

Capital Update Report Key Decision No . FCR P96 CABINET MEETING DATE **CLASSIFICATION:** 16 Oct 2019 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 report on the capital programme for 2019/20 updates members on the capital programme agreed in the 2019/20 budget, and includes capital project approvals for Children, Adults and Community Health and Neighbourhoods and Housing (Non -Housing).
- 1.2 The significant investment in the expansion of the Garden School as set out in this report is yet another example of this Council continuing to invest in the education of its young people. This particular investment provides further evidence of our commitment to ensuring that those with special needs continue to receive a high quality education in the borough.
- 1.3 The report seeks approval for a further £4m of funding to ensure that the roads and pathways in the borough continue to be maintained to a high standard. This is continuation of our annual programme of road maintenance which helps to ensure that the local streetscene is safe and fit for purpose, once again underlying our commitment in this area.

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:

The Garden School Post 16 and Expansion: Resource and Spend approval of £2,038k (£50k in 2019/20, £200k in 2020/21, £1,458k in 2021/22 and £330k in 2022/23) to fund the expansion at The Garden School.

3.2 That the schemes for Neighbourhoods and Housing (Non) as set out in section 9.3 be given approval as follows:

Wick Road: Resource and spend approval of **£42k in 2019/20** is requested to increase the existing funding for the two-way conversion of Wick Road.

Highways Planned Maintenance: Spend approval of **£4,000k in 2019/20** is requested in order to deliver the 2019/20 Planned Maintenance Highways Programme.

3.3 That the capital programme adjustments summarised below set out in detail in para 9.4 be approved accordingly:

Summary of Capital Adjustments	Budget 2019/20	Change 2019/20	Updated 2019/20
	£'000	£'000	£'000
Non-Housing	8,060	(23)	8,036
Housing	41,068	(0)	41,068
Total	49,127	(23)	49,104

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

S106	2019/20 £'000	2020/21 £'000	Total
	£'000	£'000	£'000
Revenue	41	41	83
Total S106 Resource and Spend approvals	41	41	83

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 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 **£357.997m (£186.757m non-housing and £171.239m 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 £375.755m (£204.516m non-housing and £171.239m housing).

Directorate	Revised Budget Position	Capital Adjustments	Oct 2019 Cabinet Update	Updated Budget Position
	£'000	£'000	£'000	£'000
Children, Adults & Community Health	28,267	(18)	50	28,299
Finance & Corporate Resources	118,924	(6)	16,000	134,918
Neighbourhoods & Housing	39,566	-	1,732	41,298
Total Non-Housing	186,757	(23)	17,782	204,516
Housing	171,239	-	-	171,239
Total	357,997	(23)	17,782	375,755

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 3.4 and paragraph 9.5 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:

The Garden School Post 16 and Expansion: Resource and Spend approval 9.2.1 of £2,038k (£50k in 2019/20, £200k in 2020/21, £1,458k in 2021/22 and £330k in 2022/23) to fund the feasibility study and future expansion at The Garden School, a school for pupils with Autistic Spectrum Disorder (ASD) and Severe Learning Difficulties (SLD). The Government has committed £365m of capital funding (special provision capital fund) to help local authorities create new school places and improve existing facilities for children and young people with SEND. The funding is intended for children and young people who have an education, health and care plan (ECHP) for whom the local authority is responsible. Hackney Council has been allocated overall £2.4m from the special provision fund. The Council consulted with the local community to complete a plan showing how they plan to invest their funding. The budget allocated from the SEND capital funding is £1.538m and the school will contribute £500k, giving a total investment of £2.038m. This capital project will increase the number of places and expand KS1 to KS3 alongside the development of Post-16 ASD Specialist places at The Garden School. The suitability of the site and a realistic cost of capital works, together with an outline programme, will be determined by conducting a feasibility study. 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 on the

capital programme as the resources will be funded by government grant and a capital contribution from The Garden school.

9.3 Neighbourhood and Housing (Non):

- Wick Road: Resource and spend approval of £42k in 2019/20 is requested to 9.3.1 increase the existing funding for the two-way conversion of Wick Road. We have successfully secured a further £42k of grant funding from Olympic Park Transport Environment Management Strategy (OPTEMS) and the London Legacy Development Corporation (LLDC). Wick Road reverted to two-way traffic in August 2019 and this funding will go towards the implementation costs of the transformation of the road. This builds upon £2,250k budget approved in November 2018 Cabinet bringing the total capital project to £2,292k. Between the A12 slip roads and Kenworthy Road, Wick Road is two-way and forms part of the Transport for London Road Network. Between Kenworthy Road and Morning Lane, Wick Road is one-way westbound only and effectively forms part of a larger one-way network/system which includes Cassland Road (one-way eastbound) and Victoria Park Road (one-way westbound). There are a number of other local roads in the area with traffic management restrictions but Wick Road, Cassland Road and Victoria Park Road are considered the key distributor routes in this area. Returning Wick Road to two-way working will meet the Council's commitment to relieving pressure on Hackney's Roads. It will also increase accessibility to and from the Olympic Park area by allowing the bus route 30 to use the same route in both directions. This capital project links in with the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future' and Priority 4 'An open, cohesive, safer and supportive community'. This approval will have no net impact on the capital programme as the resources will be funded by grant.
- 9.3.2 **Highways Planned Maintenance 2019/20:** Spend approval of **£4,000k in 2019/20** is requested in order to deliver the 2019/20 Planned Maintenance Highways Programme as set out in the tables below. This capital resource will enhance the environment and contribute to the green infrastructure of the borough ensuring the area is accessible and welcoming with pleasant spaces to walk, play, cycle with managed flow of traffic. This capital project links in with the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future' 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.

Minor Footway Schemes				
Road	Location	£'000		
Cassland Road	Between Meynell Road and Kenton Road.	41		
Cassland Road	From opposite No.204 to opposite No.198 Cassland Road.	26		
Green Lanes	Outside Clissold Park, either side of bus stop (2434).	26		

Batley Road	Leswin Road to Glading Terrace	51
Green Lanes	Junction with Brownswood Road (outside parade of shops).	34
Gilpin Road	Whole Road.	70
Total		247
	Minor Carriageways schemes	
Road	Location	£'000
	Between the junction of Craven Park Road and No. 72	
Moundfield Road	Moundfield Road.	15
Cranwich Road	Large patch outside No. 35 Cranwich Road.	38
	Between the junction of Seven Sisters Road and the	
Portland Rise	emergency gate.	30
Dunston Road	Whole Road.	42
Stoke Newington	At the investige of Allaine Deed	0.4
Church Street	At the junction of Albion Road.	34
Wick Road	Junction with Cassland Road	50
Millfields Road	Between Mandeville Street and Pedro Street.	45
Total		253
	Majar Fastuar Sahamas	
Road	Major Footway Schemes Location	C'000
		£'000
Palatine Road	Whole road - both sides.	278
Holmleigh Road	From the junction with East bank to the junction with the A10 - old PCC paving.	270
Walderton Road	Whole road - both sides.	105
Sydner Road	Whole road - both sides.	180
Egerton Road	Various Sections - both sides.	180
Almack Road	Whole road - both sides.	90
Green Lanes Walk	Outside parade of shops.	75
Durlston Road	Whole road - both sides.	210
Horton Road	Whole road - both sides.	129
Barretts Grove	Modular paving only.	135
Total		1,652
	Major Carriageway Schemes	
Road	Location	£'000
Wardle Street	Whole Road.	135
Bayston Road	Whole Road.	176
Clermont Road	Between King Edwards Road and Victoria Park Road.	74
Buckland Street	Whole Road.	78
Clunbury Street	Whole Road.	38
Cherbury Street	Whole Road.	68
Almack Road	Whole Road.	68
Church Crescent	Whole Road.	158
Brownswood Road	From Blackstock Road to Queens Drive.	175

Amhurst Park Groombridge Road	Between Bethune Road and Cranwich Road. Various Sections.	70
Durlston Road	Whole Road.	140
Kynaston Road	Whole Road.	112
Homerton Road	Between Marsh Hill and Lee Conservancy Road.	292
	Between house No. 26 and house No. 115 Castlewood	
Castlewood Road	Road.	119
Total		1,849
Grand Total		4,000

9.4 Capital Programme Adjustments:

9.4.1 Capital Programme adjustments are requested in order to adjust and reapportion the 2019/20 approved budgets to better reflect project delivery of the anticipated programme. The full details for the required changes are set out in the table below:

Capital Adjustments	Budget 2019/20	Change 2019/20	Updated 2019/20
	£	£	£
Children, Adults & Community Health			
My Place Portfolio Contingency	652	(652)	0
Early Ed. for 2 Year Olds	38,000	(17,000)	21,000
Springfield AMP	162,701	(115,655)	47,046
William Patten AMP	55,178	115,655	170,833
Clapton Park AMP	47,770	(30,770)	17,000
Princess May AMP	2,907	11,028	13,935
Millfields AMP	8,214	(8,214)	0
Orchard AMP	3,836	(3,836)	0
Primary School AMP Needs	147,224	31,793	179,016
Façade Development & Profes Cost	95,597	684,175	779,772
Gainsborough Façade Repair	1,539,619	(59,375)	1,480,245
London Fields Façade	373,562	3,631	377,193
Princess May Façade	423,331	(50,000)	373,331
Contingency Facade Repairs	229,410	(3,631)	225,779
Colvestone Façade	254,824	(40,000)	214,824
De Beauvoir Façade	344,279	(60,000)	284,279
Gayhurst Façade	719,371	(60,000)	659,371
Grasmere Façade	344,824	(50,000)	294,824
Hoxton Gardens Façade	843,805	(70,000)	773,805
Mandeville Façade	149,508	(40,000)	109,508
Millfields Façade	357,430	(40,000)	317,430

Morningside Façade	74,252	(20,000)	54,252
Randal Cremer Façade	515,546	(50,800)	464,746
Rushmore Façade	236,142	(50,000)	186,142
Sebright Façade	1,081,546	(94,000)	987,546
Finance & Corporate Resources			
Acqn of building for Family Learning	5 004	(5.004)	0
Intervention Project	5,684	(5,684)	0
Neighbourhood & Housing (Non)			
HTH Square CCTV Cameras	14	(14)	0
Zero Emissions Network	4,600	0	4,600
Housing			
Decent Homes legacy payments	0	300,000	300,000
Drainage	497,484	302,516	800,000
Dom Boiler Replace/Cen Heating	1,603,016	396,984	2,000,000
Road & Footpath Renewals	171,445	28,556	200,000
Void Re-Servicing	1,917,017	82,983	2,000,000
Disabled Adaptations	810,467	389,533	1,199,999
H & S and Major Replacement	445,425	1,377,100	1,822,525
Integrated Housing Manag Sys	1,730,596	269,405	2,000,000
Boiler Hse Major Works	544,687	167,652	712,339
Lightning Conductors	600,000	80,000	680,000
Estate Boundary Security Imp	57,883	42,117	100,000
Garage Review	27,495	372,506	400,000
Capitalised Salaries	4,653,811	346,189	5,000,000
Green initiatives	2,917,620	(1,644,407)	1,273,212
Contingency PM	4,822,550	(2,822,550)	2,000,000
Major Legal Disrepairs	0	200,000	200,000
Hardware Smoke Alarms	0	27,000	27,000
Better Estates Cherbury Court	1,215,582	84,418	1,300,000
Estate Renewal Implementation	0	3,210,435	3,210,435
ER1 Tower Court	14,362,206	(4,334,633)	10,027,573
Kings Crescent Phase 1+2	0	144,151	144,151
Colville Phase 1 (Bridport)	0	570,946	570,946
ER1 Colville phase 3	0	16,561	16,561
Aikin Court	0	141,860	141,860
Great Eastern Building	0	35,040	35,040
King Edwards Road	56,601	215,640	272,241
Housing Supply Programme	85,043	1,648,549	1,733,592
Balmes Road	177,158	96,524	273,682
Pedro Street	3,006,932	(1,886,398)	1,120,533
Lincoln Court	684,242	77,624	761,866
Rose Lipman Project	429,392	47,850	477,242
Housing Supply Programme - Woolridge Way	250,894	15,851	266,745

Total 45	9,127,373 <mark>(23,3</mark>	50) 49,104,019
----------	------------------------------	-----------------------

9.5 S106 Revenue Approvals:

9.5.1 Revenue Resource and Spend approval is requested for £83k (£41k in 2019/20 and £41k in 2020/21) 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.

Planning Site No.	Project Description	Agreement Development Site	2019/20 £'000	2020/21 £'000	Total
2016/3333	Employment	35 Shore Road, London, E9 7TA	15	-	15
2016/1930	Engagement Officer	Tower Court Clapton Common London,E5 9AJ	26	41	68
Total Reven	nue S106 Approvals		41	41	83

9.6 For Noting:

9.6.1 The s106/CIL Corporate Board Meeting dated 11 September 2019 considered and approved the following bids for resource and spend approval. As a result £1,690k in 2019/20 was approved to spend in accordance with the terms of the appropriate s106 agreements.

Planning Site No.	Project Description	Agreement Development Site	2019/20 £'000
2012/1214	Highway Works at The Lion Club, 140 Pitfield Street	The Lion Club, 140 Pitfield Street, Hackney, London, N1 6JR	31
2015/1996	Highway Works at 37 Cremer Street	Cremer Business Centre, 37 Cremer Street, Hackney, London, E2 8HD	55
2012/3871	Highway Wks at The Stage	Land @ Curtain Road,Hewett Street,Great Eastern	219
2012/3871	Public Realm at The Stage	Land @ Curtain Road,Hewett Street,Great Eastern	608
2015/2717	Highway Wks at 293-295 Old St	293-295 Old Street London EC1V 9LA	12
2012/0767	Highway Wks at 180-182 Lordship N16 5ES	180-182 Lordship Road,London N16 5ES	7
2014/2552	Highway Wks at Zaim Trading Estate	Zaim Trading Estate Leaside Road, London, E5 9LU	13
2015/3968	Highway works at Homerton Baptist Church	Homerton Baptist Church Barnabas Road,London E9 5SD	32
2014/2819	Highway Wks at 1a & 1c Shepherdess Walk	1A&1C Shepherdess Walk N1 7QE	47

2015/3923	Highway Wks at Land 83 Upper Clapton Road	Land to the rear of 83 Upper Clapton Road, and adjoining 16 Rossendale Street, London, E5 9BU	58
2015/3455	Highway Wks at 97-137 Hackney Rd	97-137 Hackney Road,London E2 8ET	236
2013/1381	Highway Wks at 1-8 & Corner Regen Way	1-8 & Land at Corner Regan Way London N1 6PB	23
2016/2413	Highway Wks at Mare St Studios	Mare Street Studios 203-213 London E8 3QE	215
2016/3736	Highway Wks at Cranwood & Napier House	Hertford and Napier House 1-2 Cranwood Street London EC1V 9PE	134
Total Capital S106 Approvals			

- 9.6.2 Cabinet Report dated 29 April 2019 approved the spend and delivery of the Hackney Workspace Programme across the six identified Garage sites, starting with two pilot sites; York Row (North) on Kingsland Road and Exbury House on Frampton Park Estate. The Hackney Workspace Programme will bring underused and redundant council assets back into use by converting them to affordable workspace aimed at businesses such as start-ups, small and medium sized enterprises and social enterprises. The new workspace provider will not only manage lettings and the day-to-day running of the space, but also cultivate a network of enterprises, promote business growth, and deliver skills development among tenants and the wider community to ensure that the economic growth resulting from the project will benefit as many people as The Council has a list of 25 Approved Workspace Providers possible. committed to providing workspace at below market rates, wrap-around business advice and support, and wider community benefits, including networking events, marketing and promotion business-to-business collaboration and learning opportunities. The project will reduce anti-social behaviour as a result of empty spaces and make savings on capital repairs to garages. The project will be self-financing through future rental income generated by letting the workspace. This will be paid into the Housing Revenue Account (HRA) to cover the cost of the conversion works and to generate an income stream. This capital project links in with the Council's 2018-2028 Sustainable Community Strategy Priority 1 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth'. This approval will have no net impact on the capital programme as the resources will be funded by HRA revenue contributions.
- 9.6.3 Cabinet Report dated 29 April 2019 approved the acquisition of 25 properties from Anthology in consideration of the Fourth Lease Payment due under the terms of the Agreement for Lease for the Colville Phase 3 site. The Council will then sell the properties to the Council's Housing Company to be let at a full market rent. This agreement agreed the addition of £16m to the General Fund Capital Programme, authorise a loan of £11.2m and the investment of £4.8m of equity to Hackney (PRS) Housing Company Limited. This transfer of assets

will ensure that the Council receives the value due to it under the agreement in a timely fashion as well as offering the opportunity to generate early revenue for Hackney's Housing Company which can be used to accelerate the delivery of homes for Living Rent. The Hackney Housing Company's (established in 2018) primary objectives are: to deliver the Council's #betterrenting principles; to generate surpluses from long term capital growth; to subsidise the delivery of alternative tenures and products; and to mitigate sales risk for the Council's regeneration programmes. The core principle is that through the letting of homes at a market rent, the company will generate a surplus that can be used to provide housing at a Hackney Living Rent where a household would pay no more than around a third of its income on rent. This capital project links in with the Council's 2018-2028 Sustainable Community Strategy Priority 1 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth'. This approval will have no net impact on the capital programme as the resources will be funded from revenue contributions from General Fund.

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.

Report Author	Samantha Lewis- Tel: 020 8356 2612
	Samantha.lewis@hackney.gov.uk
Comments of the Group Director of	Michael Honeysett- Tel: 020 8356 3332,
Finance and Corporate Resources	Michael.honeysett@hackney.gov.uk
Comments of the Director of Legal	Dawn Carter-McDonald - Tel: 020 8356
	4817
	dawn.carter-mcdonald@hackney.gov.uk