



AGENDA ITEM 8

TITLE OF REPORT : Capital Update Report KEY DECISION NO. FCR R.45	
CABINET MEETING DATE 17 March 2021	CLASSIFICATION: Open If exempt, the reason will be listed in the main body of this report.
WARD(S) AFFECTED All Wards	
CABINET MEMBER Philip Glanville, Mayor of Hackney	
KEY DECISION Yes REASON Spending or Savings	
GROUP DIRECTOR Ian Williams Finance and Corporate Resources	

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report updates members on the capital programme agreed in the 2020/21 budget and is the last update of the current budget year.
- 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.
- 1.3 We know that the pandemic has had a big impact on the local economy. 34,000 Hackney residents have been on furlough at some point this past year, and without further government support, some of them will lose their jobs. That is why we want to support local people by giving them the opportunity to learn new skills. With the Mayor of London's support, this report recommends investing an additional £113k in adult learners – helping to achieve fair access to online learning with the purchase of over 200 laptops, and ensuring community hubs are Covid-19 secure to deliver adult learning courses to our residents as and when lockdown is gradually lifted.
- 1.4 At the outset of the pandemic we prioritised our 'Find Support Services' digital directory project as vital in connecting residents to essential services provided across the community – from council services to local charities. This report proposes £130k of investment in the project which signposts and refers residents and frontline staff to a range of services including voluntary and community organisations (VCS), advice on housing, money and employment, foodbanks, health, mental health, arts and faith-led activities. This work, which sits alongside our 'Here to help' call centre led work, has been a key part of our ongoing humanitarian response to the Covid-19 crisis and addressing its local social and economic impact
- 1.5 Finally, £100k is proposed for upgrading our financial system as a continuation of investment in ensuring our back office is more resilient and as efficient as it can be.
- 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 schemes for Chief Executive's as set out in section 9.2 be given approval as follows:**

Adult Learning Equipment: Resource and spend approval of **£113k in 2020/21** is requested to purchase laptops to support online learning and a safer return to onsite learning.

3.2 That the schemes for Finance and Corporate Resources as set out in section 9.2 be given approval as follows:

‘Find Support Services’ Digital Directory: Resource and spend approval of **£130k in 2020/21** is requested to develop the digital directory service to signpost and refer residents to a range of voluntary community services, non-statutory and statutory provision.

Financial Management System e5 Upgrade: Spend approval of **£100k in 2020/21** is requested to complete a major systems upgrade to the Council's main Financial Management System Cedar/e5.

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

S106	2021/22 £'000
Capital	172
Total S106 Resource and Spend for Noting	172

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 2020/21 considered by Council on 26 February 2020 sets out the original Capital Plan for 2020/21. 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 2020/21 currently totals **£221.362m (£116.997m non-housing and £104.365m 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 2020/21 will total **£221.705m (£117.340m non-housing and £104.365m housing)**.

Current Directorate	Revised Budget Position	March 2021 Cabinet	Updated Budget Position
	£'000	£'000	£'000
Chief Executive's	0	113	113
Children, Adults & Community Health	7,071	0	7,071
Finance & Corporate Resources	82,464	230	82,694
Neighbourhoods & Housing	27,462	0	27,462

Total Non-Housing	116,997	343	117,340
Housing	104,365	0	104,365
Total	221,362	343	221,705

7.4 On 1 November 2020 the Chief Executive's new senior management structure came into effect. The summary table above is reporting the budgets based on the old Council's organisation structure. The budget will be reported on the old structure to the end of the financial year 2020/21 and then the new structure will be reported from 1 April 2021.

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 Under the Council's Constitution, although full Council set the overall Budget it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Councils' decisions. The Cabinet has to take decisions in line with the Council's overall policies and budget.

8.4 The recommendations include requests for spending approvals. The Council's Financial Procedure Rules (FPR) paragraphs 2.7 and 2.8 cover the capital programme with 2.8 dealing with monitoring and budgetary control arrangement

8.5 Paragraph 2.8.1 provides that Cabinet shall exercise control over capital spending and resources and may authorise variations to the Council's Capital Programme provided such variations: (a) are within the available resources (b) are consistent with Council policy.

8.6 With regard to recommendation 3.3 and paragraph 9.4 where Cabinet is being invited to 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. Regulation 122 enshrines in legislation for the first time the legal test that planning obligations must meet. Hackney Council approved the Planning Contributions Supplementary Planning Document on 25 November 2015 under which contributions are secured under S106 agreements. Once completed S.106 agreements are legally binding contracts. This means that any monies which are the subject of the Agreement can only be expended in accordance with the terms of the Agreement.

9. CAPITAL PROGRAMME 2020/21 AND FUTURE YEARS

9.1 This report seeks spending approval for schemes where resources have previously been allocated as part of the budget setting process, as well as additional resource and spending approvals for new schemes where required.

9.2 Chief Executive's:

9.2.1 **Adult Learning Equipment:** Resource and spend approval of **£113k in 2020/21** is requested to purchase laptops to support online learning and a safer return to onsite learning. The Council's Employment Skills and Adult learning have recently secured funding from GLA (Greater London Authority) to support the needs of adult learners during this pandemic and in particular learners at risk of digital exclusion. During the pandemic, Adult learning provision was very quickly moved to an online/blended learning approach but this transition made us aware of the digital divide that exists in Hackney. The team is working with ICT to procure over 200 laptops which will be delivered to learners who are unable to access online Adult Learning courses. This funding will also enable the three community hubs in the borough to deliver adult learning courses to our residents, when lockdown is lifted. The adaptations include signage and floor markings for one-way systems to provide Covid-19 secure facilities for staff and allow learners to return to premises. This capital spend demonstrates the Council's ambition to reduce the digital divide, to support and build confidence for our most vulnerable residents, to secure an inclusive economic growth and generate community wealth in Hackney. This capital project supports Priority 1 the Community Strategy 2018-2028 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth', Priority 2 'A borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life', and Priority 4 'An open, cohesive, safer and supportive community'. This approval will have no net impact on the capital programme as these resources are fully funded by grant.

9.3 Finance and Corporate Resources:

9.3.1 **'Find Support Services' Digital Directory:** Resource and spend approval of **£130k in 2020/21** is requested to fund the launch of the developed digital directory service 'Find Support Services'. It will signpost and refer residents and frontline staff to a range of voluntary and community organisations (VCS), non-statutory and statutory provision offering links to advice on housing, foodbanks, money, employment, health, mental health, arts and faith-led activities. The development for this project started prior to the pandemic but had been fast-tracked in response to an increase in Covid-specific requirements. All the data captured and the relationships made with approximately 100 organisations prior to the pandemic, has enabled the Core Project Team to rapidly respond during the outbreak. The developed 'Find Support Services' map was successfully launched five days before lockdown. This project was led by the Council's ICT Development Team (through a third party, Nudge Digital) and funded S256 Health funding. This capital expenditure fulfils the Council's statutory duties to provide a directory of services. This investment further aligns with the commitment of all 5 Priorities of the Council's 2018-2028 Sustainable Community Strategy by signposting residents to access a wide range of services from a network of peer groups, community groups, local organisations and local public services, offering advice and providing cohesive support to our residents. It will also bridge the digital divide and provide essential support for our most vulnerable residents.

9.3.2 **Financial Management System (FMS) Cedar/e5 Upgrade:** Spend approval of **£100k in 2020/21** is requested to complete a major software systems upgrade to the Council's main Financial Management System (FMS) Cedar/e5. Additional costs have been incurred as extra staff have been brought into the team to meet a challenging deadline for completion of 1 March 2021. There have also been further costs incurred with 'Advanced' the system supplier who will be hosting e5 and 'Daisy' the outgoing hosting supplier, over and above the initial planning estimates. The completion of this major upgrade will deliver substantial benefits such as a more straightforward contractual and hosting relationship which will allow the system to be developed to deliver user needs more straightforwardly and quickly. It will also have the ability to deliver the system to users, securely, over the internet using the chrome browser. Further functional work benefits will continue to be explored with users following the 'go-live' date. This capital expenditure is an essential inward facing project to deliver an improved Financial Management System to support the robust processes for the Council's finances. This capital project supports all 5 Priorities of the Council's 2018-2028 Sustainable Community Strategy by continuing to develop our IT systems it contributes towards making Hackney 'a borough where everyone can enjoy a good quality of life and the whole community can benefit from growth'. This approval will have no net impact as the resources already form part of the capital programme.

9.4 For Noting:

9.4.1 The s106/CIL board meeting dated 9 December 2020 considered the following bids for resource and spend approval. As a result **£172k in 2021/22** 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
2017/3521	Highway Works at Vacant Car Park/Garage, Mandeville Street	Vacant Care Park/Garage Site, Mandeville Street, E5 0DH	16
2017/0779	Highway Works The Lawns, Matthias Road & Cowper Road	The Lawns, Matthias Road, Hackney, London, N16 8QD	156
Total Capital S106 for Noting			172

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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