C A B I N E T

R E V I S E D   A G E N D A

Monday 12 September 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/x74NnASklAY

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
Friday 9 September 2022
www.hackney.gov.uk

Contact: Jessica Feeney
Governance Officer
governance@hackney.gov.uk

Following the death of Her Majesty Queen Elizabeth II and the beginning of a period of national mourning, substantive changes have been made to this agenda since its publication on 2 September. This revised agenda allows for the transaction of essential business only.

Cabinet
Monday 12 September 2022
Agenda

A minutes' silence will be observed in memory of Her Majesty Queen Elizabeth II

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 16 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

No deputations or questions are to be considered.

6 Unrestricted minutes of the previous meeting of Cabinet held on 18 July 2022 (Pages 9 - 22)

To agree the minutes of the previous meeting of Cabinet held on 18 July 2022.

7 Capital Update and Property Disposals and Acquisitions Report - Key Decision Number: FCR S086 (Pages 23 - 58)

8 2022/2023 Overall Financial Position - July 2022 - Key Decision No: FCR S068 (Pages 59 - 100)

9 Eliminating Violence Against Women and Girls Hackney Strategy and Action Plan 2022 - 2025 - Key Decision No: CE S122

This item has been deferred to the Cabinet due to be held on the 24 October 2022.

10 Revision of London Borough of Hackney's Contaminated Land Strategy - Key Decision No: NH S068

This item has been deferred to the Cabinet due to be held on the 24 October 2022.

11 Building Council Homes for Londoners (BCHfL) Grant Agreement - Right to Buy-back - Key Decision No: CHE S125 (Pages 101 - 106)

12 Schedule of Local Authority School Governor appointments (Pages 107 - 108)

To agree the School Governor appointments.

13 New items of unrestricted urgent business

To consider any items admitted at Item 2 above.

14 Exclusion of the press and public

<u>Note from the Governance Services Manager</u>

Items 15 allows for the consideration of exempt information in relation to items 11.

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 Building Council Homes for Londoners (BCHfL) Grant Agreement - Right to Buy-back - Key Decision No: CHE S125 (Pages 109 - 168)

Exempt appendix in relation to item 11.

16 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 <u>any</u> 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 <u>any</u> 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 <u>any</u> 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 <u>and</u> 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.

Hackney

MINUTES OF A MEETING OF THE CABINET

MONDAY 18 JULY 2022

Councillors Present:	**Deputy Mayor Anntoinette Bramble (Vice-Chair), in the Chair Cllr Robert Chapman, Cllr Mete Coban, Cllr Susan Fajana-Thomas, Cllr Christopher Kennedy, Cllr Clayeon McKenzie, Cllr Guy Nicholson, Cllr Carole Williams, Cllr Caroline Woodley, Cllr Sem Moema and Cllr Sade Etti**
Apologies:	**Mayor Philip Glanville and Councillor Yvonne Maxwell**
Officers in Attendance:	**Jessica Feeney, Governance Services Officer Juliet Babb, Legal Team Leader**

1 Apologies for Absence

Apologies for absense were received form Mayor Glanville and Councillor Maxwell.

Councill McKenzie joined the meeting virtually.

2 Urgent Business

There were no items of urgent business.

3 Declarations of interest - Members to declare as appropriate

There were no declarations of interest.

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

There were none.

5 Questions/Deputations

Deputy Mayor Bramble explained that a deputation had been received from Rachel Mawby and Cathy Philpott on behalf of the Motorcycle Action Group. Cathy Philpott was invited to introduce the deputation.

Cathy Philpot introduced the deputation, it was stated that Hackney should urgently withdraw the Motorcycle parking permits review – summary and recommendations report' and reassess the consultation in light of accurate evidence, and revisit decisions based upon it. Some examples of errors were highlighted:

- "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.

Deputy Mayor Bramble invited Councillor Mete Coban to respond to the Deputation, in doing so the following key points were highlighted:

- Councillor Coban thanked Cathy for bringing this deputation.
- The important role that motorcycles, scooters and mopeds play in the Hackney economy was recognised, but it was also highlighted that all forms of vehicles, including motorbikes, produce emissions, and that a significant number of people commute into work in Hackney by motorbike each day.
- Hackney Council has been clear in its aim to avoid a vehicle-led recovery from Covid, and is committed to improving local air quality and tackling the climate emergency.
- As part of this commitment, and following a full public consultation in 2020, Cabinet agreed in February 2021 to place motorcycles on the same footing as all other vehicles, with permit prices based solely on the emissions they produce, as recorded by the DVLA.

- These changes would allow businesses, delivery riders and other organisations that provide valuable services to continue to do so, while also discouraging the use of motorbikes for commuting, which contribute to local emissions.
- Councillor Coban understood the concerns raised over the paper submitted to Cabinet in February 2021, and was grateful for Cathy highlighting these. Officers have reviewed the comments you have made, and have agreed to correct the report, which will be re-published on our website.
- Nevertheless, the information that was presented to the public in the form of the consultation was accurate, Councillor Coban satisfied that the issues raised are of no material impact to the finalised proposals that were presented and approved at Cabinet in February 2021.

6 Unrestricted minutes of the previous meeting of Cabinet held on 27 June 2022

The unrestricted minutes of the previous meeting of the Cabinet held on 27 June 2022, were approved.

7 Capital Update and Property Disposals And Acquisitions Report - Key Decision No. FCR S084

Deputy Mayor Bramble introduced the report on behalf of the Mayor.

RESOLVED:

I. 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.

II. 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.

III. 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.

IV. That the scheme outlined in section 12 be noted.

V. 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).

VI. 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).

VII 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.

VIII 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.

<u>**Reasons for decision**</u>

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 - May 2022 - Key Decision No: FCR S083 - TO FOLLOW

Councillor Chapman introduced the report.

RESOLVED:

That the Cabinet:

I. Approved the proposed Covid-19 Additional Relief Fund (CARF) scheme as set out in Section 9

II. Noted the update on the overall financial position for May covering the General Fund and HRA

REASONS FOR DECISION

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

9 Acquisition of Local Space properties - Key Decision No: FCR S078

Deputy Mayor Bramble invited Councillor Etti to introduce the report. Councillor Etti outlined the report to the Cabinet.

Deputy Mayor Bramble invited Councillor Garbett to speak on the item, the following questions were raised:

1. Will Local Space be buying more homes *in the borough* with their proceeds from selling the 34 homes in phase 2 or elsewhere (as I know that their portfolio is across London)?
2. Why are the council purchases only restricted to homes on council estates (this is what I've understood 'owning the freehold' to mean) and would the same VfM restriction apply to long leasehold street properties not just flats?
3. Re costs, what is the distribution of sizes/bedrooms in these homes? As I know from the Dalston plan we need 3 / 4 beds (assume it's the same across the borough)
4. I also wanted to check why there is a the focus on former RTB where the council would own the freehold - you are probably aware but thought I'd check that the scope of the Right to Buy-Back fund covers more than just RTB and is more flexible and anything can be purchased perhaps this is being considered for a further phase?
5. Related to the above, are their plans for further phases?
6. The cover sheet states "Sustainability and climate change 6.9. None of the recommendations in this report would have a direct impact on the physical or social environment." - purchasing existing homes, rather than building is positive in terms of sustainability as will reduce embodied carbon from construction of new homes etc. Something the council should promote

Councillor Etti responded to each question, as set out below:

1. As set out in section 6 of the paper Local Space will be purchasing units out of borough with the proceeds of selling the phase 2 units.
2. The Paper does not itself propose a policy on the types of property that the Council should purchase. It does in Section 6.7 advise that the purchase of ex right to buy properties is an existing approved policy that this recommendation fits into. The general principle of acquisition is for estate based properties as there is minimal additional management and maintenance costs associated with the properties. As the properties recommended for purchase are in existing housing blocks, there is minimal additional management and (block) maintenance costs. There would be internal maintenance responsibility of these properties which can be funded through the rental income stream. If any freehold/street properties are purchased they are likely to have a much higher cost, reducing the number of homes that can be made available, and may well require additional management costs and borrowing costs. Any street properties would also require a full structural and condition survey and may incur further additional maintenance cost, as it will be a new property structure to maintain. Also the rent for houses are not significantly different to flats, therefore freehold/street properties would not be as cost effective to purchase

and potentially would be a drain on the HRA business plan financial model which ultimately would reduce the resource available for investment in our housing stock.

3. The Nominations agreement sets out a service requirement for 2 and 3 bed properties. This is based on the sizes of property needed to re-house the existing residents.

4. The purchase of these properties is in line with approved policy. As set out in the "Acquisition of properties to support the delivery of affordable housing" policy approved by Cabinet in March 2020. The recommendation of the policy was to purchase ex RTB properties, including those owned by Housing Associations. The reason for the focus on ex RtB is as set out above - it represents a more cost effective acquisition for the HRA than non estate based properties. Any further flexibilities to the acquisitions policy would require separate Cabinet approval.

5. This second phase is currently expected to be the final phase of this work with Local Space.

6. The recommendation in this report for buy back of former Right To Buy properties is made in the context of the acquisitions policy referenced above and is primarily based on the financial considerations and maximising the homes that can be made available through the proposed scheme. The points raised about sustainability and embedded carbon is noted and will be shared with the Regeneration service for consideration. It is noted, however, that Hackney has a severe and increasingly acute shortage of all types of housing, including social housing, so new build development is still likely to be required to tackle the housing crisis.

RESOLVED:

That the Cabinet:

I. **Authorised 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.**

II. A**llocated the properties purchased for one time only nomination by Local Space as part of the agreed decant programme**

III. **Gave delegated authority to the Director of Strategic Property Services, in consultation with the Group Director of Neighbourhoods and Housing and the Group Director of Finance and Corporate Resources, to negotiate final terms, conditions on the above purchases, including price and purchase of the property.**

IV. **Authorised the Director of Legal and Governance Services to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report and to enter into any other ancillary legal documentation as required.**

Reasons for decision

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

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.

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.

10 Woodberry Down Principal Development Agreement updates - Key Decision No: CHE 112

Deputy Mayor Bramble introduced the report on behalf of the Mayor.

RESOLVED:

That the Cabinet:

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

II. **Authorised**

   (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.**

III. **Delegated 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.**

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

V. **Delegated 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).**

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

VII. **Authorised 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.

Reasons for decision

Side Letter to the Principal Development Agreement

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.

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.

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.

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)

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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

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.

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.

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.'*.

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.

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

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.

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.

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.

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

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

Deputy Mayor Nicholson introduced the report.

RESOLVED:

That the Cabinet:

I. **Approved the making of a non-immediate Article 4 Direction (A4D) (Appendix 1) to withdraw the permitted development ("PD") rights granted by Schedule 2, Part 3, Class MA of the Town and Country**

Planning (General Permitted Development) (England) Order 2015 (as amended) ("the GDPO") for changes of use from Class E to a dwellinghouse (Class C3) in Hackney's Designated Industrial Areas (as shown in Appendix 2).**

II. **Delegated authority to the Director of Legal Democratic and Electoral Services to carry out all publicity/consultation arrangements set out in paragraph 10.1-10.2 of this report and to disapply paragraph 1(1)(c) of Schedule 3 of the GPDO (not to serve individual owner or occupier notice of the A4D because their number makes individual service impracticable).**

Reasons for decision

The Council considers that the PDR allowing change of use from Use Class E (commercial, business and services) to C3 (dwellinghouse) without planning permission may constitute a threat to the economy, jobs and amenities of the Borough and would be prejudicial to the proper planning of the Borough, in particular the Council's ability to prevent the loss of uses which contribute to the wider strategic aims for the area.

This A4D is considered necessary because the Council's employment and retail planning policies are based on robust evidence which establishes a need to protect employment and commercial uses to ensure the vitality and viability of Hackney's economy. The permitted development rights would undermine the operation of these policies and may impact negatively on the provision of employment and industrial spaces, and jobs in the Borough.

12 A Place for Everyone Hackney Voluntary and Community Sector Grants - Key Decision No: CED S115

Councillor Kennedy outlined the report to Cabinet.

RESOLVED:

That the Cabinet:

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

Delegated 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.

Agreed 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.

Delegated 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.

Noted 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.

Noted 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.

Agreed 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.

Agreed 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.

Reasons for decision

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.

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.

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.

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

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.

13 New items of unrestricted urgent business

There were none.

14 Exclusion of the press and public

The Cabinet agreed that they did not wish to discuss the exempt appendices therefore the meeting did not move into an exempt session.

15 Capital Update and Property Disposals And Acquisitions Report - Key Decision No: FCR S084

There was no discussion.

16 Woodberry Down Principal Development Agreement updates - Key Decision No: CHE 112

There was no discussion.

17 New items of exempt urgent business

There were none.

Duration of the meeting: 6.00 - 7.00 pm

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Title of Report	Capital Update and Property Disposals and Acquisitions Report
Key Decision No	FCR S086
For Consideration By	Cabinet
Meeting Date	12 September 2022
Cabinet Member	Philip Glanville, Mayor of Hackney
Classification	Open
Ward(s) Affected	All
Key Decision & Reason	Yes — Spending or Savings
Implementation Date if Not Called In	20 September 2022
Group Director	Ian Williams, Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

1.1 This report updates members on the capital programme agreed in the 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.

1.3 This report requests Cabinet approval of £15,000 S106 funding for undertaking a feasibility study to scope the potential for locating and clarifying the strategic fit of a new library in Woodberry Down - whereby we continue to seek to invest in facilities for the local community and support residents to access services locally.

1.4 Approval is also sought for the disposal of 149 Stamford Hill, London N16 5LG, known as the Clockhouse. Given the poor condition of the building and that the building is surplus to requirements as well as being expensive to secure, this is deemed as the most economic way forward and will generate a capital receipt for the Council for investment in our priorities. The Council is committed to liaison with existing leaseholders and the wider community during the course of the process for disposal.

1.5 A request received by the London Legacy Corporation ("LLDC") requires consent by the Council for the LLDC to enter into a lease with Here East (Studios) Limited and an extension of a lease between the LLDC and Innovation City (London). The consent will enable the delivery of additional workspace within the Queen Elizabeth Olympic Park.

1.6 The report also contains a proposal to dispose of the Silvertrees Property in Oxfordshire acquired to deliver the Family Learning Intervention Programme (FLIP).

1.7 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 3.1 of this report and the property proposal as set out in Section 3.5.

2.2 The Council owns the freehold of **149 Stamford Hill, London N16 5LG, known as the Clockhouse.**

2.3 The property comprises two floors of office accommodation with twenty flats in five storeys above, with ten one and ten two bedroom properties. These are owned by a mix of owner occupiers and investors and they have never been part of the Council's housing stock. There is a small courtyard for parking to the front and an area to the rear consisting of eighteen parking spaces and five garages.

2.4 The building was privately developed with the offices first occupied by the Council on a lease until it purchased the freehold in July 1983, presumably to secure the premises for the occupation of the offices and possibly as it was felt at the time that converting the rent liability into a capital asset was desirable. The office space was used by the housing service as the Stamford Hill Neighbourhood Housing Office.

2.5 The garages are all held on long leaseholds by individuals and there are rights of way across the property benefiting Medcar House to the west.

2.6 The building is held within the Council's General Fund.

Current Position

2.7 The Neighbourhood office was shut in March 2020 in response to the Covid pandemic and in retrospect the reaction to Covid supercharged trends that were already evident in how many people wished to access services. The old model of a central office where residents came with requests and problems has been largely replaced with online access, supplemented by in-person meetings either in the home or at smaller drop in centres. The housing service is still refining these changes to service provision and these are the subject of resident consultation; however the decision to close the Neighbourhood offices has been approved by the Cabinet in last year's HRA budget setting exercise.

2.8 The Council was, pre-pandemic, already closing outlying offices and concentrating staff at the Hackney Town Hall campus. Save for the basement, Stoke Newington Town Hall is now devoid of Council staff and both Keltan House and 280 Mare Street have been closed as Council offices in recent years. Covid has accelerated this trend with two key campus buildings, Christopher Addison House (CAH) and 2 Hillman Street now partially or fully empty of Council services and whilst a final decision has not been taken on the future of CAH, 2 Hillman Street has been let to the Department of Work and Pensions. There are very good reasons for retaining the freeholds of buildings on the campus largely centred around estate management and future operational flexibility, but no such imperative exists for retaining Clockhouse, which was first let and then bought for a specific operational purpose that is now fulfilled in a very different manner.

2.9 The office property is in a poor condition and a condition survey dating from 2016 specified works necessary in the five years from that date totalling £385,000. Of these works only a repair to a flat roof has been undertaken, leaving £360,000 worth of works outstanding. With inflation, probable deterioration in condition and a tightening of environmental requirements for lettings on the horizon, the cost of works to bring the building into tenantable condition is likely to exceed £500,000.

2.10 The rateable value of the premises is £178,000 so the Council has a rates liability of £91,136 whilst the property stands empty.

2.11 The Council will also be liable for any unrecoverable costs for repairs to the residential common parts and building services.

2.12 As the building is redundant given the likely costs involved in making it tenanable this report recommends that it is disposed of. The Council will write to all the leaseholders prior to placing the premises on the market and will keep them informed as the sale progresses. The Council will also seek to engage with business and the wider community during the course of this process.

2.13 A plan of the area subject to this proposal is attached (Appendix 1) for identification purposes.

2.14 There is a further property disposal relating to the **Silvertrees Property in Oxfordshire.** The Family Learning Intervention Programme (FLIP) was designed in 2014, with support from the Department for Education's Innovation Fund, with the objective of supporting children to live safely at home with their families, wherever possible. The programme included tailored interventions in a residential setting. A capital investment in a house in Oxfordshire - Silvertrees - was made in 2016. Whilst a number of children and families have benefited over time, there have also been significant operational challenges, which have been exacerbated by the pandemic. Challenges have included under occupancy due to the availability and suitability of families for residential interventions; the restrictive nature of planning restrictions on the property; and staffing challenges related to the distance the property is from Hackney.

2.15 The property was closed to interventions in March 2020 due to the national lockdown. In the context of ongoing uncertainty about future pandemic restrictions, in July 2020 a decision was made to keep the property closed and temporarily reinvest the operating resources in a Hackney-based edge of care service. This decision was made in recognition of our high number of adolescents coming into care and in light of learning about what works well in other local authorities. The service brought clinical and FLIP staff together to offer specialist, intensive, wrap-around support to adolescents and their families on the edge of family breakdown.

2.16 Whilst the property has been closed to interventions, it continues to accrue maintenance expenses. Given the history of operational challenges with Silvertrees, we are not recommending reopening the property for residential interventions with families and instead believe high quality Hackney-based interventions offer a better service to families and value for money for the Council. As a result, we are now proposing to dispose of the property.

3. RECOMMENDATION(S)

3.1 **That the S106 schemes as set out in para 11 and summarised below be approved as follows:**

S106	2022/23 £'000
Revenue	15
Total s106 Revenue for Approval	**15**

3.2 **That the expenditure plans and associated resources to be carried from 2021/22 to 2022/23 as set out in Section 12 and summarised below be approved:**

Current Directorate	Carry Forward Budget To 22/23
	£'000
Non housing	9,236
Housing	6,281
Total	**15,518**

3.3 **That the re-profiling of the budgets as set out in Section 13 and summarised below be approved:**

Current Directorate	Re-Profiling 22/23	Re-Profiling 23/24	Re-Profiling 24/25
	£'000	**£'000**	**£'000**
Non housing	(44,039)	44,205	(166)
Housing	(39,208)	39,661	(453)
Total	**(83,247)**	**83,866**	**(619)**

3.4 **That the capital programme adjustments as set out in Section 14 and summarised below be approved:**

Current Directorate	Capital Adjustments 22/23
	£'000
Non housing	(31)
Housing	(143)
Total	**(175)**

3.5 **To authorise the sale of the freehold of 149 Stamford Hill London N16 5LG, known as the Clockhouse (as described for information purposes only in the attached plan at Appendix 1).**

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

3.7 **To authorise consent to the LLDC to enter into a lease with Here East (Studios) Limited and an extension of a lease between the LLDC and Innovation City (London) Ltd.**

3.8 **To delegate authority to the Director of Legal, Democratic and Electoral Services to settle, agree and enter into all documentation necessary for this transaction.**

3.9 To delegate authority to the Corporate Director of Finance and Corporate Resources to agree all commercial terms relating to the sale of the Silvertrees Property in Oxfordshire.

3.10 To delegate authority to the Director of Legal, Democratic and Electoral Services to agree, settle and enter into all necessary legal documentation relating to this transaction including any legal agreement required by the local planning authority for the change of use of the premises to residential.

4. REASONS FOR DECISION

4.1 The decisions required are necessary in order that the schemes within the Council’s approved Capital programme can be delivered 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 Disposal of 149 Stamford Hill London N16 5LG known as the Clockhouse:** There are three possible alternatives, to either re-occupy the building, to let it, or to redevelop it.

5.2 The Council, not just the housing service, is contracting the amount of office space it occupies and there is no realistic prospect of this office being needed for operational purposes in the foreseeable future.

5.3 The second alternative is that the Council offers the office space to let. The office market in Stamford Hill is weak and any likely tenants would probably seek a change of use to educational or community uses. The likelihood is that these sorts of occupiers would be quite poor investment covenants and may struggle to find rent on an annual basis, but may be more capable of finding money for a purchase. The Council would also need to invest significant sums into the building to make it tenantable and the cost of this in both money and officer time is difficult to justify.

5.4 The final alternative is redevelopment. The site is not allocated in the local plan however the site immediately adjacent to the north is and together they would make a substantial mixed-use commercial residential redevelopment site. This would be a very complicated scheme to bring forward given the multiplicity of interests just on the Clockhouse site and it would require patience to bring forward, buying up individual leases as they came available with the use of compulsory purchase powers (CPO). There does not seem however to be any particular pressing need to redevelop the site and the use of CPO powers when the site was unallocated in a recently adopted local plan would seem to be very difficult to justify. Whilst combining it with the adjoining site will undoubtedly cross minds, it is not something that the Council is ever likely to be in a position to achieve, certainly not in the foreseeable future.

5.5 With regards to the **authorisation of consent to the LLDC to grant leases to Here East (Studios) Limited and Innovation City (London) Ltd**, the alternative option is for the Council not to give the consent requested. This option is not recommended as it would mean that the currently underused multi storey car park adjacent to Here East may not be brought back into use to create additional workspace, job opportunities and economic growth in the borough.

5.6 With regards to the **proposed sale of Silvertrees in Oxfordshire,** the alternative course of action to selling the property is to re-open Silvertrees to residential interventions with children and families. However, this would not resolve the previous operational challenges and would not allow for the continuation of a more specialist, intensive support service delivered to families with children on the edge of care in Hackney.

6. BACKGROUND

Policy Context

6.1 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

6.2 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

6.3 As above.

Consultations

6.4 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

6.5 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 **£245.230m (£121.178m 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 **£177.326m (£86.344m non-housing and £90.982m housing).**

Current Directorate	Revised Budget Position	Sept 2022 Cabinet	Carry Forward Budget To 22/23	Capital Adjustments	Re-Profiling 22/23	Updated Budget Position
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Chief Executive's	4,035	0	183	0	(3,210)	1,008
Adults, Health & Integration	30	0	0	0	0	30
Children & Education	15,286	0	1,849	(0)	1,929	19,065
Finance & Corporate Resources	61,769	0	2,161	(10)	(31,682)	32,238
Climate, Homes & Economy	40,058	0	5,044	(21)	(11,076)	34,004
Total Non-Housing	**121,178**	**0**	**9,236**	**(31)**	**(44,039)**	**86,344**
Housing	124,052	0	6,281	(143)	(39,208)	90,982
Total	**245,230**	**0**	**15,518**	**(175)**	**(83,247)**	**177,326**

7.4 **Proposed Disposal of 149 Stamford Hill London N16 5LG known as the Clockhouse:** This report investigates the next steps for Clockhouse; a property of which the council owns the freehold and consists of a commercial unit on the ground floor and residential flats above (leaseholders). As part of the council's plans to close outlying offices, the neighbourhood office is currently vacant and therefore subject to void costs of £91,136 per annum. Plans of renting the office out have been explored but this would require capital works that will potentially exceed £500,000 to bring the space into a reasonable condition.

7.5 Other costs include the maintenance of the common parts in the building and there have been service charge shortfalls that the Council has had to fund, causing a financial burden on the service.

7.6 The disposal of the property would generate an estimated capital receipt, which the Council can use to re-invest into the community.

7.7 Clockhouse is a redundant former neighbourhood office with short and medium term repair and maintenance liabilities and no real potential for redevelopment by the Council. Selling the building is probably the surest way of bringing it back into some form of economic use and gives the opportunity for someone with long term development plans to acquire it as part of a site assembly programme. Disposal will free up management resources within the Council’s Strategic Property Services and provide a capital receipt to the Council’s General Fund.

7.8 This report also seeks approval for consent by the Council to the **LLDC to enter into a lease with Here East (Studios)** and to extend the LLDC lease with Innovation City (London) Limited. There are no financial implications of these approvals.

7.9 With regards to the proposed disposal of **Silvertrees Property in Oxfordshire,** the revenue costs associated with the Family Intervention Learning Programme (FLIP) are circa £600k per annum and will be repurposed to continue the investment in staffing resources to support the Edge of Care service. The decision to invest in the service was made in recognition of our high number of adolescents coming into care and in light of learning about what works well in other local authorities. There will be costs associated with the cessation of the programme which will be met from existing resources in the current financial year. The sale of the property is expected to produce a capital receipt of circa £2m for the council.

8. VAT IMPLICATIONS ON LAND AND PROPERTY TRANSACTIONS

8.1 **Proposed Disposal of 149 Stamford Hill London N16 5LG known as the Clockhouse:** The Council has not elected to waive the exemption to VAT on this property.

8.2 **To authorise consent to the LLDC to enter into a lease with Here (Studios) Limited and an extension of a lease between the LLDC and Innovation City (London) Ltd:** There are no VAT implications resulting from authorising the consent.

8.3 **Property Disposal of Silvertrees, Oxfordshire**. On the basis that the Council has not opted to tax the site, in principle the sale will be exempt from VAT. As the Council was using the property as a respite centre the use would be regarded as non-business care and an option to tax would not be necessary as any VAT incurred would be recoverable in full. On the basis the sale is exempt, only costs associated with the sale would need to be included in the Council's partial exemption calculation. This would be the legal costs associated with the sale and any VAT on incidental works that may be undertaken to facilitate the sale. If the property is converted back into residential use and sold as a dwelling any option to tax would not apply as the sale would be exempt from VAT.

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 **S106:** With regard to the allocation of monies from agreements under section 106 of the Town and Country Planning Act 1990, s.106 permits anyone with an interest in land to enter into a planning obligation enforceable by the local planning authority. Planning obligations are private agreements intended to make acceptable developments which would otherwise be unacceptable in planning terms. They may prescribe the nature of the development (for example by requiring that a percentage of the development is for affordable housing), secure a contribution to compensate for the loss or damage created by the development or they may mitigate the development's impact. Local authorities must have regard to Regulation 122 of the Community Infrastructure Levy Regulations 2010. Regulation 122 enshrines in legislation for the first time the legal test that planning obligations must meet. Hackney Council approved the Planning Contributions Supplementary Planning Document on 25 November 2015 under which contributions are secured under S106 agreements. Once completed, S106 agreements are legally binding contracts. This means that any monies which are the subject of the Agreement can only be expended in accordance with the terms of the Agreement.

9.7 **Proposed Disposal of 149 Stamford Hill London N16 5LG known as the Clockhouse:** The approval of the disposal is pursuant to the Hackney Mayoral Scheme of Delegation of January 2022 and is reserved to the Mayor and Cabinet. Section 123(1) of the Local Government Act 1972 provides the Council with the power to dispose of land and property, provided such disposal is made for the best consideration reasonably obtainable. However, the General Disposal Consent 2003 removes the requirement for local authorities to seek specific consent from the Secretary of State for any disposal of land where: the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of: (i) the promotion or improvement of economic well-being; (ii) the promotion or improvement of social well-being; (iii) the promotion or improvement of environmental well-being; and the "undervalue" (i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2 million or less. Where the case does not fall within the terms of this General Consent then an application to the Secretary of State for Communities and Local Government for a specific consent is required. Furthermore, the General Consent Order 2003 specifies that it is the responsibility of the Council to satisfy itself that the land is held under powers which permit it to be disposed of under the terms of the 1972 Act.

9.8 **Proposed consent to the London Legacy Development Corporation** - Proposed Consent to the LLDC for a restriction on title in favour of the Council. The approval of a consent in relation to a restriction in favour of the Council has no standing delegation, therefore the consent is required to be approved by Cabinet. Furthermore, 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.

9.9 **Proposed disposal of Silvertrees Property in Oxfordshire:** The approval of the disposal is pursuant to the Hackney Mayoral Scheme of Delegation of January 2022 and is reserved to the Mayor and Cabinet. Section 123(1) of the Local Government Act 1972 provides the Council with the power to dispose of land and property, provided such disposal is made for the best consideration reasonably obtainable. However, the General Disposal Consent 2003 removes the requirement for local authorities to seek specific consent from the Secretary of State for any disposal of land where: the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of: (i) the promotion or improvement of economic well-being; (ii) the promotion or improvement of social well-being; (iii) the promotion or improvement of environmental well-being; and the "undervalue" (i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2 million or less. Where the case does not fall within the terms of this General Consent then an application to the Secretary of State for Communities and Local Government for a specific consent is required. Furthermore, the General Consent Order 2003 specifies that it is the responsibility of the Council to satisfy itself that the land is held under powers which permit it to be disposed of under the terms of the 1972 Act.

10. COMMENTS OF THE DIRECTOR OF STRATEGIC PROPERTY SERVICES

10.1 **Proposed Disposal of 149 Stamford Hill London N16 5LG known as the Clockhouse**

This property will be the subject of a marketing campaign appropriate to the scale of the opportunity and the Council will appoint a firm of Chartered Surveyors knowledgeable in the local market to assist in the goal of disposing of the property for the best consideration that it can reasonably expect.

10.2 I am satisfied that a sale conducted in this report meets the best consideration requirements of S123 of the Local Government Act 1972.

10.3 **Proposed consent to the London Legacy Development Corporation**

The restriction was placed on the title after an agreement between the LDA and LBH in 2006. LBH had transferred land in Hackney Wick required for the Olympic Park and in return for this the LDA agreed to transfer back c. 10 hectares of land as replacement open space, at that point unidentified. The restriction on the title was put in place to help ensure that the transfer of the replacement open space did in fact happen, as it prevents long-term valuable uses without LBH consent.

10.4 The leases proposed are 999 years and as such allowing the letting is the same in practical terms as removing the restriction on title, leaving LBH with no leverage in ensuring that the LLDC (as successor to the LDA) makes the transfer. However, the process to consider the future management and ownership arrangements of relevant land holdings in the Queen Elizabeth Olympic Park is underway as part of the Infrastructure and Assets workstream established as part of the LLDC transition work programme which is reported to the LLDC Board and the Borough Transition Group (also known as the Joint Committee of the Six Growth Boroughs). It is expected that this process will conclude in advance of the LLDC transition into a reset Mayor Development Corporation, scheduled for the end of 2024/2025.

10.5 **Proposed Sale of Silvertrees, Oxfordshire**

The property will be exposed to the market in a manner commensurate with its nature. In this case it is likely that a residential agent with good knowledge of the rural Oxfordshire property market will be most suitable. Marketing of this nature is the best way to ensure that the Council’s obligations under s.123 of the Local Government Act will be met.

11. S106 REVENUE FOR APPROVAL

11.1 Resource and Spend approval is requested for **£15k in 2022/23** of S106 Revenue funding to be financed by S106 contributions. The works to be carried out are in accordance with the terms of the appropriate S106 agreements.

Agreement No.	Project Description	Site Address	2022/23 £'000
2013/3223	New Library Provision in Woodberry Down	Woodberry Down Future Phases	15
Total Revenue S106 for Approval			**15**

A feasibility study is needed, to be commissioned by both Woodberry Down Regeneration and Library Services, to further scope the potential for locating a new library, and clarify the strategic fit in Woodberry Down given the anticipated growth for community infrastructure. The Woodberry Down estate is in Phase 3 of an 8-phase regeneration being delivered under a development agreement between the Council, Berkeley Homes and Notting Hill Genesis. The regeneration is currently undertaking a full review of the masterplan, and developing detailed designs for the next Phase of the development. As part of the masterplan the partnership is developing a cultural strategy for Woodberry Down. This, as well as earlier consultation, has identified a gap in the provision of cultural services and opportunities in Woodberry Down. In addition, in terms of new buildings there is the potential for a library to form part of the ‘central square’ in Phase 4 with the timeframe that construction is currently scheduled to start in 2025. The Regeneration and Libraries Teams are working in collaboration to commission a suitable supplier for the delivery of the feasibility study by the end of December 2022 which will focus on the financial and operational viability of the scheme. A report will then be taken to the Mayor and Cabinet on the outcome. If the scheme is found to be feasible then a full public consultation would take place to help the Council plan the detailed design work.

12. CARRY FORWARD OF SCHEMES FROM 2021/22 TO 2022/23

Further to the outturn position reported in the March OFP report, the table below summaries the proposed carry forward to **2022/23 of £15,518k** in respect of overall slippage against the 2022/23 capital programme with a detailed scheme provided in Appendix 2 be approved.

Current Directorate	Carry Forward Budget To 22/23
	£'000
Chief Executive's	183
Adults, Health & Integration	0
Children & Education	1,849
Finance & Corporate Resources	2,161
Climate, Homes & Economy	5,044
Total Non-Housing	**9,236**
Housing	6,281
Total	**15,518**

13. RE-PROFILING OF THE CAPITAL BUDGETS

The capital programme is re-profiled twice each year to ensure that the budgets reflect changes in the anticipated development and progress of schemes within the approved programme. This helps to enhance capital budget monitoring and associated financing decisions. The table below summarises the re-profiling of the capital programme between years with a scheme in Appendix 2.

Current Directorate	Re-Profiling 22/23	Re-Profiling 23/24	Re-Profiling 24/25
	£'000	**£'000**	**£'000**
Chief Executive's	(3,210)	3,210	0
Adults, Health & Integration	0	0	0
Children & Education	1,929	(195)	(1,734)
Finance & Corporate Resources	(31,682)	30,114	1,568
Climate, Homes & Economy	(11,076)	11,076	0
Total Non-Housing	**(44,039)**	**44,205**	**(166)**
Housing	(39,208)	39,661	(453)
Total	**(83,247)**	**83,866**	**(619)**

14. CAPITAL ADJUSTMENTS FROM 2022/23

Capital Programme adjustments are requested in order to adjust and reapportion the 2022/23 approved budgets to better reflect project delivery of the anticipated programme set out below with a detailed scheme provided in Appendix 2.

Current Directorate	Capital Adjustments 22/23
	£'000
Non housing	(31)
Housing	(143)
Total	**(175)**

APPENDICES

Appendix 1 - Site Plan for 149 Stamford Hill London N16 5LG known as the Clockhouse

Appendix 2 - Re-Profiling, Carry Forward Budgets and Capital Adjustments

BACKGROUND DOCUMENTS

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

None.

Report Author	Samantha Lewis, Senior Accountant (Capital) Tel: 020 8356 2612 samantha.lewis@hackney.gov.uk
Comments for Group Director of Finance and Corporate Resources	Jackie Moylan, Director, Financial Management Tel: 020 8356 3032 jackie.moylan@hackney.gov.uk
Comments for the Director of Legal, Democratic and Electoral Services	Dawn Carter-McDonald, Director of Legal, Democratic and Electoral Services Tel: 020 8356 4817 dawn.carter-mcdonald@hackney.gov.uk

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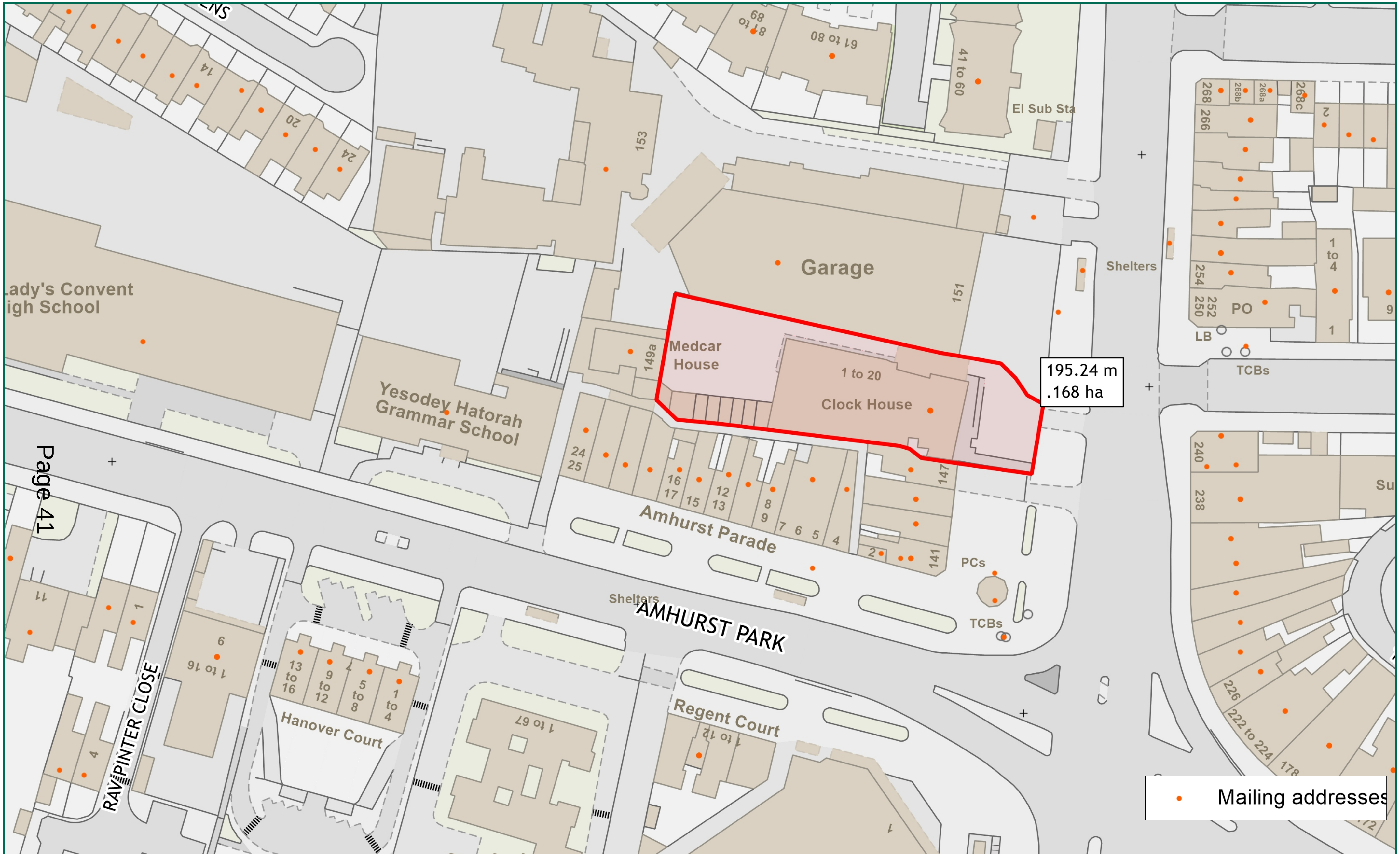

NORTH

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Hackney

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APPENDIX 2

Re-Profiling Phase 1, Capital Adjustments & Carry Forward 2021/22 Budgets

Table 1 - Carry Forward Budgets 2021/22

Summary of Carry Forward Budgets	Revised Budget	Change	Updated Revised Budget
	£	£	£
Chief Executive's			
Library Capital Works	661,573	96,285	757,859
Library Refurb Programme	19,076	19,076	38,151
Stoke Newington Library Refurb	67,355	67,355	134,710
Children & Education			
Carer Loft Conversion	131,869	131,869	263,738
Shoreditch Play Adventure	345,000	345,000	690,000
Jubilee Primary	66,135	36,135	102,269
Randal Cremer AMP	40,000	40,000	80,000
Berger School Works	340,419	29,419	369,838
AMP Contingency	582,985	99,649	682,635
Shoreditch Park AMP	121,251	(21,749)	99,503
Sir Thomas Abney AMP	495,000	(4,000)	491,000
Fernbank CC AMP	99,780	(220)	99,560
Daubeney School & CC AMP	188,776	(1,724)	187,051
Development AMP	242,000	(8,000)	234,000
Ickburgh BSF Ph3	31,150	1,330	32,480
Ickburgh Expansion SEN	59,645	51,030	110,675
DFC Holding Code	43,731	43,731	87,463
The Garden School SEN	714,030	(107,611)	606,419
Gainsborough SEND	28,021	21,736	49,757
Education SEND Strategy	399,577	(423)	399,154
Woodberry Down CC Relocation	962,617	62,617	1,025,235
Contingency Facade Repairs	333,508	(64,547)	268,961
De Beauvoir Façade	508,517	125,085	633,602
Gayhurst Façade	149,549	10,220	159,769
Grasmere Façade	273,377	225,201	498,578
Hoxton Gardens Façade	399,471	7,054	406,525
Mandeville Façade	338,371	(15,014)	323,357
Millfields Façade	26,600	(26,600)	0

Summary of Carry Forward Budgets	Revised Budget	Change	Updated Revised Budget
Randal Cremer Façade	23,930	(31,224)	(7,293)
BSF Whole Life Costing	140,763	29,413	170,177
Stoke Newington BSF Life Cycle	278,682	2,901	281,583
BSF LC Early Failure Contingency	901,901	123,231	1,025,132
The Urswick School Expansion	453,175	106,754	559,928
Cardinal Pole Lifecycle	123,787	2,500	126,287
Our Ladys School Lifecycle	123,786	2,500	126,286
Urswick School Lifecycle	123,381	2,500	125,881
Ickburgh School Lifecycle	123,786	2,500	126,286
Haggerston School Lifecycle	969,791	622,886	1,592,677
The Garden Lifecycle	123,786	2,500	126,286
Stormont House Lifecycle	123,786	2,500	126,286
Finance & Corporate Resources			
Annex (Staff Moves)	38,912	(17,290)	21,622
Decant to MBH & Moves to CAH	454,337	158,014	612,350
HLT Restack	12,527	2,678	15,204
HSC Flooring Replacement Works	119,765	4,020	123,785
HSC Restack	94,900	59,682	154,582
HSC Life Exprd Infrastructure	7,458	7,458	14,916
HTH Essential Works	2,600,658	600,658	3,201,316
HSC Lighting Upgrade	197,718	(5,000)	192,718
The Annexe	8,944	8,944	17,888
39-43 Andrews Road Works	22,725	22,725	45,450
40-43 St Andrews Road	133,115	77,664	210,779
14 Andrews Rd Roof Renewal	714,266	(2,500)	711,766
SFA - Stoke Newington Assembly	2,642,080	129,744	2,771,824
Reactive Maintenance	71,237	(821)	70,416
Asbestos Surveys	537,358	24,870	562,229
Corporate Property Annual Survey	222,107	133,107	355,214
CPAM Database	58,000	29,000	87,000
CCG Primary Care Capital Project	13,114,571	279,471	13,394,042
Millfields Disinfecting Station	175,989	896	176,885
Dalston Lane Terrace	47,629	47,629	95,259
Chats Palace R&M	15,506	15,506	31,012
Acquisition Ground Floor Retail DWC	814	814	1,627

Summary of Carry Forward Budgets	Revised Budget	Change	Updated Revised Budget
LandlordWks12-14 Englefield Rd	896,072	26,288	922,360
VCS 186 Homerton High Street	14,428	(5,000)	9,428
Wally Foster Centre	275,769	7,000	282,769
Landlord Wks 329 Queensbridge	402,509	125,699	528,208
61 Leswin Road	768,000	(32,000)	736,000
Vehicle Maintenance Workshop	430,550	34,550	465,100
Cyber Recovery Capital	2,645,000	(522,886)	2,122,114
End-user IT Equipment	1,071,874	103,849	1,175,723
Members Device Refresh	27,383	27,383	54,765
Devices for Hackney Residents	45,182	45,182	90,364
ICT Health Check	59,923	59,923	119,845
Mobile Phone Refresh	218,265	43,265	261,531
E-Tendering System	20,458	10,458	30,916
Shoreditch Hoxton Heat Cluster	35,000	35,000	70,000
Green Homes Fund	365,216	148,216	513,432
Solar Pilot (Leisure Centres)	50,497	50,497	100,994
Solar Project (Commercial)	597,099	269,872	866,971
Tiger Way Development	1,772,297	(227,703)	1,544,595
PRU Nile Street	2,629,191	(1,254,460)	1,374,731
Britannia Site	28,137,290	1,638,457	29,775,746
Climate, Homes & Economy			
Essential Main to Leisure	1,285,896	(108,403)	1,177,493
Clissold Park Paddling Pool	639,820	639,820	1,279,640
London Fields Learner Pool	500,000	50,000	550,000
Parks Strategy - Infrastructure	1,294,267	143,670	1,437,937
Parks Public Conveniences & Cafes	111,479	111,479	222,958
Play Area Refurbishments	1,525,407	163,011	1,688,418
Daubeney Fields Play Area	748,906	148,926	897,832
Millfields Estate Play Area	1,463	1,463	2,927
Fairchild's Gardens	494,117	(8,697)	485,420
Parks Equipment and Machinery	85,566	34,660	120,226
3 Queen Elizabeth Wk Tennis B	74,584	74,584	149,168
Abney Park	3,890,071	344,445	4,234,517
Shoreditch Park	1,700,616	388,938	2,089,554
Clissold Park Mansion Works	13,465	13,465	26,929

Summary of Carry Forward Budgets	Revised Budget	Change	Updated Revised Budget
Litter Bin Replacement	103,540	3,540	107,080
Parks Depot	954,110	(9,710)	944,400
Drinking Water Fountains	97,366	519	97,885
West Reservoir Improvements	1,791,841	(60,433)	1,731,407
Biodiversity Improvements	46,077	15,000	61,077
Wick Road	77,123	77,123	154,246
Park Trees H&S Works	153,361	153,361	306,722
Tree Planting	329,554	329,554	659,108
Greens Screens	598,537	(1,463)	597,074
Highways Planned Water Drainage	23,526	23,526	47,052
Bridge Maintenance Schemes	21,871	21,871	43,742
Borough Wide 20mph	83,174	83,174	166,348
Highways Planned Maintenance	99,864	99,864	199,729
Street Lighting	5,000	5,000	10,000
SS Road Safety	380,608	80,608	461,216
Develop Borough Infrastructure	273,182	73,182	346,365
LED Lights on Highways	259,771	18,873	278,644
Schools Streets	70,000	70,000	140,000
Air Quality & Active Travel	290,801	290,801	581,601
Dockless Bikes	180,975	180,975	361,950
EV Buildout Go Ultra Low City	156,200	156,200	312,400
1-14 Spurstowe Works	20,840	20,840	41,679
Legible London Wayfinding	4,255	4,255	8,510
East Rd Car Club Bays	14,400	14,400	28,800
Traffic Calming Measure	190,000	90,000	280,000
City Road 151-157	17,000	17,000	34,000
25a Wilberforce Road	3,496	3,496	6,992
Highway Wks 8-10 Paul Street	26,041	26,041	52,082
Hackney Car Club - Various	18,072	18,072	36,144
Shoreditch Village	15,459	15,459	30,919
Clifton Street	17,966	17,966	35,932
218 Green Lanes	22,187	(22,187)	0
Gascoyne Road	15,364	15,364	30,728
Wenlock Rd/Sturt St/Shepherd	14,988	14,988	29,976
Clapton Common Pedestrian Improvements	5,717	5,717	11,434

Summary of Carry Forward Budgets	Revised Budget	Change	Updated Revised Budget
Hackney Car Club - Furr & Hom	7,650	7,650	15,300
Highway wks 17-19 Shacklewell	6,450	6,450	12,900
Highway wks adj 47 Lea Bridge	7,893	7,893	15,786
The Shoreditch Public Realm	228,389	(71,611)	156,778
Highway Wks 11-15 Tudor Road	17,737	17,737	35,475
HighwayWk Kingsland Fire Station	2,224	2,224	4,449
Highway Wks at The Stage	98,237	98,237	196,473
Public Realm at The Stage	608,152	108,152	716,304
Highway Wks at 293-295 Old St	10,944	10,944	21,888
Highway Wks Land 83 Upper Clapton	26,100	26,100	52,201
Highway Wks 97-137 Hackney Rd	31,563	31,563	63,126
Highway Wks 1-8 & Regen Way	22,829	22,829	45,658
Highway Wks at Mare St Studios	78,165	78,165	156,330
Highway Wks Cranwood & Napier House	27,199	7,199	34,398
Highway Wks Great Eastern St	55,803	15,803	71,606
Highway Wks Lyttleton House	20,785	10,785	31,570
Highway Wks Former Frampton Arms	1,290	1,290	2,580
Highway Wk Bridge House & Marian Court	46,942	36,942	83,884
Highway Wks 211-227 Hackney Road	100,014	20,014	120,028
Highway Wks 35 Shore Road	10,789	10,789	21,578
Highway Wk 420-424 Seven Sister	22,547	12,547	35,094
Highway Wk Sheep Lane Ion House	47,315	7,315	54,630
Public Realm New Inn Broadway	39,359	9,359	48,718
Highway Wks Thirlmere House	25,929	25,929	51,857
Highway Wks King Edwards Road	31,069	31,069	62,137
Highway Wk 183-187 Shoreditch	335,707	35,707	371,414
St Thomas's Rec Shelter	4,213	4,213	8,426
Highway Wks One Crown Place	71,217	(28,783)	42,434
Highway Wks The Lawns	30,359	10,359	40,717
Highway Wks Mandeville Street	3,262	3,262	6,524
Highway Wks 8-10 Long Street	26,407	6,407	32,814
Highway Wks 164-170 Mare St	51,213	1,213	52,427
Highway Wks at Tower Court	181,573	151,573	333,147
Highways Wks - Tariro House	8,087	8,087	16,174
Highway Wks 55 Dalston Lane	54,940	27,470	82,411

Summary of Carry Forward Budgets	Revised Budget	Change	Updated Revised Budget
Highway Wk 9-15 Helmsley Place	9,457	9,457	18,914
Highway Wks 17 Corsham Street	42,236	42,236	84,473
Highway Wks 99 Farleigh Road	6,331	6,331	12,663
Highway Wks 102 Milton Grove	2,317	(1,098)	1,219
Highway Wk 1 Wilberforce Road	2,773	(10,543)	(7,770)
Highway Wks Hoxton Sq & Hoxton Street	4,385	4,385	8,770
Legible London Signing	117,903	57,368	175,270
Highway Wks 30-36 Stamford Road	15,969	3,992	19,961
Highway Wks 25 Downham Road	3,266	3,266	6,531
Highway Wks 14-44 Spurstowe	26,282	26,282	52,564
Highway Wks 13A Derby Road	5,413	5,413	10,826
New North Rd Public Realm	29,731	(10,770)	18,961
Waste & Fleet Replacement	487,600	250,000	737,600
Comm Vehicles Winter Maintenance	262,754	12,241	274,995
Waste Wheeled Bins	21,355	21,355	42,710
Hackney Street Markets Strategy	289,408	(18,631)	270,777
Enforcement Database	37,238	9,940	47,178
Comm Vehicles CCTV	3,973	(10,880)	(6,906)
Shoreditch CCTV Cameras	130,714	(449)	130,265
Dalston CCTV Cameras	19,623	19,623	39,245
Dalston & Hackney Town Centre	616,852	16,852	633,704
Hackney Central TC Management Project	34,019	(60)	33,959
Hackney Wick Regeneration	155,380	28,807	184,187
80-80a Eastwy (GLA)	6,502	(43,899)	(37,396)
Ridley Road Improvements	301,189	(147,861)	153,328
Plough Yard Fit Out	166,441	165,000	331,441
Housing			
Decent Homes	50,000	10,000	60,000
HiPs South West	3,541,563	541,563	4,083,125
PAM - Delay Costs COVID19	200,000	(200,000)	0
Ventilation Systems	350,000	50,000	400,000
CCTV upgrade	1,700,000	200,000	1,900,000
Street Lighting SLA	1,300,000	153,777	1,453,777
Door Entry System (Replacements)	683,967	183,967	867,934
Lifts Major Components	1,000,000	600,000	1,600,000

Summary of Carry Forward Budgets	Revised Budget	Change	Updated Revised Budget
Dom Boiler Replace/Central Heating	2,000,000	283,299	2,283,299
Replace Play Equipment	200,000	100,000	300,000
Road & Footpath Renewals	318,421	218,422	536,843
Water Mains/Boosters	170,000	(1)	169,999
H & S and Major Replacement	200,000	(100,000)	100,000
Integrated Housing Management System	2,280,019	(839,157)	1,440,862
Boiler House Major Works	400,000	31,637	431,637
Fire Risk Works	1,500,000	(500,000)	1,000,000
Planned & Reactive Water Mains	100,000	0	100,000
High Value Repairs/Imp & Wk	593,313	(0)	593,313
Lightning Conductors	500,000	(13,825)	486,175
Garage Review	100,000	120	100,120
Capitalised Salaries	4,000,000	(316,998)	3,683,002
Green initiatives	1,000,000	700,000	1,700,000
Cycle Facilities	21,000	21,000	42,000
Hardware Smoke Alarms	317,811	17,811	335,622
Recycling Scheme	1,401,206	73,928	1,475,135
Bridport	4,314,017	1,020,960	5,334,977
Hostels - Major Repairs	655,232	5,732	660,965
Purchase Leasehold Properties	2,143,358	(3,556,642)	(1,413,284)
Estate Renewal Implementation	5,990,411	990,411	6,980,822
ER1 Colville phase 4	1,991,870	991,870	2,983,741
ER1 Colville phase 5	1,831,675	831,675	2,663,350
Garage Conversion Affordable Workspace	526,639	147,369	674,008
Sheep Lane s106	6,382	6,382	12,763
Housing Supply Programme	3,172,600	376,310	3,548,910
Gooch House	702,709	419,421	1,122,130
Wimbourne Street	10,369,694	549,067	10,918,760
Buckland Street	11,132,799	721,650	11,854,449
Mandeville Street	36,422	36,422	72,843
Daubeney Road	303,901	303,901	607,803
Phase 2 & Other Heads	8,621,153	2,221,153	10,842,305
Total	**172,521,503**	**15,517,524**	**188,039,028**

Table 2 - Re-Profiling Phase 1 2022/23

Summary of Re-Profiling Phase 1	To Re-Profile 2022/23	To Re-Profile 2023/24	To Re-Profile 2024/25
	£'000	£'000	£'000
Chief Executive's			
Library Security	(200)	200	0
Library Capital Works	(460)	460	0
Stoke Newington Library Refurb	(2,050)	2,050	0
Hackney Museum Refurbishment	(350)	350	0
Stamford Hill Library	(150)	150	0
Children & Education			
Primary School AMP Needs	(341)	341	0
Asbestos works	(45)	45	0
The Garden School SEN	(274)	274	0
Education SEND Strategy	(259)	259	0
Simon Marks SEND	(124)	124	0
Nightingale SEND	(45)	45	0
Petchey Academy SEND	(112)	112	0
Woodberry Down CC Relocation	3,405	(1,671)	(1,734)
Mandeville Façade	211	(211)	0
BSF Whole Life Costing	(252)	252	0
Clapton Portico	0	(0)	0
The Urswick School Expansion	(234)	234	0
Finance & Corporate Resources			
HTH Essential Works	(2,001)	2,001	0
HSC Lighting Upgrade	(98)	98	0
14 Andrews Rd Roof Renewal	(357)	357	0
SFA - Stoke Newington Assembly	(951)	951	0
DDA	(346)	346	0
CCG Primary Care Capital Project	(7,094)	7,094	0
Commercial Properties	110	(100)	(10)
Wally Foster Centre	(68)	68	0
Voluntary Sector	305	(305)	0
Property Overall	(497)	497	0
Installation of AMR's	(40)	40	0
Britannia Site	(20,645)	19,067	1,578

Summary of Re-Profiling Phase 1	To Re-Profile 2022/23	To Re-Profile 2023/24	To Re-Profile 2024/25
Climate, Homes & Economy			
Kings Hall LC - Repair Works	(1,000)	1,000	0
London Learner Pool	(4,000)	4,000	0
Clissold Lodge	(293)	293	0
Biodiversity Improvements	(34)	34	0
Greens Screens	(432)	432	0
Dockless Bikes	(89)	89	0
1-14 Spurstowe Works	(21)	21	0
Highways Oak Wharf (0040-08) S106	(81)	81	0
Denne Terrace Retaining Wall	(290)	290	0
Regents Canal Denne Terrace Wall	(31)	31	0
Legible London Wayfinding	(4)	4	0
Highway Wks 8-10 Paul Street	(26)	26	0
Highways Works 217 Queensbridge Road	(18)	18	0
Shoreditch Village	(15)	15	0
52 Well Street & 1 Shore Place	(25)	25	0
Gascoyne Road	(15)	15	0
Wenlock Rd/Sturt St/Shepherd	(15)	15	0
Highways 94-96 Lordship Lane	(10)	10	0
Highway Wks 48-76 Dalston Lane	(21)	21	0
Highway Wks Kings Crescent Estate	(74)	74	0
Highway Wks at 10 Andre Street	(2)	2	0
Highway Wk 112-118 Kingsland	(5)	5	0
Highway Wk 357-359 Kingsland Road	(69)	69	0
Hackney Car Club - Furr & Hom	(8)	8	0
Highway Wks 130 Cazenove	(24)	24	0
Highway wks 17-19 Shacklewell	(6)	6	0
Highway wks Bayton Court	(16)	16	0
Highway Wks Spurstowe Works	(35)	35	0
Highway wks 70 Wilson Street	(49)	49	0
Highway Wks 11-15 Tudor Road	(18)	18	0
Pembury Circus Improvement Wks	(873)	873	0
HighwayWk Kingsland Fire Station	(2)	2	0
Highway Wks 145 City Road	(50)	50	0
Highway Wks 55 Pitfield	(22)	22	0
Highway Wks at The Lion Club	(31)	31	0

Summary of Re-Profiling Phase 1	To Re-Profile 2022/23	To Re-Profile 2023/24	To Re-Profile 2024/25
Highway Wks at The Stage	(98)	98	0
Public Realm at The Stage	(608)	608	0
Highway Wks at 293-295 Old Street	(1)	1	0
Highway Wks Land 83 Upper Clapton	(26)	26	0
Highway Wks 97-137 Hackney Road	(32)	32	0
Highway Wks 1-8 & Regen Way	(23)	23	0
Highway Wks at Mare St Studios	(78)	78	0
Highway Wks Cranwood & Napier House	(27)	27	0
Highway Wks Great Eastern Street	(56)	56	0
Highway Wks Lyttleton House	(21)	21	0
Highway Wks Former Frampton Arms	(1)	1	0
Highway Wk Bridge House & Marian Court	(47)	47	0
Highway Wks 211-227 Hackney Road	(100)	100	0
Highway Wks 35 Shore Road	(1)	1	0
Highway Wk 420-424 Seven Sister	(23)	23	0
Highway Wk Sheep Lane Ion House	(47)	47	0
Public Realm New Inn Broadway	(39)	39	0
Highway Wks Thirlmere House	(4)	4	0
Highway Wks King Edwards Road	(31)	31	0
St Thomas's Rec Shelter	(1)	1	0
Highway Wks One Crown Place	(71)	71	0
Highway Wks The Lawns	(30)	30	0
Highway Wks Mandeville Street	(3)	3	0
Highway Wks 8-10 Long Street	(26)	26	0
Highway Wks 164-170 Mare Street	(51)	51	0
Highway Wks at Tower Court	(182)	182	0
Highway Wks Woodberry Down 1b+2	(211)	211	0
Highways Wks - Tariro House	(0)	0	0
Highway Wks 55 Dalston Lane	(10)	10	0
Highway Wk 9-15 Helmsley Place	(9)	9	0
Highway Wks 17 Corsham Street	(42)	42	0
Highway Wks 99 Farleigh Road	(6)	6	0
Highway Wks 102 Milton Grove	(2)	2	0
Highway Wk 1 Wilberforce Road	(3)	3	0
Highway Wks Hoxton Sq & Hoxton Street	(4)	4	0
Leonard St (West) Public Realm	(104)	104	0

Summary of Re-Profiling Phase 1	To Re-Profile 2022/23	To Re-Profile 2023/24	To Re-Profile 2024/25
Legible London Signing	(103)	103	0
Highway Wks 30-36 Stamford Road	(2)	2	0
Highway Wks Leagrave Street	(121)	121	0
Highway Wks 25 Downham Rd	(3)	3	0
Highway Wks 14-44 Spurstowe	(26)	26	0
H'way Wk 392-394 Seven Sisters	(42)	42	0
Highway Wks 13A Derby Road	(5)	5	0
New North Rd Public Realm	(30)	30	0
Charles Square Public Realm	(61)	61	0
Phipp St Public Realm	(84)	84	0
Highway Wks 100 Hassett Road	(35)	35	0
H'way Wk Bridport Pl & W'shire	(7)	7	0
Comm Vehicles Winter Maintenance	(263)	263	0
Hackney Street Markets Strategy	(289)	289	0
Dalston & Hackney Town Centre	313	(313)	0
Afford Workspace Space Studio	(106)	106	0
Hackney Wick Regeneration	(26)	26	0
Affordable Workspace Programme	(400)	400	0
Hoxton Public Realm	(61)	61	0
Housing			
HiPs North West	(1,789)	1,789	0
Estate Lighting	(100)	100	0
Ventilation Systems	(250)	250	0
Door Entry System (Replacements)	(184)	184	0
Drainage	(82)	82	0
Lifts Major Components	(150)	150	0
H & S and Major Replacement	(100)	100	0
Lift Renewals	(390)	390	0
Lightning Conductors	(190)	190	0
Hardware Smoke Alarms	(74)	74	0
Commercial Properties	(56)	56	0
Comm Vehicles Building Main	(70)	70	0
Recycling Scheme	(1,165)	1,165	0
HSG Vehicle Fleet Replacement	(113)	113	0
B/wide Housing under occupation	1,116	(662)	(453)
Hostels - Major Repairs	(138)	138	0

Summary of Re-Profiling Phase 1	To Re-Profile 2022/23	To Re-Profile 2023/24	To Re-Profile 2024/25
Disabled Facilities Grant	(731)	731	0
General repairs grant (GRG)	(66)	66	0
Warmth & security grant (WSG)	(70)	70	0
Estate Renewal Implementation	(574)	574	0
Kings Crescent Phase 3+4	(12,334)	12,334	0
ER1 Colville phase 4	(1,051)	1,051	0
ER1 Colville phase 5	(1,551)	1,551	0
Frampton Park Regeneration	5	(5)	0
Marian Court Phase 3	(5,469)	5,469	0
Colville Phase 2C	966	(966)	0
Garage Conversion Affordable Workspace	(470)	470	0
Nightingale - Block E	(167)	167	0
Nightingale	(66)	66	0
Housing Supply Programme	(27)	27	0
Gooch House	(215)	215	0
Wimbourne Street	(1,101)	1,101	0
Buckland Street	(2,200)	2,200	0
Murray Grove	(4,290)	4,290	0
Downham Road 1	(590)	590	0
Downham Road 2	(15)	15	0
Balmes Road	36	(36)	0
Pedro Street	(2,382)	2,382	0
Tradescant House	37	(37)	0
Lincoln Court	(252)	252	0
Rose Lipman Project	(948)	948	0
Woolridge Way	144	(144)	0
81 Downham Road	(519)	519	0
Hertford Road	(137)	137	0
Other Heads	311	(311)	0
Phase 2 & Other Heads	(1,745)	1,745	0
Total	(83,247)	83,866	(619)

Table 3 - Capital Adjustments 2022/23

Summary of Capital Adjustments	Revised Budget	Change	Updated Revised Budget
	£	£	£
Children & Education			
Jubilee Primary	66,135	(18,114)	48,021
Queensbridge Primary	44,000	83,314	127,314
Oldhill AMP	330,000	(281,550)	48,450
Randal Cremer AMP	40,000	(5,002)	34,998
Development AMP	242,000	(36,780)	205,220
Orchard Refurb & Extension	51,000	(51,000)	0
Woodberry Down CC Relocation	962,617	559,672	1,522,289
Shacklewell School	30,000	(30,000)	0
Façade Development & Profes Cost	36,290	283,935	320,225
London Fields Façade	24,725	(24,725)	0
Daubeney Façade	90,000	178,995	268,995
Princess May Façade	241,199	(190,000)	51,199
Contingency Facade Repairs	333,508	691,030	1,024,538
Colvestone Façade	700,058	(315,593)	384,464
Gayhurst Façade	149,549	128,567	278,116
Grasmere Façade	273,377	19,639	293,016
Hoxton Gardens Façade	399,471	(321,301)	78,170
Mandeville Façade	338,371	52,441	390,812
Millfields Façade	0	45,000	45,000
Morningside Façade	21,729	1,265	22,994
Woodberry Down Facade	549,252	(549,252)	0
BSF Whole Life Costing	140,763	(35,739)	105,024
Stoke Newington BSF Life Cycle	278,682	597,067	875,748
Clapton Girls BSF Life Cycle	143,336	(118,560)	24,776
BSF LC Early Failure Contingency	901,901	114,324	1,016,225
The Urswick School Expansion	453,175	(195,540)	257,634
Cardinal Pole Lifecycle	123,787	(78,787)	45,000
Our Ladys School Lifecycle	123,786	(88,923)	34,863
Urswick School Lifecycle	123,381	(97,381)	26,000
Ickburgh School Lifecycle	123,786	(83,426)	40,360

Summary of Capital Adjustments	Revised Budget	Change	Updated Revised Budget
The Garden Lifecycle	123,786	(85,286)	38,500
Stormont House Lifecycle	123,786	(102,286)	21,500
Thomas Fairchild Lifecycle	51,000	(46,000)	5,000
Finance & Corporate Resources			
The Annexe	8,944	(8,944)	0
Annex (Staff Moves)	38,912	(38,912)	0
Christopher Addison Phase 2	0	14,825	14,825
Decant to MBH & Moves to CAH	454,337	24,087	478,424
HLT Restack	12,527	(12,527)	0
HSC Flooring Replacement Works	119,765	(119,765)	0
Acquisition Gd Flr Retail DWC	814	(814)	0
HSC Restack	94,900	139,749	234,649
HSC Life Exprd Infrastructure	7,458	(7,458)	0
Climate, Homes & Economy			
Waste Wheeled Bins	21,355	(21,355)	0
Housing			
Decent Homes	50,000	(50,000)	0
HiPs North West	5,000,000	(517,630)	4,482,370
HiPs South West	3,541,563	74,630	3,616,193
Drainage	500,000	(218,266)	281,734
Replace Play Equipment	200,000	200,000	400,000
Road & Footpath Renewals	318,421	(118,421)	200,000
Water Mains/Boosters	170,000	(70,000)	100,000
Boiler Hse Major Works	400,000	(200,000)	200,000
Fire Risk Works	1,500,000	(800,000)	700,000
High Value Repairs/Imp & Wk	593,313	1,406,687	2,000,000
Capitalised Salaries	4,000,000	1,173,970	5,173,970
Lateral Mains	400,000	(150,000)	250,000
Re-wire	300,000	(280,000)	20,000
Green initiatives	1,000,000	(700,000)	300,000
Major Legal Disrepairs	0	200,000	200,000
Better Estates Cherbury Court	0	93,000	93,000
Commercial Properties	400,000	(43,970)	356,030
Fresh Start Scheme	0	750	750
Hostels - Major Repairs	655,232	(7,307)	647,926

Summary of Capital Adjustments	Revised Budget	Change	Updated Revised Budget
55 Albion Grove Hostel Re-Fit	0	6,557	6,557
Disabled Facilities Grant	1,818,130	(87,444)	1,730,686
Estate Renewal Implementation	5,990,411	(855,191)	5,135,220
ER1 Tower Court	1,000,000	750,271	1,750,271
Colville Phase 2	0	40,707	40,707
St Leonard's Court	0	12,722	12,722
Aikin Court	0	12,768	12,768
Great Eastern Building	0	38,723	38,723
Housing Supply Programme	3,172,600	(876,172)	2,296,428
Lyttelton House	50,000	(50,000)	0
Sheep Lane s106	6,382	(6,002)	380
Mandeville Street	36,422	19,320	55,741
Daubeney Road	303,901	856,853	1,160,754
Total	**68,008,364**	**(174,558)**	**67,833,805**

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Hackney

Title of Report	**2022/23 Overall Financial Position - July 2022**	
Key Decision No	FCR S086	
For Consideration By	Cabinet	
Meeting Date	12 September 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	20 September 2022	
Group Director	Ian Williams, Group Director of Finance and Corporate Services	

1. CABINET MEMBER'S INTRODUCTION

1.1 This is the second Overall Financial Position (OFP) report for 2022/23. It shows that as at July 2022, the Council is forecast to have an overspend of £7.756m on the General Fund - an increase of £334k from the previous month

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); Children and Education (Corporate Parenting and Access and Assessment); F&CR (Strategic Property Services and Housing Needs); 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 is taking measures to reduce this overspend (see section 2.8), and its potential impact on future years, and will report back on progress in the OFP reports as these reductions are realised.

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 2.15 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 energy costs of running Council buildings, fuel costs in Environmental Operations and SEN transport and inflationary pressures coming through from care providers. We are also forecasting 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 implemented 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 £13.256m 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 £7.756m - an increase of £334k from the May forecast.

2.2 It should be noted that we set the budget before we were fully hit by the cost of living crisis and the exceptionally high energy price increase. All councils are being affected by this and having engaged with several neighbouring boroughs, it is clear that the level of pressures we are experiencing are not unique. 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 The effects of inflation on local government could be worse than the period of austerity after 2010, Paul Johnson, the Director of the Institute for Fiscal Studies has warned. He also stated that there was a risk of bringing back austerity “by the back door” if the Government did not increase public sector funding to compensate for rising costs. His comments came after analysis by the IFS found ministers would need to give councils an additional £1.2bn to protect the 3% increase in core spending power for this year that was promised in the 2021 spending review. Asked how bad the current financial pressures on councils were, he said: “The scale of the cuts – the actual cuts – in the early 2010s, I think will be much bigger than any real cuts that do happen over the next couple of years, but of course from a much tougher base. Bluntly, we know that the first few years of austerity were not very hard for local authorities, because they did have quite a lot of money. That's not the case now.” He added: “I think the effects could be worse, because even small changes when you're teetering are potentially bigger than big changes when you're fine.”

2.4 Despite these warnings from the LGA and IFS, it doesn’t look like, at this stage, 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.” Since this statement was made, inflationary pressures have worsened and there has been a Tory leadership election which may alter the Government’s outlook.

2.5 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 July 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 (£1.130m) in the areas of Corporate Parenting (£0.672m), Access and Assessment (£0.216m), Looked After Children (£0.127m) and the Disabled Children’s Service (£0.163m); partially offset by an underspend on clinical services (£199k).

Adults, Health and Integration (£5.122m) primarily in the areas of Care Support Commissioning (£2.774m), Provided Services (£1.776m) and Mental Health (£0.656m). This is partially offset by an underspend in Preventative Services (£0.258m).

Climate, Homes and Economy (£1.259m before) primarily in the area of Planning (£1.081m) and Community Safety, Enforcement & Business Regulation (£270k)

F&CR (£1.562m) in Strategic Property Services (£0.644m) 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, and a £651k overspend in ICT relating to staffing costs associated with increased demands on the service

Cyberattack - One off cost of £4.464m, 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 £13.9m, based on current forecasts this will increase to circa £18.4m 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.

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) with many services placing emphasis on areas such as supplies, services, and professional fees.

(b) Increased controls on filling vacancies. In Education, for example, requests to recruit are submitted via a business case and require joint agreement by the Heads of HR and Finance before the initiation of any recruitment process. Within CFS, the high number of agency staff within the division allows for continual review of the establishment. Budget review meetings for key areas experiencing financial pressures such as Children in Need, DCS and Corporate Parenting review staffing in detail on a regular basis with the Director, relevant Head of Service and finance

(c) Reduction in agency staff. In ASC, plans have been set in place for rolling recruitment in critical areas where agency staff are most utilised, with the recent ADASS MoU on agency rates setting a helpful mitigation to the cost of staff going forward. In addition, the Principal Social Worker is creating relationships with universities, and seeking to set out a pathway for bringing in manageable levels of newly qualified social workers to complement existing numbers of experienced staff. This is expected to reduce agency numbers and/or vacancies by 5 posts per year.

(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). Again, in ASCm working with HR colleagues, data is being provided on annual leave by agency staff, which is currently only determined from the absence of timesheets submitted. This information will be reviewed monthly by managers and more robust tracking of leave is expected from September 2022.

In F&CR, Management will hold posts vacant for a longer period in order to reduce the overspend. This is visible in the Property Services, Directorate Finance Teams and Audit reductions. It has also identified other non-essential spend savings in 7 services which total £145k

2.9 There is limited impact from these measures reported this month largely due to the fact that directorates had already carried over these measures from 2021/22 and had factored the impact into the May forecast. The Corporate Leadership Team will continue to consider further measures to reduce spend and report back in future OFPs. It is noted, for example, that specific measures have been identified in the high-spending areas of Adult's and Children's to bring down costs and the impacts will be factored into the forecast as and when then these materialise. 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.

2.10 The Council faces considerable challenges in implementing the nationally negotiated pay deal for 2022/23 which will 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:

2.11 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.

2.12 We have modelled the impact of the Employers recent pay offer and estimate it will cost £9m which is £5m to £6m over budget, which will be funded from the budget contingency and one-off reserves. Obviously if the award is higher then the deficit will be higher

2.13 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.

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

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

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

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£k	£k
92,359	**Children and Education**	1,130	286
125,275	**Adults, Health and Integration**	5,122	209
27,382	**Climate, Homes & Economy**	1,259	106
20,813	**Finance & Corporate Resources**	1,562	(201)
14,755	**Chief Executive**	(281)	(286)
52,653	**General Finance Account**	0	0
	Sub Total	**8,792**	**114**
	One-Off Cyberattack Costs	**4,464**	**220**
333,237	**GENERAL FUND TOTAL**	**13,256**	**334**

Table 2: Funding

	Forecast Variance Before Reserves
	£000
GENERAL FUND TOTAL	13,256
LESS CYBER SET ASIDE	-2,500
LESS CYBER RESERVE	-2,000
LESS NATIONAL INSURANCE SET ASIDE	-1,000
NET OVERSPEND	**7,756**

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 Cost of Living Crisis

As the Council feels the pressure of rising inflation so do our residents particularly coming off the back of the pandemic. Whilst the Government has introduced a very limited phased cost of living support package, nationally, there is no coherent policy relating to poverty or the cost living crisis.

2.18 Unless the new Prime Minister intervenes, the energy price cap will rise to £3,549 on 1 October. This gives a monthly average bill of £296 (compared with £164 currently and £106 last winter), although as energy usage in winter is higher for most households the £400 or £66 per month rebate between October 2022 and April 2023 announced by the government earlier this year will not go very far. Further, the change to quarterly price caps from 2023 onwards means that households face a further rise in January, making the winter even more expensive given that research from Cornwall Insight suggests energy prices will continue to rise, to a likely cap of in the region of £5,390 on 1 January 2023 and potentially to as much as £6,620 on 1 April 2023, before falling to £5,900 on 1 July and £5,890 on 1 October 2023. In addition to the very sharp increases in energy prices, food prices in shops rose by 5.1% in August, a big increase from 4.4% in July. Fresh food prices rose by 10.5%, the highest rate since September 2008, when the global financial system was under great strain. The increase from a rate of 8% in July more than offset a slight decline in non-food inflation of 3% in August from 2.9% a month before. The rise in shop prices adds to pressure on households created by much higher household energy bills this autumn and winter as well as high petrol prices. Those on the lowest incomes are expected to be hit hardest by inflation because a larger proportion of their budget goes on essentials including food and energy.

2.19 In order to help residents with the cost of living crisis we have developed an approach and series of initiatives to assist residents utilising the Council's updated poverty framework which was adopted by the Council in March 2022 forms the basis of our response. It should be noted that the actions we take are discretionary, although central government has awarded Councils funding through the Household Support Fund to distribute to residents, under strict conditions about spend.

2.20 The Poverty 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

2.21 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.

2.22 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.

2.23 In April 2022, the 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.

2.24 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

2.25 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.

2.26 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 - £616k as at the end of July 2022;
- HDCSS - £44k as at the end of July 2022; and
- Standard £150 Council Tax Rebate paid to 51,424 households £7,713,600 and discretionary top-up £30 Council Tax rebate paid to 7,737 households £232,260 as at 24th August 2022.
- Discretionary Energy Rebate £240k ((includes £232,260 top ups of £30 as above)

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

2.28 **Rent Cap Consultation**

A consultation was launched on Wednesday 31 August to invite views from social housing tenants and landlords on a proposed rent cap to understand how best to support households with the cost of living. Under the proposals, a cap on social housing rent increases would be put in place for the coming financial year, with options at 3%, 5% and 7% being considered.

2.29 The move would prevent rents for council (and housing association) houses from rising significantly. The government regulates how much social housing rents can increase each year. Currently this is set at up to the consumer price index (CPI) rate plus 1% – meaning potential increases next year of 11% in line with recent Bank of England forecasts. A 5% cap would save the tenants on average £300 a year compared to the above scenario, DLUHC said.

2.30 This consultation will last for six weeks from 31 August to 12 October.

2.31 The Council will of course, respond to the Consultation and we will also review the possible impact of the proposals on the Housing Revenue Account.

3. RECOMMENDATIONS

3.1 There are no specific recommendations arising from this report. Members are asked to note the update on the overall financial position for July covering the General Fund, Capital and the HRA

4. REASONS FOR DECISION

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

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This budget monitoring report is primarily an update on the Council's financial position.

6.0 BACKGROUND

6.1 **Policy Context**

This report describes the Council's financial position as at the end of July 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 and Climate Change**

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

9. CHILDREN AND EDUCATION

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
92,359	Children and Education	1,130	286

9.1 **The Children and Families Services (CFS)** are forecasting a £1.1m overspend as at the end of July 2022 after the application of reserves totalling £4.6m and after the inclusion of the Social Care Grant allocation of £8.5m. The movement in the forecast this month was due increased costs for the young people's supported accommodation pathway contract. 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 grant was increased by a further £636m nationally and this has meant 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.

9.2 There is a gross budget pressure in staffing across Children and Families Services (CFS) of £1.6m. 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.

9.3 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 £0.67m 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 £0.13m 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 28 which is the lowest since December 2019. We are expecting a further reduction in young people stepping down from residential placements in the next six months.

9.4 The Disabled Children's Services are forecast to overspend by £0.16m 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.

9.5 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.

9.6 Hackney Education (HE) is forecast to overspend by around £4.5m. The underlying overspend across the service is £5.9m, and this is partially offset by mitigating underspends of £1.4m. The main driver is a £5.4m pressure in SEND as 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 pressure. 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. 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.

9.7 **Savings for Children’s Services** Savings for Children’s Services include £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. 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.

9.8 **Vacancy rate savings.** 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.

9.9 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.

9.10 **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 £13.9m, based on current forecasts this will increase to circa £18.4m 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.

9.11 **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 and these are factored into the forecast when delivered. 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). For Hackney Education, the focus of cost reduction measures this year will be through further development of in-borough SEND provision and reviewing SEND transport eligibility. The cost reduction proposals will be monitored on a monthly basis highlighting delivery against these indicative targets. Detailed plans continue to be developed for these proposals, and these will be part of monthly discussions at C&E SMT. It is essential that the service delivers against these plans.

9.12 **Non-Essential Spend**. To reduce non-essential spend, the service will continue with the previous measures to control spending introduced in the Summer of 2021 For Children’s and Education, the measures in place and to be developed include:

- **Increased controls on non-essential spend (non-essential spend to be determined by Group Directors of their respective directorates).**

Opportunities to investigate and limit non-essential expenditure will continue this financial year. Monthly budget monitoring takes account of expenditure within areas such as supplies and services, indirect staff costs and professional fees with the aim of limiting the use of non-essential spend. The tracking of non-essential spend will be routinely shared with SLT's during the course of the year to review trends and ensure that all expenditure is necessary.

- **Increased controls on filling vacancies. Current processes to review the need for filling vacancies continue**. Requests to recruit within Education are submitted via a business case and require joint agreement by the Heads of HR and Finance before the initiation of any recruitment process. Within CFS, the high number of agency staff within the division allows for continual review of the establishment. Budget review meetings for key areas experiencing financial pressures such as Children in Need, DCS and Corporate Parenting review staffing in detail on a regular basis with the Director, relevant Head of Service and finance. In addition a wider review of CFS is expected to be completed this financial year.

- **Reduction in agency staff, for example, 20 per cent reduction on current level.** An overall target of £100k cost reductions within agency staff usage was achieved in 2021/22 and will continue this financial year. Options to incentivise agency workers moving to council employment with the potential for market supplements are being developed for consideration. The London Pledge, a shared agreement on agency workers within London, is also expected to have a favourable impact on the rates offered to workers and overall cost.

- **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).** Communications to managers who supervise agency staff will be reinforced and a tracking system put in place to ensure that agency staff are taking annual leave and are working a standard day. Working with HR colleagues, a system to monitor compliance with this requirement will be implemented during quarter 2 of this financial year.

10. ADULT, HEALTH AND INTEGRATION

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
125,275	Adults, Health and Integration (excl. Cyber)	5,122	209

10.1 Adult Social Care is forecasting an overspend of £5.122m before the cyberattack and £5,419m including the cyberattack costs. This is after the application of reserves of £2.2m 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. This financial year the grant was increased by a further £636m nationally and this has meant 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 **Care Support Commissioning** is the service area with the most significant budget pressure in Adult Social Care, a £2.8m pressure. This service records the costs of long term care for service users, and the budget overspend reflects both the growth in client activity and increased complexity of care provision being commissioned. The forecast includes assumed NHS support of £1m towards ensuring efficient discharge of people from hospital and a total of £9.4m towards funding care costs for service users with learning disabilities.

10.3 **Provided services** forecast reflects an overspend of £1.8m which is made up primarily of an overspend within the Housing with Care (HwC) service of £2.3m offset by an underspend on day services of £0.5m. The HwC forecast overspend of £2.3m reflects both the impact of £1m of savings from 21-22 and 22-23 not yet forecast to be realised 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. The day service underspend of £0.5m relates to the Oswald Street day centre which continues with a limited number of service users as a result of ongoing maintenance work needed at the premises in Oswald Street.

10.4 **Mental health** is forecast to overspend by £0.7m with a budget overspend on Long term care services for mental health service users of £0.8m being offset by an underspend against staffing budgets of £0.1m. Adult services continue to work in collaboration with East London Foundation Trust to reduce this budget overspend as part of the agreed cost reduction measures.

10.5 **Preventative Services** reflects an adverse movement of £170k this month, due to increased charges in relation to the London Councils Taxicard scheme. The overall position reflects a budget underspend of £0.2m, which is primarily attributable to the following: workforce budget pressures of £0.3m primarily within the Integrated Discharge service, Taxicard Scheme budget overspend of £0.2m, offset by budget underspends across the Interim bed facility at Leander Court (£0.3m) and Substance Misuse (£0.3m) linked to lower then expected demand for these services.

10.6 **Care Management and Adult Divisional Support** is forecasting a budget overspend of £0.2m, which is primarily due to workforce pressures linked to maintaining staff capacity due to staff absences (maternity cover and sickness).

10.7 The 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.

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

10.9 Adult Social Care has **savings** of £1.45m to deliver in 2022/23. Savings 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.

10.10 Savings plans related to Housing with Care schemes (£500k) have not been developed sufficiently to deliver this amount in-year. The saving against the 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.

10.11 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.

10.12 **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 will continue to be monitored closely to ensure any risk to this target being achieved is reported through this monthly report including any mitigation measures.

10.13 **Risks.** Many of the financial risks to the service that were present in 2021-22 continue into 2022-23. The cyberattack continues to have a significant impact on a number of key systems across the local authority. There is a clear project plan to restore the social care system as well as an interim system that has been developed by ICT. £0.3m is reflected in the forecast as the cost of additional staff to mitigate the impacts of this risk. In Adult Social Care, this risk is in relation to monitoring and capturing the cost of any additional demand for care, as the social care system (Mosaic) which holds and records this information remains inaccessible.

10.14 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.

10.15 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.

10.16 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.

10.17 **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 and these are factored into the forecast when delivered. 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). The cost reduction proposals will be monitored on a monthly basis highlighting delivery against these indicative targets. Detailed plans continue to be developed for these proposals, and these will be part of monthly discussions at AH&I SMT. It is essential that the service delivers against these plans.

10.18 **Non-Essential Spend**. To reduce non-essential spend, the service will continue with the previous measures to control spending introduced in the Summer of 2021 For Adults, Health and Integration, the measures being explored at this stage include:

- **Increased controls on non-essential spend** (non-essential spend to be determined by Group Directors of their respective directorates). Controls were set in place during 2021/22 and remain. Monthly budget monitoring ensures that non-essential spend, primarily linked to training and office supplies, are monitored. Training budgets are planned to be brought into a single cost centre during 2022/23, which will ensure that there is no duplication of training across teams and a more equitable and consistent access to mandatory or essential training.

- **Increased controls on filling vacancies**. Controls were set in place during 2021/22 and remain. In addition, work completed on the establishment list has provided clarity on roles and vacancies, which provide assurance that only established posts going forward can be filled, except in exceptional circumstances as agreed by the director. This extends to those posts in ELFT, where a post number has to be provided prior to recruitment.

- **Reduction in agency staff**, for example, 20 per cent reduction on current level. Plans have been set in place for rolling recruitment in critical areas where agency staff are most utilised, with the recent ADASS MoU on agency rates setting a helpful mitigation to the cost of staff going forward. In addition, the Principal Social Worker is creating relationships with universities, and seeking to set out a pathway for bringing in manageable levels of newly qualified social workers to complement existing numbers of experienced staff. This is expected to reduce agency numbers and/or vacancies by 5 posts per year.

- **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). Working with HR colleagues, data is being provided on annual leave by agency staff, which is currently only determined from the absence of timesheets submitted. This information will be reviewed monthly by managers and more robust tracking of leave is expected from September 2022.

11.0 Climate Homes and Economy (CHE)

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
27,386	Climate, Homes and Economy excl. Cyber	1,259	106

11.1 The directorate is forecasting an overspend of £1.26m (excluding the Cyberattack); this is an increase of £106K since the May forecast. Within this position, there is a significant increase in the cost of fuel in Environmental Operations (£600k) following the award of the contract for vehicle fuel in July and reflects the prevailing market conditions in the cost of vehicle fuel with the cost of biofuel being linked to the cost of diesel. This overspend is offset by the allocation of part of the Energy Price increase provision included in the 2022-23 Budget. The total provision is £2.5m. Other areas of overspend for the directorate are unchanged from the May position, being in Planning, Community Safety, Enforcement and Building Regulation, and Environmental Operations.

11.2 **Planning Services** are forecasting a £1.1m overspend mainly relating to a continued level of income below the budget. Planning Application fees and Building Control fee income has seen a steady decline over the past three years. There is also a shortfall of £185K in land charges income which is due to the continuing impact of cyberattack on the services. 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. Included in this income is an allowance for administration of Section 106 agreements and due to the reduction in development activity the forecast income from this source has also been reduced by £100k. There has been an increase in Planning Performance Agreement income which is now meeting its budgeted income levels.

11.3 The income target for minor applications 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.

11.4 **Building control** has a shortfall of income of £140K which is due a slowing of development activity in the borough. The service is holding vacancies in response to the reduced activity and also to partially mitigate the forecast overspend.

11.5 **Community Safety, Enforcement and Business Regulation** is forecasting an overspend of £270K. This overspend is due to the ongoing requirement to deliver the vacancy factor savings in the service. There is an adverse movement of £105k from the May forecast due to staff on long term sickness. 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 ongoing COVID-19 related administration. The Head of Service is undertaking a budget review over the next month to identify opportunities to mitigate the overspend.

11.6 **Environmental Operations** is forecasting an overspend of £118k, an increase of £34k since the May forecast. The position on fuel costs within the service is noted above. There are two major cost risks within the service which may further adversely impact the forecast as the year progresses; these are the continuing delivery of the vacancy factor and the rising costs of fuels and utilities. The Corporate fixed priced bulk fuel contract which has been recently tendered has seen a steep increase in the unit price we pay for vehicle fuel. Environmental Operations is the biggest user in the council so will have the biggest impact, and as we have seen, at present this impact is estimated to be approximately £600k for the remainder of the year. With regards to the increasing service costs pressures 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 are also other potential pressures on budgets on the horizon with several supplier contracts for bag purchases, weed spraying, bins purchasing etc due for renewal and suppliers are currently trying to override existing prices due to their own costs increasing. 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 months to quantify the risks and identify mitigations to reduce the overspend.

11.7 While **Streetscene** is forecasting a £52k underspend in its budget, there is a significant risk that is emerging and may need to be addressed. Recharging the cost of transport engineers who work our highways and traffic schemes is reliant on TfL funding; funding has only been agreed up to the end of June 2022 and was much less than recent 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.

11.8 The directorate is on target to achieve its **savings plans** of £2.9m. However, the staff saving in Community Safety, Enforcement & Business Regulation (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.

11.9 **Risks**

The table below sets out the budget risks for 2022/23

	Amount £000
Inflation on vehicle fuel - further impact	300
Decline in TfL funding impacting capitalised salaries in Streetscene	685
Delivery of vacancy factor savings in Environmental Operations	500
Total Risk	**1,485**

11.10 There is a further inflation risk which may impact the forecast outturn, which relates to the cost inflation on utilities in our Leisure Centre's. Through a partnership with GLL we operate 7 sport and leisure centres on a zero management fee basis and, despite the impacts of the pandemic still continuing, the Contract returned to a small surplus in 2021/22. GLL was anticipating that this positive trajectory would continue in 2022/23. However, the financial forecast for the Contract has changed markedly over recent months with the significant escalation in utility prices and growing uncertainty over the future of the energy market. GLL are now predicting that the Contract is likely to fall into deficit in 2022/23 due to forecast increased utility costs of £1.9m - in line with the Contract's terms, the Council is liable for the risk relating to utility price increases. The Head of Leisure, Parks and Green Spaces, in partnership with GLL, are exploring options to try and mitigate utility price increases.

11.11 **Management Actions to reduce the overspend include** Heads of Services are currently 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.

12.0 F&CR

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		£000	£000
20,813	Finance & Corporate Resources (Excl. Cyber)	1,562	-201

12.1 F&CR are currently forecasting an overspend of £1,562m, excluding cyberattack costs.

12.2 Energy Forecast The increase in energy prices has had a significant impact on the council. The table below shows the effect on 3 services that have significant usage of electricity and gas. The £1.8m increase on last month will be funded from the £2.5m provision included in the 2022-23 budget.

	Gas		Electricity		Total
Service Area	**Forecast**	**Change from Last Month**	**Forecast**	**Change from Last Month**	**Total Change**
Strategic Property	270,507	184,329	617,563	390,237	574,566
Soft Facilities Management	273,065	167,065	1,162,471	614,371	781,436
Housing Needs	290,592	240,592	260,775	230,775	471,367
Total F&R	**834,164**	**591,986**	**2,040,808**	**1,235,383**	**1,827,369**

12.3 Financial Management and Control are currently reporting an overspend of £464k. This is an adverse movement of £60k on the May forecast, and is a result of recruitment to two trainee posts. The remaining £404k relates primarily to Cyber. £100k is the cost of a Project Accountant to assist with tracking and monitoring the Cyber spend as well as reviewing all business cases for additional spend on recovery. The remaining £250k relates to the delay in the debt team realignment as a result of Cyber.

12.4 Strategic Property**.** Property Services are currently forecasting an overall overspend of £644k, an improvement of £415k compared to last month. The service has decided to hold various posts vacant until January 2023 in order to reduce the overspend. The rise in energy prices had an impact of £575k but this has been offset by reserve usage.

(a) Commercial Property are forecasting an overspend of £735k which mainly 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.

(b) Corporate Property and Asset Management (CPAM) & Education Property. CPAM is forecasting an underspend of (£30k) and Education (£62k) mainly due to holding posts vacant until early next year.

12.5 Housing Benefits. Housing Benefits are 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 Cyber recovery (initially 7,700 cases of under/ overpayment of benefits, reduced to 5,000). The agency forecast is currently £1.75m, of which £750k can be absorbed by the underspend on permanent staff due to vacancies.

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. There is also lower than usual cash recovery - the backlog has prevented us from taking recovery action to recover overpayments, which has added to the NCOB deficit. The risk is currently estimated to be £4m and if this materialises, it will be funded from historic grant balances.

12.6 **Revenues** are currently forecasting an 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 Cyber.
- £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 Cyber.
- The remaining £0.5m relates to lost income in court costs as a result of Cyber, which has significantly reduced legal action across the service. The expectation remains that legal action will not re-commence until, at earliest, the second half of the 2022/23 financial year.

12.7 Housing Needs are currently forecasting an overspend of £0.5m relating to security costs as a result of an increase in the number of hostels, and the increase in the need for 24 hour security. There is also an overspend on energy costs of £471k at LBH owned hostels, which is funded by the £2.5m budget provision.

12.8 There are pressures within temporary accommodation *net* rental expenditure, however, at this point it is expected that this can be absorbed within the additional £1.6m 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.

12.9 ICT are currently forecasting to overspend by £1.392m after a reserve drawdown of £185k. This is an adverse movement of £482k compared to last month due to changes in recruitment requirements. Some posts that were previously held vacant were recruited earlier than anticipated due to increased demands on the service. Some posts are being filled by agency/consultants which are costing more than budgeted.

12.10 ICT Corporate are currently reporting an overspend of £1.404m after a drawdown from reserves. The overspend is mainly due to £741k for Cyber projects and the ongoing Amazon Web Service (AWS) costs. Discussions are ongoing on how to reduce AWS costs, there are plans to decommission existing infrastructure to help with the cost.

12.11 Financial Management ICT Systems are currently reporting an underspend of £39k for 2022/23.

12.12 Hackney Education ICT are currently forecasting an overspend of £27k which is significantly less than 21/22 due to the service being wound down.

12.13 Directorate Finance Team are currently reporting an overspend of £17k. £80k of this relates to costs due to the delay in the restructure as a result of Cyber, however the majority of the overspend has been offset by vacant posts across the service.

12.14 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.

12.15 **Risks.** Potential financial risks within F&R, where the forecast may see increases in the coming months are :

- Cyber Work - ICT and Customer Services Recovery of Systems
- Net Cost of Benefits - Loss of subsidy from Local Authority (LA) error & increase in the Bad Debt Provision (BDP)
- Repairs and Maintenance Costs exceeding the budget
- Energy cost

12.16 Management Actions. Management will hold posts vacant for a longer period in order to reduce the overspend. This is visible in the Property Services, Directorate Finance Teams and Audit reductions. **Non-Essential spend** has been reviewed as part of the monitoring and the following areas have been reduced as follows:

Service Area	Decrease (£)
Financial Management & Control	2,760
Soft Facilities Management	14,770
Registration Services	11,319
HR	400
ICT	101,592
Directorate Finance Support	2,000
Procurement	12,506
Total Non Essential Spend Reduction	**145,347**

13.0 Chief Executive

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month
£k		**£000**	**£000**
14,755	Chief Executive	-281	-286

13.1 The Chief Executive's Directorate is forecasting an underspend of £281K following the use of £1.6m of reserves - a reduction of £286k from net spending in May. This variance results from primarily, vacancies in Legal Governance and Election Services.

13.2 Libraries & Heritage are forecasting a £39k overspend which is caused by three main drivers- non delivery of income target (room bookings etc); NNDR which has increased over the years without any increase in budget to cover these additional costs; and security costs. The budgets are reviewed with the service on a monthly basis to try and mitigate areas that are overspending.

13.3 Legal, Governance and Election Services are forecasting an underspend of £268K which reflects a number of vacancies across the service. The service is achieving its vacancy factor and will be recruiting to vacant posts over the coming months. The forecast assumes that posts will be filled over the autumn and winter.

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

13.5 A summary of **risks** to the service going forward are:

- Not achieving budgeted income from our venues operations due to the impact of the cost of living crisis. Our income target is £538K
- Not achieving the external income target of £500K in legal services. Due to the slowdown in the development activity across the borough the income generated from capital recharges, property and S106 agreements fell in 2021/22 - this may continue through 2022/23. The service is holding vacancies at the moment to mitigate this risk,

13.6 **Management Actions.** 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.

14.0 HRA

14.1 The HRA is forecast to come in at budget despite a forecast overspend in net operating expenditure of £9.583m. The forecast overspend is being met by a reduction in Revenue Contributions to Capital Outlay (RCCO). We are able to use £9.583m 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.

14.2 The major variances are:

Income

- Under recovery of other charges for Services and Facilities of £177k, due to the cyberattack the invoicing of major works to leaseholders has been delayed and therefore the income expected from the major works admin fee has been reduced.

Expenditure

- Housing Repairs has a projected overspend of £2.8m, which is due to an increase in reactive repairs, material costs and an increase in legal disrepair cases.
- The Forecast overspend for Special Services, £4.9m, is mainly due to increasing energy prices. The cost of Gas and Electricity have been rising globally over the past year. Current forecasts estimate a 90% increase in cost arising from the new contract prices resulting in a significant overspend. There are also overspends in estate cleaning and lift servicing and repairs.

- The Supervision and Management of £891k overspend is due to 24hr security costs at a high rise building and the use of Temporary Accommodation by Housing Management.
- Rents, Rates Taxes and Other charges variances due to an increase in Council tax and Business rates.
- Provision for Bad and doubtful Debts is forecast to overspend by £500k, due to increased commercial property and Housing rent arrears following a slow recovery from the pandemic.
- RCCO has been reduced to offset the variances within the revenue account due to a reduced capital programme.

15. CAPITAL

15.1 This is the first OFP Capital Programme monitoring report for the financial year 2022/23. The actual year to date capital expenditure for the four months April 2022 to July 2022 is £7.5m and the forecast is currently £179.7m, £81.3m below the revised budget of £261m. This represents a forecast of 74% of the approved budget of £244.3m, approved by Cabinet in February 2022 (Council's Budget Report) and is relative to the previous year's outturn of £154.2m. Each financial year, two re-profiling exercises within the capital programme are carried out in order that the budgets and monitoring reflect the anticipated progress of schemes. The September Cabinet will be asked to approve a total of £83.2m into future years together with details of the requested transfer of carry forward budget (slippage) from 2021/22 into the 2022/23 capital programme. A summary of the forecast and phase 1 re-profiling by directorate is shown in the table below along with brief details of the reasons for the major variances.

Table 1 Summary of the Capital

Capital Programme 2022/23	Budget Set at Feb Cab 2022	Budget Position at July 2022	Spend	Forecast	Variance (Under/Over)	New Bids	Capital Adjustments	To Re-Profile 2022/23	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's	4,035	4,218	56	1,008	(3,210)	0	0	(3,210)	1,008
Adults, Health & Integration	30	30	0	0	(30)	0	0	0	30
Children & Education	14,862	17,520	241	17,695	175	(384)	0	1,929	19,065
Finance & Corporate Resources	28,668	31,326	953	20,279	(11,047)	65	(10)	(11,037)	20,344
Mixed Use Development	32,382	32,539	(1,137)	11,893	(20,646)	0	0	(20,645)	11,894
Climate, Homes & Economy	40,318	45,031	2,271	33,820	(11,211)	70	(21)	(11,076)	34,004
Total Non-Housing	**120,297**	**130,663**	**2,384**	**84,695**	**(45,968)**	**(249)**	**(31)**	**(44,039)**	**86,344**
AMP Housing Schemes HRA	43,886	46,122	4,162	41,409	(4,713)	0	0	(4,713)	41,409
Council Schemes GF	6,999	3,448	196	4,426	978	0	0	978	4,426
Private Sector Housing	2,164	2,164	200	1,210	(954)	0	(87)	(867)	1,210
Estate Regeneration	30,003	32,970	(279)	12,203	(20,767)	0	(56)	(20,711)	12,203
Housing Supply Programme	33,406	35,812	388	23,353	(12,459)	0	0	(12,459)	23,353

Woodberry Down Regeneration	7,595	9,816	467	12,382	2,566	0	0	(1,434)	8,382
Total Housing	**124,052**	**130,333**	**5,135**	**94,982**	**(35,351)**	**0**	**(143)**	**(39,208)**	**90,982**
Total Capital Budget	**244,349**	**260,997**	**7,520**	**179,677**	**(81,320)**	**(249)**	**(175)**	**(83,247)**	**177,326**

CHIEF EXECUTIVE

The current forecast for the overall Chief Executive's is £1m, £3.2m below the revised budget of £4.2m. More detailed commentary is outlined below.

CX Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget Position at July 2022	Spend	Forecast	Variance
	£000	**£000**	**£000**	**£000**	**£000**
Libraries and Archives	4,035	4,218	56	1,008	(3,210)
Total Non-Housing	**4,035**	**4,218**	**56**	**1,008**	**(3,210)**

Libraries and Archives

The overall forecast for the overall Libraries and Archives is £1m, £3.2m below the respective in-year budget of £4.2m. The main project which is causing the variance relates to the budget set aside for the refurbishments to Stoke Newington Library. The spend for this year will be for the initial surveys and development plans with further decisions made later on in the year. Therefore the budget will be re-profiled to reflect the likely timeframe of the project.

ADULTS, HEALTH AND INTEGRATION

The overall forecast for Adults, Health and Integration in this Quarter is no spend against the respective in-year budget of £30k. The variance relates to the resource set aside for Median Road which has been put on hold with plans to review in future years. The remaining budget will be reviewed at the next quarter, once the project manager is back from planned leave, and if not required will be offered up as savings.

AHI Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at July 2022	Spend	Forecast	Variance
	£000	**£000**	**£000**	**£000**	**£000**
Adults, Health and Integration	30	30	0	0	(30)
TOTAL	**30**	**30**	**0**	**0**	**(30)**

CHILDREN, ADULTS AND COMMUNITY HEALTH

The current forecast is £17.7m, £1.1m above the revised budget of £16.6m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at July 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Children & Family Services	0	477	33	477	0
Education Asset Management Plan	4,095	3,395	211	3,076	(318)
Building Schools for the Future	38	91	23	83	(7)
Other Education & Children's Services	1,328	1,993	(150)	1,180	(813)
Primary School Programmes	6,368	6,661	803	9,767	3,105
Secondary School Programmes	3,033	3,933	(680)	3,112	(821)
TOTAL	**14,862**	**16,550**	**241**	**17,695**	**1,145**

Children & Family Services

The forecast for the overall Children and Family Services is in-line with the in-year respective budget of £477k. Below is a brief update on these projects:

Carer Loft Conversion - The forecast is in line with the in-year respective budget of £132k. This project is for three loft conversions to our in-house foster carer homes with the aim to enable foster carers to offer increased capacity for ongoing placements to young people. One of the three loft conversions has been completed, the second one is progressing well and third not going ahead but these funds will be used to cover additional costs on existing projects.

Shoreditch Play Adventure - The forecast is in line with the in-year respective budget of £345k. The project is in the initial stages. The design of the play hut has been finalised and paperwork is now complete for the Planning Application to be submitted as part of the Shoreditch Park planning application. Once we have planning approval we will be able to proceed with the procurement process for construction works.

Education Asset Management Plan

The forecast for the overall Education Asset Management Plan is largely in line with the in-year respective budget of £3.4m with a minor underspend. This is the Borough’s cyclical and periodic yearly maintenance programme to the education asset which includes works such as upgrades to lighting, heating, boiler, fire safety and refurbishments to toilets and playgrounds. Below is a brief update on a few of the schemes:

Queensbridge Primary School - The forecast is £127k, £83k above the in-year respective budget of £44k. The project is progressing according to the programme with no issues with work commencing in the first quarter. The variance will be covered by identified underspends across the overall programme.

Oldhill Primary School - The forecast is £48k, £282k below the in-year respective budget of £330k. A review of the scheme by the project team has led to the decision to vire the majority of the budget to contingency as the cost was significantly less than originally thought. The contingency budget will be allocated to support the overall programme and will support the capitalisation of project manager direct costs, emergency and health and safety schemes across the programme in the year.

Randal Cremer Primary School - The forecast is £35k, £5k below the in-year respective budget of £40k and the work will take place in the summer of 2022. The reason for the forecasted underspend is because the contract was awarded to the contractor who returned lower than the value of the bid approved. The variance will be used to cover identified overspends in the overall programme.

Fernbank and Betty Layward Primary School - The forecast is nil spend against the in-year respective budget of £330k. The works to Fernbank were cancelled due to a further review which showed that only minor repair works were required The underspend in both schemes will be used to fund a new project in the programme.

Other Education & Children's Services

The forecast for the overall Other Education and Children’s Services is £1.2m, £0.8m below the in-year respective budget of £2m. The schemes relate to the expansion of Hackney’s specialist resource provision (SRP) for pupils with Social, Emotional and Mental Health (SEMH) and Autisic Spectrum Disorder (ASD) needs funded by the SEN Special Provision capital grant fund. Below is a brief update on the schemes:

Education SEND Strategy - The forecast is £141k, £259k below the in-year respective budget of £400k. The tenders came back a lot cheaper than the approved budget, hence the underspend. The plan would be to use the balance for further surveys where appropriate. The RIBA Stage 1 is back for Simon Marks and Nightingale Schools and a meeting is scheduled with Sebright in the summer. Simon Marks School and Nightingale School have approval from Cabinet to go forward. Stage 2 feasibility report has indicated that work is likely to start in March 2023. As a result, the budget has been re-profiled to 2023/24 in line with the programme.

Petchey Academy School - The forecast is £12k, £112k below the in-year respective budget of £124k. This project is currently on hold. The decision to suspend the scheme was made by the Education senior management team. This decision was based on School management issues and capacity. The budget has been re-profiled to 2023/24.

Primary School Programmes

The forecast for the overall Primary School Programme is £9.8m, £3.1m above the in-year respective budget of £6.7m. The main programme relates to the rolling health and safety remedial works to Facades of 23 London School Board (LSB) schools that began in 2017. Below is a brief update on the schemes:

Woodberry Down Children Centre - Relocation - The forecast is £4.9m, £4m above the in-year respective budget of £0.9m. The team are expecting ’extension of time’ from the contractor and a ‘start on site’ by the summer of 2022. There is price inflation due to the delay caused by initial blockage of the access road by Berkeley Homes. The budget from 2023/24 and 2024/25 has been re-profiled back to current year to cover this overspend.

Colvestone (Facades Work) - The forecast is £384k, £316k below the in-year respective budget of £700k. The school hall is still out of bounds. Two senior school staff members will be departing by the summer so this may affect the start of the scheme. The financial impact will be reviewed by the team.

De Beauvoir (Facades Work) - The forecast is £184k, £324k below the in-year respective budget of £509k. The project is approaching completion. The underspend is due to contract value being less than the approved budget.

Gayhurst (Facades Work) - The forecast is £278k, £128k above the in-year respective budget of £150k. The overspend is due to the emergency works to the roofing. The overspend will be funded by identified underspends across the programme.

Hoxton Gardens (Facade Work) - The forecast is £78k, £321k below the in-year respective budget of £400k. The project is approaching completion. The underspend is due to contract value being less than the approved budget. This underspend will fund identified overspends across the programme.

Mandeville (Facades Work) - The forecast is £742k, £404k above the in-year respective budget of £338k. The contracts are signed. There is an issue with the structural failure of the stonework, hence the overspend. The budget from 2023/24 has been re-profiled back to current year to cover this overspend.

Millfields (Facades Work) - The forecast is £45k, above the nil in-year budget. The contractors are on site. This overspend will be funded by other identified underspends across the programme.

Orchard, Queensbridge, Randal Cremer, Sebright, Southwold, Oldhill, William Pattern Façade - The forecast is to spend the in-year respective budget of £1.8m. The contracts are signed. There is an issue with the structural failure of stonework therefore a variation will be requested with the Procurement Team's input.

Woodberry Down (Facades Work) - The forecast is nil spend against the in-year respective budget of £549k. The scheme will not go ahead after a review by the current Project Manager showed that it was not required. This underspend will fund other identified overspends across the programme.

Secondary School Programmes

The forecast for the overall Secondary School Programmes is £3.1m, £0.8m below the in-year respective budget of £3.9m. This is the upgrade and improvement to the lifecycle of the Education Estate based on statutory surveys which includes works such as upgrades to roofing, emergency lighting, heating, boiler, fire safety and CCTV upgrades. Below is a brief update on a few of the schemes:

Clapton Girls, Cardinal Pole, Our Lady's, Ickburgh School, The Garden, Stormont House and Thomas Fairchild School (Lifecycle works) - The forecast is £0.2m, £0.7m below the in-year respective budget of £0.9m. The contract award has been signed off. The Contractor has been appointed. The work will take place over the summer. After the review, it was decided that the lighting upgrade and redecorations will be part of reactive works, hence the underspend. The variance will be used to fund the works at Stoke Newington School.

Stoke Newington School Lifecycle - The forecast is £0.9m, £0.6m above the in-year respective budget of £0.4m. The roof replacement costs have increased due to the impact of increase in material costs. This overspend will be funded by the identified underspends across the overall programme.

The Urswick School (Expansion Work) - The forecast is £23k, £430k below the in-year respective budget of £453k. The annual cost of the modular building hire is less than the overall forecasted cost of the extension. The decision to go ahead with the hire has led to an underspend. Work will continue at this site in 2023/24 therefore the underspend has been reprofiled to future years.

FINANCE AND CORPORATE RESOURCES

The forecast for the overall Finance and Corporate Resources is £32.2m, £31.7m below the in-year respective budget of £63.9m. More detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at July 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Property Services	23,772	25,505	444	14,499	(11,007)
ICT	4,243	4,143	435	4,143	0
Other Schemes	654	1,678	74	1,638	(40)
Total	**28,668**	**31,326**	**953**	**20,279**	**(11,047)**
Mixed Use Development	32,382	32,539	(1,137)	11,893	(20,646)
TOTAL	**61,051**	**63,865**	**(184)**	**32,172**	**(31,693)**

Strategic Properties Services - Strategy & Projects

The forecast for the overall Strategic Properties Services is £15m, £11m below the in-year respective budget of £26m. Below is a brief update on the schemes:

Annex (Staff Moves) and Decant to Maurice Bishop House and Christopher Addison House - The forecast is in-line with the in-year respective budget of £493k. This budget will be used to assist in the clearance of the items that were moved to Robert House from the Annex. It will also cover the potential costs for digital archiving as well as furniture and office adaptations.

Hackney Education and Hackney Service Centre (Infrastructure, Restack, Flooring & Lighting Upgrade) - The forecast is £334k, £98k below the in-year respective budget of £432k. The Project Manager is currently reviewing the programme and prioritising existing projects. The ultimate goal is to vacate Maurice Bishop House, Christopher Addison House and finish off the clearance from the Annex. The aim is to have the three main campus buildings: Town Hall, Hackney Service Centre and 1 Reading Lane.

Hackney Town Hall Essential Works - The forecast is £0.6m, £2m below the in-year respective budget of £2.6m. The programme of works and anticipated spend include CCTV, replacement of air conditioning, electrical works, dividing doors, surveyors and other consultant fees. The remaining budget has been reprofiled to 2023/24 to reflect the actual spend for the works identified.

40-43 St Andrews Road (The Council's SEND Transport Depot) - The forecast is to spend the in-year respective budget of £133k. Another £50k has been earmarked for the final package of works.

14 Andrews Rd (The Council's Vehicles Maintenance Workshop) - The forecast is £357k, £357k below the in-year respective budget of £714k. The design stage will be completed within the next two months and then the tender process will start. The spend this year will be mainly fees. The actual work will commence in January 2023 therefore the remaining budget has been re-profiled to 2023/24.

Stoke Newington Assembly Hall - The forecast is £1.7m, £0.9m below the in-year respective budget of £2.6m. The phase 1 of the project is replacing the ceiling of the Assembly Hall which will take place this financial year. The tender documents will be sent out within the next couple of weeks. The remaining works are due in 2023/24 therefore the budget has been re-profiled.

Corporate Property Annual Surveys, Core Campus Life Cycle Costing, CAFM System and CPAM Database - The forecast is in-line with the in-year respective budget of £434k. A number of surveys have been ordered through CIPFA as part of the Capital Planning exercise currently being undertaken. The long term plans for Christopher Addison House are being worked on by the Council's Property Commercial Team. Due to staff resources the project on the database is delayed. The team plans to review all the different asset databases in the market. There is also the possibility of integrating Hackney's systems with the Belrock Asset database by buying a couple of modules to recognise the affected programme of works.

The City & Hackney Clinical Commissioning Group (CCG) Primary Care Project - The forecast is £6m, £7m below the in-year respective budget of £13m. A CPRP bid is currently being prepared for the rest of the funds needed for the completion of this project. All the costs for this financial year are for 'Design and Build' at both sites. The variance has, therefore, been re-profiled to 2023/24 in line with the actual programme.

Remedial Fabric Works at Millfields Disinfecting Station - The forecast is to spend the in-year respective budget of £176k. Phase 1 work is complete and the payments for the final account made. Phase 2 is awaiting the senior management decision.

Landlord Works to 80-80a East Way (The Old Baths) - The forecast is £110k, above a nil in-year respective budget. The project is completed but the team are expecting about £20k spend mainly on fees. A CPRP bid will be submitted to fund the overspend.

Landlord Works 12 -14 Englefield Road (East and South-East Asian Community Centre) - The forecast is to spend the full in-year respective budget of £896k. The tender documents are due back. The site work is expected to start in the autumn of 2022.

Landlord Works 329 Queensbridge Road (Marie Lloyd Day Centre) - The forecast is £708k, £305k above the in-year respective budget of £403k. The Contract has been awarded and the work is due to commence in the autumn of 2022. But the cost for the works is expected to increase therefore a CPRP will be submitted.

Landlord Works at Homerton Rd, London E9 5QB (The Wally Foster Community Centre) - The forecast is £207k, £68k below the in-year respective budget of £276k. The whole site is currently being appraised. The interim project manager is awaiting quotations for some asbestos works removal (estimated at £100k) to the main hall. There is also a disabled toilet to be built as well as other on Landlord works. The variance has been re-profiled to 2023/24 to reflect the works identified.

Landlord Works at 61 Leswin Road (The Old Fire Station) - The forecast is to spend the in-year respective budget of £768k. The contractor is appointed with work due to commence in the summer of 2022.

ICT Capital

The forecast for the overall ICT is largely in-line with the in-year respective budget of £4.1m. Below is a brief update on a few of the schemes:

Cyber Recovery - The most significant spend in ICT relates to the cyber recovery and the acceleration of new systems due to the loss of data. The current forecast is in-line with the full in-year respective budget of £2.6m.

End-user IT Equipment, Mobile Phone Refresh and Members Device Refresh - The other main spend relates to the roll out programme of this equipment. The current forecast is in-line with the full in-year respective budget of £1.3m.

Mixed Use Developments

The forecast for the overall Mixed Use Developments is £11.9m, £20.6m below the in-year respective budget of £32.5m. This forecast largely relates to the Britannia site as Tiger Way and Nile Street are now complete with only retention and final payments due.

Tiger Way - The two year defect period for Tiger Way Project has lapsed, but outstanding defects works are still being monitored by the team. M+E presented some challenges, the outstanding drainage modification is now being resolved on site and is due for completion by the summer of 2022. A payment to the contractor based upon an interim valuation for the release of the previously withheld milestone payment has been agreed by all parties.

Nile Street - The Nightingale Primary school is completed and occupied. The final Design and Build account has been agreed with McLaren and the final sub-contract account has been agreed in principle with HSF2L and McLaren. As with Tiger Way the balance between the final account and paid to date is to be retained by the Council in-line with contractual expectations of all parties and contract terms. Release of retention to ‘flow’ as per contract terms, upon presentation of agreed final details. Currently there is no dispute between any party(s) and therefore we anticipate release of these payments in quarter 3 of 2022. As at July 2022 there are currently 110 units sold out of the 175 units.

Britannia Site - Phase 1a (new Leisure centre) and Phase 1b (CoLASP) are now in the defects period. The agreed defects are being worked on and expected to be completed in the summer of 2022. Phase 2b (Residential) Stage 4 design has now been completed and is being packaged up to issue to the contractors as part of the Employer's Requirements. Whilst we have come to the end of the pre-construction design which has been carried out prior to a contractor being on board, there are some pre-commencement aspects which will need a skeleton team to feed into for example procurement support, Mawson Court boundary design and planning and surveys. The variance has been re-profiled to 2023/24 to reflect the anticipated spend. The underspend is due to a delay to the start of the construction programme from quarter 4 2022/23 to quarter 1 2023/24, in addition to expected contractor fees being pushed back as well as the CIL payments due on commencement being delayed to quarter 1 2023/24.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £33.8m, £11.2m under the revised budget of £45m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at July 2022	Spend	Forecast	Variance
	£000	**£000**	**£000**	**£000**	**£000**
Leisure, Parks & Green Spaces	22,934	24,967	1,356	19,751	(5,216)
Streetscene	12,765	16,067	262	11,171	(4,896)
Environmental Operations & Other	734	1,018	0	488	(530)
Public Realms TfL Funded Schemes	0	0	580	0	0
Parking & Market Schemes	308	289	0	0	(289)
Community Safety, Enforcement & Business Regulations	493	512	2	512	0
Area Regeneration	3,084	2,179	71	1,899	(280)
Total	**40,318**	**45,031**	**2,271**	**33,820**	**(11,211)**

Leisure, Parks and Green Spaces

The forecast for the overall Leisure, Parks and Green Spaces is £19.8m, £3.3m below the in-year respective budget of £23m. Below is the brief update on a few of the schemes.

Kings Hall Leisure Centre: The project is forecast to spend £3.1m, £1m below the in-year budget of £4.1m. The feasibility and design for the refurbishment of Kings Hall commenced in April 2022. The next phase of the programme will commence in 2023/24, therefore, the variance has been re-profiled to reflect the programme.

London Fields Learner Pool: The project is forecast to spend £0.5m, £4m below the in-year budget of £4.5m. The project is in the initial stages and the appointment of a design team is imminent. The majority of the spend will take place once the contractor is appointed therefore the variance has been re-profiled to 2023/24 to reflect the next phase of the programme.

Abney Park Refurbishment - The project is forecast to spend the in-year budget of £3.9m. The main contractor is on site with completion due winter of 2022. The work to the roof structures to the lodges is completed. The completed work to the chapel are as follows: the steel structure for the mezzanine floor, the stained glass installed, the masonry works and the trenching for the utility supplies into the chapel.

Shoreditch Park Refurbishment - The project is forecast to spend the in-year budget of £1.7m. The main contractor started on site in February 2022 with handover due October 2022. Phase 1 (Northern section of the Park including wildflower, new planting and furniture) - The wildflower meadow has been seeded. The wildflower area is completed and may remain fenced until September 2022. Nine benches have been installed. Phase 1A - (Volleyball Court and MUGA) - Lighting has been installed. Work to the MUGA has progressed well and is currently ready for tarmacadam surfacing. The fencing has been completed. The surface is prepared ready for painting. The artwork is finalised. The beach volleyball court is complete to formation level, kerbs completed, timber edging ordered to be installed, geotextile is in place. The fences are complete. Phase 2 (Sports Pitch and Rain Gardens) - Bridport Place and the Sports Pitch will be fenced off for the rain gardens and sports pitch improvement work. Phase 3 - (Playground Refurbishment) - The playground refurbishment is in progress. Phase 4 (Dorothy Thurtle Gardens, Adventure Playground Boundary Fence, Tree Plaza, Outdoor Gym) - The outdoor gym surface complete and equipment has been delivered to site to be installed.

Parks Depot - The project is forecast to spend the in-year budget of £0.9m. The works will start on Millfields Depot by the summer of 2022.

West Reservoir Improvements - The project is forecast to spend the in-year budget of £1.8m. The team is in the process of appointing a Design Team to move the project forward and anticipate a Planning Application being submitted in Spring 2023 and a start-on-site date in autumn 2023.

Streetscene

The forecast for the overall Streetscene is £11.7m, £4.9m below the in-year respective budget of £16.1m. The most significant underspend of £4.4m relates to the S106-funded programmes for Highway works. With these schemes, the service does not have control over when work may begin because they must wait for the developers to finish their work. A total of £4.9m will be re-profiled to the 2023/24 budget.

HOUSING

The overall forecast in Housing is £95m, £35.4m below the revised budget of £130.3m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at July 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
AMP Housing Schemes HRA	43,886	46,122	4,162	41,409	(4,713)
Council Schemes GF	6,999	3,448	196	4,426	978
Private Sector Housing	2,164	2,164	200	1,210	(954)
Estate Regeneration	30,003	32,970	(279)	12,203	(20,767)
Housing Supply Programme	33,406	35,812	388	23,353	(12,459)
Woodberry Down Regeneration	7,595	9,816	467	12,382	2,566
Total Housing	**124,052**	**130,333**	**5,135**	**94,982**	**(35,351)**

AMP Housing Schemes HRA

The overall scheme forecast is £41.4m, £4.7m below the in-year respective budget of £46.1m, this variance has been reprofiled into next year. The latest projected spend reflects a correction in the programme of works at Lincoln Court and the procurement to appoint a new electrical supplier. Bannister House is complete and subject to final accounting.

Council Schemes GF

The overall scheme forecast is £4.4m, £1m above the in-year respective budget of £3.4m. The budget from 2023/24 has been re-profiled back to current year to cover this overspend. The majority of this overspend relates to void works on Regeneration properties that are to be used as Temporary Accommodation until demolition. Before works proceed on each unit, the costs are checked to ensure it is financially viable to proceed, taking account of cost savings, rental income and the amount of time before demolition. 111 units are expected to receive works during the year.

There also continues to be a programme of HRA Buybacks on existing estates. These are partly funded by either ring-fenced Right-to-Buy receipts or GLA Buyback Grant and will result in savings for Housing Needs.

Private Sector Housing Schemes

The overall scheme forecast is £1.2m, £1m below the in-year respective budget of £2.2m. This is based on the grant activity levels expected during the year. On that basis a total of £0.8m has been re-profiled to 2022/23. The

Council's Disabled Facilities Grant award for 2022/23 is £1.7m. Any underspend of the grant in this financial year will be utilised by the Council's Adult Social Care.

Estate Regeneration Programme (ERP)

The overall scheme forecast is £12.2m, £20.8m below the in-year respective budget of £33m. Below is a brief update on the projects:

Marian Court, Kings Crescent Phase 3&4 and Nightingale Block E - The forecast is £2.9m, £12.5m below the in-year respective budget of £20.8m. A preferred bidder has been identified although current works costs are significantly higher than estimated. This is a reflection of the current construction market and the high level of risk developers are currently allowing for in their bids. The Council will enter into a contract, initially via a Pre-Construction Services Agreement (PCSA) to develop the designs and look for significant cost savings before proceeding with the main works contract. The variance has been re-profiled to 2022/23 to be utilised once the PCSA periods have ended.

Colville Phase 2C - The forecast is £1.5m, £1m above the in-year respective budget of £0.5m. A preferred bidder has been identified as part of the 2 stage procurement process and a PCSA period is to be entered into imminently. This will last until March 2023, during which time cost savings will be identified with the contractor. The budget from 2023/24 has been re-profiled back to current year to cover this overspend.

Colville Phase 4 and 5 - The forecast is £1.2m, £2.6m below the in-year respective budget of £3.8m. The forecast relates to the estimated buyback of 3 units this financial year. The variance has been re-profiled to 2023/24 to reflect the anticipated spend.

Tower Court - The forecast is £1.8m, £0.8m above the in-year respective budget of £1m. The final handover is expected to take place in October 2022. Discussions are still ongoing about how to best utilise the commercial workspace moving forwards, but this will likely have cost and time implications. The overspend will be funded by identified underspends in the overall programme.

Garage Conversion Affordable Workspace - The forecast is £0.06m, £0.47m below the in-year respective budget of £0.53m. The design work is currently on hold whilst operator engagement takes place. This may commence in quarter 4 depending on the outcome of the engagement. The variance has been re-profiled to 2022/23 to reflect the anticipated spend.

Mayor of Hackney's Housing Challenge - £2.01m is expected to be paid out to Housing Associations this year to help increase the supply of Affordable Housing in the borough. This will all be funded from Right-to-Buy receipts.

Frampton Arms and Lyttelton House - The forecast is in-line with the in-year respective budget of £0.10m with a minor underspend. These projects are complete and final accounts have now been agreed with the contractor. The 2023/24 budget for Frampton Arms has been re-profiled back to cover this overspend and the 2022/23 budget for Lyttelton House has been offered up for savings.

Housing Supply Programme

The overall scheme forecast is £23.4m, £12.5m below the in-year respective budget of £33m. The programme has been impacted significantly by the increasing level of inflation in the construction market where the costs of supplies and materials are impacted by rising costs, including for utilities, and shortage in the labour market are adding to the inflationary pressures in what is a very challenging market. Tenders are being returned significantly higher than pre tender cost estimates which impacts the viability of schemes which requires mitigating actions and an assessment of the impact on the overall programme. Below is a brief update on the projects:

Gooch House - The forecast is £0.49m, £0.02m below the in-year respective budget of £0.70m. The work is nearing completion. Final accounts to be agreed with the contractor including the allocation of any Liquidated Ascertained Damages (LAD's). The variance has been re-profiled to 2022/23 to reflect the anticipated spend.

Wimbourne Street and Buckland Street - The forecast is £18.2m, £3.3m below the in-year respective budget of £21.5m. The contract with Higgins has now gone unconditional and works have started on site. The works are currently forecast to take 24 months. Negotiations are ongoing with the GLA to try and increase the grant per Social Rent unit by £20k. The variance has been re-profiled to 2022/23 to reflect the actual spend of the works.

Murray Grove - The forecast is £0.2m, £4.3m below the in-year respective budget of £4.5m. Options are currently being considered due to bids received in 2021/22 being significantly higher than expectations. The 'start on site' is unlikely to be this financial year. The variance has been re-profiled to 2022/23 to recognise this change.

Tradescant House and Woolridge Way - The forecast is £0.25m, £0.18m above the in-year respective budget of £0.07m. Consideration is currently being given as to when it is best to issue the Invitation To Tender (ITT) taking account of the current challenging market conditions being experienced. The budget from 2023/24 has been re-profiled back to current year to cover this overspend.

De Beauvoir Phase 1 (Downham Road East, Downham Road West, Balmes Road, 81 Downham Road and Hertford Road) - The forecast is £0.2m, £1.2m below the in-year respective budget of £1.4m. Planning expected to be approved this financial year. The procurement of a main contractor to follow with an ITT issue date of January 2023. The 'start on site' is currently estimated for March 2024. The variance has been re-profiled to 2022/23 to reflect programme construction start date.

Pedro Street - The forecast is £0.97m, £2.38m below the in-year respective budget of £2.48m. Rectification works relating to ground contamination currently being undertaken. Various options for how the site progresses are being considered but all will have an adverse impact on cost and delivery timescales. The variance has been reprofiled to 2022/23 to recognise the change which has affected the programme of works.

Rose Lipman Project - The forecast is £0.23m, £0.95m below the in-year respective budget of £1.18m. The design and value engineering works are still ongoing. The planning application is due to be submitted in January 2023, with procurement of a contractor starting later in the calendar year. The variance has been reprofiled to 2022/23 in line with the actual programme.

Daubeney Road - The forecast is £1.16m, £0.86m above the in-year respective budget of £0.30m. All of the Private Sale units have now been handed over and sold, however the remaining Social Rent units have been delayed until September 2022. There have been continued cost pressures on this project, owing to Covid-19, party wall issues and design updates. The increased sales values will offset some of this uplift. The overspend will be funded by identified underspends in the overall programme.

Lincoln Court - The forecast is £0.14m, £0.25m below the in-year respective budget of £0.39m. The design work is still ongoing. The site is proving difficult from a financial viability perspective and options are being considered. The variance has been reprofiled to 2022/23 to recognise the change which has affected the programme of works.

Woodberry Down Regeneration

The overall scheme forecast is £12.4m, £2.6m below the in-year respective budget of £9.8m. Around 16 Buybacks are expected during the year. The majority will relate to Phase 4, where 41 Buybacks are required to complete before October 2024. Most of these will be used as Temporary Accommodation until demolition. There is also a £4m payment required to be made to Berkeley Homes, relating to a previous overage payment made to the Council in 2017 which is now required for Phase 3. Therefore the budget has been re-profiled to reflect the likely timeframe of the spend.

Appendices

None

Background documents

None.

Report Author	Russell Harvey, Senior Financial Control Officer Tel: 020 8356 2739 russell.harvey@hackney.gov.uk
Comments of the Group Director for Finance and Corporate Resources	Ian Williams, Group Director for Finance and Corporate Resources Tel: 020 8356 3003 ian.williams@hackney.gov.uk
Comments of the Director for Legal, Democratic and Electoral Services	Dawn Carter-McDonald, Director for Legal, Democratic and Electoral Services Tel: 0208 356 6234 dawn.carter-mcdonald@hackney.gov.uk

Title of Report	**Building Council Homes for Londoners (BCHfL) Grant Agreement - Right to Buy-back**	
Key Decision No	CHE S125	
For Consideration By	Cabinet	
Meeting Date	12 September 2022	
Cabinet Member	Cllr Guy Nicholson, Deputy Mayor for housing supply, planning, culture and inclusive economy	
Classification	Open with Exempt Appendix	
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	20 September 2022	
Group Director	Rickardo Hyatt, Group Director, Climate, Homes and Economy	

1. Cabinet Member's introduction

1.1. The Council has a proud record of building high-quality, well designed new affordable quality Council homes to help those in housing need in Hackney and to provide genuinely affordable housing in the borough for future generations. Despite the successes of Hackney's approach, there is a clear need to do even more to address the affordable housing shortage.

1.2. Hackney's response has been to deliver its own ambitious programme of building new Council homes. In the face of a chronic lack of Government funding for the building of new Council homes a range of initiatives are deployed to realise the funding and resources needed to deliver new affordable Council homes. One of these is the use of the Right-to-Buy receipts to help housing associations deliver more genuinely affordable housing in the borough, and now this GLA funding to buy back some of the homes lost under the Government's Right-to-Buy scheme, all help contribute to this delivery.

1.3. Buying back properties lost to the Right-to-Buy initiative complements the Council's house building programme to help tackle the borough's critical housing shortage and provide genuinely affordable Council homes for local communities.

1.4. It is a travesty that the Council is forced to pay many times more for these homes than it was forced to sell them for. The Mayor continues to make the case to the Government for reform of a policy, which fails to give Councils the funding and flexibility they need to replace lost Council housing, a policy which has also contributed to the huge housing shortage we have today.

1.5. The £9.9m GLA funding makes a significant contribution towards buying back 36 former Council homes that were lost through the right to buy initiative and help deliver 85 new Council homes. Homes that will provide safe, secure and genuinely affordable Council homes for local families who need it most, and I'm delighted that we're able to bring them back for this purpose.

1.6. I commend this report to Cabinet.

2. Group Director's introduction

2.1. This report seeks Cabinet authority to enter into a Building Council Homes for Londoners (BCHfL) grant agreement with the Greater London Authority (GLA) so £9,951,300 can be allocated against 36 homes that have been purchased by the Council under the Right to Buy-back fund, as well as 27 social rent units at Bucklands Road and 22 social rent units at Wimbourne.

3. Recommendations

3.1. **It is recommended that Cabinet agree to the Council entering a BCHfL grant agreement with the GLA in order to secure grant funding of £9,951,300.**

4. Reason(s) for decision

4.1. Demand for affordable housing in Hackney is significant and in the last few years has risen rapidly while supply has decreased. Only 409 lets were made available from Council and housing association stock in 2019/20 in the borough, compared with 1,229 in 2016/17 and 1,638 10 years prior in 2010/11. In the context of decreasing availability of lets, Hackney Council continues to strive to increase supply, including additional social housing properties, but demand exceeds what the Council can deliver. In response, the Council has been examining a range of options to expand its social housing stock, including the acquisition of former Council properties that were lost to the Right-to-Buy policy to bring these back for use by families on Hackney's housing waiting list.

4.2. The Council submitted bids totalling £9,951,300 of GLA funding against 36 housing units that have been bought back under the Right to Buy-back fund, as well as 27 social rent units at Bucklands Road and 22 social rent units at Wimbourne. In order to secure the funding allocation, the Council must enter into a BCHfL grant agreement with the GLA.

5. Details of alternative options considered and rejected

5.1. The Right to Buy-back fund helps increase the Council-owned housing stock and mitigates the impact of the Right to Buy policy. The properties bought back by Hackney Council under this fund are for social rent.

5.2. It is a requisite of receiving the £9,951,300 grant that the Council enters into a BCHfL grant agreement with the GLA. Therefore, the 'do nothing' option has been discounted as pursuing it would mean the Council forgoing the grant funding.

6. Background

Policy Context

6.1. Right to Buy is a government scheme introduced in 1980 (1980 Housing Act) to give Council tenants the chance to purchase their home at below market rates. Although the number of properties purchased via Right to Buy has been decreasing in recent years, over 300,000 Council homes have been sold in London since the introduction of the 1980 Housing Act. Thousands of

Council properties have been lost in Hackney through Right to Buy. An average of 50 Council homes are still sold in Hackney each year.

In 2021, the Mayor of London launched the Right to Buy-back fund to give boroughs the funds to acquire former Council homes that have been lost to the Right to Buy scheme. The fund is part of the Affordable Homes Programme 2016-2023, which includes the Building Council Homes for Londoners programme.

6.2. As stated in Hackney Council's Inclusive Economy Strategy 2019-25, "Building an inclusive economy is not just about economic opportunity, it is also about people feeling they belong in the borough and feel safe and included here". By providing additional social homes in the borough, we can ensure that more housing opportunities are provided for those in greatest need and a stable home will help people to access wider economic opportunities in the borough.

Equality impact assessment

6.3. An Equality Impact Assessment is not required to enter into the BCHfL grant agreement. However, the grant agreement includes a clause about 'Health & Safety and Equality and Diversity'.

Sustainability and climate change

6.4. There would be no new impacts on the physical and social environment from proceeding with the recommendations of this report.

Consultations

6.5. No formal consultations are required as part of this report.

Risk assessment

6.6. The risk assessment undertaken concluded low level risk and no further action is required.

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

7.1. There are two parts to this funding. £4,071,300 relates to grants for Buybacks completed during 2021/22, where grant for 36 units is being claimed. These Buybacks were an immediate increase to LBH's Housing stock, which is an advantage over the wider Regeneration programmes. Using this grant also means that retained RTB receipts can be used on other internal developments.

7.2. The remaining £5,880,000 relates to grants agreed for the Buckland and Wimbourne Street projects whereby £120k per Social Rent unit has been negotiated. This replaces the previous BCHfL grant on these schemes, where only £100k per unit was awarded. This improves the viability by around £1m overall and offsets some of the cost increases seen in the construction market recently. We are also able to claim 85% of the funding at start on site, instead of only 50% under the previous BCHfL bid. This will result in an interest cost saving.

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

8.1. The decision in paragraph 3.1 of this Report is a key decision under Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 as it is an executive decision, which is likely (a) to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant having regard to the relevant local authority's budget for the service or function to which the decision relates; or (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority. Key decisions can be made by Cabinet under Article 13.6 of the Constitution and therefore this Report is being presented to Cabinet for approval. Further, funding arrangements within the budget strategy in respect of Regeneration Schemes are also reserved to the Mayor and Cabinet under the Mayor's Scheme of Delegation (January 2017) and therefore Cabinet is able to agree to the recommendations in this Report.

8.2. In order to accept the funding from the GLA, Building Council Homes for Londoners (BCHfl), the Council will need to enter into a grant agreement with the GLA which will set out the terms of the grant. It is important that the Council complies with the terms of such grant in order to secure the grant funding and ensure it is not subject to clawback.

8.3. It will also be necessary to ensure that any of the grant sums, which are applied in the provision of services or works from third parties are compliant with any clauses in the grant conditions regarding the appointment of third parties, and compliant with both the law regarding procurement and the Council's own internal requirements as set out in Contract Standing Orders.

Appendices

Appendix 1 - Grant Agreement-Local Authority in relation to the Building

Council Homes for Londoners Programme (project-by- project basis) (Exempt)

Exempt

The Appendix is exempt due to the nature of the contract which are not usually public documents.

Background documents

None

Report Author	Erica Moresco Project Manager Email: erica.moresco@hackney.gov.uk Tel: 02083562582
Comments for the Group Director of Finance and Corporate Resources prepared by	Adam Jauncey Group Accountant Email: adam.jauncey@hackney.gov.uk Tel: 020 8356 7922
Comments for the Director of Legal, Democratic and Electoral Services prepared by	Chantelle Pink (Lawyer) Legal Services Tel: (020) 8356 5027 Email: chantelle.pink@hackney.gov.uk

Hackney

Title of Report	**Appointment of Local Authority Governors**	
Key Decision No	Non Key Decision	
For Consideration By	Cabinet	
Meeting Date	12 September 2022	
Cabinet Member	N/A	
Classification	Open	
Ward(s) Affected	**Hackney North and Stoke Newington**	
Key Decision & Reason	No	The appointment of Local Authority Governors do not impact two or more wards, and do not incur expenditure over £1 million.
Implementation Date if Not Called In	N/A	
Group Director	**Jacquie Burke**, Group Director of Children and Education	

1. Recommendations

1.1. **Cabinet is recommended:**

To approve the following nominations as set out below:

Governing Body	Name	Date Effective
Benthal Primary School	David Jones	01/09/2022

2. Background

2.1 The School Governance Constitution (England) Regulations 2012 (the Constitution Regulations) require that for each maintained school the Governing Board has one Local Authority Governor (LA Governor). LA Governors are nominated by the Local Authority and appointed by the Governing Board. The Governing Board must provide the Local Authority with eligibility criteria for a vacant LA Governor position. These must include the credentials and skills candidates should possess. The school may wish to put forward an individual to be considered by the Local Authority for nomination. The Governing Board decides first if the proposed candidate meets the specified criteria and is eligible to be an LA Governor. The Local Authority then nominates the candidate. The Governing Board then appoints the nominee at a meeting of its full Governing Board. Once appointed, LA Governors must govern in the interests of the school.

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

3.1 There are no budgetary implications to these nominations.

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

4.1. Legal comments have been incorporated into the body of the report.

Report Author	Madalina Brockmann Hackney Education Governor Services Manager madalina.brockmann@hackney.gov.uk Tel: 020 8820 7377
Comments for the Group Director of Finance and Corporate Resources prepared by	Sajeed Patni Head of Finance (Children & Education) sajeed.patni@hackney.gov.uk Tel: 020 8356 4347
Comments for the Director of Legal, Democratic and Electoral Services prepared by	Lucinda Bell Education Lawyer lucinda.bell@hackney.gov.uk Tel: 020 8356 4527

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