



Capital Update Report KEY DECISION NO. FCR Q1	
CABINET MEETING DATE 16 Dec 2019	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 report on the capital programme for 2019/20 updates members on the capital programme agreed in the 2019/20 budget.
- 1.2 Our Community Strategy 2018 – 2022 set-out our promise to always keep up-to-date with new technologies that help run our services more efficiently, and in our Corporate Plan we made clear our mission to be a productive and efficient council. In this report, we set-out significant investment in the continuing development and modernisation of our ICT infrastructure, which will help meet these promises to our residents. The new infrastructure will help our residents deal with the council efficiently, will we also reduce our costs and be more productive through the use of modern cloud based technology, using open source systems and tools allowing us to be more innovative and independent of complex proprietary systems that can be increasingly inflexible. Agile development of web-based applications will help seamless coordination of property, resident and transaction history data, to improve the level of our service and meet our vision of a council that seeks to always provide the best possible service for our residents, including the most vulnerable.
- 1.3 This report also provides for the allocation of s106 funding to the Woodberry Down Children's Centre, replacing the temporary extension for the structure with a new, permanent home and thus providing a much improved facility for the residents and users in the community, as part of the ongoing regeneration and growth of the Woodberry Down Estate and its community. It is another example of how – in the national context of austerity and the closing of children's centres – we continue to invest in our children and young people, are meeting our manifesto promise to maintain a comprehensive offer to the children and families of Hackney, and to give every child the best start in life.

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 and Corporate Resources as set out in section 9.2 be given approval as follows:**

ICT Development of Cloud Based REST Application Program Interfaces (API)s: Virement and Spend approval of **£1,200k (£600k in 2019/20 and £600k in 2020/21)** to fund the Council's Corporate ICT development of cloud based APIs (connectors to system databases) to enable secure real time integration of data over the internet.

- 3.2 **That the S106 schemes as set out in section 9.3 and summarised below be given resource and spending approval as follows:**

S106	2019/20 £'000	2020/21 £'000	Total
	£'000	£'000	£'000
Capital	0	1,271	1,271
Total S106 Resource and Spend approvals	0	1,271	1,271

3.3 That the schemes outlined in section 9.5 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 the 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 **£287.064m (£158.605m non-housing and £128.459m 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 **£287.064m (£158.605m non-housing and £128.459m housing)**.

Directorate	Revised Budget Position	Dec 2019 Cabinet Update	Updated Budget Position
	£'000	£'000	£'000
Children, Adults & Community Health	14,002	0	14,002
Finance & Corporate Resources	111,410	0	111,410
Neighbourhoods & Housing	33,193	0	33,193
Total Non-Housing	158,605	0	158,605
Housing	128,459	0	128,459
Total	287,064	0	287,064

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 Council's Constitution, whilst the 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 3.2 and paragraph 9.3 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 Finance and Corporate Resources:

9.2.1 **ICT Development of Cloud Based REST Automated Program Interfaces (APIs):** Virement and spend approval of **£1,200k (£600k in 2019/20 and £600k in 2020/21)** is requested to fund the Council's Corporate ICT development of cloud based REST APIs (connectors to system databases) to enable secure real time integration of data between the Council's systems and new digital tools for residents and staff. These will provide the Council with the technical capability to deliver modern, user centred, digital services and support the strategic drive to shift from

legacy local government technology to agile development of web based 'apps'. The APIs will be developed using open source code running on public cloud services with real time monitoring to ensure service availability. This will ensure that services are resilient, low cost and help the Council to avoid software supplier lock-in. The Council's ICT Division expect to deliver APIs for property information, customer information and transaction/payment history in 2019/20 and 2020/21 in support of customer services objectives specifically within the housing and planning services. This capital project links in with the Council's 2018-2028 Sustainable Community Strategy 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 S106 Capital Approvals:

9.3.1 Capital Resource and Spend approval is requested for **£1,271k 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	2020/21 £'000	Total
2011/3014	Woodberry Down Children's Centre*	Woodberry Down Kick Start Site 4 (Newton Close & Block 21 (Phase 3a) N4	66	66
2011/3014		Woodberry Down Kick Start Site 4 (Newton Close & Block 21 (Phase 3a) N4	612	612
2018/2681		Block B (Phase 2) Woodberry Down, Woodberry Grove, N4 2NL	115	115
2013/3223		Woodberry Down Future Phases	478	478
Total Capital S106 Approvals			1,271	1,271

*This project will provide a permanent facility to replace the temporary 'Lilliput' building, which will be demolished as a requirement of the Woodberry Down Development Agreement. The new facility will be built as an extension to the existing Children's Centre, which is a Grade II Listed Building. This project will enable the Children's Centre to continue delivering services to the community, as subsequent phases of the new residential development are completed and occupied. The Council's largest regeneration project is the Woodberry Down Estate in the north of the borough where it is working in partnership with Berkeley Homes, Notting Hill Genesis Housing Association, Woodberry Down Community Organisation and the Manor House Development Trust to redevelop the estate and to transform one of the capital's most deprived areas into an exciting new

sustainable neighbourhood that offers high quality new homes, community facilities, better public spaces, economic opportunity and a safe environment.

9.5 For Noting:

- 9.5.1 A Cabinet report dated 16 September 2019 gave approval for resource and spend for remedial works to **Bridport House** to carry out remedial work to the building to correct serious construction defects. The building is currently safe for residents with the additional fire protection measures introduced by the Council in April immediately after concerns were first raised. However, after speaking to various parties, the Council has decided it would be unsafe for residents to remain in the building while work to rectify defects takes place. Residents will be temporarily or permanently rehoused – according to their choice. The cost of remediating the building is estimated to be lower than redeveloping it, although this is not the driver for the Council's decision. A dedicated rehousing team has been meeting residents on an individual basis to discuss their needs and support them to move, with appropriate compensation for the disruption. This capital project supports 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 the Housing Capital contingency which already forms part of the approved programme.

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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