



<b>Title of Report</b>	Capital Update and Property Disposals and Acquisitions Report
<b>Key Decision No</b>	FCR S091
<b>For Consideration By</b>	Cabinet
<b>Meeting Date</b>	12 December 2022
<b>Cabinet Member</b>	Philip Glanville, Mayor of Hackney
<b>Classification</b>	Open
<b>Ward(s) Affected</b>	All
<b>Key Decision &amp; Reason</b>	Yes      Spending or Savings
<b>Implementation Date if Not Called In</b>	19 December 2022
<b>Group Director</b>	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.
- 1.2 Through the proposals in this report we demonstrate our commitment to meeting our manifesto pledges as well as continuing to deliver against the Council's revised Corporate Plan to Rebuild a Better Hackney, as we go into next year future updates will also align with the Council's new Strategic Plan which was adopted in November.
- 1.3 This month we propose £650k of investment across two years in CCTV cameras to support our low traffic neighbourhood and schools streets programmes. Not only does this demonstrate the Council's continued commitment to making streets safer for cycling and walking, it also contributes to our Net Zero commitment by encouraging people towards more sustainable forms of transport and reducing emissions. We have moved to an approach that uses CCTV because of the flexibility it provides around access to roads, especially for local residents, Blue Badge holders and the emergency services. We are also responding to protracted criminal damage and vandalism of some of this existing infrastructure via this new investment.
- 1.4 Cabinet approval is sought for further investment of £4.268m in 2023/24 for our joint programme of work with the City and Hackney Clinical Commissioning Group where we are employing the Council's expertise and resources to develop Council-owned sites at 2-28 Belfast Road (N16) and The Portico, 34 Linscott Road (E5) as GP surgeries to benefit our local residents. This increased investment is required as since the November 2020 Cabinet decision to proceed with stage 2 of the projects and delegate proceeding with the stage 3 (construction) to the Group Director Finance and Resources the cost of these projects has been impacted by revisions and increases in area through the detailed design and planning process as well as a sustained period of construction cost inflation. A key guiding principle of these two schemes, which this proposal adheres to, is that they are each self-financing for the Council over an indicative 30 year term, taking into account estimated build cost, annual rent and assuming that the Council would borrow externally to finance construction.
- 1.5 Finally, £181k of S106 funding is proposed to part fund three capital projects:
  - the refurbishment of 9 play areas in our parks, improving facilities for our young people across the borough;
  - The conversion of Fairchild's Gardens into a welcoming, flexible space with improved pedestrian access; and

- Making the West Reservoir site more accessible to the general public by improving routes around it, as well as enhancing the leisure facilities offered at the Centre.

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 3 of this report.

## 3. RECOMMENDATION(S)

3.1 **That the scheme for Climate, Homes & Economy as set out in section 11 be given approval as follows:**

**CCTV Enforcement Cameras:** Resource and spend approval of **£650k (£300k in 2022/23 and £350k in 2023/24)** is requested to purchase and install 32 CCTV Enforcement Cameras across the borough to support the Low Traffic Neighbourhood (LTN) and School Streets programme.

3.2 **That the scheme for Finance and Corporate Resources as set out in section 11 be given approval as follows:**

**North East London Clinical Commissioning Group (CCG) Primary Care Project:** Resource and spend approval of **£4,268k in 2023/24** is requested to increase the existing budget for the construction of a primary care surgery at land to rear of 2-28 Belfast Road, N16 and The Portico, 34 Linscott Road, E5.

3.3 **That the s106 scheme summarised below and set out in section 12 be approved:**

S106	2022/23 £'000	2023/24 £'000	Total
Capital	20	162	181
<b>Total Capital S106 for Approval</b>	<b>20</b>	<b>162</b>	<b>181</b>

## 4. REASONS FOR DECISION

4.1 The decisions required are necessary in order that the schemes within the Council's approved Capital programme can be delivered and to approve the property proposals 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. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

None.

## **6. BACKGROUND**

### **6.1 Policy Context**

6.1.2 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.

### **6.2 Equality Impact Assessment**

6.2.1 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 and Climate Change**

6.3.1 As above.

### **6.4 Consultations**

6.4.1 Relevant consultations have been carried out in respect of the projects included within this report, as required. Once again details of such consultations would be included in the relevant detailed reports to Cabinet or Procurement Committee.

### **6.5 Risk Assessment**

6.5.1 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 2022/23 currently totals **£167.489m (£72.020m non-housing and £95.469m 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 The recommendations in this report will result in a revised gross capital spending programme for 2022/23 of **£167.808m (£72.339m non-housing and £95.469m housing)**.

Current Directorate	Revised Budget Position	Dec 2022 Cabinet	Updated Budget Position
	£'000	£'000	£'000
Chief Executive's	408	0	408
Adults, Health & Integration	0	0	0
Children & Education	16,388	0	16,388
Finance & Corporate Resources	30,173	0	30,173
Climate, Homes & Economy	25,051	320	25,371
<b>Total Non-Housing</b>	<b>72,020</b>	<b>320</b>	<b>72,339</b>
Housing	95,469	0	95,469
<b>Total</b>	<b>167,489</b>	<b>320</b>	<b>167,808</b>

## 8. VAT IMPLICATIONS ON LAND AND PROPERTY TRANSACTIONS

**CCG Capital Project (2-28 Belfast Road, N16 and The Portico, 34 Linscott Road, E5):** Both sites have been elected for VAT.

## 9. COMMENTS OF THE DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

- 9.1 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.
- 9.2 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.

9.3 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.

9.4 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

9.5 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.

9.6 **S106:** With regard to the allocation of monies from agreements under section 106 of the Town and Country Planning Act 1990, s.106 permits anyone with an interest in land to enter into a planning obligation enforceable by the local planning authority. Planning obligations are private agreements intended to make acceptable developments which would otherwise be unacceptable in planning terms. They may prescribe the nature of the development (for example by requiring that a percentage of the development is for affordable housing), secure a contribution to compensate for the loss or damage created by the development or they may mitigate the development's impact. Local authorities must have regard to Regulation 122 of the Community Infrastructure Levy Regulations 2010. Regulation 122 enshrines in legislation for the first time the legal test that planning obligations must meet. Hackney Council approved the Planning Contributions Supplementary Planning Document on 25 November 2015 under which contributions are secured under S106 agreements. Once completed, S106 agreements are legally binding contracts. This means that any monies which are the subject of the Agreement can only be expended in accordance with the terms of the Agreement.

## 10. **COMMENTS OF THE DIRECTOR OF STRATEGIC PROPERTY SERVICES**

No comments required.

## 11. CAPITAL PROGRAMME 2021/22 AND FUTURE YEARS

### 11.1 Climate, Homes and Economy:

11.1.1 **CCTV Enforcement Cameras:** Resource and spend approval of **£650k (£300k in 2022/23 and £350k in 2023/24)** is requested to purchase and install 32 CCTV Enforcement Cameras across the borough to support the Low Traffic Neighbourhood (LTN) and School Streets programme (see tables below). The introduction of LTNs and School Streets has been an important part of the Council's Streetscene Programme "Building a Greener Hackney" and has resulted in improved environmental and road safety conditions across the Borough. In keeping with the recommendation of the Department for Transport (DfT) and Transport for London (TfL) during the Covid Pandemic LTNs and School streets were introduced using Emergency Traffic Orders. This means the LTNs and school streets were put in place for a period of up to 18 months during which time a full evaluation was done in order to help decide whether or not to make them permanent. After speaking with our emergency services, it became clear that a majority of these sites needed to be 'camera enforced' in order for them to have unrestricted access. While a considerable majority of current LTNs and schools have camera enforcement, there are still some LTNs and school streets that do not have CCTV enforcement, resulting in some cars disobeying the signs and accessing the LTN.

This capital approval will mean that all of our LTNs, as well as a large portion of our school streets, will be enforced to dissuade vehicles from using these areas. It will increase road safety and demonstrates the Council's commitment to making streets safer for cycling and walking. These enforcement cameras, based on the existing cameras, will repay the costs of themselves within the first 12 to 24 months. It is proposed to purchase 32 cameras and can be viewed as an 'invest to save' purchase. 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' and Priority 4 'An open, cohesive, safer and supportive community'. This approval will have no net impact on the capital programme as it will be funded by discretionary resources held by the authority.

School Name	Roads in SS Zone	No. of Cameras
St Mary's Church of England Primary School	Barn Street	1
Betty Layward Primary School	Clissold Road	2
Grazebrook Primary School	Grayling Road	2
St Dominic's Catholic Primary School	Ballance Road	2

Princess May Primary School	Barrett's Grove Princess May Road Wordsworth Road	3
Colvestone Primary School	Colvestone Crescent	1
Shoreditch Park Primary School	Bridport Place Northport Street	2
St Scholastica's Catholic Primary School	Maury Road Rendlesham Road	3
<b>Total</b>		<b>16</b>

Low Traffic Neighbourhood (LTN)	No. of Cameras	
Wilton Way	1	
Macron Place	1	
Micawber Street	1	
Nile Street	1	
Ebenezer Street	1	
Kay Street/ Goldsmith Row	1	
Forest Road jw Roseberry Place	1	
Richmond Road (at the railway line)	1	
Richmond Road at Eleanor Road	1	
Clonbrock Road at its junction with Nevill Road	1	
Downs Park Road - Mossbourne Academy	1	
Middleton Road / Haggerston Road	1	
Stean Street	1	
Culford Road	1	
Tottenham Road junction with De Beauvoir Road,	1	
Hertford Road junction with De Beauvoir Crescent	1	
Shore Place	1	
Weymouth Terrace	1	
<b>Total</b>		<b>16</b>

## 11.2 Finance and Corporate Resources:

- 11.2.1 **North East London Clinical Commissioning Group (CCG) Primary Care Project:** Resource and spend approval of **£4,268k in 2023/24** is requested to increase the existing budget for the construction of a primary care surgery at land to rear of 2-28 Belfast Road, N16 (new build) and The Portico, 34 Linscott Road, E5 (Grade II listed building and a new build extension). The Council and the City and Hackney Clinical Commissioning Group (CCG) have been working together to provide improved healthcare across the Borough and the Council has put forward two sites where new



and permanent Primary Care facilities can be constructed to modern space and design standards. This project started back in 2019. The initial funding of £200k was approved by the September 2019 Cabinet for the feasibility; then a further £80k was approved to further support the Stage 1 feasibility work. At November 2020 Cabinet a budget of £668k was approved to proceed with Stage 2 (to finalise agreement of leases, the additional Design Team, Specialist advice, District Valuer Fees and agree rental value of each surgery); and a further estimated £13,700k budget for the construction work which was approved as part of the Council's Budget (Capital Programme) by February 2021 Cabinet. After the designs were finalised and planning secured the Construction contract was competitively tendered and both contracts were awarded and appointed the projects, having met the 2nd gateway viability test. The Contractor, Neilcott Construction Ltd, took possession of 'The Portico' site on 1 August 2022 and 'The Belfast Road' site on 30 August 2022 with a completion date of autumn 2023.

Since the November 2020 Cabinet decision to proceed with stage 2 of the projects and delegate proceeding with the stage 3 (construction) to the Group Director Finance and Resources the cost of the project has been impacted by revisions and increases in area through the detailed design and planning process as well as the impacted of an almost unprecedented period of construction cost inflation. This resulted in an increased cost estimate which was borne out by the tender returns. This additional capital funding is expected to be the final amount to bring the capital project to completion. A key guiding principle of these two schemes is that they are each self-financing for the Council over an indicative 30 year term, taking into account estimated build cost, annual rent and assuming that the Council would borrow externally to finance construction. This approval will be forward funded by discretionary resources and the eventual financing route will be the Council's Treasury decision.

This capital expenditure will provide new modern larger GP facilities and significantly support residents in leading healthier and independent active lives and improve the quality and capacity of the Hackney primary care estate in accordance with the CCG Estates Strategy as supported by the Council. This capital project also supports the Council's 2018-2028 Sustainable Community Strategy Priority 1 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth' and Priority 5 'A borough with healthy, active and independent residents'.

## **12. S106 Capital For Approval**

- 12.1 Resource and Spend approval is requested for **£181k (£20k in 2022/23 and £162k in 2023/24)** 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	2023/24 £'000	Total
2014/0223	Park Play Area Refurbishments	6 Well Street, London, E9 7PX	1	0	1
2015/3923		Land to the rear of 83 Upper Clapton Road, and adjoining 16 Rosendale Street, London, E5 9BU	8	0	8
2013/3608		70B Oldhill Street, London, N16 6NA	0	0	0
2009/2906 & 2007/2641		Sutton Place 23-25	0	0	0
2010/2596		Pembury Circus Development	5	0	5
2009/2798		197-199 Mare Street E8 3QF	0	0	0
2011/2209		7- 19 Amhurst Road London E8 1LL	2	0	2
2010/1463		24 Southgate Road London N1 3GH	0	0	0
2010/1239		2 Sylvester Road E8 1EP	0	0	0
2013/0900		Frampton Baptist Church E9 7PQ	2	0	2
2013/0457		Holy Trinity Primary School Beechwood E8 3DY	0	5	5
2012/3558		67A -74 Dalston Lane London E8 2NG	0	6	6
2013/2640		143 Mare Street London E8 3RH	0	0	0
2014/1955		Land Off Cadogan Close London E9 5EQ	0	0	0
2008/2350		160 Dalston Lane London E8	0	0	0
2014/3749		42A Barretts grove London N16 8AJ	0	0	0
2012/3916		22-44 London Lane, London E8 3PR	0	3	3
2013/0226		139-141 Mare Street London E8 3RH	0	2	2
2010/1774		12 Andre Street London e8 2AA	0	1	1
2009/1070		10 Andre Street London E8 2AA	0	0	0
2011/0932		11-15 Tudor Road E9 7SN	0	1	1
2013/2159		Land on the Corner King Edwards Road, London E9 7RF	0	2	2
2012/1861		76-80 Bridgeport Place London N1 5DS	0	0	0
2012/1449		Alpha House, Tyssen Street, London E8 2ND	0	1	1
2013/4000		R Greens 1 Mentmore Terrace London E8 3PN	0	3	3
2014/2524		2-26 Bentley Road, London N1 4BY	0	3	3
2013/1614		Rear of Thirlmere House Church Walk London, N16 8QE	0	0	0
2014/0087		55 Dalston Lane London E8 2NG	0	0	0

2012/3677		2-4 Tottenham Road,London N1 4BZ	0	1	1	
2010/0557		32 Homerton Row,London E9 6EA	0	0	0	
2015/0147		135-165 Lordship Road,Hackney London N16 5HF	0	0	0	
2014/3123	Fairchild's Garden Improvement Project	201 - 203 Hackney Road, London, E2 8JL	0	0	0	
2009/1021		3-11 Stean Street E8 4ED	0	1	1	
2008/2333		102-108 Clifton Street London EC2A 4HW	0	0	0	
2012/3792		Shoreditch High Street 187-193 London E1 6HU	0	1	1	
2015/0279		Principal Place (Land Fronting Norton Folgate )EC2A	0	15	15	
2013/3302		95 Hackney Road London E2 8ET	0	0	0	
2011/0415		99 East Road London N1 6AW	0	1	1	
2013/1357		341-345 Old Street London EC1V 9LL	0	1	1	
2013/1699		West Reservoir Improvement Project	218 Green Lanes London N4 2HB	0	113	113
<b>Total Capital S106 for Approval</b>			<b>20</b>	<b>162</b>	<b>181</b>	

**Parks Play Area Refurbishments:** The funding will support delivery of the capital programme to refurbish 9 play areas across the boroughs parks (Butterfield Green, Clapton Common, Clapton Square, Hackney Downs, Haggerston Park and Well Street Common). This funding will directly contribute to the physical renewal of the play areas and help to address the cost increases within the construction sector. It will be included in the general capital budget for the play refurbishments and be used to fund, play equipment, planting, surfacing etc.

**Fairchild's Garden:** This capital funding is for the refurbishment of the current disused park. The current space is currently placed on a disused burial ground which is unwelcoming and rarely used. The conversion of Fairchild's Gardens will turn the site into a welcoming, flexible space with improved pedestrian access; and have the infrastructure to support a catering kiosk and the children's play area. This will also celebrate the heritage of the site, improve biodiversity and meet the 'Green Flag' criteria.

**West Reservoir Improvement Project:** This funding will add to the secured c £2.3m funding related to the Improvement works at West Reservoir. The aim of the project is to make the site more accessible to the general public by improving routes around it, as well as enhancing the leisure facilities offered at the Centre. This particular funding relates to the upgrading of the New River Path and adjoining landscape. The

plans for the path is to make it more accessible to people with wheelchairs and buggies by improving the surface as it is currently uneven and therefore not accessible. There is also currently a bridge linking the new river path to the facilities (building and car park), this bridge currently has steps and is therefore not accessible. This funding will contribute to making this accessible. This works will form part of West Reservoir project with works also likely to include:

- A more accessible cycling and walking route around New River path;
- A new accessible green space for local residents and visitors (via an entrance and / or bridge);
- An accessible bridge across New River;
- Development of a new pontoon swimming pool;
- Enhanced habitats for wildlife;
- Enhancements to the watersports offer;
- Improved landscaping;
- More cycle parking;
- Reception, cafe and other building improvements / refurbishments such as changing;
- Stabilisation of the New River banks.

## APPENDICES

None.

## BACKGROUND DOCUMENTS

**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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