



London Borough of Hackney – Decisions taken by the Cabinet on Monday, 25 November 2024

This document outlines the decisions taken by Cabinet on Monday, 25 November 2024.

Decisions listed below that are Key Decisions will come into force and may then be implemented on the expiry of 5 clear working days, unless called-in by at least 5 non-executive members in writing and submitted to the Monitoring Officer using the attached form;

[Executive Decision Call-in Request](#)

Date of Publication: 26 November 2024

Last Date for Call-In: 3 December 2024

Contact: Mark Agnew, Governance Officer, governance@hackney.gov.uk, 020 8356 2398

Agenda Item No	Topic	Decision
----------------	-------	----------

Items considered in public

8	F S341 2024/25 Overall Financial Position Report - September 2024	<p>RESOLVED:</p> <ol style="list-style-type: none">1. Noted the overall financial position of the Council and in particular the overspend and the initiatives set out to mitigate this, as at September 2024.2. Approved the 2025-26 Local London Business Rates Pool recommendations set out in Appendix 4.3. Noted the Revised MTFP 2025-26 to 2027-28 attached at Appendix 5 and the revised budget gaps (2025-26 £35.814m, 2026-27 £49.281m and 2027-28 £67.230m) <p>REASONS FOR DECISION</p> <p>To facilitate financial management and control of the Council's finances.</p> <p>DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</p>
---	---	---

London Borough of Hackney – Decisions taken by the Cabinet on Monday 25 November 2024

Agenda Item No	Topic	Decision																		
		This budget monitoring report is primarily an update on the Council's financial position.																		
9	F S331 November 2024 Capital Update and Property Disposals And Acquisitions Report	<p>RESOLVED:</p> <ol style="list-style-type: none"> That the scheme for Finance and Corporate Resources Directorate as set out in section 11 was approved as follows: <p>Automation of Council Tax Handling Requests: Resource and spend approval of £116k in 2024/25 is requested to enable Council Officers to proceed with the automation of the back office process relating to Council Tax, by utilising a new set of online forms and integration into our back office system. The new solution will enable residents to complete forms online that automatically process their requests into our back office system, without needing manual processing.</p> <p>Mosaic ICT System Development Strategy: Resource and spend approval of £543k (£217k in 2024/25, £220k in 2025/26 and £105k in 2026/27) is requested to enable Council Officers to proceed with extending the scope of the transformation development work on the Mosaic ICT System.</p> That the Quarter 2 Capital Monitoring for the year ending 30 September 2024 in section 12 was noted. That the re-profiling of the budgets as set out in Appendix 1 and summarised below was approved: <table border="1" data-bbox="938 1286 2089 1406"> <thead> <tr> <th>Current Directorate</th> <th>Re-Profiling 24/25</th> <th>Re-Profiling 25/26</th> <th>Re-Profiling 26/27</th> <th>Re-Profiling 27/28</th> <th>Re-</th> </tr> <tr> <td></td> <td>£'000</td> <td>£'000</td> <td>£'000</td> <td>£'000</td> <td></td> </tr> </thead> <tbody> <tr> <td>Non Housing</td> <td>(6,170)</td> <td>4,157</td> <td>1,456</td> <td>557</td> <td></td> </tr> </tbody> </table>	Current Directorate	Re-Profiling 24/25	Re-Profiling 25/26	Re-Profiling 26/27	Re-Profiling 27/28	Re-		£'000	£'000	£'000	£'000		Non Housing	(6,170)	4,157	1,456	557	
Current Directorate	Re-Profiling 24/25	Re-Profiling 25/26	Re-Profiling 26/27	Re-Profiling 27/28	Re-															
	£'000	£'000	£'000	£'000																
Non Housing	(6,170)	4,157	1,456	557																

London Borough of Hackney – Decisions taken by the Cabinet on Monday 25 November 2024

Agenda Item No	Topic	Decision
----------------	-------	----------

		<table border="1" data-bbox="936 411 2087 475"> <tr> <td>Housing</td> <td>(90)</td> <td>90</td> <td>0</td> <td>0</td> <td></td> </tr> <tr> <td>Total</td> <td>(6,260)</td> <td>4,247</td> <td>1,456</td> <td>557</td> <td></td> </tr> </table> <p data-bbox="891 512 1951 576">4. That the capital adjustments of the budgets as set out in Appendix 1 and summarised below were approved:</p> <table border="1" data-bbox="936 611 1525 762"> <thead> <tr> <th>Current Directorate</th> <th>Capital Adjustments</th> </tr> <tr> <td></td> <td>£'000</td> </tr> </thead> <tbody> <tr> <td>Non Housing</td> <td>28,572</td> </tr> <tr> <td>Housing</td> <td>0</td> </tr> <tr> <td>Total</td> <td>28,572</td> </tr> </tbody> </table> <p data-bbox="891 802 2051 935">5. That the granting of a new ten-year lease to the current tenant of Unit A, Residence Tower, Goodchild Road, N4 2LY, on the proposed Heads of Terms as outlined in Exempt Appendix 3 (subject to any reasonable amendments during the legal process) was approved.</p> <p data-bbox="891 970 2063 1070">6. Authority to the Interim Group Director, Finance and the Director of Strategic Property Services to agree to the lease, all commercial terms and any associated documentation and ensure that it represents best consideration was delegated.</p> <p data-bbox="891 1106 2033 1206">7. Authority to the Acting Director of Legal, Democratic & Electoral Services to complete the lease and all other relevant and ancillary legal documents arising thereto on behalf of the Council was delegated.</p> <p data-bbox="891 1241 2063 1310">8. The disposal of 17 Sylvester Road E8 1DZ shown for identification purposes only edged red on the plan at Appendix 2 was authorised.</p> <p data-bbox="891 1345 2063 1414">9. Authority to the Interim Group Director, Finance to agree all commercial terms of the transaction was delegated.</p>	Housing	(90)	90	0	0		Total	(6,260)	4,247	1,456	557		Current Directorate	Capital Adjustments		£'000	Non Housing	28,572	Housing	0	Total	28,572
Housing	(90)	90	0	0																				
Total	(6,260)	4,247	1,456	557																				
Current Directorate	Capital Adjustments																							
	£'000																							
Non Housing	28,572																							
Housing	0																							
Total	28,572																							

London Borough of Hackney – Decisions taken by the Cabinet on Monday 25 November 2024

Agenda Item No	Topic	Decision
		<p align="center">10. Authority to the Acting Director of Legal, Democratic and Electoral Services to settle, agree and enter into all documentation necessary for this transaction was delegated.</p> <p>REASONS FOR DECISION</p> <p>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.</p> <p>In most cases, resources have already been allocated to the capital 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.</p> <p>To facilitate financial management and control of the Council's finances.</p> <p>Lease of Unit A, Residence Tower, Goodchild Road, N4 2LY: Granting a new 10-year lease to the current tenant, will provide an income stream for the Council beyond the current termination date, reducing the risk of future void and re-letting charges.</p> <p>It will also reduce the risk of the cafe closing. Zer Cafe is a well-regarded business within the community. The loss of the cafe would not only impact the local residents but could also diminish the parade’s appeal and result in potential revenue loss. Although a new tenant is seeking to take occupation of the property, they will continue to operate as a cafe, which shall continue to benefit the community.</p> <p>Proposed disposal of 17 Sylvester Road E8 1DZ: The Council has widely marketed this</p>

London Borough of Hackney – Decisions taken by the Cabinet on Monday 25 November 2024

Agenda Item No	Topic	Decision
		<p>building for a commercial letting and received interest from a number of managed workspace operators and also a budget hotel chain. However, in any scenario beyond a temporary use, the Council would have to take on significant financial risks in undertaking major works to the building and/ or obtaining planning consent for change of use, and commit considerable resources to deliver this. The resulting estimated capital value of the asset would not justify the risk, expenditure and resources required compared to the existing value with vacant possession, which could be achieved with relative speed and low resource input.</p> <p>Meanwhile, the Council is looking for funding opportunities for “invest to save” measures and transformational revenue spend. There is the potential for capital receipts from property disposals to be used, with the appropriate permissions, for this purpose. The property at 17 Sylvester Road presents a rare opportunity for the Council to dispose of an asset and achieve a substantial capital receipt without complications around rehousing occupiers or staff, and without any loss of existing commercial income. In fact, the immediate revenue position would be improved by removing ongoing void management costs.</p> <p>DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</p> <p>Lease of Unit A, Residence Tower, Goodchild Road, N4 2LY: The alternative option would be to refuse the grant of a new lease, meaning the tenant would only be able to assign the lease expiring on 12 May 2028. This option has been rejected because the proposed assignee requires the certainty of a 10 year term upon purchasing the business, and therefore would not proceed with an assignment of the current lease. In any event, the longer lease term is in the Council’s best interests, as well as the assignee’s.</p> <p>Proposed disposal of 17 Sylvester Road E8 1DZ: No action. This course of action is not tenable because leaving the building vacant would incur ongoing security and other costs, involve reputational risks and leave the Council open to enquiries or challenge from local residents and other interested parties.</p>

London Borough of Hackney – Decisions taken by the Cabinet on Monday 25 November 2024

Agenda Item No	Topic	Decision
		<p><u>Undertake repair and refurbishment works to facilitate an office / workspace letting</u> The Council would need to take on a major capital project with outlay in excess of £2.5m, potentially up to £4m depending on level of fit out, in order to set this building up for a long term commercial letting as workspace or studios. Based on proposals received during marketing, the rental returns and resulting capital value on this basis would not justify the capital expenditure and risk attached. The Council already has a large amount of office space in its ownership in and around Hackney Central and is therefore already extensively exposed to the Hackney Central office and workspace market, and there are substantial risks associated with further large investments in that market.</p> <p><u>Change of use to hotel</u> The Council has received serious interest from a budget hotel chain operator. This would diversify the Council’s commercial property portfolio and lead to higher rental returns than offices or workspace. However, this is a very high risk approach. For a traditional letting, the Council would have to meet all, or at least a substantial proportion, of the conversion costs, which could be in excess of £7m. There are potentially other models for a letting to a hotel that would not require the same level of up front investment, but these come with other types of financial risks throughout the lease term. Moreover, planning consent for change of use to a hotel would be extremely challenging, given the interest from workspace operators. There is a very strong risk that the Council could go through a lengthy planning process that is ultimately unsuccessful, and in the interim continue to incur high void costs.</p> <p><u>Other corporate objectives</u> Similarly, the demonstrable interest from workspace providers means there is a high risk that planning consent would not be achieved in the short/medium term for conversion to residential use, including temporary accommodation and specialised supported housing. A developer might be able to take a longer term view on this, but it is not viable for the Council to hold very costly and high value buildings in such a speculative way.</p> <p><u>Retain the adjacent piece of land.</u> This piece of land could be split from the building and</p>

London Borough of Hackney – Decisions taken by the Cabinet on Monday 25 November 2024

Agenda Item No	Topic	Decision
		<p>retained by the Council for possible future development. However, the size and shape of the land, with a four storey privately owned building protruding from the middle of the north boundary, would make development complicated and it is unlikely to be a project the Council would take on in the foreseeable future. The Council would be exposed to a significant construction and development risk at a time when there is great uncertainty in the market. In any event, the land is likely to have a higher value when coupled with the building, as it enhances its viability for development to residential or hotel use, and could provide useful (and rare) external space for some commercial operations. The Council can include an overage provision in the sale so that it can benefit from any future increases in value as a result of development. However, such provisions can be detrimental to the initial capital value and marketability.</p>