



Capital Update Report

KEY DECISION NO. FCR R84

CABINET MEETING DATE

29 Nov 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 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 and invest in public facilities that everyone can enjoy. This month's report has a particular focus on investing in the wellbeing of all ages and across all communities in Hackney.
- 1.3 This report recommends approval of £453k to improve the information available to maintain our corporate buildings, this includes surveys, enhanced ICT systems and lifecycle costings for our core campus buildings. This investment will contribute to ensuring public service infrastructure is fit for purpose and that the corporate estate is well maintained through improved planning processes as well as supporting more effective and efficient ways of working.
- 1.4 We are proposing £75k investment in machinery and equipment to help maintain our parks and ensure our Parks and Green Spaces team have the support they need to remain award winning. As well as promoting good emotional and physical wellbeing through maintaining our open spaces this investment will help ensure we are better prepared to meet our climate change commitments and to deal with its impacts. It will also improve local air quality in the borough.
- 1.5 This report also sets out commitments made under officers' delegated powers. £645k of ongoing investment in Kings Park Moving Together (KPMT) supported by Sport England is highlighted. The Council has long recognised the impact that quality parks and green spaces can have on the achievement of its vision. In line with this, Kings Park Moving Together is looking at the best way to make the most of our parks and green spaces to support physical activity and wellbeing and is committed to doing this in consultation and partnership with the local community.
- 1.6 £655k was approved under delegated powers to invest in 12-14 Englefield Road. This property was occupied for over 30 years by the An-Viet Foundation (AVF) until 2017/18, since then it has been empty. The building is in a very poor state of repair as AVF had a commercial lease but were not able to fulfill their maintenance responsibilities. Since that time the Council has been working with Hackney Chinese Community Services (HCCS) in developing an East and Southeast Asian communities project for the site. Initial capital investment by the Council will help secure additional GLA Good Growth Funding of at least £453k, which the prospective tenant has been granted, to carry out an extensive fit-out of the property to a high specification and will include a restaurant. This investment will allow the Council to work within the local grassroots community and play a significant role in supporting Hong Kong British National Overseas status arrivals following the British Government's new visa route and providing services to newcomers to Hackney and surrounding areas. It will also help deliver local economic development and prosperity, tackle inequality, create new opportunities,

help to keep young people safer, promote social inclusion for isolated residents and ensure all Londoners can influence, shape and participate fully in our capital's recovery from Covid-19.

1.7 Finally, £427k was approved under delegated powers to invest in the Marie Lloyd Centre at 329 Queensbridge Road and to ensure it meets current health and safety and energy efficiency standards. Most of the property was used as a day centre by the Council's Adult Social Care department until they relocated to the Oswald Street centre in September 2018. The site is currently largely unoccupied although an Adult Services lunch club does operate from a self-contained section of the building. In 2019/2020 the property was marketed to local VCS organisations and the successful applicant was Age UK East London. Lease negotiations are at an advanced stage and the Council hopes to agree terms with the new tenant this autumn and complete the lease before the end of 2021. This investment will allow the Council to work in partnership with local organisations to support and advise local people who are struggling to make ends meet and living on low incomes. It will also play a significant role in delivering our new Ageing Well Strategy - keeping older people safer, improving digital inclusion, building connections between residents and promoting social inclusion for isolated residents during these unsettling times.

1.8 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:**

Final Devolved Formula Capital (DFC) Allocation Capital Funding: Resource and spend approval of **£421k in 2021/22** is requested for the allocation of the Department for Education (DfE) grant to individual schools maintained by Hackney Council for 2021/22.

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

Corporate Annual Surveys and Property Information: Virement and spend approval of **£453k (£349k in 2021/22 and £114k in 2022/23)** to fund four projects within the Council's Corporate Property Asset Management (CPAM): the Core Campus Lifecycle Costing Model; a new Bespoke Computer Aided Facilities Management System for Listed Buildings; a new Corporate Estate Asset Management Database; and the rolling programme of surveys for the Council's

property assets.

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

Parks Equipment and Machinery 2021/22: Spend approval of £75k in 2021/22 is requested to purchase equipment and machinery to carry out maintenance to the borough's parks.

- 3.4 That the s106 scheme summarised below and set out in section 9.5 be noted:

S106	2021/22 £'000	2022/23 £'000	Total
Capital	443	44	487
Total S106 Resource & Spend for Approval	443	44	487

- 3.5 That the schemes summarised in section 9.6 be noted.

- 3.6 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
	£'000	£'000
Total Non-Housing	(14,708)	14,708
Total Housing	(10,998)	10,998
Total	(25,706)	25,706

- 3.6 That the capital programme adjustments as set out in para 9.8 be approved.

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 **£196.547m (£82.883m non-housing and £113.664m 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	Nov 2021 Cabinet	Phase 2 Reprofiting & Capital Adj	Updated Budget Position
	£'000	£'000	£'000	£'000
Chief Executive's (Non-Housing)	3,834	0	(1,514)	2,320
Adults, Health & Integration	0	0	0	0
Children & Education	17,175	421	(2,366)	15,230
Finance & Corporate Resources	28,553	23	(6,090)	22,485
Neighbourhood & Housing (Non)	33,321	465	(4,737)	29,049
Total Non-Housing	82,883	909	(14,708)	69,084
Housing	113,664	0	(10,998)	102,666
Total	196,547	909	(25,706)	171,750

8. COMMENTS OF THE DIRECTOR OF LEGAL & 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 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 paragraph 2.8 dealing with monitoring and budgetary control arrangement

8.4 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.

8.5 With regard to recommendation 3.4 and paragraph 9.5 where Cabinet is being invited to note 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, which enshrines the legal tests 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 Children and Education:

9.2.1 **Final Devolved Formula Capital (DFC) Allocation Capital Funding:** Resource and spend approval of **£421k in 2021/22** is requested for the allocation of the Department for Education (DfE) grant to individual schools maintained by Hackney Council for 2021/22. The Department for Education allocates the Devolved Formula Grant annually to local authorities. The grant will be allocated to individual Local Authority schools based on the total number of pupils per school as at 1 April 2020. Every eligible school gets a fixed sum, and a variable amount based on pupil numbers. 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. This year Hackney Council has been granted £421k to help maintain and improve the condition of school buildings and grounds. 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 Finance and Corporate Resources:

9.3.1 **Corporate Annual Surveys and Property Information:** Virement and spend approval of **£453k (£349k in 2021/22 and £114k in 2022/23)** is requested to enable Council officers to proceed with four projects within the Council's Corporate Property Asset Management (CPAM) set out below.

Project	2021/22	2022/23	Total
	£'000	£'000	£'000
Core Campus Life Cycle Costing	50	25	75
Bespoke CAFM system For Listed Buildings	79		79
Corporate Estate Asset Management Database	58		58
Surveys	162	89	235
Total	349	114	463

- Core Campus Lifecycle Costing - The Council's Property and Asset Management Team will procure a lifecycle costing on the Council's Core Campus buildings. The lifecycle costing is the collection of property data that feeds into a report, which sets out the outlook for each particular property and its future required costs. This costing requires the demonstration of the use and implementation of lifecycle costing techniques in order to establish annual financial budgets, with an emphasis on understanding the likely expenditures during the next 5 years. This is not being undertaken across the estate, but for properties within the Council's core campus. The lifecycle model and periodic replacement costs are based upon RICS (Royal Institute of Chartered Surveyors), BCIS (Building Cost Information Service) construction and operational cost benchmarks, together with asset management information provided by the wider operational teams. The report considers minimum lifecycle costs over a 5 year and up to 25 yr period which is in accordance with the maximum provisions set out by BS ISO 15686:5 (Buildings and constructed assets — Service life planning) and provides for the annualised costs for a 5-year period. All profiles assume a study period which commences during the 2022/23 financial year. Clear distinction can be drawn between Lifecycle and Whole Life Costs (WLC), where WLC also considers the impact of income and externalities. The purpose of lifecycle costing is to quantify each area of cost for input into a decision making or evaluation process. The level of quantification is appropriate for the level of detail available at the time of preparation and is currently in accordance with the RIBA (Royal Institute of British Architects) Work Stage 6 (Handover) and Stages 7 (Use) details, and information received from the wider design and operational teams.
- Bespoke Computer Aided Facility Management (CAFM) System For Listed Buildings - The Council's Front of House Listed Buildings Team have been working with the Council's ICT Department and Unboxed Consulting Ltd on developing a new Computer Aided Facility Management (CAFM) system for Repairs and Maintenance (R&M) and Planned Preventive Maintenance (PPM) works for the Hackney Town Hall. The Discovery Phase is completed and the team have reviewed the demo of a repairs and maintenance system in use/under development by the Councils Housing Directorate which primarily meets the requirements for Hackney Town Hall. This software will enable the Council's Facility Managers to plan, execute and monitor all activities involved in repairs and maintenance (R&M) and planned preventive maintenance

(PPM). It is envisaged that the team will use the Council's Housing Repairs and Maintenance and Finance system as a template and develop this to suit 'Listed Buildings'. This capital funding will cover the 'Discovery' works, which is the researching and understanding of the customers' needs, and the 'Alpha/Prototype' works, which is the exploring ideas and test concepts. This new system for Hackney Town Hall will eventually be used for other listed buildings and other wider buildings in the Council's portfolio.

- Corporate Estate Asset Management Database - The Council's Property and Asset Management Team would like to procure a new database system to help Council officers manage reactive and planned maintenance and collate survey reports and asset information. As well as having a comprehensive asset register, the system can be used as a central repository for all property data (surveys, drawings, statutory and compliance information). Users can manipulate and filter data more easily and extract key priority items across the corporate estate and offer greater flexibility with regards to the display of dynamic Key Performance Indicators (KPIs). The use of KPIs will assist with overall decision making with reactive maintenance, provide real data to support property suitability, looking at space utilisation and increasing occupancy in buildings. It can produce high level summary information and assist on how best to meet short, medium and long term objectives to support the Corporate Landlord Agenda and enhance the Council's Strategic Property Team's delivery of Property Asset Management. The use of a Web Based Asset Management System will be a progressive step forward towards a more efficient estate management. The Council will also benefit from transparency of information and also reduce the risk of non-compliance with key health and safety regulations in fulfilling legislative landlord obligations.
- Surveys (Conditions Surveys, Measured Surveys and Energy Performance Certificates and Ad hoc Surveys) - The Council's Property and Asset Management Team are responsible for the surveys of the Council's property portfolio. The programme is planned over two years and consists of both Condition and Measured surveys and Energy Performance Certificates. The rolling programme of condition surveys is made up of 20-25% of the portfolio which equates to approximately 100 surveyed properties per annum capturing core property information and data. This number has increased due to the impact of covid and site closures; these were postponed, and can now be resumed. Approximately 297 properties have been listed to be newly surveyed. The rolling programme of measured surveys runs alongside the condition survey schedule. There are estimated 172 properties listed on the Asset Register that are over 10 years old, as well as property alterations. Included in this programme are other ad hoc surveys that occur during the course of the year, when CPAM are approached to undertake additional surveys often outside the scope of the pre-drafted survey programmes. Services typically consist of structural surveys, specialist surveys and reports. It is best practice to review data on a periodic basis to ensure information is up to date and accurate. This is essential in the provision of area and condition information in-line with the RICS (Royal Institute of Chartered Surveyors) Public Sector Asset Management Guidelines. We also have legislative requirements to Display Energy Certificates (DECs) on Corporate Buildings,

which are the building's energy use and carbon emissions, and to have Energy Performance Certificates (EPC) for all buildings for sale or lease. DECs last for 1 year for buildings with a total useful floor area more than 1,000 square metres. They last for 10 years when the total useful floor area is over 250 square metres and up to 1,000 square metres. All EPCs are valid for 10 years.

These four projects supports development and delivery of strategic asset management and contributes towards:

- Ensuring public service infrastructure is fit for purpose
- Better maintenance of the Corporate estate
- New ways of working and delivering services
- Maximising the value of the estate and supporting a capital investment strategy to unlock capital and provide investment for public infrastructure and services
- Ensure financial stability through the ability to better plan for maintenance and running costs

This capital expenditure supports the Council's Community Strategy 2018-2028 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 Neighbourhood and Housing (Non):

- 9.4.1 **Parks Equipment and Machinery 2021/22:** Spend approval of **£75k in 2021/22** is requested to purchase equipment and machinery to carry out maintenance to the borough's parks. The machinery items will include: Tractor 1100 hp Iska grass / leaf collectors, Kubota cab to keep machine water tight, Verti drain 7212 for tractor to help with soil preparation, electric back leaf blowers and electric tricycle buggies. These purchases will replace and upgrade equipment currently in the fleet and protect expensive equipment from the elements. It will also allow for productivity to be maintained with the protection of the operative in inclement weather conditions. Hackney is a densely populated local area and this can put pressure on the availability of green space. During the pandemic open spaces provide a valuable antidote to the stresses of urban life, especially for the many residents without gardens. Therefore, maintaining our parks and open spaces play an important role to maining social distance and improving leisure and relaxation, contributes to good emotional and physical wellbeing and creates opportunities for social interaction. This capital expenditure will ensure we are better prepared to meet our climate change commitments and to deal with its impacts and improve local air quality. This capital spend supports the Council's Community Strategy 2018-2028 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.

9.5 S106 Capital For Noting

9.5.1 The s106/CIL board meeting dated 1 July 2021 and 15 September 2021 considered the following bids for resource and spend approval. As a result **£487k (£443k in 2021/22 & £44k in 2022/23)** of s106 capital funding will be spent 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
2015/2756	Highway Wks 1 Wilberforce Rd	Rear of 1 Wilberforce Road, N4 2SL	0	13	13
2017/1720	Shoreditch Hoxton Heat Cluster	22-24 Powell Road, London, E5 8DJ	23	0	23
2018/1543	Highway Wks 99 Farleigh Road	99 Farleigh Road, London, N16 7TE	20	0	20
2017/3535	Highway Wks 9-15 Helmsley Place	9-15 Helmsley Place London, E8 3SB	48	0	48
2020/0319	Highway Wks 102 Milton Grove	Land to the rear of 102 Milton Grove, London, N16 8QY	3	3	7
2010/1774	Highway Works at 12 Andre Street	12 Andre Street London e8 2AA	17	0	17
2009/2754	Highway Wks at KSS2 & KSS3 Woodberry Down	Land to West of Skinners Academy, Woodberry Grove, London N4	109	0	109
2016/3242	Highway Wks 28-30 Hoxton Sq & 31-37 Hoxton St	28-30 Hoxton Street & 31-37 Hoxton Street, Hackney N1	23	0	23
2014/0087	Highway Wks 55 Dalston Lane	55 Dalston Lane London E8 2NG	27	27	55
2015/2199	Highway Wks 17 Corsham Street	Satellite House, 17 Corsham Street, London N1 6DR	172	0	172
Total Capital S106 for Approval			443	44	487

9.6 For Noting

9.6.1 The delegated powers reports dated 1 April 2020 and dated 17 September 2021 gave resource and spend approval to enter into a grant funding agreement with the Sport England Lottery to enable Council officers to proceed with the delivery of the **improvements at Daubeney Park** as part of the Local Delivery Pilot 'King's Park Moving Together'. As a result, **£645k (£45k in 2021/22 and £600k in 2022/23)** was approved to spend on this capital project. This funding represents £120k capital funding (from the award dated 22 May 2020) and £525k capital funding (from the latest award of £925k dated 22 March 2021). This project started back in December 2017, Sport England announced that it would be funding 12 locality pilots in a bold new approach to build healthier, more active communities across England. Hackney was selected as one of the local delivery pilots, with a focus on King's Park ward, in the east of the borough, and received an initial grant of £997k for the Local Development Pilot to help address physical inactivity in the King's Park Ward. This money enabled the Kings Park Moving Together (KPMT) Pilot to be designed and developed using community insight and data as well as collaboration with communities and stakeholders. This additional capital spend will enable the Council offers to:

- Review existing consultation data from KPMT and develop outline design proposals for the central area, riverside, path network and how opportunities for activity can be incorporated into the park
- Appoint a landscape architect to develop the existing concept masterplan
- Undertake consultation on proposals Develop proposals to a detailed design stage
- Undertake topographical and contaminated surveys where required
- Engage with Public Realm Team regarding proposals for the creation of a school street, on Kingsmead Way and improvements to the surrounding public realm
- Finalise improvement works undertaken by Hackney Bumps to the skate park

The Council has long recognised the impact that quality parks and green spaces can have on the achievement of its vision, and over the last ten years has made significant improvements to both the quality and operation of its Green Spaces service. Kings Park Moving Together wants to look at the best way to make the most of our parks and green spaces to support physical activity and wellbeing. Working with the Council's parks and green spaces team, stakeholders and residents, we will consider the use of the Health Parks tool in relation to Daubeney Fields. This includes looking at activation and simple design principles. For this phase, we will work with the community and parks team to improve the much-loved skate park. Further option proposals include: an outdoor gym; running / walking routes; access to the Lea navigation for watersports; simple secure storage structure for watersports equipment; improved connectivity to Hackney Marshes; install sustainable drainage in suitable locations within the park to reduce flooding; and look for ways to increase biodiversity by improving habitats on site. The team are working primarily with residents from two large housing estates comprising 5,000 units of social housing stock that are largely flats. The two estates are connected by Daubeney Fields, a park that is valued by residents and is particularly popular with local children due to the adventure playground and new children's playground installed in 2019.

The funding will allow the Council to work with children, young people and families and the wider community to continue to make Hackney a 'Child Friendly Borough'. The team will work across the Council and stakeholders to make sure we are designing, creating and maintaining public spaces that are safer, more accessible and more inclusive and linking up our green spaces to build Hackney's resilience to climate change and improve local air quality. 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' and Priority 5 'A borough with healthy, active and independent residents'. The conditions of the grant do not require the Council to commit resources other than the in kind contribution to the project. A key aspect of the Local Delivery Pilot is to ensure the sustainability of the initiatives beyond the Sport England Grant funding; therefore there will not be an ongoing revenue budget requirement for the Council beyond the level of existing budgets. This approval will have no net impact on the capital programme as it will be funded by grant.

9.6.2. The delegated powers report dated 22 October 2021 gave budget and spend approval to enable Council officers to proceed with the refurbishments works at **12-14 Englefield Road**. As a result, **£655k in 2022/23** was approved to spend on this capital project. This property was occupied for over 30 years by the An-Viet Foundation (AVF) until 2017/18, since then it has been empty. The building is in a very poor state of repair because An Viet had a commercial lease under which they were responsible for maintenance of the building. However, they were not able to fulfill their maintenance responsibilities for many years, due lack of funding and lack of management capabilities. Since An Viet vacated the building there has been further deterioration in its condition; much of this due a prolonged and aggravated squatting in 2019. In 2017 Hackney Chinese Community Services (HCCS) approached the Council with a proposal to take an assignment of the lease from An Viet and then to provide a South East Asian Community Centre from the building which would include use by An Viet. Since An Viet was dissolved in 2018 this dialogue has been with HCCS who now have Vietnamese representatives on their Board of Trustees. Discussions have centred on proposals to establish a new East and Southeast Asian Centre (ESAC) at the site. The historic use of this site, and long association with serving East and Southeast Asian communities, have been key factors in the decision to proceed with developing the ESAC project in conjunction with HCCS.

A more limited programme of capital works was originally estimated at £419k and approved by Cabinet in 2018. However, since that time detailed design work and building surveys have identified the need for a much more extensive programme of work than had originally been anticipated, in order to put the building into good repair. In addition, construction costs have continued to rise sharply since 2018 and the condition of the building has deteriorated whilst unoccupied due, in part, to damage caused by squatters in 2019. A considerable amount of work has already been completed to prepare for the delivery of this programme of works. The design phase and schedule of works has been completed and tender documents prepared, pre-application guidance has been received from planning and conservation officers and a planning application will be submitted. The proposed capital works are:

- **External works** - Replacement of roof tiles, roof glazing, repairs to damaged roof timbers, replacement of the atrium glazed roof, brickwork repairs, coping stone repairs, rainwater goods repair and replacement, repairing the ground floor windows and replacing the first floor windows, replacement of all external fire doors, general timber repair works, demolition and making good works to redundant building elements, structural repairs to heritage elements;
- **Internal works** - Removal of ground floor ceilings, roof repair, repairs to structural steel roof supports, removal of illegal walls, repair of flooring and walls, repairing areas of damp. Rear classroom walls are to be removed. Replacement of doors with fire doors and walls extended to create fire breaks. Lighting and wiring is to be replaced throughout, and a three-phase electrical supply provided. The fire alarm system will be replaced. Boilers are to be replaced with a single system. The kitchen will be lined to reduce fire risk and provided with commercial grade facilities, including gas supply and boiler.

This initial capital investment by the Council will help secure additional GLA Good Growth Funding of at least £453k, which the prospective tenant has been granted, to carry out an extensive fit-out of the property to a high specification and will include a restaurant. The fit-out work will follow once the Council's 'landlord works' is completed. Based on the current project programme, the landlord's works will be completed by mid-2022 and the tenant's fit-out by the end of 2022. This funding will allow the Council to work within the local grassroots community and play a significant role in supporting British National Overseas status arrivals following the British Government's new visa route and providing services to newcomers to Hackney and surrounding areas. It will also help deliver local economic development and prosperity, tackle inequality, create new opportunities, help to keep young people safer, promote social inclusion for isolated residents and ensure all Londoners can influence, shape and participate fully in our capital's recovery from Covid-19. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 4 'An open, cohesive, safer and supportive community' and Priority 5 'A borough with healthy, active and independent residents'. This approval will have no net impact as the resources already form part of the capital programme.

- 9.6.3 The delegated powers report dated 2 November 2021 gave budget and spend approval to enable Council officers to proceed with the repair works to the **The Marie Lloyd Centre at 329 Queensbridge Road** and to ensure it meets current health and safety and energy efficiency standards. As a result, **£427k in 2021/22** was approved to spend on this capital project. The Marie Lloyd Centre is a 6500 sq. ft. community space comprising the entire ground floor of a four story housing association block, along with a rear garden and patio area. The Council has a 999 year lease interest in the ground floor at a peppercorn rent. The lease includes standard provisions in respect of repairs and payment of service charges and insurance. Most of the property was used as a day centre by the Council's Adult Social Care department until they relocated to the Oswald Street centre in September 2018. Following an option appraisal for the site, the property was brought into the Voluntary and Community Sector (VCS) property portfolio in 2019. The site is currently largely unoccupied although an Adult Services lunch club does operate from a self-contained section of the building. In 2019/2020 the property was marketed to local VCS organisations and applications to take on the lease were invited. The successful applicant was Age UK East London. Lease negotiations are at an advanced stage and the Council hopes to agree terms with the new tenant this autumn and complete the lease before the end of 2021.

The proposed capital works include general refurbishment of internal areas, window replacements, fire safety upgrade works, emergency lighting and the installation of new boilers. The capital programme is at an advanced stage with the tender stage having been completed and contract award and start on site are imminent. Based on the current project programme, handover to Age UK as the new tenant should take place in early 2022 and following tenant fit-out works, services will be launched in Spring 2022. The nature of the premises, located in a residential area, directly underneath residential accommodation for predominantly elderly residents and the accessibility of the ground floor space, lends itself to a narrow range of uses - notably services for older residents and for people with disabilities. This funding will allow the Council to work in partnership with local organisations to support and advise local people who are struggling to make ends meet and living on low incomes. It will also play a significant role in keeping older people safer, improve digital inclusion, build connections between residents and promote social inclusion for isolated residents during these unsettling times. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 4 'An open, cohesive, safer and supportive community' and Priority 5 'A borough with healthy, active and independent residents'. This approval will have no net impact as the resources already form part of the capital programme.

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 phase two re-profiling of the capital programme between years, the full details of which are shown in Appendix 1.

Current Directorate	Re-profiling 21/22	Re-profiling 22/23
	£'000	£'000
Chief Executive's (Non-Housing)	(1,514)	1,514
Adults, Health & Integration	0	0
Children & Education	(2,366)	2,366
Finance & Corporate Resources	(6,090)	6,090
Neighbourhood & Housing (Non)	(4,737)	4,737
Total Non-Housing	(14,708)	14,708
Housing	(10,998)	10,998
Total	(25,706)	25,706

9.8 Capital Adjustments from 2021/22

9.8.1 Capital Programme adjustments are requested in order to adjust and reapportion the 2021/22 approved budgets to better reflect project delivery of the anticipated programme set out below.

Summary of Capital Adjustments	Revised Budget	Change	Updated Revised Budget
	£'000	£'000	£'000
Children & Education			
Jubilee Primary	515	(43)	472
Queensbridge Primary	0	7	7
Colvestone AMP	350	(36)	314
AMP Contingency	620	72	692
Queensbridge ARP	50	(50)	1
The Garden School SEN	2,678	50	2,727
Contingency Facade Repairs	402	(12)	389
Rushmore Façade	148	12	160
BSF Whole Life Costing	130	(9)	121
Stoke Newington BSF Life Cycle	1,137	9	1,145
Finance & Corporate Resources			
39-43 Andrews Road Works	149	(94)	54
40-43 St Andrews Road	179	94	273
Housing			
HiPs North West	4,730	(31)	4,699
HiPs South West	2,971	31	3,002
Estate Lighting	150	(80)	70
Street Lighting SLA	1,000	0	1,000
Door Entry System (Replacements)	235	315	550
Drainage	250	312	562
Road & Footpath Renewals	100	19	119
Void Re-Servicing	1,500	50	1,550
Disabled Adaptations	1,353	(153)	1,200
H & S and Major Replacement	500	(250)	250
Integrated Housing Management System	3,054	65	3,119
High Value Repairs/Imp & Wk	1,699	(200)	1,499
Lightning Conductors	386	244	630

Capitalised Salaries	4,331	(319)	4,013
Lateral Mains	46	204	250
Re-wire	200	(179)	21
Green initiatives	400	138	538
Cycle Facilities	33	40	73
Major Legal Disrepairs	200	(200)	0
Better Estates Cherbury Court	86	(83)	3
Commercial Properties	303	65	368
Gascoyne Comm Hall refurb	1	1	3
Recycling Scheme	961	11	972
B/wide Housing under occupation	458	1,196	1,655
55 Albion Grove Hostel Re-Fit	0	29	29
Purchase Leasehold Properties	24,739	(1,225)	23,514
Housing Supply Programme	2,562	(473)	2,089
Whiston Road	0	2	2
Mandeville Street	893	121	1,014
Daubeney Road	2,961	350	3,311
Stock Transfer to HA	0	2	2
Other Heads	1,268	(19)	1,249
Woodberry Down Phase 2-5	0	16	16
Woodberry Down Tenancy Agreement	0	2	2
Total	63,729	(0)	63,729

APPENDICES

One.

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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