



Title of Report	Capital Update and Property Disposals and Acquisitions Report	
Key Decision No	FCR S100	
For Consideration By	Cabinet	
Meeting Date	27 March 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	3 April 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 This month we bring forward proposals to invest £4,165k to create 93 Special Educational Needs (SEN) places in the borough - demonstrating the Council's ambition to provide excellent education facilities supporting every child in Hackney. This will also reduce reliance on out-of-borough placements, by creating more cost effective places for young people closer to their homes. It includes proposals to expand provision in our secondary schools in both the maintained and academy sector, illustrating the strong partnership we have with our family of schools and a shared commitment to inclusion.
- 1.4 Proposals, in this report, to fund the measures being taken to expand the School Street Zone surrounding The Olive School through £233k of S106 investment speak to all the priorities of our Strategic Plan, for a Fairer Safer, Greener Healthier and for Every Child in Hackney. This month the capital programme is also updated for £50k of GLA funding that contributed to £150k of investment to join together two elements of open space for residents to enjoy at Ufton Gardens. The spaces were separated by a road closed to traffic as part of a trial 'Low Traffic Neighbourhood' - this project made the road closure permanent. The green space features a new sustainable drainage system and tree planting and we will work with the local community group on the subsequent maintenance of the space.
- 1.5 We continue to work to maximise the value of our asset base for our local communities. This month we seek approval to dispose of two former school keepers houses at Queensbridge and Shoreditch Park Primary Schools. Decisions to dispose of assets are never easy, nor taken lightly, but in this case no alternative education or wider Council use has been identified for these dilapidated properties and we plan to utilise the proceeds from the sales, after costs, to invest in our 2030 Net Zero commitment we have made in relation to our schools. We are sensitive to the locations of these properties next to two flourishing schools and will work with the respective leadership teams to ensure a stable sales process. We have also in recent years supported investment in both these schools and will also make provision for restrictive covenants in the transfer of the freeholds to ensure there is no overlooking into the school sites from the houses.
- 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.
- 2.2 **Proposed disposal of Former School Keepers Houses at Queensbridge Primary School, 1 Albion Drive, E8 4ET and Shoreditch Park Primary School, 45 Grange Street, Bridport Place, N1 5JN:** Approval is sought for the disposal of the former schoolkeeper houses at Queensbridge and Shoreditch Park Primary Schools. Given the severely dilapidated condition of the buildings; the fact that no other council service has a service need for the properties in their current condition and the ongoing cost to keep them secure, the buildings are surplus to requirements, this is deemed as the most economically beneficial way forward, will mitigate financial and potential reputational risks to the Council, and will generate a capital receipt for the Council for investment in our priorities and in this instance we propose to use the proceeds, less costs to further our net zero ambition for our schools.
- 2.3 The Council owns the freehold of both of these properties and both properties are held within the Council's General Fund.
- 2.4 **Proposed disposal of 45 Grange Street, former schoolkeeper house of Shoreditch Park Primary:** This property is a two-storey plus basement, Victorian-built, former caretaker's house overlooking Shoreditch Park. There is a small garden to the rear of the property. Records state that the property was used as a schoolkeeper house for the adjacent school until the former schoolkeeper retired in 2003 and left the house in December 2006. The school has not employed a resident school keeper since then and the building is no longer required for this purpose. The house sits outside the curtilage of the school site.
- 2.5 **Proposed disposal of 1 Albion Drive, former schoolkeeper house of Queensbridge Primary:** This building is the former schoolkeeper property for Queensbridge Primary School. This house has been empty since 2010 and was deemed 'surplus to education requirements' in 2011. The property sits outside the curtilage of the school site. There is a small garden to the front and rear of the property and the house sits over 3 storeys (including the basement).
- 2.6 Both properties are not required by the schools for schoolkeeper accommodation and therefore have been declared 'surplus to education requirements'.
- 2.7 Both properties are in a poor condition and a recent condition survey carried out in November 2022 identified significant works required in the next five years to bring the properties into a good state of repair. No repairs, maintenance or other investment work has taken place at either of

the houses since they were empty apart from to secure the properties from squatters. The buildings have deteriorated significantly over this time.

- 2.8 A survey carried out in November 2022 also identified work required ahead of the sale of each property to provide suitable boundary treatment to separate the properties from the adjacent schools. This is estimated to be in the region of £50k and we will work with the respective schools to deliver these works. This is in addition to the estimated repair costs identified and will have to be forward funded by the Council ahead of the sale.

3. RECOMMENDATION(S)

- 3.1 That the scheme for Children and Education as set out in section 11 be given approval as follows:

Education Sufficiency and Estate Strategy SEND Expansion Phase 1b: Resource and spend approval of **£4,165k (£1,778k in 2023/24, £2,125k in 2024/25 and £262k in 2025/26)** is requested for the next phase of the SEND expansion of special schools across the borough.

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

Connecting Green Spaces - Ufton Gardens: Resource and spend approval of **£50k in 2022/23** is requested to deliver a road closure between Ufton Gardens.

- 3.3 That the s106 scheme summarised below and set out in section 11 be approved:

S106	2023/24 £'000
Capital	233
Total Capital S106 for Approval	233

- 3.4 To deem the former schoolkeeper houses at Queensbridge and Shoreditch Park schools as surplus to Council's operational requirements and to be disposed of.

- 3.5 To authorise the sale of the freehold of the former School Keepers' houses at Queensbridge Primary School, Albion Drive, E8 4ET and Shoreditch Park Primary School, Grange Street is shown edged in red for information purposes only on the plans in Appendix 1 and 2.

- 3.6 To include restrictive covenants in the transfer of the freeholds to ensure there is no overlooking into the school sites from the houses

- 3.7 **To fund costs to physically separate the former houses from the school sites and other eligible costs associated with the disposals to be offset against the receipt and to fund any costs associated with gaining residential planning permission if required.**
- 3.8 **To recognise the available funds from the sale of the former houses from school sites as earmarked for delivery of the Council's 2030 Net Zero Carbon Schools Programme.**

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 disposal of Former School Keepers Houses at Queensbridge Primary School, 1 Albion Drive, E8 4ET and Shoreditch Park Primary School, 45 Grange Street, Bridport Place, N1 5JN:** The Council has considered other uses for the properties in the context of its prevailing strategic priorities. The properties have been offered internally to support other housing needs, however due to the large repairing liabilities and the administrative burden of making the houses habitable for the resulting accommodation, the preferred option is to dispose of the properties to generate a receipt to invest in the Council's priorities.
- 5.2 If the property is not sold, the Council would retain responsibility for its repairs, management and associated costs, together with any abnormal costs arising from, for example, vandalism or unauthorised occupation. The current estimated repair costs for both properties is in the region of £1m.

6. BACKGROUND

6.1 Policy Context

The report to recommend the Council Budget and Council Tax for 2022/23 considered by Cabinet on 28 February 2022 and subsequently by Council on 2 March 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.

Proposed disposal of Former School Keepers Houses at Queensbridge Primary School, 1 Albion Drive, E8 4ET and Shoreditch Park Primary School, 45 Grange Street, Bridport Place, N1 5JN: The Education Property team continues to undertake the programme of stock condition surveys which take into account an NZC assessment across the Education assets. This follows the Mayor's commitment to have an action plan by 2026 to support all schools to achieve net zero by 2030, including ensuring all our investment in maintenance supports this effort and the creation of a Greening School Fund. The ring-fencing of the income generated from the sites recommended for disposal by this report will contribute towards the Council's proposed Net Zero Carbon (NZC) Capital Investment Programme for school sites.

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**

Proposed disposal of Former School Keepers Houses at Queensbridge Primary School, 1 Albion Drive, E8 4ET and Shoreditch Park Primary School, 45 Grange Street, Bridport Place, N1 5JN: The income from the receipt will be directed towards the Council's proposed Net Zero Carbon (NZC) Capital Investment Programme for school sites.

6.4 **Consultations**

Relevant consultations with other council departments have been carried out in respect of the properties included within this report, as required.

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 **£168.520m (£73.050m 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 **£168.570m (£73.100m non-housing and £95.469m housing)**.

Current Directorate	Revised Budget Position	March 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	26,082	50	26,132
Total Non-Housing	73,050	50	73,100
Housing	95,469	0	95,469
Total	168,520	50	168,570

7.4 **Proposed disposal of Former School Keepers Houses at Queensbridge Primary School, 1 Albion Drive, E8 4ET and Shoreditch Park Primary School, 45 Grange Street, Bridport Place, N1 5JN:** The sale of the schoolkeepers' properties as set out in this report will generate capital receipts. These receipts will be reduced by the requirement to fund costs to physically separate the former houses from the school sites and other eligible costs associated with the disposal. Generally, unless statutorily required to do so, it is not the Council's policy to ring-fence capital receipts upon the sale of assets but given the demands on the School's AMP programme and the additional commitments around net zero in this instance it is intended that the residual capital receipts from the sale of these two assets are set aside to fund, in part, the investment in net zero work in schools.

7.5 A capital budget requirement of £950k was identified across 2023/24 and 2024/25 financial years (£342.5k in 2023/24 & £607.5k in 2024/25) for the delivery of the first phase of the net zero carbon (NZC) for schools through the Asset Management Plus Programme. The receipts in respect of the sale of these properties will be used to part fund this programme, reducing the requirement for additional borrowing and the associated revenue cost.

8. VAT IMPLICATIONS ON LAND AND PROPERTY TRANSACTIONS

8.1 **Proposed disposal of Former School Keepers Houses at**

Queensbridge Primary School, 1 Albion Drive, 4ET and Shoreditch Park Primary School, 45 Bridport Place, E8 4LT: As the properties have been empty for more than 10 years any VAT incurred on the attributable costs will be recoverable in full but documentary evidence is required. If this is not available the advice from VAT advisors is that the sale would be exempt from VAT so any VAT incurred on costs attributable to the sale would be exempt input tax and would need to be included in the Council's partial exemption calculation.

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.

- 9.7 **Proposed disposal of Former School Keepers Houses at Queensbridge Primary School, 1 Albion Drive, E8 4ET and Shoreditch Park Primary School, 45 Grange Street, Bridport Place, N1 5JN:** Legal advice has been sought regarding Secretary of State (SoS) approval. This land is not playing field land and therefore Part 1 of Schedule 1 to the Academies Act 2010 is applicable. Neither of the properties have been used wholly or mainly by a school in the last 8 years. The fact that both Queensbridge Primary School and Shoreditch Park Primary School remain open is irrelevant.
- 9.8 The disposal of education land where it has been used for the purposes of a school within the preceding eight years, requires the consent of the SoS in accordance with Schedule 1 of the Academies Act 2010.
- 9.9 Neither of the properties referred to above have been used for any purpose connected to a school within the previous eight years, therefore, SoS consent to dispose of the premises is not required.
- 9.10 The Council has the power to dispose of property under section 123 Local Government Act 1972 at the best consideration that can be reasonably obtained.

10. COMMENTS OF THE DIRECTOR OF STRATEGIC PROPERTY SERVICES

- 10.1 **Proposed disposal of Former School Keepers Houses at Queensbridge Primary School, 1 Albion Drive, E8 4ET and Shoreditch Park Primary School, 45 Grange Street, Bridport Place, N1 5JN:** Any sale of property by the Council must meet the best consideration requirements of section 123 of the Local Government Act 1972 and, in this case, if these properties are sold on an arm's length basis with no unusual conditions after a suitable period of exposure to the market, this test will be met. Whilst it does not affect the best consideration requirements, confirming that the properties can be lawfully

occupied for residential use may aid saleability and avoid complications in the long run.

11. CAPITAL PROGRAMME 2022/23 AND FUTURE YEARS

11.1 Children and Education:

11.1.1 Education Sufficiency and Estate Strategy SEND Expansion Phase 1B: Resource and spend approval of **£4,165k (£1,550k in 2023/24, £2,385k in 2024/25 and £230k in 2025/26)** is requested for the next design phase of the SEND expansion of special schools across the borough. Hackney has been allocated £15.5m as part of the Government's National High Needs grant to support local authorities deliver new places and improve existing provision for children and young people with special educational needs and disabilities or who require alternative provision. The grant is provided to assist Local Authorities in delivering new places needed for September 2023 and September 2024. Although the funding is not ringfenced the Department of Education expect Local Authorities to make use of the increased capital investment to improve the suitability and sufficiency of high needs provision in their areas over the three year period. The grant funding is provided with the aim that it should primarily be used to meet the capital costs associated with providing new places and improving existing provision, for:

- Children and young people with complex needs, who have Education, Health and Care plans (EHCPs), and where appropriate other children and young people with SEND who do not have an EHCP;
- Pupils who require alternative provision (including children in AP settings without an EHCP).

Some key findings from the the Education Sufficiency and Estate Strategy (2022) were:

- The numbers of children and young people requiring an Education, Health and Care Plan (EHCP) is forecast to grow by an additional 400 every year until 2025.
- An additional 336 places are required in special provision by 2023 and a further 168 annually after that through to 2026.
- An additional 460 pupils out of the borough independent provision will be required.

Based on this analysis, there is an urgent need for further SEND provision, and the Education Sufficiency and Estate Strategy is being delivered in stages to address this. The first design Phase 1a was approved by the Cabinet in March 2022 and will see the creation of two Additional Resource Places (ARP) at two primary schools within the borough and a contribution to the newly completed Side by Side special school. This next design Phase 1b is to create a further 93 SEND ARPs

places in the borough's schools, along with an estimate of 41 staff members and approximately 1700 sqm of school buildings to be refurbished or built as set out in the tables below.

The design stage of the projects is currently being managed by consultants to the Council. The detailed design phases for Phase 1b of the projects will progress as part of the existing procurement in place. The programmes are being finalised but it is expected that the ARPs will be open during the 2024-25 academy year. The Early Years assessment centre may be later than this as this will involve new build and planning application approvals, however the aim is to open for the 24/25 academic year. The ARP at The Bridge Academy is targeted for a 23/24 Academic Year opening date but this is subject to statutory proposals.

ARP Places:

No	Name of School	Description of Works	Outcomes	ARP Places	£'000
1	Sebright Primary School	Adaptation of a previously underused area of the school building to provide group rooms, therapy and intervention spaces and supporting facilities for these pupils.	Creation of Additional Resourced Provision to provide 24 places for pupils with Speech, Language and Communication Needs	24	320
2	Former Daniel House	Refurbish and adapt an existing vacant education asset	Creation of Additional Resourced Provision to provide 30 places for SEND pupils attached to Stoke Newington Secondary School and Sixth Form	30	2,000
3	The Bridge Academy	Adaptation of an area of the school building	Creation of Additional Resourced Provision for 15 places for pupils with Moderate Learning Difficulties	15	100
4	Comet Children Centre & Nursery School	A single storey extension to the existing Nursery School	Creation of Early Years Additional Resourced Provision for 24 pupils	24	945
5	Contingency SEND				800
Total				93	4,165

Staff Estimates:

No	Name of School	ARP Managers	Teachers	Teaching Assistants
1	Sebright Primary School	1	3	6
2	Former Daniel House	1	4	8
3	The Bridge Academy	1	2	4
4	Comet Children Centre & Nursery School	1	4	6
Total Staff Estimates		4	13	24

Project Milestones:

Project Milestone for ARPs Only		£'000
ARPs Stage 3 and 4 Completed	August 2023	297
Tender Period	Sept -Nov 2023	105
Start on Site	Nov 2023 - Jan 2024	445
Completion	Sept 2024 - Jan 2025	3056
Retention	Sept 2025 - Jan 2026	262
Total		4,165

This capital approval will aim to meet the gap analysis of provision that is required over the next five to ten years. This demonstrates the Council's ambition to provide excellent education for all children and young people and to create settings in schools/children centres/specialist schools to fairly reflect the diversity of the community. This capital approval meets all the Priority 1 of the Council's Community Strategy 2018-2028 '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 on the capital programme as it will be funded by grant.

11.2 Climate, Homes & Economy

11.2.1 **Connecting Green Spaces - Ufton Gardens:** Resource and spend approval of **£50k in 2022/23** is requested to part fund a road closure between Ufton Gardens. In November 2021 the Council was successfully awarded funding of £50k external funding from the Greater London Authority's 'Grow Back Greener' fund to deliver the scheme. The Council contributed £100k capital to the project as part of the 'Connecting Green Spaces' programme, bringing the total budget for the project to £150k. This project is now complete and connects two parts of a green space together in Hackney by closing a road and creating a new unified green space. Ufton Gardens comprised a community garden to the west, and a ball court and grassy bank to the east. This project made the road closure permanent, removing car parking spaces and converting the road into a green area in between the existing park and ball court to create one unified park. The green space features new sustainable drainage systems and tree planting.

This capital expenditure created a new pedestrian access into the park, enabling easier access through the green space. The improvement contributes to the Council's aim of connecting green spaces, and creating more liveable neighbourhoods. This demonstrates the Council's commitment to maintaining the parks and green spaces and ensuring our residents have the space to exercise and stay healthy. 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 on the capital programme as it will be funded by grant.

11.3 S106 Capital For Approval

Resource and Spend approval is requested for **£233k 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	2023/24 £'000
2021/1579	Olive School	Olive School, 2 Lower Clapton Road, Hackney, London, E5 0PD	233
Total Capital S106 for Approval			233

This capital approval is to fund various measures to expand the School Street Zone (SS31) surrounding The Olive School. This includes the provision of automated number plate reader (ANPR) camera technology to reduce vehicular trips to and from the school and protect vulnerable road users in the area. The plan is to enhance the travel plan monitoring between the school and the Council to increase active and sustainable transport uptake for pupils and staff. In particular, focused engagement with parents to reduce vehicular pick-up and drop-offs. This will contribute to the transport improvement and safety measures in or around the Churchwell Path area to protect pupils, residents and vulnerable road users. This capital spend includes:

- Purchase of 5 ANPR cameras for School Street Zone (SS31) enforcement at The Olive School
- School Street streetworks
- Engineering design fee
- Staff time to engage with school and ensure that the design meets their needs
- Review of experimental scheme after a minimum of 6 months to determine whether to make the School Street extension permanent
- Maintenance of the School Street: signage repairs, exemption management, complaint/issue management

Hackney already has 49 School Streets which is the highest number in the

UK and has been ongoing since 2017. This also builds upon the 17 school streets approved at January 2023 Cabinet and will expand the number of School Streets in Hackney to bring the total number of School Streets in the borough to 65 by 2026.

APPENDICES

Appendix 1 - Site Plan Queensbridge Primary School, Former School keeper
Property, 1 Albion Drive, E8 4ET

Appendix 2 - Site Plan Shoreditch Park Primary School, Former School keeper
Property, 45 Grange Street, N1 5JN

BACKGROUND DOCUMENTS

None

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