



<b>Capital Update Report</b> <b>KEY DECISION NO. FCR Q9</b>	
<b>CABINET MEETING DATE</b>  18 May 2020	<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 2020/21 updates members on the capital programme agreed in the 2020/21 budget. Even in difficult times it shows our collective commitment to investing in the borough.
- 1.2 It includes significant investment on services including our education's estate and school related services such as a more permanent home to our SEND transport team and new vehicles for the street cleaning service as we start to bring more services like this in house as promised in our manifesto. The investment outlined in this report ensures that our schools continue to offer a safe, secure and welcoming environment for both students and staff.
- 1.3 The new investments in our fleet outlined below, will see new vehicles purchased and ensure Hackney can comply with the latest environmental standards thus contributing towards the Council's objective of having one of the greenest fleets in London and becoming carbon neutral; whilst of course ensuring the service provided remains efficient. This work on our fleet is part of our response to the climate emergency and a key pledge in our 2018 manifesto.
- 1.4 In addition, the report recommends significant investment in the Council's property assets including transformation of the Old Baths at 80-80a Eastway and Abney Park Cemetery. The Old Baths project shows the Council's continuing commitment to supporting an inclusive economy creating and sustaining more affordable workspace and community facilities, which will also see improved youth facilities in Hackney Wick.

## **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:**

**Lifecycle Works Programme 2020/21:** Virement and spend approval of **£1,492k in 2020/21** is requested to fund the lifecycle maintenance work at 10 schools (secondary and specialist schools).

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

**40-43 St Andrews Road:** Resource and spend approval of **£450k in 2020/21** to reconfigure this former car pound site into a site for the Council's SEND Travel Assistance Service (SEND TAS).

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

**The Old Baths 80-80a Eastway:** Resource and spend approval of **£116k in 2020/21** to increase the existing budget to fund the Council's project to transform The Old Baths at 80-80a Eastway into affordable work and community space, which will provide low cost workspace, new sports opportunities, culture and training opportunities for local people.

**Street Winter Gritter Vehicles and A Gully Cleansing Vehicle:** Virement and spend approval of **£580k in 2020/21** to purchase two winter gritters, a gully cleansing vehicle and a crash cushion attachment.

**Street Cleansing 7.5 Tonne Tipper Vehicles:** Virement and spend approval of **£694k in 2020/21** and resource and spend approval of **£72k in 2020/21** is required to purchase eleven 7.5 tonne cage bodied vehicles for the provision of an integrated Estates and Street Cleansing service.

**Abney Park Restoration Project:** Resource and spend approval of **£4,411k (£1,020k in 2020/21, £2,385k in 2021/22 and £1,006k in 2022/23)** is requested to increase the existing fund for the restoration project at Abney Park.

#### 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 2020/21 currently totals **£323.259m (£177.571m non-housing and £145.688m 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 2020/21 will total **£324.918m (£179.229m non-housing and £145.688m housing)**.

<b>Directorate</b>	<b>Revised Budget Position</b>	<b>May 2020 Cabinet Update</b>	<b>Updated Budget Position</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children, Adults & Community Health	14,880	0	14,880
Finance & Corporate Resources	118,125	450	118,575
Neighbourhoods & Housing	44,566	1,209	45,775
<b>Total Non-Housing</b>	<b>177,571</b>	<b>1,659</b>	<b>179,229</b>
Housing	145,688	0	145,688
<b>Total</b>	<b>323,259</b>	<b>1,659</b>	<b>324,918</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 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 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 **Lifecycle Works Programme 2020/21:** Virement and spend approval of **£1,492k in 2020/21** is requested to fund the lifecycle works at 10 schools (secondary and specialist schools) set out in the table below. The Lifecycle Programme is the Borough's cyclical and annual maintenance programme for its secondary and special schools that received BSF investment, and Thomas Fairchild which was rebuilt following a fire some years ago. The works which form the basis for this application are informed by condition surveys undertaken on an annual basis, and planned maintenance proposals that were identified when the schools became operational.

No	Name of School
1	Clapton Girls Academy
2	Urswick
3	Stoke Newington
4	Haggerston
5	Cardinal Pole
6	Our Lady's
7	The Garden
8	Stormont House
9	Ickburgh
10	Thomas Fairchild

The works will include: redecoration to main hall, reception, atrium, dining area refurbishment works, lift lobbies, of high traffic areas in technology rooms and music studios; redecoration of specialist feature walls replacing religious iconography; replacement to flooring to main corridor areas and sports hall; upgrades to stairwells; mechanical and electrical works; repairs to underfloor heating and air source heat pumps; fire door remedial works; upgrade of heating system; replacement of car park gates and access control system; replacement of CCTV cameras, NVRS new data points and monitoring station; and repair of damp issues in building fabric caused by faulty guttering.

The lifecycle programme enables the ongoing sustainability of the various schools. 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.

### 9.3 Finance and Corporate Resources:

9.3.1 **40-43 St Andrews Road:** Resource and spend approval of **£450k in 2020/21** is required to reconfigure the Council's former car pound into a site for the Council's SEND Travel Assistance Service (SEND TAS). The Council's SEND TAS is a transport service providing statutory travel assistance (home to school/college) for over 500 children with additional needs. The service operates 23 vehicles catering for 250 pupils with the remaining pupils transported by contractors. Hackney Learning Trust has made substantial investment in the fleet of vehicles for the in-house service and so require a safe and secure site to protect its assets. A feasibility study for the site was commissioned in July 2019 and concluded that 40-43 Andrews Road was a viable option for the SEND TAS. This capital expenditure will cover the relocation costs; the provision of a new single-storey portacabin unit; new storage containers to the rear car park; installation of new traffic management system as the exit from the site is on to an existing public transport route; site preparation and all enabling works; appointment of project manager; and the moving back office operations from Rig Approach to the new site at 40-43 Andrews Road. This will provide a potential saving for the Council and would result in making more effective and efficient use of its existing asset base. 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 discretionary resources held by the authority.

### 9.4 Neighbourhood and Housing (Non)

9.4.1 **The Old Baths 80-80a Eastway:** Resource and spend approval of **£116k in 2020/21** is requested to increase the existing budget to fund the Council's project to transform The Old Baths at 80-80a Eastway into affordable work and community space, which will provide low cost workspace, new sports opportunities, culture and training opportunities for local people. The Council has successfully secured an additional £116k of grant funding from The London Legacy Development Corporate (LLDC). This builds upon the £450k Greater London Authority (GLA) Good Growth Grant Fund approved by Cabinet in September 2018 (£390k for the Old Baths and £60k for Trowbridge) and £350k approved by Cabinet in July 2019 Cabinet to fund the new classroom. This additional funding will support the improvement of the surrounding public realm and refurbishment of the MUGA pitch at the back of the building. The classroom at 80 Eastway will be completed by the summer and there will also be a new community gardening and food growing facilities at The Old Bath's. The disused MUGA for local young people will be activated through a wide variety of sporting events and classes that will be accessible and inclusive for local young people.

This capital expenditure will include outdoor table tennis table, indoor table tennis table, table football, portable basketball system, football posts, netball post, rounders set, hockey, cricket set, planters to walkway, plants, mirror wall and dance bar, bespoke seating to classroom courtyard, community table, signage and recording equipment. 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 on the capital programme as the resources will be grant funded.

**9.4.2 Street Winter Gritter Vehicles and A Gully Cleansing Vehicle:** Virement and spend approval of **£580k in 2020/21** to purchase two winter gritters, a gully cleansing vehicle and a crash cushion attachment. February 2019 Cabinet Procurement Committee approved the Council's plans to bring the Winter Gritting and Gully Cleansing service back in-house to be performed by the Waste Services Team. In order to do this work these vehicles need to be purchased to continue to deliver a high quality service to maintain and improve our street scene. The Council's decision to bring the service back in-house is a more cost-effective long term option. This capital expenditure is the Council's commitment to help mitigate the impacts of climate change on our streets and improve the quality of moving around the borough. This capital project supports Hackney's Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact as the resources already form part of the capital programme.

**9.4.3 Street Cleansing 7.5 Tonne Tipper Vehicles:** Virement and spend approval of **£694k in 2020/21** and resource and spend approval of **£72k in 2020/21** is required to purchase eleven 7.5 tonne cage bodied vehicles for the provision of an integrated Estates and Street Cleansing service. In order to offer and maintain the highest standards of service this procurement is to upgrade existing fleet vehicles with the latest emissions standards. These vehicles will meet the London Mayor's Ultra-Low Low Emission Zones and Direct Vision Standards due to take effect from October 2020. The vehicles are specified to the highest emissions standards available to date and all include 'stop/start' technology and auto shut-off to minimise unnecessary idling. The vehicles can operate on a B100 HVO biofuel which is circa 92% CO<sub>2</sub> and up to 69% NO<sub>x</sub> efficient. This capital expenditure will continue the Council's ambition for a greener and environmentally sustainable community across the borough which is prepared for the future. This capital project supports Hackney's Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact as part of the resources already form part of the capital programme and the remainder will be funded by discretionary resources held by the authority.



9.4.4 **Abney Park Restoration Project:** Resource and spend approval of **£4,411k (£1,020k in 2020/21, £2,385k in 2021/22 and £1,006k in 2022/23)** is required to increase the existing fund for the restoration project at Abney Park. October 2017 Cabinet approved spend approval of £700k of the Council's internal earmarked capital contribution towards the restoration project. In 2017 the Council was successfully awarded a "Development Phase" grant of £314k from the National Lottery Heritage Fund (NLHF) to fund the development phase of the restoration. In July 2019 Cabinet agreed to support the proposals and in November 2019 the project was awarded Planning Permission. The application for the "Delivery Phase" grant was submitted to the NLHF and in December 2019 the Council was successfully awarded a grant of £4,411k to fund the delivery phase of the restoration.

Abney Park Cemetery in Stoke Newington is a 12.5 hectare public open space owned and managed by Hackney Council. The Cemetery has a significant combination of built, 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. At this time Abney Park was one of the magnificent seven garden cemeteries of London. Although work has recently been completed to stabilise the chapel in Abney Park, there are still significant issues in the site that need to be addressed. This capital expenditure will repair and improve the buildings inside the Stoke Newington High Street entrance including restoration of the original lodges and provision of new buildings providing a cafe, community and education space, offices and a volunteer base. Landscaping new interpretation and signage and the removal of cobble will improve the welcome.

The chapel will be restored to enable it to host events. Works will include the reinstatement of windows, a floor and stairs in the turrets to tiered seating above the porch and provision of services including toilets. The entrance of the Church Street will be redesigned to make it more accessible and welcoming. This project will deliver the activity plan via activities grouped around themes of health and wellbeing; community empowerment; learning outside the classroom and improved interpretation. There will be 100 new volunteering opportunities and 24 training and skills development opportunities. An Abney Park Manager, Venue and Promotions Officer, Head Gardener and Volunteer Coordinator will be recruited along with four paid Local Liaison Representatives from nearby under-represented communities to deliver engagement activities for their communities. This capital project supports Hackney's Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact as part of the resources already form part of the capital programme and the remainder will be funded by grant funding.

## **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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