



<b>Capital Update Report</b> <b>KEY DECISION NO. FCR P92</b>	
<b>CABINET MEETING DATE</b>  15 July 2019	<b>CLASSIFICATION:</b>  Open  If exempt, the reason will be listed in the main body of this report.
<b>WARD(S) AFFECTED</b>  All Wards	
<b>CABINET MEMBER</b>  Philip Glanville, Mayor of Hackney	
<b>KEY DECISION</b>  Yes  <b>REASON</b>  Spending or Savings	
<b>GROUP DIRECTOR</b>  Ian Williams Finance and Corporate Resources	

## **1. CABINET MEMBER'S INTRODUCTION**

- 1.1 This report on the capital programme for 2019/20 updates members on the capital programme agreed in the 2019/20 budget. It includes capital project approvals for Children, Adults and Community Health, Finance and Corporate Resources, Neighbourhoods and Housing (Non) and Housing, particularly showing the Council's commitment to young people across the borough through school and extracurricular facility investment.
- 1.2 We promised to maintain Hackney's education success by investing in our schools, so they are fit for the 21st century. The report provides further significant funding for the improvement of schools in the form of ongoing lifecycle works, as well as specific projects that will further enhance school facilities, like the £1.2m refurbishment of Stoke Newington School's theatre.
- 1.3 There is also a significant investment in facilities at the Old Baths Eastway, "match funding" resources provided by the Mayor of London's Good Growth Fund to create a multi-use games-room and classroom. These new community facilities will be managed by Young Hackney to provide community based learning and accredited programmes. This project will enable children and young people to gain new skills and opportunities, as well as support their emotional well-being, resilience and self-esteem. It is further evidence that despite central government imposing a £140m cut to our grant since 2010, Hackney Council continues to deliver services over and above the statutory requirements and prioritise the younger generation.
- 1.4 Finally, the investment in the West Reservoir Improvement Project included in this report takes forward a manifesto commitment to invest in our parks and green spaces and more specifically to provide wider public access to West Reservoir in Woodberry Down and expand the activities on offer to our residents. This approval builds upon a previous Cabinet resolution from January 2018 and will further improve the leisure offer at West Reservoir by improving the entrances to the Reservoir, and its links to the wider public realm, open up the banks of the Reservoir to the public for the first time in many years, and interpret the heritage of the site for a wider audience.

## **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 Children, Adults and Community Health as set out in section 9.2 be given approval as follows:**

**BSF Lifecycle Works Programme 2019/20:** Virement and spend approval of **£990k** in **2019/20** is requested to fund the BSF lifecycle works of 9 schools and across all the

BSF school buildings that are not the liability of the LEP within the managed service contract.

**Stoke Newington School Theatre Refurbishment:** Virement and spend approval of **£1,200k (£1,186k in 2019/20 and £14k in 2020/21)** is requested to fund the refurbishment of the Drama Theatre and associated ancillary spaces at Stoke Newington School.

3.2 **That the schemes for Neighbourhoods and Housing (Non) as set out in section 9.4 be given approval as follows:**

**New Classroom Facility at The Old Baths 80-80a Eastway:** Resource and spend approval of **£350k (£300k in 2019/20 and £50k in 20/21)** is requested to fund the delivery of a classroom at the Old Baths.

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	2019/20
	£'000
Capital	1,979
<b>Total S106 Resource and Spend Approvals</b>	<b>1,979</b>

3.4 **That the schemes outlined in section 9.5 be noted.**

3.5 **That the expenditure plans and associated resources to be carried from 2018/19 to 2019/20 as set out in 9.6 and summarised below be approved:**

Directorate	2018/19 Slippage
	£'000
Children, Adults & Community Health	(1,163)
Finance and Corporate Resources	2,776
Neighbourhoods	3,642
<b>Total Non-Housing</b>	<b>5,254</b>
Housing	2,494
<b>Total Capital Expenditure</b>	<b>7,749</b>

#### **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 2019/20 considered by Council on 25 February 2019 sets out the original Capital Plan for 2019/20. 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 2019/20 currently totals **£346.641m (£177.856m non-housing and £168.785m 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 2019/20 will total **£356.858m (£185.579m non-housing and £171.279m housing)**.

Directorate	Revised Budget Position	July 2019 Cabinet Update	Slippage from 18/19	Updated Budget Position
	£'000	£'000	£'000	£'000
Children, Adults and Community Health	29,430	0	(1,163)	28,267
Finance and Corporate Resources	115,705	0	2,776	118,481
Neighbourhoods & Housing	32,721	2,468	3,642	38,831
<b>Total Non-Housing</b>	<b>117,856</b>	<b>2,468</b>	<b>5,255</b>	<b>185,579</b>
Housing	168,785	0	2,494	171,279
<b>Total</b>	<b>346,641</b>	<b>2,468</b>	<b>7,749</b>	<b>356,858</b>

## 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 the available resources (b) are consistent with Council policy.
- 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 2019/20 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, Adults and Community Health Services:**

- 9.2.1 **BSF Lifecycle Works Programme 2019/20:** Virement and spend approval of **£990k in 2019/20** is requested to fund the BSF lifecycle works at 9 schools set out in the table below, including contingency allowance for emergency works across all the BSF school buildings that are not the liability of the LEP within the managed service contract.

<b>No.</b>	<b>Name of School</b>
1	Cardinal Pole
2	Stoke Newington

3	Clapton Girls Academy
4	Stormont House
5	Ickburgh
6	Haggerston
7	Urswick
8	Our Ladys
9	The Garden

As part of the Facilities Management contract for BSF schools, there is a requirement to provide an annual lifecycle programme which is made up of a number of elements determined by three main processes: (a) condition surveys undertaken by the Local Education Partnership (LEP) to ascertain items that are going to need replacement / attention to enable them to continue functioning; (b) observations made on site and inspecting the school with the Business manager to determine the individuals schools requirements; and (c) reactive items that are either identified by early failure of plant and fabric or items that are failing due to the parts of refurbished schools that were not addressed by the BSF programme. The works will include cyclical redecoration, replacement of flooring, fire doors, furniture, new blinds, maglocks, installation of mains water supply to school site and repairs to staircases. The lifecycle programme enables the ongoing sustainability of the various schools to be maintained and improved. The ongoing delivery of works ensures that the teaching environment provided is conducive to improving the student, staff and visitor experience. The proposed works will also significantly contribute to keeping students, staff and visitors safe and secure and providing an environment that enables all occupants of the various premises to gain maximum benefit from highly maintained facilities. This capital project links in with the Council's 2018-2028 Sustainable Community Strategy Priority 2 'A borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life'. This approval will have no net impact as the resources already form part of the capital programme.

9.2.2 **Stoke Newington School Theatre Refurbishment:** Virement and spend approval of **£1,200k (£1,186k in 2019/20 and £14k in 2020/21)** is requested to fund the refurbishment of the Drama Theatre and associated ancillary spaces at Stoke Newington School. During the BSF programme, Stoke Newington was one of the three schools that was partially refurbished rather than rebuilt and as a result there were certain areas that still need upgrading to BSF standards. This drama theatre is one such area. It is crucial for the delivery of the drama curriculum, as well as for use as an assembly hall and for general teaching. This capital project links in with the Council's 2018-2028 Sustainable Community Strategy Priority 2 'A borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life' and Priority 4 'An open, cohesive, safer and supportive community'. This approval will have no net impact as the resources already form part of the capital programme.

### 9.3 Neighbourhood and Housing (Non):

9.3.1 **New Classroom Facility at The Old Baths 80-80a Eastway:** Resource and spend approval of **£350k (£300k in 2019/20 and £50k in 2020/21)** is requested to fund the delivery of class room facility alongside the refurbishments to the Multi-Use Games Area (MUGA) at the Old Baths. In 2018 the Area Regeneration team successfully secured £450k of funding from the GLA's Good Growth Fund to carry out works at The Old Baths & the Depot (at 80 and 80A Eastway). Once the classroom is built the intention is for Young Hackney (the Council's single service for all young people aged 6-19) to manage this facility. The classroom facility will be used for community based learning/accredited programmes for young people and not for profit. The classroom will be used to teach students over 14 years of age courses that are not a statutory obligation of the Council. Training will include sports coaching, health related activities, sports administration, apprenticeship and integrated projects which are inclusive of children and young people with special educational needs or disabilities. It will offer industry specific information and advice and guidance with our partners on the pathways into the sports industry and higher education. It will support children and young people's emotional well-being, develop their resilience and self-esteem. The youth programmes on the MUGA and surrounding areas will include football, hockey, netball, fitness sessions, cycling, stand up paddle board and paralympic sports. This project will enable children and young people to gain new skills, improve their physical health, address community cohesion and reduce the fear of crime. This capital project links in with the Council's 2018-2028 Sustainable Community Strategy Priority 2 'A borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life' and Priority 4 'An open, cohesive, safer and supportive community'. This approval will have no net impact on the capital programme as the resources are funded by earmarked reserves held by the authority.

**9.4 S106 Capital Approvals:**

9.4.1 Capital Resource and Spend approval is requested for **£1,979k 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 agreements.

<b>Planning Site No.</b>	<b>Project Description</b>	<b>Agreement Development Site</b>	<b>2019/20 £'000</b>
2013/2042& 2015/2577	Ridley Road Environmental Improvements	51 -57 Kingsland High Street London E8 2JS	390
2013/3223	West Reservoir Improvement Project	Woodberry Down Future Phases	1,589
<b>Total Capital S106 Approvals</b>			<b>1,979</b>

**9.5 For Noting:**

9.5.1 The s106/CIL Corporate Board Meeting dated 3 April 2019 and 17 June 2019 considered and approved the following bids for resource and spend approval. As a



result **£189k in 2019/20** was approved to spend in accordance with the terms of the appropriate s106 agreements.

<b>Planning Site No.</b>	<b>Project Description</b>	<b>Agreement Development Site</b>	<b>2019/20 £'000</b>
2012/1945	Highway Works at 55 Pitfield Street (0027-17)	55 Pitfield Street London N1 6BU	27
2015/2258	Highway Works at 6 Orsman Road (0001-19)	6 Orsman Road London N1 5QJ	23
2016/2713	Highway Works at St Leonards Court (0022-18)	St. Leonards Court New North Rd.London N1 6JA	53
2013/3223	Fairchild's Garden Improvements (0025-17)	97-137 Hackney Road, London, E2 8ET	87
<b>Total Capital S106 Approvals</b>			<b>189</b>

## 9.6 Carry Forward of Schemes from 2018/19 to 2019/20

9.6.1 Further to the outturn position reported in the March OFP to June 2019 Cabinet, the table below summaries the proposed carry forward to 2019/20 of £7,749k in respect of overall slippage against the 2019/20 capital programme with a detailed scheme analysis provided in Appendix 1.

<b>Directorate</b>	<b>2018/19 Slippage</b>
	<b>£'000</b>
Children, Adults & Community Health	<b>(1,163)</b>
Finance and Corporate Resources	<b>2,776</b>
Neighbourhoods	<b>3,642</b>
<b>Total Non-Housing</b>	<b>5,254</b>
Housing	<b>2,494</b>
<b>Total Capital Expenditure</b>	<b>7,749</b>

## 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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