



## **Capital Update Report**

**KEY DECISION NO. FCR R86**

### **CABINET MEETING DATE**

**13 December 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 on the capital programme for 2021/22 updates members on the 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 and invest in public facilities that everyone can enjoy.
- 1.3 This month we bring forward £400k of investment to develop further plans to meet our commitment to increasing in-borough special educational needs (SEN) places. We have already invested in more places at The Garden and Ickburgh Schools as well as in Additional Resource Provision at both Queensbridge and Gainsborough Primary Schools and this additional £400k, funded by the Government's Special Provision Capital Fund (SEND), will be spent on appointing a multi-disciplinary team to consider the options and costs to implement the next stage of our plans to meet this growing need in the borough.
- 1.4 This report also seeks approval for S106 capital schemes for improvements at Ridley Road (£91k) and Leonard Street (£104k). Finally, S106 investment of £120k across the three years 2021/22 to 2023/24 is noted to fund the 'Sustainable Transport Planner' in the Smarter Travel team within the Council's Streetscene Department. This enables engagement with many of the major employers in the borough such as Homerton Hospital and a number of businesses in the Shoreditch and London Fields area to develop workplace travel plans to promote active travel.
- 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 scheme for Children and Education as set out in section 9.2 be given approval as follows:**

**Education Sufficiency and Estate Strategy:** Resource and spend approval of **£400k in 2022/23** is requested to appoint a multi-disciplinary team to consider the options and costs to implement a plan for the Council's Education Sufficiency and Estate Strategy.

- 3.2 **That the S106 capital scheme summarised below and set out in section 9.3**

be approved:

<b>S106</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>Total</b>
Capital	0	195	195
<b>Total S106 Resource &amp; Spend for Approval</b>	<b>0</b>	<b>195</b>	<b>195</b>

**3.3 That the S106 revenue summarised below and set out in section 9.4 be noted.**

<b>S106</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>Total</b>
Revenue	40	40	40	120
<b>Total S106 Resource &amp; Spend for Approval</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>120</b>

#### **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.

#### 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 **£171.750m (£69.084m non-housing and £102.666m 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 **£171.750m (£69.084m non-housing and £102.666m housing)**.

Current Directorate	Revised Budget Position	Dec 2021 Cabinet	Updated Budget Position
	£'000	£'000	£'000
Chief Executive's (Non-Housing)	2,320	0	2,320
Adults, Health & Integration	0	0	0
Children & Education	15,230	0	15,230
Finance & Corporate Resources	22,485	0	22,485
Neighbourhood & Housing (Non)	29,049	0	29,049
<b>Total Non-Housing</b>	<b>69,084</b>	<b>0</b>	<b>69,084</b>
Housing	102,666	0	102,666
<b>Total</b>	<b>171,750</b>	<b>0</b>	<b>171,750</b>

## **8. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

- 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 3.2 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, S106 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 Children and Education:**

9.2.1 **Education Sufficiency and Estate Strategy:** Resource and spend approval of **£400k in 2022/23** is requested to appoint a multi-disciplinary team to consider the options and costs to implement a plan for the Council's Education Sufficiency and Estate Strategy. The Council has a strategy duty to ensure there is a sufficient number of school places for pupils and that places are planned effectively. It also has a statutory duty to keep under review educational provision, training provision and social care provision made both in and outside of its area for children and young people with SEN or a disability and for whom it is responsible. The Education Sufficiency and Estate Strategy due to be considered by Cabinet in early 2022 will consider the review of our current sufficiency and how our educational estate can support this. To support the strategy the Council's Education Department is drawing up an implementation plan that will set out the requirements for education provision and the options to deliver the provision. This capital funding is the first phase to appoint consultants to carry out feasibility options and financial appraisals at a number of school sites to establish options and costs.

The first phase will be funded through the remaining Special Provision Capital Fund (SEND) and will consider the options required for meeting the SEND needs in the borough. The Government committed £215 million of capital funding through this 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 received £3,375k in total. The Council can invest the funding as they see fit to help children and young people with education, health and care plans to get a high-quality education. Projects approved and in delivery or delivered include provision of an additional resource provision for pupils with ASD at Queensbridge Primary School (£250k), additional resource provision for pupils with SEMH at Gainsborough Primary School (£400k), the expansion of The Garden School to provide a post 16 facility on the old Ickburgh Road site (£1,738k) and the delivery of an additional 14 places at Ickburgh School (£250k) - giving a current total of £2,638k with £737k remaining as contingency. This £400k is to resource the appointment of consultants and associated legal and survey fees to support the delivery of the implementation plan for the Education Estate Strategy.

This investment will support the Government’s priority to ensure that every child has the opportunity of a place at a good school, whatever their background. It demonstrates the Council’s commitment to providing comprehensive education and supports our schools to provide a broad and inclusive environment for all young people. This capital funding helps to support Priority 2 of the Council’s 2018-2028 Sustainable Community Strategy '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 are funded by grant.

### 9.3 S106 Capital Approvals

9.3.1 Capital Resource and Spend approval is requested for **£195k in 2022/23** of S106 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.

Planning Site No.	Project Description	Agreement Development Site	2021/22 £'000	2022/23 £'000	Total
2014/3367	Ridley Road Improvements	Dalston Square 514-600 Kingsland Road E8	0	91	91
2015/2199	Leonard Street (West) Public Realm Improvements	Satellite House, 17 Corsham Street, London N1 6DR	0	104	104
<b>Total S106 Capital for Approval</b>			<b>0</b>	<b>104</b>	<b>195</b>

### 9.4 S106 Revenue For Noting

9.4.1 The s106/CIL board meeting dated 15 September 2021 considered the following bids for resource and spend approval. As a result **£120k (£40k in 2021/22, £40k in 2022/23 and £40k in 2023/24)** of s106 revenue funding will be spent in accordance with the terms of the appropriate s106 agreements.

This contribution will be used to cover the revenue cost of staff fees for the permanent, full-time post, 'Sustainable Transport Planner' in the Smarter Travel team within the Council's Streetscene Department. Hackney has a dedicated Sustainable Transport & Engagement Team which engages with many of the major employers in the borough such as Homerton Hospital, the Council itself and a number of businesses in the Shoreditch and London Fields area to develop workplace travel plans to promote active travel. The post holder will provide comments on travel plans submitted as part of the planning process for new developments, monitor the travel plans for compliance with Council and London Plan objectives. The postholder will also comment and initiate local school travel plans and proposals.

Planning Site No.	Project Description	Agreement Development Site	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total
2016/3736	Sustainable Transport Planner	Hertford and Napier House 1-2 Cranwood Street London EC1V 9PE	3	0	0	3
2016/2413		Mare Street Studios 203-213 London E8 3QE	4	0	0	4
2015/0844		420-424 Seven Sisters Road	4	0	0	4
2017/3600		130 Kingsland High Street, E8 2NS	4	0	0	4
2017/4197		2 Silicon Way London, N1 6AT	4	0	0	4
2015/1700		The Holywell Centre 1 Phipp Street London EC2A 4PS	4	0	0	4
2018/4549		84 - 86 Great Eastern Street, and 1 - 3 Rivington Street, EC2A 3JL	4	0	0	4
2015/1834		84-86 Great Eastern Street, & 1-3 Rivington Street, London, EC2A 3JL	4	0	0	4
2014/2552		Zaim Trading Estate Leaside Road, London, E5 9LU	3	0	0	3
2015/1996		Cremer Business Centre, 37 Cremer Street, Hackney, London, E2 8HD	2	0	0	2
2015/3923		Land to the rear of 83 Upper Clapton Road, and adjoining 16 Rossendale Street, London, E5 9BU	5	0	0	5
2012/1214		The Lion Club, 140 Pitfield Street, Hackney, London, N1 6JR	0	1	0	1
2017/3141		43-44 Hoxton Square London, N1 6PB	0	2	0	2
2015/2762		21 Great Eastern Street London EC2A 3EJ	0	4	0	4
2015/1895		39-45 Gransden Avenue London E8 3QA	0	4	0	4
2016/3242		28-30 Hoxton Street & 31-37 Hoxton Street, Hackney N1	0	4	0	4
2015/3455		97-137 Hackney Road, London E2 8ET	0	4	0	4

2016/2017 & 2016/2207		Former Kingsland Fire Station,333 Kingsland Rd. E8 4DR	0	3	0	3
2015/0555		1A Downs Road,London E5 8QJ	0	3	0	3
2016/2713		St. Leonards Court New North Rd.London N1 6JA	0	3	0	3
2015/2199		Satellite House,17 Corsham Street,London N1 6DR	0	3	0	3
2016/3602 & 2013/3602		211-227 Hackney Road, London, E2 8NA	0	3	0	3
2016/1930		Tower Court Clapton Common London,E5 9AJ	0	4	0	4
2014/0621		Colville Estate Hackney London N1	0	5	0	5
2014/0621		Colville Estate Hackney London N1	0	0	40	40
<b>Total S106 Revenue for Noting</b>			<b>40</b>	<b>40</b>	<b>40</b>	<b>120</b>

## 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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