

CAPITAL OUTTURN 2025/26

1 SUMMARY

- 1.1 This report outlines the outturn position for the Council's capital programme for 2025/26 and the financing of that expenditure.
- 1.2 The approved budget for 2025/26 was £171.958 million and actual spend against this was £143.242 million. The capital programme includes investment into schools, sustainable transport and streetlighting, property, area regeneration, parks, the acquisition and delivery of new and affordable homes (including temporary accommodation), investment into our response to the Climate Emergency and into council-owned homes via the Housing Revenue Account (HRA).
- 1.3 Total expenditure on the 2025/26 capital programme was £143.242 million, of which £84.987 million was General Fund expenditure and £58.255 million was HRA expenditure. This represents an underspend of £28.716 million against the approved 2025/26 budget.
- 1.4 Section 2 of this report provides a summary of the budget and expenditure by directorate and service area, along with details of any variances from budget. The key areas of slippage (i.e. movement of budget to the following financial year to align with forecast spend) or underspend (i.e. where remaining budget is no longer required) are within the Housing General Fund (£11.113 million), Housing Delivery and Assets (HRA; £7.363 million), Regeneration, Planning and Strategic Property (£3.374 million) and Capital Strategy, Delivery and Estates (£4.029 million) service areas.
- 1.5 The 2025/26 capital programme was financed from a variety of sources, which are set out in section 3 of this report. This section also provides information on 2025/26 capital receipts, which totalled £1.045 million for the General Fund and £26.681 million for the HRA, as well as a summary of the sources used to finance capital expenditure by service area.

2 ANALYSIS BY CAPITAL SERVICE AREA

- 2.1 The following table shows the final budget and the actual capital expenditure by directorate and service area, as recorded in the Council's accounts for 2025/26. Further detail for each service area is provided in paras 2.2 to 2.21.

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DIRECTORATE	2025/26 Approved Budget £m	2025/26 Expenditure £m	Variance Overspend/ (underspend) £m
CHIEF EXECUTIVE'S DIRECTORATE			
RESIDENT EXPERIENCE & DIGITAL	0.682	0.378	(0.304)
Sub-total	0.682	0.378	(0.304)
ADULTS SERVICES DIRECTORATE			
CULTURE & REGISTRARS	0.964	0.440	(0.525)
ADULT SOCIAL CARE	2.931	3.155	0.224
Sub-total	3.895	3.595	(0.301)
CHILDREN'S SERVICES DIRECTORATE			
TRADED SERVICES	0.868	0.377	(0.490)
Sub-total	0.868	0.377	(0.490)
RESOURCES DIRECTORATE			
LAW & GOVERNANCE	0.077	0.000	(0.077)
Sub-total	0.077	0.000	(0.077)
NEIGHBOURHOODS AND ENVIRONMENT DIRECTORATE			
HIGHWAYS & PARKING	12.563	12.696	0.133
NEIGHBOURHOODS	5.171	4.021	(1.150)
COMMUNITY SAFETY & PUBLIC PROTECTION	0.101	0.002	(0.099)
Sub-total	17.835	16.719	(1.116)
PLACE DIRECTORATE			
SCHOOLS PROGRAMME	6.567	6.081	(0.486)
REGENERATION, PLANNING & STRATEGIC PROPERTY	22.760	19.386	(3.374)
CAPITAL STRATEGY, DELIVERY & ESTATES	14.195	10.167	(4.029)
LONDON SECURE CHILDREN'S HOME	0.275	0.400	0.125
HOUSING (GENERAL FUND)	38.999	27.885	(11.113)
Sub-total Place GF	82.796	63.918	(18.878)
HOUSING DELIVERY & ASSETS (HRA)	64.750	57.387	(7.363)
HOUSING OPERATIONS (HRA)	0.805	0.868	0.063
Sub-total Place HRA	65.555	58.255	(7.300)
Subtotal Place GF & HRA	148.351	122.173	(26.178)
CONTINGENCY			
CONTINGENCY (GF)	0.250	0.000	(0.250)
Sub-total	0.250	0.000	(0.250)
FUND			
GENERAL FUND TOTAL	106.403	84.987	(21.416)
HRA TOTAL	65.555	58.255	(7.300)
TOTAL CAPITAL PROGRAMME	171.958	143.242	(28.716)

CHIEF EXECUTIVE'S DIRECTORATE

RESIDENT EXPERIENCE AND DIGITAL

- 2.2 Total capital expenditure on digital and technology services projects was £0.378 million against a budget of £0.682 million.
- 2.3 The underspend of £0.304 million is made up of slippage to 2026/27 on the Oracle Stabilisation Programme (£0.277 million) due for completion summer 2026, the Telephony Contact Centre as a Service project (£0.043 million), and Public Switched Telephone Network project (£0.005 million). These slippages are offset by an overspend of £0.022 million on the Enterprise Resource Planning (ERP) Replacement Programme, which has now completed.

ADULTS SERVICES DIRECTORATE

2.4 Total capital expenditure on Adults Services, which includes Adult Social Care and Culture and Registrars services, was £3.595 million against a budget of £3.895 million.

This resulted in an underspend of £0.301 million, which is made up of the following:

- £0.214 million slippage to 2026/27 on the William Morris Gallery refurbishment, which is due to complete in autumn 2026.
- An underspend of £0.311 million on the Walthamstow Assembly Hall acoustic works project, which is currently on hold pending a review of the business case.
- These underspends were offset by an overspend of £0.224 million on the 2025/26 Disabled Facilities Grants (DFG), which fund essential adaptations to disabled people's homes to help them live safely and independently. This overspend will be funded from DFG reserves, which are built up from DFG underspends in previous financial years.

CHILDREN'S SERVICES DIRECTORATE

2.5 Total capital expenditure on Children's Services projects was £0.377 million against a budget of £0.868 million. This is due to slippage to 2026/27 on the Music Hub Investment Programme, which is fully grant-funded by Arts Council England and funds the purchase of musical instruments, equipment and technology on behalf of the seven London Boroughs that make up the East London Music Hub.

RESOURCES DIRECTORATE

2.6 There was no capital expenditure within the Resources directorate against a budget of £0.077 million. This is due to slippage on the Councillors' IT upgrade project, which is now expected to occur in Q1 2026/27.

NEIGHBOURHOODS AND ENVIRONMENT DIRECTORATE

2.7 The Neighbourhoods and Environment capital programme supports investment into sustainable transport, highways, flood mitigation, streetlighting, parks and open spaces, and community safety, as well as the Council's response to the Climate Emergency.

2.8 Total capital expenditure within Neighbourhoods and Environment was £16.719 million against a budget of £17.835 million, resulting in an underspend of £1.116 million. Paragraphs 2.9–2.12 provide further details.

HIGHWAYS AND PARKING

2.9 Total expenditure on the Highways and Parking capital programme, which includes projects to improve local transport infrastructure and flood mitigation, was £12.696 million against a budget of £12.563 million. This resulted in an overspend of £0.133 million overall, made up of the following key variances:

- £2.156 million slippage to future years resulting from variances across 11 individual section 106 schemes (i.e. projects required by and funded through section 106 agreements with developers) together with the section 106 block budget, which includes budgets for various schemes expected to take place over the next three-year period. S106 projects are profiled to be spent across a number of years from funding agreed.
- £0.827 million slippage to 2026/27 across eight individual flood mitigation schemes funded by the Environment Agency / Thames Water, primarily due to these works being programmed to occur or continue being delivered in 2026/27 or later, or due to changes of funding agreed with the Environment Agency.
- £0.750 million slippage to 2026/27 on the Sustainable Transport programme, which includes the Local Electric Vehicle Infrastructure pilot and Bike Hangars Installation programme.
- £0.171 million slippage to 2026/27 on the Streetlighting Investment project, which funds the borough-wide upgrade of older, inefficient lanterns with energy-efficient LED units.
- These slippages are offset by the following:
 - Capitalisation of £2.288 million revenue expenditure on the Highways structural programme and £0.600 million on the streetlighting column upgrade programme to meet Department for Transport (DfT) requirements for reporting of spend on these programmes.
 - £0.685 million overspend on the Lamp Column Electric Vehicle Charging Points (EVCP) project, which is funded by DfT grant.
 - £0.397 overspend on the Transport for London (TfL) Main Works programme, which is covered by TfL grant.
 - £0.067 million overspend on the Parking Priorities programme, which is funded from parking income/surplus and is used to

support/match fund projects that enhance the public highway, e.g. TfL-funded projects such as new crossings and cycle route and public realm improvements.

NEIGHBOURHOODS

2.10 Capital expenditure on Neighbourhoods, which includes Climate and Environment and Parks, Sport and Leisure, was £4.021 million against a budget of £5.171 million.

2.11 This resulted in an underspend of £1.150 million, made up of the following variances:

- £0.071 million slippage to 2026/27 on the Warm Homes: Local Grant scheme funded by the Department for Energy Security and Net Zero (DESNZ), which is a three-year programme to fund energy-efficiency improvements to low-income, energy-inefficient homes in the borough. This slippage is due to retention fees due to the contractor in 2026/27.
- £0.370 million slippage on the budget for essential maintenance and upgrades to Low Hall depot, pending completion of the refurbishment project.
- £0.350 million slippage on the Low Hall Depot refurbishment project due to delays during design development necessitating additional surveys, as well as cost plan reviews and value engineering to ensure the scheme can be delivered within budget.
- £0.120 million slippage on the Parks programme, which is funded by developer contributions i.e. section 106, Carbon Offset Fund and the Community Infrastructure Levy (CIL) and delivers improvements to green spaces across the borough. Works will be completed in early 2026/27
- £0.038 million slippage on the Civica Authority Public Protection (APP) system replacement project, which is largely complete.
- £0.202 million slippage on the Climate Emergency funding pot, due to some projects not materialising in 2025/26.

COMMUNITY SAFETY

2.12 Capital expenditure on Community Safety projects was £0.002 million against a budget of £0.101 million, due to slippage to 2026/27 on the CCTV infrastructure project of £0.099 million. The project is planned for completion in Q1 2026/27.

PLACE DIRECTORATE

SCHOOLS PROGRAMME

2.13 Total expenditure on the multi-year, externally funded Schools capital programme was £6.081 million against a budget of £6.567 million. This resulted in an underspend of £0.486 million, made up of the following variances:

- Slippage to 2026/27 on the following programmes:
 - Creating Stronger Schools programme (£0.451 million)
 - Alternative Provision and Special Educational Needs and Disability (SEND) programme (£0.166 million)
 - Secondary Expansions programme (£0.050 million)
 - Climate Change Decarbonisation programme (£0.025 million)
 - LED lighting upgrade projects funded via the Carbon Offset Fund (£0.027 million)
 - The School Rebuilding Programme (£0.019 million), which is delivered via the Department for Education (DfE).
- An underspend (credit balance) of £0.032 million on the Leyton Green Partnership project, due to the correction of a previous incorrect goods receipting in 2024/25.
- These slippages/underspends were offset by accelerated spend from 2026/27 budgets on the Yardley Primary School expansion project (£0.057 million) and the Capital Improvement and Minor Works programme (£0.227 million), which delivers essential capital works to the schools estate.

REGENERATION, PLANNING AND STRATEGIC PROPERTY

2.14 Total capital expenditure for Regeneration, Planning and Strategic Property was £19.386 million against a budget of £22.760 million. This resulted in an underspend of £3.374 million, made up of slippages to 2026/27 on the following projects/programmes:

- £0.599 million on the Walthamstow Central Station Box Safeguarding project. The final account for the project will be prepared over the next few months, forecasting an underspend against the original project budget.
- £1.252 million on the Local Regeneration Fund (previously the Levelling Up Fund) programme, which is funded by grant from the Ministry of Housing, Communities and Local Government (MHCLG) and is due to

complete by March 2027. This is partly due to sequencing of works on a number of public realm schemes, leading to some delays to completion.

- £1.000 million on Leyton Underground Station improvements, due to delays to the TfL delivery programme and associated payment to TfL funded via Strategic Community Infrastructure Levy (SCIL) income.
- £0.280 million on the government-funded 2025/26 UK Shared Prosperity Fund (UKSPF) programme. In January 2026, the government/Greater London Authority (GLA) extended the programme to September 2026, and the remaining budget has therefore been re-profiled accordingly.
- £0.243 million across 15 local area regeneration projects such as parks improvements, funded by developer contributions i.e. section 106, Carbon Offset Fund (COF) or Community Infrastructure Levy (CIL) .

CAPITAL STRATEGY, DELIVERY AND ESTATES

2.15 Total capital expenditure for Capital Strategy, Delivery and Estates was £10.167 million against a budget of £14.195 million. This resulted in an underspend of £4.029 million, which is made up of the following key variances:

- £1.331 million slippage on Soho Theatre Walthamstow. Any underspend will be returned to the General Fund contingency once all project costs are finalised during 2026/27.
- £1.301 million slippage to 2026/27 on the Chingford Mount Crematorium, which is on track to be completed by autumn 2026. This is due to the value of works on site not aligning with the contractor's cashflow forecasts.
- £1.189 million slippage to 2026/27 on the St James Health Hub fit out as a result of prolonged lease negotiations with NHS Property Services.
- £0.687 million slippage to 2026/27 across 26 projects within the Facilities Management programme, which includes essential health and safety works and energy efficiency upgrades to General Fund buildings such as care homes, libraries and the corporate and VCS estate.
- £0.637 million slippage to 2026/27 on the Coronation Square programme due to phase 2 of the programme currently being in abeyance.
- £0.440 million slippage to 2026/27 on the Asset Transformation programme, which is currently focused on the conversion of four surplus council buildings into temporary accommodation for homeless families. This is due to incorrect profiling of £0.372 million, as well as delays on the design programme and commissioning of additional environmental surveys.

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- An underspend of £0.068 million on the Mortuary project, which is now complete. £0.017 of the underspend budget will be transferred to the Central Parade project.
- £0.024 million slippage to 2026/27 on the Families and Homes Hub due to the impact of Building Safety Regulations requirements on the delivery programme.
- The variances above are offset by the following accelerations/overspends:
 - Accelerated spend from 2026/27 budgets on the Fellowship Square programme (£0.578 million), Lea Bridge Station Sites (£0.088 million) and Rolls Park Clubhouse (£0.019 million).
 - £0.064 million overspend on Leytonstone Leisure Centre roof replacement, which is fully funded via a payment from Greenwich Leisure Limited to cover the cost of installing solar panels on the roof.
 - £0.839 million historic expenditure recognition for SAP to Oracle migration, noting that this does not represent any new cash payments to suppliers.
 - £0.060 million overspend across seven minor projects within Capital Delivery and Energy Management.

LONDON SECURE CHILDREN'S HOME

- 2.16 Capital expenditure on the DfE-funded London Secure Children's Home project was £0.400 million against a budget of £0.275 million, as a result of accelerated spend of £0.125 million from the 2026/27 budget.

HOUSING

HOUSING GENERAL FUND

- 2.17 The Housing General Fund capital programme outturn for 2025/26 was £27.885 million against a budget of £38.999 million. This resulted in slippage of £11.113 million to 2026/27, made up of the following variances:
- £7.183 million underspend/slippage on the MHCLG Local Authority Housing Fund (LAHF) acquisition programme, which funds the purchase of temporary accommodation for homeless families and settled housing for Afghan citizens on resettlement programmes. This amount includes an underspend of £7.065 million due to over optimistic estimates for rounds 2 and 3 of the programme being included in the February 2026

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approved capital programme, as well as slippage of £0.118 million to 2026/27 for works to properties acquired through LAHF round 3, which must be completed by July 2026.

- £2.136 million slippage on the Council Homes Acquisition Programme (CHAP), which is supported by GLA grant and funds the acquisition of homes for use as temporary accommodation for homeless families. Twelve homes were acquired between November 2025 and March 2026 and under the terms of the funding agreement with the GLA, expenditure on the acquisition of the remaining 52 homes must be completed by September 2026.
- £1.522 million slippage on the Priory Court regeneration project due to the value of works on site not aligning with cashflow forecasts. This project remains on track to complete during Q3 2026/27.
- £0.272 million slippage/underspend across 10 housing estate improvement projects funded by developer contributions (Neighbourhood CIL and COF), primarily due to project management capacity within the Housing Place and Estate Services team.

HOUSING (HRA)

2.18 The HRA capital programme outturn for 2025/26 was £58.255 million against a budget of £65.555 million. This resulted in slippage of £7.300 million to 2026/27, made up of the following variances:

- £3.751 million slippage to 2026/27 on Building Safety works to four high-rise council blocks, due to programme delays resulting from resident access issues, essential scope changes, adverse weather, contractor coordination, and fire engineer input, certification and sign-off. Works to two of these blocks are now complete, with the remaining two due to complete summer 2026.
- £2.097 million underspend/slippage on the HRA element of rounds 2 and 3 of the MHCLG LAHF acquisition programme. This includes an underspend of £1.504 million due to over optimistic estimates for rounds 2 and 3 of the programme being included in the February 2026 approved capital programme, as well as slippage of £0.594 million to 2026/27 for works to properties acquired through LAHF round 3, which must be completed by July 2026.
- £0.501 million slippage to 2026/27 on the Housing Main Programme, which funds capital works to council homes including new kitchens and bathrooms, mechanical and electrical works, doors, windows, fire safety compliance and energy efficiency works. This relates primarily to a forecast contractor claim that did not materialise by year end.

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- £0.504 million slippage on the acquisition of council homes at Osier Way, which relates to retention monies due to the contractor.
- £0.459 million slippage to 2026/27 on the acquisition of council homes at Fellowship Square, which was completed in December 2025. Outstanding costs related to the acquisition are expected to be incurred in 2026/27 including £0.270 million of retention costs.
- £0.195 million slippage to 2026/27 on the Housing Digital Programme, which will provide a new resident portal, as well as improvements to compliance and housing systems now expected to be delivered in 2026/27.
- £0.034 million slippage to 2026/27 across several housing estate management projects.
- The above slippages/underspends are offset by the following:
 - Accelerated spend from 2026/27 budgets on the Avenue Road Estate Regeneration (£0.181 million) and Marlowe Road Estate Regeneration (£0.027 million) schemes.
 - £0.033 accelerated spend from the 2026/27 disabled adaptations budget, which funds aids and adaptations to council homes to enable residents to live safely and independently in their own homes.

GENERAL FUND CONTINGENCY

- 2.19 The General Fund contingency did not incur any expenditure against a budget of £0.250 million, resulting in slippage to 2026/27 of £0.250 million.
- 2.20 The General Fund contingency is held at portfolio level and is only allocated to projects where necessary, subject to the approval of the Capital Strategy and Asset Management Group (CSAMG).
- 2.21 Following approval from CSAMG and the Council's s151 officer in May 2026, the Families and Homes Hub project has been allocated an additional £0.380 million from the 2026/27 General Fund contingency budget to fund unforeseen works at Sunflower House, which are now required due to Building Safety Regulations.

3 CAPITAL FINANCIAL POSITION

- 3.1 Capital schemes were financed from a variety of different sources. The table below outlines the funding mix used in 2025/26. The total use of borrowing increases the Council's Minimum Revenue Provision (MRP) commitment in future years.

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3.2 The below table provides a summary of the financing sources used to finance capital expenditure by service area:

CAPITAL FINANCING 2025/26	Grants	Other Contributions	Developer Contributions	Capital Receipts	MRR	Revenue Contribution	Prudential Borrowing	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Chief Executive's								
Resident Experience & Digital	0.000	0.000	0.000	0.000	0.000	0.000	(0.378)	(0.378)
Sub-total	0.000	0.000	0.000	0.000	0.000	0.000	(0.378)	(0.378)
Adults Services								
Adult Social Care	(3.155)	0.000	0.000	0.000	0.000	0.000	0.000	(3.155)
Culture & Registrars	(0.437)	0.000	0.000	0.000	0.000	0.000	(0.003)	(0.440)
Sub-total	(3.592)	0.000	0.000	0.000	0.000	0.000	(0.003)	(3.595)
RESOURCES DIRECTORATE								
GOVERNANCE AND LAW	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Sub-total	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Children's Services								
Traded Services	(0.377)	0.000	0.000	0.000	0.000	0.000	0.000	(0.377)
Sub-total	(0.377)	0.000	0.000	0.000	0.000	0.000	0.000	(0.377)
Neighbourhoods & Environment								
Highways & Parking	(6.608)	0.000	(1.179)	0.000	0.000	(0.195)	(4.714)	(12.696)
Neighbourhoods	(1.755)	0.000	(0.383)	0.000	0.000	0.000	(1.883)	(4.021)
Community Safety & Public Protection	0.000	0.000	(0.001)	0.000	0.000	0.000	(0.001)	(0.002)
Sub-total	(8.363)	0.000	(1.563)	0.000	0.000	(0.195)	(6.598)	(16.719)
Place								
Schools Programme	(6.021)	0.000	(0.060)	0.000	0.000	0.000	0.000	(6.081)
Regen, Planning & Strategic Property	(9.530)	0.000	(3.842)	0.000	0.000	0.000	(6.014)	(19.386)
Capital Delivery and Estates	0.000	(0.064)	(0.252)	0.000	0.000	0.000	(9.851)	(10.167)
London Secure Children's Home	(0.400)	0.000	0.000	0.000	0.000	0.000	0.000	(0.400)
Housing (General Fund)	(6.863)	0.000	(0.575)	(0.115)	0.000	0.000	(20.333)	(27.885)
Sub-total Place GF	(22.814)	(0.064)	(4.729)	(0.115)	0.000	0.000	(36.197)	(63.918)
Housing Delivery & Assets	(0.798)	(4.693)	(0.516)	(19.085)	(14.104)	(2.000)	(16.656)	(57.387)
Housing Operations	0.000	0.000	0.000	0.000	0.000	0.000	(0.868)	(0.868)
Sub-total Place HRA	(0.798)	(4.227)	(0.516)	(19.085)	(14.104)	(2.000)	(17.524)	(58.255)
Subtotal Place GF & HRA	(23.612)	(4.291)	(5.245)	(19.220)	(14.104)	(2.000)	(53.721)	(122.173)
CONTINGENCY								
CONTINGENCY (GF)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
FUND								
GENERAL FUND TOTAL	(35.146)	(0.064)	(6.292)	(0.115)	0.000	(0.195)	(43.175)	(84.987)
HRA TOTAL	(0.798)	(4.227)	(0.516)	(19.085)	(14.104)	(2.000)	(17.524)	(58.255)
CAPITAL PROGRAMME BEFORE APPROPRIATION	(35.944)	(4.291)	(6.809)	(19.200)	(14.104)	(2.195)	(60.699)	(143.242)
Appropriations								0.000
TOTAL CAPITAL PROGRAMME	(35.944)	(4.291)	(6.809)	(19.200)	(14.104)	(2.195)	(60.699)	(143.242)

CAPITAL RECEIPTS

- 3.3 In 2025/26, the HRA disposals programme realised a total of £26.681m (this consisted of £15.450m Right to Buy (RTB) receipts and £11.231m other HRA receipts).
- 3.4 £19.220m of capital receipts were used to finance HRA capital expenditure (£19.085m) and General Fund Housing Projects (£0.115m). The balance of usable capital receipts at the end of 2025/26 was £7.481m for the HRA.
- 3.5 General Fund disposals receipts were £1.029m for the year. The disposals relate to Elder Close and Taylor Wimpey development. General Fund other receipts totalled £0.015m and related to Energy Loan repayment. In-year, £0m was used to fund capital expenditure in the General Fund. The remaining balance for General Fund capital receipts is £1.045m.
- 3.6 The balance of Capital Grants Unapplied has changed from £0.989m to £6.510m at the end of 2025/26 after funding in-year capital expenditure.