

<b>Title of Report</b>	Capital Update and Property Disposals and Acquisitions Report	
<b>Key Decision No</b>	F S517	
<b>For Consideration By</b>	Cabinet	
<b>Meeting Date</b>	23 March 2026	
<b>Cabinet Member</b>	Councillor Robert Chapman, Cabinet Member for Finance, Insourcing and Customer Service	
<b>Classification</b>	Open	
<b>Ward(s) Affected</b>	All	
<b>Key Decision &amp; Reason</b>	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function

<b>Implementation Date if Not Called In</b>	31 March 2026
<b>Group Director</b>	Naeem Ahmed, Group Director, Finance & Corporate Resources
<b>Report Author</b>	Samantha Lewis, Senior Capital Accountant samantha.lewis@hackney.gov.uk

## 1. CABINET MEMBER'S INTRODUCTION

1.1 This report updates members on the capital programme agreed in the 2025/26 budget. Through the proposals brought forward in this report throughout the year we continue to demonstrate our commitment to meeting our manifesto pledges and to deliver against the Council's Strategic Plan. It is also worth highlighting capital programmes as wide-ranging and ambitious as ours are only affordable as a result of our ongoing effective day-to-day financial management of the Council.

1.2 I am pleased to announce that we have been successful in securing a £254K grant from the Mayor of London's Grass Roots Fund to support our Rewilding the Old Lea Project. Supported by £24K of funding from the Council this project will contribute to our commitment to biodiversity enhancement, climate resilience, and community engagement

across the borough's parks and green spaces through investment in a wide range of river and habitat restoration works along the River Lea which deliver visible environmental and social benefits.

1.3 This month we are seeking approval to allocate £459K of Neighbourhood CIL monies to fund the Culture Team who are leading and delivering the Council Cultural programme. The culture programme serves as an example of our efforts to continually address issues of inequality within the borough (e.g., PRIDE365, Black History 365, Windrush, and Cultural Hackney) and Anti-Racist priorities (e.g., Windrush, Black History Season, and Carnival) through a resident-centered, grassroots approach.

1.4 We are also using £231K of Section 106 monies to invest in improvements to Rufus Street to transform it into a more pleasant and safer street for all users and visually connect this public space with existing public realm improvement areas in Shoreditch. This investment forms part of the long term vision for streets in Hoxton West and Hoxton East and Shoreditch wards which reflect the Council's aspirations in this thriving and dynamic location.

1.5 Finally, we are seeking approval to accept the surrender of two leases for the Ground floor and Basement of 100-106 Leonard Street and recommend the granting of either one or two new leases of up to 15 years for this property. The granting of a new lease or leases to a new tenant offers a solution that would support the retention of

an income stream, reduce the risk of a void asset, and provide potential for improved commercial terms.

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 the scheme as set out in section 7 of this report.

2.2 The report also requests the surrender of leases and grant of new lease (or leases) for the Ground and Basement 100-106 Leonard Street, EC2 to secure a financially stable tenant to maintain a much needed income stream and minimise the risk of a void asset together with the associated costs.

2.3 Finally, this report sets out the Q3 Capital Monitoring for 2025/26, capital expenditure for the nine months to December 2025 is £183.4m and the forecast is currently £354.8m, £139m below the revised budget of £493.8m. This represents a forecast of 66% of the approved budget of £539.4m agreed by Council in February 2025

## **3. RECOMMENDATION(S)**

**3.1 To approve the NCIL schemes outlined in section 7 and summarised below.**

<b>NCIL</b>	<b>2025/26 £'000</b>
Revenue	459
<b>Total NCIL Revenue for Approval</b>	<b>459</b>

**3.2 To note the s106 schemes outlined in section 8 and summarised below.**

<b>S106</b>	<b>2026/27 £'000</b>
Capital	231
<b>Total S106 Capital for Noting</b>	<b>231</b>

**3.3 To note the delegated powers report for £225,424 external grant revenue funding from the Mayor of London Grass Roots fund.**

**3.4 To note the Quarter 3 Capital Monitoring for 2025/26.**

**3.5 That the capital programme adjustments in 2025/26, summarised below and set out in detail in Appendix 1 be approved.**

<b>Current Directorate</b>	<b>Capital Adjustments</b>
	<b>£'000</b>
Non Housing	(386)
Housing	0
<b>Total</b>	<b>(386)</b>

**3.6 To approve, in the event of a surrender of the two existing leases to the current tenant, the grant of either one or two new leases of up to 15 years on Ground floor and Basement 100-106 Leonard Street shown edged red on the plan at Appendix 2.**

**3.7 To delegate to the Group Director of Finance and Corporate Resources and the Director of Strategic Property Services authority to agree to the lease(s), all commercial terms and any associated documentation and ensure that the transaction represents best consideration.**

**3.8 To delegate authority to the Director of Legal, Democratic and Electoral Services to complete the new leases and all other relevant and ancillary legal documents arising thereto on behalf of the Council.**

#### **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 necessary to approve the property proposals as set out in this report.

4.2 In respect of the recommendation for the

Surrender of leases and grant of new lease of Ground and Basement 100-106 Leonard Street, EC2: the proposal to surrender the existing leases, and grant a new lease or leases to a new operator, offers a solution that would support the retention of an income stream, reduce the risk of a void asset, and provide potential for improved commercial terms.

## **5. BACKGROUND**

### **5.1 STRATEGIC POLICY CONTEXT**

5.1.1 The report to recommend the Council Budget and Council Tax for 2025/26 considered by Council on 26 February 2025 sets out the original Capital Plan for 2025/26. Subsequent update reports considered by Cabinet amend the Capital Plan for additional approved schemes and other variations as required.

### **5.2 OPTIONS APPRAISAL**

5.2.1 In respect of the recommendation to surrender leases and grant a new lease or leases of Ground and Basement 100-106 Leonard Street, EC2; this is recommended in order to give the Council flexibility in its approach and the ability to revise and improve the commercial terms when a new tenant is identified.

### **5.3 EQUALITY, INCLUSION, DIVERSITY AND BELONGING (INCLUDING STATUTORY EQUALITY IMPACT ASSESSMENT)**

5.3.1 No negative impacts have been identified as a result of the recommendation to the surrender of leases and a grant of new lease of Ground and Basement 100-106 Leonard Street, EC2.

5.3.2 There are no other impacts arising from the recommendations in this report.

#### **5.4 SUSTAINABILITY AND CLIMATE CHANGE**

5.4.1 Relevant assessments are carried out on individual projects and included in the relevant reports to Cabinet or Cabinet Procurement and Insourcing Committee, as required. Such details are not repeated in this report.

#### **5.5 CONSULTATION/ENGAGEMENT**

5.5.1 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 Cabinet Procurement and Insourcing Committee.

#### **5.6 RISK ASSESSMENT**

5.6.1 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.

## **6. FOR NOTING DELEGATED POWERS REPORT**

**6.1 REWILDING THE OLD LEA:** In December 2025, the Council was successfully awarded £225,424 external revenue funding from the Mayor of London's Green Roots Fund to support the Rewilding the Old Lea Project. In addition, there will be match capital funding from Hackney Council Parks Team of £26,000 and an in-kind contribution of volunteer time which equates to £23,961, bringing the total project budget to £275,385. The delegated powers report dated 3 February 2026 gave resource and spend approval to enable Council officers to proceed with the delivery Hackney Local Nature Recovery Plan, and providing high quality parks and green spaces for public wellbeing and enjoyment. The Council has accepted the grant agreement with the grant conditions. As a result £225,424 was approved to spend on this project by 8 November 2027. The Rewilding the Old Lea Project supports the Council's commitment to biodiversity enhancement, climate resilience, and community engagement across the borough's parks and green spaces.

**6.2** The project will deliver a wide range of river and habitat restoration works, including woodland

management, in-channel enhancements, planting, invasive species control, and new community education areas and activities. It will contribute to habitat connectivity, mitigate urban high temperature, and habitat improvement for fish, birds, bats and aquatic invertebrates. The external funding from GLA enables the Council to implement these works at no additional cost to core budgets while delivering visible environmental and social benefits.

## **7. NEIGHBOURHOOD CIL REVENUE FOR APPROVAL**

7.1 Resource and Spend approval is requested for **£459k in 2025/26** of Revenue funding to be financed by Neighbourhood CIL contributions. The programmes carried out are in accordance with the CIL Regulations.

<b>Project Description</b>	<b>2025/26 £'000</b>
Cultural Programme Delivery Budget 2025-26	459
<b>Total NCIL Revenue for Approval</b>	<b>459</b>

7.2 **The Council's Cultural Programme Delivery Budget 2025/26:** This is a one-off proposal for the 2025/26 financial year to seek approval for funding to support the delivery of the borough's cultural programme. This approval is made on the understanding that the Neighbourhood Community Infrastructure Levy (NCIL) priorities are subject to

review. The focus of this proposal is to provide funding for the Culture Team staff responsible for programme delivery. The culture programme, employing a resident-centered and grassroots methodology, exemplifies the approach to achieving Equality and Anti-Racist objectives. Examples include initiatives supporting Equality, such as PRIDE365, Black History 365, Windrush, and Cultural Hackney, and those addressing Anti-Racism, like Windrush, Black History Season, and Carnival.

- 7.3 There are 8 full-time posts in the Culture team establishment funded by the Council's General Fund budget. There are 5.85 FTE roles across the Culture team dedicated to cultural programme delivery after accounting for shared management arrangements for Senior Management, Heritage and Screen Hackney. The roles are essential for delivery of the cultural development programme projects, listed above that are funded through NCIL in 2025/26. The team co-produces projects, engages with community groups, commissions activities, delivers events and ensures the smooth running of the programme. The cultural development programme is a borough-wide activity and cultural engagement strategy designed to align with the council's priorities, catalyse community cohesion, and enhance well-being.

## **8. S106 CAPITAL FOR NOTING**

- 8.1 The s106/CIL Board Meeting considered the following bid for resource and spend approval. As a

result £231k in 2026/27 will be spent in accordance with the terms of the appropriate s106 agreements.

<b>Agreement No.</b>	<b>Project Description</b>	<b>Site Address</b>	<b>2026/27 £'000</b>
2021/0406	Rufus Street Shoreditch - Public Realm Improvements	G F I House, 9 Hewett Street, Hackney, London, EC2A 3RP	231
<b>Total S106 Capital for Noting</b>			<b>231</b>

**8.2 Rufus Street, Shoreditch - Public Realm Improvements:** This proposal seeks to improve Rufus Street by lifting and relaying the original cobblestones beneath the current asphalt layer. The proposals are to raise existing carriageway level to footway level (have a shared surface area). The aim is to transform Rufus Street into a more pleasant and safer street for all users and visually connect this public space with existing public realm improvement areas in Shoreditch as well as areas of interest such as Hoxton Street to the north and Charlotte Street and Rivington Street to the south. These proposals form part of the long term vision for streets in Hoxton West and Hoxton East and Shoreditch wards which reflect the Council's aspirations in this thriving and dynamic location. This project will improve pedestrian experience, legibility and permeability to and from Hoxton Square.

## **9. PROPOSED SURRENDER OF LEASES AND GRANT OF NEW LEASE OF GROUND AND BASEMENT 100-106 LEONARD STREET, EC2:**

9.1 The subject property, attached at appendix 2, comprises the ground and basement floors of 100–106 Leonard Street. The premises are currently let to the current tenant on two leases.

- Lease one is dated 15 May 1997 for the basement and part ground floor, expiring on 14 May 2032. The lease was assigned to the current tenant on 16th September 2009.
- Lease two is dated 15 May 1997 for part ground floor expiring on 14 May 2032. The lease was assigned to the current tenant on 16th September 2009.

9.2 The current tenant has ceased operating at the property and has been seeking to assign its leases.

9.3 To minimise risk , the Council is considering a proposal for a structured transaction to secure the Council's income and potentially improve the financial return. This will involve a surrender of the current leases and a regrant on a single lease ideally or two leases to a new tenant or tenants for a period of up to 15 years.

9.4 The proposal to surrender the existing leases, and grant a new lease or leases to a new operator, offers a solution that would support the retention of an

income stream, reduce the risk of a void asset, and provide potential for improved commercial terms.

## **10. Q3 CAPITAL MONITORING 2025/2026**

This is the third OFP Capital Programme monitoring report for the financial year 2025/26. The actual year to date capital expenditure for the nine months April 2025 to Dec 2025 is £183.4m and the forecast is currently £354.8m, £139m below the revised budget of £493.8m. This represents a forecast of 66% of the approved budget of £539.4m, approved by Cabinet in February 2025 (Council's Budget Report). A summary of the forecast by the directorate is shown in the table below along with brief details of the reasons for the major variances. The main reasons for this variance are:

- Cost optimisation and early works and the viability of schemes as well as the availability of construction materials resulting in delays to start times (e.g. Estate Regeneration and Housing Supply)
- External factors determining programme, long lead times for equipment or requiring a review of the scheme (e.g. Leisure, Parks & Green Spaces)
- Acquisitions not completing (e.g. Temporary Accommodation and HRA Buybacks)
- Supply chain issues and delays for schemes requiring Heritage approval (e.g. Decarbonisation schemes and Strategic Property)
- Schemes requiring public notices and consultations, increase scope of works and

further design consultations (e.g. Streetscene and Children and Education)

A summary by the directorate is shown in the table below along with brief details of the reasons for the major variances.

### **Table 1 Summary of the Capital Programme**

			Actual Spend	Q3 Forecast	Variance (Under/Over)	Capital Adjustments	New Bids	Revised Budget 2025/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's	18,300	0	0	0	0	0	0	0
Adults, Health & Integration	342	2,060	869	2,135	75	(150)	0	1,910
Children & Education	18,784	14,815	6,935	11,310	(3,506)	0	0	14,815
Finance & Corporate Resources	20,848	35,456	11,977	25,561	(9,895)	0	0	35,456
Mixed Use Development	75,947	104,200	61,018	91,241	(12,959)	0	0	104,200
Climate, Homes & Economy	211,945	153,562	35,654	87,873	(65,690)	(236)	141	153,468
<b>Total Non-Housing</b>	<b>346,165</b>	<b>310,094</b>	<b>116,452</b>	<b>218,120</b>	<b>(91,974)</b>	<b>(386)</b>	<b>141</b>	<b>309,849</b>
AMP Housing Schemes HRA	54,866	66,435	14,089	45,414	(21,021)	0	0	66,435
Council Capital Schemes GF	5,429	13,926	1,275	4,187	(9,739)	0	0	13,926
Private Sector Housing	1,928	40	2	40	0	0	0	40
Estate Regeneration	82,188	54,368	22,151	42,473	(11,895)	0	0	54,368
Housing Supply Programme	23,789	26,325	15,789	21,929	(4,396)	0	0	26,325
New Homes	9,728	6,827	3,149	6,355	(472)	0	0	6,827
Woodberry Down Regeneration	15,312	15,818	10,482	16,301	483	0	0	15,818
<b>Total Housing</b>	<b>193,239</b>	<b>183,739</b>	<b>66,937</b>	<b>136,699</b>	<b>(47,039)</b>	<b>0</b>	<b>0</b>	<b>183,739</b>

<b>Total Capital Budget</b>	<b>539,405</b>	<b>493,832</b>	<b>183,389</b>	<b>354,819</b>	<b>(139,013)</b>	<b>(386)</b>	<b>141</b>	<b>493,588</b>

### 10.1 ADULTS, HEALTH & INTEGRATION

The overall forecast for Adults, Health & Integration is largely in line with the in-year respective budget of £2.1m with a minor overspend and no material variance.

AHI Directorate Capital Forecast	Budget Set at Feb Cab 2025	Budget Position	Actual Spend	Q3 Forecast	Variance
	£000	£000	£000	£000	£000
Adults, Health and Integration	342	2,060	869	2,135	75
<b>TOTAL</b>	<b>342</b>	<b>2,060</b>	<b>869</b>	<b>2,135</b>	<b>75</b>

### 10.2 CHILDREN AND EDUCATION

The overall forecast for Children and Education is **£11.3m**, **£3.5m** below the in-year respective budget of £14.8m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2025	Budget Position	Actual Spended	Q3 Forecast	Variance
	£000	£000	£000	£000	£000
Children & Family Services	1,204	1,635	376	1,060	(575)
Education Asset Management Plan	4,224	4,360	1,684	2,877	(1,483)
Education Sufficiency Strategy	1,000	465	0	0	(465)
SEND and Other Education	6,757	2,638	2,158	2,706	68
Primary School Programmes	2,691	3,823	1,881	2,941	(882)
Secondary School Programmes	2,908	1,894	836	1,726	(168)
<b>TOTAL</b>	<b>18,784</b>	<b>14,815</b>	<b>6,935</b>	<b>11,310</b>	<b>(3,506)</b>

### 10.2.1 Children & Family Services

The overall forecast for Children & Family Services is £1.1m, £0.6m below the in-year respective budget of £1.6m. Below is a brief update on the other main variance:

**Shoreditch Play Adventure** - The forecast is £0.1m, £0.4m below the in-year respective budget of £0.5m. This project will deliver a refurbishment of the site. The progress of this project has been impacted by the need to seek the approval for additional resources; this was approved by the October 2025 cabinet. The project is now on track and at the planning stage.

### **10.2.2 Education Asset Management Plan**

The overall forecast for the Education Asset Management Plan is £2.9m, £1.5m below the in-year respective budget of £4.4m. Below is a brief update on the other main variances:

**Benthal Primary School** - The forecast is £156.3k, £299.7k below the in-year respective budget of £456k. This project is for the comprehensive overhaul of all the windows and LED lighting which is at the developed design stage. The project was delayed but the main contractors will start in the summer of 2026/27, therefore any surplus budget will be carried forward into the next financial year.

**Morningside Primary School** - The forecast is £133.3k, £501.7k below the in-year respective budget of £635k. This project is for the comprehensive overhaul of all the windows which is at the contract award stage. The project was delayed but will start in 2026/27. Any surplus budget will be utilised in the next financial year to continue the schedule of works.

**Benthal windows and Morningside windows replacement** - These projects are technically complex due to the age and configuration of the buildings. Additional structural and asbestos investigations were required and undertaken. In addition minor works including sample window removal was required at Benthal delayed the RIBA design stages. Planning determinations elongated the tender development period for both projects, which is a recurrent theme. Morningside Primary School is locally listed which added additional complexity to the planning approval.

Factoring in the new, revised, and extended standard procurement timelines, it was not possible to run two procurement processes, undertake the required due diligence, and mobilise contractors between the April budget approval and the start of the summer holiday period in early July. This resulted in a delay to the commencement of works while upholding a robust procurement process within the new rules.

**Lauriston Primary School** - The forecast is £166.9k, £259.5k below the in-year respective budget of £426.4k. This project is for the upgrade of lighting, fire alarm, heating and ventilation. The construction has commenced and on target to complete in spring/summer of 2026/27. The underspend will fund identified overspends across the programme.

The delay was due to design challenges from the school. Once the design was agreed, manufacturing issues resulted in delays. The ventilation is in the trial period now. Once the trial period is complete, the rest

of the mechanical works will proceed in 2026/27.

**Health & Safety AMP Reactive Works** - The forecast is £20.1k, £229.9k below the in-year respective budget of £250k. The forecast is based on the emergency health and safety work expected to be completed by the end of the quarter. Holmleigh temporary boiler and temporary roof projects will start in 2026/27 hence the variance.

### **10.2.3 Education Sufficiency Strategy**

There is nil spend against the in-year budget of £0.5m. This programme is to fund PV and Green energy capital works when they are identified. It is in the early initial stages hence the variance.

### **10.2.4 SEND and Other Education**

The overall forecast for the SEND and Other Education is largely in line with the in-year respective budget of £2.6m with a minor overspend and no material variance.

### **10.2.5 Primary School Programmes**

The overall forecast for the Primary School Programmes is £2.9m, £0.9m below the in-year respective budget of £3.8m. Below is brief update on the main variances:

**Princess May Primary School** - The forecast is £0.5m, £0.5m below the in-year respective budget of £1m. This project is delivering health and safety and

drainage works. The underspend reported is a result of a revised approach to the delivery of two separate projects. The contractors are on site and the work is progressing.

**Hoxton Garden School** - The forecast is £35k, £365k below the in-year respective budget of £400k. This project is the mechanical and fire alarm upgrade works. The feasibility and asbestos survey took longer than anticipated and planned for. This resulted in a delay to tendering from December '25 to the 1st week of January '26. One bidder requested a tender extension which we agreed to ensure robust competition. This delay resulted in the variance. The contractor will start on site in 2026/27.

### **10.2.6 Secondary School Programmes**

The overall forecast for the Secondary School Programmes is £1.7m, £0.2m below the in-year respective budget of £1.9m. Below is brief update on the main variance:

**Lifecycle Early Failure Contingency Budget** - The forecast is £1.6m, £0.1m below the in-year respective budget of £1.7m. The variance is due to the review of the fire doors programme of works and surveys relating to the reactive elements of the lifecycle programme. Phase 1 of the fire doors and alarm capital works are on site with completion on target.

## **10.3 FINANCE AND CORPORATE RESOURCES**

The overall forecast for the overall Finance and Corporate Resources is £116.8m, £22.9m below the in-year respective budget of £139.7m. More detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2025	Budget Position	Actual Spend	Q3 Forecast	Variance
	£000	£000	£000	£000	£000
Property Services	19,145	5,360	1,240	3,318	(2,042)
ICT	1,703	4,055	1,776	3,541	(515)
Procurement and Energy Management	18,300	26,040	8,961	18,702	(7,338)
<b>Total</b>	<b>39,148</b>	<b>35,456</b>	<b>11,977</b>	<b>25,561</b>	<b>(9,895)</b>
Mixed Use Development	75,947	104,200	61,018	91,241	(12,959)
<b>TOTAL</b>	<b>115,095</b>	<b>139,656</b>	<b>72,994</b>	<b>116,802</b>	<b>(22,854)</b>

### 10.3.1 Strategic Properties Services - Strategy & Projects

The overall forecast for Strategic Properties Services is £3.3m, £2.1m below the in-year respective budget

of £5.4m. Below is a brief update on the main variances:

**Stoke Newington Town Hall and Assembly Hall Remedial Works** - The forecast is £0.7m, £0.4m below the in-year budget of £1.1m. There are a number of 'mini' projects being undertaken at this site to make the building watertight, H&S compliant as well as addressing deterioration of this Grade 2 Listed asset and these are in various stages of feasibility and construction. The overall programme is in progress.

**Corporate Asset (CA) Fire Risk & Remedial Works (General Fund Properties)** - The forecast is £0.6m, £0.8m below the in-year budget of £1.4m. This overall forecast is based on the works due this financial year. Consultants have been appointed to draw up Fire Strategy updates and Tender documents. The team is awaiting an updated programme from Consultants for delivery of design information. The planning and delivery of remedial works is ongoing in terms of standalone Capital projects and via works packages. The design consultants for Christopher Addison House have been appointed to draw up strategies and tender documents for the renovation of defective external elevation cladding and internal fire compartmentation work. The appointment of Lift Consultancy Services is imminent for the renewal of 5 Lifts (4 Passenger lifts and 1 Goods Lift) in the Hackney Service Centre. The variance will be carried forward to the 2026/27 budget to continue the programme of work.

**Voluntary & Community Sector (VCS) Fire Risk & Remedial Works (General Fund Properties)** - The forecast is £0.4m, £0.8m below the in-year budget of £1.2m. This reflects the delay to the Pedro Boxing Club project for which development and funding options are still being assessed with Sport England. It also reflects a reassessment of the remedial works programme. Any surplus budget will be carried forward to the 2026/27 budget to continue the programme of work.

### **10.3.2 ICT Capital**

The overall forecast for ICT Capital is £3.5m, £0.5m below the in-year respective budget of £4m. Below is a brief update on the main variance:

**Digital Programme** - The forecast is £70k, £700k below the in-year respective budget of £770k. The programme of works is for the investment in modernisation of the CCTV infrastructure, technology and control room which is at the procurement stage. Recruitment has begun for a Lead Officer together with 2 FTE's to be charged here. The Project Manager anticipates the next stage of the project will be delivered in the next financial year, therefore, the variance will be carried forward to the 2026/27 budget.

**CCTV Security Services Upgrade** - The forecast is £544k, £298k above the in-year respective budget of £246k. The Contract award is complete. Two contracts have been issued. CCTV implementation works remain on track and on budget. Hackney

Service Centre and Hackney Town Hall are just finalising routes for implementation. Additionally, the new cyber proposals have been received and are under evaluation by the Council's Cybersecurity Team. The variance will be covered by the 2026/27 budget.

### **10.3.3 Procurement and Energy Management**

The overall forecast is £18.7m, £7.3m below the in-year respective budget of £26m. Below is a brief update on the other main variance:

#### **The Decarbonisation Project (Public Sector Decarbonisation Scheme Grant funded Scheme) -**

The overall forecast is £16.3m, £6.7m below the in-year respective budget of £23m. The project is delivering works that will decarbonise heat for buildings operated by the Council, delivering direct ways to reduce carbon emissions. Phase 3b Funded Scheme - Delays due to planning approval. 4 sites delivered, 3 sites delayed, completion expected January 2027. Phase 3c Funded Scheme - Kings Hall delay due to Distribution network operator (DNO) upgrade, 6 sites are delayed due to planning approval. Phase 4 Funded Scheme - 9 Schools currently at the design stage.

### **10.3.4 Mixed Use Development**

The overall forecast for the overall Mixed Use Development is £91.2m, £13m, below the in-year respective budget of £104.2m. The main scheme, the

Britannia Scheme is progressing. £4m of the budget variance is for retention and to fund the Colville Energy Centre. Residential 2b - In construction and due for completion 2026.

## 10.4 CLIMATE, HOMES & ECONOMY

The overall forecast in Climate, Homes & Economy is £87.9m, £65.7m under the revised budget of £153.6m. More detailed commentary is outlined below.

<b>Climate, Homes &amp; Economy Capital Forecast</b>	<b>Budget Set at Feb Cab 2025</b>	<b>Budget Position</b>	<b>Actual Spend</b>	<b>Q3 Forecast</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Leisure, Parks & Green Spaces	26,434	24,884	4,444	15,826	(9,059)
Streetscene	23,850	22,311	10,228	19,450	(2,860)
Environmental Operations & Other	2,500	8,675	6,023	5,770	(2,905)
Public Realms TfL Funded Schemes	320	5,021	895	5,404	383
Parking & Market	1,164	1,771	780	1,482	(289)

<b>Climate, Homes &amp; Economy Capital Forecast</b>	<b>Budget Set at Feb Cab 2025</b>	<b>Budget Position</b>	<b>Actual Spend</b>	<b>Q3 Forecast</b>	<b>Variance</b>
Schemes					
Community Safety, Enforcement & Business Regulations	11,197	527	128	511	(15)
Culture, Libraries and Heritage	4,560	4,314	1,062	3,173	(1,141)
Temporary Accommodation	135,477	78,620	9,857	32,114	(46,506)
Regeneration & Economic Development	6,443	7,439	2,237	4,142	(3,297)
<b>Total</b>	<b>211,945</b>	<b>153,562</b>	<b>35,654</b>	<b>87,873</b>	<b>(65,690)</b>

#### 10.4.1 Leisure, Parks & Green Spaces

The overall forecast for the overall Leisure, Parks & Green Spaces is £15.8m, £9.1m below the in-year respective budget of £24.9m. Below is the brief update on the main variances.

**Kings Hall Leisure Centre** - The forecast is £7.2m, £1.6m below the in-year respective budget of £9.2m.

Early works commenced in February 2026. Any surplus budget from this year will be utilised in 2026/27.

**Essential Maintenance to Leisure Centres** - The forecast is £20k, against the in-year respective budget of £0.8m. The spend forecast is based on the work expected to be completed by the end of this quarter on reactive works and the refurbishment of Clissold Leisure Centre Wetside. The Clissold Leisure Centre Wetside refurbishment is being progressed. Works to the roof at Clissold Leisure Centre have been tendered which is currently being evaluated. The expectation is that the next stage of the project will be delivered in the next financial year, therefore, the variance will be carried forward to the 2026/27 budget.

**Parks Strategy Infrastructure** - The forecast is £0.7m, £0.3m below the in-year respective budget of £1.3m. This budget covers multiple "small scale" projects taking place in all of the Borough's parks and green spaces including works to fences, drainage, railings and walls, furniture and signage. The programme of works for 2025/26 is progressing now and on track. The remaining budget will be utilised in 2026/27.

**Play Area Refurbishments** - The forecast is £0.4m, £2.6m below the in-year respective budget of £3.1m. Delays in projects in relation to planning and cost inflation have impacted on the delivery of key capital projects with long lead-in times for equipment having a significant impact. A contractor has been appointed

to develop the designs and deliver the construction for phase three of the programme (Clissold Park, London Fields and Millfields North). As construction will start in 2026/27 the variance will be carried forward to the 2026/27 budget.

#### **10.4.2 Streetscene**

The overall forecast for Streetscene is £19.5m, £2.8m below the in-year respective budget of £22.3m. Below is the brief update on the main variances.

**Highway Works S106 Funded Schemes** - The forecast is £0.7m, £1m below the in-year budget of £1.7m. This underspend is largely due to schemes where Highway works can only be done once the developer's work is completed. Any variance will be carried forward to the 2026/27 budget to reflect the anticipated spend.

**Colvestone Crescent, Worship Street and Clifton Street** - The forecast is minimal spend against the in-year budget of £325.5k. The schemes require consultation which is likely to take place in 2026/27 therefore the budget will be carried forward.

**Green Lane Cycle Scheme** - The forecast is £11.8k, £113.9k below the in-year budget of £125.7m. Stakeholder delays are causing the variance. The works will commence in 2026/27 and the budget will be carried forward.

**Low Traffic Neighbourhood (LTN)** - The forecast is

£366.4k, £125.4k below the in-year budget of £619.8k. Delays were due to workload in other programme areas. This project is to replace existing LTN planters which are temporary with permanent materials. Works are on site to install a permanent filter at Hackney Down LTN. A total of 5 filters are scheduled to have planters taken away and permanent infrastructure works undertaken including Sustainable Drainage Systems. Therefore, any underspend will be carried forward into the next financial year to continue the programme of works.

**Dockless Bikes** - The forecast is £471k, £268.6k below the in-year budget of £739.6k. This budget is externally funded by contributions from the dockless operators and is ringfenced. The project is underway and the next stage of the project will be delivered in the next financial year, therefore, the variance will be carried forward to the 2026/27 budget.

**EV Charging Points** - The forecast is £1.4m, £0.4m below the in-year budget of £1.8m. The programme is progressing at scale. The variance is based on delay to the LEVI pilot and Capital grant funding, which will be paid next financial year 2026/27.

**Hackney Central Station** - The forecast is £15k, £265k below the in-year budget of £280k. Part of Hackney Central Local Regeneration Fund programme (formerly Levelling Up Fund). Programme is underway, but there is a slight slippage and an extension agreed by the external funder which means this budget will be carried forward to the 2026/27

budget.

### **10.4.3 Environmental Operations & Other**

The overall forecast for the Environmental Operations & Other is £5.8m, £2.9m below the in-year respective budget of £8.7m. The main spend in this area is the Council's cyclical fleet replacement of vehicles in Environmental Operations. All vehicles for 2025/26 were delivered. The next cycle of 60 fleet vehicles has been placed with expected delivery due in 2026/27. The variance will be carried forward to the 2026/27 budget to reflect the likely delivery of the vehicles.

### **10.4.4 Public Realms TfL Funded Schemes**

The overall forecast for the Public Realms TfL Funded Schemes is largely in-line with the in-year respective budget of £5m with no material variance.

### **10.4.5 Parking & Market Schemes**

The overall forecast for the Parking & Market Schemes is £1.5m, £0.3m below the in-year respective budget of £1.8m. Below is the brief update on the main variance.

**Hackney Street Markets** - There is no spend of the in-year respective budget of £289.4k. The Project Manager anticipates the project will resume in the next financial year. Therefore the variance will be carried forward to the 2026/27 budget.

#### **10.4.6 Culture, Libraries and Heritage**

The overall forecast for the Culture, Libraries and Heritage is £3.2m, £1.1m below the in-year respective budget of £4.3m. Below is the brief update on the main variance.

##### **Libraries and Clissold House Remedial Works** -

The forecast is £0.4m, £0.4m below the in-year budget of £0.8m. The main spend this quarter is on Glass House cooling survey and on Stamford Hill Library interior works (redecorating, carpet replacement, lighting replacement and external cleaning) which was caused by the roof repair. The underspend will be carried forward to the 2026/27 budget to reflect the anticipated spend.

#### **10.4.7 Temporary Accommodation (TA) Investment**

The overall forecast for the Temporary Accommodation investment is £32.1m, £45.6m below the in-year respective budget of £78.6m. The forecast will deliver in excess of 150 additional homes this financial year and there are a further 150 homes that will be delivered in 2026/27. It is likely that the spend will increase in the last quarter as more opportunities to purchase properties emerge in the market. Below is the brief update on the main variances:

**TA Investment (LAHF2 & LAHF3 Funded)** - The forecast is £15.1m, £11.6m below the in-year budget

of £26.7m. LAHF2 - Repairs and maintenance remedial works to newly acquired Temporary Housing properties. All purchases on this project finished and occupied. Only a small amount of cost remaining for 2025/26 to cover refurbishments. LAHF3 - 26 properties transferred to Housing Needs Temporary Accommodation. 3 completed and occupied; 2 Asbestos remediation work is required; 5 awaiting Asbestos surveys; 4 Contract awarded; and 12 keys collected. Estimated spend of £15m for financial year 2025/26, with a further £17.9m allocated to the 2026/27 budget.

**Temporary Accommodation (TA) Investment and Council Housing Acquisition Programme** - The forecast is £14m, £36.8m below the in-year budget of £50.8m. This budget is a recent addition to the capital programme to fund the investment opportunities to the supply of Council owned and controlled TA properties. This forecast is based on the number of acquisitions expected in this financial year which may fluctuate and depend on external factors.

#### **10.4.7 Regeneration & Economic Development**

The overall forecast Regeneration & Economic Development is £4.1m, £3.3m below the in-year respective budget of £7.4m. Below is the brief update on the main variances:

**Hoxton Public Realm** - The forecast is £0.6m, £0.2m below the in-year respective budget of £0.8m. The variance to budget in the year is due to slight delays

to the phase 2 projects. Stage 4 designs will commence in the next financial year.

**Hackney Wick Regeneration** - The forecast is £0.1m, £0.2m below the in-year respective budget of £0.3m. Some of the Public Realm improvement works will now occur in the new financial year, with a large portion of this being grant funded.

**Dalston Public Realm** - The forecast is £0.5m, £0.1m below the in-year respective budget of £0.6m. The remaining budget will now be spent in 2026/27.

**Town Hall Square** - The forecast is £2.8m, £2.7m below the in-year respective budget of £5.5m. Works have started on site and are progressing well. The reduction in forecast spend is due to the expenditure deadline from the grant funder being extended to March 2028. The works have therefore been re-programmed, with a larger portion now being incurred in 2026/27.

## 10.5 HOUSING

The overall forecast in Housing is £136.7m, £47m below the revised budget of £183.7m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Set at Feb Cab	Budget Position	Actual Spend	Q3 Forecast	Variance
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	2025				
	£000	£000	£'000	£000	£000
AMP Housing Schemes HRA	54,866	66,435	14,089	45,414	(21,021)
Council Capital Schemes GF	5,429	13,926	1,275	4,187	(9,739)
Private Sector Housing	1,928	40	2	40	0
Estate Regeneration	82,188	54,368	22,151	42,473	(11,895)
Housing Supply Programme	23,789	26,325	15,789	21,929	(4,396)
New Homes	9,728	6,827	3,149	6,355	(472)
Woodberry Down Regeneration	15,312	15,818	10,482	16,301	483
<b>Total Housing</b>	<b>193,239</b>	<b>183,739</b>	<b>66,937</b>	<b>136,699</b>	<b>(47,039)</b>

### 10.5.1 AMP Housing Schemes HRA

The overall forecast in AMP Housing Schemes HRA is £45.4m, £21m below the in-year respective budget of £66.4m. Below is a brief update on the main schemes causing the variances:

**HIPs Central (Seaton Point)** - The forecast is £0.6m, £0.1m above the in-year respective budget of £0.5m. The project is complete, and final accounts are anticipated. 'Fire stopping' arrangements are now on-site. It has been previously reported that this project

has faced access difficulties and challenges with scaffolding and re-pointing. The service, Planned Asset Management, (PAM) are reviewing all projects to identify underspends to cover any overspends to keep within the overall budget envelope ensuring contractual commitments and delivery of outcomes are met. It should be noted that there is a capital contingency budget available to fund overspend and once this review is complete any use of the contingency will be approved by the Housing Investment Board.

**Contingency Budget** - The forecast is in line with the in-year budget of £3.4m. £1.3m of this has been transferred during the quarter, to cover the additional SHDF spend, leaving £2.1m which remains unallocated and can be utilised and prioritised by the Housing Investment Board chaired by the Group Director.

**Estate Lighting** - The forecast is £0.3m, £0.4m below the in-year respective budget of £0.7m. The programme for this year has been revised downwards, and a new Sectional Commencement Agreement (SCA) will be prepared next year following approval of a recent business case. The underspend will be reallocated to cover cost overruns in other areas of PAM, specifically for lighting conductors and lateral mains emergency works.

**Ventilation Systems** - The forecast is £0.2m above the in-year respective nil budget. Historically, expenditure in this area has primarily focused on high-

value remedial works. As stated above, PAM are reviewing all projects to identify underspends to allocate to this project and keep within the overall budget envelope ensuring contractual commitments and delivery of outcomes are met.

**Door Entry Systems** - The forecast is £0.3m, £0.1m above the in-year respective budget of £0.2m. This overspend is attributed to the completion of brought-forward works from the previous year, including unexpected high-value repairs. As stated above, PAM are reviewing all projects to identify underspends to allocate to this project and keep within the overall budget envelope ensuring contractual commitments and delivery of outcomes are met.

**Domestic Boiler Replacements and Central Heating** - The forecast is £2.5m, £0.4m above the in-year respective budget of £2.1m. The Council is legally obligated to locate and replace faulty boilers during its yearly safety inspections. As stated above, PAM are reviewing all projects to identify underspends to allocate to this project and keep within the overall budget envelope ensuring contractual commitments and delivery of outcomes are met.

**Lift Renewals** - The forecast is £2.5m below the in-year respective nil budget. The lifts procurement process is almost complete and the underspend in year will be carried forward to 2026/27, where works will mobilise at pace.

**Lighting Conductors** - The forecast is £0.2m above

the in-year respective nil budget. These works are emergency referrals and therefore require urgent completion.

**Lateral Mains** - The forecast of £0.5m above the in-year respective budget of £0.4m. This is primarily due to unbudgeted emergency works across three blocks. These works are necessary because the Authority has been deemed 'non-compliant' in several instances, resulting in increased legal compliance costs for both Evelyn House and Dovedale House. The additional expenditure for these emergency works will be offset by the projected underspend in Estate Lighting.

**Social Housing Decarbonisation Fund: (SHDF Works)** - The forecast is £4.3m, £1.1m above the in-year respective budget of £3.2m. A virement from Contingency has previously been approved and will be allocated to the budget during the quarter. The Department for Energy Security and Net Zero (DESNZ) has extended the completion deadline for the Wave 2.1 works to January 31, 2026. As per the funding agreement, an independent external audit of expenditure for DESNZ is required. There is a risk that grant may need to be repaid but the service is working closely with DESNZ to minimise this risk. All phase 2 works are required to complete before 31 March 2026, to maximise the amount of grant funding that can be retained by the Council.

Work is now commencing on Wave 3 of the Social Housing Decarbonisation Fund programme. The estimated spend on Wave 3 in the current year is

£0.7m, with £0.4m of this being funded by grant. The programme will be taken forward in 2026/27.

**Front Entry Doors** - The forecast is £3m, £1m below the in-year respective budget of £4m. The programme is being rephased following the departure of the contractor exercising their contractual rights due to profit margins available under the contract.

**Planned Internal Work** - The forecast is currently £0.7m, £3.3m below the in-year respective budget of £4m. The procurement process is just being finalised and contracts are being signed imminently. The works in the year will relate to the newly awarded contracts. The budget will likely be carried forwards to 2026/27.

**CCTV Upgrade** - The forecast is £1m, £0.2m below the in-year respective budget of £1.2m. Under new legal requirements the Building Safety Regulator (BSR), now requires the submission of applications for approval before external works can commence on properties. The service recognizes that additional time will be needed to compile and submit these applications, which will dictate the pace of its CCTV programme rollout. It is possible that the quarter 4 forecast may show more of the programme being deferred into next year.

**Integrated Housing Management Systems** - The forecast is £0.8m, £0.2m above the in-year respective budget of £0.6m, the Housing Investment Board has already approved this additional expenditure in

relation to development costs to deliver the new system.

**Bridport** - The forecast is £3m, £10m below the in-year respective budget of £13m. The project completion timeline has been extended into 2026/27. All designs to fix the complex remediations are now nearing completion resulting in a rescheduling of the programme with completion expected in mid 2026/27.

**VCS Fire Risks & Remedial Works (HRA)** - The forecast is £0.1m, £1.7m below the in-year respective budget of £1.8m. The Council's Corporate Capital Projects Delivery Team, who are leading these works on the commercial properties within the HRA, plans to meet with clients, including the Voluntary Community Sector, to review and finalise the investment phase for the upcoming three years.

**Recycling Scheme** - The forecast is £0.2m, £0.9m below the in-year respective budget of £1.1m. The spend in year mainly relates to internal staffing and design costs for Phase 6, with works commencing for this phase in 2026/27.

**Fleet Management** - The forecast of £0.05m, £2.75m below the in-year respective budget of £2.80m. Cabinet Procurement and Insourcing Committee recently approved the award of 2 contracts for the delivery of vehicles which will take place next year and the budget will be carried forward to 2026/27.

## **10.5.2 Council Schemes GF**

The overall forecast in Council Schemes GF is £4.2m, £9.7m below the in-year respective budget of £10.9m. Below is a brief update on the main schemes:

**St Martins, St Brelades and Benyon Court** - The forecast is £0.04m, £9.20m below the in year respective budget of £9.24m. There will be minimal spend on these projects during the current financial year. The spend relates to surveys, professional fees and staffing charges. The budget will be carried forward at year end to reflect the current estimated delivery timelines.

**Temporary Accommodation Voids Works** - The forecast is £1.8m, £0.2m above the in year respective budget of £1.6m. The majority of spend relates to Void units on Regeneration Estates that are being used as Temporary Accommodation (TA). There is significant demand for these units and where financially viable works will be completed to ensure they can be used as TA. However, costs are increasing and the Team are looking at options around the specification to try and reduce spend where possible. Any new units made available will be a cost saving to the General Fund. The overspend will be funded by other underspends within Housing capital. It is noted that the rental income from these units deliver additional income to the HRA which contributes funding to the capital programme.

**Purchase Leasehold Properties** - The forecast is

£2.2m, £0.5m below the in-year respective budget of £2.7m. Spend in year relates solely to LAHF acquisitions, which will be predominantly grant funded. Further acquisitions will likely take place in 2026/27 therefore the variance will be carried forward.

**Hostels - Major Repairs** - The forecast is £0.1m, £0.2m below the in year respective budget of £0.3m. The small amount of expenditure expected in 2025/26 has now predominantly been pushed back to 2026/27.

### **10.5.3 Private Sector Housing Schemes**

There is no material variance.

### **10.5.4 Estate Regeneration Programme (ERP)**

The overall forecast in Estate Regeneration is £42.5m, £11.9m below the in-year respective budget of £54.4m. Below is a brief update on the main schemes causing the variances:

**Colville Phase 2C** - The forecast is £20.6m, £4.7m below the in-year respective budget of £25.3m. Works on site are progressing well. The project is estimated to complete in quarter 4 of 2026/27. The underspend compared to budget is due to the phasing of the construction works cashflow, with a higher proportion now likely to be spent in 2026/27, but with no significant delays to the project completion date.

**Colville Phase 4,5,6 & 7** - The forecast is £5.0m, £2.8m below the in-year respective budget of £7.8m.

4 Leaseholder buybacks are expected to complete within the year, which is less than the 9 estimated at quarter 2. The remainder will now complete in 2026/27. Other spend includes Legal Advice, Employers Agent Fees, Development Advice, Planning Advice and Architects fees, as the designs are progressed and options are considered for these phases.

**Marian Court Phase 3** - The forecast is £3.9m, £2.7m below the in year respective budget of £6.6m. Cost optimisation and early works are progressing and will continue into 2026/27. Main construction works are now expected to start in quarter 4 of 2026/27, assuming the viability position of the project is acceptable at that stage. The current forecast has been adjusted based on an updated cashflow from the external Employers Agent.

**Kings Crescent Phase 3+4** - The forecast is £4.7m, £1.3m below the in-year respective budget of £6m. Cost optimisation and early works are progressing and will continue into 2026/27. Main construction works are now expected to start in quarter 3 of 2026/27, assuming the viability position of the project is acceptable at that stage. The current forecast has been adjusted based on an updated cashflow from the external Employers Agent.

**Nightingale - Block E** - The forecast is £4.9m, £0.1m below the in-year respective budget of £5m. Cost optimisation and early works are progressing well and are nearing completion. Main construction works are

now expected to start in the spring.

**Nightingale - Blocks A-D** - The forecast is £0.2m, £0.2m below the in-year respective budget of £0.4m. Spend in the year mainly relates to Design development. Options to ensure best value for the site are still being explored and the current estimated start on site date is early 2027 for the first block (Block D).

### **10.5.5 Housing Supply Programme**

The overall forecast of the Housing Supply Programme is £21.9m, £4.4m above the in-year respective budget of £26.3m. Below is a brief update on the main scheme causing the variance:

**Buckland Street** - The forecast is £9.5m, £2.1m below the in-year respective budget of £11.6m. Works are nearing completion. The latest estimate is a completion date of quarter 2 of 2026/27, which is slightly later than previous estimates and explains the reduction in expenditure forecast compared to quarter 2.

**Wimbourne Street** - The forecast is £7.1m, £0.9m below the in-year respective budget of £8m. Works are nearing completion, with an estimated handover date of May 2026, which is slightly later than previous estimates and explains the reduction in expenditure forecast compared to quarter 2.

**Fairbank** - The forecast is £2.0m, £0.2m below the in-year respective budget of £2.2m. The Pre

Construction Service Agreement (PCSA) period has now commenced and is due to complete at the end of this financial year. The construction work should then follow on from this, assuming the project still meets its viability targets at that point.

**De Beauvoir Phase 1&2** - The forecast is £1.4m, £0.9m below the in-year respective budget of £2.3m. The procurement process for the main construction contractor has begun and the planning application for phase 2 is due to be submitted this financial year.

### **10.5.6 New Homes Programme**

The overall forecast of the New Homes Programme is £6.3m, £0.5m below the in year respective budget of £6.8m. Expenditure in the year mainly relates to design development, external consultants and surveys. The procurement process for the main contractors is underway on a number of sites, with the earliest start-on-site dates currently set for Spring 2026.

### **10.5.7 Woodberry Down Regeneration**

The overall forecast of the Woodberry Down Regeneration is £16.3m, £0.5m above the in-year respective budget of £15.8m. Spend in year relates to the remaining 20 buybacks in the active phase and Phase 4 which is due to obtain vacant possession by autumn this year. All secure tenants for phase 4 have been decanted. The budget forecast also includes assumptions on buyback and decant numbers

associated with Phase 5 and other phases with regards to out-of-phase buybacks. The overspend is due to additional, previously unforecasted decant costs (10 new applicants), as well as the reinstatement of the Woodberry Down Cultural budget.

## **11. Financial implications**

11.1 The gross approved Capital Spending Programme for 2025/26 currently totals **£493.974m (£310.235m non-housing and £183.739m 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.

<b>Current Directorate</b>	<b>Updated Budget Position</b>	<b>March 2026 Cabinet</b>	<b>Capital Adjustments</b>	<b>Updated Budget Position</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive's	0	0	0	0
Adults, Health & Integration	2,060	0	(150)	1,910
Children & Education	14,815	0	0	14,815
Finance & Corporate Resources	139,656	0	0	139,656
Climate, Homes &	153,704	0	(95)	153,609

Economy				
<b>Total Non-Housing</b>	<b>310,235</b>	<b>0</b>	<b>(245)</b>	<b>309,990</b>
Housing	183,739	0	0	183,739
<b>Total</b>	<b>493,974</b>	<b>0</b>	<b>(245)</b>	<b>493,729</b>

11.3 The recommendations in this report will result in a revised gross capital spending programme for 2025/26 of **£493.729m (£309.990m non-housing and £183.739m housing)**.

11.4 This report seeks approval for the surrender of existing leases and the concurrent grant of a new lease or leases for the Ground and Basement of 100-106 Leonard Street. This action is a strategic response to the financial instability of the current tenant.

11.5 The current tenant is experiencing significant financial difficulties. This proposal proactively addresses the high risk of a "disorderly" default, which would leave the Council with a non-performing asset.

11.6 The transaction aims to minimise the void period and prevent unbudgeted costs. These potential costs include:

- Empty property business rates
- Enhanced security and site maintenance
- Legal costs related to potential debt recovery or insolvency proceedings

11.7 The surrender and regrant process allows

the Council to renegotiate and modernise lease terms, ensuring the asset is performing at its maximum commercial potential and aligned with current market standards.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by Deirdre Worrell, Director, Financial Management

Email: [Deirdre.Worrell@hackney.gov.uk](mailto:Deirdre.Worrell@hackney.gov.uk)

Date: 10th March 2026

## **12. PROPERTY IMPLICATIONS ON LAND AND PROPERTY TRANSACTIONS**

**12.1 Proposed Surrender of leases and grant of new lease of Ground and Basement 100-106 Leonard Street, EC2:** the current tenant has occupied 100-106 Leonard Street for 17 years as a bar / venue. In recent years, the operation has struggled financially, the premises are closed, and the tenant is now attempting to assign its leases.

12.2. Having the ability to consider a surrender and regrant of the lease(s) increases the likelihood of securing a new tenant quickly and on terms that are in the Council's best interests, reducing the potential void period with associated costs and loss of rent, which can be significant.

12.3 A new lease over 7 years would be a disposal for the purpose of s.123 of the Local Government Act 1972 and the Council is required to meet the Best

Consideration requirements contained therein.

12.4 The specific terms of the transaction are still subject to negotiation. Once finalised, Strategic Property Services will undertake an assessment, obtaining external consultant advice as appropriate, to ensure the letting represents Best Consideration for the purposes of section 123 of the Local Government Act 1972.

Property implications prepared on behalf of the Group Director Finance & Corporate Resources by Chris Pritchard, Director, Strategic Property Services

Email: [chris.pritchard@hackney.gov.uk](mailto:chris.pritchard@hackney.gov.uk)

Date: 6th March 2026

### **13. VAT implications**

#### **13.1 Proposed Surrender of leases and grant of new lease of Ground and Basement 100-106 Leonard Street, EC2:**

Given that the property at 100-106 Leonard Street is opted to tax, the VAT implications for the proposed surrender of the existing leases and the grant of a new lease are as follows:

- VAT on Rental Income: As the property is opted to tax, the Council must continue to charge VAT at the standard rate on all rental income and any other relevant supplies related to the new lease or leases.
- VAT on Surrender Payments: Any premium or

reverse premium paid in consideration for the surrender of the existing leases will be subject to VAT at the standard rate.

- Input Tax Recovery: The Council will be able to recover input VAT incurred on costs directly associated with the surrender and regrant process, such as legal fees and external consultant advice.
- Tenant Obligations: The new tenant will need to be informed that VAT is applicable to the rent, and this should be clearly reflected in the new lease documentation and all commercial terms negotiated.

VAT implications prepared on behalf of the Group Director Finance & Corporate Resources by Deirdre Worrell, Director, Financial Management Email: [Deirdre.Worrell@hackney.gov.uk](mailto:Deirdre.Worrell@hackney.gov.uk)  
Date: 10th March 2026

#### **14. HR/OD implications**

14.1 There are no HR/OD implications arising directly from the recommendations of this report.

HR/OD implications prepared on behalf of the Director of HR/OD by Email: [Cassy.goring@hackney.gov.uk](mailto:Cassy.goring@hackney.gov.uk)  
Date: 11 March 2026

## **15. Legal implications**

15.1 The Group Director, Finance & 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.

15.2 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.

15.3 Proposals for capital spending shall be submitted to Cabinet for acceptance into the capital programme recommended to Full Council for adoption (paragraph 2.17, Financial Procedure Rule FPR2, Section A, Part Five of the Council's Constitution).

15.4 Once the capital programme has been approved, Cabinet exercises control over capital spending and resources and may authorise variations to the capital programme provided such variations are within available resources and are consistent with Council policy (paragraph 2.18, Financial Procedure Rule FPR2, Section A, Part Five of the Council's Constitution). However, any proposal which increases the proposed capital expenditure beyond the programme approved by Full Council will require Full Council approval.

15.5 Section 106 Town and Country Planning Act 1990 permits anyone with an interest in land to enter into a planning obligation which is then enforceable by the local planning authority. Planning obligations are private agreements intended to make acceptable developments which would otherwise be unacceptable in planning terms. Frequently such obligations require the payment of a financial contribution to compensate for the loss or damage created by the development or mitigate against the development's impact. Local authorities must have regard to the legal tests laid down in Regulation 122 of the Community Infrastructure Levy Regulations 2010 prior to requiring a developer to enter into a s106 obligation. Hackney Council approved the Planning Contributions Supplementary Planning Document on 25 November 2015 under which contributions are secured. Once completed, s106 agreements are legally binding contracts and financial contributions can only be used for the

purposes specified within the obligation itself.

15.6 The Council also receives payments under the Community Infrastructure Levy Regulations 2010 based upon the Council's adopted charging schedule adopted in 2015 (this is separate to the Mayor of London's CIL). The Council's adopted Regulation 123 list details the infrastructure that the payments received will be spent upon. In addition, there is a neighbourhood element to CIL and areas where development is taking place will receive a proportion of the receipts to be spent in local neighbourhoods, this includes the Hackney Community Fund.

**15.7 Proposed Surrender of leases and grant of new lease of Ground and Basement 100-106 Leonard Street, EC2:** The grant of a lease is reserved to the Mayor and Cabinet pursuant to the Mayor's Scheme of Delegation.

15.8 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.

15.9 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

15.10 Provided the proposed disposal is for a letting on the best terms reasonably achievable for the Council, and this is confirmed by Strategic Property Services prior to the lease completing, there is no legal reason to impede the grant of the new Lease and then subsequent to compliance of the terms in that agreement, the 15 year Lease.

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## **APPENDICES**

Appendix 1 - Q3 Summary of Capital Adjustments

Appendix 2 - Site Map of Ground and Basement 100-106 Leonard Street, EC2

## **BACKGROUND DOCUMENTS**

None.