



<b>Title of Report</b>	Capital Update and Property Disposals and Acquisitions Report
<b>Key Decision No</b>	FCR S198
<b>For Consideration By</b>	Cabinet
<b>Meeting Date</b>	26 June 2023
<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>	5 July 2023
<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 2023/24 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 Strategic Plan.
- 1.3 This month we propose £324k of investment in Oswald Day Centre (ODC) which offers a range of day opportunities, activities and lunch as well as transport services for people with complex needs in the borough. The investment, which is primarily in mechanical ventilation fans, will allow the centre to increase the number of occupants back to the pre-Covid level safely ensuring we continue to work towards a fairer Hackney and our Ageing Well Strategy.
- 1.4 As we move on from the impact of the criminal cyber attack we are bringing forward some much needed investment in our ICT capacity. This includes:
  - investment of £405k to continue the development of the Council's data analytics platform. This project will reduce the number of times we ask residents for data and enable delivery of even better services for our residents, including more proactive support. It will provide the underlying infrastructure and processes to support the Council's data analysis. This can then be applied to monitor each of the Strategic Plan priorities and enable greater visibility and transparency for residents to show the impact that the delivery of the Strategic Plan is having for the borough.
  - £450k of expenditure to replace the borough's Building Access Management System, which is fast approaching end-of-life, with a fit for purpose solution. As well as continuing to ensure the safety of people and assets by maintaining physical security arrangements within Council premises, and providing data that will support the most effective use of the Council's assets, we will also seek to implement an option which can be extended beyond the Council campus to outreach services in the community.
- 1.5 Finally this report notes the inclusion on the capital programme of £21.2m of investment in Hackney Central Town Centre. This follows the report brought to Cabinet in April 2023 which included details of our successful £19.04m Levelling Up Funding (LUF) grant funding bid. Plans have been developed following extensive engagement with residents and include building a more green and resilient town centre which is also focused on resident's wellbeing. Further details on expenditure on this programme will come forward in future reports.
- 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 Adults, Health and Integration Directorate as set out in section 11 be given approval as follows:**

**Oswald Street Day Centre Ventilation Project:** Resource and spend approval of **£324k in 2023/24** is requested to install new mechanical ventilation fans to supply fresh air to the activity rooms and improve the energy efficiency of the building and to apply acoustic treatment to the existing kitchen fan.

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

**Data Analytics Platform:** Spend approval of **£405k (£127k in 2023/24, £208k in 2024/25 and £70k in 2025/26)** is requested to enable Council Officers to continue further development of the Council's cloud-based data analytics platform.

**Building Access Management System:** Resource and spend approval of **£450k in 2023/24** is requested to enable Council Officers to proceed with the replacement of the borough's Building Access Management System with a fit for purpose solution that satisfies the Council's IT and Accommodation strategies.

- 3.3 **To approve the updated Small Assets Fast Track Policy as set out in section 12 and in Appendix 1.**

- 3.4 **That the schemes outlined in section 13 to be noted.**

## **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**

The report to recommend the Council Budget and Council Tax for 2023/24 considered by Council on 27 February 2023 sets out the original Capital Plan for 2023/24. 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**

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**

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 **£314.922m (£155.021m non-housing and £159.901m 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 2023/24 of **£320.547m (£160.646m non-housing and £159.901m housing)**.

<b>Current Directorate</b>	<b>Revised Budget Position</b>	<b>June 2023 Cabinet</b>	<b>Updated Budget Position</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive's	2,310	116	2,426
Adults, Health & Integration	2,697	324	3,021
Children & Education	15,972	0	15,972
Finance & Corporate Resources	99,521	172	99,693
Climate, Homes & Economy	34,521	5,013	39,534
<b>Total Non-Housing</b>	<b>155,021</b>	<b>5,625</b>	<b>160,646</b>
Housing	159,901	0	159,901
<b>Total</b>	<b>314,922</b>	<b>5,625</b>	<b>320,547</b>

## 8. VAT IMPLICATIONS ON LAND AND PROPERTY TRANSACTIONS

None required.

## 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.

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

None required.

## **11. CAPITAL PROGRAMME 2022/23 AND FUTURE YEARS**

### **11.1 Adults, Health and Integration**

- 11.1.2 **Oswald Street Day Centre Ventilation Project:** Resource and spend approval of **£324k in 2023/24** is requested to install new mechanical ventilation fans to supply fresh air to the activity rooms and improve the energy efficiency of the building and to apply acoustic treatment to the existing kitchen fan. Oswald Street is a modern building laid out over 2 floors and the facilities include a skills kitchen, on-site catering, a multi-media room and sensory garden. Clients attending the day centre have some of the highest care needs in Hackney including multiple disabilities, profound or severe learning disabilities, autism, and dementia. Many are susceptible to harm from the effects of contracting Covid-19 and the ineffective ventilation in the building would exacerbate this. Following an Oswald Street Site Survey carried out in September 2021, the survey highlighted that the ventilation in 9 activities rooms was inadequate. The efficiency of the heating system is also compromised due to natural ventilation. The centre offers a range of day opportunities, activities and lunch as well as transport services for people with complex needs. Due to the lack of ventilation since November 2020, Oswald Street reopened post lockdown with significantly reduced numbers. Currently the only way to get ventilation into the building is to open a window but this will cause a lot of discomfort during the severe winter months of cold and wet weather. The windows on the first floor are on restrictors so to protect the safety of the client as they may not be able to measure or advocate their own safety.

In May 2022, the centre also received a noise nuisance complaint that the existing kitchen fan on the roof was producing excessive noise disturbances. To resolve the noise issue, the centre appointed an acoustic consultant to carry out a noise survey to the building. An acoustic report was generated and a number of mitigation measures were recommended by the consultant.

The RIBA Stage 3 development design of the projects has already been completed by a consultant. The project programme is mainly for RIBA stage 4 and onward tendering, construction, completion and handover. The proposed mechanical ventilation fans that will allow the centre to increase the number of

occupants back to the pre-Covid level safely. The efficiency of the heating system will be improved. The acoustic treatment proposed for the existing ventilation fan will minimise the nuisance to the local residents.

<b>Project milestone</b>	<b>Estimated completion date</b>
Planning application RIBA Stage 3 (current)	May 2023
Detail design and Construction Stage	October 2023
Final Account/Close Out	November 2023

This capital expenditure will enable the centre to be able to serve more clients in need. This will increase the mental wellbeing, physical wellbeing and reduce the feeling of isolation of our most vulnerable residents. The longer term plans for developing day opportunities in the borough will include consideration of extending the use of Oswald St to a larger number of clients with highly complex physical needs and conditions. This capital project supports all the Priorities of the Council's Community Strategy for 2018 - 2028 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth', 'A borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life', 'An open, cohesive, safer and supportive community' and 'A borough with healthy, active and independent residents'. This approval will have no net impact on the capital programme as the project will be funded by discretionary earmark reserves held by the authority.

## **11.2 Finance and Corporate Resources:**

11.2.1 **Data Analytics Platform:** Spend approval of **£405k (£127k in 2023/24, £208k in 2024/25 and £70k in 2025/26)** is requested to enable Council Officers to build a cloud-based data analytics platform. Over the past 2 years, the Council's ICT Data & Insight Team has been developing the data analytics platform as an effort to rebuild our data infrastructure after the cyber attack. This project will reduce the number of times we ask residents for data and create a trusted version of the Council's key data assets which can be used by the Council data analysts and other applications. This platform will provide the tools, processes and infrastructure needed to access our data, move it, store it and transform it so that it can be analysed and presented. This project will:

- Integrate the analytics platform into Hackney's wider technical architecture (a key use case would be whether the analytics platform should blend resident data from various applications and serve this to a CRM-type application used by customer services).
- Create trusted versions of strategic council datasets (e.g. Mosaic, etc) available on the data analytics platform that can be reused by analysts (with appropriate governance).
- Create reusable, well-documented processes that enable data analysts and engineers to ingest, transform and analyse data in the analytics platform, enhancing the long-term value of the platform.

The Council's ICT Team needs greater capacity and expertise to maximise its value and to deliver the outcomes. The officers will be recruited to bring new and additional skills and capacity into the Council's Data & Insight team (1x senior data architect, 1x senior data analyst and 1x data analyst). These officers will be recruited as fixed term contracts to enable us to review the need for this capacity as the team and platform matures, reduce dependency on agency staffing, and ensure value for money. The key benefits and outcomes will be:

- To maximise the reuse of Hackney's data assets between applications so that we can reduce the duplication of data collection (and reduce the number of times a resident needs to provide us with the same information), and improve data quality.
- To increase the number of datasets managed securely and responsibly in the data platform so that more users can access it to perform more cross-cutting and insightful analysis.
- To increase the number of well-documented processes and tools available in our Github repository and Playbook for data analysts to use, which will reduce duplication and improve efficiency.
- To reduce 'time to insight' i.e. the time it takes for a manager etc. to ask for information.
- To increase the number of published data dashboards.

<b>Project milestone</b>	<b>Estimated completion date</b>
Recruitment	June 2023 - Sept 2023
Year 1 - 1 major code release per month, resulting in a trusted dataset, dashboard, data visualisation, or machine learning model	March 2024
Year 2 - 1 major code release per month and 1 major integration with the data analytics platform	March 2025
Year 3 - 1 major code release per month	Aug 2025
Completion	Aug 2025

This capital expenditure will provide the underlying infrastructure and processes to support the Council's data analysis, and this analysis can be applied to support and monitor each of the Strategic Plan priorities. There is also an emerging need to produce public-facing Strategic Plan and Health of the Borough dashboards. This project would be integral to providing reliable, timely data to feed those dashboards as well as the tools and skills needed to create and publish a bespoke, public-facing dashboard. This capital project supports all of the Priorities in the Council's 2018-2028 Sustainable Community Strategy. This approval will have no net impact as the resources already form part of the capital programme.



11.2.2 **Building Access Management System:** Resource and spend approval of **£450k in 2023/24** is requested to enable Council Officers to proceed with the replacement of the borough's Building Access Management System with a fit for purpose solution that satisfies the Council's IT and Accommodation strategies. To uphold safety of people and assets by maintaining physical security arrangements within Council premises. The Council's contract for the management of the door control access system lapsed in March 2023. The system is outdated and uses technology that no longer meets the Council's ICT standards. The door sensors and other controllers used by the system are no longer manufactured and are difficult to source. The preferred option is a new cloud based access system which will also open up opportunities to expand the use of the system to key buildings outside the Hackney campus, particularly where the council is thinking about delivering outreach services in the community and where building accessibility is problematic.

Furthermore there are opportunities to in-source the currently contracted maintenance and management of the system. Bringing the management of the access service in-house, will allow the Council to develop an internal support structure with the skill-set necessary to do so, delivering more robust business continuity arrangements in the future. An in-house service will also allow phased implementation of a new system, which will invariably drive further efficiencies by allowing roll-out to be better aligned with wider Council initiatives as they develop, such as the Hackney community outreach programme. The key benefits of why the Council uses an access control system and why it should retain use of one include:

- Keeping people, assets and information safe in compliance with industry standards;
- Preventing unauthorised people from entering secure areas;
- Reducing the cost of employing security personnel for managing building access;
- Allowing controlled access for staff to buildings outside standard business hours without added security costs;
- Providing improved occupancy and traffic data that will support the Council in making best use of its building assets;
- The system is integral to the Campus Invacuation policy/procedure which governs the way our buildings are managed in response to differing levels of threat (current national threat level "Severe"). "Invac" is the term used in the security industry for "locking down" access to maximise preservation of life in the event of an armed assailant entering the premises. The Hackney Service Centre Invac system was implemented in 2020; it locks down all ground floor card readers rendering them temporarily inoperable and parks all lift cars on the 1st floor;
- The ability to safeguard high security areas such as IT rooms holding network equipment and cash-handling facilities;
- Protecting vulnerable people such as our children and adults in daycare centres;
- Applying risk based design of physical security measures in access control;
- Tracking data used to provide reports to support the Council's Audit, Anti-Fraud and Human Resources investigations.

The capital project will look to change the following infrastructure boroughwide:

- 59 Site Controllers
- 58 IP Interface Modules
- 300 ADP Controllers
- 31 PDC Controllers

<b>Phased Rollout</b>	<b>Project Stages</b>
1-6 month	Central stock rollout
6-9 month	Finalise phase 2 - inc new community satellite sites
9-12 month	Phase 2 rollout
12 month +	Adhoc basis via inhouse team

This capital expenditure demonstrates the Council's commitment to maintaining Council's Assets and ensuring safe and better use of the Community Buildings. This supports the Council's future plans to improve full fibre connectivity to community halls, childrens' centres and other community buildings in the borough. This will provide opportunities to deliver more localised services to our residents such as adult education or digital skills training. The new system is integral to upholding the security and safety of staff and the public in Council premises ensuring physical security measures in place to reduce the risk of security breaches and compromising safety. This capital project supports all of the Priorities in the Council's 2018-2028 Sustainable Community Strategy. This approval will have an impact on the capital programme as the project will be funded by borrowing done by the authority.

## **12. SMALL ASSETS FAST TRACK POLICY**

The Cabinet Report dated 12 December 2022 considered and approved the implementation of 'The Small Assets Fast Track Policy' as part of New Council House Building Programme and 1,000 Homes for Social Rent (Item CHE S142 recommendation 3.15). The objective of the policy is to introduce a streamlined and proportionate way of determining assets which are surplus to council requirements, including for operational, regeneration, strategic and other needs, and to release these in a suitably transparent and equitable manner addressing best value and place-making considerations. The purpose of the policy is to enable council resources to be focused on land and property with the greatest potential benefits for the borough and its residents. The final version is presented as set out in the Appendix 1 and Cabinet is recommended to approve 'The Small Assets Fast Track Policy'.

### 13. FOR NOTING - HACKNEY CENTRAL LEVELLING UP

The Cabinet report dated 24 April 2023 (Key Decision No. CHE S130) approved the acceptance of the Levelling Up Funding (LUF) grant from the Department of Levelling Up, Housing and Communities (DLUHC) and allowed Hackney to sign up to the grant conditions and draw down the funding as a major contribution to the delivery of the Hackney Central Town Strategy and to address the communities' ambitions for Hackney Central. This gave resource and spend approval of **£19.04m** towards the total costs of £21.2m (inclusive of the £2.2m match funding contribution) to enable Council officers to proceed with the delivery and implementation of the strategy. The Levelling Up Fund proposal is broken down into three components:

- Green and Resilient Hackney Central - including projects supporting active travel, reducing traffic, introducing more public space, and creating a better sense of place around the station.
- Characterful Hackney Central - Including projects to deliver improvements to Town Hall Square and HC Library.
- Hackney Central Wellbeing - Including projects to support the creative and community offer by activating underused buildings and spaces.

The Levelling Up Fund (LUF) interventions will deliver over 20,000sqm of public realm improvements to streets and spaces, including heritage assets and the Town Hall Square, it will improve the town centre environment for pedestrians and cyclists via extensive greening and reduce the impact of through traffic in the town centre, and it will deliver new workspace, enhance digital access in the library and provide investment into the education and cultural offer of the town centre.

### APPENDICES

Appendix 1 - The Small Assets Fast Track Policy

### BACKGROUND DOCUMENTS

None.

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