No	FCR SO83	
For Consideration By	Cabinet	
Meeting Date	18 July 2022	
Cabinet Member	Cllr Chapman, Cabinet Member for Finance	
Classification	Open	
Ward(s) Affected	All Wards	
Key Decision & Reason	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function
Implementation Date if Not Called In	26 July 2022	
Group Director	Ian Williams, Group Director of Finance and Corporate Services	

1. CABINET MEMBER'S INTRODUCTION

1.1 This is the first Overall Financial Position (OFP) report for 2022/22. It shows that as at May 2022, the Council is forecast to have an overspend of £7.4m on the general fund.

1.2 As can be seen in Table 1 below, the overspend relates to various pressures including: - Adult Social Care (primarily Care Packages and Provided Services), Climate, Homes and Economy (primarily Planning income); Strategic Property (rental pressures stemming from Covid 19 and the cost of living crisis); and one off costs of the Cyberattack (backlog clearance, system investment and income pressures). The cyberattack costs were anticipated and provided for in the 2022/23 Budget and by reserves set aside.

1.3 The Council's Corporate Leadership Team will be taking measures to reduce this overspend (see section 2.8), and its potential impact on future years, and will report back on progress in your September OFP report.

1.4 Both residents and the Council will continue to face significant financial pressures as the inflation surge is showing no sign of abating. In sections 2.11 to 2.21 below, a description is given of what the Council is doing to assist residents to manage the impact of the cost of living crisis. We will include this analysis in all the OFPs this year.

1.5 Inflation will impact on various components of many of the Council's services but in particular on those with significant energy, fuel and contract costs. Particular examples that have already emerged include increased fuel costs in areas such as Environmental Operations and SEN transport and inflationary pressures coming through from care providers. We are also likely to see considerable pressure as a result of 2022/23 pay negotiations.

1.6 Finally, whilst accepting that services face considerable pressure as a result of inflation and increasing demand etc, it is clear that we must continue to take all steps to mitigate the current forecast overspend. Last year we managed to bring the overspend down from £7.3m in August to £4.6m in March and whilst I look forward to seeing a similar outcome as management actions are made I recognise that it is not straightforward and we must not be complacent that the previous performance will be repeated.

1.7 I commend this report to Cabinet

2. GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES INTRODUCTION

2.1 The OFP shows that the Council is forecast to have an overspend of £12.9m after the application of reserves but before the application of the set asides and earmarked reserves as provided for in the budget. The application of these reduces the overspend to £7.4m.

2.2 It should be noted that we set the budget before we were hit by the cost of living crisis and the exceptionally high energy price increase. All councils are being affected by this. On 28th June, the cross-party Local Government Association (LGA) said local services that were seemingly secure just three months ago were now at risk of closure or cuts as councils scramble to manage an unforeseen £2.4bn rise in energy and pay costs. The LGA estimates that without adequate long-term funding – in effect a revisiting of the spending review settlement agreed last autumn – the collective increase in inflationary costs faced by English councils this year will be £2.4bn, growing to £3bn in 2023/24 and £3.6bn in 2024/25. It argues that these pressures, coming on the back of more than a decade of austerity cuts to local authority funding, pose a “serious risk to the future financial viability of some services and councils.

2.3 Despite these warnings from the LGA, it doesn’t look like we will receive additional funding from central government to mitigate the impact of inflation. In an interview with LGC in the week beginning 28th June, Michael Gove told councils not to hold on to "false hope" of additional funding to help with inflationary pressures. Additionally, the chief secretary to the Treasury said that “Councils facing inflationary pressures will need to tighten their budgets .... “the reality is that it will be necessary to prioritise services.”

2.4 In addition to the costs of inflation which were not budgeted for when the budget was formulated in January but are now included in the May forecast; non-inflation costs and demands have increased in various services, while some income streams have not recovered in line with expectations.

2.6 The main areas of overspend are: -

Childrens and Education (£0.844m) in the areas of Corporate Parenting (£0.143m), Access and Assessment (£0.201m), Looked After Children (£0.110m) and the Disabled Children’s Service (£0.123m).

Adults, Health and Integration (£4.913m) primarily in the areas of Care Support Commissioning (£2.715m), Provided Services (£1.807m) and Mental Health (£0.682m). This is partially offset by underspends in Preventative Services (£0.429m).

Climate, Homes and Economy (£1.153m) primarily in the area of Planning (£0.896m).

F&CR (£1.763m) primarily in Strategic Property Services (£1.1m) which is driven by a forecast increase in bad debts due to Covid19 (as some businesses are still struggling) and more recently, the macro-economic environment affecting consumer demand on businesses (which may potentially affect their ability to pay rent). There is also a £500k overspend in Housing Needs resulting from an increase in the number of hostels, and the increase in the need for 24 hour security

Cyberattack - One off cost of £4,244, which has been fully provided for by set asides and reserves in the 2022-23 Budget and in the 2021-22 closing process. The expenditure is primarily on additional staffing to work on the backlog resulting from the Cyberattack, and there is also the cost of systems recovery work in ICT and foregone income in revenues.

SEND - The forecast is a £5.4m overspend. The overspend is a result of a significant increase in recent years of children and young people with Education Health and Care Plans (EHCPs). There remains uncertainty around the treatment of this deficit post 2022/23. The brought forward SEND deficit in 2022/23 is circa £14m, based on current forecasts this will increase to circa £18.6m by the end of this financial year. This remains a risk for Hackney in the event there is no further funding provided by the Department for Education to mitigate this balance. Hackney is included in Tranche 2 of the Delivering Better Value (in SEND) programme which aims to help local authorities maintain effective SEND services, however the programme looks to provide assistance on deficit recovery actions rather than provide direct funding to address the deficit, hence the potential risk to the Council. It should be noted that this pressure is not included in the forecast because statute currently prevents us from funding it from the General Fund.

2.7 The forecast impact of the cyberattack and the inflationary pressures included in the report are estimates and we expect some revisions as we update the forecast during the year.

2.8 In order to address the overspend we will continue to undertake the measures we introduced in the Summer of 2021, which as Members will recall were successful. These include:

(a) Increased controls on non-essential spend (non-essential spend to be determined by Group Directors of their respective directorates)
(b) Increased controls on filling vacancies.
(c) Reduction in agency staff, for example, 20 per cent reduction on current levels.
(d) Additional controls over remaining agency spend (i.e. ensuring long-term agency staff are required to take equivalent leave of permanent roles and work a maximum of 36 hours a week).

We will report back on the forecast impact of these measures at the next OFP. Furthermore additional one-off provisions were made as part of the budget setting process in relation to demand-led pressures and pressure on suppliers as a result of the NIC increase. At this stage these have not been applied in their entirety to the overspend position. Further consideration will be given to this as we get a better picture of the forecast as the year progresses.

2.9 The Council faces considerable challenges in implementing the nationally negotiated pay deal for 2022/23 which is likely to impact our financial position, both in the current year and going forward. As has previously been advised in the 2022/23 Budget Report, the current year's budget factors is an assumption of a 2 per cent pay increase. Unsurprisingly given the cost of living pressures and the recent history of NJC union pay claims of 10 per cent, pay claims for 2022/23 significantly exceed the budget assumption:

2.10 To illustrate the impact of pay claims, a one per cent increase on the pay bill for the Council represents a total cost of approximately £2.56m (GF £2.11m + HRA £450k). The impact is proportionately greater for Hackney than any other London borough who responded to a recent Society of London Treasurers survey (25 respondents), likely because of the high level of insourced services in the borough. Having said that, other boroughs are likely to experience proportionately greater cost pressures from their contracted spend.

2.11 Looking beyond 2022/23 it is highly likely that pay claims will continue to exceed what is affordable for the sector with Government Funding unlikely to increase anywhere near enough to meet such increases or indeed other ongoing demand pressures.

2.12 This report also includes a proposal to implement the Government's new NNDR (Business Rates) discretionary relief scheme - the Covid-19 Additional Relief Fund (CARF) scheme. The government scheme requires local authorities to provide an allowance against ratepayer 2021/22 NNDR liabilities, rather than pay as a grant to businesses. The Government scheme seeks to support the main categories of business that have not previously received any local authority COVID-19 financial support. It will operate under Section 47 of the Local Government Finance Act 1988.

2.13 Full details of the proposal are given at Section 9

2.14 The report is late because of the need to properly reflect various exceptional factors and new emerging external information including government announcements as well as the ongoing impact of Covid19, the Cyberattack and the current wider economic situation. We also needed to include the CARF proposal (this is fully discussed below) which was not agreed until after the publication deadline was passed

2.15 The financial position for services in May is shown in the table below

Table 1: Overall Financial Position (General Fund) May 2022

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
95,015	**Children and Education**	844	0
125,220	**Adults, Health and Integration**	4,913	0
28,044	**Climate, Homes and Economy**	1,153	0
26,137	**Finance & Corporate Resources**	1,763	0
14,638	**Chief Executive**	5	0
52,651	**General Finance Account**	0	0
	Sub Total	**8,678**	**0**
	One Off Cyber Costs	**4,244**	**0**
341,704	**GENERAL FUND TOTAL**	**12,922**	**0**

Table 2: Funding

	Forecast Variance Before Reserves
	£000
GENERAL FUND TOTAL	12,922
LESS CYBER SET ASIDE	-2,500
LESS CYBER RESERVE	-2,000
LESS NATIONAL INSURANCE SET ASIDE	-1,000
NET OVERSPEND	**7,422**

2.16 It should be noted that we are forecasting full achievement of the 2022/23 budget savings and the vacancy savings, although CHE is looking at mitigating actions to offset the possible non-achievement of £165k vacancy rate savings in Community Safety, Enforcement and Business Regulation.

2.17 As well as the pressure the cost of living crisis puts on the Council’s finances we are also aware of the impact it is having on our residents, particularly coming off the back of the pandemic and we have developed an approach and series of initiatives to assist residents to cope with the cost of living crisis. The Council’s updated poverty framework which was adopted by the Council in March 2022 forms the basis of our response The framework has three priorities:

1. Prevention, early years and early help
2. Tackling low wages and cost of living
3. Responding to the material needs of poverty

2.18 The Poverty Reduction Framework identifies three specific areas of action to respond to the material needs of poverty and the cost of living crisis, that are built on making the best use of existing resources and ensuring any additional resources are directed as effectively as possible - these are emergency support, community partnerships and income maximisation.

2.19 In terms of emergency support, we are simplifying existing financial support provided to our residents, and improving reach and take up. This work includes a project team which will be testing and trialling:

- **A single point of entry,** where residents would only have to apply once to be considered for a range of financial support schemes.
- Use of our systems and data to **prompt proactive offers** of financial support, rather than waiting for residents to come to us. For example, targeting residents when they begin a Hackney Homes tenancy and need support with furniture costs; homelessness presentations; change in circumstances or significant benefits shortfalls
- **Reduction in evidence threshold** for applications to funds, or switch to using data we already hold rather than asking residents to resubmit
- **Simple multi-agency models** to provide holistic wrap-around support to residents receiving financial support, recognising that the request for financial support is an indication of wider need.

2.20 In addition, in April 2022, Government announced that Hackney would receive a further £2.8m Household Support Fund Grant which covers the period from April 2022 to September 2022. This grant is similar to what was the Covid Local Support Grant (previously Winter Grant), with similarly rigid restrictions on how the funding can be spent, which limits the potential. This time, the requirement is that the funding is spent 33% families with children (compared with 80%, then 50% previously), 33% pensioners (strictly those over the state pension age) and 33% is unrestricted. The Household Support Fund should primarily be used to support households in the most need with food, energy and water bills and the local response is:

- **Children and families 0-19:** Support primarily via vouchers for children on free school meals or those identified by local providers in the statutory and voluntary and community sector or Children's Centres (including the Orthodox Jewish community) and in local colleges - £65 will be awarded per child, £15 in May and £50 in summer.
- **Pensioners**: package of cash support for pensioners to help with food, fuel and essentials, designed with and working with a range of partners and also linked to the single point of entry outlined above.
- **Help with housing costs and bills for people at risk of homelessness or homeless**: in temporary accommodation, supported living or hotels - identified by Benefits and Housing Needs -support averages £244.

2.21 The Community Partnerships Network is a broad network of community organisations which was developed during the pandemic response as a way of building local systems of support which make the best use of available resources when responding to the needs of residents. By working together in partnership, the Community Partnership Network is better able to understand and respond to the needs of residents with material needs. We are now:

- Developing the Community Partnership Network to support community organisations to work in partnership to most effectively support residents
- Providing strategic and operational support to the local food response

From 2022/23, we are spending a greater share of the Community Grants budget, £1m out of a £2.5m budget in recognition of the impacts of the pandemic that have increased demand and we continue to work closely with advice providers to ensure that they are working preventatively to resolve issues for residents. We are also supporting residents who contact the Council to seek financial help (outlined above) to also maximise their income through benefits advice

2.22 We are also developing the support available for people to maximise their incomes through encouragement of wider benefits take up, as well as money management advice.

2.23 In terms of the financial support the Council is able to offer to residents through these processes £150,000 is set aside per annum through the Hackney Discretionary Crisis Support Scheme (HDCSS). In addition, we also support residents having temporary difficulty meeting housing costs through the discretionary housing payments (DHPs) and of course we have also rolled out the Government's scheme to support residents with rising fuel costs. Spend this year in these areas is as follows:

- DHP - £553k as at the end of June 2022;
- HDCSS - £33k as at the end of June 2022; and
- Standard £150 Council Tax Rebate paid to 41,628 households £6,242,700 and discretionary top-up £30 Council Tax rebate paid to 6,363 households £190,890 as at 27th June 2022.
- Discretionary Energy Rebate £193k

2.24 I propose to provide regular updates across these areas as part of the OFP report to Cabinet.

3. RECOMMENDATIONS

3.1 To approve the proposed Covid-19 Additional Relief Fund (CARF) scheme as set out in Section 9

3.2 To note the update on the overall financial position for May covering the General Fund and HRA

4. REASONS FOR DECISION

4.1 To facilitate financial management and control of the Council's finances and to implement the Covid-19 Additional Relief Fund proposal (section 9).

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This budget monitoring report is primarily an update on the Council's financial position. With regards to the Covid-19 Additional Relief Fund proposal we have no alternative but to implement a scheme as this is required by regulation. It has been designed to assist businesses worst affected by Covid-19 and to fully meet the Government regulations covering the scheme.

6.0 BACKGROUND

6.1 **Policy Context**

This report describes the Council's financial position as at the end of May 2022. Full Council agreed the 2022/23 budget on 2nd March 2022.

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 Cabinet Member for Finance, Heads and Directors of Finance and Service Directors through liaison with Finance Heads, Directors and Teams.

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, DEMOCRATIC AND ELECTORAL SERVICES

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 sets 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 The recommendation set out in paragraph 3 of this report is for Cabinet to approve the Covid-19 Additional Relief Fund (CARF) scheme.

8.7 The government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion on 25 March 2021 . The fund is available to support those businesses affected by the pandemic, but are ineligible for existing support linked to business rates.

8.8 The Government has provided guidance, the 'COVID-19 Additional Relief Fund (CARF): Local Authority Guidance' which is published alongside individual local authority allocations. The document provides guidance to local authorities regarding the operation and delivery of the policy.

8.9 The government has advised that the relief will be granted under Section 47A of the Local Government Finance Act 1988. The use of Section 47 allows the government to implement the new relief without any new legislation having to be passed.

8.10 Notice of award will be issued to all recipients under Section 2(1) (a) of the National Non-Domestic Rating (Discretionary Relief) Regulations 1989, along with notification that this award will be for 2021/22 and therefore removed from 1/4/22.

8.11 The scheme affects all wards and as a result falls within the definition of a key decision pursuant to the Council's Constitution. Therefore, it falls within the remit of a Cabinet decision. Cabinet is able to approve the recommendation set out in this report.

8.12 All other legal implications have been incorporated within the body of this report.

9. PROPOSED COVID19 ADDITIONAL RELIEF FUND (CARF) SCHEME FOR BUSINESS RATES

9.1 This report outlines the Council's proposal for a new NNDR (Business Rates) discretionary relief scheme called the Covid-19 Additional Relief Fund (CARF) scheme. The government scheme requires local authorities to provide an allowance against ratepayer 2021/22 NNDR liabilities, rather than pay as a grant to businesses. The proposed scheme seeks to support the main categories of business that have not previously received any local authority COVID-19 financial support.

9.2 The amount of grant we will receive is £9.485m. Almost all will be fully allocated but a small balance will be kept in reserve to address any subsequent changes in liability in 2021/22 that would result in a change in the eligible allowance amount and for any new liabilities meeting the eligible criteria that are subsequently created or identified. If the balance is not fully utilised towards the end of the qualifying period (likely to be 30 September 2022), the Council will look to apply the balance as an additional relief to qualifying properties, based on a percentage of net 2021/22 NNDR liability.

9.3 In addition we will receive a new burdens grant but the allocation of this has not yet been determined.

9.4 The Government has advised that the CARF scheme will operate under Section 47 of the Local Government Finance Act 1988. This section allows the government to implement NNDR changes without having to raise new legislative provisions through Parliament. As Section 47 is technically a discretionary provision, local authorities are required to set up their own local schemes.

9.5 The government guidance states that local authorities have discretion to provide NNDR relief (not cash grants) to businesses in relation to the 2021/22 liability year. The only conditions being that a local authority must:

- not award relief to businesses that have received Extended Retail Discount (a NNDR discount covering Retail, Hospitality & Leisure) or which have received the Nursery Discount.

- not award relief to a property for a period it was unoccupied.

- direct support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to the impact.

- not award to properties where the council is the ratepayer

9.6 For the reasons given above, it is proposed to identify properties who have not received any relief from previous schemes, and with a business rates charge payable for 2021/22. These will be eligible for the new scheme allowance. It is further proposed that only businesses that remain in occupation of their properties at the end of 2021/22 (i.e. 31/3/22) are included within the scheme's eligibility criteria.

9.7 CARF will be awarded to all qualifying businesses that have been impacted by the Covid outbreak. The Business Rates Manager has carried out a detailed analysis of the current rating list and identified properties that will be liable for the relief. As per the regulations, any recipients of extended retail relief or nursery relief have been removed along with those premises which are unoccupied. The Hackney scheme will also not make payments for car parking spaces and advertising rights. The guidance also states that we cannot award a relief where the business rates account does not have a financial balance after the application of other reliefs / discounts. Properties receiving small business relief already receive a 100% discount and will therefore be excluded from this relief.

9.8 The **proposed scheme** is as follows:

- 100% to qualifying businesses with a rateable value between £1 and £15,000 (approx 1,246 assessments) with a relief value of c £3.3m

- 40% to qualifying businesses with a rateable value between £15,001 and £51,000 (approx 1,189 assessments) with a relief value of c £5.6m

- 10% to qualifying businesses with a rateable value over £51,000 (approx 175 assessments) with a relief value of c £802k

The administration of the relief will be addressed via the government's Business Rate Retention scheme within their NNDR3 Return. On Account Section 31 payments will be provided by the government to protect authorities' cashflow and New Burdens funding will be provided by the government to support the Council's costs in administering the scheme.

9.9 The final figure will be adjusted prior to awards being loaded using the latest data to maximise distribution of funds against the net 2021/22 NNDR liability of qualifying properties that meet the scheme's eligibility criteria. (i.e. after other mandatory and discretionary relief), without exceeding the government's funding allocation. A small balance will be kept in reserve to address any subsequent changes in liability in 2021/22 that would result in a change in the eligible allowance amount and for any new liabilities meeting the eligible criteria that are subsequently created or identified. If the balance is not fully utilised towards the end of the qualifying period (likely to be 30 September 2022), the Council will look to apply the balance as an additional relief to qualifying properties, based on a percentage of net 2021/22 NNDR liability.

9.10 It is assumed that all identified businesses will have in some way been adversely affected by the pandemic. The guidance makes it clear that local authorities can award the relief without an application process. To ensure businesses receive the relief as soon as possible it is therefore proposed to automatically award the relief to all eligible properties.The Council will at the same time write to each business requiring businesses to confirm if they have not been adversely affected by the pandemic and / or have exceeded the Subsidy Control limitation (see below for an explanation of this). This process will avoid the resource and time implications of trying to administer some 2,600 applications. Additionally, the proposed scheme enables an accurate assessment of relief to be granted, therefore ensuring that our potential funding allocation is fully utilised and not exceeded (any excess cost would need to be met by the local authority).

9.11 Alongside the automatic application the Council will run an application process so that businesses have an opportunity to make an application for CARF.

9.12 The Government guidance advises that Subsidy Control (formerly State Aid) will apply to this relief through the Small Amounts of Financial Assistance Allowance and the Covid-19 Additional Relief Fund Allowance, which in turn means that businesses can receive the CARF allowance providing the business has not received more than £2,243,000 in State Aid / Subsidy Control within the last 3 years. Further, a business that has exceeded this limit could still receive a further £10m if it meets specific Subsidy Control eligibility criteria under the Covid-19 Additional Relief Fund Further Allowance element of Subsidy Control. Businesses will be informed on these criteria and advised they must inform us should these levels be exceeded.

9.13 The inclusion of all three elements of Subsidy Control mean that it is very unlikely that many or any businesses will exceed the Subsidy Control limits. However, the guidance advises that we must ask businesses to notify local authorities if they are in breach of the Subsidy Control limitation, i.e. the Council does not need to seek a response from the business confirming Subsidy Control compliance , only if they are in breach of the limitations. This is important for an administrative point of view due to the number of businesses affected. Information on Subsidy Control will be included as a request in the above-mentioned letter to the businesses.

10. CHILDREN AND EDUCATION

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
95,015	Children and Education	844	0

10.1 **The Children and Families Services (CFS)** are forecasting a £0.844m overspend as at the end of May 2022 after the application of reserves totalling £4.7m and after the inclusion of the Social Care Grant allocation of £8.5m. As has been the practice since the grant was announced in 2019/20, the Social Care Grant allocation for both children's and adult social care has been split equally across both services. This financial year the Council has received a total of £17m this year, which represents a £4.3m increase on the previous year. Children's Services and Adult Social Care have each been allocated £8.5m respectively, and this has been fully factored into the current forecast.

10.2 There is a gross budget pressure in staffing across CFS of £3.0m, and this includes the £1.3m that was added into the budget in 2019/20 to create permanent posts linked to the Social Care Grant. Following the Ofsted inspection in November 2019, £1.6m of non-recurrent funding was agreed for 2020/21 to increase staffing levels to manage demand alongside additional posts to respond to specific recommendations from the inspection. In 2021/22, this additional £1.6m of staffing resource was funded from the corresponding increase in the Social Care Grant allocation. This resource continues to be factored into the forecast, however this is not sustainable and a review has commenced by the Group Director and Director and will form part of the wider review of the service. The expectation is that this will be completed in the current financial year.

10.3 The main areas of pressure for CFS continue to be on looked-after children (LAC) and leaving care (LC) placements costs. Corporate Parenting is forecast to overspend by £0.14m after the use of £2m commissioning reserves, largely driven by a change in the profile of placements linked to the complexity of care for children and young people coming into the service.

Similarly, Looked After Children & Leaving Care Services is expected to overspend by £0.12m after the use of £0.6m reserves, and this relates to an increase in commissioning costs and some staffing costs pressures linked to additional posts and agency staff usage. Recently, we have seen a reduction in residential placements down to 33 which is the lowest since December 2019. We are expecting a further 5 young people to step down from residential placements in the next six months.

10.4 Disabled Children's Services are forecast to overspend by £0.12m after the use of £0.5m reserves, and this is largely due to an increase in demand for placements in direct payments (including short breaks) due to higher usage amongst families to prevent placement breakdown.

10.5 The Access and Assessment and Multi Agency Safeguarding Hub have an overspend of £0.2m primarily related to increased staffing costs for maternity cover and agency premiums due to a significant proportion of Social Workers leaving the Council towards the end of the last financial year. The Workforce Development Board has a rolling Social Worker recruitment process which should address the agency premium costs, providing successful permanent appointment of candidates.

10.6 Directorate Management is forecasting an overspend of £0.1m due to additional in-house legal support to reduce external legal costs across the service. This approach is being piloted by the service to reduce the reliance on external legal support which is significantly more expensive.

10.7 **Hackney Education (HE)** is forecast to overspend by around £4.7m - this represents a total forecast overspend of £5.9m offset by mitigation underspends of £1.2m across the service. The main driver is a £5.4m forecast overspend in SEND. Other areas of overspend are within Education Operations for the Tomlinson Centre (£0.2m) and Children's Centre income collection (£0.3m), and both overspends are as a result of reduced usage for services post-pandemic. The overspend in SEND is a result of a significant increase in recent years of children and young people with Education Health and Care Plans (EHCPs), and this increase is expected to continue in 2022/23. SEND Transport has had corporate budget growth awarded to the service of £1.1m this year, however the service is still forecasting a £0.7m overspend. This is partly due to increased activity coupled with increased fuel prices. Given the volatility of fuel prices, this area will be monitored closely throughout the year.

10.8 **Savings for Children's Services** includes £200k for Clinical Services from increased contributions from NEL CCG towards health costs within the service; £100k from joint funding towards complex health and social care packages; and a review of early help services designed to reduce costs by £350k this year. All of these savings are on track to be delivered this financial year, and are factored into the forecast.

10.9 Savings for Hackney Education are £117k to be delivered from merging the HE reception with the HSC, and a review of traded teams. This saving is on track to be delivered this financial year.

10.10 **A vacancy rate savings** target of £1.754m has been set for the directorate in 2022-23 (£0.9m for Children and Families and £0.854m for Education) and the forecast assumes that this will be achieved. Progress against the target is carefully monitored and tracked by the C&E Senior Management Team and this will continue to be monitored closely and reported through this monthly finance report.

10.11 Many of the **financial risks** to the service that were present in 2021-22 continue into 2022-23. One of the main risks for the directorate is the cost of living and fuel price crisis, and the potential impact that it will have on the cost of service delivery going forward. It is difficult to estimate the impact that the cost of living crisis will have across services, however we can expect care providers to seek greater inflationary uplifts to care placements than in previous years. In Education, the trend data does illustrate that taxi fares within SEND transport are experiencing increased rates for journeys.

10.12 In respect of SEND, there is also uncertainty around the DSG high needs deficit and the treatment of any deficit post 2022/23. The brought forward SEND deficit in 2022/23 is circa £14m, based on current forecasts this will increase to circa £18.6m by the end of this financial year. This remains a risk for Hackney in the event there is no further funding provided by the Department for Education to mitigate this balance. Hackney is included in Tranche 2 of the Delivering Better Value (in SEND) programme which aims to help local authorities maintain effective SEND services, however the programme aims to provide assistance on deficit recovery actions rather than provide direct funding to address the deficit, hence the potential risk to the Council.

10.13 Management Actions to reduce the overspend, in addition to budgeted savings, further cost reduction measures have been developed for 2022/23. For CFS, management actions of £1.5m have been identified. These include reductions in the number of residential placements (£1m); forensic review of the top 20 high cost placements (£0.3m); placement management business support review (£0.1m); and review of agency spend through tighter controls with the Head of Service and greater challenge through WfDB (£0.1m).

11. ADULT, HEALTH AND INTEGRATION

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
125,220	Adults, Health and Integration	4,913	0

11.1 **Adult Social Care** is forecasting an overspend of £4.9m after the application of reserves of £1.6m and the inclusion of the Social Care Grant allocation of £8.5m. This compares to a 2021/22 outturn position of £4.1m overspend. As has been the practice since the grant was announced in 2019/20, the Social Care Grant allocation for both children's and adult social care has been split equally across both services. The Council has received a total of £17m this year, which represents a £4.3m increase on the previous year. Children's Services and Adult Social Care have each been allocated £8.5m respectively, and this has been fully factored into the current forecast.

11.2 Care Support Commissioning is the main element of the overspend in Adult Social Care, with a £2.7m pressure. This service records the costs of care for service users with the overspend reflecting both inflationary pressures from providers of care and the increased complexity of care packages being commissioned. The forecast includes assumed NHS support of £1m towards ensuring efficient discharge of people from hospital and a total of £9.1m towards funding care costs for service users with learning disabilities.

11.3 Provided Services are forecast to overspend by £1.8m against a budget of £7.8m. The £1.8m overspend is made up primarily of an overspend on Housing with Care (HwC) scheme costs of £2.2m offset by underspends on day services of £0.4m. This HwC forecast overspend of £2.2m reflects both the impact of £1m of savings from 2021-22 and 2022-23 not yet forecast to be realised within this service as well as high levels of staff sickness and the service engaging agency staff to cover these roles alongside additional capacity required to maintain the service. This service benefited in 2021-22 from a variety of grants which are not expected to continue into this year. The day service underspend of £0.4m includes £0.2m underspend on staffing related to Oswald Street day centre which continues with a limited number of service users as a result of upgrades required to the ventilation system.

11.4 Mental Health is forecast to overspend by £0.7m. There is a forecast overspend in the cost of care for mental health service users of £0.8m offset by an underspend against staffing budgets of £0.1m.

11.5 Preventative Services are underspending by £0.4m against a budget of £6.6m. This is primarily attributable to the interim bed facility at Leander Court (£0.3m) and Substance Misuse (£0.3m) linked to lower than expected demand for rehab placements. In addition the Carers' services reflect an underspend (£0.2m) due to a significant reduction in carers' assessment activity linked to the Covid-19 pandemic. These underspends offset the additional pressure of £0.4m of the Integrated Discharge Service which continues to operate with additional capacity to ensure discharge from Homerton hospital is maintained.

11.6 Care Management and Adult Divisional Support is forecast to overspend by £0.1m. The Integrated Learning Disabilities team has a forecast staffing overspend of £0.2m related to maintaining capacity due to staff absences.

This overspend is offset by underspends against other staffing teams in this service.

11.7 This directorate is coordinating the council response to the Homes for Ukraine scheme enabling Hackney residents to offer a home to people fleeing Ukraine. There is government support for the costs being incurred under this scheme and so no cost pressure of the scheme is currently forecast. This will continue to be carefully monitored.

11.8 **Public Health** is forecasting a breakeven position.

11.9 Cyberattack. There is a clear project plan to restore the social care system as well as an interim system that has been developed by ICT. In addition to the total overspend noted above, there is a one-off cost cyberattack cost of £0.2m reflecting the cost of additional staff to monitor and capture the cost of any additional demand for care, as the social care system (Mosaic) which holds and records this information remains inaccessible.

11.10 **Savings** for Adult Social Care are £1.45m 2022/23. The savings are related to efficiencies of housing-related support contracts (£650k); the promotion of direct payments (£50k); and increased care charging (£250k). All of these savings are on track to be delivered this financial year, and are factored into the forecast. Savings plans related to Housing with Care schemes (£500k) have not been developed sufficiently to deliver this amount in year. The savings against Housing with Care schemes is part of £1m of wider savings across 2021/22 and 2022/23. There will be part mitigation (£400k) by further efficiencies within housing related support contracts this year but this currently results in a real cost pressure this year of £600k. Contract negotiations are currently underway with commissioned providers, and the service is confident that further mitigations will be identified throughout the year.

11.11 Public Health has savings of £0.5m to deliver through a review of public health activities that deliver outcomes for the Council. This saving is on track to be delivered this financial year.

11.12 **A vacancy rate savings target** of £0.453m has been set for the directorate in 2022/23 and the forecast assumes that this will be achieved. Progress against the target is carefully monitored and tracked by the AH&I Senior Management Team and this will continue to be monitored closely and reported through this monthly finance report.

11.12 Reforms related to the cost of care and care-market sustainability present a significant financial **risk**. The risk relates to the impact of changes to the cap on care costs changing (both an annual cap and a lifetime cap) and the ability of more people becoming eligible to seek support for care costs from the council. The financial size of this risk is being evaluated. The council has been allocated £948k of funding towards market sustainability in 2022/23 - most of which will be passed onto providers of care and £116k to begin planning and preparations for charging reform.

11.13 Another risk for the directorate is the cost of living and fuel price crisis, and the potential impact that it will have on the cost of service delivery going forward. It is difficult to estimate the impact that the cost of living crisis will have across services, however we can expect care providers to seek greater inflationary uplifts to care placements than in previous years.

11.14 The current forecast includes only existing service users and does not include any potential costs arising from additional demand above estimated initial demographic growth assumptions. Year-on-year, the forecast increases by approximately 10% which represents an additional cost in the region of £5m and this is factored into the forecast as it materialises.

11.15 **Management Actions to reduce the overspend,** in addition to budgeted savings, further cost reduction measures have been developed for 2022/23. For Adult Social Care, management actions of £1m have been identified. These include continuation of the multi-disciplinary panel process (£0.25m); working with ELFT to manage the Mental Health overspend (£0.35m); double handed care package review (£0.2m); direct payment monitoring of accounts (£0.1m); and review of agency spend through tighter controls with Head of Service and greater challenge through the Workforce Development Board (£0.1m).

12.0 Climate Homes and Economy (CHE)

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
28,044	Climate, Homes and Economy	1,153	0

12.1 The directorate is forecasting an overspend of £1.153m, with the main areas of overspend being in Planning, Community Safety, Enforcement and Building Regulation, and Environmental Operations.

12.2 Planning Services are forecasting a £0.9m overspend, mainly relating to a continued level of income below the budget. The underlying overspend in Planning Services is primarily related to Planning Application fees and Building Control fee income, which has seen a steady decline over the past three years. . 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 3 - 4 years. This has further resulted in a reduction in the CIL and s106 income due to delays of schemes starting construction. There has been an increase in Planning Performance Agreement income which is now meeting its budgeted income levels.

12.3 Despite a 20% uplift in planning application fees four years ago, the income has consistently fluctuated between £1.5-£1.7m in the following 3 years and there was a further decline to £1.3m in 2021/22. The income target was reduced by £500K as part of the budget in 2022/23 but with a budgeted income target of £2.2m and a plateau in the housing market, this level of income is still not forecast to be achieved. The £2.2m includes the income target for minor applications which is also forecast not to be achieved, and 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. Building control has a shortfall of income of £140k. In addition, income from s106 agreements. Included in this income is an allowance administration and so the administration allowance income has also been reduced by £100k.

12.4 The Head of Planning has worked with finance to undertake a review of the service to address the cost pressures in the service. The review is now complete and the report recommendations bringing the Planning budget into balance over the medium term are being implemented. This includes an allocation from reserves to mitigate part of the overspend as agreed with the Section 151 Officer which is being considered as part of the closing of accounts.

12.5 Community Safety, Enforcement and Business Regulation (CSEBR) is forecasting an overspend of £165k. This overspend is due to the ongoing requirement to deliver the vacancy factor savings in the service. As vacancies arise, these need to be filled in order to maintain service standards. All the enforcement teams are fully staffed and there is maternity leave to cover. In addition, the service is retaining a post to cover COVID-19 related administration. The Head of Service is undertaking a budget review over the next month to identify opportunities to mitigate the overspend.

12.6 Environmental Operations is forecasting an overspend of £84k, this is due to cost pressures across the service in relation to staff and fuel costs. There are two major cost risks within the service which may impact the forecast throughout this year; these are the continuing delivery of the vacancy factor and the rising costs of fuels and utilities. The Head of Service is developing a number of proposals to improve the efficiency of service operations to deliver the vacancy factor saving without adversely impacting the service. There is a pressure on budgets due to the rising inflation of the cost of utilities and vehicle fuel, which significantly impacts this service as the Council's biggest user of vehicles. Commercial waste income streams are nearly at the pre pandemic levels to mitigate the impact of these cost increases. A detailed review of the budget lines will be undertaken over the coming month to quantify the risks and identify mitigations to reduce the overspend.

12.7 While Streetscene is forecasting revenue in line with budget, there is a significant risk that needs to be addressed. The recharge to capital is reliant on TfL funding, which has only been agreed until the end of June 2022 and is much less than prior years; this results in a £685k pressure on staffing which may not be covered by recharges to capital projects. The Head of Streetscene is keeping a watching brief on the TfL funding availability to ensure that the service can respond quickly to funding announcements and maximise the amount of money to fund schemes across the borough.

12.8 In addition to the total overspend noted above, there is a one-off shortfall of £185k in land charges income which is due to the continuing impact of the Cyberattack on the service.

12.9 The directorate is on target to achieve its **Savings** plans, including the vacancy factor of £2.9m. However, the staff saving in CSEBR has impacted the delivery of the ongoing vacancy factor savings by £165k. The Head of Service is reviewing budget lines to identify non-essential spend savings to mitigate the overspend.

12.10 The main **financial risks** are: inflation on vehicle fuel (£0.3m); decline in TFL funding impacting Streetscene (£685m); and delivery of vacancy savings in Environmental Operations (£500k).

12.11 There is also another inflation risk which may impact the Council's outturn position. The increasing costs of utilities is impacting the costs of running our Leisure Centres. GLL currently manages our Leisure Centres at nil management cost, indeed prior to the pandemic the Leisure Management Partnership delivered a small surplus which has been used to meet the Council's landlord responsibilities in respect of the buildings. The dramatic increase in utility costs, particularly gas, has resulted in a forecast overspend on utilities of £1.8m which would move the contract into deficit position and may require funding from the Council. The Head of Leisure and Green Spaces is working with GLL to identify options to mitigate the impact of this pressure on the Council's budget.

12.12 **Management Actions to reduce the overspend include** Heads of Services reviewing their overspends and working to identify strategies to mitigate the level of overspend. Strategic Directors will review all service areas to hold non essential spend to mitigate the overspending areas. These will be reflected in future forecasts.

13.0 F&CR

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
26,137	Finance & Corporate Resources	1,763	0

13.1 F&CR are currently forecasting an overspend of £1.763m after a reserve drawdown of £664k.

13.2 Property Services are currently forecasting an overall overspend of £1m which mainly relates to the underachievement of commercial income targets.

Commercial Property is forecasting an overspend of £0.96m which relates to the under-recovery of income. The Head of Service has highlighted a high risk of tenants negotiating more rent free periods and deferred rent as the market is still very fragile and believes the pressure here could increase further. The main assumptions for under recovery are due to Covid19 (as some businesses are still struggling) and more recently, the macro-economic environment affecting consumer demand on businesses (which may potentially affect their ability to pay rent).

Corporate Property and Asset Management (CPAM). The remainder of the overspend primarily relates to posts being over budget as they are filled by temporary staff. The service is currently working to reduce this by starting the recruitment process into their new structure by December.

Education Property is currently forecasting an underspend of £131k as a result of a reduction of the forecast payments to consultants.

13.3 Housing Needs is currently forecasting an overspend of £0.5m after a reserve drawdown of £0.5m. Pressures on security costs as a result of London Living Wage (LLW), an increase in the number of hostels, and the increase in the need for 24 hour security make up the £0.5m overspend. There are pressures within temporary accommodation net rental expenditure, however, at this point it is expected that this can be absorbed within the Homelessness Prevention Grant funding received for 2022/23. However, there are risks that it will become increasingly difficult to place residents in Inner London accommodation, resulting in out of London placements, which have a higher net expenditure which could impact this forecast. Additionally, it is expected that nightly paid accommodation costs will increase due to the current increase in the costs of living.

13.4 ICT is currently forecast to overspend by £0.3m**,** which is due to the ongoing costs of Amazon Web Services and an overspend in Hackney Education ICT.

13.5 The forecast of one-off Cyberattack costs is £3.830m. As noted above, we have provided for this through set asides and reserves in the 2022-23 Budget and in the 2021-22 closing process. The costs are across the following services::

Housing Benefits is currently forecasting an overspend of £1m as a result of the additional agency staff required to work on the backlog of work as part of Cyberattack recovery (initially 7,700 cases of under/ overpayment of benefits, reduced to 5,000).

There is a risk that there will be a deficit on the Net Cost of Benefits (NCOB) for 2022/23 resulting from the Cyberattack and Covid19 which produced a backlog of cases and delayed the recovery of overpayments. NCOB is the difference between what we pay out in Housing Benefits and what we receive back from the Government through subsidy. Because of the backlog there is a risk that we may lose housing benefit subsidy as we are likely to breach the subsidy error threshold (over a certain error level - the threshold - subsidy is reduced). This pressure is subject to ongoing review and could change significantly (up or down) as we get more up to date information throughout the year. The backlog has also prevented us from taking recovery action to recover overpayments, which has added to the NCOB deficit. Currently we estimate that there will be a deficit of £3m which we provided by means of a *provisio*n set up when we closed the 2021-22 Accounts.

Revenues are currently forecasting a cyberattack overspend of £1.8m. The overspend relates to the following:

- £1m off-site resources required to access and process the backlog of outstanding work across Council Tax and Non Domestic Rates using the Council's existing software systems Comino (document imaging) and Academy (revenues system) due to the Cyberattack and Covid..
- £0.3m relates to the ongoing need for additional staff in the Customer Services Contact Centre who are working on the increase in the level of customer calls relating to council tax as a result of the Cyberattack.
- The remaining £0.5m relates to lost income in court costs as a result of the Cyberattack, which has significantly reduced legal action across the service. The expectation remains that legal action will not re-commence until the second half of the 2022/23 financial year.

ICT Corporate is currently reporting a forecast overspend of £600k for Cyberattack recovery projects

There are also smaller overspends inFinancial Management and Control due to the costs of a Project Accountant to assist with tracking and monitoring Cyberattack to the costs of a delay in the debt team realignment as a result of the Cyberattack;

13.6 The Directorate is budgeting to make £2.17m **Savings** in 2022-23. All of these are either achieved or are in progress. Full achievement is currently forecast.

13.7 The major **risk** relates to the net cost of benefit as noted above. We have created a £3m provision but this could increase during the year. Other Cyberattack and Covid19 costs are also estimates that could vary during the year.

13.8 **Management Actions** to reduce the overspend include an exercise by all senior managers to review their overspends and work towards a strategy to reduce them. Progress will be monitored and reviewed within the monthly monitoring meetings and the resulting strategy will be set out in this report once formulated.

14.0 Chief Executive

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
14,638	Chief Executive	5	0

14.1 The Chief Executive's Directorate is forecasting an overspend of £5k following the use of £1.6m of reserves. This is broadly a breakeven position and there are no variances of significance across the service.

14.2 The directorate is on target to deliver the approved **Savings** including the vacancy factor.

14.3 The two **major risks** are: not achieving budgeted income from venues operations due to the impact of the cost of living crisis (target is £538k); and not achieving the external income target of £500k in legal services which is linked to the slowdown in the development activity across the borough reduced external legal income generated from capital recharges, property and S106 agreements. . In 2021-22 this income target was not achieved and this may continue throughout 2022/23.

14.4 **Management Actions** to reduce the overspend. Whilst the directorate is not forecasting an overspending position, the Directors will undertake a detailed budget review over the summer to identify opportunities to reduce reserved use and mitigate any potential income shortfalls that may arise as the year progresses.

15.0 HRA

15.1 The HRA is forecast to come in at budget despite a forecast overspend in net operating expenditure of £5.789m. The forecast overspend is being met by a reduction in Revenue Contributions to Capital Outlay (RCCO). We are able to use £5.789m of the £10.712m RCCO budget to mitigate the overspend because we are not delivering a full capital programme in 2022/23 due to the delay in the procurement of the Housing Maintenance main contracts. Without a full capital programme in 2022/23 the RCCO is not required and therefore can be released. However, the backlog of maintenance work will be required in future years and management action is needed to reduce the level of operating expenditure to enable investment in existing housing stock.

15.2 The key areas of the overspend are;

Housing reactive repairs - There is a forecast overspend of £2.3m, due to an increase in reactive repairs and an increase in legal disrepair cases. The increase in repairs is due to the impact of the pandemic on the repairs service and the need to deal with the backlog of repairs and also the capacity within the DLO to deal with the increase in demand. This repair backlog has also been impacted by the delay in the procurement of the main housing maintenance contractors.

Special Services - there is a forecast overspend of £1.6m which is due to an increase in utilities costs, estate cleaning and lift servicing and repairs, an increase in the use of Temporary Accommodation by Housing Management to carry out major repairs and and increase in the recharge to HRA for Temporary Accommodation staff.

Bad and doubtful debts - the provision for Bad and doubtful Debts is forecast to overspend by £500k due to increased commercial property and Housing rent arrears. The contribution for 2022/23 is forecast at £3.1m; this forecast can be reduced if we see a sustained improvement in rent collections rates as the year progresses.

Rents, Rates, Taxes and Other charges there is a forecast overspend of £298k which is due to an increase in Council tax and Business rates arising from void properties both domestic and commercial.

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Hackney

Title of Report	Acquisition of Local Space properties	
Key Decision No	FCR S078	
For Consideration By	Cabinet	
Meeting Date	18 July 2022	
Cabinet Member	Mayor Glanville Supported by: Cllr Sade Etti, Mayoral Advisor for Homelessness, housing needs and rough sleeping	
Classification	Open	
Ward(s) Affected	All Wards	
Key Decision & Reason	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function
Implementation Date if Not Called In	26 July 2022	
Group Director	Ian Williams - Group Director of Finance and Resources.	

1. Cabinet Member's introduction

1.1. Hackney is in the midst of a housing crisis; The paucity of affordable accommodation within the borough is having a significant impact on the wellbeing of Hackney residents, with over 3,000 households in temporary accommodation and the 2011 census identifying nearly 33% of all households in Hackney as living in overcrowded accommodation.

1.2. The Council is working diligently to tackle this crisis. We are building hundreds of new homes at dozens of sites across the borough through our in-house direct delivery model, with more than half for council social rent, shared ownership or living rent. But building homes is challenging. It costs more than £300,000 to build a new council home in Hackney, and although our starting point is to build as many homes for social rent as we can, we can't build as many as we'd like to without more direct grant funding and it is getting ever harder to do given the increase in construction costs we face.

1.3. This crisis, the failure by Government to give Councils the powers they need to regulate the private rented sector and the lack of affordable options has directly led to a significant increase in residents presenting to the Council as homeless. This has required the Council to source additional units of temporary accommodation to house those for whom it has a statutory duty to accommodate. This provision represents a significant cost to the Council.

1.4. The Council has an opportunity to add to its stock of social housing whilst supporting the earlier supply of much needed temporary accommodation at a more cost effective rate.

1.5. In January 2021 Cabinet supported the purchase of 24 properties being offered for sale by Local Space (Phase 1) who are restructuring their portfolio and purchasing additional accommodation for exclusive use by the Council. These 24 properties were added to the Councils HRA housing stock and let to homeless families at a social rent.

1.6. Phase 2 of the regeared Local Space deal will enable the sale of the remaining 34 properties by Local Space on the open market to buy more affordable stock. The Council will not purchase these properties as they do not hold the freehold and therefore they are not financially viable. To enable the sale of the properties, requires the homeless families in situ in temporary accommodation to be moved into affordable, settled accommodation.

1.7. To facilitate this movement, the purchase of 10 ex-right to buy properties to be added to the Councils HRA housing stock for homeless households is necessary and the Council will identify these properties where they do own the freehold. This will help speed up the provision of additional affordable accommodation through the agreement with Local Space.

1.8. This purchase will help to alleviate some of the pressures on the Council in the immediate and medium term while we continue work to increase the supply of affordable accommodation in Hackney and also create affordable, secure accommodation for our families.

2. **Group Director's introduction**

2.1. The lack of affordable accommodation in Hackney is having a profound impact on the borough and its residents. The borough has seen some of the biggest house price increases in the country, meaning that buying a home is out of reach for most low and even middle income families.

2.2. The levels of homelessness are also increasing rapidly, with the number of approaches from singles in October 2021/22 up by 19% when compared to the same period in 2018-19. Part VII of the Housing Act 1996 places on the Council a statutory duty to provide temporary accommodation after an application is accepted until suitable secure accommodation becomes available. Consequently, expenditure on temporary accommodation is rising, from £7.38m in 2017/18, £9.37m in 2018/19, £10.13m in 2019/20, £12.7m in 2020/21 and £13.8m in 2021/22 inclusive of running costs.

2.3. It is a constant struggle to find suitable accommodation to place these households. Hackney has the largest temporary accommodation hostel stock in London, but it is inadequate to meet the level of demand. This has forced us to make difficult decisions; we know that local support networks are very important to residents, especially at times of stress, and we try to place them within Hackney. However, increasingly it is necessary to offer accommodation outside the borough. In September 2014 we had 293 households placed outside the borough; as of January 2022 it was 1100.

2.4. The purchase of 10 additional housing units to our social housing portfolio that can be offered to homeless households currently within temporary accommodation, will speed up the provision of up to 51 properties through the Local Space nominations agreement at affordable rents into which the Council can discharge homeless households.

3. Recommendations

3.1. **Cabinet is recommended to:**

3.2. **Authorise budget provision and spend of up to £4.25m from for the purchase of former Right-to-Buy properties in the market to support the increased supply of temporary accommodation available to the borough.**

3.3. **To allocate the properties purchased for one time only nomination by Local Space as part of the agreed decant programme.**

3.4. **Give 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.**

3.5. **Authorise 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.**

4. Reason(s) for decision

4.1. As outlined within the report, there is a significant need to expand the stock of social housing in Hackney.

4.2. 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.

4.3. By agreeing to purchase the 10 properties, 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 a speeded up programme of Local Space reprovision properties.

5. Details of alternative options considered and rejected

5.1. Do nothing and lose the opportunity to purchase former Right-to-Buy properties to support the increased supply of affordable housing in the borough, whilst also supporting and speeding up the programme of provision of units to discharge homeless households into through the Local Space nominations agreement.

5.2. Purchase of the phase 2 34 Units by the HRA as social housing (as with the original 24 units). Even utilising right to buy receipts this option will require significant additional capital and be more expensive than the Council's own build programme.The Council will not be the freeholder, adding substantial management complications and service charge cost risk, with many only a leasehold interest.

5.3. 3rd Party Purchase of 34 Units. Purchase of the portfolio by 3rd party investor 'stepping into the Council's shoes' with a back to back lease or nominations agreement. Strong institutional investor interest in this sort of product with specialist funds looking for stock (although 34 units might be too small). The Market tends to require long leases on full repairing and insuring terms (FRI) with index linked fixed rental uplifts. Interest tends to be in TA rents rather than social rents. Likely terms are therefore considered unattractive.

6. Background

There are significant demands for affordable housing in the borough and while the Council continues to strive to increase supply, including additional social properties, demand vastly exceeds what we can deliver; the level of churn in social housing is also decreasing and fewer properties are becoming available. In response the Council has been examining a range of options to expand our portfolio of social housing, including the acquisition of former council properties that were sold under the right to buy scheme.

On 09.11.2021 The London Borough of Hackney and Local Space entered into a new nominations agreement for a term of 30 years expiring on 08.11.2051. As well as the terms of nomination the agreement also sets out the terms for 58 in borough units that had been identified for disposal for purchase by the Council. With the capital receipts Local Space are committed to purchase new units at a ratio of 3 for 2 (funds permitting) out of the borough The purchased units are then in turn covered by the terms of the nominations agreement. The first 24 units (phase 1) for disposal were purchased for £9.65M on completion of the agreement. The Council from completion had 12 months to purchase a further 34 units (phase 2) after which Local Space is to dispose of the units in the open market and redeploy the capital out of the borough (for Hackney nomination).

It is estimated that the remaining 34 properties would have a market value of circa £15-16m and would be used for social or affordable housing and offer the current Temporary tenants a secure tenancy.

The first phase of Local Space properties were those where the Council were the freeholder and the Council (Housing Services) managed the block. Therefore there were no additional management costs to the acquisition and all the maintenance and repairs issues were known or the responsibility of the Council in managing the block.

The Council is not the freeholder and has no management or repairs responsibility for any of the 34 properties in phase 2. Some of the properties are previous right to buy street properties, and there are properties owned by other organisations and managed by other management companies.

In March 2022 the Council advised Local Space that it did not wish to exercise the option to acquire a further 34 properties from Local Space for the reasons set out above. Instead, Local Space are to dispose of these properties on the open market and, as above, use the proceeds to re-provide more homes in other East London boroughs thereby increasing the pool of properties to which Hackney Council may nominate nominees to whom they owe a homeless duty and discharge that duty accordingly. Enabling homeless families in temporary accommodation an affordable settled home in London.

To enable the disposal of the 34 phase 2 properties, the current occupants are to be decanted. Local Space will use properties acquired with the proceeds from the 24 phase 1 disposals to buy and refurbish an expected 36 homes that can be used to support the decant project. To speed up this process we are recommending the purchase of 10 right to buy, buy back properties and offering nomination rights to Local Space.

Local Space has modelled two different forms of decant programme and the impact of nomination rights to 10 additional properties. These are:

1. Decant Prioritised Programme: This programme prioritises homes for

those who need to vacate their phase 2 disposal property so that we may dispose of it. The impact of this approach means that Hackney Council wait an extra year to receive their first available property for Homeless Nominations, but that overall, the reprovision project is concluded quickest (by 2026/27 rather than 2027/28).

2. Phased Programme: This programme balances the use of newly available properties as equally as possible between properties made available to new Hackney nominees and those used for decanting occupants of phase 2 disposal properties. This results in Hackney receiving their first available properties in 2022/23, and more properties in earlier years. The negative impact is that it takes longer to conclude their entire programme meaning Hackney will wait until 2027/28 (an extra year) to receive the final properties available for nominees.

On the basis the Council purchased the 10 properties and offered Local Space nomination rights through 2022/23, Local Space's modelling concludes that this would accelerate the programme (regardless of whether Decant Priority or the Phased approach was chosen). In the case of the decant priority approach it brings forward the first available properties for Hackney nominations by 1 year and delivers a boost to Hackney nomination availability in year 2. In the case of a phased decant programme it delivers a boost to both decant and nominations in the first year of the programme.

Please find in Appendix 1 Local Spaces Paper; Hackney Decant Modelling Hackney Reprovision Project for more details and the assumptions behind the modelling.

Policy Context

6.1. Hackney is in the midst of a severe housing crisis and for many residents means they are unable to access accommodation within the borough that is affordable. In seeking a resolution, these households are approaching the Council to try to access social housing, but the level of demand far exceeds that which we can supply.

6.2. As a consequence these families are often living in insecure, unaffordable and/or overcrowded housing. Living in unsuitable accommodation has a detrimental effect on a household's health and wellbeing as well as impacting negatively on future life chances leading to poverty, inequality and hardship.

6.3. There are over 13,000 households waiting for a home on the Council's housing register. By contrast the supply of social housing being made available to let is reducing considerably; only 640 lets were made available between April 2018 and March 2019, compared to 1,132 the previous year and 1,229 in 2016/17.

6.4. The levels of homelessness are also increasing rapidly, with the number of approaches in 2018-19 up by 39% on the previous year. Part VII of the Housing Act 1996 places on the Council a statutory duty to provide temporary accommodation after an application is accepted until suitable secure accommodation becomes available.

6.5. Currently, the Council has responsibility for housing 3300 households in Temporary Accommodation. In order to be in a position to discharge our duty to these households, we are required to make a reasonable offer of secure, suitable and affordable accommodation. In the current financial climate, the options for placement either within the reducing stock of social housing or into affordable privately rented accommodation are limited.

6.6. The proposals outlined in this report, if pursued, will not only add 10 additional housing units to our social housing portfolio that can be offered to homeless households currently within temporary accommodation, but also speed up the provision of up to 51 properties through the Local Space nominations agreement available at affordable rents into which we can discharge homeless households. The rents are to be set at established London Affordable Rent levels. As 80% of TA residents are working, this will be within the household budget.

6.7. This proposal is also in line with the position agreed by Cabinet in March 2021 to authorise the principle of purchasing former Right-to-Buy properties including those owned by Housing Associations to support the increased supply of affordable housing in the borough.

Equality impact assessment

6.8. There is no foreseeable adverse equalities impact arising from the purchase of these properties. By acquiring these properties and adding them to our portfolio we increase the housing opportunities that the Council can provide and consequently the range of people who could benefit.

Sustainability and climate change

6.9. None of the recommendations in this report would have a direct impact on the physical or social environment.

Consultations

6.10. No formal consultations are required as part of this report to purchase additional properties. The required consultation for the decant programme will take place as standard practice.Insert text here.

Risk assessment

6.11. Acquiring these 10 properties is expected to speed up the purchase of circa 51 affordable properties by Local Space out of the borough. There is the possibility that market conditions and the requirement of the Local Space Nominations Agreement that the properties have a minimum EPC of B after refurbishment, limits the market to such an extent that the modelling work undertaken by Local Space proves to be inaccurate and the purchase of the 10 properties proves to have a lesser effect than modelled.

6.12. The condition of the 10 properties to be purchased by the Council is to be established and the prices paid will reflect the condition. The properties are also all to be within Council owned blocks where the condition of the entirety of the blocks is understood.

7. Comments of the Group Director of Finance and Corporate Resources.

7.1. The purchase of 10 ex-RtB properties is required to enable the decant of the phase 2 Local Space properties which don’t fit into the Council’s Social Housing portfolio. Whilst the purchase is not viable to the HRA, considering the wider Council cost of Temporary Housing there is an overall saving to the Council.

7.2. The average ex-RtB property value is £400,000, plus £25,000 for Stamp duty (SDLT) and potentially costs to fit out to the Council’s standard subject to an inspection. The total cost would be funded from £130,000 of GLA buyback funding leaving a borrowing cost of £295,000. The annual borrowing cost of this value exceeds the (social) rent charged on the property, and so even excluding management and maintenance cost is not viable to the HRA.

7.3. Apply this to the Local Space properties, the cost of 10 properties is £4.25m. For this £1.3m can be funded from GLA buyback funding, leaving £2.95m of housing resources required to fund the acquisition with an annual interest cost of £60,000. The rent generated from these properties also equates to £60,000 and thereby paying for the interest cost without any surplus to repay debt, funding future investment or maintenance costs.

7.4. As an alternative to the GLA buyback funding, the Council could use surplus of RtB 1-4-1 funding for the equivalent value.

7.5. As the properties are in existing housing blocks, there is minimal additional management and (block) maintenance costs. There would be internal maintenance responsibility of these properties.

7.6. Under the RtB and GLA funding regime, the value of the property is protected from a cost floor sale value where the property can’t be sold for less than the purchase cost for a period of 15 years. Therefore in assessing the viability it is not required to repay the borrowing/purchase price, but viability should consider future investment cost of around £3,000 per year (assumption in Asset Management Strategy).

7.7. If these properties are not purchased, the tenants would have to be moved to alternative Temporary Accommodation, likely nightly paid and out of borough. Taking into consideration the wider impact of housing and the cost of temporary accommodation, the purchase of these social rented properties will save the General Fund around £50,000 p.a. Therefore, the rent charged on the property and the General Fund saving from TA would provide sufficient resources to cover the borrowing cost and maintenance/investment in the property, with any debt repaid on any future potential sale of the property.

8. VAT implications on land and property transactions

8.1. Property transactions generally involve complex VAT issues that can impact the Council's partial exemption calculation. The proposed acquisition programme cost does not attract VAT and whilst the letting of residential property is exempt from VAT, when used as social housing it is considered a non-business transaction and therefore there are no VAT issues to consider.

9. Comments of the Director of Legal, Democratic and Electoral Services

9.1. S120 of the Local Government Act 1972. This section enables the Council to acquire by agreement any land for the purposes of discharging any of the Council's functions or for the benefit, improvement or development of its area. The Council may exercise this power whether or not the land purchased by agreement is immediately required for the intended purpose and the Council may use the purchased land in the interim for the purpose of discharging any of its other functions.

9.2. In the event the Council purchases properties outside its district . Section 14 of the Housing Act 1985 permits the Council as a local authority to exercise powers conferred by section 9 to 13 (Housing Act 1985) outside its district.

9.3. Section 9(1) of the Housing Act 1985 permits the Council to provide housing accommodation by erecting houses, or converting buildings into houses, on land acquired by them or acquiring houses.

9.4. Pursuant to S120 of the Local Government Act 1972 and sections 14 and 9(1) of the Housing Act 1985 the Council will be in a position to purchase the properties within the borough and outside of the borough.

9.5. Under Section 1 of the Localism Act 2011, the general power of competence, the Council has power to do anything that individuals with full capacity generally may do.

9.6. Normally the acquisition and disposal of land is a matter reserved to the Council's cabinet, and the Mayor pursuant to the Mayor's Scheme of Delegation 2017. The Report delegates 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. Exercise of that delegated authority would be subject to compliance with the legal requirements around land acquisitions and these would be considered at the relevant time.

Appendices

Appendix 1 - Hackney Decant Modelling Hackney Reprovision Project

Exempt

Not applicable

Background documents

None

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Comments for the Group Director of Finance and Corporate Resources prepared by	Name: Simon Theobald Title: Head of Finance - Neighbourhoods and Housing Email: simon.theobald@hackney.gov.uk Tel: 0208 356 4304
Comments for the Director of Legal, Democratic and Electoral Services prepared by	Name: Georgia Lazari Title: Team Leader - Places • Business & Growth Email: georgia.lazari@hackney.gov.uk Tel: 0208 356 1369

Decant Modelling

Hackney Reprovision Project

In Q3 of 2021/22 Hackney Council acquired 24 properties from Local Space under their right to buy, buy back programme. Local Space have ringfenced the proceeds from these disposals to be used to reprovided more than 24 homes in other East London boroughs to which Hackney Council will have 100% nomination rights under Section 193, Part VII of the Housing Act 1996 (which relates to homeless duty).

On 7th March 2022 Hackney Council confirmed that they did not wish to exercise their option to acquire a further 34 properties from Local Space. Instead, Local Space are to dispose of these properties on the open market and, as above, use the proceeds to reprovided more homes in other East London boroughs thereby increasing the pool of properties to which Hackney Council may nominate nominees to whom they owe a homeless duty and discharge that duty accordingly.

To enable the disposal of the 34 phase 2 properties, the current occupants are to be decanted. Local Space will use properties acquired with the proceeds from the 24 phase 1 disposals to buy and refurbish homes that can be used to support the decant project. Hackney Council are considering offering nomination rights to Local Space on 10 properties they will/have acquired in 2022 as part of their ongoing right to buy, buy back programme.

The below modelling forecasts the impact to two different forms of decant programme and the impact of nomination rights to 10 additional properties. In summary:

1. **Decant Prioritised Programme**: This programme prioritises homes for those who need to vacate their phase 2 disposal property so that we may dispose of it. The impact of this approach means that Hackney Council wait an extra year to receive their first available property for Homeless Nominations, but that overall, the reprovision project is concluded quickest (by 2026/27 rather than 2027/28).

2. **Phased Programme**: This programme balances the use of newly available properties as equally as possible between properties made available to new Hackney nominees and those used for decanting occupants of phase 2 disposal properties. This results in Hackney receiving their first available properties in 2022/23, and more properties in earlier years. The negative impact is that it takes longer to conclude their entire programme meaning Hackney will wait until 2027/28 (an extra year) to receive the final properties available for nominees.

3. **Inclusion of nomination rights to 10 Hackney properties**: Were Hackney to offer Local Space nomination rights to 10 properties through 2022/23, this would accelerate the programme (regardless of whether Decant Priority or the Phased approach was chosen). In the case of the decant priority approach it brings forward the first available properties for hackney nominations by 1 year and delivers a boost to Hackney nomination availability in year 2. In the case of a phased decant programme it delivers a boost to both decant and nominations in the first year of the programme.

Decant Modelling

The following modelling is based on a number of initial assumptions. Further analysis and work will be required to refine the model as we progress through the project and resources (such as available properties for decants) become clearer. For example, for purposes of this exercise we have made no distinction between property sizes (number of bedrooms). We have not conducted a housing needs analysis to clarify exactly what size properties are required by the current occupants of the phase 2 disposals. We plan to review the list of proposed phase-2 disposals and update the list, changing properties as required based on market conditions, housing needs assessments and grant implications. The aim of the review will be to achieve the highest rate of reprovision.

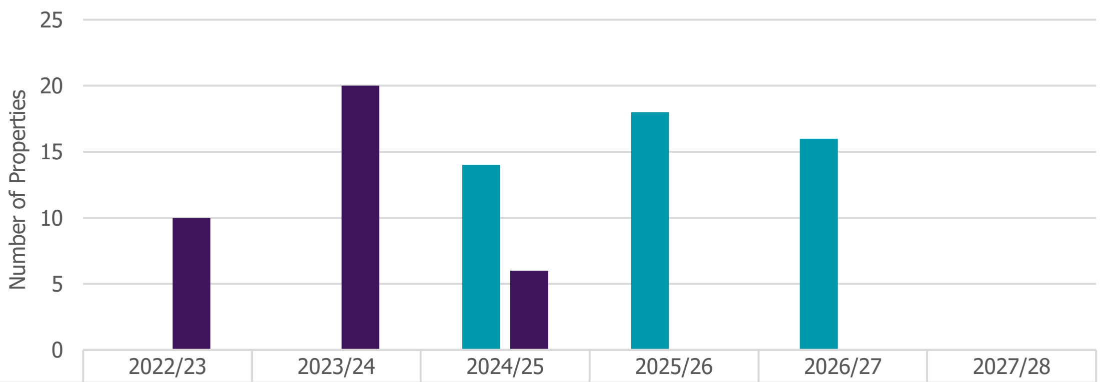
Our refurbishment period is modelled at 20 weeks, and we have therefore assumed that properties will be available for letting during the same financial year they are acquired. For the ease of modelling, we have assumed that the reprovision from a particular disposal will be realised in the subsequent financial year. For example, if we were to dispose of two phase 2 properties in 2022/23, we have modelled the resultant reprovision of three acquisitions in 2023/24.

The source data driving the below models can be found in [Appendix 1 – Decant Modelling.xlsx]

Decant Prioritised Programme

The following modelling does not assume we will be granted nominations rights to 10 Hackney properties to assist with the decant programme.

Use of newly acrequired/refurbished properties - Decant Priority approach



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Hackney Nom	0	0	14	18	16	
Decant	10	20	6	0	0	

■ Hackney Nom ■ Decant

By prioritising decants we can move through the programme at the quickest pace possible and deliver all reprovision over 5 years, by April 2027. To achieve this Hackney would not be offered newly acquired and refurbished properties until the decant programme had been satisfied. We estimate that to occur from April 2024. For 3 years from April 2024 the net increase in reprovision would deliver an average of 16 properties per annum for Hackney nominees.

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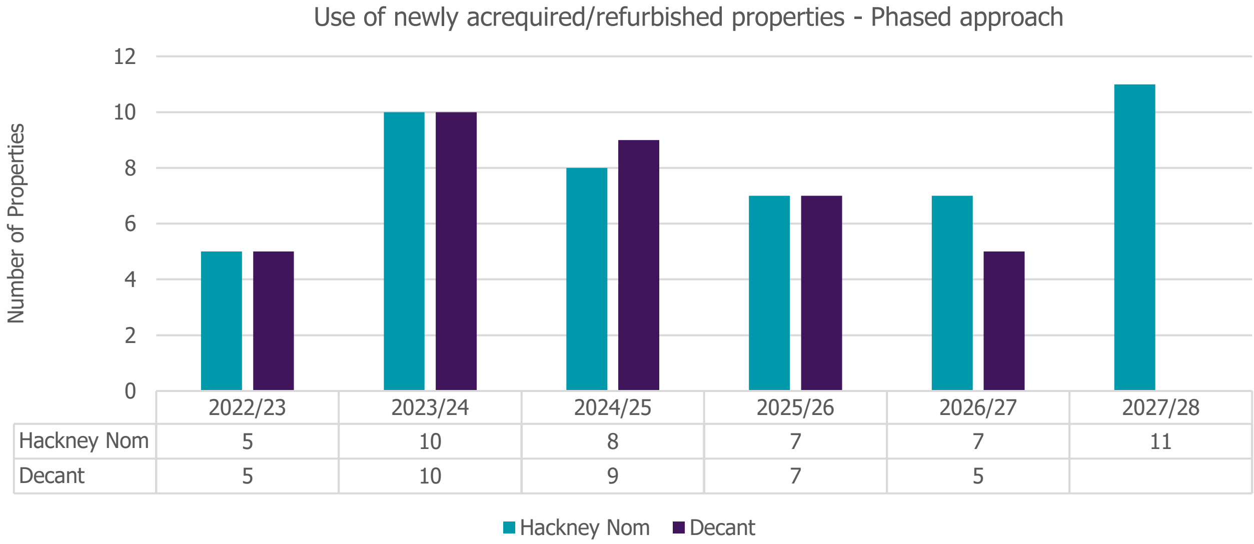
Phased Programme

As above, the following model does not assume we will be granted nominations rights to 10 Hackney properties to assist with the decant programme. This approach aims to achieve a balance between newly acquired and refurbished properties being used to support the decant programme and being made available to Hackney for nominees. In some years, such as 2024/25, equality between the two different uses cannot be achieved without stalling the decant programme.[1]



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Hackney Nom	5	10	8	7	7	11
Decant	5	10	9	7	5	

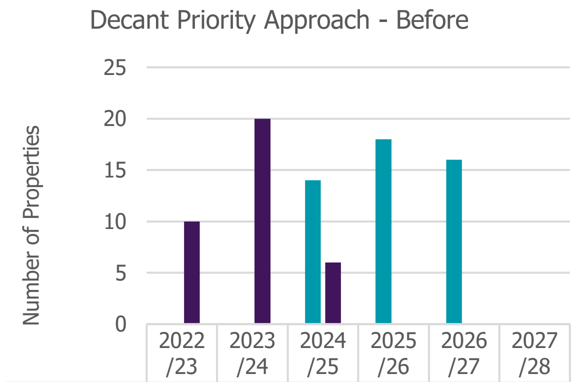
By using properties equally between decants and Hackney nominees we can offer properties Hackney 2 years earlier. Phasing the programme in this manner extends it from 5 to 6 years. In short, this means Hackney receive (on average) fewer properties per annum over a longer period and do not have to wait as long to begin receiving properties. It also extends Local Space decant programme by a further 2 years.

[1] The Decant Programme stalls when all available new acquisitions have been occupied and none are available for remaining decantees. Therefore, each year, we have been careful to model supply and demand to ensure we never offer a property to Hackney for a nomination when it is the only available property to support the continuation of decant programme.

Impact of nomination rights on 10 Hackney properties

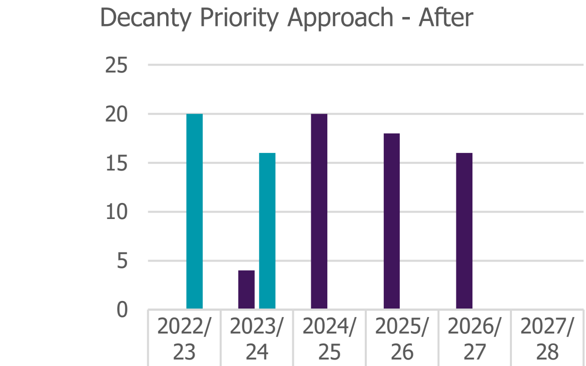
The modelling above assumes that Local Space does not have nomination rights to 10 properties owned by Hackney. The below model shows the positive impact of Local Space being granted nominations rights to 10 Hackney properties (assumed to be available throughout 2022/23).

Graphs showing the positive impact of Local Space being granted nomination rights to 10 Hackney properties:



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Hackney Nom	0	0	14	18	16	
Decant	10	20	6	0	0	

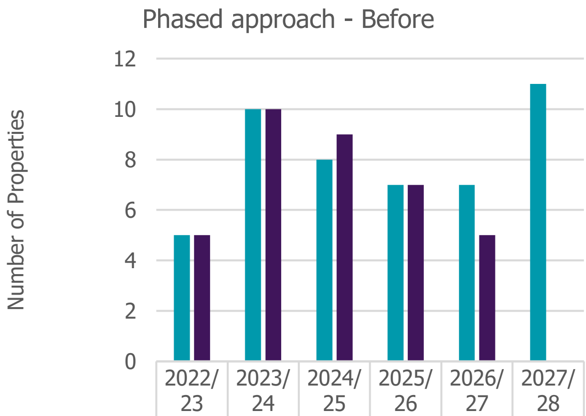
Hackney Nom ■ Decant



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Hackney Nom	0	4	20	18	16	
Decant	20	16	0	0	0	

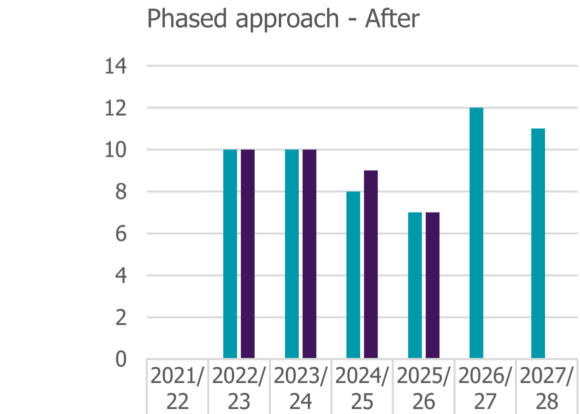
Hackney Nom ■ Decant

The graphs below illustrate the impact on a phased approach programme of decanting:



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Hackney Nom	5	10	8	7	7	11
Decant	5	10	9	7	5	

Hackney Nom ■ Decant



	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Hackney Nom		10	10	8	7	12	11
Decant		10	10	9	7	0	

Hackney Nom ■ Decant

Being able to nominate 10 of our decantees to Hackney in the first year of the decant programme accelerates the overall reprovision project. Whether a Decant Priority or Phased approach is taken, the additional capacity created by these 10 nominations means that we can decant households sooner and provide Hackney with properties to which they can nominate sooner.

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Hackney

Title of Report	Woodberry Down Principal Development Agreement Updates	
Key Decision No	CHE 112	
For Consideration By	Cabinet	
Meeting Date	18 July 2022	
Cabinet Member	Mayor Philip Glanville	
Classification	Open with Exempt Appendix	
Ward(s) Affected	Woodberry Down	
Key Decision & Reason	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function
Implementation Date if Not Called In	26 July 2022	
Group Director	Stephen Haynes, Strategic Director Economy, Regeneration and New Homes	

1. Cabinet Member's introduction

1.1. Our core priority for Woodberry Down has always been to deliver a brand new, high-quality home for social rent for every Council tenant, replacing the existing outdated buildings that sadly no longer meet modern standards.

1.2. We're delivering on that promise - since 2009 we've completed over 500 new social rent homes, with 117 more under construction and detailed plans for a further 90 currently being consulted on in the next phase of the transformation of the estate, which will also include a new town square for the estate.

1.3. But regeneration is about more than bricks and mortar. In that time we've also created a brand new secondary school, reopened the stunning Woodberry Wetlands, and delivered a range of high-quality new public spaces and community facilities. Earlier this year work began on the transformation of the Woodberry Down Children's Centre, while plans are being progressed for the letting of a brand new community space at the heart of the estate overlooking Spring Park.

1.4. This report outlines the arrangements needed to continue this record of delivery at Woodberry Down in the years ahead and sits alongside the community consultation already underway on Phase 4. The recommendations will ensure we progress the next phase of the regeneration and the vital new social rent homes for existing families; update the Woodberry Down masterplan to complete the comprehensive regeneration and the benefits it can bring; and ensure the creation of a Council-led community space in the heart of the estate in the building known as block D.

1.5. Crucially, this will continue to be done together in close partnership with residents through the Woodberry Down Community Organisation (WDCO), and our partners Berkeley Homes and Notting Hill Genesis, alongside social economic regeneration with partners like Manor House Development Trust and now Hackney Cooperative Developments. From the start this project has been co-produced, shaped and steered by local residents - an arrangement that will continue as we ensure the local community is first to benefit from the changes taking place.

1.6. Our partnership at Woodberry Down is already transforming the lives of residents who live there, providing modern, high-quality social housing for families who need it most, together with place-making and spaces to benefit the whole community. This report keeps that promise to residents and supports the next steps in this journey, ensuring that that work can continue - and I recommend this paper to Cabinet.

2. Group Director's introduction

2.1. The current masterplan for Woodberry Down (Phases 2-8) was approved in 2014. At the end of 2019, following submission of the planning application for Phase 3, the delivery partners agreed that it would be appropriate to review the masterplan for Phases 4-8 at Woodberry Down.

2.2. This process commenced in Autumn 2020, with the intention of submitting a revised masterplan in June 2022 for Phase 4 in detail and Phases 5 to 8 in outline. It has become clear that the programme for the submission of a full masterplan application is no longer achievable. The partners have therefore agreed to bring forward a standalone application for Phase 4 by November 2022, in order to ensure the continuity of delivery of new homes at Woodberry Down. A Masterplan application for Phases 5-8 in outline will then follow once Phase 4 has been submitted.

2.3. This Cabinet Report seeks authority to enter into a Side Letter with Berkeley Homes, which will set out the stages and timeframes to progress the masterplan for Phases 5-8. It also seeks authority to enter into a variation to the agreed form of CPO Indemnity Agreement (CPOIA) for Phase 4, which will enable the programme for vacant possession to be brought forward in line with the delivery programme.

2.4. Finally, authority is also sought to vary the Principal Development Agreement (PDA) and enter into a Supplemental Agreement to the PDA for Phase 2. The Variation to PDA and the Supplemental Agreement capture the legal agreements relating to Block D, the community space that has been delivered in Phase 2.

3. Recommendations

3.1. Authorise entering into a Side Letter to the Woodberry Down Principal Development Agreement (Phases 2-8) with Berkeley Homes and Notting Hill Genesis.

3.2. Authorise (i) the variations to the Woodberry Down Development Compulsory Purchase Order Indemnity Agreement (as set out in Schedule 7 of the Principal Development Agreement) for Phase 4 with Berkeley Homes as set out in this Report; and (ii) entering into such Compulsory Purchase Order Indemnity Agreement on such terms as are agreed between the parties.

3.3. Delegate authority to the Group Director of Climate Homes and Economy and Group Director of Finance and Corporate Resources to agree to the market value purchase with vacant possession of leasehold properties in Phase 4 of the Woodberry Down regeneration,

and the award of compensation to the leaseholders affected by the purchase.

3.4. Authorise entering into the Fifth Deed of Variation to the Woodberry Down Principal Development Agreement (Phases 2-8).

3.5. Delegate authority to the Group Director of Finance and Corporate Resources in consultation with the Mayor to enter into the Block D Supplemental Agreement to the Woodberry Down Principal Development Agreement (Phases 2-8).

3.6. Delegate authority to the Group Director of Climate Homes and Economy to approve any further necessary variations to the Principal Development Agreement (Phases 2-8).

3.7. Authorise the Director of Legal Democratic and Electoral 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.

4. Reason(s) for decision

Side Letter to the Principal Development Agreement

4.1. The Side Letter between Berkeley Homes and the Council will enable the regeneration of Woodberry Down to continue to progress in line with the target delivery programme, and will therefore ensure the delivery of much needed high quality homes.

4.2. The partners agree it is appropriate to carry out a review of the masterplan, which was approved in 2014, however there is not sufficient time to progress a hybrid application for Phases 4-8 without delaying the target start on site date for Phase 4. The Side Letter will therefore enable the partners to bring forward a standalone planning application for Phase 4, with a clear timetable and process in place for agreeing a revised masterplan.

4.3. The separation of Phase 4 from the masterplan will also allow more time to consult and develop the wider masterplan; work on which will commence once the Phase 4 application has been submitted.

4.4. The Side Letter sets out the process for agreeing a new masterplan including the key stages and target timetable for submission. The document is still in draft form, however further details on the principles of the legal agreement are included in exempt Appendix 1. As this agreement will be a Deed, Cabinet authority is sought for the Council to enter into it.

CPO Indemnity Agreement (Variation to the Agreed Form)

4.5. On 28 February 2022, as part of a wider report seeking authority to commence preparations to make a Compulsory Purchase Order (CPO) for Phase 4, Cabinet approved the commencement of negotiations with leaseholders in Phase 4 to buy back their properties. The purchasing of leasehold properties is a critical step in achieving vacant possession, which is necessary to enable the redevelopment of Woodberry Down to progress.

4.6. The previous Cabinet Report set out that purchases and compensation would not be completed and paid until the Council had entered into a CPO Indemnity Agreement (CPOIA) with Berkeley Homes, to indemnify the Council against all of the costs involved in achieving vacant possession of the phase.

4.7. Under the terms of the PDA, the Council enters into a CPOIA further to planning consent being achieved and a successful (or waived) post-planning viability test (an agreed form of the CPOIA is included in Schedule 7 of the PDA). This trigger point is currently expected to be reached in summer 2023, however Berkeley Homes are targeting an earlier start on site for Phase 4, which would require the Council to achieve Vacant Possession by January 2025.

4.8. There are currently 41 leasehold properties remaining in Phase 4. Waiting until summer 2023 would allow just eighteen months to complete all property purchases before the scheduled demolition date. It is therefore recommended that the process of buying back properties commences sooner - in order to ensure the continuity of delivery of new homes.

4.9. Under the terms of the PDA the Council could progress and complete buy-backs from leaseholders without a CPOIA in place (and other activities related to vacant possession). While the Council's costs involved with this would ultimately be recouped by the CPOIA, once entered into, they would only be repaid if Phase 4 proceeded, and these costs would therefore be incurred at risk to the Council.

4.10. The Council and Berkeley Homes have therefore agreed to enter into a variation to the agreed form of the CPOIA for Phase 4 which would allow the programme for vacant possession to be brought forward.

4.11. This variation to the agreed form of the CPOIA will indemnify the Council against 50% of all of the 'Relevant Expenses' for Phase 4 (primarily the compensation payments paid to leaseholders over and above the purchase price of the properties, as well as any professional fees incurred), in the unlikely circumstance that Phase 4 does not come forward (i.e. a satisfactory planning permission is not received, or the phase is not viable). Berkeley Homes would not compensate the Council for the purchase price of the properties, however the properties would remain as an asset in Council ownership to be managed as appropriate.

4.12. If Phase 4 does proceed as expected, the usual PDA process will apply, and Berkeley Homes will reimburse the Council for all land assembly costs incurred (including any third party property purchases) on the trigger date as set out in the PDA. The document is still in draft form, however further detail on the principles of the CPOIA is included in Exempt Appendix 1.

4.13. The Council has already begun to purchase properties back in Phase 4 on an ‘out-of phase’ basis. To date fifteen properties in Phase 4 have been re-purchased. As these were early buy-backs, no compensation was paid to leaseholders. The variation to the CPO indemnity will enable the Council to negotiate with the remaining 41 leaseholders, who will be eligible for compensation payments.

4.14. The Council’s preference is always to reach agreement by negotiation with leaseholders and freeholders regarding the buy-back of their properties, however it is recognised this may not be possible in all cases. In such cases, the Council would need to exercise its compulsory purchase powers in order to acquire the properties, as well as any other rights and interests together with adjoining roads and any private rights, including utilities, within the redline boundary of the property. Without the exercise of such powers, vacant possession of the Phase cannot be guaranteed and this could cause delays to the regeneration programme.

4.15. A further report will be submitted to Cabinet in due course to request authorisation to make a Compulsory Purchase Order for Phase 4.

Block D Community Facilities - Deed of Variation to the PDA and Supplemental Agreement to the PDA

4.16. Block D is a residential block in Woodberry Down, which was completed in early 2021. The ground floor area was initially designed to be used as a private gym and swimming pool for residents.

4.17. In 2017 the Council and the Woodberry Down Community Organisation (WDCO) objected to this proposed ground floor use as not being tenure blind or supporting the delivery of a mixed community. Subsequent negotiation with Berkeley Homes resulted in the ground floor being redesignated as a community space for the wider Woodberry Down community.

4.18. A set of principles relating to Block D were agreed, which are captured in the Deed of Variation to the PDA (Phases 2-8) and the Supplemental Agreement to the PDA (Phases 2-8). This includes that the space (approximately 1,000 sqm) will be leased to the Council at a peppercorn rent. The eventual use for the space in Block D must serve the community and meet the definition below:

'Any uses which the London Borough of Hackney or any statutory successor shall reasonably designate shall be for the benefit of the local community and/or any parts of the local community including (without limitation) use as a community centre, care centre, local advice centre, nursery, crèche, health centre, medical centre, doctors or dentists surgery, housing management or advice centre, job clubs, education and/or training centre, use as meeting rooms, clubs, sports, social and other facilities for local residents generally and specific sections of the community including young people, parents and carers, children, toddlers and the elderly.'.

4.19. The Supplemental Agreement establishes that overall the community space must remain cost neutral to the regeneration partners. The Council must not take any surplus from letting the units, and if a surplus arises it must be reinvested back into Woodberry Down. The details of the cost involved will be brought to the Group Director of Finance and Corporate Resources for approval before entering into the agreement.

4.20. Further details on the legal agreements are included in Exempt Appendix 1.

4.21. The Council has two years and six months from Practical Completion (PC) of the building to instruct the lease from Berkeley Homes. PC was achieved in March 2021 and the Council has until September 2023 to draw down the lease.

4.22. A draft lease is appended to the Supplemental Agreement, negotiated by the Council's Strategic Property Services (SPS). Due to the length of the lease, SPS will seek separate Cabinet or equivalent authority to enter into it.

4.23. The Council is committed to working with WDCO and the regeneration partners to agree a use for the building. A Working Group including WDCO, Berkeley Homes, Notting Hill Genesis and the Council has overseen feasibility and marketing for Block D, and is in the process of reviewing proposals. The Council will seek to agree the approach to Block D with the Working Group, with input from the wider community where possible.

4.24. Cabinet authority is sought to vary the PDA and to enter into the Supplemental Agreement in relation to Block D.

5. Details of alternative options considered and rejected

Side Letter to the PDA

5.1. The Council could choose to not enter into a Side Letter, and allow Berkeley Homes to bring forward separate planning applications for the future phases, including Phase 4, however, having a current masterplan in place is a fundamental principle for Woodberry Down.

5.2. Entering into the Side Letter will ensure that a target programme for the submission of the masterplan application is followed, and the key stages for progressing it are agreed. For this reason, the alternative of not entering into a Side Letter was rejected.

CPO Indemnity Agreement

5.3. The Council is not legally obliged to start buying back leasehold properties until the triggers set out in the PDA are reached. If, however, the Council waits until the CPOIA trigger point in the PDA is reached, there are three possible options, as set out below.

5.4. The first is that the Council continues to target vacant possession by January 2025. This would leave only 18 months to purchase all of the leasehold properties, and there is a risk that the Council would not be able to demonstrate that meaningful engagement with leaseholders had taken place in advance of the CPO. This could ultimately result in the CPO not being granted.

5.5. The second option is that the programme for Phase 4 would need to be extended to enable meaningful engagement to take place, which would result in the remaining Council tenants having to wait longer to move into a new home.

5.6. Alternatively, the Council could proceed with taking steps to achieve vacant possession in advance of entering into a CPOIA. This, however, would put the Council at financial risk should the phase not come forward. The proposed varied form of the CPOIA will mitigate against this risk.

Block D Community Facilities - Deed of Variation to the PDA and Supplemental Agreement to the PDA

5.7. Cabinet authority is required to enter into the Fifth Deed of Variation to the PDA and the Supplemental Agreement.

5.8. The Supplemental Agreement sets out how occupants of Block D should be selected, noting that the Council must agree this with Berkeley Homes, with the input of WDCO and Notting Hill Genesis. Should the Council decide to enter into the Supplemental Agreement and not draw down the lease for the space, it would have no further say over how the property would be used.

6. Background

Overview

6.1. Woodberry Down is one of the largest single-site estate regeneration projects in Europe. It is being delivered by the Council in partnership with

Berkeley Homes (the Developer) and Notting Hill Genesis (Housing Association).

6.2. The development programme in Woodberry Down is being carried out in a phased manner, and sites are being brought forward for development in line with the commitments set out in the Principal Development Agreements (PDAs).

6.3. The PDAs are the contracts that exist between the London Borough of Hackney and Berkeley Homes (North East London Limited). There are two PDAs; PDA Phase One and PDA Phases 2 to 8 (originally known as Phases 2 to 5). Notting Hill Genesis Housing Association is also a party to the Phase 2 to 8 PDA.

6.4. Approval to enter into the PDA for Phases 2-8 was granted by Cabinet in 2010. The most recent revisions to the PDA can be found in the Cabinet report 'Delegated Report for the approval of the Woodberry Down Phase 2-8 Variation to the Principal Development Agreement' which was approved on 1 December 2020 (Key Decision No. NH Q18).

6.5. Approval to dispose of Phase 3 (i.e. grant a 299 year lease) was agreed by Cabinet on 13 September 2021 (key decision CES015); Cabinet also granted delegated authority to dispose of Phase 4 in due course.

6.6. The original masterplan for Woodberry Down was adopted in 2007 and first updated in 2009, allowing for a five phase programme and a tenure mix of 41% of the new homes being for social rent and shared equity/ownership. In 2012 the masterplan was reviewed in consultation with local residents. The revised masterplan received planning consent in February 2014.

6.7. Under the 2014 masterplan, detailed permission was granted for Phase 2, for 670 homes and 550 sqm of non-residential space, and outline permission was granted for the remainder of the scheme (Phases 3-8) comprising of up to 3,242 residential units, 10,921 sqm of commercial floorspace and the provision of a new open space, highway improvement works to Seven Sisters Road, and an energy centre.

6.8. Construction started at Woodberry Down in March 2009, and the first residents moved into their new homes in 2011. So far 2,317 homes have been completed, of which 537 are for social rent and 350 are shared ownership. Phase 3 is under construction, with 117 homes for social rent due to complete in autumn 2024, out of a total 584 homes.

6.9. A review of the 2014 masterplan is currently underway. It is intended that Phase 4 will be submitted as a standalone detailed planning application in November 2022, with the masterplan for Phases 5-8 to follow (subject to the Side Letter and CPOIA being entered into).

6.10. Berkeley Homes intends to begin development of the Phase 4 site as soon as Phase 3 is complete, in order to provide continuity of construction work. Phase 3 is due to complete in late 2024, and the demolition of Phase 4 is intended to commence in early 2025.

Policy Context

6.11. Hackney's 'Sustainable Community Strategy 2018 – 2028' sets out a vision for mixed use neighbourhoods which cater to all ages, where residents have access to decent, stable and genuinely affordable housing that meets their needs. The strategy sets out five priority areas, and the regeneration of Woodberry Down, will assist in realising this vision.

6.12. The first priority seeks to create areas where everyone can enjoy a good quality of life and where the whole community can benefit from growth. The Woodberry Down development will provide a mix of homes including homes for social rent, shared ownership and shared equity, as well as privately owned homes. This mix provides for a range of needs. The new community places and spaces have been designed for and in agreement with the existing community, in order to meet their needs while also being inclusive, welcoming and accessible to incoming residents, and supporting the development of a cohesive community.

6.13. Priority two relates to enabling businesses and all residents to participate in economic prosperity and community life. The construction of the Woodberry Down development will create jobs, training and apprenticeship opportunities for local people, which will allow local residents and businesses to fulfil their potential and enjoy the benefits of increased prosperity, in line with the second priority. New community spaces, including at Block D, seek to prioritise and where possible, support local business and community activity.

6.14. The Sustainable Community Strategy also prioritises environmental sustainability; this is a key part of the Woodberry Down development, which includes provision for a district heat network. A Low Carbon Transition Plan for Woodberry Down has recently been approved as part of the Phase 3 planning application, providing a framework for the design of the energy centre being constructed within Phase 3, as well as connections on future phases to low carbon energy sources.

6.15. The fourth priority of creating an open, cohesive, safer and supportive community will be achieved through the provision of improved landscaping and new play areas as part of the development, as well as offering employment and training.

6.16. The proposed improvements to the public realm will help create a healthy and safer neighbourhood which is pedestrian, cyclist and child friendly to support the fifth priority relating to promoting healthy and active residents.

6.17. In addition, the development of the new Woodberry Down masterplan references and strives to meet objectives from a number of Council policies. There is a stream of work to actively engage with young people, ensuring that younger peoples' voices are represented, aligning with the Child Friendly Places policy.

6.18. The Woodberry Down regeneration has delivered 887 affordable homes to date, of which 537 are for social rent. Phase 3, which is currently on site, will deliver 117 new homes for social rent and 126 shared ownership/equity homes at Woodberry Down. The current proposals for Phase 4 provide for a further 90 social rent and 117 shared ownership homes. The on-going delivery of homes for social rent and low cost home ownership helps to meet the need for additional affordable housing in the borough.

Equality Impact Assessment

6.19. The regeneration of Woodberry Down will facilitate the delivery of new affordable homes in the years ahead, helping to address the poor living conditions and deprivation experienced by many residents at present.

6.20. The regeneration operates in the context of a wide range of national legislation and local policy, including that around planning and housing. Such legislation and policies operate in the same context with regards to equalities, and similarly consider impacts on protected groups. For example, the planning application process contains its own explicit EqIA process, while the Council's housing allocation procedures (including the Leaseholder and Freeholder Options that are specific to Woodberry Down) have been drawn up on the basis of their own EqIAs.

6.21. In addition, a full EqIA is undertaken as part of the preparation of each Compulsory Purchase Order (CPO), and this will be undertaken for Phase 4. The report will assess the impacts of the Order on the different groups affected (leaseholders, private tenants and secure tenants) and whether the Order could produce disadvantage or enhance opportunity for affected groups or individuals with protected characteristics. It will then set out recommendations to remove or reduce any disadvantage for those affected and outline relevant mitigation strategies.

Sustainability and Climate Change

6.22. The regeneration of Woodberry Down will result in a more mixed and potentially more integrated community, given the mix of new housing being provided, as well as the improved community facilities and shared communal outdoor spaces and public realm.

6.23. Specifically in terms of environmental sustainability, a recent (2020) update to the Principal Development Agreement (PDA), which defines the terms of the regeneration, brings the sustainability standards of the development in line with national and local policy.

6.24. Phase 4 will connect into the District Heat Network at Woodberry Down. Phases 1 and 2 are currently served by gas-fired Combined Heat and Power systems, and Phase 3 will be heated by Air Source Heat Pumps. Berkeley Homes has prepared a Low Carbon Transition Plan which outlines how the existing systems will connect to form a site-wide District Heat Network. An energy centre is being developed in Phase 3, which Phase 4 will connect into once complete.

Consultations

6.25. Comprehensive and detailed consultation is an integral part of the delivery of the Woodberry Down regeneration. The detailed design for each phase is subject to full public consultation, and residents and WDCO (Woodberry Down Community Organisation) were engaged in an extensive consultation process during the development of the masterplan in 2014.

6.26. A Design Committee has been set up to provide comments on emerging design proposals for phases as they come forward. This is a group made up of representatives from WDCO, Berkeley Homes, Notting Hill Genesis and the Council, with six WDCO representatives formally part of the group. The Design Committee contributed directly to the development of designs for Phase 3 and is currently providing comments on the development of proposals for Phase 4. The Design Committee will also be involved in the masterplan for Phase 5-8.

6.27. Public consultation for Phase 4 launched on 13 June 2022 and is open for six weeks, with a number of exhibitions as well as the ability to view and respond online. The Design Committee agreed the approach to the consultation in advance of it being launched.

6.28. In relation to the rehousing programme, in summer 2021 a Housing Needs Survey was distributed to all tenants living in Phases 4-8 of Woodberry Down, to enable the planning of future development by Berkeley Homes, to provide the right mix of homes for the tenants remaining in Woodberry Down. This was followed up by Council officers, with visits and calls for Phases 4 and 5, as the information was key to the mix of homes being provided in Phase 3.

6.29. As well as confirming housing needs, this Survey gave tenants the opportunity to directly discuss the regeneration. Officers from the Rehousing Team will remain in close contact with tenants throughout the process of allocating homes in Phase 3 and supporting residents through the move. Tenants moving into Phase 3 of the regeneration will have the opportunity to choose from a number of different kitchens and bathrooms as well as wall colours, floor coverings and window dressings.

6.30. Leaseholders in Phase 4 will be contacted with an update about the regeneration and the intention for the Council to buy-back properties. A drop in session is scheduled for July, which will formally start the process of engagement with leaseholders. This will be followed by one-to-one engagement to progress valuations and provide an opportunity for leaseholders to discuss the buy-back process, and fully understand their options.

6.31. The Secure Tenant and Leaseholder offer documents are in the process of being updated and re-published, including details of the options and support available for residents.

6.32. In relation specifically to the preparation of a CPO, residents have been made aware that this process will begin, although the Council's CPO powers would only be used as a last resort. All residents, including tenants, will need to be referenced and included in the draft CPO schedules for completeness. Information will be provided to residents as needed. In addition, an EqIA will be prepared alongside the Phase 4 CPO process. This will include inviting all residents in Phase 4 to complete a survey, and will provide a point of contact for residents. The EqIA will help to identify vulnerable residents and ensure there is appropriate support in place.

6.33. The Woodberry Down regeneration benefits from an effective Independent Tenant and Leaseholder Advisor (ITLA) service. All aspects of public engagement are discussed with the ITLA, particularly in relation to ensuring the right mix of support is available for residents. The ITLA is a direct contact point for all residents who wish to seek support and advice independently of the Council.

6.34. In relation to Block D, the development of the approach to how the community space should be used has been co-produced with a Working Group involving three WDCO representatives as well as representatives of the other regeneration partners. The Group has overseen all aspects of the project and agreed next steps, and will continue to make recommendations to the Council on how to proceed. In addition, the project has been presented at the WDCO Board for feedback. Before the final mix of tenants is agreed it will be discussed with the Working Group and WDCO, with wider engagement as agreed.

Risk Assessment

<u>Side Letter</u>

6.35. The Side Letter is intended to mitigate the (low) risk to the Council of splitting the planning application for Phase 4 from the masterplan. Having a masterplan in place is a fundamental principle of the PDA. The Side Letter therefore seeks to set out a clear process and timeframe for submitting the masterplan planning application, in order to reduce the risk of not having an agreed masterplan in place.

CPO Indemnity Agreement

6.36. Cabinet authority to enter into the CPOIA for Phase 4 and commence negotiations with leaseholders, leading to property purchases and payment of compensation, will mean that the Council is indemnified against 50% of the 'Relevant Expenses' costs. However, the Council will still be at risk of losing the remaining 50% if Phase 4 does not proceed. The Council will continue to work closely with Berkeley Homes and respond to any emerging concerns with viability.

6.37. Acquisition of existing homes and other third party ownerships to achieve vacant possession in accordance with the PDA is identified within the Risk Register for the project.

6.38. Timely negotiation with leaseholders and freeholders is required to ensure that properties can be acquired, as far as possible, without the need to use a CPO. However, if necessary, the Council will seek to make and have confirmed a CPO in line with the PDA. Failure to meet the PDA requirements would result in financial loss and delay the redevelopment.

6.39. The Council's CPO powers are in themselves an important risk management tool. The authority to progress the use of these powers ensures that, where negotiations to buy-back leasehold/freehold interests by agreement have been unsuccessful, the Council can achieve vacant possession in a timely manner and avoid the risk of delay in delivering the regeneration programme. Such a delay would have financial and resource implications, as well as having a negative impact on residents.

6.40. The exercise of CPO powers can be controversial, and the Council will manage potential risk through continued consultation and engagement with affected residents and stakeholders. External legal advice will also be sought.

6.41. Homes which have already been bought back are, wherever possible, being used for Temporary Accommodation. This helps mitigate the costs being incurred by the Council.

Block D

6.42. Authority sought by this report is to enter the legal agreement setting out the parameters for the use of Block D. There is no direct risk associated with this, as it does not commit the Council to any course of action. If the Council chooses to pursue the use of Block D, which recent work undertaken assumes it will, some risks have been identified to ensure that the uses of the space provide sufficient income to cover the running costs, while also proving acceptable to the community. These risks are being monitored and will form a part of any subsequent reports seeking authority from Cabinet to enter into the lease with Berkeley Homes.

7. Comments of the Group Director of Finance and Corporate Resources.

7.1. The report recommends buying back the leaseholders in Phase 4 of the Woodberry Down development, to achieve vacant possession to allow this phase of the redevelopment by Berkeley Homes. As the viability of this phase has not been finalised, and will be affected by the review of the masterplan, a CPO indemnity is required to protect the Council against the risk that the phase does not proceed or the CPO is unsuccessful.

7.2. The costs associated with the buy-backs are included in the HRA business plan and will be reimbursed at a later date when the CPO is complete and Berkeley Homes takes possession of the land. Therefore, the only financial risk is that the Phase does not progress. In this case the properties would need to be assessed, and it is likely that an alternative development would be taken forward and vacant possession would be required. In this situation the properties would still need to be purchased.

7.3. The report also includes a recommendation to sign a supplemental agreement for the block D community facility. The financial impact of this is still to be clarified, and so this decision has been delegated to the Group Director of Finance and Corporate Resources in consultation with the Mayor. The transfer of this space to a community facility could result in operational costs to the Council, depending on the lease model used.

7.4. It is noted at paragraph 4.18 above that the definition of community use is wide ranging and, therefore, there are opportunities to secure facilities that will be of benefit to the local population and not adversely impact on the viability and overage due to the Council for the Woodberry Down development.

8. VAT implications on land and property transactions

8.1. The cost of the demolition of the property and rebuilding of new dwellings will predominantly be zero rated.

8.2. Where the Council buys back properties where tenants have bought long leaseholds under the right to buy, no VAT will be charged to the Council.

8.3. In relation to the Community Facilities at Block D, any income received by the Council from any onward rental will be liable to VAT at the standard rate. On the basis that the Council will make onward taxable supplies from the site, any VAT that is charged by Berkeley Homes should be recoverable.

9. Comments of the Director of Legal, Democratic and Electoral Services

9.1. The acquisition of properties is pursuant to the Hackney Mayoral Scheme of Delegation of January 2022 and is reserved to the Mayor and Cabinet.

9.2. S120 of the Local Government Act 1972 enables the Council to acquire by agreement any land for the purposes of discharging any of the Council's functions or for the benefit, improvement or development of its area. The Council may exercise this power whether or not the land purchased by agreement is immediately required for the intended purpose and the Council may use the purchased land in the interim for the purpose of discharging any of its other functions.

9.3. The proposed variations of the Principal Development Agreement (and Schedules) in this Report are permitted under Regulation 72(1)(e) of the Public Contracts Regulations 2015 which allows a variation where modifications, irrespective of their value, are not substantial. The variations to the Principal Development Agreement in this Report are not substantial within the meaning of the word as defined in the Regulation and therefore are allowed.

9.4. Paragraph 2.2 i) of the Cabinet Procedure Rules states that "if the Elected Mayor delegates functions to the Cabinet, unless they direct otherwise, then the Cabinet may delegate further to ......an officer......". Therefore, subject to the approval of Cabinet, the Group Director of Climate Homes and Economy is permitted to approve any further necessary variations to the documentation set out in paragraph 3.6.

9.5. Paragraph 2.2 i) of the Cabinet Procedure Rules states that "if the Elected Mayor delegates functions to the Cabinet, unless they direct otherwise, then the Cabinet may delegate further to ......an officer......". Therefore, subject to the approval of Cabinet, the Group Director of Finance and Corporate Resources is permitted to enter into the Block D supplemental Agreement to the Woodberry Down Principal Development Agreement (Phases 2-8) set out in paragraph 3.5.

Exempt Appendix

Exempt Appendix 1 - Legal Summary

By Virtue of Paragraphs using Part 3 of schedule 12A of the Local Government Act 1972 this appendix is exempt because it contains information relating to the financial or business affairs of any particular person including the authority holding the information and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

<u>Background documents</u>

None

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Appendix 1

ARTICLE 4 DIRECTION
London Borough of Hackney

TOWN AND COUNTRY PLANNING (GENERAL PERMITTED DEVELOPMENT) (ENGLAND) ORDER 2015/596, AS AMENDED

DIRECTION WITHOUT IMMEDIATE EFFECT MADE UNDER ARTICLE 4(1) TO WHICH PARAGRAPH 1 OF SCHEDULE 3 APPLIES

WHEREAS the **MAYOR AND BURGESSES OF THE LONDON BOROUGH OF HACKNEY ("the Council")** being the appropriate local planning authority within the meaning of article 4(5) of the Town and Country Planning (General Permitted Development) (England) Order 2015/596 as amended ("the GPDO") are satisfied that it is expedient that development of the description set out in Schedule 1 hereto should not be carried out on the land described in Schedule 2 hereto unless planning permission is granted on an application made under Part III of the Town and Country Planning Act 1990, as amended.

NOW THEREFORE the said Council in pursuance of the power conferred on them by article 4(1) of the GPDO hereby direct that the permission granted by article 3 of the said GPDO shall not apply to development of the description set out in Schedule 1 hereto in respect of the land described in Schedule 2 hereto.

SCHEDULE 1

Development consisting of a change of use of a building and any land within its curtilage from a use falling with Class E (commercial, business and service) of Schedule 2 to the Town and Country Planning (Use Classes) Order 1987 to a use falling within Class C3 (dwellinghouses) of Schedule 1 to that Order being development comprised within Class MA of Part 3 of Schedule 2 to the GPDO and not being development comprised within any other Class.

SCHEDULE 2

The land shown hatched in red on the attached plan being land comprising Hackney's Designated Industrial Areas.

Made this …….. day of ……………… 2022

The **COMMON SEAL** of the)

MAYOR AND BURGESSES OF THE)

LONDON BOROUGH OF HACKNEY)

was hereunto affixed in the presence of)

....

Authorised Signatory

Confirmed this …….. day of ……………… 2022

The **COMMON SEAL** of the)

MAYOR AND BURGESSES OF THE)

LONDON BOROUGH OF HACKNEY)

was hereunto affixed in the presence of)

....

Authorised Signatory

Appendix 3

London Borough of Hackney

Evidence to support the Council proposed Article 4 Direction regarding Permitted Development Rights for Change of Use from Commercial, Business and Services to Residential in Hackney's Designated Industrial Areas.

July 2022

Strategic Planning
London Borough of Hackney, Planning and Regulatory Services,
1 Hillman Street, London E8 1DY

Planmaking@Hackney.gov.uk

Contents

Summary

This Report sets out the implications of the new permitted development right (PDR) from Class E (commercial, business and services) to Class C3 (residential) that came into effect on 1 August 2021. It also sets out reasoning for continuing and extending the arrangements for the existing Article 4 Direction that currently removes the PDR under class O (i.e. between Class B1(a) Offices and Class C3 residential), to include other locally significant employment areas within Hackney Borough - Priority Industrial Areas (PIAs)- into a new Direction, covering Class MA.

The Government made a statement on 1 July 2021 clarifying its position in respect of Article 4 Directions and amending the National Planning Policy Framework (NPPF) accordingly. Paragraph 53 now states that,

"The use of Article 4 directions to remove national permitted development rights should: where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts (this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre) in other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities) in all cases, be based on robust evidence, and apply to the smallest geographical area possible."

Strategic evidence and justification for making an Article 4 Direction for these areas has been set out by the Mayor of London in his statement, 'Strategic evidence to support London borough Article 4 Directions (commercial to residential)', which was issued on 7 July 2021. It provides strategic support to local authorities for targeted Article 4 Directions to remove Class E to residential PDR from strategically significant office locations within the Central Activities Zone (CAZ), town centres, high street and locally significant industrial areas.

The purpose of this report is to provide strategic context and local evidence to support the Article 4 Direction made by Hackney Council and draws on the Mayor of London's 2021 Strategic evidence to support London Boroughs in making Article 4 Directions (commercial to residential), supplemented by substantial and robust local evidence and data. This report has full regard to both statements, aiming to apply the Article 4 Direction to areas where wholly unacceptable adverse impacts are likely to occur without such measures, and in doing so, limiting this to the smallest geographic areas possible. The discreet boundaries of the areas in question have been drawn up from a robust borough-wide assessment[1] of the quality and location of industrial land in the borough.

A full list of the areas to which the Article 4 Direction applies, including a map of the areas to which the Direction applies, is set out as part of the Direction made by the Council - see Appendix 2

On 18 July 2022, Hackney Council made a non-immediate Direction under Article 4(1) of the GDPO 2015 for a number of areas, and in accordance with Article 5, the Direction shall come into force on 18 July 2023. The Direction applies to 13 locations across the borough, published on the Council's website (link to be inserted). The map relates to the areas set out below:

[1] Hackney Employment Land Review, Boyer Consultants 2017.

Priority Industrial Areas

1. Anton Street
2. Belfast Road
3. De Beauvoir
4. Hackney Downs
5. Homerton
6. Red Square
7. Shacklewell
8. Theydon Road
9. Prout Road
10. Tilia Road

Locally Significant Industrial Sites

11. Millfields
12. Helmsley Place
13. Frederick Terrace

The Council considers that the Article 4 Direction fulfils national policy set out in Paragraph 53 (as revised on 1 July 2021) of the National Planning Policy Framework (NPPF) on the use of Article 4 Directions, and it is in accordance with the guidance set out in the National Planning Practice Guidance.

The key reasons why it is necessary to make the Article 4 Direction are as follows:

- The NPPF 2021, paragraph 8 continues to emphasise the need to support economic growth and productivity.

- The presumption in favour of sustainable development is carried forward from the original NPPF with local plans expected to apply a presumption in favour of sustainable development (paragraph 11). In respect of economic development, the guiding principle is that local plans and decisions should apply significant weight on the need to support economic growth and productivity. This should take account of local business needs and wider opportunities for development (paragraph 81) and planning policies are expected to recognise and address the specific locational requirements of the different sectors (paragraph 82).

- Planning for sustainable economic growth cannot be properly achieved without the Article 4 Direction, bearing in mind the impact of the potential loss of commercial, business and service floorspace through permitted development at this point, and taking into account the forecast growth in these sectors over the plan period.

- The Council has an up to date adopted Local Plan (2020) in place, which sets out the spatial strategy for development up to 2033, and the related policies that aim to make the town and district centres the focus of retail, commercial, leisure and cultural development and to provide and retain offices.

- The Council's five year housing land supply is set out in the Authority Monitoring Report[2] Housing Delivery in Hackney and demonstrates the Council's housing completions over the period (2015/16 - 2019/20), the Borough's London Plan target was 1,599 dwellings per annum over the 5 years (2015/16 - 2019/20), the housing completions over the same 5 year period totalled 7,843, which on average equates to 1,568 new homes per annum, meeting 98% of the required target of 7,995 new

[2] Housing Delivery in Hackney FY2015-FY2019

homes. It should also be noted that the Housing Delivery Test applied the draft London Plan target of 1,330 per annum to Hackney's returns from the year 2018/2019. Going forward, the new London Plan target, adopted in March 2021, for Hackney borough is 1,328 per annum, although Hackney's Local Plan has set a target to deliver 26,250 additional homes, which is 1750 per annum over the lifetime of the plan.

- Finally, the pandemic has altered the ways in which people interact, influenced the way we have reconnected with local places and neighbourhoods and redefined how we work and our workplaces, by placing a greater reliance on technology. However, post economic recovery does not show us any clear trends that can predict the impact of the pandemic over the course of the Local Plan. The Article 4 Direction is therefore required to ensure that we can continue to protect land and buildings in industrial employment uses to support cultural and creative needs of the local community.

Introduction

In March 2021 Government published legislation that introduced a new Permitted Development Right (PDR), Class MA which came into effect on 1 August 2021 for the change of use of properties in the Commercial, Business and Service use class (Class E) to residential, subject to a range of conditions and limitations. Under the transitional arrangements, where there are existing A4Ds relating to *office to residential* PDR, will remain effective until 31 July 2022.

The new class MA PDR will essentially reduce the scope of office to residential PDR (due to there being more prior approval criteria to address) while significantly increasing the scope for change of use from retail to residential as well as introducing new PDRs for various other town centre uses, to change to residential.

Whilst the new PDR includes prior approval matters relating to the impact of the loss of employment, it does not give consideration to the economic recovery resulting from the recent pandemic. Even with the restructuring of the high street economy, employment generating uses still rely on clustering/agglomeration and benefit from a compact core. The introduction of this PDR risks undermining Hackney's creative hub which has seen rapid employment growth specifically in the small business workspaces. Notwithstanding the prior approval matters, Hackney is concerned that these changes could impact detrimentally on its local economy

The Council is also concerned about the impact that the PDR may have on local industrial and commercial land and premises within the borough, which is already in very short supply. Together, these impacts have the capacity to undermine the proper planning of the borough and local business development. This Reports seek to justify the Council's proposal for an Article 4 Direction (A4D) for the new permitted development (PD) right which will allow uses within Class E (commercial, business and service) to change to use Class C3 (residential) under a new class MA in the General Permitted Development Order (GPDO).

The Local Plan carries forward the findings of from the Hackney Employment Land Study, 2017 in order to help retain vital industrial land and floorspace within Hackney and ensure that sufficient office floorspace is delivered to meet Hackney's economic needs, the Plan differentiates between Priority Office Areas (POAs) and Priority Industrial Areas (PIAs).

In February 2022, the Council proposed two new Article 4 Directions to cover the following geographical locations:

- Hackney CAZ, City Fringe / Tech City, Dalston and Hackney Central Major Centres; and
- District Centres and Local Shopping Centres.

These A4Ds replace the arrangements for two existing A4Ds in Hackney in 2013 and 2015 that currently removes the PD rights under class O (Class B1(a) (Offices) to Class C3 (residential)) and class M (Class A1 (shop) and A2 (financial and professional services) and C3 (residential).

This further Article 4 Direction expands on the above A4Ds to bring forward the protection of Hackney's Priority Industrial Areas (PIAs). Whereas Councils could previously remove office to residential permitted development rights through the use of Article 4 directions, this route is no longer possible in relation to changes within Class E; as uses within the same use class do not constitute development. Class E (g) uses include employment B1(a) Offices B1(b) Research and development of products or processes and B1(c) any industrial process, (which can be carried out in any residential area without causing detriment to the amenity of the area). Therefore, we can no longer protect Industrial land and floorspace (Use class B1) within a PIA (Local Plan Policy 26).

With the Covid-19 pandemic and economic recovery, it can be expected that there will be a continued need for local offices/workspace.

Extent of the Class E to C3 Article 4 Direction
The boundaries of the areas to which the Article 4 Direction applies have been tightly drawn to protect specific designations, areas or clusters of industrial floorspace, outside of designated employment and office locations, to ensure that the Article 4 Direction is limited to those areas that make the most valuable contribution to the creative and cultural floorspace needs of the borough.

Policy Context

National Planning Policy Framework (NPPF), 2021
The NPPF makes clear that the purpose of the planning system is to contribute to the achievement of sustainable development. In achieving sustainable development, the government sets out three objectives including an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity. It looks to ensure that local authorities plan to create the conditions in which business can invest, expand and adapt, and ensure that planning policies support the role that town centres play at the heart of communities. In doing this, planning policies should both set criteria and identify sites to support economic development and investment.

The London Plan, March 2021
The London Plan also contains policy to ensure that a sufficient supply of commercial land and premises is provided and maintained in different parts of London to meet current and future demands for industrial and related functions. Policy E1 (Offices)supports increases in the current stock of offices in locations such as town centre office locations, existing urban business parks, and town centre office provision to meet local needs and goes on to state that existing viable office floorspace capacity in locations outside the areas above should be retained.

Policy E4 aims to provide and maintain a sufficient supply of land and premises to meet current and future demands for industrial and related functions; taking account of strategic and local employment land reviews and the potential for intensification, co-location and substitution; it also supports the use of Article 4 Directions to ensure that industrial and logistics capacity is not undermined by PDR. The policy also encourages boroughs to deliver intensified industrial floorspace as supported by appropriate evidence.

Mayor of London Strategic Evidence to support Class E Article 4 Directions, July 2021
The Mayor of London has produced strategic evidence to support Class E commercial to residential Article 4 Directions by local planning authorities in London[3]. Industrial land in London provides vital capacity for industrial, logistics and related uses that are essential to the functioning of its economy and for servicing the needs of its growing population. Against a backdrop of significant loss of industrial land to other uses over the period 2001-15[4]. The strategic evidence sets out the importance of maintaining a sufficient supply of industrial land in different locations across London to meet the diverse needs of London's industrial and commercial activities (both regionally and locally) and raises concern about the impact that PDR may have on this reservoir of industrial and employment land.

Hackney Borough has no strategic Industrial locations but does have locally significant industrial sites and priority industrial areas; which are made up of industrial and warehouse uses (Class E, B2 and B8). This includes evidence supporting the need to protect designated areas – such as town centres and locally significant employment areas – from unplanned changes from Class E as well as data concerning matters such as footfall, consumer spending and land values that all point to the need to have a cautious approach to matters concerning key employment areas, particularly whilst the economy is still recovering from the pandemic and whilst patterns and trends settle.

The strategic evidence raises two primary concerns owing to the introduction of the PDR; first, a direct impact through the loss of light industrial and creative production uses that now fall within Class E as many of which are located in the PIA's and occupied by smaller, younger enterprises who value the affordability and flexibility of such spaces. The loss of these spaces to PDR threatens such companies and future entrepreneurs and, secondly, through the introduction of residential uses in areas that contain a range of industrial uses (both within and outside of Class E), which can compromise and / or undermine the integrity of the wider industrial use.

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[3] https://www.london.gov.uk/sites/default/files/strategic_evidence_to_support_commercial_to_residential_article_4s_in_london_july_2021_final_report.pdf
[4] Hackney Economy, Workspace and Social Value Study, 2019

This is in contrast to the objectives of protecting and creating jobs shared by the Government, the Mayor and the London Recovery Board, to build a strong and competitive economy and drive the recovery from the economic impacts of the COVID19 pandemic. From a spatial planning perspective, the protection of jobs and the realisation of future jobs growth is contingent on the careful management of development capacity and the balance of commercial uses with alternative land uses including housing. Targeted commercial to residential Article 4 Directions will be an important component in achieving this objective, protecting existing jobs and realising future jobs growth potential.

Hackney Local Plan (LP33), 2020

The Hackney Local Plan identified need for an additional 117,797 sqm of office floorspace over the plan period and the Plan's objective to provide at least 23,000 new jobs by 2033 (of which employment B use class related jobs will contribute up 13,000 jobs, based on a job density of 1 job per 10.8sqm), to be distributed across the designated Priority Office Areas (POAs), Priority Industrial Areas (PIAs), 21 designated retail centres and site allocations for commercial floorspace.

The Local Plan designates ten Priority Industrial Areas - De Beauvoir, Anton Street, Homerton, Tilia Road, Shacklewell, Hackney Downs, Red Square, Belfast Road, Prout Road & Theydon Road. The Local Plan also designates three Locally Significant Industrial Sites - Millfields, Helmsley Place and Frederick Terrace. These are set out in Policy LP26 Employment Land and Floorspace. These equate to 1.15% of the borough's land area. These are key smaller clusters of industrial land which typically feature similar characteristics. The predominant PIA workspace typologies are warehouses and railway arches, in the form of workshops/studios or storage spaces. In all of the PIAs, industrial activities co-exist with studio/ smaller-scale production spaces or low specification office spaces, targeted to SMEs and the creative industry.

Hackney Evidence

The Council has up to date evidence to justify the Class E to C3 Article 4 Direction as follows, including but not limited to:

- ➔ Hackney Employment Land Study 2017, which demonstrates that there is positive job growth for B1 (offices) and an increasing demand for employment floorspace within the Borough;
- ➔ Hackney Economy, Workspace and Social Value Study, 2019 provides a comprehensive evidence base for Hackney's economy and establishes a detailed understanding of the rapid economic change which has been experienced in Hackney over the past decade;
- ➔ Future economic analysis to support the continued growth in the creative industry and cultural industries(to be undertaken);
- ➔ Hackney Local Plan (LP33) sets out the growth strategy for Hackney borough; and
- ➔ GLA Strategic Evidence in support of A4Ds (July 2021) supports the use of Article 4 Directions to ensure a sufficient supply of land and premises to meet current and future demands for industrial and related functions is not undermined by PDR.

The impact of the new PDR is uncertain, but this report will consider the likely implications of the PDR for Hackney's PIA's in terms of :

- Hackney's rapid economic change and evolution, which has been experienced in Hackney over the past decade, and the implications of this for the Borough's places and communities;
- Hackney's recognised hub for creative and cultural activity and the significant challenges for the Borough's workspace market, with existing supply and new provision under continual pressure from increasing values and competing uses; and
- The local, regional and national economy, in relation to Hackney's Hackney's planned growth over the plan period to 2033.

The A4D does not mean that there will be no residential in the affected area, rather it will allow the Council to consider and determine planning applications in line with its existing and emerging policies, and manage some of the adverse impacts of the PDR.

Economic change in Hackney

Hackney has experienced rapid economic growth over the past decade. It has been the fastest growing London Borough for employment over the last five years and the third fastest growing for businesses (behind only Newham and Barking & Dagenham). Almost all of Hackney's sectors have grown in terms of employment and businesses in recent years, with particularly strong growth experienced in the creative and professional service sectors.

The Borough now has the second highest concentration of creative activity of any London Borough. Growth can partly be attributed to very high enterprise levels in the Borough, a significantly higher enterprise birth rate and lower death rate than the London average. Reflecting the breadth of its economy, there is a diverse range of workspaces across Hackney. VOA data identifies 1,644,100 m2[5] of commercial space across 10,500 units across the borough.

Office space accounts for around 44% of floorspace, while retail and amenity space (A uses) and industrial space (B1c, B2, B8) both account for around 25% of Space. The workspace market has experienced rapid growth in values in recent years: both office and industrial values are now close to par with the London average (at £47 and £12 per sq ft respectively). Growth in office values has been particularly strong in Shoreditch which has outperformed the majority of inner London Opportunity Areas since the 2004 London Plan.

Strong competing demand for space in the Borough has led to a marked shift in the local workspace market over the past 15 years. Between 2001-15, around 45 hectares of industrial land was released in the Borough. This represents 44% of the stock and the third highest rate of release across London. Demand for remaining industrial space is strong (less than 1% vacancy rate registered in 2018). At the same time, there has been growth in the size of the Borough's office stock, with a net gain of 182,000 m2 since 2002.

The aim of Local Plan policy LP26 is to ensure that new proposals in PIAs seek to retain the existing industrial floorspace through repovision or intensification, whilst promoting the delivery of additional employment space where viable, along with other uses. This will help

5 Hackney Economy, Workspace and Social Value Study, 2019.

meet the borough's overall employment needs by protecting vital industrial land and delivering new employment floorspace whilst allowing mixed-use development (including residential uses) where appropriate through a flexible approach.

Hackney Employment Land Study (ELS), 2017

The Hackney Employment Land Study (ELS)[6] identifies a strong need for B1a offices (a minimum of 117,000sqm) over the plan period, upto 2033. For industrial use, there is a need for between -17,500 sqm and +35,800 sqm of light industrial B1c floorspace. The ELS evidences the significant loss of industrial floorspace in the Borough over the past 15 years and has summarised Hackney as having a limited reservoir of designated employment land, which is unlikely to meet employment needs over the plan period upto 2033.

Hackney's designated Industrial land is currently made up of ten designated Priority Industrial Areas (PIAs) and three Locally Significant Industrial Sites (LSIS). Together, the existing designated PIAs (including the Central Activities Zone) and LSIS account for 6.4% of the borough's total land area. Notwithstanding this modest land area, they resemble the core portfolio of existing employment land assets, comprising 933,696sqm, this comprises 573,705sqm of office space, 134,563sqm light industrial and 225,428sqm of industrial floorspace.

The findings of the study highlight the need to ensure the retention of an adequate stock of industrial capacity to support a diverse, adaptable and more sustainable economy. This is particularly important for B1c floorspace in the Borough, where the ELS suggest that only a loss of 574sqm would be acceptable over the plan period. Table 33 of the Employment Land Study identifies the breakdown of use class B employment within the PIAs below.

6 Hackney Employment Land Review 2017

Table 33 – B class floorspace in the PEAs

	B1*	B1a	B1b**	B1c	B2	B8	Total B class
Anton Street	150	750	0	1,308	1,122	296	3,626
Belfast Road	0	0	0	3,820	420	1,465	5,705
Dalston	0	6,341	0	2,495	0	1,411	10,247
De Beauvoir	0	409	0	1,690	482	183	2,764
Hackney Downs	3,141	1,206	0	2,432	320	0	7,099
Homerton	0	2,243	0	9,155	1,328	9,452	22,178
Kingsland	3,212	16,883	0	11,764	2,200	15,322	49,381
Mare Street	7,675	17,602	0	22,941	7,215	24,311	79,744
Prout Street	0	0	0	2,118	385	2,338	4,841
Red Square	1,402	1,145	0	1,205	23	188	3,963
Shacklewell	0	430	0	3,812	505	2,772	7,519
Shoreditch	21,905	314,695	0	20,073	6,223	25,687	388,583
Theydon Road	2,801	1,206	0	693	1,453	21,450	27,603
Tilia Street	0	0	0	718	152	0	870
Wenlock	6,506	70,016	0	5,880	0	18,493	100,895
Total	**46,792**	**432,926**	**0**	**90,104**	**21,828**	**123,368**	**715,018**

**B1 is used where it is it not possible to determine the type of B1 floorspace using VOA definitions*
***It is difficult to determine B1b floorspace using the categories given by the VOA. It is likely that there is a very small amount of B1b floorspace in Hackney but given the difficulties in its identification it has been included within the B1 or B1a categories for the purposes of this ELS*

Appendix 1[7] of the Employment land study includes a profile of each area, floorspace breakdown, by use class and some planning activities.

Commercial land values

There are distinct differences between the office and industrial property market as evidenced in Table 3 of the Hackney Employment Land Study. Office floorspace in Hackney can command rents from £350 per square metre in the lower value areas of Hackney (north) up to £600 per square metre in the higher value area of the City Fringe. This is comparatively much higher than industrial rents of £160 per square metre and £170 respectively. These strong market fundamentals in favour of office floorspace has meant that over time there has been a significant decline in industrial land/floorspace within the borough and particularly within the southern POAs, and the replacement of this floorspace with higher value office floorspace within new development. This is evidenced by Table 18 in the Employment Study which shows a loss of 162,166sqm industrial floorspace over a 15 year period (2002-2016).

Range and size of business units

Hackney's employment stock contains a range of different floorspace sizes suitable for different sized businesses. The largest proportion of employment stock by size is units between 2,000 sqm and 10,000 sqm, making up 36% of the overall supply. 4% of units are less than 250 sqm, reducing to 0.45% of units being less than 90 sqm[8].

[7] Appendix 1 of Hackney Employment Land Study, 2017
[8] Hackney Employment Land Study, 2017

Hackney's average rental value achieved for offices between 2014 and 2016 was £40.65 per sqft. This represents an 89% increase on the average rental values achieved between 2009 and 2011.

Small and medium Enterprises (SME's)
The Council's Employment Land Study (2017) and the Hackney Economy and the Hackney Economy, Workspace and Social Value Report (2019) found that Hackney's local economy is built around SMEs - Of the approximate 18,995 enterprises in Hackney, 91.3% of the local economy are micro-sized enterprises (0-9 employees) and 7.4% are small (10-49 employees).

Latest Nomis data In 2021, identifies 23,275 businesses; with small businesses between 0-9 people accounted for 21,320 employed[9] This demonstrates that 91.6% of all businesses in Hackney are small, which is a higher percentage than the average for London at 90.9%. Such businesses have relied historically on the availability of affordable workspaces however there is evidence of rapidly rising rents for office space, low vacancy rates and a shortage of supply.

Sector projections as set out in the Employment Land Study, suggest that professional services, real estate, ICT and arts entertainment and recreation are those sectors expected to grow fastest over the plan period. The study shows that the highest demand for B class floorspace in Hackney, both in terms of the number of deals and total floorspace leased, has been for business units requiring up to 250 sqm. The provision of this smaller-affordable type of unit is important for retaining businesses in an area, otherwise SMEs risk moving away once they get beyond a certain size. This mismatch can be partly explained by the prevalence of workspace providers in Hackney. In reality the majority of this floorspace will be populated by SMEs (via sublease) even though the headline commercial lease deal itself will show up in a higher size band.

Affordable Workspace
The need for affordable workspace in London is increasingly of concern to the Mayor of London and this is reflected in London Plan Policy E3. The provision of a sufficient supply of business space of different types, uses and sizes will ensure that workspace is available for occupation by SMEs and businesses wishing to start-up or expand. It will also help to ensure that workspace is available at an appropriate range of rents. This is particularly relevant to Hackney, as the Borough has one of the largest and most diverse ranges of managed workspace across London. VOA data identifies 1,644,100 m2 of commercial space across 10,500 units across the borough. Office space accounts for around 44% of floorspace, while retail and amenity space (A uses) and industrial space (B1c, B2, B8) both account for around 25% of space. The majority are located in or close to the Borough's town centres, office areas and industrial areas. Many co-working spaces are clustered towards the south of the borough in Shoreditch and Wenlock responding to demand from the central London office market.

It can be also be demonstrated that the workspace market has experienced rapid growth in values in recent years, with both office and industrial values now close to par with the London average (at £47 and £12 per sq ft respectively). Growth in office values has been

[9] Nomis' official labour market statistics 2021

particularly strong in Shoreditch which has outperformed the majority of inner London Opportunity Areas since the 2004 London Plan.

Local Plan Policy 29 sets out the Council's intention to seek the inclusion of a proportion of affordable workspace, or the reprovision of low cost floorspace, within major commercial development schemes, and within major mixed-use schemes in the Borough's designated employment areas, the CAZ and town centres, in schemes that provide over 1000sqm of gross employment floorspace and in mixed-use schemes, affordable or low cost workspace would only be required if the scheme incorporates over 1000sqm of gross employment floorspace.

Therefore, local evidence confirms that the Council will need to continue and strengthen its approach to protecting employment floorspace. Safeguarding employment floorspace and sites for business and jobs, including for shared workspace, will be necessary to support the economic recovery, business investment and jobs growth. The borough has a highly constrained land supply, therefore, the main approach to addressing economic needs is to manage the existing stock and maximise any redevelopment potential for economic / employment purposes to meet employment needs.

Post pandemic economic recovery

The GLA commissioned research into the pandemic and impact on office use trends, the CAZ ecosystem, scenario development and policy recommendations. This resulted in the economic future of the CAZ (2021) report. It found that the impact of the pandemic has been profound, with many businesses and jobs facing enormous challenges due to the growth in home working, the need to distance socially, unprecedented restrictions on hospitality and cultural venues and events, and the collapse in tourism. London's arts and cultural sectors, including the Night Time Economy, are particularly at risk.

In the long term, the report concludes that, if the right action is taken, central London will be well placed to recover strongly**.** The report concludes that the diverse ecosystem with an unique combination of business, retail, culture, government, education and other anchor institutions will continue to be the beating heart of London's and the UK economy.

It emphasised that growth of homeworking will continue, especially by those employed in the sectors dominant in the Shoreditch economy (information and communication) and professional, scientific and tech. However, it does not mean the end of the office. Offices will have to adapt to collaborative co-working spaces with flexible leases and spaces to be attractive in the longer term, and the bigger community belt provide those potentially larger pools of labour.

At a more local level, the Council undertook a survey of businesses in mid-2020 and found that:

- 77% had been closed
- 95% had lost income
- 25% had staff who were self-isolating and unable to work
- 24% had made staff redundant
- 7.5% had staff who were scared to work because of infection risk

- 79% had furloughed staff
- 3 in 4 faced a loss of more than three-quarters of their income; more than half cannot sustain further losses in income.

These small businesses and social enterprises are at the heart of the local economy as they face a challenging and uncertain future as the economy rebuilds.

In conclusion, the above research has concluded that there is demand for commercial activities and employment in London and the areas are in a position to recover from the pandemic economically because of their location and accessibility. This A4D is therefore required to ensure that we can continue to protect employment land and buildings where necessary in support of local business needs, whilst the situation is monitored, and appropriate strategies can be prepared.

Housing delivery

The Council has, in recent years, delivered about 98% of its housing targets, and has sufficient allocated sites to meet future targets. This planned housing growth will be accompanied by planned investment in infrastructure to meet the need created by the growth. The Council's Local Plan has adopted a policy that seeks affordable housing contributions either on site or payment in lieu. This applies to both large sites and small developments. This policy is no longer enforceable under the new PDR, and this will negatively affect the Council's ability to provide affordable housing within the borough. There will also be a loss of CiL contributions. Using the last complete available data, Hackney reached 98% of its housing target over 5 years from FY 2015-2019.

Housing delivery 2015-2019

Tenure	FY2015	FY2016	FY2017	FY2018	FY2019	Total
Affordable Rent	45	63	36	10	31	185
Social Rented	94	20	97	15	1	227
Intermediate	107	147	128	119	107	608
Market	1223	944	890	1377	830	5264
Non-conventional supply	1029	-6	72	334	130	1559
Total	**2498**	**1168**	**1223**	**1855**	**1099**	**7843**
London Plan Target	1599	1599	1599	1599	1599	7995

AMR: Housing Delivery in Hackney FY2015-FY2019

Going forward for the period 2019 -2023 Hackney is projected to deliver approximately 7,159. This excludes the allocation for windfall sites which in Hackney is based upon the trend GLA housing completion returns for between 5-10 years. Table 3 shows that the Council is proactively designating land for housing through the site allocation section of the Local Plan, and the Council's estate regeneration programme. The identified sites would account for around 4000 dwellings, and around 2,800 from granted permission, thus only around 1,000 over 5 years from non conventional housing and windfall sites. Delivery of 7915 is well above the 7188[10] dwellings required based on the London Plan housing target for hackney.

Table 3: Projected housing delivery (2019 – 2023)

Source	2019/20	2020/21	2021/22	2022/23	2023/24	Total of these years
GLA / LDD pipeline totals	397	377	667	664	660	2765
Housing regeneration	323	456	631	515	326	2251
Site allocations	122	120	510	515	515	1782
Pre-apps						50
Non-conventional	69	76	76	45	45	311
Interim Housing	**911**	**1029**	**1884**	**1739**	**1546**	**7159**
Winfall included in years 3,4,5 only			252	252	252	756
Total						**7915**

Source LBH Authority Monitoring Report 2018

The Housing trajectory, utilising data available at that same point, showed that Hackney would exceed its target over the next 5 years.

Impact of the PDR on Hackney's adopted Local Plan Spatial Strategy
The PD rights could have a significant impact on the Council's spatial strategy, contained within its adopted Local Plan 2033 (adopted 2020).

The sustainable spatial strategy focuses on higher density, commercial and mixed-use growth in key areas such as the Borough's town centres (Dalston and Hackney Central), Shoreditch and the CAZ, and along railway corridors which contain the majority of the Borough's designated employment land. The spatial strategy focuses on economic and employment growth within these areas which are a relatively small proportion of the land area of the Borough. The conversion of commercial, business and services in these areas would significantly undermine the ability of these areas to fulfil this economic and employment role, with no other areas to rely on to adequately perform this role. The strategy supports high density growth in these areas, facilitating large uplifts in both commercial and residential floorspace.

Implementation of the proposed change for commercial, business and services to residential could have a detrimental effect on the character of areas which are designated on the basis of having a core cluster of commercial, business and businesses uses and buildings. Even one or two completely residential schemes would undermine the character of an area which will establish a precedent for a continuation of primarily residential schemes. These impacts could be long-lasting - once employment and commercial land is redeveloped for residential use, it is unlikely to ever revert back to an employment or commercial generating use. The Council considers its current policy approach as being effective in achieving a balance in terms of promoting the employment generation of sites alongside achieving other uses such as residential. Despite the current situation, planning policy needs to be considered in the longer term (typically 15-20 years) to ensure we strike the right balance between the

10 London Plan Target 1599 for years 2019 and 2020 and 1330 for years 2021, 2022 and 2023

provision of housing and future employment land which equates to local jobs. Any deviation from this strategy, even for a short period, will have significant detrimental impacts.

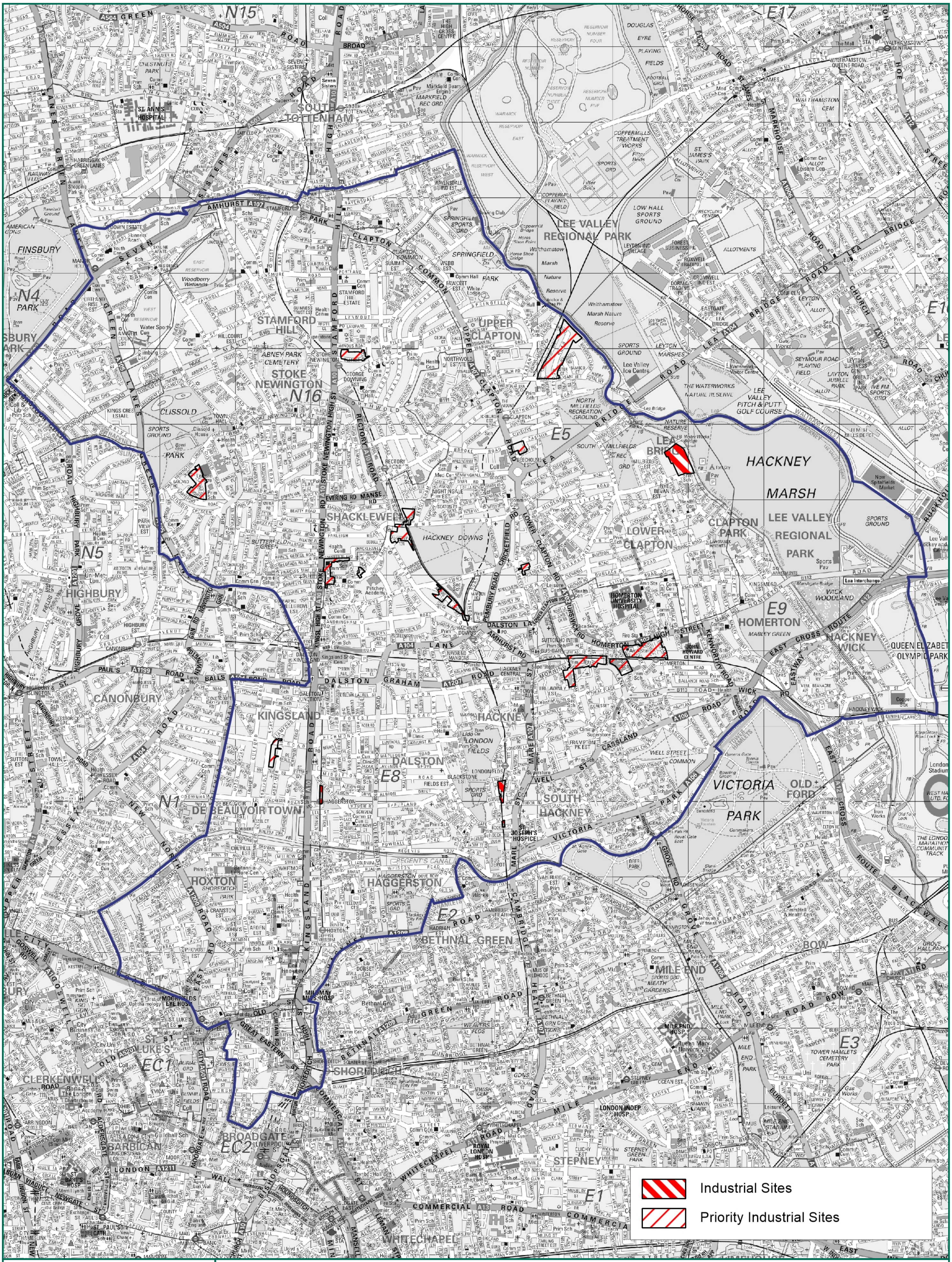
Planning contributions to fund infrastructure
A change of use from commercial, business and services to residential use puts pressure on the infrastructure needed to support such residential growth; for example school places, transport infrastructure, open space, and health facilities. However, as a permitted development, contributions normally secured through Section 106 to fund such strategic infrastructure and site specific impacts, will not be negotiated as no planning permission will be required.

The potential loss of S106 or CIL revenue will not only limit the ability to provide supporting infrastructure but could undermine the entire commercial market in Hackney as businesses will have no certainty as to whether or not their leases are likely to be extended. It also puts at risk Hackney's pipeline of non residential floorspace.

Conclusions

The PDR poses a risk to many commercial properties in the Borough that could be converted to residential accommodation and undermines local economic recovery following the pandemic. This risk is particularly high for SMEs in high-value areas which could displace creative and cultural hubs. Should this happen then the anticipated adverse impacts would be as follows:

- The loss of a supply of premises and land that meet the diverse needs of Hackney's communities for affordable creative and cultural floorspace, with benefits of clustering with similar and dependent sectors; and
- The viability and vitality of Hackney's local economy could be undermined in the post pandemic economic recovery.



NORTH

Scale: 1:32000 at A4

Proposed A4 UCO E to C3 Residential
Priority Industrial Areas/Locally Strategic Industrial Sites

Hackney

Ref:	Produced by: Planning
Monday, June 13, 2022	email:

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Title of Report	**A Place for Everyone Hackney Voluntary and Community Sector Grants**	
Key Decision No	**CE S007**	
For Consideration By	Cabinet	
Meeting Date	18 July 2022	
Cabinet Member	Cllr Kennedy, Cabinet Member for Health, Adult Social Care, Voluntary Sector and Culture	
Classification	Open	
Ward(s) Affected	All wards	
Key Decision & Reason	Yes	Significant in terms of its effects on communities living or working in an area comprising two or more wards
Implementation Date if Not Called In	26 July 2022	
Group Director	Mark Carroll, Chief Executive	

1. Cabinet Member's introduction

1.1. I am pleased to be introducing this report that sets out recommendations and updates in regards to funding decisions for the 2022/23 Voluntary and Community Sector (VCS) grants programme. This includes new Community Infrastructure grants, updates on project grant awards and proposals for the Advice, Specialist, and Project Grant funding streams for 2023/24.

1.2. A review of the grants programme was planned for 2020 following approval of the VCS Strategy by Cabinet in 2019. This plan was overtaken by the need to prioritise a response to the pandemic, but we were able to use learning from the pandemic to inform the review. This report outlines how we did this, progress and next steps following on from the report to Cabinet in January 2022.

1.3. Learning from the development of the VCS Strategy and the experience of the pandemic has helped the Council to think more strategically about our investment in the VCS and the need to work with the sector in a more insightful and supportive way to identify creative and long term solutions for organisations and the residents they serve. These experiences and what we know about how we need to shape public services going forward has informed our approach to the review of the grants programme.

1.4. As a Council we need to extend the collaboration we have undertaken with the sector during the pandemic and ensure that we continue to learn and adapt with them to meet the needs of residents. We also need to carry on developing new approaches and ways of working together as a system that transform residents' experience of support, particularly for those living in poverty and/ or with complex needs.

1.5. The development of Community Infrastructure grants, which were launched in February this year, is one of the ways in which we are now applying and investing in our learning. This activity is key to a preventative agenda that seeks to build upon the assets within communities and the expertise and reach that some organisations have in their communities, along with the person-centred ways of working they adopt to meet the presenting need and work with complexity.

1.6. Funding has also been allocated from the programme for project-based activity. In addition to funding from the VCS grants programme, this year the application and assessment process determined allocations from a budget that in previous years had been deployed for one-off commissioning of youth activity by the Children and Families Service. This has meant that fifty organisations have received a total of £526,413 for activities designed and planned by VCS organisations.

1.7. This financial year the Council has increased the envelope of grant funding for the advice service partnership to £1m as set out in the report to Cabinet in January. For stability, the existing grants were extended in 2022/23 but a new open process will be undertaken this year to invite organisations to apply to participate in the borough's Advice partnership from 2023 onwards.

2. <u>Group Director's introduction</u>

2.1. This Council has a strong financial track record but 11 years of Government cuts and the cost of keeping people safe during the pandemic much of which has fallen to the Council, has taken their toll on public services. More and more people are turning to councils for support, with less and less money available to help them. In Hackney, our Government grant has shrunk from £310m in 2010 to £170m - a cut of 45%. Per head of population, we have seen the biggest funding cut of any London borough at £529.

2.2 Despite this, the Council has again protected the budget for the Voluntary and Community Sector grants programme, although this is becoming even more difficult as outlined in this paper. However, our Council grants are only one of the ways in which the Council continues to provide financial support. The annual subsidy to voluntary sector organisations occupying Council buildings is estimated to be £400,000 based on the difference between market rent and rent payable. This does not include some buildings where long term plans are being established, playgrounds and several short term VCS lettings. A total of £566,271 discretionary rate relief was awarded in 2019/20 with the Council contributing 48% of the rate relief under the rules of the London Business Rates pool. This is in addition to significant levels of commissioning of the VCS to deliver services, all of which add up to approximately £20m of investment.

2.3 The grants programme continues to enable activities and services defined and designed by the VCS, in line with borough priorities and which complement our own statutory service delivery. This is against a backdrop of great financial constraint and uncertainty. The sector is itself currently operating in a highly constrained financial environment. This is likely to become more difficult, due to the cost of living crisis, which is putting more of a strain on budgets. In the light of the financial challenges outlined in this paper, all areas of the Council's budgets nevertheless need to remain under review.

2.4 In January 2022 officers set out to Cabinet the intention to introduce a funding stream for organisations to apply for core funding. The aim of this funding is to enable organisations to continue to develop community support and social networks but also contribute to the development of 'healthy systems' which is seen as increasingly important to the transformation of public services. The application process was undertaken between February and June 2022 and this report outlines the recommendations for awards of grants from this scheme.

2.5 We have continued funding project-based activity recognising the value that these grants add, often reaching communities furthest from our services and complementing Council and commissioned activity. Fifty grants were allocated in May 2022, with a further three rounds of Community Chest grants taking place this year for small organisations and grassroots groups. The project grants provide access to resources for some of our smaller and grassroots organisations acknowledging their vulnerability and the need to protect and grow them. The ongoing review of project-based grants will also explore if these grants are the best way to invest in these organisations to secure their future.

2.6 The grant review is helping us to consider how we should invest in the sector in the future to support the transformation of public services so that as a system of support we are able to continue to meet demand for services, despite the budget pressures we face. We have and will continue to identify opportunities for us to change the way we use resources to support the VCS strategy and a stronger sector in the future.

2.7 Changes in the way that we work with and fund Advice Services were developed over three years and new grants were allocated in 2019 following an open process. An interim review was undertaken in 2021 and no changes were proposed at that stage to the organisations funded, as these could have negatively impacted organisations that had been stretched by the impact of the pandemic and the rising demands on their services.

2.8 In view of this, in January 2022, Cabinet approved extending the current advice grants for a further year in 2022/23. Cabinet also agreed to an increase to the proportion of funding for advice services to £1 million from the grants budget. Prior to the pandemic, our analysis and comparison with similar boroughs highlighted that funding for advice services should be increased given the levels of need in Hackney. The impact of the pandemic on residents has stretched their resources even further and as a critical service for preventing demand on statutory services we need to ensure that they can provide timely interventions and advice. Proposals for a new round of open grants are set out in this report and recommendations in regards to organisations to be funded will be brought to Cabinet in January 2023.

2.9 The last review of the Specialist Grants was concluded in autumn 2017. As with advice grants, there were no changes made to the Specialist grant organisations for funding in 2022/23. As with our advice partners we needed to provide a period of stability following the pandemic. However, we intend to change the way we monitor and measure in line with our new approach and have begun a review of this funding. We would expect there to be some changes to reflect what we now understand about the contributions needed and these will also be brought to Cabinet in January 2023.

2.10 In January 2022 an internal audit of the Council's grant programme was undertaken as part of the 2021/22 Internal Audit Annual Plan, as approved by the Audit Sub-Committee on 21 April 2021. The Plan was developed following an assessment of the key risks facing the Council. The audit found that there is a significant level of assurance across all three areas of the grantmaking process and did not contain any recommendations that need to be brought to this Cabinet meeting for consideration.

3. Recommendations

Cabinet is recommended to :-

3.1 Approve the allocation of Community Infrastructure Grant £289,500 across the pool of organisations outlined in Appendix 1.

3.2 Delegate powers to the Head of Policy and Strategic Delivery to review and award the Community Infrastructure Grant in consultation with the Cabinet Portfolio Lead, the allocation of £110,500 to support community infrastructure development work including the management of any gaps in provision either geographically or by community. The specific awards will be confirmed through collaboration with the successful providers, to shape the final design including delivery configuration and resource allocation.

3.3 Agree in principle, approval for a second and third year of funding for Community Infrastructure organisations for 2023/24 and 2024/25, as set out in Appendix 1 and subject to future budget availability. These would be subject to annual review in consultation with the Cabinet Portfolio Lead.

3.4 Delegate powers to the Head of Policy and Strategic Delivery to review and award the Community Chest Grants for 2022/23 in consultation with the Cabinet Portfolio Lead.

3.5 Note the awards of project-based grants to organisations, including those funded through a budget that in previous years has been deployed for one-off commissioning of youth activity by the Children and Families Service in Appendix 2. Approval of these grants was delegated by Cabinet to the Head of Policy and Strategic Delivery.

3.6 Note that the review of project based and Specialist grants is still being progressed and in view of this agree in principle to continued funding for 2023/24.

3.7 To agree to the launch of an open process of applications for advice grants in August 2022. Recommendations on awards for three years, subject to future budget availability, will be brought back to Cabinet in January 2023.

3.8 To agree to delegate powers to the Head of Policy and Strategic Delivery in consultation with the Cabinet Portfolio Lead, to reinvest in the advice system £35K previously awarded to HCVS over four years in order to develop that organisation's knowledge and skills in systems thinking.

4. <u>Reason(s) for decision</u>

4.1. The recommendation to launch a VCS grants programme was agreed by Cabinet on 24th January 2022 based on the budget for 2022/23. Cabinet is asked to agree the recommended awards for the Community Infrastructure Grants, the launch of an open application process for the advice grant programme and note progress on the review of Specialist and open, project-based grants. This is a key decision of the Council as it affects two or more wards and is related to Council spend.

4.1.2 A grants review was planned for 2020, and the intention was to build on continuous learning about the best ways to make grant investments in a complex environment, learning in particular from earlier work with advice providers. The direction of travel for this grant review had already been summarised in the Council's Voluntary and Community Sector Strategy 2019. The formal review was delayed following the onset of the pandemic because of the need to focus on grant making that responded to the immediate crisis. However the Council was able to put the learning into practice in the way we funded organisations during this period, when we had to accelerate plans to change the way we understood grant funding.

4.1.3 From this learning we know that there are much more effective and impactful ways to invest in the voluntary and community sector than the traditional approaches to grant making and to commissioning. This traditional approach is transactional and arms-length and assumes complex challenges can be addressed through short term, separate projects and measurable outputs.

4.1.4 The future of the grants programme is being shaped by the Council's experience of working with the sector during the pandemic, the knowledge we have gained from working with our advice providers, and the change and transformation we are trying to achieve as a Council. We do not intend to change the objectives of the grant programme and the two main aims are still relevant, if not more so given the refresh of the Council's Corporate Plan:

- To promote social inclusion, encourage independence and develop personal resilience
- To build positive relations between different groups and communities that will maintain the high levels of community cohesion in Hackney

4.1.5 The next phase of the review of the grants programme will be progressed over the next six months focussing on the project-based grants and Specialist grants. This will include exploring further opportunities to build in equality focussed and anti-racist approaches to the delivery of the investment e.g. in the application process.

4.2 Community Infrastructure Grants

4.2.1 Although we have stepped down our response to the pandemic our residents and their families continue to face instability in the context of the cost of living crisis, the continued rising inequalities, complexity of need and limited access to preventive help due to scarce resources. The Community Infrastructure grants will enable the continued collaboration and facilitation of relationships between partners across the system in Hackney which continues to be vital in helping to establish connections between services to support residents and their families to access information and support in communities across the borough.

4.2.2 We have undertaken an application and assessment process to identify awards from the grants budget to invest in support for both geographical, place-based activity as well as community focused e.g. black-led community infrastructure. This will ensure that the Council can protect a group of organisations that can be able players in the system and can help us meet our priorities for Hackney.

4.2.3 The assessment process had two stages and involved officers from the Policy and Strategic Delivery Team as well as colleagues from Public Health, Children and Families and Education and Adult Social Care. An initial Expression of Interest (EOI) enabled organisations to articulate if and how they worked with residents to support them in ways that went beyond their core service and mission. The assessment focused on key qualities and characteristics of organisations such as reach and expertise working with marginalised communities and a track record of collaboration and partnership, reflecting what is needed to be a participant in a healthy system. Evidence was presented that showed how irrespective of the organisations' focus and mission they understood the importance of working with the whole person and their families in order to provide the support that was needed.

4.2.4 From the 53 organisations that submitted an EOI, 34 organisations were invited to progress to the second stage by submitting an application form. These were assessed individually and then considered by a panel that included the assessors. Twenty organisations have been identified to receive a Community Infrastructure grant.

4.2.5 Although £400,000 had been identified for the investment in Community Infrastructure Grants, only £289,500 has been recommended for awards at this stage as £110,500 has been identified to ensure that gaps either by geography or community can be addressed and development support can be put in place.

4.2.6 The application and assessment process has provided a pool of organisations that the Council can be confident will work collaboratively with the Council and other partners so that we continue to learn and adapt with them to meet the needs of residents. Working with them will enable us to continue to develop new approaches and ways of working together as a system that transforms the experience of support for people living in poverty and/ or with complex needs.

4.2.7 Rather than allocate grants just according to the merits of each application, the Council needs to bring a collaborative approach to decisions in discussion with the organisations. This will ensure that funding is allocated which responds to the individual circumstances and aspirations of the organisation and their approach to delivery e.g. organisational capacity, their existing networks and partnerships, training needs etc. The Council will be working with funded organisations to shape the final design including delivery configuration. This means that there will be a period of negotiation with successful organisations on the breadth and type of activity that they will be undertaking to work with the Council and other partners to improve outcomes for people living in poverty and/or with complex needs.

4.2.8 We want to understand how our funding is enabling Community Infrastructure organisations to learn, adapt and grow so that learning becomes part of the core way that we work together. We have learnt that spending time with organisations helps us to gain a more rounded view of what their services do, what their value is and what good looks like. By adopting this 'shared' approach to evaluation we are also changing the power dynamics that currently inhibit effective partnership working. This will take time, beyond the time frames of traditional grant making and we are therefore recommending that these grants be awarded initially for three years with annual reviews built in. Although the ecosystem of VCS support will not be fully protected by this investment it will help to provide a range of organisations that can work with and protect some of our most vulnerable residents and build an evidence base to attract further statutory and external funding.

4.2.9 As this approach to funding is still emergent, it will also enable funded organisations to help shape the funding approach as collaborators in our own learning. Colleagues from across the Council and not just officers from Policy and Strategic Delivery have already expressed an interest to be actively engaged with these organisations. Two new temporary roles funded through the investment in the Poverty Reduction Framework will support the coordination of the relationships between the funded organisations and statutory partners. Some of the initial key areas of evaluation for the grants will include understanding how our funding has;

- Supported organisations to find out what they need to measure in order to reflect on their practice and improve outcomes for residents through their activity and across the system.
- Provided the space to explore more systemic collaborative ways of working and what challenges/benefits does this bring.
- Helped the sharing of learning and influencing practice.

4.3 Project Grants

4.3.1 Applications for project grants opened on 07 February 2022 and closed on 25 April 2022. A total of 130 eligible applications across Project Grants, Children and Young People's Grants, and Community Chest Grants were received. Applicants were supported via information sessions delivered virtually by the Grants Team as well as via HCVS and were also able to access free application support through HCVS and ELBA. All grants were up to 12 months in duration. Community Chest grants were awarded up to the value of £10,000, Project Grants up to the value of £20,000 and Children & Young People's grants up to the value of £10,000.

4.3.2 Applications were screened for eligibility and due diligence checks were undertaken by the Grants Team. They were then assessed by pairs/small groups of assessors comprised of LB Hackney officers and volunteers from the VCS. Assessments were all conducted via an online portal on our grants management system, Blackbaud Grant Making. Assessor scores, comments, and recommendations were moderated via an initial meeting with a representative of the Grants Team, before being discussed at a Grants Panel which included all Assessors. Three separate panels were held for the three grant schemes.

4.3.3 A total of 50 grants were awarded. 28 for the Children & Young People's Grant, 19 for the Project Grants, and 3 Community Chest grants. The recommendations were signed off by the Head of Policy & Strategic Delivery in the DPR outlined in Appendix 2. The Equalities Impact Assessment for the programme can be found in Appendix 3.

4.4 Children & Young People's Grants

4.4.1 This year the Grants Team and Young Hackney ran a collaborative Children and Young People's Grant as part of the Project Grants funding, as outlined in 4.3. The application process was the same as the Project Grants, but with specific aims and priorities set out by Young Hackney colleagues on certain Youth Work principles. The Assessment process was also the same as for Project Grants apart from Assessors and panelists were a combination of Young Hackney Staff and Young People recruited from a pool of Young People who have been engaged with Hackney's Youth Parliament. Young People were given a payment of £100 in vouchers, provided by Young Hackney, for their time and expertise.

4.4.2 As mentioned in 4.3.3, 28 Children and Young People's Grants were awarded as outlined in Appendix 2.

4.5 Advice Grants

4.5.1 Changes in the way that we work with and fund social welfare advice were developed over three years and new grants were allocated in 2019 following an open process. An interim evaluation was undertaken in 2021 with the recommendation not to run a new grant programme but to continue working with existing organisations during 2022/23. Any change would have a negative impact, especially given the rising demands on services during the transition out of the pandemic and stability was needed for all funded organisations. Cabinet is now being asked to agree to the launch of a new grants scheme for advice in August 2022 to put in place awards for three years from 2023 onwards.

4.5.2 Currently the Council grant funds 17 advice partners. Cabinet agreed in January 2022 to increase the proportion of funding for advice services from the grants budget from £780,328 to £1,000,326 given the levels of need in Hackney. Allocations to existing advice partners were calculated pro-rata based on the amount of funding currently received. The decision to increase funding did not include the annual contribution from Public Health (£120K). This contribution specifically funds delivery of advice from health settings.

4.5.3 Prior to the pandemic, Council officers and colleagues from HCVS worked intensively with advice partners to support an ongoing learning approach where measures are used to understand what is or isn't working and then adapting to respond. However, during the pandemic it was no longer possible for the Council to sustain the more practical support for partners to learn and adapt. Grant monitoring over the period of the coronavirus restrictions shifted to a more relational and supportive approach whilst continuing to look at adaptations of delivery and creative solutions to advice provision. The evaluation has provided an opportunity to reflect on what has been achieved so far and understand the next steps for the partnership.

4.5.4 Our work with our advice partners over the last four years has helped us to understand that there are much more effective and impactful ways to invest in the VCS than the traditional approaches to grant making and to commissioning and this learning has been applied in our approach to Community Infrastructure grants. We have also learnt from our own transformation work and our experience of the pandemic that we need to continue to work relationally with our advice partners. The focus on person-centred approaches, improved relationships and networks across systems, continuous learning and adaptation remain key features of the Advice Grant Framework and will help to guide advice partners in their contribution to the Poverty Reduction Framework and their role within the Community Partnerships Network.

4.5.5 The move away from traditional approaches to grant funding effective communication of the Advice Grants Framework to prospective applicants. As with the other grant programme funding streams, the Council will provide briefings that will be available on our website and host information workshops. The grants will also be promoted through the Council and partner organisations' communication channels.

4.5.6 In 2019 an annual award of £35K from the grant budget was used to ensure that the knowledge and expertise developed during the review of advice services could sit within and be embedded in the VCS. The grant, made available for an infrastructure organisation to develop their knowledge and skills in system thinking, was awarded to HCVS. This was not only to ensure ongoing support for the advice providers but potentially longer term other parts of the sector, in developing people-centred services that build community resilience. After four years of investment in this learning it is now proposed that this funding be reinvested elsewhere in the advice system in 2023/24.

4.6 Specialist Grants

4.6.1 A full review of Specialist Grants was completed in 2017 which identified where investment should be focused in the future. Consideration was given to the impact of these grants through a set of high level questions and assessment against the Community Strategy and the emerging Voluntary and Community Sector Strategy. It is intended to continue with current funding arrangements totalling £747,333 for the Specialist Grant organisations in 2022/23 as approved by Cabinet in January 2022. A review of the Specialist

Grants is underway and recommendations will be brought to Cabinet in January 2023.

5. Details of alternative options considered and rejected

5.1 Given the budgetary pressures facing the Council the future of the VCS Grants Programme is regularly reviewed. However consideration has been given to the reductions in public spending through welfare cuts and reduced grants to local government which can lead to increased demands upon the VCS. The unique position of the VCS to respond to the needs of the most vulnerable and disadvantaged residents as well as its ability to deliver added value e.g. through inward investment and volunteering necessitates a grant programme that ensures that the sector can continue to thrive and build resilience to mitigate the impacts of the pandemic and in the face of further budget reductions.

5.2 Whilst commissioning helps to support the VCS, the investment through the Council's grants programme helps to maintain a thriving third sector and a wide range of suppliers. Funding the sector through grants ensures that it can identify new needs and new ideas and innovate and test new solutions. It enables added value activity that complements direct or procured service delivery and can fund open universal activity. The sector is also able to use grant funding to respond to specific challenges in regards to community cohesion by providing grassroots community based activity that builds cohesion and community action and the support that is needed by our most disadvantaged and vulnerable residents.

6. Background

Policy Context

6.1. The VCS is well placed in its ability to reach and work with some of the most disadvantaged and vulnerable residents of the borough and is therefore often best placed to provide a service or to ensure that other services are accessed. Funding for the sector is best deployed to fully realise the sector's potential and play to these strengths. The priorities of the grants programme supports the wider agenda of the Council and our partners with a focus upon intervention and prevention and building resilience within communities.

Equality impact assessment

6.2.1 The Council's support for the VCS is a major expression of Hackney's commitment to making social inclusion and community cohesion a reality. This is demonstrated by the wide diversity of organisations recommended for funding and the requirement for each application to demonstrate its contribution to meeting at least one of the grant priorities and equality aims.

6.2.2 In recognition of the potential barriers facing applicants a number of interventions are put in place to ensure that the grant investment is planned and delivered to positively benefit as wide a range of equality groups as possible and to mitigate negative impacts. The programme is advertised widely across the VCS in Hackney using the VCS networks, the Council's website and social media. Workshops and one to one surgeries on the applications process are also run by Hackney CVS and the Council undertakes online information sessions which are videoed and available to view on the Council's website.

6.2.3 The increase in funding for advice services will have a positive impact on residents who are financially disadvantaged and experiencing poverty which is often the result of inequalities such as structural racism. However the overall envelope of the grants programme will remain the same which will see a reduction in the open elements of the grants programme.

6.2.4 The Community Infrastructure organisation grants will also benefit residents experiencing multiple disadvantage as the funding aims to ensure that local community organisations are more responsive to their needs. In particular the new grants recognise the role of black-led organisations and those with particular expertise and cultural competency and which have reach within communities that are furthest from statutory services. Ten out of the twenty organisations who have been selected for funding are led by people from black, asian and minority ethnic backgrounds. The majority of Community Infrastructure grants are open to beneficiaries of all backgrounds, with 25% of organisations specifically supporting black beneficiaries.

6.2.5 The increase in funding for advice services and the allocation of budget for community infrastructure means that less funding has been directed to the project-based grants. This could potentially impact upon those equality groups that benefit from initiatives and projects which have been identified as needed by the sector. These often reach communities furthest from our services or below access thresholds and complement Council and commissioned activity. Considerations outlined in the paragraph above aim to mitigate against this impact.

6.2.6 Across the Main and Small Grants since 2016 (excluding crisis funding during the pandemic) the main beneficiaries have been young people under 25 as both recipients of services and as volunteers. Some mitigation for this is presented through the proposal to grant fund organisations using Young Hackney's Lot 2 budget. The Orthodox Jewish Community submits a significant proportion of applications for project-based grants, the majority of which are for children and young people. The Lot 2 funding that will be used to allocate grants of up to £10,000 will help to ensure that this part of the community continues to benefit from support through the grants programme.

6.2.7 As this is an interim year and the review of grants is ongoing the equalities impact assessment is being updated as the review of grants is progressed (appendix 3).

Sustainability and climate change

6.3.1 The Council will continue to administer the programme electronically through the use of the BBGM grant software, which eliminates the need for paper applications, thus contributing to the Council's commitment to reducing carbon.

6.3.2 The VCS in Hackney plays an important role in the local economy, supporting both individuals and groups and makes a significant contribution to the community and civil life. Continuing to nurture and support the sector is fundamental to achieving sustainable communities in the borough

Consultations

6.4.1 Extensive engagement was undertaken to inform the VCS Strategy 2019 including a day-long workshop attended by a range of local VCS organisations followed by four open invites focus groups. A series of discussion papers were then developed based on the findings and a series of five further workshops including one focussed upon Council investment in the sector were used to test and develop the papers. The findings were then used to develop the discussion papers into key themes within the strategy.

6.4.2 The strategy sets out the shift needed in the way that we invest in the sector that encourages more collaboration, shared learning and enables the sector to be more person centred and responsive to residents. It recognises that the current way that the grant programme funds organisations pushes them into narrower more transactional relationships, creates siloed working and is not funding an approach that fully enables a more preventative approach within communities.

6.4.3 The changes that have been proposed by introducing community infrastructure grants also acknowledge the unique ways in which the sector works which was a key message in the consultation and has continued to be a central theme in feedback from the sector. The new funding stream will support organisations whose role extends beyond the service that they deliver and reflect the strategy's focus upon a different approach to investing that funds purpose and longer term outcomes.

6.4.4 Whilst all of the above was set out in the VCS Strategy the feedback from VCS organisations on their experience of Covid and working with the Council suggests that the way that they were funded enabled them to be more effective. By changing the relationships and the ways in which we managed and monitored grants, organisations felt empowered to use their expertise and reach within their communities along with the person-centred ways of working that they could adapt to meet the presenting needs of residents.

6.4.5 Through the process of running a new Project Grants programme between February - May 2022 the Grants Team was able to obtain direct feedback from applicants on changes implemented to the programme this year. In addition to this, Renaisi undertook further consultation as part of their reviews of the Project Grants and Specialist Grants.

Risk assessment

6.5.1 A key risk related to the programme lies with the process of recommending or not recommending grants. The assessment of grants is an open competition between local VCS organisations for a set amount of funding. The risk is that recipients of grant funding may no longer receive funding and guidance on who it is important for the funding to reach and support services that local people depend on may be lost.

6.5.2 In seeking to mitigate these risks officers will continue to work with infrastructure organisations HCVS and Interlink to ensure that applicants are encouraged and supported to access funding from other sources and that they have a good understanding of the Council's grants programme. The annual launch of the programme allows VCS organisations that may not currently have a funding relationship with the Council to learn about the programme and to be considered through an application for grant funding.

6.5.3 Post allocation, an assessment process identifies and rates key areas of risk relating to the delivery of projects by the successful organisations. This ensures the targeting of the Council's management and monitoring arrangements to mitigate any financial or reputational risks to the Council.

7. Comments of the Group Director of Finance and Corporate Resources.

7.1. The recommendations set out in this report align with the decisions of Cabinet in January 2022 relating to the Hackney Voluntary and Community Sector Grants programme for 2022/3.

7.2. There is budget available to fund the recommended grant awards to voluntary sector organisations across the borough.

7.3. In respect of the recommendation to agree in principle two further years of funding for Community Infrastructure organisations totalling £400K, as set out in Appendix 1, this will be subject to sufficient budget being available which will be confirmed as part of the budget setting process for those years.

8. VAT implications on land and property transactions

Not applicable

9. Comments of the Director of Legal, Democratic and Electoral Services

9.1. The recommendations in this Report concern the Council's Voluntary and Community Sector Grants Programme. Agreeing the award of grant aid from the voluntary sector grants programme is reserved to the Mayor and Cabinet under the Mayor's Scheme of Delegation (January 2017) so the awards in this Report will need to be approved by Cabinet.

9.2. The award of a grant is a discretionary function. The grant programmes in this Report are for Community Infrastructure Grants, Community Chest Grants, Advice Grants, Project Based Grants and Specialist Grants.

9.3. Paragraph 2.2 i) of the Cabinet Procedure Rules states that "if the Elected Mayor delegates functions to the Cabinet, unless they direct otherwise, then the Cabinet may delegate further to ......an officer......". Therefore, subject to the approval of Cabinet, the Head of Policy and Strategic Delivery is permitted to award the Grants in paragraphs 3.3 and 3.5 of this Report.

Appendices

Appendix 1: Community Infrastructure Grants - Summary of Recommendations
Appendix 2: Delegated Powers Report VCS Grants May 2022
Appendix 3: VCS Grants EIA May 2022

Background documents

None

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LBH Community Infrastructure Grants Panel Recommendations

Table 1 - recommended applications

	Name	Summary	Decision
1	**Badu Community CIC**	Salary for a communications officer to reach the community and understand needs, monitoring and impact evaluation. Non-financial support including first aid mental health training for all staff, financial reporting to improve system wide understanding of capacity, training about utilising the skills and capacity of our board and ensuring that this system is most beneficial to our community, relationships/ networks with statutory orgs (stage 2 app includes more ideas)	Recommended
2	**Hackney Playbus**	Seeking a contribution to the running costs of delivering a programme of weekly Playbus sessions across Hackney, taking play and learning experiences for children to where it is needed, offering parenting support, health and signposting information, and giving families opportunities to build friendships and support networks to sustain them through the challenges they face. We bring a number of grant streams into the borough in order to support this work.	Recommended
3	**Woodberry Aid**	Woodberry Aid requests funding for food shopping, staff cost, admin cost, networking costs and volunteer costs. Lots of non-financial support ideas including networks, collaboration including sharing of resources, delivery of services, volunteers, capacity building.	Recommended
4	**Ivy Street Family Centre Trust**	Fund core costs and for training to enhance our offer. Soon moving into a rebuilt facility in Hoxton and are looking forward to expanding the offer to include a Special Needs play session which would focus on children with Additional Needs, giving their parents a place to gather without fear of judgement and want to add this to our offer rather than change an existing session. Also want to employ another local woman to support our Centre Manager and to offer more specialised play sessions such as storytelling and drama. Non-financial: Keen to develop relationships with the Children's Centres, Maternity Services, Social	Recommended

		Services and Family Support. Also to expand volunteering offer to support local women into employment	
5	**Shepherdfold Ministry**	Funding to support part-time coordination of projects, reimbursements for 5 volunteers and running costs for the next 12 months. This funding will mean that the charity will be able to continue its services, providing advice, information and practical support to over 650 disadvantaged BAME families, women, children and young people on Kingsmead, Clapton and Chatsworth estates in the year. Non-financial: collaboration with other services and sharing of resources	Recommended
6	**The Mobile Repair Service**	To provide additional staffing capacity within our Side by Side project that will enable attendance and contribution to forums, groups and relevant communities of practice, and undertake engagement work with other services to promote the experience of Side by Side and emphasise its benefits, with the aim of achieving more appropriate service provision that better meets the needs of individuals whose voice has been marginalised particularly those often described as having chaotic behaviours and whose voice is rarely heard.	Recommended
7	**Groundwork London**	Grant funding will be used by Groundwork London to re-engage Hackney residents in their local community. We will bring the borough together by offering a safe community space and bringing a previously used local resource back to life for weekly dropins where residents can go for free to feel inspired, enthused, and embraced. Activities will be selected based on local need/interest and include:Tea-and-talk , Yoga , Digital inclusion session, Reminiscence, Arts & crafts , Wellbeing. Non-financial support requests including networks, introductions, collaboration, co-location and training	Recommended
8	**Ananda Marga Universal Relief Team (AMURT) UK**	Funding to sustain current services and begin our expansion in the areas of food provision, healthy cooking and signposting we need to maintain our current, and increase slightly, our human resources and structure of functioning, which is becoming increasingly difficult due to a reduction of funding streams since the end of last year. 1) Programme manager (14hours/week) who will manage and coordinate the current feeding projects, and plan and organise the extension of support to beneficiaries as well as the Healthy Eating and Cooking 2) Volunteer Coordinator (7hours/week) who will coordinate the volunteer hub, volunteer training and engagement. 3) Fundraiser (3hours/week), who will fundraise for current and future projects 4) Administrator(6hours/week) who will take some of the administrative load off the other roles.	Recommended

9	**The Boiler House Community Space**	Funding for staffing costs (including salaries and training) of our Engagement Team who are supporting and connecting local people and organisations and increasing partnership working and shared learning around the North Hackney area. Our Engagement & Support Coordinator and trained volunteers are available for 1:1 conversations and support, this includes general signposting to statutory services and organisations as well as a consistent, person-centred relationship around current challenges and identification of tailored solutions. Non-financial: access to training or other joint initiatives, We can offer space at any of our four centres should the Council have capacity to provide outreach support or otherwise need to reach or engage our community. For example, we would particularly welcome additional provision of specialist support around community challenges, such as youth support, mental health support, benefits advice, workshops such as first aid or healthy eating, which would benefit our residents and/or volunteers and boost the capacity of our small staff team.	Recommended
10	**Immediate Theatre**	To contribute to salaries for key members of staff whose work reaches beyond the direct services we deliver, creating joined up work with both VCS and council services. This would contribute towards: Jo Carter, Artistic Director's salary, contributing towards her work with the 16+ Network group and her involvement in contributing to local strategies such as Ageing Well, Reducing School Exclusion and City & Hackney Emotional Health and Wellbeing Partnership Schools, Education, Training and Employment Subgroup. Charmain Humphrey, Participation Manager's salary, to provide dedicated time for her to support key working young people and their parents facing complex issues and help them access other services. Jermaine Julie, Positive Pathways Officer's, enabling him to continue the excellent work he has been doing with young people at Pupil Referral Units and with the young unemployed (particularly Young Black Men). Project funding for this post is drawn from Young Londoners fund (finishing in December) and Henry Smith Charity (finishing in October). In addition, we would provide supervision for Jermaine which we have requested from IRIE	**Recommended**

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		Mind.	
11	**Derrman - For The Well-being Of The Kurdish And Turkish Communities**	Organise awareness-raising/information-giving sessions and running diabetes groups regularly during the grant period. We want to make improvements to our website/social media usage making it more interactive in both languages, Turkish/English, to be able to reach different sections/age groups of our communities such as young people/old people/LGBTQ effectively. We also want to use the grant to get the quality standard for our advice service as well using it towards the cost of getting help for bid writing /funding applications to increase/sustain our income to be able to provide much needed services/activities/projects for our communities. The list/types of activities/work we are planning this grant to cover: • Derman will organise monthly health promotion/awareness raising/information sessions on health and wellbeing such as: Mental health/Chronic pain management/Obesity/Healthy Eating/British Education System/Long covid/Gambling/Parenting at Derman/GPs/Community settings. • Diabetes is a big health issue amongst our client group. In collaboration of our Health Advocacy and Mental Health Services together with the help of Hackney Diabetes Centre of Homerton University Hospital the Turkish speaking Diabetes Lay Educator/Health Advocate we will run a Diabetes group as part of expert education programme for Kurdish/Turkish/Cypriot Turkish patients at Derman/GPs/Community settings. Derman will run 3 Diabetes Groups x 3hrs each session x 3 quarters (autumn/winter/spring) • Improving our website and using social media to make it more interactive in both languages, Turkish/English, to be able to reach different sections/age groups of our communities such as young people/old people/LGBTQ group more effectively. • Advice Quality Standard (AQS) Accreditation cost of our advice service	**Recommended**

		Our Advice service is vital for our communities to reduce poverty. To get accredited will help the service to seek more funding from other bodies/agencies. So, we can increase the capacity of the service provision which is desperately needed by our communities as service is under resourced and we are struggling with the demand/need. • Contribution towards our fundraising cost of external help from expert professionals for our bids/tenders/fundraising applications. We don't have big resources to be able to compete in what is now an increasingly competitive funding climate/environment to gain a crucial competitive edge in our submission of bids and tenders to sustain our service provisions increase our capacities to reach out more people to help and support them.	
12	**African Community School**	1. To provide a holistic training and support programme for 20 marginalised women who are facing social exclusion due to complex needs exacerbated by covid. Non-financial - training/ stronger relationships and support from other agencies and amalgamation of networks to reduce time going to all of the different ones. 2. To provide wrap-around non-clinical therapeutic and signposting support for 10 of the most vulnerable families on our wider programmes who have been further impacted by covid, as well as a 13 week 'strengthening families, strengthening communities' parenting programme for wider families. Non-financial - training/ stronger relationships and support from other agencies and amalgamation of networks to reduce time going to all of the different ones.	**Recommended**
13	**London Gypsies and Travellers**	To deliver a range of programmes with Hackney's Gypsy, Roma and Traveller (GRT) communities. This includes: accommodation advice and advocacy work , our Bright Futures youth programme, community development to support collective representation of GRT residents, and the Phoenix Arise programme for survivors of domestic abuse.	**Recommended**
14	**East London Advanced Technology Training**	This grant will be used to fund our essential staff who are not covered by our other funders or statutory funding. This includes staff who carry out initial assessments, Information advice & guidance (IAG) for those new to ELATT. This is often the first person that residents meet & who engage communities. They are assessed using ELATT's whole person approach including ensuring they have access to statutory services where they are entitled, or	**Recommended**

		signposts to organisations which can help if they have no recourse to public funding/are not entitled to assistance. This includes housing, welfare, educational & employment advice. Non-financial - volunteers, networking, additional training	
15	**H.O.P.E.**	Fund some time for a Community Centre Co-Ordinator for some of the wrap-around support we provide for residents and our collaboration work with other community organisations, which is difficult to fund with our usual project funding. A dedicated worker would enable us to connect all of the different activities currently taking place at the Community Centre and consult and research new activities requested by residents. The co-ordinator could also take bookings, promote the centre and activities taking place providing sustainability for the future. Senior Youth Worker: To organise and lead a programme of youth activities, focusing on wrap around support for young people and families. Liaise with young people, feedback to Management Board, identify further funding. Education/Homework Support Supervisor: to oversee all aspects of education support, as young people have requested an increase in support, organise and arrange sessions. Chair Based Exercise Practitioner, for elders - given the large numbers of attendees at the Chair Based Exercise Sessions the sessions have been extended to two sessions per week on a Friday. The facilitator of these sessions is qualified to deliver the sessions. Training for all staff and volunteers, First Aid, Safeguarding, health and safety etc.	**Recommended**
16	**New Future Collective Ltd**	This grant would contribute to the salaries of two key staff members who deliver our community infrastructure - Georgia Murphy our Project and Engagement Coordinator and Nina Lyndon our Co-Director. The Project and Engagement Coordinator is responsible for coordinating the delivery of our Cultural Communities Programme, which includes the weekly: Disco Loco Library (Tuesdays), Easy Rollerz soft play disco for babies (Wednesday), Youth Club (Thursdays) and the over-60s lunch club (Fridays). Non-financial:	**Recommended**

		help to strengthen networks and pathways to services	
17	**Skyway Charity**	We are seeking funding for part of our Community Engagement Manager's salary. This role is fundamental to the supportive and developmental work we do with disadvantaged young people, their families and the local community. Funding would mean we are able to secure this role for 12 months and enable us to scale up our family-focused work, and our support of smaller volunteer-led organisations. Non-financial: to be connected to smaller grass-roots orgs they can support	**Recommended**
18	**Idia's Community Kitchen**	With the additional funding from the Hackney Council, we could hire a chef, an accountant, a fundraising manager, and a day-to-day operation manager on, initially, an annual contracted basis. Given the expected increases in food, we expect an incremental cost in transportation and fuel costs. Our technology expenses will enable us to continue to grow from primarily offering food and groceries to addressing digital poverty and supporting more beneficiaries than is currently possible using personal devices belonging to volunteers. We appreciate your consideration in the funding of our organisation. A grant from the council could fundamentally supercharge our capabilities. Non-financial: training, networks, sharing resources	**Recommended**
19	**Connecting All Communities CIC**	To fund women's wellbeing session for women who are trying to recover from the impact that Covid and poverty is having on their lives. In addition to exercise, advocacy and advice, we will include mindfulness and resilience building activities to concentrate on building all-round well being for women so that they are better able to support their families and the communities around them. Organise group trips to women's swimming sessions so that women can also discover the health benefits of swimming. These sessions are very much needed as the women who use our services do not feel able to access mainstream exercise, wellbeing and advice services - due to the lack of women's only sessions and cultural and language barriers. The representation of East African and wider Black and minority communities in these services is very low. The weekly sessions will take place at Banister House community hall and continue our partnership with other local community groups such as Bridge The Gap, Hackney Community Closet, Morningside & Gascoyne and any other local community groups that would like to work with us. Non-financial: training, and	**Recommended**

		networks/ relationships for pathways of support for residents	
20	**Clapton Commons**	to enhance existing work and develop and build capacity over the coming year funding key leadership and management roles and investing in our core infrastructure to enable key 'overheads' that are difficult to fund from grant-makers are therefore supported, i.e. research and development, IT, marketing and communication and vital training and recruitment practices. By investing in the core infrastructure of the organisation, this will enable us to further develop our community building and organising work, shaping a collaborative process with local residents to build trust, connection and relationship with statutory services. An example of this is through our work with the local Primary Care Network, working with local GP surgeries and their broader health and social care workforce, supporting their aims to work towards a greater focus on addressing the wider determinants of health, building a healthier community and reducing health inequalities.	**Recommended**

Table 2 - not recommended

	Name	Summary	Decision
1	BetaMinds CIC	Funding to create full and part time roles for our facilitators, enabling service to sustainably offer our specialist support to our local community (across a wide range of activities), and purchase of equipment for student study groups. Non financial support including co-location opportunities, training, relationships with other orgs and help to remove barriers to services for Black African and Caribbean members of the community	Further Discussion
2	Gascoyne One Community Centre (G1CC) and Gascoyne Residents Association (GRA)	We would use this grant to reach our target annual budget to pay costs for a Managing Coordinator (MC) role will be the driving force to build and develop a local network with residents and the above links. The MC role would include management and training volunteers to help in our outreach project offering advice and support to locals residents struggling with technology and benefits applications and or signposting to health and/or legal services. Create a vibrant and sustainable centre, participating in local community networks and taking the lead on health and safety, improve wellbeing of local people by offering a	Further Discussion

		range of activities suiting the needs of different groups. Exploring different ways to generate income through hall hire and applying for grants. Managing financial budgets, meeting and reporting back to the G1CC Trustee board. Asking for £45k. Non-financial asks are:	
3	Hackney Chinese Community Services Association Limited	Funding advice service capacity in order to cater to the more complex casework around immigration and hate crime and further developing advice and advocacy service to the ESEA community (inclusive of Hongkongers); develop our partnerships with police and public authorities, existing specialist agencies such as the Citizen Advice Bureaux, Law Centres or Refugees and Migrant services to facilitate them in developing services to support said community and build capacity for other ESEA and Hongkonger advocacy organisations in advice work, through more roundtable discussions and similar networking events. Non-financial: consultation and advice on sustainability	Further Discussion
4	Clapton Park United Reformed Church	This grant will contribute to the salary of the interim centre manager alongside consultant time and advice to ensure that the Round Chapel Old School Rooms CPURC can put all of this in place to ensure a solid footing to continue to be a place in the community that people can reliably come to, to give and receive support, for a long time into the future, for whatever comes next. Non-financial: training, reflective practice, meeting rooms	Further Discussion
5	East London Cares	£25,000 from the Community Infrastructure fund will support us to continue our pivotal role in building trusting relationships with the most isolated older neighbours in Hackney, and helping them to access local specialist services for a range of complex needs, beyond their lack of social connection. We'll invest this grant in salary costs for our four delivery staff, who share responsibility to provide this holistic support, alongside the day-to-day running of their programmes. £10,000 - Outreach Coordinator £7,500 - Love-Your-Neighbour Coordinator £2,500 - Social Clubs Coordinator £5,000 - Head of Programmes (oversight over all programmes). Non financial: space for events, networking/ partnerships, training	Further Discussion
6	Volunteer Centre Hackney	This grant will contribute towards the staff costs required to maintain and grow our place based social action programme Our Place, as well as training and support costs to to engage and support more residents and expand our activities beyond the two sites. Non-financial	Further Discussion

7	Manor House Development Trust	We plan to use this grant to contribute to our organisation's core costs. This grant would enable us to spend more time developing our organisational capacity and building relationships and networks of support within our own, and across other organisations. We draw down money for restricted project funds, and as such a lot of our staff capacity is taken up with the day to day running and management of these projects. This grant will give us the freedom to enable our staff to spend their time developing their skills, researching and applying for further grant funds, building networks and spending time with the vulnerable members of the community to inform exactly what kinds of support they would like to see from us. Non-financial: capacity building the community infrastructure	Further Discussion

8	Peter Bedford Housing Association	To develop their Wellbeing and Support service, a new volunteer-driven service enabling tenants and participants to access support aimed at connecting with the wider community as the pandemic recedes. We will recruit a cohort of 30 Wellbeing and Support Volunteers who will deliver the service with assistance from the PBHA staff team.	Not Recommended
9	XLP	Staff and programme costs. Non-financial: volunteers, networking and work with schools	Not Recommended
10	Apex Community Hub CIC	Funding to support the delivery our 'Narrowing the Attainment Project' which will include drama, theatre, sport, mentoring & education."	Not Recommended
11	The Shoreditch Trust	We require funding for staff time, specialist facilitation support and event costs. We aim to run 2 unconferences a year, gathering c. 50 to 100 people; 2 design challenges a year (3-4 months each) engaging around 25 individuals per challenge. The design challenges work with a smaller group of people (20-30) to address a particular issue which they have lived experience of by coming up with new solutions to that issue. Key outcomes include: services more influenced by community insight; new community innovations; increase in local agency and voice; increased community entrepreneurship. We piloted this model through Paul Hamlyn Funding, with 15 young people in Hackney.	Not Recommended
12	My Hope CIC	N/A	Not Recommended

13	Dalston Eastern Curve Garden	aim to use this one year project to build our understanding and knowledge of and connections with Council strategy work and services that will help us signpost Garden users to appropriate support	Not Recommended
14	The Yard Theatre Ltd.	This grant would support core salary costs for posts that directly deliver our community and youth programme. Two full-time staff members and life-long East Londoners ensure its smooth and effective running: Local Producer, Katherine Igoe-Ewer (project lead) and Local Coordinator, Holly Campbell-Smith. Non-financial: access to employment support, anti-racism training and other training and collaboration	Not Recommended

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DELEGATED REPORT OF **THE HEAD OF POLICY & STRATEGIC DELIVERY** **Voluntary & Community Sector Grants 2022/23**
DATE (2022/23) **13 May 2022**

CLASSIFICATION: **Open** **If exempt, the reason will be listed in the main body of this report.**
WARD(S) AFFECTED **All Wards**

Hackney

1. SUMMARY

1.1 Approval is sought to issue grant funding of £526,413.29 to 50 Voluntary and Community Sector (VCS) organisations supporting Hackney residents using the scheme of delegation.

1.2 The budget for this is from a total of £550,000. This is identified in the finance comments of the Cabinet report from 24 January 2022 (paragraph 7.1).

1.3 The approvals sought in this report relate to 12-month grants under the grants streams Project Grants, Children & Young People's Grants and Community Chest Grants. These are outlined further in 3.2 of the Cabinet Report.

1.4 A further three rounds of Community Chest grants will take place this financial year. Any unspent funding will be added to programme reserves.

1.5 The Cabinet Report 3.7 agreed to delegate authority to the Director of Policy, Inclusive Economy and New Homes. Due to a corporate restructure, a further scheme of delegation 2.3 was agreed by the Chief Executive in February 2022, which outlined that Grants up to the value of £100,000 can be delegated to the Head of Policy & Strategic Delivery.

2. RECOMMENDATION(S)

2.1 The Head of Policy & Strategic Delivery (in consultation with Cabinet leads for the VCS and Children & Young People) is asked to agree to the disbursement of £526,413.29 to 50 organisations working in Hackney in respect of the Project Grants, Children & Young People's Grants and Community Chest grants programmes. The organisations selected from the application process are outlined in the attached appendices. This funding will support up to one year of activity.

3. REASONS FOR DECISION

3.1 Cabinet approved a 2022/23 grants programme in January 2022. The grants recommended in this report will support Voluntary and Community Sector organisations to continue their vital work reaching residents that often do not engage with Council services.

3.2 Each application has been scored by an assessor from the Council or a partner organisation from the VCS. Assessors reviewed applications independently and then in a pair of assessors to come to a consensus recommendation to fund or not fund. The application recommendations were then reviewed by council officers to ensure parity and consistency of scoring across assessors and objectives.

3.3 The applications were then considered by the same assessors at a panel meeting and recommendations agreed. The panel considered how the applications scored overall, how they met the grant programme priorities and identified local community needs.

3.4 Council officers have undertaken due diligence checks of the organisations' policies such as safeguarding and their financial documents.

3.5 In total, 138 applications were received. Officers undertook basic eligibility checks on each application to ensure applicants were eligible for the scheme and to check activities were not retrospective. A breakdown of the applications by programme is shown in 3.9 below.

3.6 Panels were held for each of the separate schemes on 12 and 13 May 2022. Conflicts of Interest were managed by the removal of voting members when an application was discussed that was a direct conflict. Recommendations were agreed based on overall scores and how the proposals matched the grants programme priorities.

3.7 The budget available for these three programmes across the year is up to £550,000. Any underspend shall remain in the VCS Grants Budget reserved to be used in future rounds of funding. Three further rounds of Community Chest grants will take place this financial year.

3.8 Due to the number of applications received, the quality of applications and the range of services and activities proposed, assessors continue to be faced with difficult deliberations when agreeing the final recommendations.

3.9 A full list of applications and recommendations is attached in Appendix 1. The key headlines are as follows:

Community Chest				
Requested		Funded		Remaining from allocation
Total number of eligible applications	6	Total number Funded	3	£17,000.00
Total Amount Requested from LBH	£6,000.00	Total amount funded	£3,000.00	

Children & Young People's Grant

Requested		Shortlisted for panel		Funded		Remaining from allocation
Total number of eligible applications	67	Number shortlisted for panel	41	Total number Funded	28	**-£350.29**
Total Amount Requested from LBH	£599,699.79	Total Amount Requested from LBH	£362,818.29	Total amount funded	£250,350.29	

Project Grant						
Requested		Shortlisted for panel		Funded		Remaining from allocation
Total number of eligible applications	57	Number shortlisted for panel	26	Total number Funded	19	**£6,586.71**
Total Amount Requested from LBH	£846,679.70	Total Amount Requested from LBH	£393,302.00	Total amount funded	£273,063.00	

4. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4.1 The process for reaching the recommendations is outlined above, and a full list of recommended and non-recommended applications is appended to this report.

5. BACKGROUND

5.1 Policy Context

5.1.1 The VCS is unique in its ability to reach and work with some of the most disadvantaged and vulnerable residents of the borough and is therefore often best placed to provide a service or to ensure that other services are accessed. All applicants are asked to demonstrate how they meet the need of the Grants Programme aims:

- To promote social inclusion, encourage independence and develop personal resilience.
- To build positive relations between different groups and communities that will maintain the high levels of community cohesion

5.1.2 Hackney's VCS is part of the fabric of the borough and has helped define what the borough is like today and was critical to the pandemic response.

Activities like culture, sport, play and food growing to animate spaces. As part of our community, the VCS can reach out and support those that need it most, empower and promote personal resilience of people of all ages and help build connections and bonds between people through community events and volunteering.

5.1.3 The Council recognises the contribution that the VCS makes to community life and to the role they play in achieving our priorities of a safer, fairer, more sustainable Hackney. One of the ways we demonstrate this is through our VCS Grants Programme. Small Grants were introduced in 2013/14 as part of that grants programme with the aim of being more inclusive and accessible for newer, smaller or more community based groups. These grants provide funding of between £1,000 and £20,000 for projects contributing the programme's priorities of promoting social inclusion, encouraging independence, developing personal resilience and community cohesion and equalities objective of bridging the gap in outcomes within the community.

5.1.4 This year, these grants form an important part of the pandemic response, supporting recovery over summer, with activity led by grassroots groups. The continued delegation of awards to officers has enabled us to run the programme at a time when we understood the government's roadmap out of the pandemic and also community needs and impacts.

5.1.5 Community Chest grants up to £1,000 are for one-off or short-term events led by small groups or a structured group of residents with no legal status. The income threshold for Community Chest grants is a maximum of £10,000 per year to ensure this fund reaches small and grassroots groups.

5.1.6 Grants of this size enable the VCS to deliver a range of projects at a very local level, to target residents that may have particular needs which the voluntary sector can help to meet.

5.1.7 Applicants for grant funding had to meet the criteria set out within the grants guidance for the different schemes.

5.1.8 Out of the 50 recommended applications, 3 are for Community Chest Grants, 28 are for Children & Young People's Grants, and 19 are for Project Grants. We have been able to fund a range of organisations who we have not worked with before, and are reaching a number of user-led grassroots groups. Further detail on this is outlined in the Equality Impact Assessment.

5.2 Equality Impact Assessment

5.2.1 The Council's support for the voluntary and community sector is one of the ways that the Council continues to express its commitment to making social inclusion and community cohesion a reality. This is demonstrated by the diversity of organisations recommended for funding and the inclusion of ring-fenced small grant funding to support local project activity.

5.2.2 Each application has demonstrated its contribution to meeting at least three of the grant programme's equality aims and this is to ensure that the grant investment is focused on improving life chances, and increasing prosperity and equality for all.

5.2.3 The grants review for 2016/17 onwards considered how a new grants programme can continue to promote equality and mitigate against negative impacts. This included consideration of the role of the small grants programme

5.2.4 An Equalities Impact Assessment (EIA) has been carried out on the process and the recommendations and this is attached to this report. The main recommendations of the EIA are:

- Organisations are to provide information on how they are using the investment to contribute to the Council's equality objectives.
- There will be a further three rounds of Community Chest grants.
- Outcomes for the Grants Programme will be analysed each year by equality groups to ensure spread of investment.

The grants review for 2016/17 onwards has considered how the new grants programme can continue to promote equality and mitigate against negative impacts. This included consideration of the role of a small grants programme.

5.3 Sustainability

5.3.1 The Council will continue to administer the programme electronically through the use of the BBGM grant software, which eliminates the need for paper applications, thus contributing to the Council's commitment to reducing carbon.

5.3.2 The VCS in Hackney plays an important role in the local economy, supporting both individuals and groups and makes a significant contribution to the community and civil life. Continuing to nurture and support the sector is fundamental to achieving sustainable communities in the borough

5.4 Consultations

5.4.1 Consultation was undertaken in 2015 to ensure that the views of the VCS and residents shaped the proposals that emerged as a result of the review. Consultation was also undertaken to inform the new Compact and this in turn influenced the design of the new programme. Engagement across the Council was also completed to ensure that services have been able to inform the shape of the programme. Post-covid changes were agreed by the Lead Councillor in March 2021.

5.4.2 The approach for this year which was agreed by Cabinet in January 2022 was based on the extensive learning from the VCS during covid, coupled with data analysis from the previous 5 years of grants.

5.5 Risk Assessment

5.5.1 The grants process is an open competition between local VCS organisations for a set amount of funding. Due to the competitive nature of the grants programme a large number of projects will not be funded and this risk will always exist for organisations applying to the programme. This is why the Council continues to encourage voluntary sector partners to apply for funding from a range of sources, which many of the organisations already do.

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

6.1 This report requests approval for grants totalling £526,413.29 to 50 organisations recommended in Appendix 1.

6.2 The funding is available within the existing VCS grants budget and reserve which is ring-fenced for this purpose.

6.3 It should be noted that the Council is facing very challenging times due to the continuing impact of Covid-19 and the cost of living crisis on income streams, the impact of inflation and the continuing uncertainty surrounding the local government finance system. It cannot be assumed that unspent revenue funding and reserves available in 2022/23 will be carried forward into future years, as is the current arrangement with this particular budget. Carry forward of any unspent funds will be considered by the Group Director Finance and Corporate Resources as part of the annual closing of accounts process and in the context of the Council's medium-term financial plan.

7. COMMENTS OF THE DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

7.1 On 24th January 2022 Cabinet agreed to delegate authority to the Director of Inclusive Economy, Policy and New Homes (in consultation with the Portfolio Holder for Health, adult social care, voluntary sector and leisure, and the Portfolio Holder for education, young people and children's social care) to award grants under the Project Grants, Children & Young People's Grants, and Community Chest grants programmes.

7.2 A Delegated Powers Report of the Group Director, Chief Executive's Directorate dated 22nd February 2022 agreed that "all current delegations related to the award of grants up to and including £100,000 in Corporate

Hackney

Policy are delegated to the Head of Policy and Strategic Delivery." Each of the proposed grants in this Report are valued under £100,000 and therefore the Head of Policy and Strategic Delivery can agree to the recommendations in this Report.

APPENDICES

1. CC Panel 1 - Recommendations
   CYP Fund - Recommendations
   Project Grants Panel - Recommendations

2. VCS Grants EIA May 2022

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

1. Cabinet Report 24 January 2022

2. Interim Arrangements for Delegated Authority in Climate, Homes & Economy

Report Author	Lisa Atamian Grants & Investment Manager ☎020 8356 5563 ✉ lisa.atamian@hackney.gov.uk
Comments of the Group Director of Finance and Resources	Deirdre Worrell Director Neighbourhoods and Housing Finance ☎020 8356 7350 ✉ deirdre.worrell@hackney.gov.uk
Comments on behalf of the Director of Legal, Democratic and Electoral Services	Patrick Rodger Senior Lawyer ☎020 8356 6187 ✉Patrick.Rodger@hackney.gov.uk

AUTHORISATION OF THE HEAD OF POLICY & STRATEGIC DELIVERY

Name: Sonia Khan, Head of Policy & Strategic Delivery

Signature: **...**
…………………………………………..

Dated: ……………24/5/……………. 2022

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Hackney

London Borough of Hackney
Equality Impact Assessment Form

The Equality Impact Assessment Form is a public document which the Council uses to demonstrate that it has complied with Equalities Duty when making and implementing decisions which affect the way the Council works.

The form collates and summarises information which has been used to inform the planning and decision making process.

All the information needed in this form should have already been considered and should be included in the documentation supporting the decision or initiative, e.g. the delegate powers report, saving template, business case etc.

Equality Impact Assessments are public documents: remember to use at least 12 point Arial font and plain English.

The form must be reviewed and agreed by the relevant Assistant Director, who is responsible for ensuring it is made publicly available and is in line with guidance. Guidance on completing this form is available on the intranet.
http://staffroom.hackney.gov.uk/equalities-based-planning-and-decision-making

Title of this Equality Impact Assessment:

Hackney Voluntary and Community Sector Grants 2022/23

Purpose of this Equality Impact Assessment:

To ensure that recommendations for the 2022/23 Voluntary Sector Grants Programme deliver services which are accessible to all, and that the investment actively contributes to achieving the Council's equality objectives.

Officer Responsible: ***(to be completed by the report author)***

Name: Lisa Atamian	**Ext: 5563**
Directorate: Chief Executive's	**Department/Division: Policy & Strategic Delivery**

Director:	**Date:**
Comment :	

PLEASE ANSWER THE FOLLOWING QUESTIONS:

1. **Please summarise the service, function, policy, initiative or saving.** Describe the key objectives and outcomes you expect. Make sure you highlight any proposed changes.

The investment made through the 2022/23 VCS grants programme will contribute to delivering services that help to reduce inequality and achieve better outcomes for some of the boroughs most vulnerable residents.

The available budget for grants in 2022/23 is £2,497,659. £1,147,333 has been awarded for the Specialist and Social Welfare Advice Grants. Cabinet also agreed that £550,000 should be ring-fenced specifically for Project Grants, Children & Young People's Grants and Community Chest grants, and that this should be awarded via grant rounds during the year. The recommendations that this Equality Impact Assessment considers cover the Project Grants, Children & Young People's Grants, and the first round of Community Chest grants.

Small Grants were introduced in 2013/14 following a grants review consultation and were designed to respond to specific feedback about the need to make the Voluntary Sector Grants Programme more inclusive and accessible for newer, smaller or more community based groups. £550,000 is available for Project Grants, Children & Young People's Grants, and Community Chest grants. There will be a further 3 rounds of Community Chest grants this year.

Each application has been scored by an assessor from the Council or a partner organisation from the VCS. The application scores were then reviewed to ensure parity and consistency of scoring across assessors. The applications were then reviewed by the same assessors at a panel meeting, and recommendations agreed.

2. **Who are the main people that will be affected?** Consider staff, residents, and other external stakeholders.

The primary group of people affected are residents who benefit from grant funded programmes. The other people affected are staff and trustees of voluntary and community sector organisations. The main focus for this assessment is on the residents who benefit from the grants programme. End of Grants reports for 2021/22 applications are currently being submitted by grantees and therefore updated statistics on who has been supported by the programme over the last year can be provided for EIAs in future grants rounds later in the year.

When applications are assessed, equalities are also taken into consideration alongside the quality of the application and the project need. This includes looking at the geographical spread in the borough as well as protected characteristics including:

- Age
- Caring responsibility
- Disability
- Ethnicity
- Gender
- Pregnancy/maternity
- Religion
- Sexuality

3. What research or consultation(s) have been carried out? Please provide more details, together with a summary of what you learned.

Grants review 2015

The Grants Programme has existed in its current format since 2016/17, following a review in 2015.

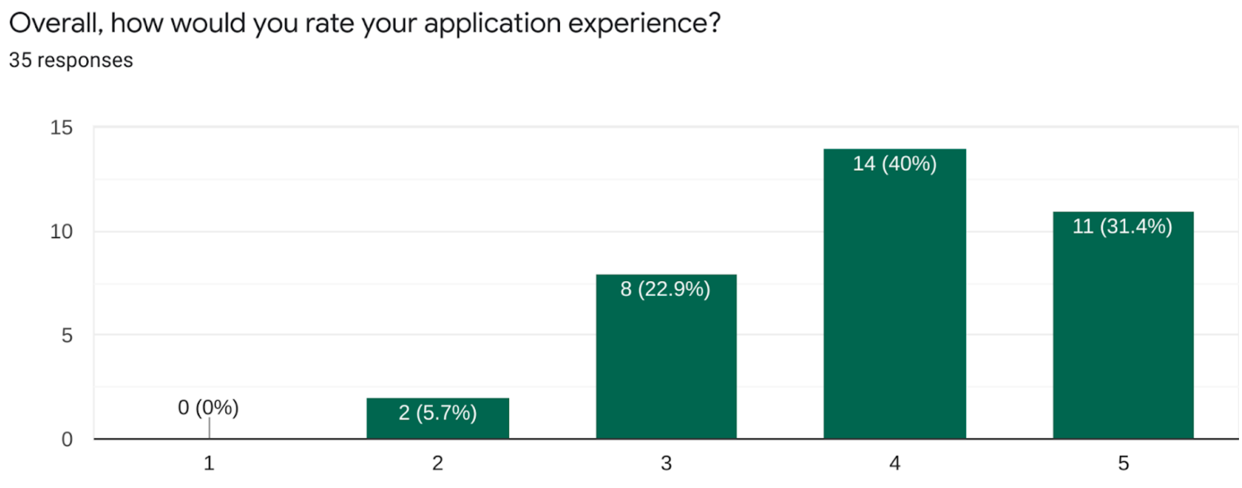
Extensive consultation was undertaken at different stages of the review. Firstly insight was gathered from evolution forms and annual monitoring visits to inform the redesign of the grants programme, including new priorities and the introduction of two year grants. Further consultation was then carried out to ensure the proposals resonated with the sector and would achieve the required outcomes. This included consulting voluntary and community sector organisations through an online survey and a series of focus groups hosted by Hackney Council for Voluntary Services (HCVS) as well as an open online survey for residents was undertaken via the Council's website.

The new priorities were largely well received by the VCS which reflects the fact that the Council built on their earlier consultation feedback in the development process. The language of the priority relating to cohesion was changed as a result of feedback from the VCS. The redrafted priority is now clearer in describing the outcomes required relating to the building of community relations through VCS intervention and that whilst the borough does enjoy high levels of cohesion these need to be maintained. Two year grants were introduced following the consultation which highlighted how the one year timeframe for grants restricted the ability of the VCS to deliver against some of the priorities for the programme and the new Compact.

A further grants review is planned for 2022 in order to respond to the findings of the engagement that informed the current VCS Strategy 2019-2022. Work is currently underway by Renaisi, a partner organisation, who are specifically looking at our Specialist Grants and Project Grants.

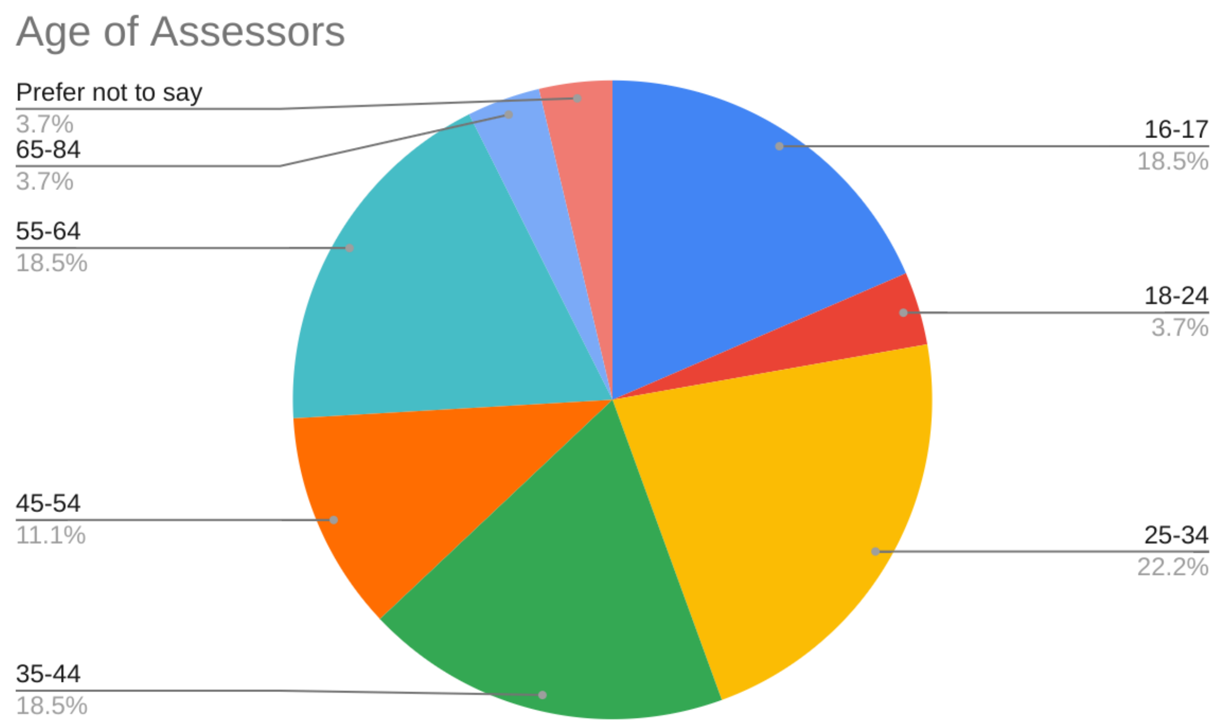
Engagement in relation to 2022/23 funding round
As part of the launch of the programme, the Grants Team held virtual information sessions about each of the grant schemes. The recordings of these sessions were made available on the website for people to watch. In addition to this, Hackney Council for Voluntary Service held 1-2 workshops for each of the grants schemes for organisations interested in submitting an application. These workshops were delivered by officers from the Grants Team and some of the team at Hackney CVS.

We have been seeking feedback on each stage of the grants process and are currently collating feedback from the application stage. Overall we have received positive feedback from applicants on the application process and guidance and supporting information provided by the team. There has been helpful feedback that can be taken into consideration for future rounds and a number of participants have offered to help in future feedback via focus groups and other methods. Overall, most applicants have had a positive experience in this round of applications, with 71% of applicants rating the experience positive, 22% neutral, and 6% negative.

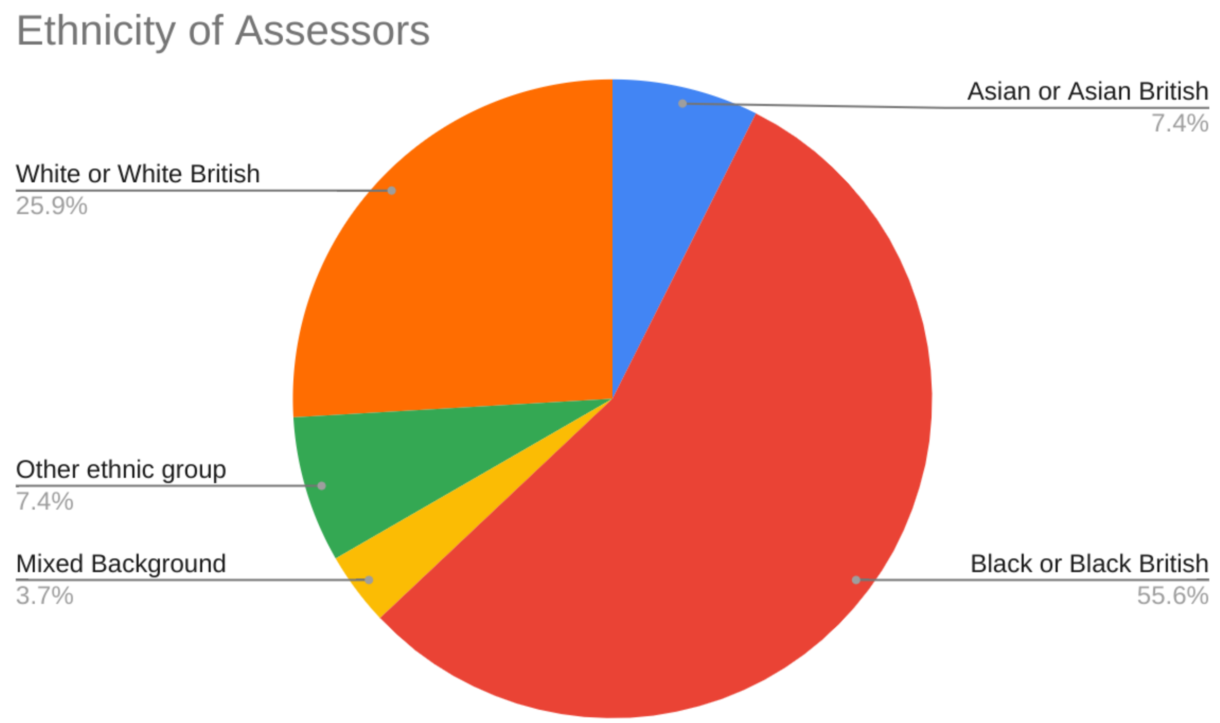


Involvement in assessment
Officers from the Council, young people from the Hackney Youth Parliament, and partners from the Voluntary and Community Sector, have worked together and used their knowledge and expertise from the relevant service areas to reach these recommendations. For the first time this year we have tracked diversity and demographic information about our assessors to help ensure that our decision-makers reflect the diversity of our applicants. Although there is always more work that can be done in this area (particularly in having more diversity of gender, based on this year's findings), we are pleased with the initial findings and look forward to building upon these in future years. Some of the data shows us the following.

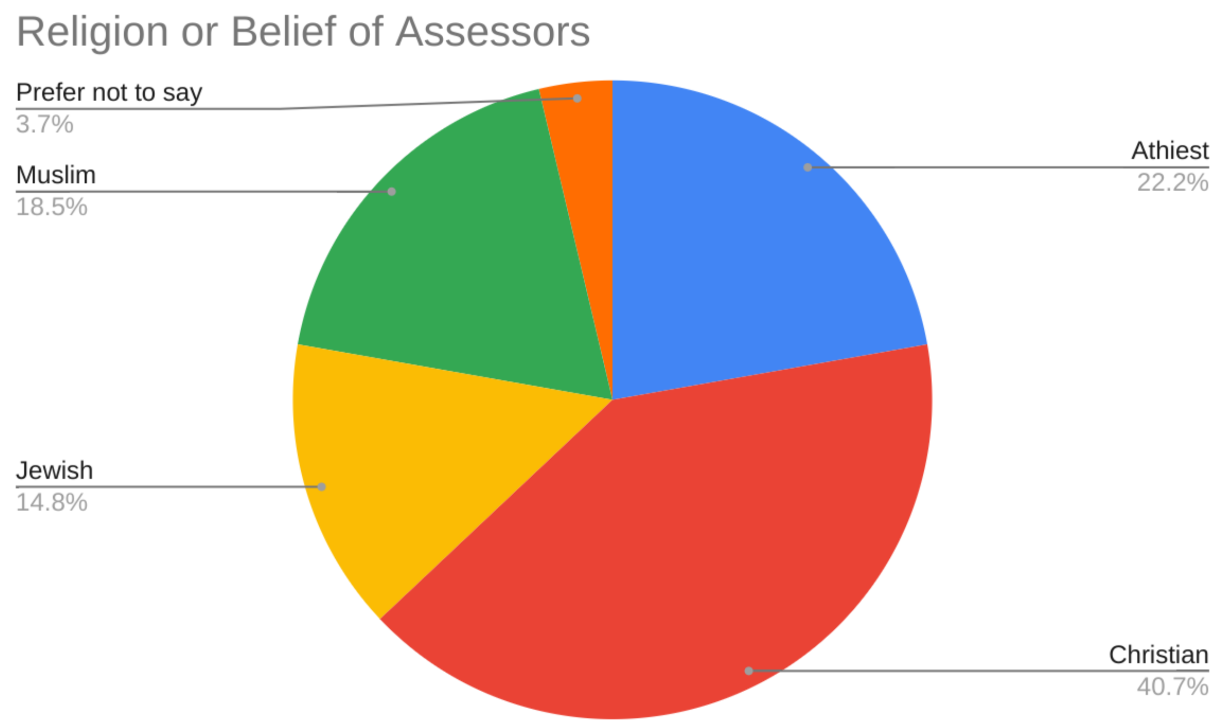
We had a fairly even spread across the age ranges from 16+. This was partly due to the fact that this year we worked with Young People to assess the Children & Young People's grants. The age group 65 - 84 had the fewest participants so we could do more to target older people in future.



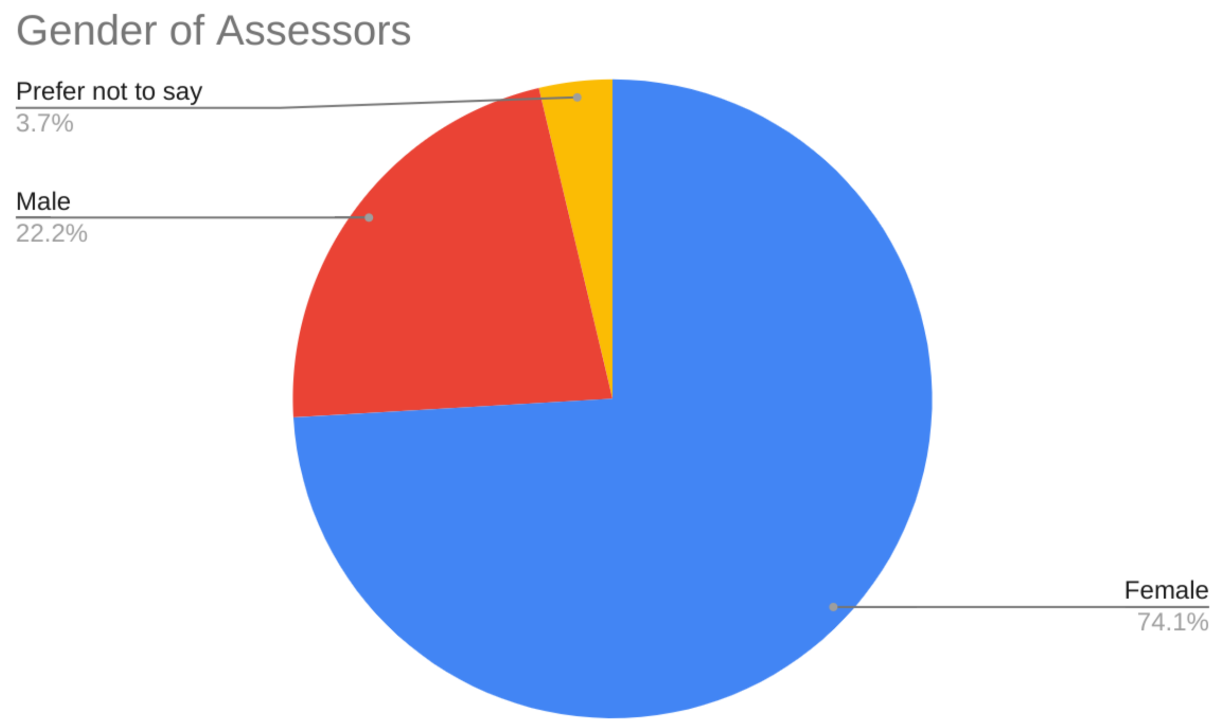
Ethnicity of Assessors was also fairly mixed, with the majority identifying as Black or Black British.



In terms of Religion & Beliefs most Assessors identified as Christian. Although no Assessors identified as Charedi, we did have 2 Assessors representing key Orthodox Jewish organisations.



As mentioned above, Gender diversity is something we will look to focus on in future rounds. Currently the Assessors are overwhelmingly female.



3. Equality Impacts

This section requires you to set out the positive and negative impacts that this decision or initiative will have on equalities.

4 (a) What positive impact could there be overall, on different equality groups, and on cohesion and good relations?

The grant investment is intended to support residents from across Hackney's diverse communities including groups who share different equality groups.

All of the open grant applicants are required to describe the needs they seek to address and how they can evidence this. They are also asked to demonstrate how they contribute towards one of the priorities and one of the equality objectives.

Grant priorities

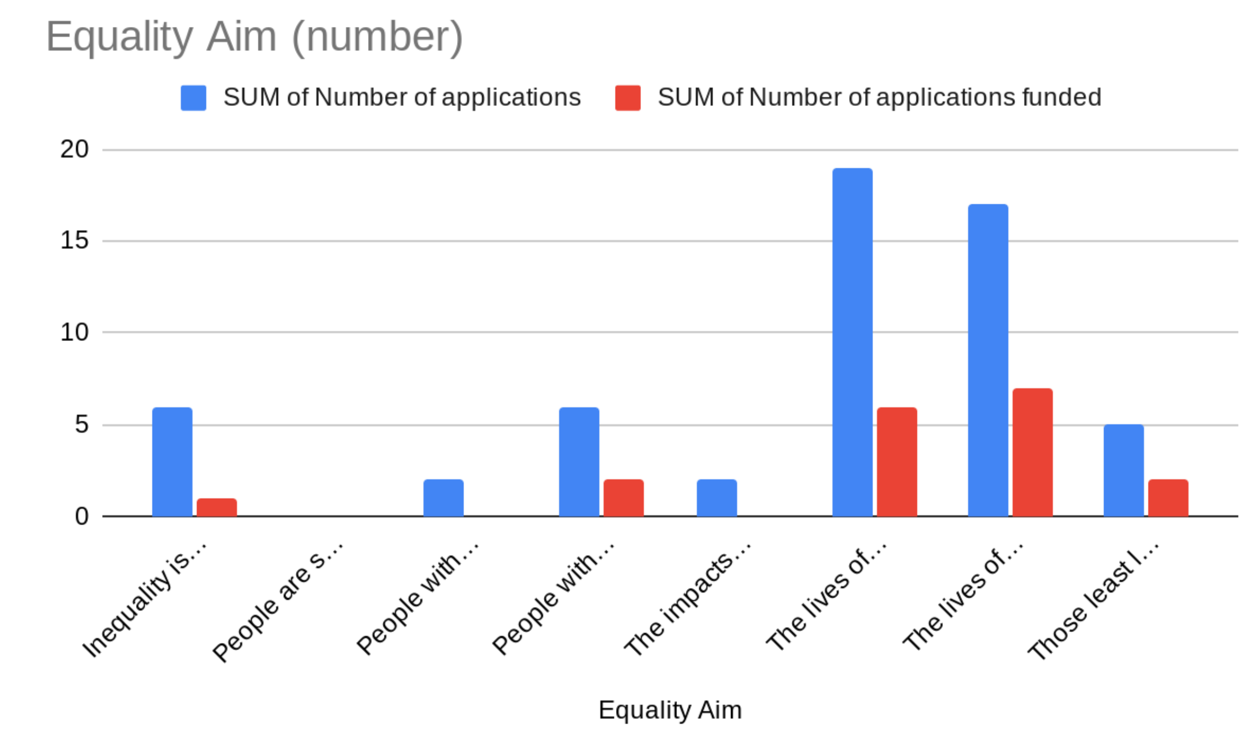
- To promote social inclusion, encourage independence and develop personal resilience
- To build positive relations between different groups and communities that will maintain the high levels of community cohesion

Equality Objectives

- Deliver actions which aim to narrow the gap in outcomes between certain disadvantaged groups and the wider community

This equality objective is underpinned by a number of equality aims for the programme that we believe the VCS are best placed to deliver. The graphs below show the number of applications received and funded for each of these areas.
For the Project Grants there are:
1. The lives of people living in difficult circumstances are improved
2. People with complex needs are supported and enabled
3. People with the worst health are supported to improve their wellbeing
4. The impacts of poverty are alleviated
5. The lives of disabled people and or older people are improved
6. Inequality is addressed
7. People are supported to identify harmful patterns and take steps to change
8. Those least likely to be heard are engaged and have an active voice

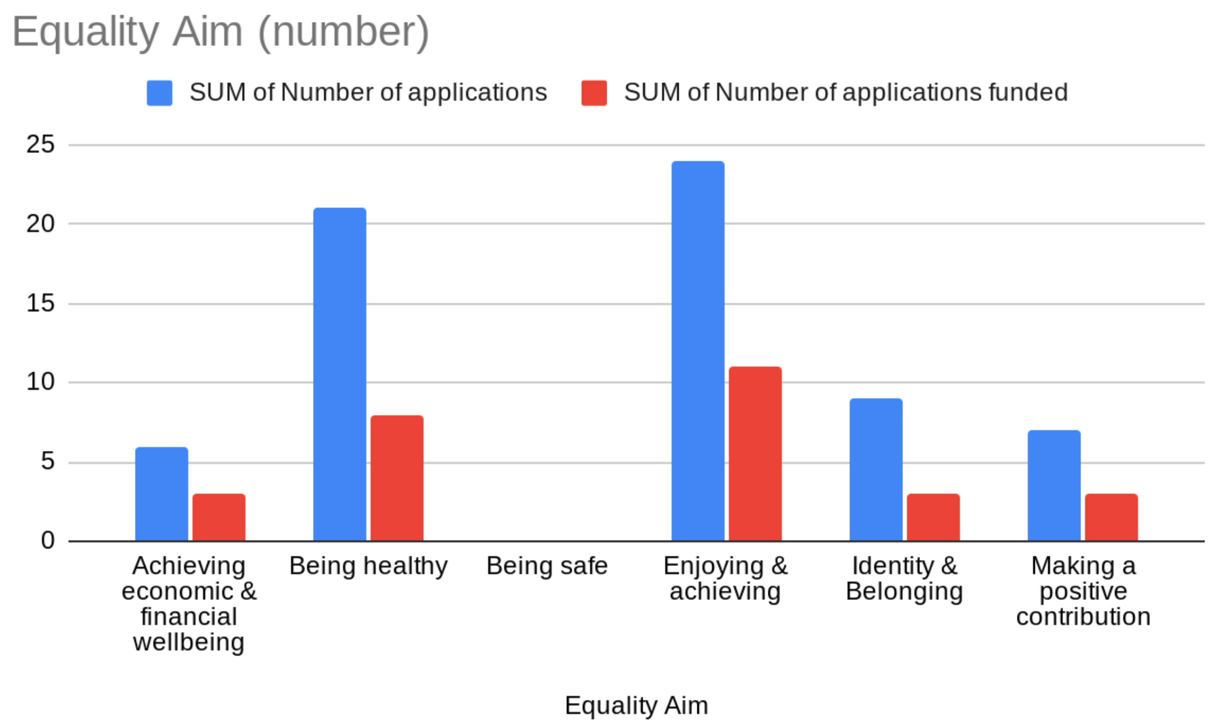
Notably, no applications were received for the objective “People are supported to identify harmful patterns and take steps to change”



For the Children & Young People's Grants these are:

1. Identity and belonging
2. Being healthy
3. Making a positive contribution
4. Achieving economic and financial wellbeing
5. Enjoying and achieving
6. Being safe

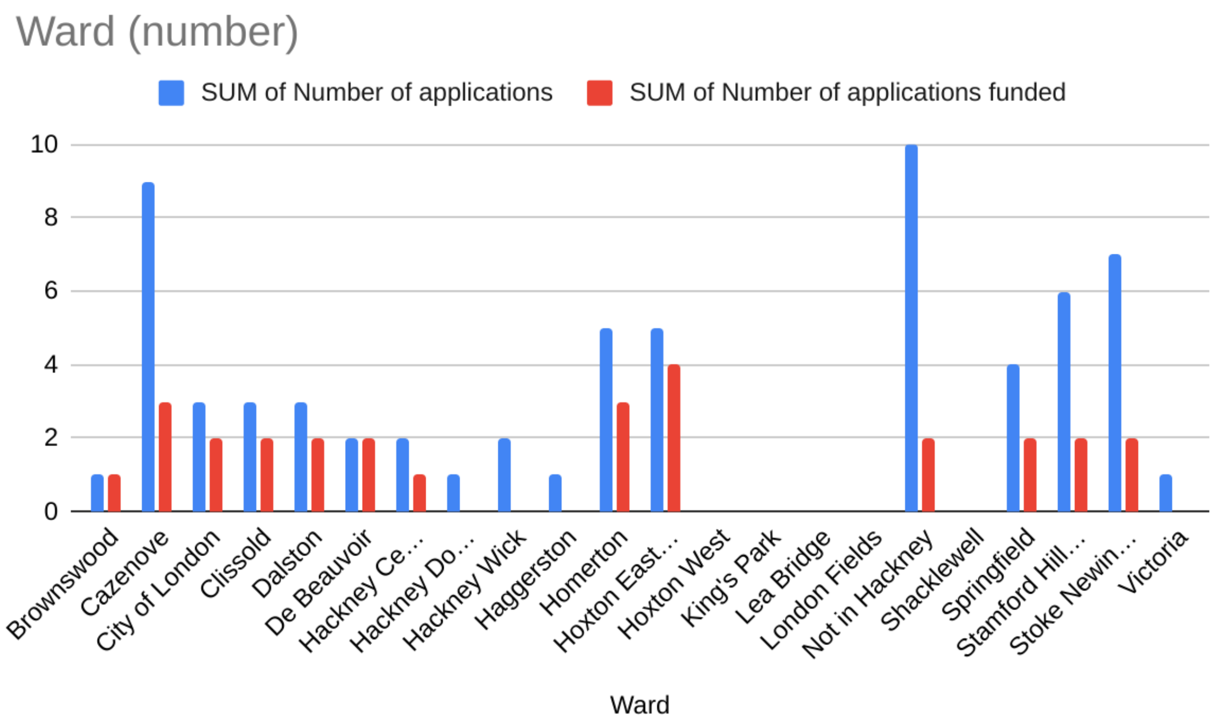
Notably, no applications were received for the "Being Safe" category.



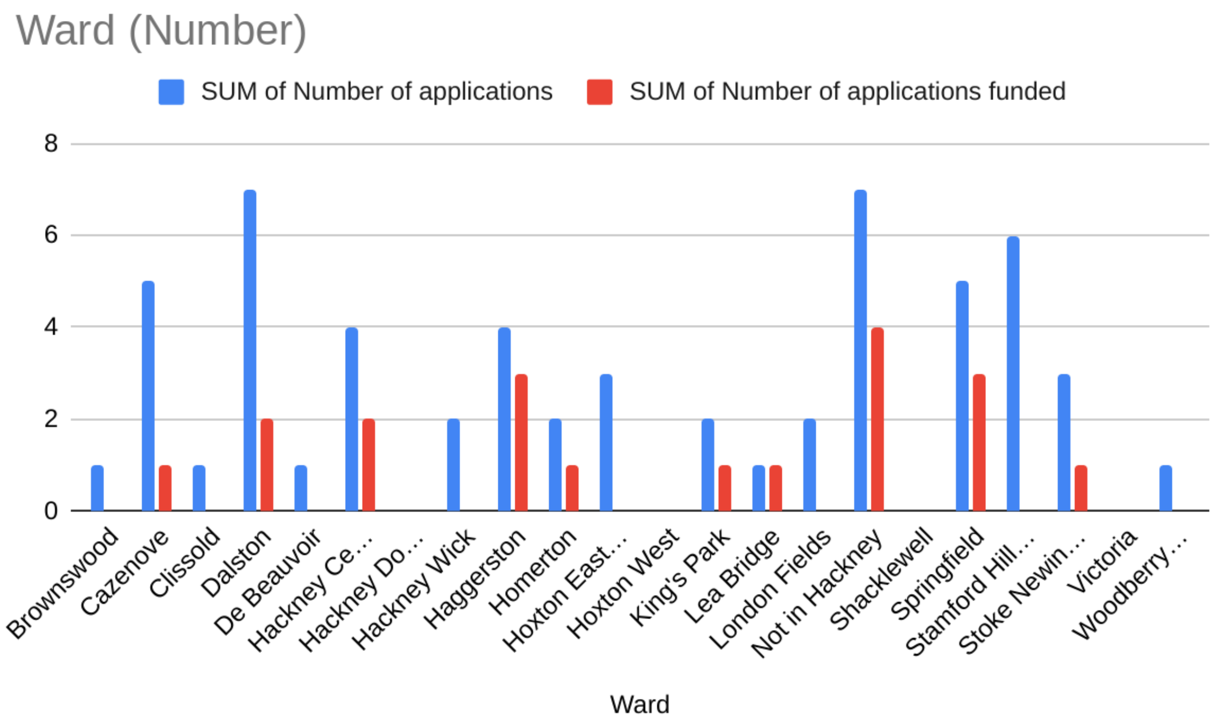
The programme continues to invest in services for particular communities, although the panel have carefully considered the budget available to ensure an appropriate balance between investment for generic services which can be accessed by all residents and those that are targeted at particular communities.

Wards

Geographical Spread is also a factor considered when making funding decisions, both in ensuring that there are a range of activities around the borough but also considering particular areas of deprivation within the borough. There were 5 wards that did not receive any applications from organisations based within that ward for the Children & Young People's fund: Hoxton West, King's Park, Lea Bridge, London Fields, Shacklewell. This may mean that organisations are not based in these areas, rather than they are not delivering in them. Despite the graph below showing that no applications were funded in Woodberry Down, one applicant discussed in their application that they were delivering their project in that ward, but they are based in the City of London. Therefore it is hard to draw too many conclusions from this information other than we generally received a good spread of applications from around the borough. The majority of applications were from organisations not based within the borough, but most grants awarded were from organisations within Hackney which shows that grants are being awarded locally as much as possible.



For the Project Grants the wards in which no applications were received were: Hackney Downs, Hoxton West, Shacklewell & Victoria. Additionally no projects were funded in Brownswood, Clissold, Hackney Wick, London Fields, Stamford Hill & Woodberry Down.



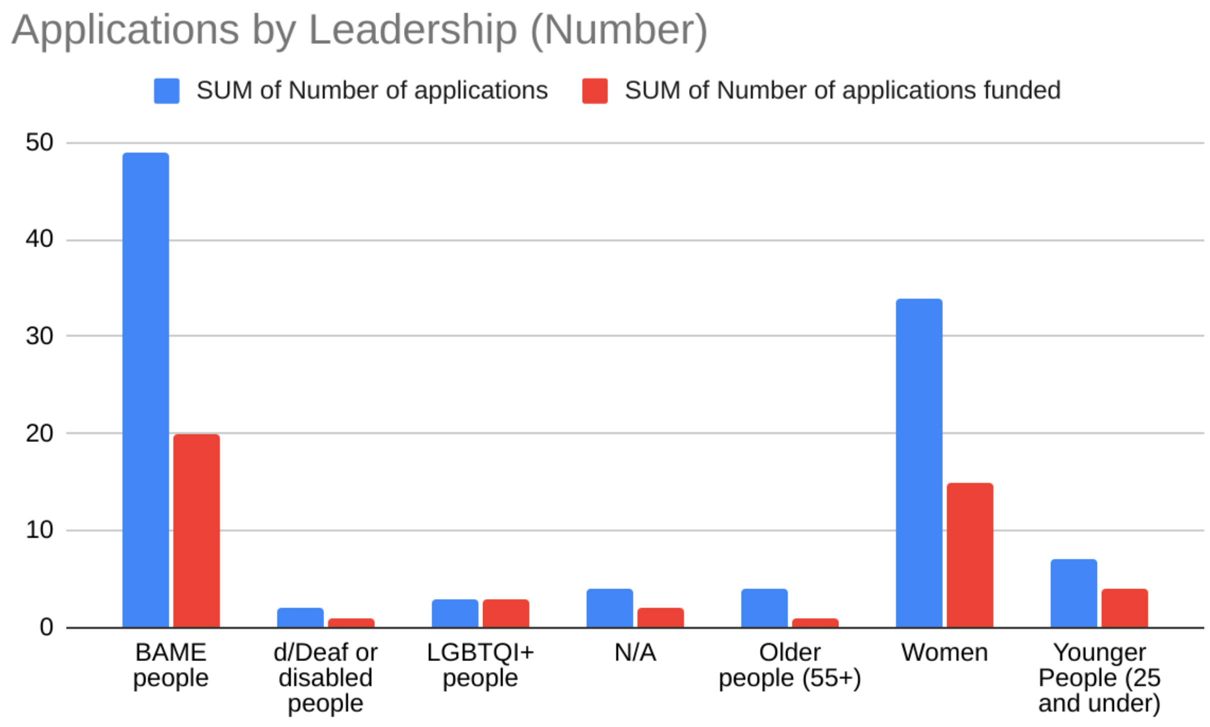
Organisation Size & Leadership

In order to meet new emerging needs, support innovation and reach new communities it is important to ensure that some organisations are funded who have not been funded in previous years. 28 out of 50 funded organisations have not been funded through the Grants programme in the last three years.

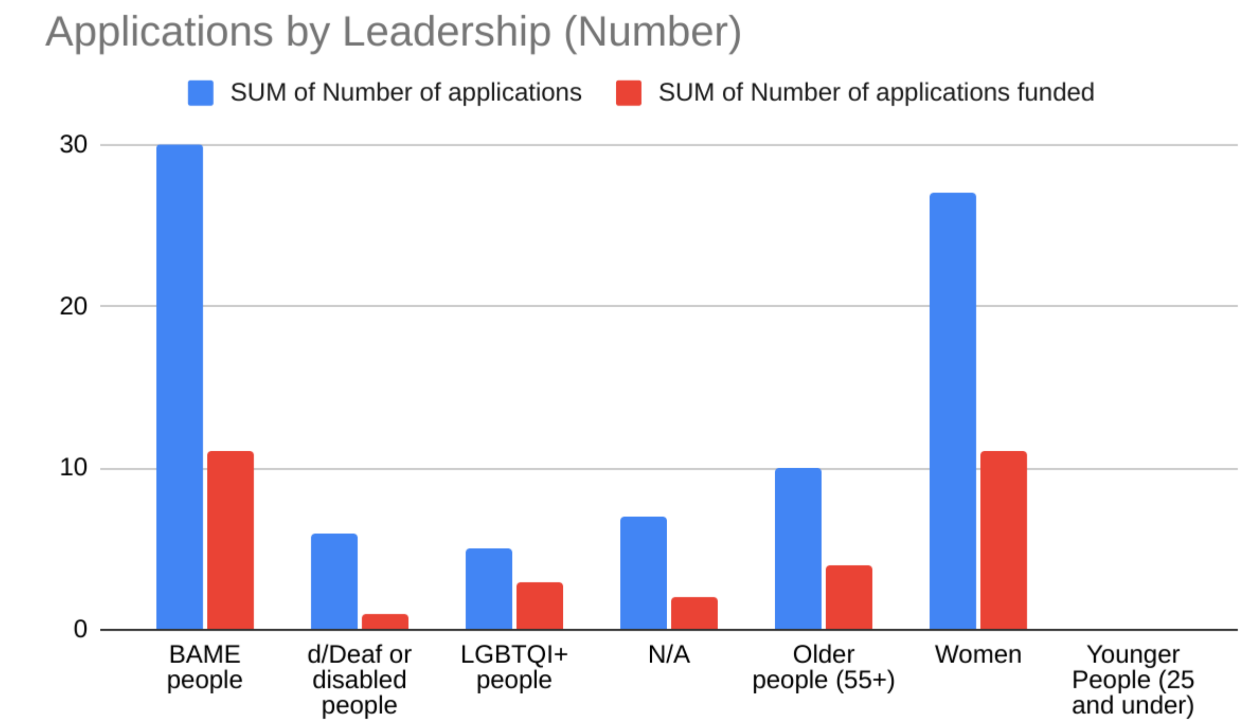
Part of the rationale of aligning Young Hackney's Lot 2 funding with the Grants Programme was to provide better opportunities for smaller and grassroots organisations to access funding. 79% of grants went towards organisations with an annual income of less than £25,000. For the Project Grants, this figure was 63%.

Organisational leadership is also information we have been collecting since last year as we know that minority-led and user-led groups often have the most powerful reach within the communities they serve.

For the Children & Young People's Fund the only group that received a success rate of less than 41% (the average success rate across the programme) was Older People (25%) - this is not too surprising considering the fund is particularly focussing on Children & Young People.



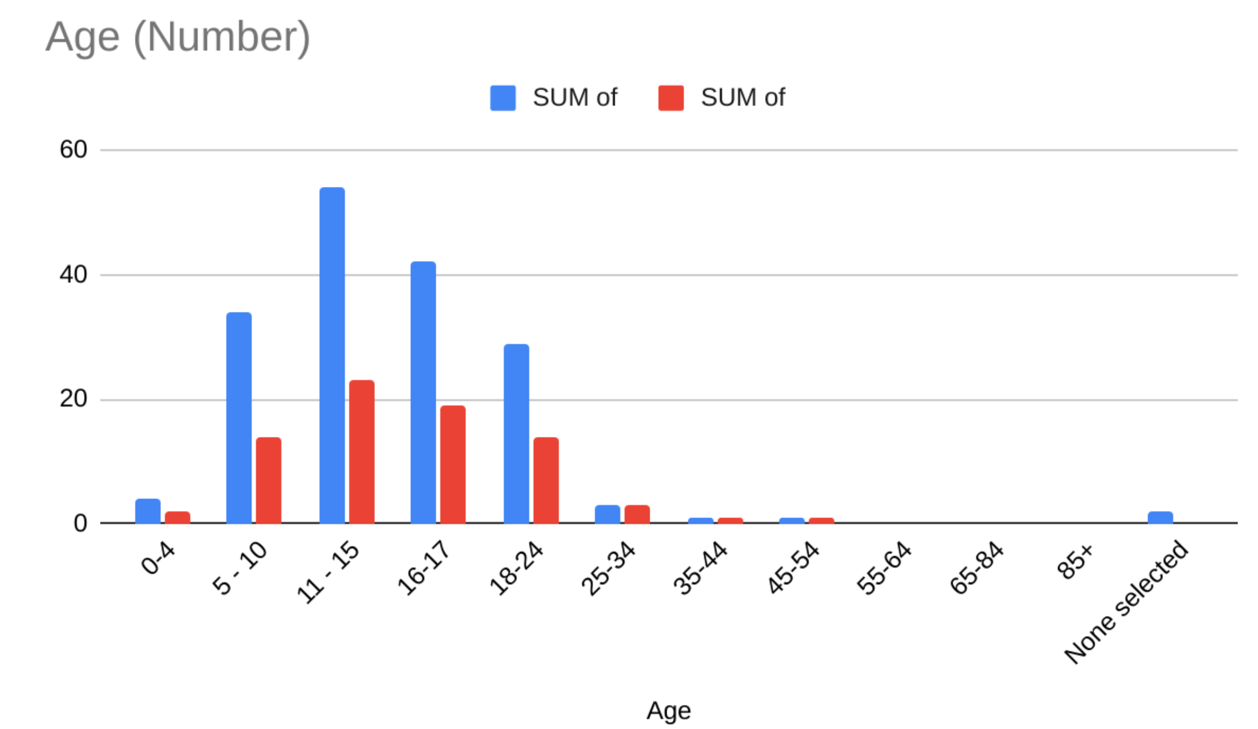
For the Project Grants (which had a success rate of 33%), the only groups falling below this average were d/Deaf or disabled people (at 17%) and N/A (at 29%). Although the success rate of d/Deaf or disabled led groups is something that we will need to improve in future, it is reassuring that we are funding less groups who are not equalities led.



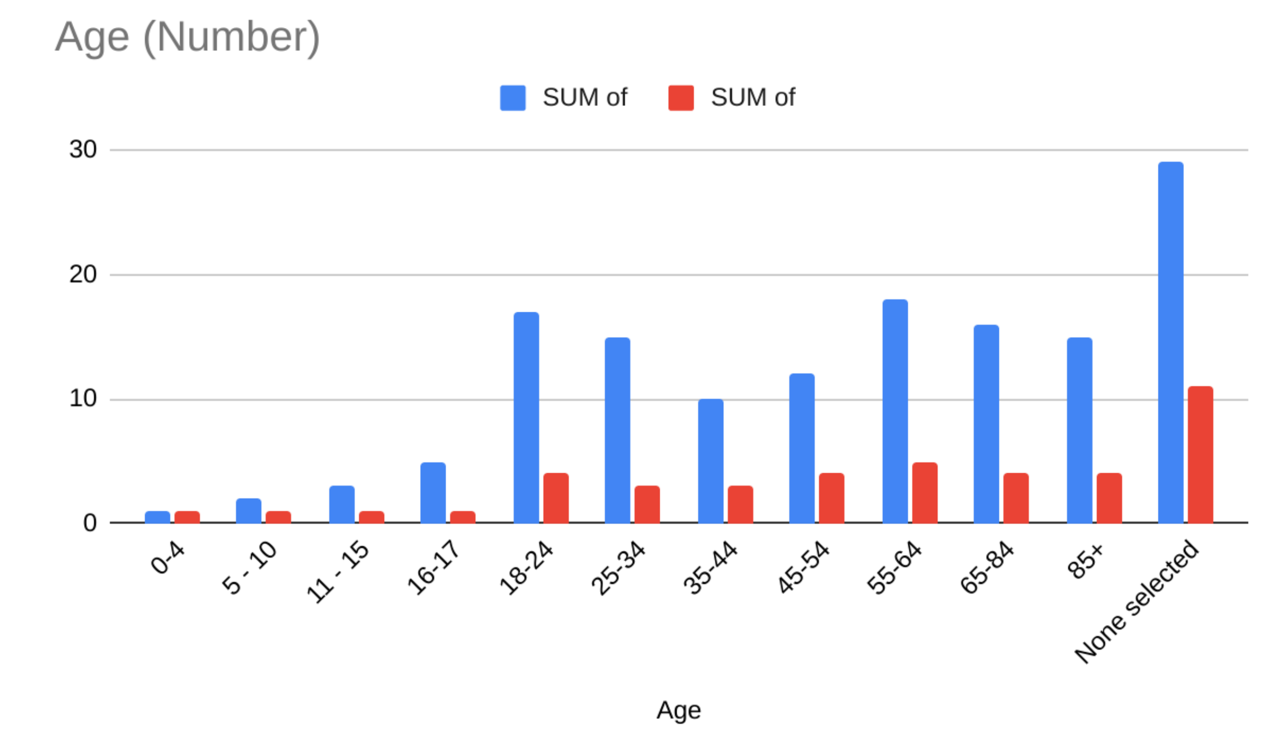
In addition to the equalities groups mentioned, we looked at a number of protected characteristics across the programmes.

Age

The Children & Young People's Fund was aimed specifically at people under the age of 25. The age spread across this range is fairly even.

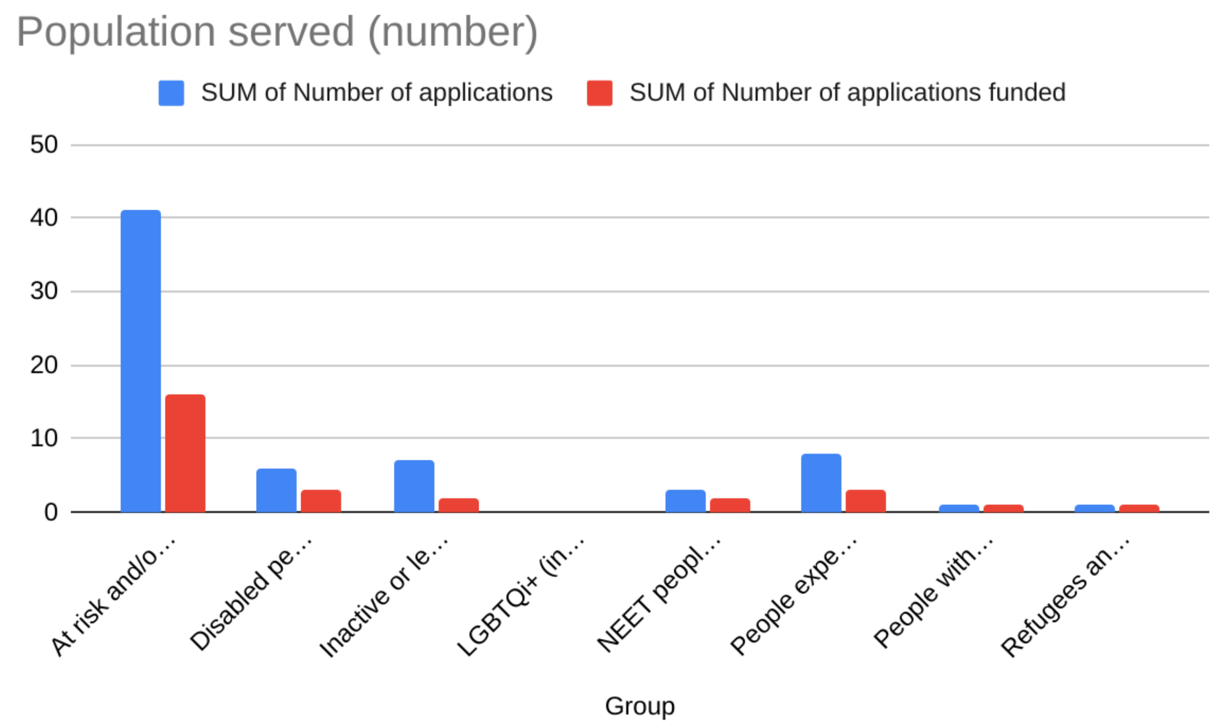


For the Project Grants, there was a fairly even spread across age groups over 18.

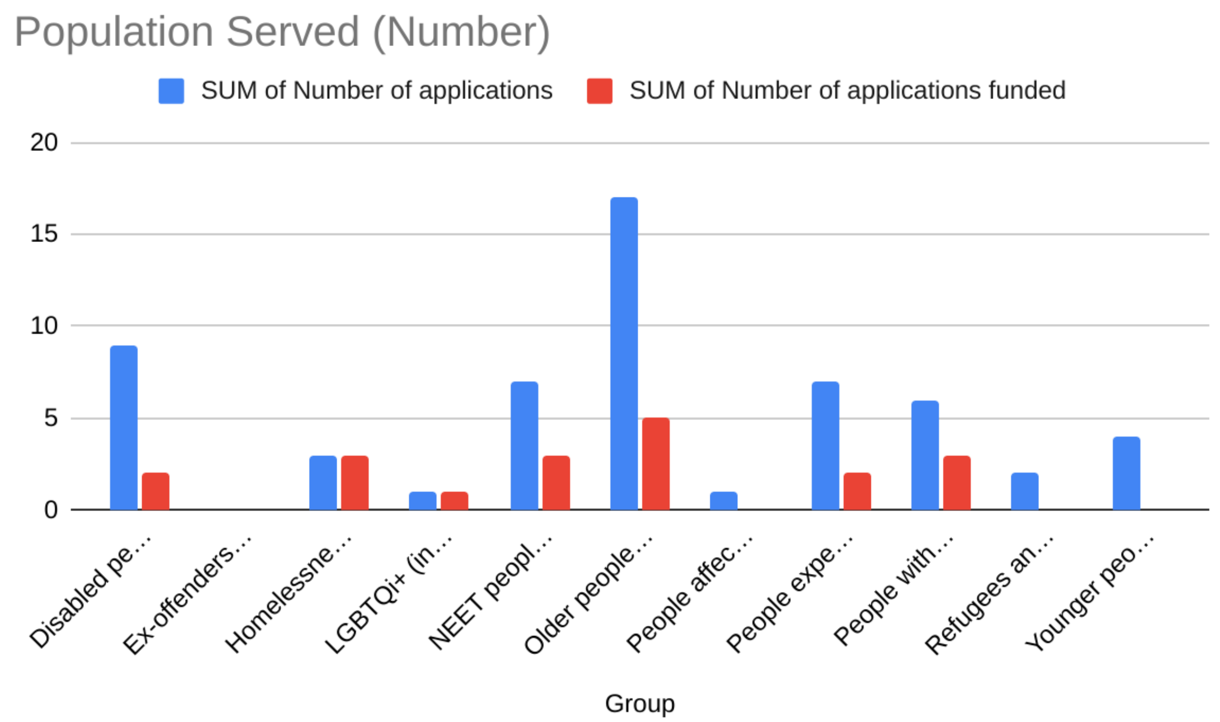


Disability, People with caring responsibilities, Sexual orientation
For the first time this year we have asked groups to specify if their primary beneficiary group is “People with caring responsibilities” or “Disabled people or people with Special Educational Needs” or “LGBTQi+”. We are aware that disabled people and people with Special Educational needs should not necessarily be put together into one category and can look to change this in future if needed.

In the Children & Young People’s Fund we funded 1 application of 1 one received for “People with caring responsibilities” and 50% of applications for “Disabled people or people with Special Educational needs”. No applications were received for “LGBTQi+”.

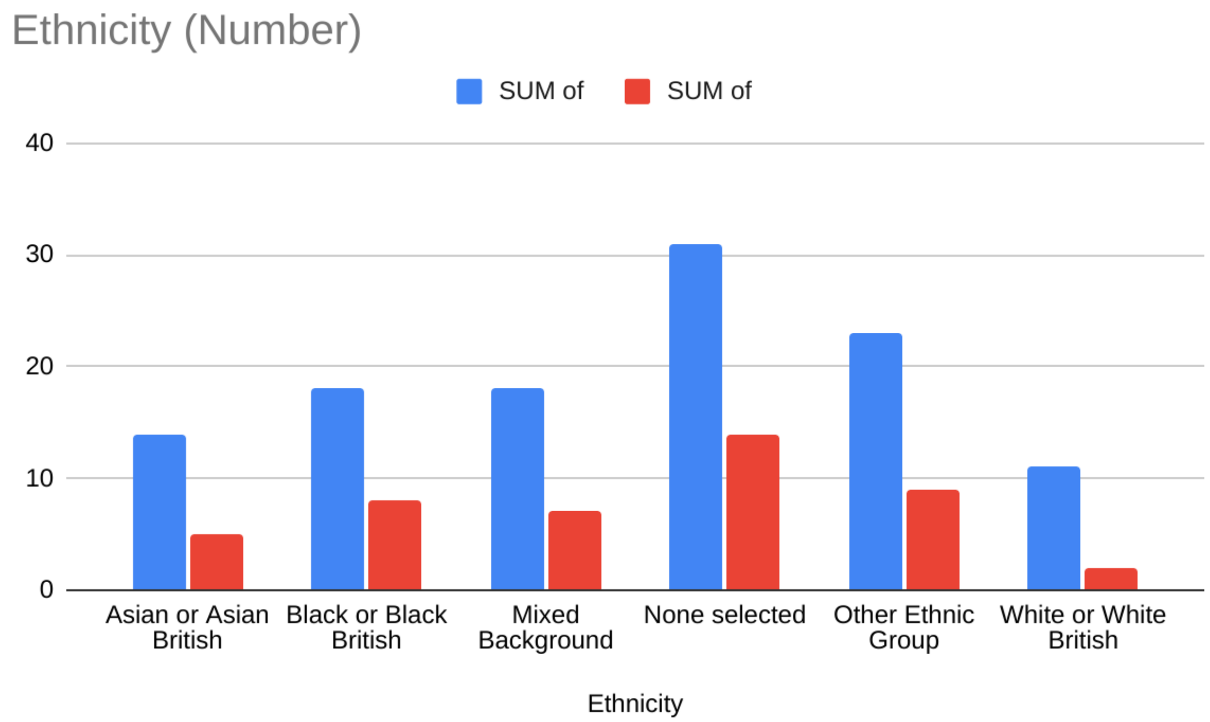


In the Project Grants, there was a 50% success rate for “people with caring responsibilities” but only a 22% success rate for “Disabled people or people with Special Educational Needs”. Only 1 application was received in the “LGBTQI+” category, and this was funded.

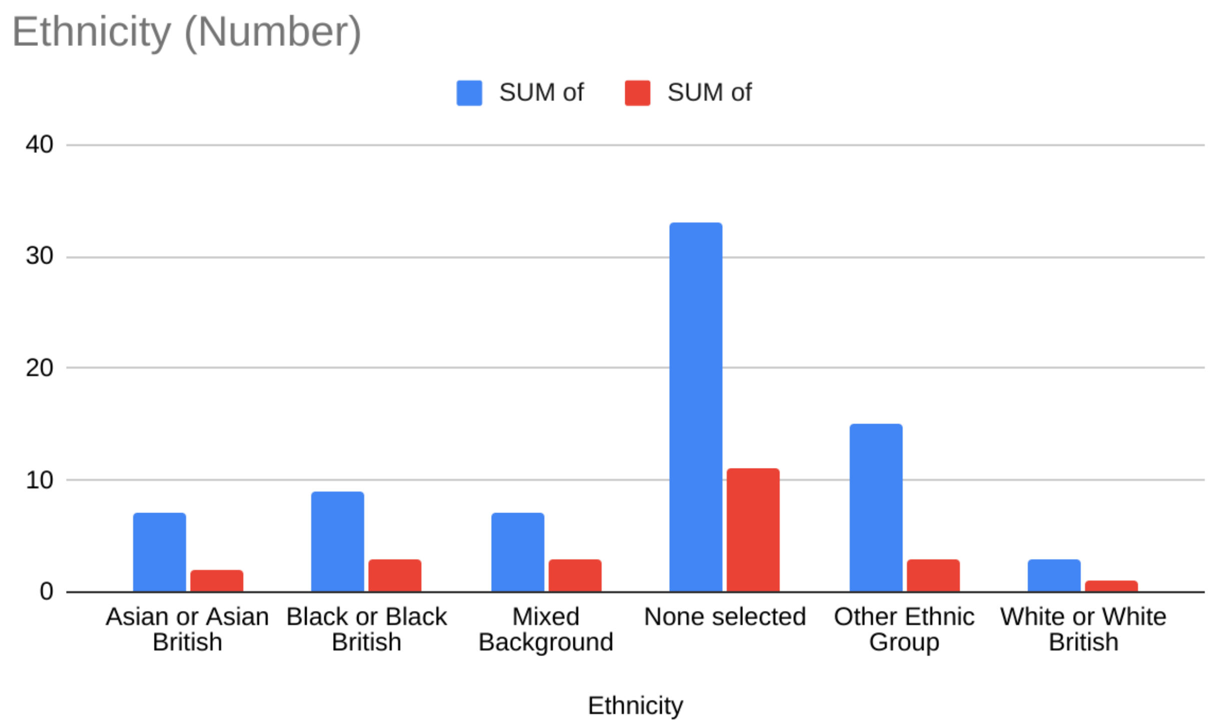


Ethnicity

For the Children & Young People’s fund, a number of applications selected that they were not targeting specific beneficiary groups based on ethnicity, and this was the largest group chosen (45% success rate). The second largest group was for Black/Black British beneficiaries (44% success rate). Other ethnic groups had between a 36 - 39% success rate. The lowest success rate amongst a specific ethnic group was White/White British at only 18%. White/White British likely includes groups such as Orthodox Jewish (please see below) and the Turkish/Kurdish Community, as these are not asked for separately. One Turkish/Kurdish Group was shortlisted in the panel and this group was funded.



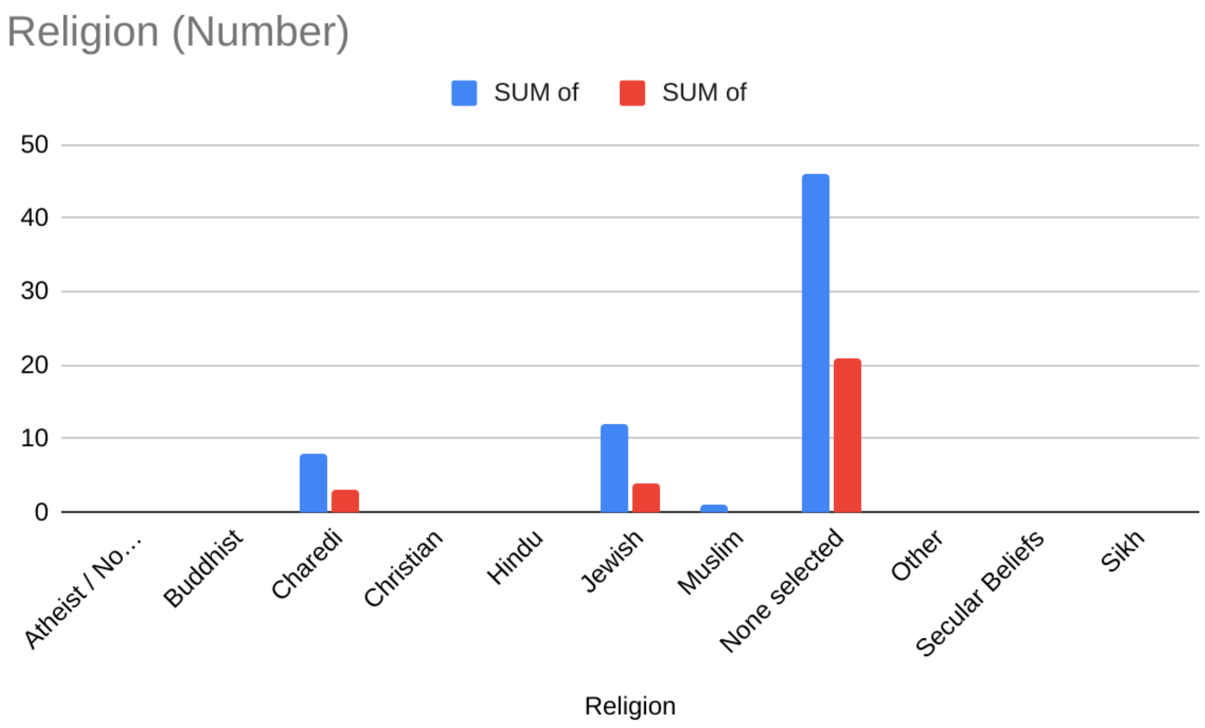
For Project Grants there was a 33% success rate across all ethnic groups apart from slightly higher for Mixed Background (43%), Asian & Asian British (29%) and Other Ethnic Groups (20%).



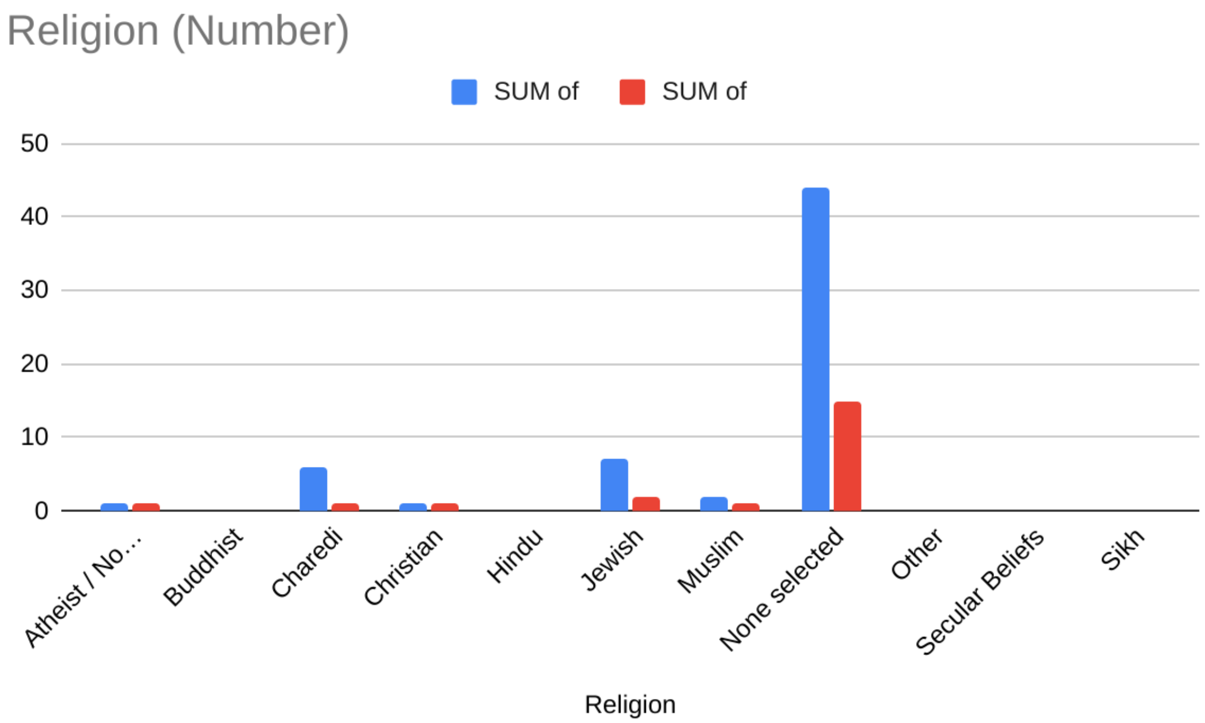
Gender
In the Children & Young People's fund, most applications were open to all genders, although some were specifically targeting either Males or Females. These were often for Orthodox Jewish groups. Applications open to all genders or to females had a 41% success rate (in line with the overall success rate). Applications for males specifically were slightly higher at 42%.

For Project Grants again most applications were open to all genders and these had a 33% success rate. From the funded projects, 2 were specifically for females, 1 for males, and 1 for people whose gender is different to that assigned at birth (50% success rate).

Religion
Most Children & Young People's Fund applications were not targeted at people of a particular religion, however a number of applications were received specifically for the Jewish & Charedi Communities. The success rate of applications supporting Jewish & Charedi beneficiaries was 35% in comparison to the overall success rate of 41%.



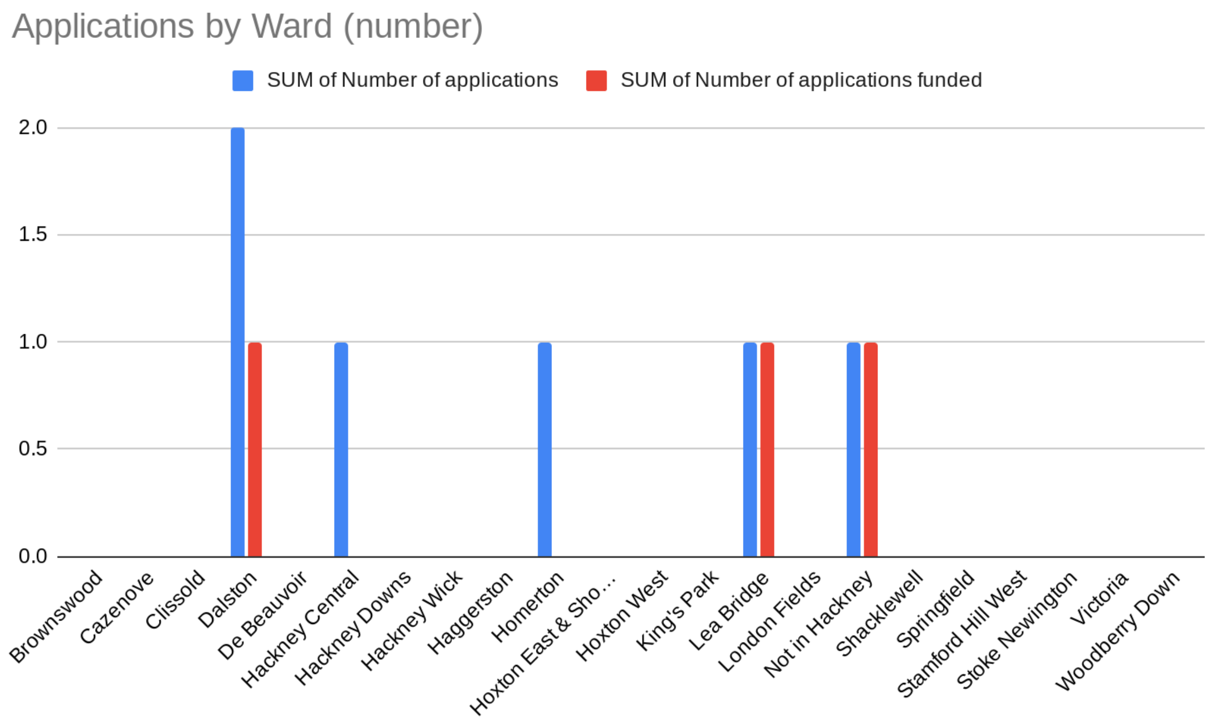
Similarly to above, most Project Grants did not specify that they were targeted at people of a particular religion, although we know from the assessments that some groups were working with specific groups that they did not identify in the equalities section.



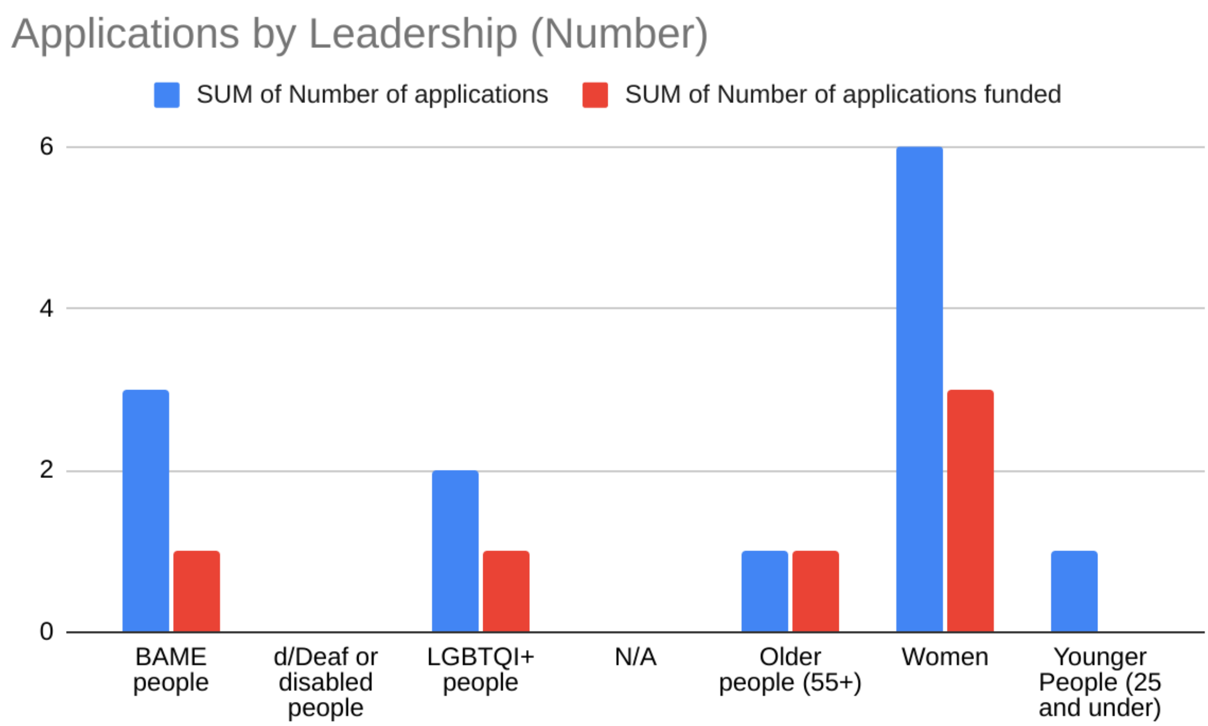
Community Chest

Community Chest grants do not ask for as detailed information about equality groups, however we do collect some data around location and organisational leadership.

The graph below outlines that out of the 3 applications we funded, two are based in Hackney and one is outside of the borough.



In terms of organisational leadership, we have funded groups led by BAME people, LGBTQi+ people, older people, and women. Notably we did not receive any applications from groups led by d/Deaf or disabled people for Community Chest this round.



4 (b) What negative impact could there be overall, on different equality groups, and on cohesion and good relations?

Where you identify potential negative impacts, you must explain how these are justified and/or what actions will be taken to eliminate or mitigate them. These actions should be included in the action plan.

It should be noted that the Council cannot fund every organisation that applies for funding due to the budget available and the competitive nature of any open grants programme means that the recommendations are subject to variation each year. So if there are no high scoring projects that supported a particular community in need, this need would not be met through the grants programme.

Within these limitations we take the following actions to ensure that the grant investment is planned and delivered to positively benefit as wide a range of equality groups as possible and to mitigate negative impacts:

- The programme was advertised widely across the VCS in Hackney using the VCS networks, the Council's website and social media.

- Workshops and surgeries on the applications process were also run by The Grants Team and Hackney CVS. Organisations were also able to get free application support from the East London Business Alliance.

- The assessment process has taken into account the needs of groups with protected characteristics and the impact on Hackney's communities. Based on the information provided by applicants and the expertise of the panel, decisions have been made to reflect this. The information provided by the applicant organisations must also be of sufficient quality to enable the panel to make an assessment against the grant priorities and equalities objectives and the potential impact of the investment.

- To support a final moderation, we analyse the level of investment which is approved for projects that state they work with particular equality groups and this is compared with previous years.

- There are also some further opportunities for a range of organisations and groups to apply for funding at different intervals throughout the year.

- Actions that continue to mitigate negative impacts are set out in the action plan.

5. Equality and Cohesion Action Planning

Please list specific actions which set out how you will address equality and cohesion issues identified by this assessment. For example,

- Steps/ actions you will take to enhance positive impacts identified in section 4 (a)
- Steps/ actions you will take to mitigate again the negative impacts identified in section 4 (b)
- Steps/ actions you will take to improve information and evidence about a specific client group, e.g. at a service level and/or at a Council level by informing the policy team (equality.diversity@hackney.gov.uk)

All actions should have been identified already and should be included in any action plan connected to the supporting documentation, such as the delegate powers report, saving template or business case. You need to identify how they will be monitored. The Assistant Director is responsible for their implementation.

No	Objective	Actions	Outcomes highlighting how these will be monitored	Timescales / Milestones	Lead Officer
1	Organisations provide information on how they are using the investment to contribute to the Council's equality objectives.	Organisations are required to demonstrate this in the delivery of their service and evidence will be required as part of the monitoring process.	Evidence of how the grant investment has contributed to achieving the equality objectives.	Each application process	Grants manager
2	Where possible, organisations are encouraged to access alternative sources of funding.	HCVS and Interlink Foundation are funded to deliver funding advice and organisational support.	Organisations use support to strengthen their applications for alternative sources of funding.	Ongoing	Strategic Lead, Strategic Relationships
3	There are further opportunities to diversify investment within the sector to reach smaller community based organisations through 3 further rounds of community chest grants.	There will be three further rounds of Community Chest in 2022/23.	Future rounds will be widely promoted and will be monitored by equality groups to assess if they are diversifying investment.	Each application process	Grants manager
4	Ensure that the investment is monitored and analysed by equality groups.	Analyse outcomes each year by equality groups to ensure spread of investment.	An outcomes report will be produced and reviewed in order to inform future	Ongoing	Grants manager

			priorities and programmes and to inform the ways that we promote the programme to address gaps and issues.		

Remember

- Assistant Directors are responsible for ensuring agreed Equality Impact Assessments are published and for ensuring the actions are implemented.
- Equality Impact Assessments are public documents: remember to use at least 12 point Arial font and plain English.
- Make sure that no individuals (staff or residents) can be identified from the data used.

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