



Capital Update Report

KEY DECISION NO. FCR R80

CABINET MEETING DATE

13 September 2021

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 updates members on the capital programme agreed in the 2021/22 budget.
- 1.2 The recommendations contained in this report demonstrate our continued commitment to meeting our manifesto pledges and the Council's revised Corporate Plan to Rebuild a Better Hackney – which includes our work to give our young people the best start in life and invest in public facilities that everyone can enjoy, as well as contributing to our response to the climate emergency.
- 1.3 The Council has long recognised the impact that sport and physical activity can have on the achievement of its priorities and since 2005 has made improvements to both the quality and operation of its sport and leisure facilities. To ensure we continue to improve sport and physical activity opportunities for residents we need to make decisions about how our leisure facilities continue to meet the demands and expectations of the community, within the context of a growing population and reducing resources. We have already done this with the development of a new Britannia Leisure Centre that opened in June 2021 and last month we reported on our plans to secure the future of Kings Hall Leisure Centre (KHLC) and approved investment in structural works to the building and to develop clear plans and cost estimates for refurbishing KHLC in order to inform future decision making. In this report we turn to outdoor play and exercise bringing forward plans to invest £148k to resurface the tennis courts and replace fencing in Clissold Park.
- 1.4 This month we are also seeking approval for £100k of investment into Stoke Newington Library and a further £2,125k for tree planting across the borough, further investment in our programme to Rebuild a Greener Hackney and includes additional resources via a successful bid to the GLA's Urban Tree Challenge Fund. The library, an important destination and facility for our residents, is located in a Grade II listed building and this investment will fund the development of plans for restoring the library to its former glory and redesigning its layout so it can continue to provide quality library services to residents into the future. The additional funding for tree planting will help us increase the tree canopy cover on our streets as we continue to deliver against our climate emergency commitment and pledge to plant at least 5,000 new street trees by 2022. I also note and welcome the investment in Hackney Wick to support young people and the wider community.
- 1.5 Finally, this report notes investment of £464k to support the insourcing of fleet maintenance on equipment and refurbishment at our workshop. Where we insource services we want to ensure standards are maintained or improved and we are investing here to ensure this is the case.
- 1.6 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 scheme for Chief Executives as set out in section 9.2 be given approval as follows:

Stoke Newington Library Refurbishment: Spend approval of **£100k in 2021/22** is requested to fund the survey and development plans for the refurbishment of this facility.

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

Tennis Court Refurbishments: Resource and spend approval of **£148k in 2021/22** to fund the refurbishment works to Tennis Court Facilities.

Tree Planting Programme: Resource and spend approval of **£2,125k in 2021/22** is requested to fund the programme to increase tree canopy cover around the borough.

3.3 That the S106 schemes as set out in section 9.4 and summarised below be approved as follows:

S106	2021/22 £'000
Capital	67
Total S106 Resource & Spend for Approval	67

3.4 That the scheme summarised in section 9.5 be noted.

3.5 That the expenditure plans and associated resources to be carried from 2020/21 to 2021/22 as set out in para 9.6 and summarised below be approved:

Current Directorate	Slippage 20/21 £'000
Total Non-Housing	7,826
Total Housing	12,310
Total	20,136

3.5 That the re-profiling of the budgets as set out in para 9.7 and summarised below be approved:

Current Directorate	Re-profiling 21/22	Re-profiling 22/23	Re-profiling 23/24
	£'000	£'000	£'000
Total Non-Housing	(27,436)	26,686	750
Total Housing	(44,096)	54,096	(10,000)
Total	(71,532)	80,782	(9,250)

3.6 That the capital programme adjustments as set out in para 9.8 and summarised below be approved:

Current Directorate	Capital Adjustments 21/22
	£'000
Total Non-Housing	(150)
Total Housing	(149)
Total	(299)

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 2021/22 considered by Council on 22 February 2021 sets out the original Capital Plan for 2021/22. 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. As referenced above the feasibility work in both Dalston and Hackney Central will be subject to further community engagement and eventually consultation.

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 2021/22 currently totals **£245.673m (£100.074m non-housing and £145.600m housing)**. This is funded by discretionary resources (borrowing, 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 2021/22 will total **£196.547m (£82.883m non-housing and £113.664m housing)**.

Current Directorate	Revised Budget Position	Sept 2021 Cabinet	Slippage from 20/21	Re-profiling 21/22	Capital Adjustments	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000

Chief Executive's (Non-Housing)	5,098	246	813	(2,323)	0	3,834
Adults, Health & Integration	169	0	(39)	(130)	0	0
Children & Education	20,752	0	181	(3,638)	(120)	17,175
Finance & Corporate Resources	40,115	0	4,234	(15,766)	(30)	28,553
Neighbourhood & Housing (Non)	33,941	2,323	2,636	(5,579)	0	33,321
Total Non-Housing	100,074	2,569	7,826	(27,436)	(150)	82,883
Housing	145,600	0	12,310	(44,096)	(149)	113,664
Total	245,673	2,569	20,136	(71,532)	(299)	196,547

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.
- 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 2021/22 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 Chief Executive:

9.2.1 **Stoke Newington Library Refurbishment:** Spend approval of **£100k in 2021/22** is requested to fund the survey and development plans for the refurbishment of this site. This 'development budget' enables an in depth survey to be conducted to inform design and cost estimates for the repair of the Stoke Newington Library building. This will be the first drawdown against the £4.5m capital budget allocated to the library which is a Grade II listed building in very poor repair. The overall budget was set aside to repair the building fabric and modernise the library service. The library was built in 1892 and currently hosts a full range of library services. The renovation is aimed at restoring the library to its former glory and redesigning its layout so it can continue to provide quality library services to residents into the future. This approval will have no net impact as the resources already form part of the capital programme.

9.3 Neighbourhoods and Housing (Non):

9.3.1 **Tennis Court Refurbishments:** Resource and spend approval of **£148k in 2021/22** to fund the refurbishment works to Clissold Park Tennis Facilities. This funding from the Football Foundation relates specifically to Clissold Park Tennis Facilities and will be used to resurface the tennis courts that did not form part of the recent refurbishment programme. The remaining funding will be used to replace the tennis court fencing around all of the courts which has reached end of life and needs replacing. This demonstrates the Council's commitment to maximise the opportunities for safe play and outdoor activities across our parks. We can also enhance the green space and public space here. We have created safer, healthier, more inclusive streets and neighbourhoods and made sure that we have made the most of the public space, open space and green space across

the borough, and worked with the community to make sure that these are accessible, welcoming and pleasant spaces to walk, play, cycle and spend time, including for local families, young people, older and disabled people. This project supports the Council's Community Strategy by meeting the following strategic priorities: Priority 1. 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth' and Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no impact as the resources are fully funded by grant.

- 9.3.2 **Tree Planting Programme 2021/22:** Resource and spend approval of **£2,125k in 2021/22** is requested to continue the rolling programme to increase tree canopy cover on streets around the borough from 20% to 30% by 2022 which began last year. The Council is looking to meet the demanding targets set out in our climate emergency motion and has committed to a range of decisive infrastructural changes and improvements to achieve this. This includes increasing on-street canopy cover in Hackney by 50% through the planting of 5,000 new street trees and 1,000 trees in parks across parks and open spaces and housing land. In January 2021 Cabinet approved £1,750k to fund the first stage in tackling the urgent issue of poor air quality on the streets of Hackney and as of 31 March 2021, approximately 2,500 trees have been planted on the public Highways across the borough. The Council was successfully awarded external funding from the GLA Urban Tree Challenge Fund and £400k will go towards the funding of this programme. The planting of trees is a key part of the Council's 'nature-based solution' of increasing green infrastructure and significantly reducing carbon dioxide emissions, reducing global warming and protecting and conserving biodiversity. This capital project supports our work to Rebuild a Greener Hackney and the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as it will be funded by grant.

9.4 S106 Capital Approvals

- 9.4.1 Capital Virement and Spend approval is requested for **£67k in 2021/22** of capital funding to be financed by S106 contributions. The works to be carried out are in accordance with the terms of the appropriate S106 agreements. This approval requests the reallocating of the use of the unspent budget of historical S106 funding agreements previously allocated to fund the Ridley Road Project. This S106 expenditure was approved over ten years ago and the project is complete. The remaining budget will be moved to fund the **Dalston Good Growth Fund project** and contribute towards the match funding for this project. The Dalston Good Growth Fund project was developed via a successful bid to the Mayor of London's Good Growth Fund (Round 2) where the project was awarded £770k of GLA capital funding. The project will deliver public realm improvements along Ridley Road and to Ridley Road market including additional trees, a new market layout and new stalls, public wifi, seating and gateway signage at Ridley Road, as well as new trees, greening, signage and public realm improvements on Ashwin Street. This approval will have no net impact as the resources already form part of

the capital programme. This will be an internal movement of the unspent budgets to the scheme below.

Planning Site No.	Project Description	Agreement Development Site	2021/22 £'000
2004/0849	Dalston Good Growth Fund Project	Texryte House, Southgate Road, London, N1 3HJ	16
2004/0150		Dalston Lane 63-67	43
2007/1803		Dalston Square (land South of) including railway Land	8
Total Capital S106 for Approval			67

9.5 For Noting

9.5.1 The delegated powers report dated 28 August 2020 gave resource and spend approval to enter into a grant funding agreement with the London Legacy Development Corporation (LLDC) to enable Council officers to proceed with the delivery of the **MUGA and classroom project** (Young Hackney Eastway) as part of the Wick Workspace project. On 9th June 2020, the Council was successfully awarded further Neighbourhood CIL (Community Infrastructure Levy) funding from the London Legacy Development Corporation (LLDC). As a result **£246k in 2021/22** was approved to spend on this project. This follows November 2018 Cabinet approval of £350k from Council's Capital Contribution Young Hackney, July 2019 Cabinet approval of £390k from GLA Good Growth Fund and May 2020 Cabinet approval of £116k from the LLDC. The Wick Workspaces project seeks to utilise Council assets and land as affordable business and community space in Hackney Wick. The grant funding will be spent on a new youth sports facility at the back of the building and include a Multi Use Games area (MUGA) and a classroom.

The funding will allow the council to work in a new way within the local Hackney Wick neighbourhood, with local people, grassroots community networks and community anchor organisations, specifically in a place where some residents feel that they have been left behind and have not benefited from the recent growth Hackney has experienced. This funding will help deliver local economic development and prosperity, creating new opportunities and wider social and economic benefits for the local community. It will help to keep young people safer and promote social inclusion for isolated residents. 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' and Priority 5 'A borough with healthy, active and independent residents'. This approval will have no net impact on the capital programme as it will be funded by grant.

9.5.2 The Cabinet Procurement Committee report dated 9 November 2020 gave resource and spend approval to enable Council officers to proceed and purchase the equipment required to carry out the function for the **Vehicle Maintenance workshop** which was brought back in-house in April 2021. The insourced model

has shown to be more affordable than a tendered outsourced model. The protection of the Council's operator licence is highly visible and keeps control in the hands of the Council. Having a facility in the heart of Hackney improves vehicle up-time and improved maintenance leads to lower costs and is beneficial to the environment. As a result **£464k (£50k in 21/22, £396k in 22/23 and £18k in 23/24)** was approved to spend on the equipment and refurbishment to the workshop. The planned expenditure consists of: brake roller tester, fleet management software, workshop compressor, MIG welder, service vans, resurfacing workshop floor, MOT bay, renew exhaust extraction/ventilation equipment, column lifts, air conditioning regassing kit, generic plug-in diagnostic kit and steering alignment equipment for car, light commercial vehicles, heavy goods vehicles and buses. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as it will be funded by discretionary resources held by the authority.

9.6 Carry Forward of Schemes from 2020/21 to 2021/22

9.6.1 Further to the outturn position reported in the March OFP report, the table below summaries the proposed carry forward to **2021/22 of £20,136k** in respect of overall slippage against the 2020/21 capital programme with a detailed scheme provided in Appendix 1 be approved.

Current Directorate	Slippage 20/21
	£'000
Chief Executive's (Non-Housing)	813
Adults, Health & Integration	(39)
Children & Education	181
Finance & Corporate Resources	4,234
Neighbourhood & Housing (Non)	2,636
Total Non-Housing	7,826
Housing	12,310
Total	20,136

9.7 Re-Profiling of the Capital Budgets:

9.7.1 The capital programme is re-profiled twice each year to ensure that the budgets reflect changes in the anticipated development and progress of schemes within the approved programme. This helps to enhance capital budget monitoring and associated financing decisions. The table below summarises the re-profiling of the capital programme between years, the full details of which are shown in Appendix 2.

Current Directorate	Re-profiling 21/22	Re-profiling 22/23	Re-profiling 23/24
	£'000	£'000	£'000
Chief Executive's (Non-Housing)	(2,323)	1,573	750
Adults, Health & Integration	(130)	130	0
Children & Education	(3,638)	3,638	0
Finance & Corporate Resources	(15,766)	15,766	0
Neighbourhood & Housing (Non)	(5,579)	5,579	0
Total Non-Housing	(27,436)	26,686	750
Housing	(44,096)	54,096	(10,000)
Total	(71,532)	80,782	(9,250)

9.8 Capital Adjustments from 2021/22

9.8.1 Capital Programme adjustments are requested in order to adjust and reappropriate the 2021/22 approved budgets to better reflect project delivery of the anticipated programme set out below with a detailed scheme provided in Appendix 2.

Current Directorate	Capital Adjustments 21/22
	£'000
Chief Executive's (Non-Housing)	0
Adults, Health & Integration	0
Children & Education	(120)
Finance & Corporate Resources	(30)
Neighbourhood & Housing (Non)	0
Total Non-Housing	(150)
Housing	(149)
Total	(299)

APPENDICES

Two.

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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