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| Capital Update Report KEY DECISION NO. FCR M84 | |
| CABINET MEETING DATE 2016/17 23 January 2017 | CLASSIFICATION: Open If exempt, the reason will be listed in the main body of this report. |
| WARD(S) AFFECTED All Wards | |
| CABINET MEMBER Philip Glanville, Mayor of Hackney | |
| KEY DECISION Yes REASON Spending or Savings | |
| GROUP DIRECTOR Ian Williams Finance and Corporate Resources | |

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This is the seventh report on the capital programme for 2016/17 and includes capital project approvals for Finance & Corporate Resources and Neighbourhoods.
- 1.2 The report recommends investment in schemes which will bring real benefits to local residents and other users of Council services.

2. GROUP DIRECTOR'S INTRODUCTION

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

3. RECOMMENDATION(S)

- 3.1 **That the schemes for Finance & Corporate Resources as set out in section 9.2 be given approval as follows:**

Dalston Western Curve Additional Acquisition Costs and Landlord Works: Resource and spend approval of £654k in 2016/17 is requested to fund the additional acquisition costs and works located at 'Dalston Western Curve'.

Andrews Road Demolition Phase 1: Virement and spend approval of £280k in 2016/17 is requested to fund the procurement and management of the demolition contract for Andrews Road site.

New Telephony Service: Spend approval of £245k in 2016/17 is requested to fund the completion of the new telephony service.

- 3.2 **That the schemes for Neighbourhoods as set out in section 9.3 be given approval as follows:**

Hackney Marshes Programme: Spend approval of £5,575k and resource approval of £1,447k in 2016/17 is requested to fund the completion of the Re-making the Marshes Programme, a £17million investment into sporting and recreational facilities across Hackney Marshes and Mabley Green.

Hackney Central Town Centre (Narrow Way): Spend approval of £1,045k in 2017/18 is requested to match fund the TfL LIP Major Scheme funding for public realm improvements to the Narrow Way located in Hackney Central Town Centre.

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

| SUMMARY 2016/17 REPROFILING PHASE 2 | | | | | |
|--|-----------------|----------------|----------------|----------------|----------------|
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Non-Housing | (25,534) | 25,086 | 218 | 119 | 111 |
| Housing | 571 | (571) | 0 | 0 | 0 |
| Total | (24,963) | 24,515 | 218 | 119 | 111 |

3.4 That the capital programme adjustments summarised below and set out in detailed in para 9.5 be approved accordingly:

| SUMMARY 2016/17 CAPITAL ADJUSTMENTS | | | |
|--|----------------|----------------|----------------|
| | 2016/17 | 2016/17 | 2016/17 |
| | £'000 | £'000 | £'000 |
| Non-Housing | 2,519 | (706) | 1,813 |
| Housing | 84,910 | 0 | 84,910 |
| Total | 87,429 | (706) | 86,723 |

3.5 That the schemes outlined in section 9.6 be 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 2016/17 considered by Council on 2 March 2016 sets out the original Capital Plan for 2016/17. 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 GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.2 The gross approved Capital Spending Programme for 2016/17 currently totals £229.845m (£126.158m non-housing and £103.687m 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.

7.3 The financial implications arising from the individual recommendations in this report are contained within the main report.

7.4 If the recommendations in this report are approved, the revised gross capital spending programme for 2016/17 will total £210.477m (£106.219m non-housing and £104.258m housing).

| Directorate | Budget Position | 23 Jan 2017 Cabinet Update | Phase 2 Reprofiting | Updated Budget Position |
|---------------------------------------|-----------------|----------------------------|---------------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Chief Executive's Services | 1,042 | - | (786) | 256 |
| Children, Adults and Community Health | 63,237 | (490) | (16,261) | 46,486 |
| Finance and Corporate Resources | 34,582 | 1,942 | (5,284) | 31,240 |
| Neighbourhoods | 27,297 | 4,143 | (3,203) | 28,237 |
| Total Non-Housing | 126,158 | 5,595 | (25,534) | 106,219 |
| Housing | 103,687 | 0 | 571 | 104,258 |
| Total | 229,845 | 5,595 | (24,963) | 210,477 |

8. COMMENTS OF THE DIRECTOR OF LEGAL

8.1 The Director of Legal has been consulted on the contents of this report and has no comments to make.

9 CAPITAL PROGRAMME 2016/17 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 Finance and Corporate Resources:

9.2.1 **Dalston Western Curve Additional Acquisition Costs and Landlord Works:** Resource and spend approval of £654k in 2016/17 is requested to fund the additional acquisition costs and works located at 'Dalston Western Curve'. The required resources will be met by discretionary resources held by the Authority to finance the capital programme.

9.2.2 **Andrews Road Demolition Phase 1:** Virement and spend approval of £280k in 2016/17 is requested to fund the procurement and management of the demolition contract for Andrews Road site. This approval will have no further impact on the capital plan as the overall resources already form part of the approved 2016/17 capital budget.

9.2.3 **New Telephony Service:** Spend approval of £245k in 2016/17 is requested to fund the completion of the implementation of the new telephony service. This approval will have no further impact on the capital plan as the overall resources already form part of the approved 2016/17 capital budget.

9.3 Neighbourhoods:

9.3.1 **Hackney Marshes Programme:** Spend approval of £5,575k and Resource approval of £1,447k in 2016/17 along with virement from 2017/18 of £2,880k is requested to fund the completion of the Re-making the Marshes Programme, a £17million investment into sporting and recreational facilities across Hackney Marshes and Mabley Green. This approval will have no further impact on the capital plan as part of the resources already form part of the approved 2016/17 capital budget and the remainder is funded by additional grant contributions.

9.3.2 **Hackney Central Town Centre (Narrow Way):** Spend approval of £1,045k in 2017/18 is requested to match fund the TfL LIP Major Scheme funding for public realm improvements to the Narrow Way located in Hackney Central Town Centre. This approval will have no further impact on the capital plan as the overall resources already form part of the approved 2017/18 capital budget.

9.4 Reprofile of the Capital Budgets

9.4.1 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 summaries the reprofiling of the capital programme between years, the full details of which are shown in Appendix 1.

| SUMMARY 2016/17 REPROFILING PHASE 2 | | | | | |
|--|-----------------|----------------|----------------|----------------|----------------|
| Directorate | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| | Reprofiled | Reprofiled | Reprofiled | Reprofiled | Reprofiled |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Chief Executive's Service | (786) | 786 | 0 | 0 | 0 |
| Children, Adults & Community Health | (16,261) | 16,261 | 0 | 0 | 0 |
| Finance & Corporate Resources | (5,284) | 4,836 | 218 | 119 | 111 |
| Neighbourhoods | (3,203) | 3,203 | 0 | 0 | 0 |
| Total Non-Housing | (25,534) | 25,086 | 218 | 119 | 111 |
| Housing | 571 | (571) | 0 | 0 | 0 |
| Total | (24,963) | 24,515 | 218 | 119 | 111 |

9.5 Capital Programme Adjustments:

9.5.1 Capital Programme adjustments are requested in order to adjust the 2016/17 approved budgets to better reflect project delivery and in the case of the Housing programme to ensure consistency with the updated HRA Business Plan. The full details for the required changes are set out in the table below.

Children, Adults & Community Health

| Scheme | Budget 2016/17 | Change 2016/17 | Updated 2016/17 |
|---|-------------------|-------------------|--------------------|
| | £'000 | £'000 | £'000 |
| CHILDREN, ADULTS & COMM HEALTH | | | |
| AMP Primary Programmes | | | |
| De Beauvoir Heating System | 74 | (65) | 10 |
| Queensbridge Primary | 71 | (24) | 47 |
| Betty Layward AMP | 71 | (10) | 60 |
| Gayhurst AMP | 5 | (0) | 5 |
| Morningside AMP | 97 | (21) | 75 |
| Gainsborough AMP | 27 | (16) | 11 |
| Grasmere AMP | 29 | 68 | 97 |
| Harrington Hill AMP | 0 | (0) | - |
| London Fields AMP | 1 | 8 | 9 |
| Parkwood AMP | 1 | 1 | 2 |
| Whitmore AMP | 10 | 3 | 13 |
| Randal Cremer AMP | 16 | (7) | 9 |
| Springfield AMP | 120 | (8) | 111 |
| Clapton Park AMP | 44 | (23) | 21 |
| Debeauvoir AMP | 58 | 96 | 153 |
| Net Sub Total | 624 | - | 624 |
| Secondary School Programmes | | | |
| Additional Secondary Sch prov | 300 | (35) | 265 |
| Net Sub Total | 300 | (35) | 265 |
| Primary School Programmes | | | |
| Queensbridge Expansion | 268 | (135) | 132 |
| Harrington Hill Expansion | 414 | 135 | 549 |
| Net Sub Total | 681 | - | 681 |
| Building Schools for the Future | | | |
| Mossbourne Victoria Park Acad | 108 | 35 | 143 |
| Our Lady's (Insurance Flood) | 31 | (31) | - |
| Horizon BSF | 352 | (352) | - |
| Net Sub Total | 492 | (349) | 143 |

| | | | |
|--------------|--------------|--------------|--------------|
| TOTAL | 2,097 | (384) | 1,713 |
|--------------|--------------|--------------|--------------|

Neighbourhoods

| Scheme | Budget 2016/17 | Change 2016/17 | Updated 2016/17 |
|-------------------------------|-------------------|-------------------|--------------------|
| | £'000 | £'000 | £'000 |
| NEIGHBOURHOODS | | | |
| Engineering | | | |
| Rapid Charges | 117 | (117) | - |
| East Hackney Bus Improvements | 20 | (20) | - |
| Local Transport Fund (TFL) | 260 | (160) | 100 |
| Net Sub Total | 398 | (298) | 100 |
| Other Services | | | |
| CCTV replacement/enhancement | 25 | (25) | - |
| Net Sub Total | 25 | (25) | - |
| Total | 423 | (323) | 100 |

Housing

| Scheme | Budget 2016/17 | Change 2016/17 | Updated 2016/17 |
|--------------------------------|-------------------|-------------------|--------------------|
| | £'000 | £'000 | £'000 |
| HOUSING | | | |
| AMP Capital Schemes HRA | | | |
| S. Newington DH P2 | - | 9,223 | 9,223 |
| Shoreditch A DH P2 | - | 3,705 | 3,705 |
| Shoreditch B DH P2 | - | 262 | 262 |
| North East DH P2 | - | 234 | 234 |
| Homerton DH P2 | - | 213 | 213 |
| Street Properties DH | - | 333 | 333 |
| Decent Homes | 15,566 | (12,007) | 3,560 |
| Estate Lighting | 453 | (349) | 104 |
| Dom Boiler Replace/Cen Heating | 3,276 | (716) | 2,560 |
| Void Re-Servicing | 2,360 | 77 | 2,437 |
| Water Mains/Boosters | 113 | 27 | 140 |
| Community Halls Maj. Reps/DDA | 189 | (161) | 28 |
| Lift Renewals | 744 | (0) | 744 |
| Boiler Hse Major Works | 158 | 42 | 200 |
| Fire Risk Works | 1,949 | (199) | 1,750 |
| High Value Repairs/Imp & Wk | 864 | 136 | 1,000 |

| | | | |
|-----------------------------------|---------------|--------------|---------------|
| Communal Fire Doors | 144 | (144) | - |
| Green initiatives | 79 | 71 | 150 |
| New Bathroom/New Kitchen | 1,875 | (675) | 1,200 |
| Contingency PM | 389 | (116) | 272 |
| Damp Remedial Works | 389 | (139) | 250 |
| Roof Replacements | 782 | 68 | 850 |
| Housing Supply Programme | - | 324 | 324 |
| Colville Phase 2C | 521 | 787 | 1,308 |
| Gypsy & Trav Bung Roof Repair | - | 116 | 116 |
| Recycling Scheme | 50 | 450 | 500 |
| Recycling Scheme | 450 | (450) | - |
| Net Sub total | 30,350 | 1,111 | 31,461 |
| Council Capital Schemes GF | | | |
| Hostels - Major Repairs | 400 | 93 | 493 |
| Under Occupation (Voids) | 250 | (93) | 157 |
| Net Sub total | 650 | - | 650 |
| Estate Renewal Programme | | | |
| Estate Renewal Implementation | 1,056 | (74) | 982 |
| Bridge House Garages | - | 30 | 30 |
| Bridge House Phase 2 | 2,815 | (188) | 2,627 |
| ER1 Tower Court | 608 | (88) | 520 |
| Kings Crescent Phase 1+2 | 20,059 | 4,019 | 24,078 |
| Colville Phase 2 | 9,297 | (926) | 8,372 |
| Colville Phase 1 (Bridport) | 9 | 0 | 9 |
| ER1 Colville phase 3 | 315 | 207 | 522 |
| ER1 Colville phase 7 | - | 11 | 11 |
| St Leonard's Court | 1,171 | (349) | 822 |
| Acquisition Frampton Arms PH | 368 | 3 | 370 |
| Aikin Court | 921 | (771) | 150 |
| Great Eastern Building | 4,532 | (69) | 4,463 |
| King Edwards Road | 3,803 | (1,346) | 2,457 |
| Alexandra National | 38 | 33 | 70 |
| Nightingale | 1,066 | (77) | 990 |
| HW&K REGEN FINANCIAL APPRAISAL | 37 | 39 | 77 |
| Gooch House | - | 19 | 19 |
| Whiston Road | - | 11 | 11 |
| Pedro Street | - | 23 | 23 |
| Mandeville Street | - | 16 | 16 |
| Net Sub total | 46,094 | 523 | 46,617 |
| Other Regeneration Schemes | | | |
| Marian Court Phase 3 | 3,016 | (1,633) | 1,382 |

| | | | |
|---------------------------------------|---------------|----------------|---------------|
| Woodberry Down Bid | 300 | (871) | (571) |
| Stock Transfer to HA | 4 | 3 | 8 |
| Other Heads | 42 | 12 | 54 |
| Phase2 & Other Heads | 2,717 | 848 | 3,565 |
| Woodberry Works/Const Training | 15 | (13) | 1 |
| Woodberry Down Security | 0 | 0 | 1 |
| Woodberry Down Phase 2-5 | 557 | 7 | 565 |
| Woodberry Down Tenancy Agree | 2 | 0 | 3 |
| Woodberry Down Kickstart | 3 | 13 | 16 |
| Net Sub total | 6,656 | (1,633) | 5,023 |
| Private Sector Housing schemes | | | |
| Disabled Facilities Grant | 760 | (1) | 759 |
| External works grant (EWG) | 18 | (13) | 5 |
| General repairs grant (GRG) | 154 | (1) | 153 |
| Hospital discharge grant (HDG) | 28 | (28) | - |
| Landlords grant (LLG) | 10 | (8) | 2 |
| Warmth & security grant (WSG) | 175 | 65 | 240 |
| Private Sector Housing Schemes | 14 | (14) | - |
| Net Sub total | 1,159 | (0) | 1,159 |
| TOTAL | 84,910 | 0 | 84,910 |
| GRAND TOTAL | 87,429 | (706) | 86,723 |

9.6 To be noted:

9.6.1 A delegated powers reported dated 18 November 2016 approved resource and spend approval for the costs to undertake all required due diligence prior to the Council's proposed acquisition and call option agreement of the **Morning lane site**. As a result **£200k capital funding in 2016/17** was approved to spend on this project. The Council has the opportunity to acquire this site currently occupied by Tesco within Hackney Central and to be able to control the development of this strategically important site to provide a mixed use residential/commercial scheme that will provide a significant number of new homes together with new jobs arising from a much enlarged fashion hub. The required resources will be met by discretionary resources held by the authority and will have no impact on the Capital Programme.

9.6.2 A cabinet report dated 19 December 2016 approved resource and spend approval for the leasehold acquisitions of **Charles Square Estate (17 Cranwood Court and 11 Vince Court)**. As a result **£1,088k (£474k and £614k) capital funding in 2016/17** was approved to spend on this project. These acquisitions will enable the Council to secure ownership of flats currently held on a long leases from the Council and for them to be made available to satisfy the increasing need within the Borough for temporary

accommodation. The required resources will be met by discretionary resources held by the authority and will have no impact on the Capital Programme.

9.6.3 A delegated powers reported dated 9 December 2016 approved spend to fund the cost of replacing end of life **Library Self-Issue Kiosks**. As a result **£120k in 2016/17** was approved to spend on this project, requiring virement of resource of £30k from 2017/18. Self-service kiosks were introduced to the library service in 2009. The kiosks are at end of life and as such no longer receive technical support from the supplier. This approval will have no further impact on the capital plan as the overall resources already form part of the approved capital budget.

APPENDICES

One.

BACKGROUND PAPERS

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

None.

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