

CAPITAL UPDATE REPORT**KEY DECISION NO. FCR P19****CABINET MEETING DATE****17 December 2018****CLASSIFICATION:****Open****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 report on the capital programme for 2018/19 updates members on the capital programme agreed in the 2018/19 budget and includes capital project approvals for Neighbourhood and Housing (Non-Housing) and Finance and Corporate Resources.
- 1.2 But it also highlights where our manifesto commitment to invest in our schools and ensure they are fit for purpose is being delivered. Over £6m of s106 funding will be spent on 14 different primary schools across the borough, bringing them up to modern standards. This will ensure that the borough's children continue to have good quality facilities that every child can enjoy, ultimately improving their learning.
- 1.3 This report recommends investment in schemes which will bring real benefits to local residents – on the boroughs roads, parks and buildings – by building a fairer, safer and more sustainable Hackney for all. It recommends grant spending on the restoration and improvements to Abney Park Cemetery Chapel -- one of the 'magnificent seven' garden cemeteries in London, with a woodland memorial park and local nature reserve managed by the Council. This historic site will receive lottery grant funding that the Council applied for, to maintain and improve a green space that residents can enjoy and contribute to a more sustainable Hackney.
- 1.4 I commend this report to Cabinet.

2. GROUP 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 Neighbourhood and Housing (Non-Housing) as set out in section 9.2 be given approval as follows:**

Abney Park Cemetery Chapel Restoration & Improvements: Further resource and spend approval of **£314k in 2018/19** is requested in respect of grant received for the restoration of the chapel and to carry out essential works and improvements to the site.

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

Hackney Service Centre (HSC) Flooring and Mechanical Upgrade Works: Further Resource and spend approval of **£834k in 2019/20** is requested to increase the existing budget for the flooring and mechanical upgrade work.

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

S106	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total
	£'000	£'000	£'000	£'000
Capital	673	5,698	-	6,371
Revenue	100	100	100	299
Total S106 Resource and Spend approvals	772	5,798	100	6,669

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 2018/19 considered by Council on 21 February 2018 sets out the original Capital Plan for 2018/19. Subsequent update reports considered by Cabinet amend the Capital Plan for additional approved schemes and other variations as required.

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

7.1 The gross approved Capital Spending Programme for 2018/19 currently totals £324.122m (£139.606m non-housing and £184.516m housing). This is funded by discretionary resources (borrowing, government grant support, 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 2018/19 will total **£325.109m (£140.593m non-housing and £184.516m housing)**.

Directorate	Revised Budget Position	Dec 2018 Cabinet Update	Updated Budget Position
	£'000	£'000	£'000
Chief Executive's Services	-	-	-
Children, Adults and Community Health	15,706	610	16,316
Finance and Corporate Resources	100,281	-	100,281
Neighbourhoods & Housing (non-housing)	23,619	377	23,996
Total Non-Housing	139,606	987	140,593
Housing	184,516	-	184,516
Total	324,122	987	325,109

8. COMMENTS OF THE DIRECTOR OF LEGAL

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 Councils 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.
- 8.4 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 arrangements.
- 8.5 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 available resources (b) are consistent with Council policy.

Under the Mayor's Scheme of Delegation, Cabinet is authorised to monitor the overall financial position of the Authority including the revenue and capital budgets and delivery of the capital programme.

- 8.6 With regard to recommendation 3.3 and paragraph 9.4 where Cabinet is being invited to approve 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 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.

9 CAPITAL PROGRAMME 2018/19 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 Neighbourhoods & Housing (Non-housing):

9.2.1 **Abney Park Cemetery Chapel Restoration & Improvements:** Further resource and spend approval of **£314k in 2018/19** is requested for the restoration of the chapel and to carry out essential works and improvements to the site. This is in respect of grant funding and is additional to £700k already previously approved as part of the Council's 2017/18 capital programme. Abney Park in Stoke Newington, one of the 'magnificent seven' garden cemeteries of London, is a woodland memorial park and Local Nature Reserve, managed by the Council. Abney Park Cemetery is a 12.5 hectare public open space and has a significant combination of build, cultural and natural heritage. A unique non-denominational garden cemetery was laid out at the site in 1840 which included an extensive arboretum (tree collection) and the Abney Park Chapel. Although work has begun to stabilise the chapel in Abney Park there are still significant issues in the site that need to be addressed. This restoration of the chapel will potentially host events and receptions and bring about real economic and social benefits. It is estimated that works to improve the site will cost circa £4million. The Council applied to the Heritage Lottery Fund (HLF) for £4.8 million for the Abney Park Restoration Project. The application was successful at first round Stage 1 and the Council has now received £314k grant funding. This grant will be used to develop a Stage 2 bid for the development phase of the project. If this application is successful, the Heritage Lottery Fund will provide circa £4.4 million to deliver a number of the improvements to Abney Park. This capital project will meet the Priority 3 of the Community Strategy 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme in 2018/19 as this is funded by grant.

9.3 Finance & Corporate Resources:

9.3.1 **Hackney Service Centre (HSC) Flooring and Mechanical Upgrade Works:** Further resource and spend approval of **£834k in 2019/20** is requested to increase the existing budget for the flooring and mechanical upgrade work to rectify below floor plant failures. The Council is undergoing a period of significant change, with its Corporate Estate being rationalised to deliver more effective, efficient working environments for its staff under the Corporate Estate Rationalisation (CER) programme and need to consolidate the Council's buildings to make better use of the space we have. Since the original approval in October 2016, the HSC building has acquired circa 300 additional desks which has highlighted that the existing carpet is on a poor state of repair and ventilation is not fit for purpose. The project will deliver raised access flooring to be fully levelled to ensure floor plates are stable and prepared for carpet install, remove existing air supply swirls situated under desks and provide new grilles to walkways and supply and install of new flooring. Works will be undertaken at weekend and out of hours to minimise the impact on building users. A key driver for the project is to ensure that the staff located within the HSC are provided with a building that is fit for purpose. This capital project is in line with the Mayor's Priority 2: "An ambitious and well-run Council that delivers high quality services, financial stability, and first class-local facilities." The works also assist in meeting Capital

Investment Strategy objectives to maintain Council assets to a high standard and to make Hackney a great place to work. This approval will have no net impact on the capital programme as the resources will be met by discretionary resources held by the local authority.

9.4 S106 Capital Approvals:

9.4.1 Resource and spending approval is requested for **£6,371k (£6,161k in 2018/19 and £210k in 2019/20)** in respect of the projects 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 Site No.	Project Description	Agreement Development Site	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total	
2013/0457	LSB Schools Façade Repair Programme Phase 2 (0016-18)	Holy Trinity Primary School Beechwood E8 3DY	-	5,149	-	5,149	
2013/1128		Kings Crescent Estate London N4 2SY	-	190	-	190	
2011/0698		Principal Place (Land Fronting Norton Folgate)EC2A	-	264	-	264	
2011/0734		Colville Estate Hackney London N1		21	95	-	116
2014/0621				63	-	-	63
2007/2889		Haggerston & Kingsland Estates Regeneration		330	-	-	330
2014/1880		35- 41 Westland Place Shoreditch London N1 7LP		54	-	-	54
2015/3293		52 Brooksby's Walk, London E9 6DA		20	-	-	20
2010/1774		12 Andre Street London e8 2AA		7	-	-	7
2012/2658		Enterprise House, 2 Tudor Grove, London E9 7QL		18	-	-	18
2012/3068		258 Kingsland road London E8 4DG		31	-	-	31
2012/1190		Block A,260 Kingsland London E8 4DG		12	-	-	12
2012/1449		The Alpha House, Tyssen Street, London E8 2ND		26	-	-	26
2012/1644		151 Haggerston Road, Haggerston, London E8 4JA		20	-	-	20
2013/0789		115 Curtain Road, Hackney London EC2A 3DS		7	-	-	7
2015/2643		Highway Wks at 32-34 Eagle Wharf Road (0010-18)	32-34 Wharf Road, London N1 7EG	63	-	-	63
Total Capital S106 Approvals			673	5,698	-	6,371	
2012/3871	Shoreditch Art Fund	Land @ Curtain Road,Hewett Street, Great Eastern	17	17	17	51	
South/602/97/FP		9 Appold Street ,72-90 Worship Street 11-16 Anowden St.Appold EC2	83	83	83	248	
Total Revenue S106 Approvals			100	100	100	299	

Total S106 Resource and Spend approvals			772	5,798	100	6,669

APPENDICES

None.

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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