



Capital Update and Property Disposals and Acquisitions Report

Key Decision No - FCR S080

CABINET MEETING DATE

30 May 2022

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 2022/23 budget and is the first Capital Update of the new administration.
- 1.2 The recommendations contained in this report demonstrate the Council's continued response to the [climate emergency](#) which we declared in 2019, Hackney's Green New Deal and our commitment to reach net zero emissions by 2040.
- 1.3 Approval is sought for £510k of S106 funded schemes to progress our Green Homes Programme and to further invest in our communities' response to the climate emergency through the Community Energy Fund.
- 1.4 £200k of investment in the Green Homes Programme (GHP) will see us trial new ways of working with residents through selecting one street of terraced houses (whatever the tenure) which will be surveyed and also assessed for other grants and scheme eligibility, in order to maximise the outcomes. This will enable us to test awareness of the GHP and how many households are eligible for grants. We are also aiming to achieve economies of scale by targeting properties in the same area combined under a single work programme. It will provide easier access and delivery for contractors, enable engagement with local traders/suppliers and provide cumulative energy and carbon savings on a full house retrofit approach.
- 1.4 Through £310k of investment in the Community Energy Fund (CEF) we will work closely with schools and community groups, under the oversight of Hackney Light and Power (HLP) to bid for funding for projects on retrofit and renewable energy. The CEF will give the community the opportunity to come up with radical and innovative ideas to drive significant cuts in carbon emissions and reduce fuel poverty. Eligible community groups can apply for funding to cover feasibility studies and capital works to deliver energy projects such as LED lighting, solar panel installation and air source heat pumps. This funding also enables further engagement with young people to promote behaviour change programmes associated with the installation of the energy saving measures. This initial capital funding will fund 'Phase 1' including setting up the project and fund approximately 15 potential projects in the local community.
- 1.5 Finally, approval is sought for £90k of funding to appoint an Architect Led Design Team and Project Manager to prepare a RIBA stage 2 proposal for redesigning and extending the John Scott Health Centre accommodation. This responds to the increased demand the Woodberry Down Regeneration Project has put on local healthcare facilities in the area.
- 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 approval as required to enable officers to proceed with the delivery of those schemes as set out in section 10 of this report.

3. RECOMMENDATION(S)

- 3.1 That the S106 capital schemes as set out in section 10.1 and summarised below be approved as follows:**

S106	2022/23 £'000
Capital	510
Total s106 Capital for Approval	510

- 3.2 That the S106 revenue scheme as set out in section 10.2 and summarised below be approved as follows:**

S106	2022/23 £'000
Revenue	90
Total Revenue S106 for Approval	90

- 3.3 That the S106 capital schemes as set out in section 10.3 and summarised below be noted as follows:**

S106	2022/23 £'000
Capital	78
Total Capital S106 for Noting	78

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.
- 4.3** To facilitate financial management and control of the Council's finances.

5. BACKGROUND

5.1. Policy Context

The report to recommend the Council Budget and Council Tax for 2022/23 considered by Council on 28 February 2022 sets out the original Capital Plan for 2022/23. Subsequent update reports considered by Cabinet amend the Capital Plan for additional approved schemes and other variations as required.

5.2 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.

5.3 Sustainability

As above.

5.4 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.

5.5 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.

6. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

None.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The gross approved Capital Spending Programme for 2022/23 currently totals **£244.891m (£120.839m non-housing and £124.052m 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 2022/23 will total **£245.479m (£121.427m non-housing and £124.052m housing)**.

Current Directorate	Revised Budget Position	May 2022 Cabinet	Updated Budget Position
	£'000	£'000	£'000
Chief Executive's	4,035	0	4,035
Adults, Health & Integration	30	0	30
Children & Education	15,670	0	15,670
Finance & Corporate Resources	61,194	510	61,704
Climate, Homes & Economy (Non-Housing)	39,910	78	39,988
Total Non-Housing	120,839	588	121,427
Housing	124,052	0	124,052
Total	244,891	588	245,479

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 and paragraph 10 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. VAT IMPLICATIONS

None.

10. S106 Approvals

10.1 **S106 Capital Approvals:** Capital Resource and Spend approval is requested for **£510k 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.

Agreement No.	Project Description	Site Address	2022/23 £'000
2016/4414	Hackney Green Homes Programme	Majestic Hotel, 392-394 Seven Sisters Road N4 2PQ	4
2017/0779		The Lawns, Matthias Road, Hackney, London, N16 8QD	66
2017/3512		Boiler House Belper Court 1 Pedro Street, London, E5 0BE	44
2018/2104		49-51 Paul Street, Hackney, London, EC2A 4LJ	86
Sub Total			200

2016/1348	Community Energy Fund	Lyttleton House Well Street E9 7NN	13
2015/0844		420-424 Seven Sisters Road	27
2015/1834		84-86 Great Eastern Street, & 1-3 Rivington Street, London, EC2A 3JL	2
2016/3333		35 Shore Road, London, E9 7TA	25
2018/0926		Britannia Leisure Centre (incl car park & hard courts) adjacent to Hyde Rd, & Pitfield St, N15 JU, land on the corner of PennSt, & Bridport Place; & other land within Gopsall St, Northport St & Shoreditch Park	89
2018/2389		164-170 Mare Street, London, E8 3RD	35
2017/0596		183-187 Shoreditch High Street, bounded by Holywell Lane, New Inn Yard, and rail viaduct, London, E1 6HU	110
2018/1124		Unilateral undertaking relating to Garages Site at Daubeney Road, Hackney, London, E5 0JQ	9
Sub Total			310
Total Capital S106 for Approval			510

Hackney Green Homes Programme (GHP): The delivery of Hackney GHP is the key retrofit programme to decarbonise the borough and support reducing energy bills and carbon emissions in Hackney. Following the success of previous phases, it is proposed for Phase 3 to go beyond just a grant allocation for private sector housing. The proposal is to trial new ways of approaching residents and complete whole house retrofit projects despite the tenure. The idea is to select one street (row of terrace houses) which will be surveyed and assessed for other grants and scheme eligibility, in order to maximise the outcome and then proceed with the recommendation for retrofit and heating upgrade, match funded by Hackney Council. This trial will help identify the current communication approach (to test residents' awareness of GHP, or eligibility criteria) and assess how many households are eligible for other grants. It will achieve the economy of scale by targeting the bulk properties in the same area combined under a single work programme. It will provide easier access and delivery for contractors, engage with local traders/suppliers and provide cumulative energy and carbon savings on a full house retrofit approach. As part of this project, the plan is to engage with local energy champions, who will support the programme and offer training sessions for other residents on the measures installed, in particular new technologies, such as solar PV panels and heat pumps.

Community Energy Fund: Community energy covers aspects of collective action to reduce, purchase, manage and generate energy with an emphasis on local engagement, local leadership and control. Hackney is developing the Climate Action Plan within seven work streams to combat climate change. Within these work streams there is a major piece of work in relation to taking the residents and a whole community on the journey with the Council to achieve our ambition to achieve net-zero by 2040. The Council will use this S106 funding to set up the 'Community Energy Fund' with the aim of working closely with schools and community groups, under the supervision of Hackney Light and Power (HLP) to bid for projects on retrofit and renewable energy. The 'Community Energy Fund' could give opportunities to the community to come up with radical and innovative ideas, which will lead to significant cuts in carbon emissions and reduce fuel poverty. Eligible community groups can apply for funding to cover feasibility studies and capital works to deliver energy projects such as LED lighting, solar panel installation and air source heat pumps, etc. It will also create the opportunity for engagement with young people via behaviour change programmes associated with the installation of the energy saving measures. This initial capital funding, outlined in the table above, will fund 'Phase 1' to set up the project and fund approximately 15 potential projects. A breakdown of the spend is shown below.

Capital Spend	£'000
Capital Projects, Solar Pv, Led Lighting, Wall Insulation and Heat Pumps	240
Feasibility Studies, Planning Applications, Building Structural Assessments and Roof Assessment.	30
Admin Costs (Hackney Staff Costs)	10
Educational Program For Students and Behavioural Change Projects	30
Total	310

10.2 **S106 Revenue Approvals:** Capital Resource and Spend approval is requested for **£90k in 2022/23** of s106 revenue funding to be financed by S106 contributions. The works to be carried out are in accordance with the terms of the appropriate S106 agreements.

Agreement No.	Project Description	Site Address	2022/23 £'000
2013/3223	John Scott Health Centre	Woodberry Down Future Phases	90
Total Revenue S106 for Approval			90

John Scott Health Centre: This funding will be used for the appointment of an Architect Led Design Team and Project Manager to prepare a RIBA stage 2 proposal for redesigning and extending the existing listed Health Centre accommodation to provide increased and fit-for-purpose clinical space to serve the local community for the next 20/30 years. Phase 2 of the Woodberry Down regeneration (Blocks B, D and F) delivering 704 units has increased the population, putting an additional burden on the neighbouring healthcare facilities, the biggest impact being on the John Scott Health Centre. The next phase of the Woodberry Down development is due to place further demands on the Health Centre, requiring the work now proposed. The property is owned by NHS Property Services and the North East London Clinical Commissioning Group (NELCCG) is funding the RIBA Stages 1 & 2 design work supported by LBH Strategic Property Services who are leading on this work on behalf of NELCCG. NHS Property Services will be responsible for taking the design work beyond RIBA Stage 2 and completing the project subject to securing the capital required.

- 10.3 **S106 Capital for Noting:** The s106/CIL Corporate Board Meeting dated 24 March 2022 considered and approved the following bid for resource and spend approval. As a result **£78k in 2022/23** was approved to spend in accordance with the terms of the appropriate s106 agreements for highway works.

Agreement No.	Project Description	Site Address	2022/23 £'000
2016/3434	Highway Wks 100 Hassett Road	100 Hassett Road,London,E9 5SH	35
2016/2840	Highway Works Land At the Corner of Bridport Place & Wilshire	Land At the Corner of Bridport Place & Wilshire N1 5DS	42
Total Capital S106 for Noting			77

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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