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Title of Report	Capital Update and Property Disposals and Acquisitions Report	
Key Decision No	FCR S098	
For Consideration By	Cabinet	
Meeting Date	27 February 2023	
Cabinet Member	Philip Glanville, Mayor of Hackney	
Classification	Open	
Ward(s) Affected	All	
Key Decision & Reason	Yes	Spending or Savings
Implementation Date if Not Called In	6 March 2023	
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.
- 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 new Strategic Plan which was adopted in November.
- 1.3 In this report, I bring forward £720k of investment in the Mosaic Adult Social Care system to both enhance the management of the cases of some of our more vulnerable residents and to improve and streamline financial assessment and monitoring processes and enable further integration with health systems. Towards our commitment to a Greener Healthier borough we are also looking to spend £225k to continue our programme of refurbishment to public conveniences in parks and green spaces and introduce further cafes/catering outlets in our parks.
- 1.4 Finally, the report seeks approval for the granting of 99 year leases to UKPN of two substation sites to enable adequate power supply to the new GP surgeries currently being developed at 2-28 Belfast Road and The Portico, 34 Linscott Street.
- 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 approval as required to enable officers to proceed with the delivery of those schemes as set out in section 3 of this report.
- 2.2 **Proposed Leases of two substations to UKPN at r/o 2-28 Belfast Road, Stoke Newington N16 6UH and The Portico, 34 Linscott Road, Hackney E5 0RD:** Both properties are owned by the Council and are the sites for the new surgeries for the Springhill practice and the Lower Clapton practice currently under construction as the two North East London Clinical Commissioning Group (CCG) Primary Care Project.

- 2.3 Whilst there is a UKPN substation on site at Belfast Road under a lease dated 4 January 1966 as shown in the Appendix 1 edged red and is due to expire in 3 years time. The new development requires additional power and UKPN has to have a new 99 year lease to provide the additional capacity for the site. The existing lease will be surrendered to the Council and we will cease to receive the income of 'one shilling per annum'.
- 2.4 At The Portico a new substation is required as shown in Appendix 2 edged brown and UKPN needs a 99 year lease of the substation site for the provision of the substation.
- 2.5 UKPN requires us to have the peppercorn leases in place before they will provide the additional power we need and they will send their standard 99 year lease to Legal Services for them to approve which will also include an option for a further 60 year extension if required.

3. RECOMMENDATION(S)

- 3.1 **That the scheme for Adults, Health & Integration as set out in section 11 be given approval as follows:**

Mosaic: Resource and spend approval of **£720k in 2023/24** to deliver key case management and finance follow-on actions for the Mosaic Social Care System, as well as to deliver the integration to health and electronic care monitoring that were out of scope of the recovery project, but required for ongoing service delivery.

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

Parks Public Convenience and Cafes: Spend approval of **£225k (£50k in 2022/23 and £175k in 2023/24)** is requested to continue the programme of refurbishment to public conveniences in parks and green spaces and introduce further cafes/catering outlets in our parks.

- 3.3 **To approve the granting by the Council to UK Power Networks a lease of 99 years for the two substation sites within the properties known as r/o 2-28 Belfast Road, Stoke Newington N16 6UN and The Portico, 34 Linscott Road, Hackney E5 0RD at a peppercorn rent.**

- 3.4 **To authorise the Group Director of Finance and Resources and the Director of Strategic Property Services to finalise any outstanding issues in connection with the completion of the lease and to agree the final commercial terms.**

- 3.5 **To authorise the Director of Legal, Democratic and Electoral Services to agree, negotiate, settle, sign and complete the final form of the lease and enter into it on behalf of the Council together with any ancillary documentation relating to the transaction.**

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

- 5.1 **Proposed Leases of two substations to UKPN at r/o 2-28 Belfast Road, Stoke Newington N16 6UH and The Portico, 34 Linscott Road, Hackney E5 0RD:** There are no alternative options as UKPN will only provide the increased power if they are granted a lease of 99 years at a peppercorn rent in both these properties. This is a necessary condition.

6. BACKGROUND

6.1 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.

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 and Climate Change

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.

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 2022/23 currently totals **£168.695m (£73.225m 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 **£168.520m (£73.050m non-housing and £95.469m housing)**.

Current Directorate	Revised Budget Position	Feb 2023 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	26,257	(175)	26,082
Total Non-Housing	73,225	(175)	73,050
Housing	95,469	0	95,469
Total	168,695	(175)	168,520

7.4 Proposed Leases of two substations to UKPN at r/o 2-28 Belfast Road, Stoke Newington N16 6UH and The Portico, 34 Linscott Road, Hackney E5 0RD:

The existing lease at 2-28 Belfast Road, Stoke Newington N16 6UH will be surrendered and a new lease of 99 years with an option for a further 60 year extension will be granted for 2-28 Belfast Road, Stoke Newington N16 6UH and The Portico, 34 Linscott Road, Hackney E5 0RD on a peppercorn rate.

8. VAT IMPLICATIONS ON LAND AND PROPERTY TRANSACTIONS

8.1 Proposed Leases of two substations to UKPN at r/o 2-28 Belfast Road, Stoke Newington N16 6UH and The Portico, 34 Linscott Road, Hackney E5 0RD: On the basis that the Council is granting the leases at a peppercorn, and no other consideration is received, this will be a non-business supply by the Council and therefore no VAT will be due to be accounted for as no income is received, and the Council should be able to reclaim all of the VAT incurred on attributable costs. On the basis that no payment is to be made either way for the surrender of the existing lease or the grant of the new lease, it is generally accepted there is no supply provided the new lease would always have been at a peppercorn, and the rent is not reduced to reflect the surrender.

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 **Proposed Leases of two substations to UKPN at r/o 2-28 Belfast Road, Stoke Newington N16 6UH and The Portico, 34 Linscott Road, Hackney E5 ORD:** The grant of a lease is pursuant to the Hackney Mayoral Scheme of Delegation of January 2017 and is reserved to the Mayor and Cabinet. Section 123(1) of the Local Government Act 1972 provides the Council with the power to dispose of land and property, provided such disposal is made for the best consideration reasonably obtainable. However, the General Disposal Consent 2003 removes the requirement for local authorities to seek specific consent from the Secretary of State for any disposal of land where: the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of: (i) the promotion or improvement of economic well-being; (ii) the promotion or improvement of social well-being; (iii) the promotion or improvement of environmental well-being; and the "undervalue" (i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2 million or less.
- 9.7 Where the case does not fall within the terms of this General Consent then an application to the Secretary of State for Communities and Local Government for a specific consent is required. Furthermore, the General Consent Order 2003 specifies that it is the responsibility of the Council to satisfy itself that the land is held under powers which permit it to be disposed of under the terms of the 1972 Act. A grant of a long lease is defined as a disposal within the Local Government Act 1972.
- 9.8 The comments of the Director of Strategic Property Services confirm best consideration has been met. Therefore it conforms with the Council's duty to comply with s123 of the Local Government Act 1972.
10. **COMMENTS OF THE DIRECTOR OF STRATEGIC PROPERTY SERVICES**
- 10.1 **Proposed Leases of two substations to UKPN at r/o 2-28 Belfast Road, Stoke Newington N16 6UH and The Portico, 34 Linscott Road, Hackney E5 ORD:** I am satisfied that the principal terms of the lease, as set out in Appendix 3, will protect the Council's long term interests in the property and that the requirements of section 123 of the Local Government Act 1972 as to obtaining the best consideration reasonably

obtainable for the disposal are met.

10.2 I am also satisfied that it is in the interests of the two CCG Capital Projects and the two surgeries to grant the 99 year leases to UKPN, as referred to in this report, as they are required to provide the increased power output from the substations to the new developments.

11. CAPITAL PROGRAMME 2022/23 AND FUTURE YEARS

11.1 Adult, Health and Integration:

11.1.1 **Mosaic Adult Social Care ICT System:** Resource and spend approval of **£720k in 2023/24** to deliver key case management and finance follow-on actions for the Mosaic Adult Social Care ICT System, as well as to deliver the integration to health and electronic care monitoring that were out of scope of the cyber-recovery project, but required for ongoing service delivery. Following the recovery of the basic Mosaic functionality (post cyber-attack) in November 2022, there is a list of important Case Management improvements across the service that were out of the scope of the original recovery work. Further to this, Mosaic has not been in place as the primary Social Care Finance system for Social Care for over two years, and further significant improvements are required. Work is required to integrate the Social Care Reforms Financial Assessment Self-serve process into Mosaic. There is a need to set in place essential health integration between social care and health systems that were previously in place, but out of scope for the initial recovery project. There is also a need to embed the strategy and system readiness for Electronic Call Monitoring through a two phase process that reviews current homecare management processes and tools. In summary this capital approval will deliver the following:

- Meet Finance follow-on deliverables - Essential upgrades to the Mosaic ICT System as the primary finance system for all social care purchases and income.
- Case Management and Configuration - This will allow Council Officers to respond quickly to Care Quality Commission Inspections, deliver up-to-date reports, resolve data items and safeguard residents more effectively.
- Financial Assessment integration into Mosaic - That will enable residents to undertake their assessments and submit these to the Council directly which will streamline the process, reduce the need for the finance team to re-key this data, ensure good data accuracy and reduce waiting times for residents.
- Fundamental data sharing tools - To enable the integration of Health and Social Care systems through robust 'viewers', functionality that was in place prior to the cyber-attack. This will ensure that Children and Families Services, Education, Adult Social Care and Health are working on the latest stable versions of the system. Practitioners and health workers who are involved with the same Hackney Resident are able to share and access patient and social care records thereby

providing improved safeguarding of residents, and more holistic care and support.

- Electronic Care Monitoring - A review and subsequent implementation of an approach to Electronic Care Monitoring, which provides the valuable financial oversight of planned versus actual care packages to ensure the Council has a clear and accurate report on spending.

While work was done during 2022 to recover the system, this additional project work is required to restore the asset to pre-cyber standards so that it can adequately underpin the social care recording and legislative reporting needs for both Adults and Children's Social Care. It is proposed that the project would be completed by October 2023. This demonstrates the Council's commitment to ensure every person in Hackney has the best start in life and will continue to transform adult social care, tackle physical and mental health inequalities and continue to support, value, and give voice to our older and disabled residents. This capital spend supports the Council's Community Strategy 2018-2028 Priority 4 'An open, cohesive, safer and supportive community' and Priority 5 'A borough with healthy, active and independent residents'. This approval will have a net impact on the corporate programme as the project will be funded by borrowing done by the local authority.

11.2 **Climate, Homes and Economy:**

- 11.2.1 **Parks Public Convenience and Cafes:** Spend approval of **£225k (£50k in 2022/23 and £175k in 2023/24)** is requested to continue the programme of refurbishment to public conveniences in parks and green spaces and introduce further cafes/catering outlets in our parks. In recent years the toilets in Hackney Downs, Haggerston Park, London Fields and Millfields have all been refurbished, and converted into a more robust style of facility. The new facilities are more hardwearing, easier to clean, easier to restock and less prone to vandalism than the old facilities. We have created safer, healthier, more inclusive streets and neighbourhoods and made sure that we have made the most of the public space, open space and green space across the borough, and worked with the community to make sure that these are accessible, welcoming and pleasant spaces to walk, play, cycle and spend time, including for local families, young people, older and disabled people. This capital expenditure will benefit all sections of the community and demonstrates the Council's commitment to making Hackney a greener and environmentally sustainable community which is prepared for the future. 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.

APPENDICES

Appendix 1 - Sub Station Plan for Belfast Road

Appendix 2 - Sub Station Plan for The Portico

Appendix 3 - Proposed Terms of the Lease Agreement

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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