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| <b>Capital Update Report</b><br><b>KEY DECISION NO. FCR Q5</b>                 |   |
| <b>CABINET MEETING DATE</b><br><br>24 February 2020                            | <b>CLASSIFICATION:</b><br><br>Open<br><br>If exempt, the reason will be listed in the main body of this report. |
| <b>WARD(S) AFFECTED</b><br><br>All Wards                                       |   |
| <b>CABINET MEMBER</b><br><br>Philip Glanville, Mayor of Hackney                |   |
| <b>KEY DECISION</b><br><br>Yes<br><br><b>REASON</b><br><br>Spending or Savings |   |
| <b>GROUP DIRECTOR</b><br><br>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 The report provides continued investment in the Council's maintained schools, ensuring they remain safe places for students, staff and other visitors. In addition, the report provides for 10 additional SEND places at a school for children with social, emotional and mental health needs at Gainsborough Primary School. This continues our sustained work to expand good quality SEND provision in the borough to help manage the pressures in the SEND budget and provide more Hackney based services in the community. This builds upon the £250k investment in Queensbridge Primary School approved at January 2019 Cabinet and £2,038k for The Garden School approved at October 2019 Cabinet.
- 1.3 The report also provides for further ongoing investment in the Council's ICT infrastructure, supporting the further integration of the Hackney Learning trust into the Council and ensuring it is further rationalised across all sites and departments, thereby ensuring the ICT provision is up to date and efficient.
- 1.4 The report supports further investment in expanding the Housing Supply Programme to deliver more genuinely affordable housing in the borough.
- 1.5 I commend this report to Cabinet.

## 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:**

**Gainsborough Primary School SEND:** Resource and spend approval of **£400k (£15k in 2019/20, £300k in 2020/21 and £85k in 2021/22)** is requested to develop, in partnership with Gainsborough Primary School, additional resourced provision for 10 placements for children with Social, Emotional and Mental Health Needs (SEMH).

**Education Asbestos Remedial Works:** Spend approval of **£200k (£100k in 2020/21 and £100k in 2021/22)** is requested to fund the rolling programme of asbestos surveys and the remedial works to a number of the Council's maintained schools and children's centres.

**3.2 That the schemes for Finance and Corporate Resources as set out in section 9.2 be given approval as follows:**

**Hackney Town Hall Essential Works:** Virement and spend approval of **£500k (£350k in 2019/20 and £150k in 2020/21)** is requested to fund the essential repairs and maintenance programme of works to Hackney Town Hall and the continual programme of asset maintenance required to ensure that the Grade II Listed building is maintained.

**Microsoft Client Access Licences (CALs):** Virement and spend approval of **£110k in 2019/20** is required to purchase one-off licences for Microsoft Client Access.

**Hackney Learning Trust (HLT) G Suite Roll Out:** Virement and spend approval of **£200k (£100k in 2019/20 and £100k in 2020/21)** is required to fund the rollout of G Suite applications across HLT as we work to integrate all of HLT systems into the Council

**ICT Corporate Core Infrastructures:** Virement and spend approval of **£500k (£55k in 2019/20 and £445k in 2020/21)** is required to fund the replacement of the Council's ICT Corporate Core Infrastructures.

**3.3. That the schemes for Housing as set out in section 9.3 be given spend approval as follows:**

The Housing Development Board dated 22 August 2019 considered and recommended spend approval of **£7,020k** for the delivery of an additional site at **Hertford Road** on De Beauvoir Estate through the Housing Supply Programme (HSP) in accordance with the 29 February 2016 Cabinet approval and the Regeneration Programme Cabinet approval Cabinet report dated 29 April 2019.

**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 **£245.604m (£119.239m non-housing and £126.365m 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 **£245.619m (£119.254m non-housing and £126.365m housing)**.

| Directorate | Revised Budget Position | Feb 2020 Cabinet Update | Updated Budget Position |
|-------------|-------------------------|-------------------------|-------------------------|
|-------------|-------------------------|-------------------------|-------------------------|

|                                     | <b>£'000</b>   | <b>£'000</b> | <b>£'000</b>   |
|-------------------------------------|----------------|--------------|----------------|
| Children, Adults & Community Health | 9,801          | 15           | 9,816          |
| Finance & Corporate Resources       | 90,184         | 0            | 90,184         |
| Neighbourhoods & Housing            | 19,254         | 0            | 19,254         |
| <b>Total Non-Housing</b>            | <b>119,239</b> | <b>15</b>    | <b>119,254</b> |
| Housing                             | 126,365        | 0            | 126,365        |
| <b>Total</b>                        | <b>245,604</b> | <b>15</b>    | <b>245,619</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 Council's 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 Council's 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 arrangement

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.

## **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

9.2.1 **Gainsborough Primary School SEND:** Resource and spend approval of £400k (**£15k in 2019/20, £300k in 2020/21 and £85k in 2021/22**) is requested to develop, in partnership with Gainsborough Primary School, an additional resourced provision for 10 placements for children with Social, Emotional and Mental Health Needs (SEMH). The Government has committed £365 million of capital funding (special provision capital fund) for the financial years 2018-19 to 2020-21 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 (EHP) for whom the local authority is responsible. Local authorities can invest in new places and improvements to facilities for pupils with education, health and care (EHC) plans in mainstream and special schools, nurseries, colleges and other provision. The Council consulted with the local community to complete a plan showing how they plan to invest their funding. Hackney intends to allocate part of the special provision capital fund to developing an additional resourced provision for primary aged children with Social, Emotional and Mental Health Needs (SEMH). Gainsborough Primary School has been prioritised as an inclusive school with suitable site potential. This builds upon the £250k budget for Queensbridge ARP approved at January 2019 Cabinet and £2,038k for The Garden School SEN approved at October 2019 Cabinet. This project aims to provide additional capacity for 10 ARP placements in the borough to allow children to access a mainstream setting at a level which supports their learning and development. This capital project supports Hackney's 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 will be funded by grant.

9.2.2 **Education Asbestos Remedial Works:** Spend approval of **£200k (£100k in 2020/21 and £100k in 2021/22)** is requested to fund the rolling programme of asbestos surveys and the remedial works to a number of the Council's maintained schools and children's centres. The Council monitors this rolling programme of Asbestos Management surveys undertaken by the Council's Corporate Property Team. This capital funding is for the removal of asbestos as recommended by the results of the asbestos surveys and the refurbishment and demolition surveys. This is the Council's commitment to invest in our buildings and meet our statutory health and safety responsibility to improve the quality of life for our community. This capital project supports Hackney's 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. Finance and Corporate Resources

- 9.3.1 **Hackney Town Hall Essential Works:** Virement and spend approval of £500k (**£350k in 2019/20 and £150k in 2020/21**) is requested to fund the essential repairs and maintenance programme of works to Hackney Town Hall and the continual programme of asset maintenance is required to ensure that the Grade II Listed building is maintained. The works include electrical, mechanical and building fabric. The Town Hall building has had a successful increase in public/events usage and is a very popular venue for holding weddings, civic ceremonies and third party events for various members of the community from within the borough and the wider areas. There has also been an increase in staff capacity in the building as part of the Council's of the wider Corporate Estate Rationalisation (CER) Programme. Therefore it is essential that all spaces and assets are maintained and remedial health and safety works done in order to protect the capital investment made to the building and ensure a safe building to all visitors. This capital project supports 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.
- 9.3.2 **Microsoft Client Access Licences (CALs):** Virement and spend approval of **£110k in 2019/20** is required to purchase one-off licences for Microsoft Client Access. These are a component of the Council's Microsoft software licencing which are required to access Microsoft Windows Server based systems (which is used for many of the Council's core business applications). Whereas other Microsoft licences are purchased on an annual subscription basis the most cost-effective way to purchase the CALs is as a one-off purchase with a perpetual use licence. This capital project supports Priorities 1-5 in the Hackney's Sustainable Community Strategy 2018-2028 because it will help to ensure the continued effective operation of the Council's services by providing technology licences needed to operate critical service systems. This approval will have no net impact on resources already form part of the capital programme.
- 9.3.3 **Hackney Learning Trust G Suite Roll Out:** Virement and spend approval of **£200k (£100k in 2019/20 and £100k in 2020/21)** is required to fund the Hackney Learning Trust (HLT) G-Suite roll out. G Suite is a suite of cloud computing, productivity and collaboration tools, software and products developed by Google Cloud. The Council has successfully rolled out the majority of staff workers on the G Suite. This capital funding will start the implementation work to roll out G Suite to Hackney Learning Trust users as part of bringing HLT onto the Council's email and productivity platform. This capital project supports Priorities 1-5 in the Hackney's Sustainable Community Strategy 2018-2028 because it will help to ensure the continued effective operation of the Council's services by providing the productivity and communication technology needed to enable officers to work efficiently. This approval will have no net impact as the resources already form part of the capital programme.

9.3.4 **ICT Corporate Core Infrastructures:** Virement and spend approval of **£500k (£55k in 2019/20 and £445k in 2020/21)** is required to fund the Council's ICT Corporate Core Infrastructures. Hackney Council is moving towards adoption of cloud based technology services (including use of G Suite and Amazon Web Services). There are, however, significant components of the Council's technology platform which will continue to require in-house infrastructure. This capital funding is for the replacement of critical infrastructure components which are approaching end of life, including data storage and applications servers. This capital project supports Priorities 1-5 in the Hackney's Sustainable Community Strategy 2018-2028 because it will help to ensure the continued effective operation of the Council's services by providing technology infrastructure needed to operate critical service systems. This approval will have no net impact as the resources already form part of the capital programme.

#### 9.4 **Housing**

9.4.1 The Housing Development Board dated 22 August 2019 considered and recommended spend approval of **£7,020k** for the delivery of an additional site at **Hertford Road** on De Beauvoir Estate through the Housing Supply Programme (HSP) in accordance with the 29 February 2016 Cabinet approval and the Regeneration Programme Cabinet approval Cabinet report dated 29 April 2019. This is the first phase of development on De Beauvoir Estate, which aims to deliver additional homes, a replacement of the Neighbourhood Housing Office, non-residential units and workspace. The overall tenure mix of 70% council rent and shared ownership and 30% outright sale homes. The HSP plays an integral part in meeting the Council's regeneration vision and delivering much needed new housing. 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 GLA grant allocation, s106 and capital receipts.

#### **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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