

CAPITAL PROGRAMME UPDATE REPORT

Key Decision No. FR L5

CABINET MEETING DATE

20 July 2015

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All Wards

CABINET MEMBER

Mayor Pipe

KEY DECISION

Yes

REASON

Spending or Savings

CORPORATE DIRECTOR

Ian Williams Corporate Director of Finance and Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This is the second report on the capital programme for 2015/16 and includes capital project approvals for Children and Young People's Services, Finance and Resources, Health and Community Services and the Directorate of Housing Services.
- 1.2 The report recommends investment in schemes which will bring real benefits to local residents and other users of Council services.

2. CORPORATE DIRECTOR'S INTRODUCTION

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

3. RECOMMENDATION(S)

- 3.1 **That the schemes for Children and Young People's Services as set out in 9.2 be given resource, virement and spending approval as follows:**

Education Asset Management Programme: Resource approval of £3,000k in 2016/17, spending approval of £2,518k and virement approval of £500k from 2015/16 to 2016/17 is request in order that priority 1 and 2 needs identified as part of the rolling condition surveys can be addressed during the 2015 school summer holidays.

BSF Life Cycle Works 2015/16: Virement and spending approval for £180k in 2015/16 is requested in order to facilitate the Life Cycle Works across BSF buildings.

Devolved Formula Capital (DFC): Resource and spending approval of £420k in 2015/16 is requested for the allocation of this Dfe grant to individual schools based on total number of pupils per school.

Queensbridge Expansion: Virement approval of £105k and spending approval of £205k is requested (£100k in 2015/16, £95k in 2016/17 and £10k in 2017/18) in order to provide an additional classroom at Queensbridge Primary School by September 2015 and a further classroom by September 2016.

- 3.2 **That the schemes for Finance and Resources as set out in section 9.3 be given resource and spending approval as follows:**

148-154 Stoke Newington Church Street: Resource and spending approval of £250k in 2015/16 is requested as a result of addition works required on site at 148-154 Church Street.

OQD Upgrade Lower Clapton Road: Resource and spending approval of £1,175k in 2015/16 is requested to facilitate the addition works requirement at Lower Clapton Road.

3.3 That the S106 schemes as set out in section 9.4 and summarized below be given resource and spending approval as follows:

S106 Schemes	2015/16
	£'000
Capital	569
Revenue	5
Total Resource and Spend approvals	574

3.4 That the virements within CYPs and Housing capital programmes be approved as detailed in para 9.5:

3.5 That the acquisition set out in section 9.6 being duly noted.

4. REASONS FOR DECISION

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

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

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

None

6. BACKGROUND

6.1 Policy Context

The report to recommend the Council Budget and Council Tax for 2015/16 considered by Council on 26th February 2015 sets out the original Capital Plan for 2015/16. Subsequent update reports considered by Cabinet have amended the Capital Plan for additional approved schemes and other variations.

6.2 Equality Impact Assessment

Equality impact assessments are carried out on individual projects and included in the relevant reports to Cabinet or Procurement Committee, as required. Such details are not repeated in this report.

6.3 Sustainability

As above

6.4 Consultations

Relevant consultations have been carried out in respect of the projects included within this report, as required. Once again, details of such consultations would be included in the relevant detailed reports to Cabinet or Procurement Committee.

6.5 Risk Assessment

The risks associated with the schemes detailed in this report are considered in detail at individual scheme level. Primarily these will relate to the risk of the projects not being delivered on time or to budget. Such risks are however constantly monitored via the regular capital budget monitoring exercise and reported to cabinet within the Overall Financial Position reports. Specific risks outside of these will be recorded on departmental or project based risk registers as appropriate.

7. COMMENTS OF THE CORPORATE DIRECTOR OF FINANCE AND RESOURCES

- 7.1 The gross approved Capital Spending Programme for 2015/16 currently totals £303.528m (£150.526m non-housing and £153.002m housing). This is funded by discretionary resources (borrowing, government grant support (SCE(c)), 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 2015/16 will total £311.937k (£158.576m non-housing and £153.361m housing).

Directorate	Updated Budget Position	Jul 15 Cabinet Update	Updated Budget Position
Chief Executive Services	15,559	-	15,559
Children's Services	66,700	(185)	66,515
Finance & Resources	32,453	8,067	40,520
Health & Community Services	35,726	168	35,894
Legal, HR and Regulatory Services	88	-	88
Total Non-Housing	150,526	8,050	158,576
Housing	153,002	359	153,361
Total	303,528	8,409	311,937

8. COMMENTS OF THE CORPORATE DIRECTOR OF LEGAL, HR AND REGULATORY SERVICES

- 8.1 The Corporate Director of Legal, HR and Regulatory Services has been consulted on the contents of this report and wishes to comment on recommendation 3.3 and paragraph 9.4 where Cabinet is being invited to approve the allocation of monies from Section 106 funding to projects.
- 8.2 Section 106 of the Town and Country Planning Act 1990 permits anyone with an interest in land to enter into a planning obligation enforceable by the local planning authority. Planning obligations are intended to make acceptable development that would otherwise be unacceptable in planning terms. They are usually referred to as Section 106 Agreements. They may restrict the development or secure a financial contribution related to the development. Local Authorities must comply with Regulation 122 of the Community Infrastructure Levy Regulations 2010 as amended Regulation 122 enshrines in legislation for the first time the legal tests that planning obligations must meet.
- 8.3 Once completed Section 106 Agreements are legally binding. This means that any monies which are the subject of the Agreement can only be expended in accordance with the terms of the Agreement. In this case, the Council's lawyers are satisfied that the terms of the Section 106 Agreement referred to would allow the financial contributions to be applied as set out in this report.

9 CAPITAL PROGRAMME 2015/16 AND FUTURE YEARS

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

9.2 Children and Young People's Services:

- 9.2.1 **Education Asset Management Programme:** Resource approval of £3,000k in 2016/17, spending approval of £2,518k and virement approval of £500k from 2015/16 to 2016/17 is request in order that priority 1 and 2 needs identified as part of the rolling condition surveys can be addressed during the 2015 school summer holidays. These works will remedy statutory compliance issues, health & safety needs and prevent further deterioration of the school buildings. Summary details of the works to be carried out are included in the table below. The spending approval requested for 2015/16 has no impact on the overall capital programme as resources to cover this were included in the budget approved by Council in February. The £3,000k relating to 2016/17 is to be met in main by the LA Capital Maintenance grant with any further requirements being funded by reserves held by the authority.

School	2015/16 AMP Amount	AMP Works
	£'000	
Woodberry Down School	200	Mechanical Work: distribution pipework. Internal structural cracks require investigation.
Jubilee Primary School	138	Roofs: replace roof light, replace hatch and lining system.
Queensbridge	17	External Walls, Windows and Doors: install double glazing
	7	Internal Walls and Doors: Fire safety works
	250	Electrical services: full rewire.
	250	Mechanical services: replace pipework, install TRVs, replace circulation pump.
Daubeney	45	Boundary walls and railings: See structural report recommending drainage, boundary railings and boundary walls.
	10	Electrical services - install fire alarm in nursery
Tyssen	78	Roofs: Upgrade roof light, balustrading and CAT ladder
	30	Boundary wall
	165	Mechanical: boilers, distribution, hot and cold water.
Sir Thomas Abney	3	Electrical Services: Lighting works, replace distribution boards
Baden Powell	22	Roof: replace roof light
Benthal School	100	Urgent repairs
Betty Layward	67	Roofs: install roof insulation
	10	External Area: Crack boundary wall by entrance of school between the leisure centre and the school/former PRU
	10	Floors & Stairs: Damp issues in the hall and corridor flooring. Needs investigation.
	15	Removal of chimney breasts and rebuilding piers
Kingsmead	2	Roof: new flat roofs
Morningside	15	Roofs: renew roof covering, structural engineer to inspection of roof structure and chimney
	30	Repairs to boundary walls
Woodberry Down School	263	Roofs: renew roof covering, insulation and flashing.
Colverstone	5	Structural survey recommended in condition survey for the boundary wall.
	10	Lateral damp penetration ruining

School	2015/16 AMP Amount	AMP Works
	£'000	
		decorations. Corroded and heavily failing decorations to painted zinc soffit to main entrance portico.
	20	Fire alarm upgrade.
Grasmere	15	External Area: fix boundary wall
	84	Electricity services: install fire alarm, wiring
	180	
Harrington Hill	0	Roof: replace roof lights
Holmleigh	59	Roof: replace roof lights
London Fields	2	Roof: Investigate source for leak and remedy
Mandeville	5	Electrical Services: rewiring, lighting works, replace distribution boards, isolator busbar chamber £60k emergency lighting, fire alarm.
Whitmore	24	Ceiling: fire prevention works
	10	Boundary wall: structural investigation - boundary and caretakers house/ICT suite
	24	Electrical Services
Randal Cremer	10	Ceilings: Re-glaze roof light. Park of heating/cooling works - defect.
	100	Mechanical Services: Investigate overheating issues and improving cooling and heating system, install TRV
Springfields	65	Roofs: upgrade insulation, renew roof light
William Patten	18	Roofs: renew roof covering, insulating and flashing.
	22	Ceiling: fire prevention works
	28	Floors and stairs: replace treads and overhaul staircase
Clapton Park	50	Roof: Roof renewal.
Debeauvoir	6	Mechanical Services: Install solenoid valve
	55	Electrical services: install fire alarm
TOTAL	2,518	

9.2.2 **BSF Life Cycle Works 2015/16:** Virement and spending approval for £180k in 2015/16 is requested in order to facilitate the Life Cycle Works across BSF buildings, detailed in the table below. This has no further impact on the capital plan as the overall resources are already within the approved 2015/16 capital budget.

School	Amount	LC Requirement
	£'000	
Cardinal Pole	27	£15k Early failure allowance , £12k Cyclical Redecoration

Our Lady's	24	£12k Early failure allowance, £12k Cyclical Redecoration
The Urswick	24	£12k Early failure allowance, £12k Cyclical Redecoration
Ickburgh	15	£12k Early failure allowance, £12k Cyclical Redecoration
The Garden	13	Early failure allowance
Stormont	13	Early failure allowance
Clapton Academy	13	Early failure allowance
Stoke Newington	13	Early failure allowance
Haggeston	40	Continuation of Block A and link corridor window replacement project
Total	180	

9.2.3 **Devolved Formula Capital (DFC):** Resource and spending approval of £420k in 2015/16 is requested for the allocation of the Dfe grant to individual schools based on total number of pupils per school. As this is fully grant funded there is no further impact on the capital plan.

9.2.4 **Queensbridge Expansion:** Virement approval of £105k and spending approval of £205k is requested (£100k in 2015/16, £95k in 2016/17 and £10k in 2017/18) in order to provide an additional classroom by September 2015 and a further classroom by September 2016 as a result of the increase in intake at the school. This approval has no further impact on the capital plan as the overall resources are already within the approved Additional School Places 2015/16 capital budget.

9.3 Finance and Resources:

9.3.1 **148-154 Stoke Newington Church Street:** Resource and spending approval of £250k in 2015/16 is requested to facilitate the additional works at 148-154 Church Street as a result of the ground condition survey. Cabinet approval was sought for £1,200K in December 2013 to substantially demolish and rebuild this property. This expenditure is to be funded through reserves held by the Authority and therefore has no further impact on the capital plan.

9.3.2 **OQD Upgrade Lower Clapton Road:** Resource and spending approval of £1,175k in 2015/16 is requested to facilitate the addition works requirement at Lower Clapton Road. £1,900k was previously approved in September 2014 for the refurbishment, upgrade and adaptation Works at 136 - 142 and 136a, 142a Lower Clapton Road OQD Building. These works will facilitate the decant required to enable the re-letting of Keltan House whilst at the same time bringing together the parking services and enforcement operations, in line with the Council's Accommodation Strategy aimed at reducing the overall ongoing revenue costs associated with the corporate estate. These works also facilitate the wider regeneration aspirations within the Hackney Central area. This expenditure is to be resourced by reserves held by the authority and therefore has no further impact on the capital plan.

9.4 S106 Approvals:

9.4.1 Resource and spending approval is requested for £574k (£569k Capital and £5k Revenue) in 2015/16 in respect of the project detailed below, to be financed by S106 contributions. The works to be carried out are in accordance with the terms of the appropriate S106 agreement.

Planning App. No.	Project Description	Agreement Development Site	2015/16 £'000
2007/0989	Happy Nest	26-30 Southgate Road	42
2001/0600	Homerton Library Improvements	The Former Lauriston Primary School Annex	18
2009/2012	Highways Works 213-215 New North Rd	213-215 New North Rd	36
2012/3330	Denman House	Denman House Barn Street	29
2013/2499	25a Willberforce Road	25a Willberforce Road	5
2013/1345	Highway Works 8-10 Paul Street	8-10 Paul Street	32
2007/1215	1a Finsbury Park Road	1a Finsbury Park Road	16
2012/3856	Hare Walk	161-165 Kingsland Road	14
2010/2784	Highways Works 217 Queensbridge Road	217 Queensbridge Road	18
2001/0423 & 2001/0538	Trowbridge Environmental Works	Trowbridge Estate, EastWay Hackney Wick	359
Total Capital Approvals			569
2007/0989	Gillette and Dalston Square	Dalston Western Curve & 25-33a Kingsland Road	5
Total Revenue Approvals			5
Total S106 Approvals			574

9.5 Capital Programme Adjustments:

9.5.1 The following schemes need to be amended in the Capital Programme in order that the approved budget reflects delivery of the anticipated programme.

CYPS

Scheme	Budget 2015/16	Change 2015/16	Updated Budget 2015/16
	£000	£000	£000
CC Start Up Maintenance	354	(5)	349
Improvements to Kitchens	100	68	168
Woodberry Down AMP	465	63	528
AMP	3,319	(126)	3,193
	4,238	0	4,238

HSG

Scheme	Budget 2015/16	Change 2015/16	Updated Budget 2015/16
	£'000	£'000	£'000
Hackney Homes Capital Schemes			
Shoreditch A DH P2	(689)	689	0
Shoreditch B DH P2	4,243	(1,150)	3,093
Homerton DH P2	(461)	461	0
Council Capital Schemes	0	0	0
Housing Needs Allocation HRA	3,045	(170)	2,875
B/wide Housing under Occupation	(170)	170	0
Estate Renewal Programme	0	0	0
ERP 14/15 committed	46,780	(939)	45,841
Marian Court Phase 3	(929)	929	0
HW&K REGEN FINANCIAL APPRAISAL	(10)	10	0
Other Regeneration Schemes	0	0	0
Woodberry Down Bid	4,518	(770)	3,748
Kick Start Programme	(83)	83	0
Stock Transfer to HA	(31)	31	0
Other Heads	(34)	34	0
Woodberry Works/Const Training	(3)	3	0
Woodberry Down Security	(32)	32	0
Woodberry Down Phase 2-5	(585)	585	0
Woodberry Down Tenancy Agree	(3)	3	0
Woodberry Down Kickstart	(0)	0	0
Net Sub total	55,556	0	55,556

9.6 To be noted:

9.6.1 As reported to Cabinet in May 2015, the freehold acquisition of **333-337 Mare Street** for £6.600k. This property acquisition enables the Council to secure ownership that it currently does not have within the heart of Hackney Central adjacent to the station. It could also provide the Council the opportunity to further shape Hackney Central in the future. This property is not only strategically placed but further provides the Council with an excellent investment being leased to a high street brand producing a sizeable rental

income which has significant growth potential. This purchase is to be financed from reserves held by the authority although the final option for financing will be considered as part of the wider financing of the capital programme to ensure that the option providing best value is used.

APPENDICES

None

BACKGROUND PAPERS

None

Report Author	Chantelle Rigsby, 020 8356 2629 & Michael Honeysett, 020 8356 3332
Comments of the Corporate Director of Finance and Resources	Michael Honeysett, 020 8356 3332, Michael.honeysett@hackney.gov.uk
Comments of the Corporate Director of Legal, HR and Regulatory Services	Yinka Owa, 020 8356 6234 Yinka.owa@hackney.gov.uk