

**CAPITAL UPDATE REPORT**

**Key Decision No. FR L20**

**CABINET MEETING DATE (2015/16)**

**23 November 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 fifth 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 Housing Services directorates.
- 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:**

**Clapton Portico:** Virement and spending approval of £100k (£50k in 2015/16 and £50k in 2016/17) is requested for the maintenance and repair of the Clapton Portico Building along with the provision of space for a "bulge" class.

**Shacklewell School:** Resource and spending approval of £500k (£70k in 2015/16 and £430k in 2016/17) is requested to facilitate the demolition and replacement of the year 6 Building (Block C) in Shacklewell Primary School.

**Primary Schools AMP:** Virement approval of £934k is requested in order to better apportion the schools AMP budgets to reflect individual scheme delivery.

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

**Stoke Newington Library Essential Repairs:** Spending approval of £160k is requested to enable essential repairs to the roof, masonry and stonework of this Grade 2 listed building.

**Stoke Newington Town Hall Essential Repairs:** Spending approval of £100k (£40k in 2015/16 and £60k in 2016/17) is requested to facilitate urgent roofing refurbishment at the Grade 2 listed Stoke Newington Town Hall.

**Commercial Property Reactive Emergency:** Resource and spending approval of £50k in 2015/16 is requested to enable emergency reactive capital works to properties in the Commercial and Voluntary and Community Sector portfolios to be carried out as they are identified.

3.3 That the schemes for the directorate of Housing Services as set out in section 9.4 be given resource, virement and spending approval as follows:

**Shoreditch B Decent Homes Phase2:** Resource and spending approval of £3,160k in 2015/16 is requested to facilitate the delivery of 172 additional decent homes by end of the financial year.

**Housing Schemes:** Virement approval is requested for £3,908k in order to reappropriate the Housing Needs and Housing Regeneration 2015/16 approved budget to better reflect actual project delivery.

3.4 That the S106/278 schemes as set out in section 9.5 and summarized below be given resource and spending approval as follows:

	2016/17	2017/18
	£'000	£'000
S106/278	858	240
<b>Total Resource and Spend approvals</b>	<b>858</b>	<b>240</b>

3.5 That the reprofiling of the budgets as set out in section 9.6 and Appendix 1 be approved as follows:

	2015/16	2016/17
	Reprofiled	Reprofiled
	£'000	£'000
TOTAL NON HOUSING	(63,848)	63,848
TOTAL HOUSING	(10,043)	10,043
<b>NET SPENDING</b>	<b>(73,891)</b>	<b>73,891</b>

3.6 That the capital programme adjustments as detailed in para 9.7 be approved accordingly:

Budget 2015/16	Change 2015/16	Updated Budget 2015/16	Budget 2016/17	Change 2016/17	Updated Budget 2016/17
£'000	£'000	£'000	£'000	£'000	£'000
5,500	(403)	5,097	13	(13)	0
<b>5,500</b>	<b>(403)</b>	<b>5,097</b>	<b>13</b>	<b>(13)</b>	<b>0</b>

3.7 That the schemes detailed in section 9.8 be 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 26<sup>th</sup> 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 £322.426m (£169.065m non-housing and £153.361m 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 £252.182m (£105.704m non-housing and £146.478m housing).

Directorate	Budget Position Oct 15	Phase 1 Reprofiting	Nov 15 Cabinet Update	Updated Budget Position
	£000	£000	£000	£000
Chief Executive Services	15,531	(15,165)		366
Children's Services	65,701	(32,214)	20	33,507
Finance & Resources	45,449	(7,461)	(10)	37,978
Health & Community Services	42,296	(9,008)	477	33,765
Legal,HR and Regulatory Services	88	-		88
<b>Total Non-Housing</b>	<b>169,065</b>	<b>(63,848)</b>	<b>487</b>	<b>105,704</b>
<b>Housing</b>	<b>153,361</b>	<b>(10,043)</b>	<b>3,160</b>	<b>146,478</b>
<b>Total</b>	<b>322,426</b>	<b>(73,891)</b>	<b>3,647</b>	<b>252,182</b>

## 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 3.4 and 3.7 and paragraph 9.5 and 9.8 where Cabinet is being invited to approve the allocation of monies to projects from funding from agreements under Section 278 of the Highways Acts 1980 and S106 of the Town and Country Planning Act 1990.
- 8.2 S.106 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 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 ODPM Circular 05/2005 on Planning Obligations and Section 122 of the Community Infrastructure Levy Regulations 2010. Section 122 enshrines in legislation for the first time the legal test that planning obligations must meet.

8.3. Once completed S.106 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. In this case, the Council's lawyers are satisfied that the terms of the S.106 Agreements referred to would allow the financial contributions to be applied as set out in this report.

8.4 Hackney Council approved the Planning Contributions Supplementary Planning Document on 1 November 2006 under which contributions are secured under S106 and S278 agreements

## **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 **Clapton Portico:** Virement and spending approval of £100k (£50k in 2015/16 and £50k in 2016/17) is requested for the maintenance and repair of the Clapton Portico Building together with the provision of space for a bulge class on the site as identified for future years. This approval has no further impact on the capital plan as the overall resources already form part of the approved Additional Secondary School Provisions 2015/16 capital budget.

9.2.2 **Shacklewell School:** Resource and spending approval of £500k, (£70k in 2015/16 and £430k in 2016/17) is requested to facilitate the demolition and replacement of the year 6 Building (Block C) in Shacklewell Primary School. It was originally designed as a temporary building which has now exceeded its design life. The replacement building will be located in the adjacent garden area and will give full consideration to the DFE and current building regulations. The resources for this scheme are to be met by in part by £430k revenue contribution financed from reserves held by the authority and a contribution of £70k from the school.

9.2.3 **Primary Schools AMP:** Virement approval of £934k is requested in order to more accurately apportion the schools AMP budgets to reflect project delivery. The full details of the above approvals are set out in the table below. They have no further impact on the capital plan as the overall resources required are already within the approved capital programme.

Scheme	Revised Budget	Virement	Revised Budget
	£'000	£'000	£'000
Major Schemes Contingency	114	(1)	113
PCP Feasibility & Project	4	1	5
C C AMP needs/maintenance	200	(110)	90
Primary School AMP Needs	175	(175)	0
Jubilee Primary	138	65	203
Queensbridge Primary	524	(75)	449
Daubeney Primary	55	25	80
Millfields Expansion & Lift	0	20	20
Millfields Fire Doors M. Wks	20	(20)	0
Sir Thomas Abney Kitchen TC	3	6	9
CC Start Up Maintenance	349	110	459
Gainsborough Expansion	47	(20)	27
Baden Powell School	22	5	27
Grazebrook Primary School	8	(8)	0
Betty Layward AMP	106	(27)	79
Gayhurst AMP	18	(10)	8
Kingsmead AMP	3	1	4
Morningside AMP	46	45	91
Rushmore AMP	0	46	46
Woodberry Down AMP	991	(12)	979
Burbage AMP	0	2	2
Colvestone AMP	35	29	64
Grasmere AMP	279	(78)	201
London Fields AMP	7	30	37
Manderville AMP	5	23	28
Parkwood AMP	7	16	23
Whitmore AMP	58	(4)	54
Randal Cremer AMP	110	(5)	105
Springfield AMP	65	25	90
William Patten AMP	70	19	89
Design & Development AMP	0	85	85
Ickburgh BSF	580	(199)	381
Ickburgh BSF Ph3	(104)	199	95
BSF PRUs	6,831	(379)	6,452

PRU Nile Street	7,621	379	8,000
Asbestos works	390	(10)	380
<b>Total</b>	<b>18,776</b>	<b>0.00</b>	<b>18,776</b>

### 9.3 Finance and Resources:

9.3.1 **Stoke Newington Library Essential Repairs:** Spending approval of £160k is requested to enable essential repairs to this Grade 2 listed building. Of the £160k, £90k will enable roofing refurbishment and £70k masonry rebuilding and repair works including stonework. These works are urgent due to the condition of the building caused partly by rain water leaks over many years. This approval will have no further impact on the capital plan as the overall resources already form part of the approved 2015/16 capital budget.

9.3.2 **Stoke Newington Town Hall Essential Repairs:** Spending approval of £100k (£40k in 2015/16 and £60k in 2016/17) is requested to facilitate roofing refurbishment at the Grade 2 listed Stoke Newington Town Hall. These works are urgent due to the condition of the building caused partly by rain water leaks over many years risking disruption to revenue generation. This approval will have no further impact on the capital plan as the overall resources already form part of the approved 2015/16 capital budget.

9.3.3 **Commercial Property Emergency Reactive Works:** Resource and spending approval of £50k in 2015/16 is requested to enable urgent reactive capital works to properties in the Commercial and Voluntary and Community Sector portfolios as and when these are identified.

### 9.4 Directorate of Housing Services

9.4.1 **Shoreditch B Decent Homes Phase2:** Resource and spending approval of £3,160k in 2015/16 is requested to facilitate the delivery of works that will bring 172 additional homes to the decent standard. This is an extension to the existing 2012-15 Decent Homes Backlog grant programme. The resources are to be met by a grant contribution from the GLA and therefore will have no further impact on the on the capital plan.

9.4.2 **Housing Schemes:** Virement approval is requested for £3,908k in order to reappportion the Housing Needs and Housing Regeneration 2015/16 approved budgets to better reflect project delivery. The full details of the above approvals are set out in the table below.

Scheme	Revised Budget	Change	Revised Budget
	£'000	£'000	£'000
<b>Council Capital Schemes</b>			



Scheme	Revised Budget	Change	Revised Budget
	£'000	£'000	£'000
Housing Needs Allocation HRA	2,875	(344)	2,531
B/wide Housing under occupatio	0	507	507
Fresh Start Scheme	212	(197)	15
Hostels - Major Repairs	695	153	848
Under Occupation (Voids)	351	(217)	134
Special Needs Adaptation Prog	276	(246)	30
Commercial Properties	0	344	344
<b>Net Sub total</b>	<b>4,409</b>	<b>0</b>	<b>4,409</b>
<b>Estate Renewal Programme</b>			
ERP 14/15 committed	46	(46)	0
ERP 13/14 new schemes	14	(9)	5
Estate Renewal Implementation	0	1	1
Bridge House Phase 2	1	6	7
Kings Crescent Phase 1+2	0	34	34
Colville Phase 2	3	1	4
ER1 Colville phase 3	1	0	1
St Leonard's Court	0	2	2
Acquisition Frampton Arms PH	0	1	1
Great Eastern Building	1	4	5
King Edwards Road	0	1	1
Marian Court Phase 3	0	2	2
Nightingale	0	2	2
<b>Net Sub total</b>	<b>66</b>	<b>0</b>	<b>66</b>
Other Regeneration Schemes			
Woodberry Down Bid	3,748	(2,849)	899
Kick Start Programme	0	302	302
Stock Transfer to HA	0	150	150
Other Heads	0	1,511	1,511
Phase2 & Other Heads	7,095	97	7,192
Woodberry Down Phase 2-5	0	720	720
Woodberry Down Tenancy Agree	0	3	3
Woodberry Down Kickstart	0	65	65
<b>Net Sub total</b>	<b>10,843</b>	<b>(0)</b>	<b>10,843</b>
<b>Total Housing Schemes</b>	<b>15,318</b>	<b>(0)</b>	<b>15,318</b>

## 9.5 S106/S278 Capital Approvals:

9.5.1 Resource and spending approval is requested for £1,098k (858k in 2015/16 and £240k in 2016/17) in respect of the projects detailed below, to be

financed by S106/S278 contributions. The works to be carried out are in accordance with the terms of the appropriate S106/S278 agreement.

<b>Planning Application Number</b>	<b>Project Description</b>	<b>Agreement Development Site</b>	<b>2015/16</b>	<b>2016/17</b>
2012/3792	Shoreditch Village	Shoreditch High Street 187-193	20	240
2013/0900	Frampton Park Road	Frampton Baptist Church	41	
2008/2333	Highways works Clifton Street	Clifton Street 102-108	22	
2012/0123	Highways works Willow Street 10-50	Willow Street 10-50	171	
2010/1239	Highways works 2 Sylvester Road	2 Sylvester Road	7	
2013/2442	Highway works 52 Well Street	52 well Street and Shore Place	38	
2013/1699	Highways works 218 Green Lanes	218 Green Lanes	54	
2013/1102	Highways works Gascoyne Road	Gascoyne Road & Harrogate	59	
2010/1409	Highways works 42 Lower Clapton Road	42 Lower Clapton Road	19	
2011/0444	Wenlock Road/Sturt Street/Shepherdess Walk Park Improvements	Wharf Road	80	
2012/3006	Clapton Common Pedestrian Improvements	Buccleuch House Clapton Common	30	
2013/3979	Highways work Nightingale Estate	Nightingale Estate Rendlesham Road	27	
2013/1039	Dalston Western Curve	Highways Contribution- DWC	290	
<b>Total</b>	<b>Section 106/278</b>		<b>858</b>	<b>240</b>

## 9.6 Reprofile of the Capital Budgets

The capital programme is reprofiled 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 reprofiling of the capital programme between years, the full details of which are shown at Appendix 1.

SUMMARY 2015/16 REPROFILING PHASE 1		
	2015/16	2016/17
	Reprofiled	Reprofiled
Directorate	£'000	£'000
<b>Non Housing</b>		
Chief Executive Services	- 15,165	15,165
Children's Services	- 32,214	32,214
Finance And Resources	- 7,461	7,461
Health & Community Services	- 9,008	9,008
<b>TOTAL NON HOUSING</b>	<b>- 63,848</b>	<b>63,848</b>
<b>Housing</b>		
Housing Other	- 10,043	10,043
<b>TOTAL HOUSING</b>	<b>- 10,043</b>	<b>10,043</b>
<b>NET SPENDING</b>	<b>- 73,891</b>	<b>73,891</b>

## 9.7 Capital Programme Adjustments:

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

Scheme	Budget 2015/16	Change 2015/16	Updated Budget 2015/16	Budget 2016/17	Change 2016/17	Updated Budget 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000
Cycle Super Highway	5,500	(403)	5,097			
77 Parkholm Supported HSG				13	(13)	0
	<b>5,500</b>	<b>(403)</b>	<b>5,097</b>	<b>13</b>	<b>(13)</b>	<b>0</b>

## 9.8 To Be Noted:

9.8.1 A delegated powers report for the virement and spending approval of £90k in 2015/16 in respect of health, safety and urgent repairs required at **Chats Palace** was approved. These works consist of installation of a new wireless fire alarm, a new emergency lighting system and upgrade of fire doors. The required resources already form part of the approved 2015/16 capital budget for **Voluntary Sector** and therefore this approval has no further impact on the Capital Plan.

9.8.2 A delegated powers report for resource and spending approval of £22k was approved to upgrade the highway and public footway to the property of 86-100 Mare Street, as set out in the relevant S278 agreement. This expenditure is financed by a S278 contribution and therefore has no further impact on the Capital Plan.

## APPENDICES

### Appendix 1: Capital Re-profiling

#### BACKGROUND PAPERS

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

None

<b>Report Author</b>	Chantelle Rigsby, 020 8356 2629
<b>Comments of the Corporate Director of Finance and Resources</b>	Michael Honeysett, 020 8356 3332, <a href="mailto:Michael.honeysett@hackney.gov.uk">Michael.honeysett@hackney.gov.uk</a>
<b>Comments of the Corporate Director of Legal, HR and Regulatory Services</b>	Yinka Owa, 020 8356 6234 <a href="mailto:Yinka.owa@hackney.gov.uk">Yinka.owa@hackney.gov.uk</a>