

Supplementary Council Agenda



Epping Forest District Council

Council **Thursday, 20th December, 2018**

Place: Council Chamber, Civic Offices, High Street, Epping

Time: 7.30 pm

Committee Secretary: Council Secretary: Simon Hill
Tel: 01992 564249 Email:
democraticservices@eppingforestdc.gov.uk

10. MOTIONS (Pages 3 - 4)

To consider any motions, notice of which has been given under Council Rules.

Motions, if any, will follow if not received in time to be incorporated into the agenda.

11. LANDMARK SITE - SUPPLEMENTARY CAPITAL ESTIMATE (Pages 5 - 6)

To consider the attached report.

12. CAPITAL REVIEW 2018/19-2022/23 (Pages 7 - 10)

To consider the attached report.

This page is intentionally left blank

MOTION



**Epping Forest
District Council**

Council meeting held on 20 December 2018

Moved by: Councillor H. Kauffman

Seconded by: Councillor C. C. Pond

“That the Council requests the Constitution Working Group to add to its work programme a revision of planning delegations and practice, so as to permit Members to review the text of any substantial draft S106 or S278 agreement before it is finalised.”

Please refer to the Constitution for rules relating to Motions

This page is intentionally left blank

Report to the Council

Committee: Cabinet

Date: 20 December 2018

Subject: Landmark Site, Loughton – Capital Costs

Portfolio Holder: Councillor A Grigg (Commercial & Regulatory Services)

Recommending:

That Cabinet seek a supplementary bid of an additional £140,000 of capital within the 2018/19 revised Capital Programme, from the Council.

1. At its meeting on 10 December the Cabinet considered a report seeking additional Capital to undertake necessary alterations and the letting of the Council's Units at the Landmark Building.

2. The Council has entered into a 153-year lease with local developer Higgins, to provide a mixed-use development on the site of the former Sir Winston Churchill Public House in Debden. The Council are incurring costs to facilitate occupation by tenants on the ground floor commercial units, for which additional expenditure is required.

3. In August 2008, the Council agreed a Design and Development Brief for The Broadway, Debden. The area covered by the Design Brief contains land owned both by the District Council and other parties. Since adoption, a number of key developments have come forward to include the refurbishment of the Sainsbury's Food Store in Torrington Drive, the construction of new affordable rented properties under the Council's Housebuilding Programme in Burton Road and the redevelopment of the former Sir Winston Churchill Public House by Higgins Homes PLC to provide 64 residential flats, with commercial retail outlets on the ground floor.

4. With respect to the redevelopment of the former Sir Winston Churchill PH, now renamed the Landmark Building, in September 2013 the Cabinet approved the Heads of Terms of a Development Agreement for the site. The developer's financial appraisal for the development, which was verified by consultants appointed by the Council's Estates & Valuation Team, assessed that it would not be viable to provide any affordable housing as part of the scheme. However, the agreement allowed for the Council to retain both the freehold of the site and any income derived from the commercial units provided by the developer on the ground floor. This was in accordance with the planning permission granted by the Council and was considered to be financially advantageous for the Council.

5. In advance of the anticipated handover date for the ground floor units from the developer, the Council appointed external lettings agents to market the units. Initial interest was strong and potential tenants were lined up for all the units, which advanced to negotiations on Heads of Terms.

6. However, as handover approached, it was apparent that two significant issues needed to be resolved. Firstly, the units themselves were only constructed to

a basic shell specification and work was required to split the units and provide services. In addition, the complexity of the legal arrangement which required consent for under lettings and access/servicing and alterations agreements has led to delay and the potential loss of two of the original potential tenants. In hindsight, the Council should have been more specific in the original development agreement in 2013 to avoid these issues. This is a key consideration in future negotiations of this type.

7. To date, the Council has incurred £56,000 of unanticipated specialist legal and construction related costs on the project. However, in order to take the development through to completion and to be ready for occupation, a further £84,000 capital will be required. This includes work to undertake the physical separation of the units, installation of additional services and further legal, project management and letting agency fees. This would also include a contingency for minor works.

Resource Implications:

8. In order to cover the costs of the construction work necessary to bring the units up to a point where they can be let, and associated professional fees, additional capital of £140,000 is required within the Capital Programme for 2018/19.

Conclusion

9. We recommend as set out at the commencement of this report.

Report to the Council

Committee: Cabinet **Date:** 20 December 2018
Subject: Capital Review 2018/19 – 2022.23
Portfolio Holder: Councillor G Mohindra (Business Support)

Recommending:

That the following amendments to the Capital Programme be recommended to Council to approve:

- (a) supplementary capital estimates of £56,000 for works to investment properties and £23,000 for the Shopping Park letting fees in 2018/19;**
 - (b) the inclusion of a supplementary capital estimate of £140,000 for works to let the units at the Landmark Building in 2018/19 and £70,000 for the installation of a new sub-station at North Weald Airfield, pending Cabinet report submission and approval;**
 - (c) additional allocations of £603,000 relating to the updated five-year planned facility management programme in 2021/22;**
 - (d) the inclusion of Capital allocations of £1,706,000, including recommendation (b), and £323,000 into 2018/19 and 2019/20 respectively as approved by appropriate delegations;**
 - (e) savings and reductions totalling £53,000 in 2018/19 and £10,000 in 2019/20 for General Fund projects as identified in the report;**
 - (f) virements relating to the Accommodation Project, pending approval, of £25,000 in 2018/19 and £400,000 in 2019/20 to be taken from on-hold planned maintenance budgets;**
 - (g) further virements in 2018/19 of £25,000 and £206,000 in 2019/20 within the General Fund and a transfer of a £33,000 potential saving within the car parking schemes;**
 - (h) additional allocations, savings, reductions and virements in respect of the Council's housebuilding programme and other HRA capital schemes as identified in the report; and**
 - (i) carry forwards totalling £2,294,000 and £7,473,000 from 2018/19 to future years for General Fund and HRA capital schemes respectively, as outlined in the report and Resources Implications table.**
-

1. At their meeting on 10 December 2018, the Cabinet considered the report setting out the Council's Capital Programme for the five year period 2018/19 to 2022/23. It included the forecast capital investment in Council owned assets; estimates of capital loans to be made for private housing initiatives; and projected levels of revenue

expenditure funded from capital under statute. The Capital Programme has been prepared by updating the programme approved in February 2018, amended for any slippage and re-phasing approved in June 2018, as well as new schemes and allocations proposed by Cabinet since then. The allocations included in 2018/19 and 2019/20 represent proposed sums for capital schemes which the Council is committed to deliver. Allocations given for the years 2020/21 to 2022/23 represent forecast sums as a guide to future capital investment and the schemes to which they relate will require Cabinet approval before going ahead. The projects already approved within the Capital Programme have been reviewed and spending control officers have reassessed estimated final costs and the phasing of expenditure profiles for each scheme as part of the Capital Review. Recommendations have been made to make amendments as appropriate.

Background

2. The Council's overall programme of capital expenditure was summarised for each new Directorate based on the current management structure implemented by the Council in September 2018. The summary showed forecast investments of £95,432,000 in Council-owned assets over the five-year period under consideration. Details of individual schemes or groups of projects were shown for the General Fund Capital Programme and an analysis of works into specific categories was shown for the Housing Revenue Account (HRA) Capital Programme. Also shown was the Council's forecast to finance capital loans of £690,000 and planned expenditure of £1,032,000 which was classified as revenue expenditure but which could be financed from capital resources, over the five-year period.

3. With regard to funding the Capital Programme, the report set out proposed sources of finance over the five-year period from 2018/19 to 2022/23, based on maximising the funding available to finance each scheme. The report identified estimated external funding from grants and private sources of £480,000, and it proposed that capital receipts of an estimated £18,661,000 and direct revenue funding of an estimated £69,786,000 be applied to finance the Capital Programme over the next five years. It was forecast that borrowing of an estimated £8,227,000 will be necessary to support the Council's investments in new developments within the General Fund. In summary, the balance of capital receipts was expected to increase from zero as at 1 April 2018 to £3,949,000 by 31 March 2023 and the balance on the Major Repairs Fund was expected to decrease from £11,693,000 as at 1 April 2018 to £558,000 by 31 March 2023.

Conclusion

9. We recommend as set out at the commencement of this report.

Resource Implications:

The following table lists all sums recommended to be carried forward from 2018/19 to future years; net increases/savings requesting approval within 2018/19; supplementary estimates for 2018/19 and capital estimates for 2019/20 approved by Cabinet since February 2018:

Capital Project	Sum c/f from 2018/19	Supplementary Allocations for 2018/19	Capital Estimates for 2019/20	Net increases/ (savings) 2018/19	Appendix: Paragraph in Report
ICT Strategy Implementation	220,000			(21,000)	2: 2
Epping Forest Retail Park				23,000	2: 4
Waltham Abbey Swimming Pool Development		275,000			2: 5
Landmark Building Development		140,000*			2: 6
NW Airfield Automated Gate		4,000			2: 7
CCTV Systems	45,000	14,000			2: 9
CCTV Car Park Systems	32,000	10,000	13,000		2: 10
Leisure Centres		211,000			2: 12-14
St Johns Development		475,000			2: 15
NW Gymnasium Refurbishment		90,000	150,000		2: 16
Hillhouse Sec 106 Contribution		7,000			2: 17
Grounds Maintenance Plant & Equipment	17,000				2: 18
Car Parking Schemes	149,000		160,000		2: 19
Transformation Projects				(11,000)	2: 21
Works on Investment Properties	15,000	70,000*		56,000	2: 23
Active Planned Maintenance	30,000			(21,000)	2: 24
On-hold Planned Maintenance	1,171,000	(25,000)**	(400,000)**		2: 25
Accommodation Project		25,000**	400,000**		2: 27
Housing Estate Parking (GF)	403,000				2: 28
Biffa Recycling Facility Contribution (REFCuS)		200,000			5: 48
Parking Review Schemes (REFCuS)	212,000				5: 49
Jack Silley Pavilion (REFCuS)		210,000			5: 50
Total General Fund Schemes	2,294,000	1,706,000	323,000	26,000	
New House Building	6,212,000			480,000	3: 30-36
Heating, Rewiring and Water Tanks				(344,000)	3: 37
Windows, Doors and Roofing	357,000			(59,000)	3: 38
Other Planned Maintenance				(5,000)	3: 39
Kitchen and Bathroom Replacements				(200,000)	3: 40
Garages and Environmental Improvements	235,000				3: 41
Capital Service Enhancements	138,000				3: 43
Work on Leasehold Properties				224,000	3: 45
Oakwood Hill Depot	531,000				3: 46
Private Sector Housing Loans				(97,000)	4: 52
Total HRA Schemes	7,473,000	0	0	(1,000)	

*allocations pending approval from Cabinet

** virements pending approval from Cabinet

This page is intentionally left blank