London Borough of Hackney – Capital Strategy 2022/23

1. Introduction and background

Introduction

1.1 Hackney's Capital Strategy is an essential part of delivering on the vision for the borough set out in our Community Strategy (2018-2028). The Council's aim is to make Hackney a fairer, safer and more sustainable place for everyone. The five themes of the Community Strategy are:

- A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth
- A borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life
- A greener and environmentally sustainable community which is prepared for the future
- An open, cohesive, safer and supportive community
- A borough with healthy, active and independent residents.

1.2 In 2020, the Council's Corporate Plan was refreshed in response to the changing national and local situation emerging as a result of the Covid-19 pandemic. The refreshed Corporate Plan continues to focus on a fairer, safer and greener borough, keeping in focus the most vulnerable residents, key inequalities, and racial inequality. The seven key areas of focus in the Corporate Plan are:

- Poverty reduction
- Rebuilding an inclusive economy
- Lasting solutions to London's housing crisis and homelessness
- Supporting children and families to thrive
- Community wellbeing and tackling health inequalities
- Reducing harm
- Responding to the climate emergency.

1.3 Our Capital Strategy has a key role to play in delivering the aims of the Community Strategy and the Corporate Plan. By providing a clear and considered approach to the Council's financial planning and capital investment, the Council will have a framework in the Capital Strategy to invest in sustainable and inclusive growth in order to continue to provide high quality services for our residents and businesses, ensure our neighbourhoods, streets, town centres and parks are attractive, safe and welcoming to all, and to provide opportunities for individuals, businesses and communities to thrive and fulfil their potential.

1.4 This framework includes affordability considerations which recognises the capital resources available and in particular the diminishing level of capital receipts and the forecast increase in borrowing from a relatively low position in comparison to other local authorities. This will take into consideration forecast impacts of decisions on the medium term financial plans through increases in the minimum revenue provision and interest costs. It will also consider the potential for capital investment to release revenue savings or cost avoidance in key areas of service delivery.

1.5 The Council's growth strategy is set in the borough’s Local Plan (2020). The Local Plan states that based on the rate of growth, Hackney's population will reach around 320,000 by 2033, a growth of 13% above the 2020 figure of 280,900. This population growth will result in a need for more homes, jobs, services, and community facilities such as schools and health care. The Local Plan, supported by an Infrastructure Delivery Plan, sets out a framework to support this population growth by providing 26,250 new homes and at least 23,000 new jobs by 2033.

1.6 The majority of growth is planned in the borough's town centres and high streets due to the fact these areas have excellent public transport connections and existing services and facilities, and therefore offer the most sustainable development opportunities. The key growth areas in the Local Plan are Hackney Central, Dalston, Shoreditch, Hoxton, Hackney Wick, and Clapton.

1.7 The Council’s Capital Strategy will prioritise inclusive growth and development in these key growth areas. By investing in, and making better use of, Council land and assets in these locations, the Council will seek to contribute to meeting the challenges of population growth and lack of affordable homes and workspace, deliver improved town centres, homes, jobs, commercial space, and community facilities, whilst at the same time realising the financial benefits to the whole borough of a targeted and coordinated approach to investment in specific places. The Council must, however, live within its means and remain mindful of the long-term financial impact (as well as benefits) of capital spend.

1.8 In addition to the key growth areas set out above, the Council will consider the current and future needs of our communities and neighbourhoods and prioritise, where affordable, investment in Council assets and buildings strategically across the borough that will unlock the most benefits for Hackney and our residents and demonstrate a financially sound case for capital investment. Via our Asset Management Plan we will consider further investment in Council owned land and buildings that are underused or in need of improvement.

1.9 The capital strategy will play an active role in delivering on the Council’s commitment to reach net zero emissions by 2040 and build a borough with cleaner air, healthier lives and better neighbourhoods for all of our residents and businesses. It will do this by taking a targeted approach to growth and development as set out above and by ensuring that any new development meets the highest possible environmental standards and actively contributes to the delivery of the net zero commitment. The Council will ensure the need to achieve our net zero target is factored into all future capital investment decisions and new capital expenditure.

1.10 By adopting this approach the Council stands to realise more opportunities from its own land and assets. By pursuing a strategy of capital investment and expenditure that is targeted and focused on delivering inclusive growth and a greener and more sustainable borough we will be better placed to invest in our services, communities and places for years to come and deliver on the ambitions in our Community Strategy and Corporate Plan.

1.11 The Council must, however, live within its means and remain cognisant of the long-term financial impact (as well as benefits) of capital spend. To this end there will be appropriate governance arrangements in place and that capital proposals are subject to appropriate scrutiny before being brought forward and decisions are taken.

1.12 The remainder of this document sets out where we plan to invest our money and how we pay for it over the next three years (2022/23 -2025/26). The strategy encompasses other key documents, notably the capital programme, the treasury strategy and the investment strategy. It also provides a commentary on our approach to commercial property, and how associated risk within the overall capital programme is managed.

1.13 It is anticipated that this strategy will subject to further review in the coming year in light of the following key factors:

- Publication of the revised Prudential Code in December 2021
- Developed of the new Corporate Plan in the coming months
- The Capital Management Review which is drawing to a conclusion and is to be finalised in Spring 2022.

2. Hackney's capital programme

2.1 The capital programme primarily represents two types of expenditure - enhancing of our existing assets, and acquisition of new assets. Over the three financial years 2016/17 to 2018/19 our capital expenditure totalled around £270m each year. This number has reduced in the following years and the reprofiled budget for 2021/22 is at £166m. We potentially see an increase in future years though this is materially dependent on viability of our regeneration schemes and organisational capacity.

2.2 The Council is committed to rebuilding Hackney better despite the pandemic and this feeds through our capital programme as well as day to day services - our capital programme remains ambitious in delivering the community infrastructure and affordable housing our residents deserve.

Non-Housing	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**Total**
	Forecast	**Estimate**	**Estimate**	**Estimate**	
	£m	**£m**	**£m**	**£m**	**£m**
Chief Executive's	0.3	4.0	2.1	0.0	**6.4**
Adults, Health and Integration	0.0	0.0	0.0	2.4	**2.5**
Childrens and Education	11.4	14.9	11.4	8.9	**46.6**
Climate, Homes and Economy	26.2	40.3	14.0	10.2	**90.8**
Finance/Corp Resources – mixed use schemes	13.3	32.4	79.1	72.4	**197.2**
Finance/Corp Resources - other	8.6	28.7	6.4	4.7	**48.3**
Non-Housing budget	**59.9**	**120.3**	**113.0**	**98.7**	**391.8**

Housing					
Asset Management Plan	43.3	43.9	56.1	61.7	**205.0**
Regeneration	27.5	37.6	88.6	102.2	**255.9**
Housing Supply Programme	11.9	33.4	86.7	81.3	**213.3**
GF schemes/Private sector hsg	23.8	9.2	3.5	3.6	**40.1**
Housing budget	**106.5**	**124.1**	**234.9**	**248.8**	**714.2**

Total Annual Capital Budgets	**166.3**	**244.3**	**347.9**	**347.4**	**1,106.0**

2.3 The mixed used schemes line above is primarily the Britannia project. In April 2017 Cabinet considered and approved proposals to replace the Britannia Leisure Centre, deliver a new secondary school (City of London Academy Shoreditch Park) and at least 80 affordable homes paid for in part by the development of private for sale housing units. The Council prioritised the up front delivery of the social infrastructure and affordable housing with the majority of the private for sale housing being delivered as part of the latter phases of the project. The brand new Britannia Leisure Centre opened in June 2021 and with its modern and wide-ranging facilities usage has already risen above the pre-pandemic levels of the old leisure centre. Also last June, the City of London Shoreditch Park were able to move from their temporary site in Audrey Street to the newly built school building adjacent to Shoreditch Park. Work continues in relation to the affordable and private for sale housing and we anticipate providing Cabinet with an update in the coming months. As this scheme is funded primarily by sale of on-site private residential accommodation there is a significant element of risk. Brexit, followed by Covid has destabilised the housing market and there is considerable work continuing to monitor and manage this risk. There is a separate project board and governance process for Britannia in terms of ongoing project management and the relevant financial scrutiny.

2.4 The overall indicative programme incorporates schemes that will deliver the following:

- An ongoing and ambitious regeneration programme which will bring homes of different tenures to the market helping make Hackney a fairer place with genuinely affordable homes.
- Investing in our young people and helping give them the best start in life through our ongoing investment in our school estate to ensure it is in a suitable state of repair, including the ongoing programme of works to primary school facades.
- Investment in expanding in-borough SEN provision to supporting some of our more vulnerable young people with new facilities close to home.
- Regeneration of our town centres to support local businesses and make for an improved place for our residents.
- Ongoing maintenance of the corporate property estate and the maintenance of the ICT infrastructure going forward following the current investment in upgrades to the Council's main ICT platforms - improving our processes internally and making front-line services more accessible.
- A highways maintenance programme retained at the current level of £4m pa and associated schemes

- Maintenance of the Council's parks and green spaces and libraries, including refurbishment of Stoke Newington and Stamford Hill Libraries - ensuring our residents have the space to exercise and stay healthy and have access to good local facilities.
- An ongoing commitment towards delivering on our zero carbon target, including LED street lighting and tree planting.
- Working in partnership with City and Hackney's CCG to build two new primary care facilities in the borough - helping to ensure residents have access to fit for purpose healthcare facilities.

2.5 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is not itself subsidised by, other local services. HRA capital expenditure is therefore recorded separately.

3 Governance - internal

3.1 Service managers bid, either through the Capital Programme Review Panel (CPRP) or annually through the budget setting process to include projects in the Council's capital programme. In completing these bids, managers are required to consider the Council's priorities and the contribution the proposals contained within contribute to these.

3.2 Bids are assessed and collated by Corporate Finance. The final capital programme is presented to Cabinet and full Council each year as part of the overall budget setting process. The updates via CPRP are considered by Cabinet throughout the year and, where approved, are added to the capital programme.

3.3 Capital budget monitoring occurs quarterly (conducted by the management accounting teams in conjunction with project managers) with summary reports forming part of the Overall Financial Position (OFP) process, which is considered and approved by Cabinet.

3.4 There are further governance processes around planning and monitoring of the major strands of the capital programme. This ensures that scrutiny is proportionate to the risk of these projects. Detailed risk registers are retained and are regularly reviewed in light of changing circumstances, for example Covid-19 and the impact on delivery of construction projects alongside the economic impacts including the housing market. The Boards will oversee mitigation to these risks and ensure that alternate strategies are considered as and when appropriate.

Area	Governance
HRA (housing regen and supply)	Housing Delivery Board (under review)
Building Schools for the Future (BSF) programme and other projects delivered through the Local Education Partnership (this includes Nile Street as the last BSF project and Tiger Way)	Strategic Partnering Board (membership includes Group Director of Finance and Corporate Resources and Lead Member for Schools)

Britannia (new leisure centre, school, affordable and private housing)	Britannia Development Board (membership includes the Mayor, Lead Members for Finance, Leisure and Schools, CE, GDFCR, Group Director Childrens and other chief officers) Britannia Steering Group officer group chaired by the CE.
Office/Member overarching strategic capital and major project forum	Capital Investment Board (Mayor, Deputy Mayors, other lead members, CE, GDFCR, Other Directors and key players)

3.5 As part of the Capital Management Review currently being led by the Group Director of Finance and Corporate Resources (GDFCR) these governance arrangements and processes are being reviewed to ensure they are sufficiently strategic and transparent, particularly in the way competing priorities are assessed and schemes are added to the capital programme.

4. Governance - wholly owned subsidiaries

4.1 Hackney has established six wholly owned subsidiaries in recent years, to facilitate and enable its interests on behalf of residents in the borough:

- Two residential building management companies for the respective private dwellings at the Nile St and Tiger Way mixed-use developments - these are very low risk operations, existing only to provide a building management function and funded by resident service charges
- A holding company and two subsidiaries that will purchase private sale and redundant properties primarily from the HRA, and deliver London Living Rent (HLR) and Private Rented Sector (PRS) properties in the borough. This company set-up will also mitigate against sales risk, i.e. we would be able to transfer properties to these companies during a period of downturn in the housing market.
- The Council has established a commercial waste company, Hackney Commercial Services (London) Limited, which was incorporated in October 2021. The company started trading on 1st February and it is expected that in its first year of trading sales will be £350K. The business model for this company is that it would use the Council's infrastructure, vehicles and staffing under contract to deliver the services thereby mitigating the financial risk to the Council whilst the business grows.

4.2 Both the residential building management companies became active in 2019/20. On the housing acquisition side, the holding and PRS companies became active in 2019/20, with the PRS receiving finance of £16m from Hackney to acquire 25 units from a third party to rent at market rates. In 2020/21 Hackney HLR Housing Limited purchased 8 properties at Bridge House from the Council, at a cost of £3.4m, with all of the units occupied by Hackney residents paying a living rent. In 2021/22, the PRS company also leased three units on Stoke Newington Church Street from the General Fund, which are let at a market rate. There is a memorandum of understanding between the Council and the companies which sets parameters of trading for each. Funding of the companies are approved via Hackney's capital programme and as such follows the process outlined in section 3 above.

5. Financing the capital programme

5.1 The Housing Self-Financing Settlement of 2012 left the London Borough of Hackney in a fortunate position. £752m of HRA debt that was until that point serviced through the Housing Subsidy system was effectively repaid by the Government, leaving us debt free. This has meant that we did not need to borrow externally on a long-term basis, from 2012, until 2019/20, during which we have borrowed £65m from PWLB. We also continue to use internal borrowing, i.e. using balances to temporarily finance capital expenditure, notably to contribute towards forward funding development of the mixed-use and regeneration schemes.

5.2 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows.

	2021/22 Forecast £m	**2022/23 Estimate £m**	**2023/24 Estimate £m**	**2024/25 Estimate £m**
Capital Programme:				
Non-Housing	59.9	120.3	113.0	98.7
Housing	106.5	124.1	234.9	248.8
Total spend	**166.4**	**244.4**	**347.9**	**347.4**
Financed by:				
Capital Receipts	56.4	78.7	28.2	82.5
Government Grants	29.5	21.7	26.6	25.4
Reserves	0.4	0	1.8	0
Revenue	47.0	47.9	60.1	65.7
S106/CIL	24.8	71.7	222.2	167.9
Borrowing	8.2	24.4	8.9	5.9
Leasing and PFI	0	0	0	0
Total Financing	**166.4**	**244.4**	**347.9**	**347.4**

It should be noted that some forward funding to be financed by borrowing will be required until these capital receipts are realised through sales of residential properties made available through the development of mixed use schemes.

6. Capital Financing Requirement

6.1 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed (external or internal) capital expenditure and reduces with minimum revenue provision charges and capital receipts used to repay debt. Current modelling sees the aggregate CFR increase from £503m in 2019/20 to £745m in 2024/25.

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Capital Financing Requirement At Year End					
CFR – Non Housing	372	374	351	375	342
CFR – Housing	131	135	180	315	403
Total CFR	**503**	**509**	**531**	**690**	**745**
Net CFR movement		6	22	159	55
External Debt					
Borrowing	77	80	125	261	349
Other long term liabilities	13	12	12	11	10
Total Debt 31 March	**90**	**92**	**127**	**272**	**359**

6.2 The movements in the General Fund CFR reflect the modelled profiling of cash outflows (construction costs) and cash inflows (capital receipts) of the three mixed-use schemes. The Housing CFR increase is primarily through the same principle, for its regeneration programme and asset management of existing stock, where future rental flows pay down an element of the debt over a much longer (40 years) term.

6.3 The CFR over the longer term (beyond 2024/25) reduces, reflecting years where cash inflows exceed outflows. This is of course dependent on additional schemes which may be added to the programme. There is also a risk in the modelling, around the volume and value of the capital receipts, taking into account the deterioration in the housing market amid Brexit. The modelling therefore needs to be revisited on a regular basis.

6.4 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council expects to receive £260m of capital receipts between 2021/22 and 2024/25. The majority of this is from sales of properties developed as part of mixed use and regeneration schemes and will be applied to the repayment of debt incurred to forward fund the schemes, in the first instance.

Asset disposals	21/22 opening balance £m	21/22 forecast £m	22/23 forecast £m	23/24 forecast £m	24/25 forecast £m	Total received 21/22 to 24/25 £m	Cumulative total £m
HRA total	16	30	15	14	74	133	149
GF	71	43	40	43	1	127	198
Total	87	**73**	**55**	**57**	**75**	260	**347**

7. Asset Management

7.1 To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place.

- HRA asset management strategy - considered at February 2019 cabinet - http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CId=111&MId=4331
- The General Fund asset management strategy is in the process of being refreshed following the recent restructure and the consideration of the move to a corporate landlord model.

8. Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

i) Borrowing Strategy

As mentioned above, 2019/20 saw LB Hackney commence long-term external borrowing (excluding the London Energy Efficiency Fund loan, principal remaining £1.6m) for the first time since 2012. At the time of writing we have £71m long term borrowings and no short term borrowing. We anticipate taking on more medium to long term borrowing over 2022/23 to fund our ambitious capital programme. The Council's detailed borrowing strategy is set out in section 6 of our Treasury Management Strategy (Appendix 3 to the budget report) and is not repeated here. A significant change in PWLB loan availability is however noted here - PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Council does not have any such schemes in its capital programme and as part of its capital strategy must recognise the impact of any such proposals on our overall ability to access PWLB loans.

The Council needs to ensure that external debt (i.e. borrowing for any purpose, plus other long-term liabilities) does not, except in the short term, exceed the total of the capital financing requirement in the previous year plus the estimates of any increase in the capital financing requirement at the end of the current and next two financial years. This allows some flexibility for limited early borrowing for future years.

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement (see above). The increase in gross debt rises in line with the borrowing requirement of the capital programme.

	2020/21	2021/22	2022/23	2023/24	2024/25
	Approved	**Estimate**	**Estimate**	**Estimate**	**Estimate**
	£m	**£m**	**£m**	**£m**	**£m**
Gross Debt	90	92	137	272	359
CFR	**503**	**509**	**531**	**690**	**745**

ii) Affordable borrowing limit

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit. For clarity:

- **Authorised limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, whilst not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003.
- **Operational boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

The limits recommended for approval in the 2021/22 budget report are set out below.

	2021/22 Approved £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Authorised limit for external debt				
Borrowing	559	580	740	796
Other long term liabilities	19	18	17	16
Total	**577**	**598**	**757**	**811**
Operational limit for external debt				

Borrowing	529	550	710	766
Other long term liabilities	19	18	17	16
Total	**547**	**568**	**727**	**781**

ii) Investment strategy

Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's investment strategy is set out in the Treasury Management Strategy (Appendix 3 to the Budget Report) and is not repeated in full here. In summary the Council's strategy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with other local authorities, money market funds or selected high-quality financial institutions, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in corporate bonds, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Snapshot of treasury management investments	31.3.2021 £m	31.3.2022 £m	31.3.2023 £m	31.3.2024 £m	31.3.25 £m
Near-term investments	69.243	74.051	84.128	69.128	69.128
Longer-term investments	0.2	15.200	0.2	0.2	0.2
TOTAL	**69.443**	**89.251**	**84.328**	**69.328**	**69.328**

The above numbers are based on current level of investments including liquid cash invested in MMF, call/notice accounts. The level of cash invested in MMFs and call/notice accounts changes on a regular basis depending upon when cash receipts and payments are realised.

9. Commercial Activities

i) Commercial/Investment properties

Hackney has an investment property portfolio of 50 properties (47 Buildings and 3 Land), and 17 aerial masts on HRA land, with an aggregate balance sheet value of £176m as at 31 March 2021. The net revenue return was £6.6m in the same year

Hackney's acquisitions each have specific purposes. An acquisition must meet requirements in terms of price (we know how much something is worth to us, and if the price is higher than that we walk away), and strategic value (does owning this asset help us to unlock value in something else we already own or help us influence a crucial piece of development in the Borough), will it safeguard jobs etc etc.

Before the Council makes an acquisition a great deal of work goes into investigating whether an apparent opportunity truly is an opportunity. The Council has long term objectives for the sustained delivery of services and housing, and if it is to spend capital acquiring physical assets it must:

- Know how and why the asset in question will contribute to the achievement of its long term objectives, and
- Understand whether or not an acquisition can offer value for money. This requires a rigorous and formal valuation of the asset which we then test ourselves informally , noting that property values are only measured at a point in time and subject to markets which vary over the months and years.

Decisions on commercial investments are ultimately made through Cabinet/Full Council, but after consultation through the Capital Investment Board (a member/officer steering group).

ii) Wholly owned companies

As mentioned above, Hackney has six wholly owned subsidiaries.

- The two residential building management companies provide only this service, are funded by resident service charges, and work primarily on a cost recovery basis.
- With regard to the housing acquisition side - Hackney PRS Housing Limited acquired 25 properties developed as part of the Council's regeneration programme in 2019/20. A combination of £16m equity/loan was issued to the company to acquire the units at Hoxton Press, Colville Estate, which are now all let at market rates. In 2020/21 Hackney HLR Housing Limited purchased 8 properties at Bridge House from the Council, at a cost of £3.4m, with all of the units occupied by Hackney residents paying a living rent. In 2021/22, the PRS company also leased three units on Stoke Newington Church Street from the General Fund, which are let at a market rate.
- Commercial waste company, which was incorporated in October 2021 and begins trading in coming months.

10. Knowledge and Skills

10.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.

10.2 Where Council staff do not have the knowledge and skills required or an independent view is required to corroborate officer views, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. We use a range of property consultants from framework contracts and pwc as tax advisers.

10.3 The Commercial Property market constantly evolves with the local and global economy. The Council informs its decisions by using internally sourced knowledge and external knowledge. Internal knowledge comes from Council services which engage closely with local businesses, landowners and developers, including Area Regeneration, from the daily activity of the Strategic Property team who are constantly negotiating rent reviews and lease renewals locally, and who also provide viability modelling and negotiation for the Planning Authority.

External knowledge comes from a consistently maintained network in Hackney, the City of London and East London Property market where relationships are maintained with private landowners, and public sector stakeholders such as the City of London Corporation, LLDC, TfL, GLA etc. Hackney's Strategic Property team also maintains a professional services framework, which hosts a range of property advisers, both technical and agents, selected for their particular individual strengths and local knowledge. This arrangement encourages the more committed advisers to invest in understanding the Council's agenda, and economic circumstances, leading to a more beneficial long term relationship for all parties.

11. Capital Management Review

11. The Council continues to be mindful that capital governance and management arrangements need to be kept under review in response to changing economic conditions and priorities. In recognition of the level of ambition represented by our capital programme, the levels of borrowing it assumes, the need to focus on the rebuilding and supporting our communities, town centres, the local economy, and businesses post Covid, and the increased reliance on developments where the Council takes the risk of sale of private residential units, the Council has undertaken a wide-ranging capital management review which is drawing to a conclusion this spring.