

Draft Capital Programme 2022/23 to 2026/27

GENERAL FUND*October 2021***1. Background and Introduction**

- 1.1 The Capital Programme plays a vital part in the delivery of the Council's Corporate Plan, since long-term investment is required to deliver many of the objectives in the Plan. The draft Capital Programme presented is a rolling five-year programme. It updates the five-year Programme adopted by the Council in February 2021 and takes account of spending and other developments up to 30th September 2021 (i.e. the "Quarter 2" position for 2021/22).
- 1.2 The updated Capital Programme is in two parts and comprises total investment of £277.834 million (General Fund £107.537 million, Housing Revenue Account £170.297 million) over the five-year period 2022/23 to 2026/27.
- 1.3 The purpose of this report is to present and provide context for consideration by Members – alongside the Medium-Term Financial Plans (for both the General Fund and Housing Revenue Account) – an initial draft Capital Programme for 2022/23 to 2026/27.

2. General Fund Capital Programme 2022/23 to 2026/27 (Annex 1)*General Fund Capital: Budget Growth*

- 2.1 A review of progress against the 2021/22 Capital Programme and initial discussions with senior officers has identified a range of growth items. This includes rolling the current Programme forward by a further year into 2026/27. The items are summarised in the table below.

| General Fund: Proposed Capital Growth Items (@ October 2021) | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| | £'s | £'s | £'s | £'s | £'s |
| Highway Ranger Vehicle & Equipment | 50,000 | 0 | 0 | 0 | 0 |
| Disabled Facilities Grants | -300 | -300 | -300 | -300 | 971,210 |
| ICT General Schemes | 18,980 | 93,000 | 93,000 | 93,000 | 93,000 |
| ICT Strategy | 1,994,930 | 1,086,000 | 971,000 | 1,126,000 | 931,000 |
| Investment Properties (Planned Works) | 225,000 | 225,000 | 225,000 | 225,000 | 250,000 |
| Operational Properties (Planned Works) | 21,220 | 50,000 | 50,000 | 50,000 | 50,000 |
| CCTV Replacement | 0 | 0 | 0 | 130,000 | 45,000 |
| Vehicle & Plant Replacements | 0 | 0 | 0 | 0 | 30,000 |
| Increased/(Reduced) Budget Demand | 2,309,830 | 1,453,700 | 1,338,700 | 1,623,700 | 2,370,210 |

- 2.2 The table above shows an initial overall growth need of £9.096 million over five years (including £2.372 million in 2026/27), although it should be noted that spending on Disabled Facilities Grants is funded by a Government grant.

- 2.3 The largest element in the table above is the ICT Strategy; emerging spending pressures (as presented to Stronger Council Select Committee in April 2021) have been provisionally included. This includes the migration of several applications to ‘Software as a Service’. Some applications are already in the process of being migrated, such as Planning, Local Land Charges, Grounds Maintenance and BACS processing, with others being considered for future financial years. The proposals also include moving other applications to hosted solutions with the supplier or migrating (as part of the datacentre) to Azure.
- 2.4 Investment is also proposed to the remaining on-site infrastructure to ensure it is fit for purpose while the migration to the Cloud happens. Full migration would take 2 to 3 years, and significant network changes would be required to facilitate the new Cloud-based way of working.
- 2.5 Members should note that growth items are indicative only at this point (rather than representing budget proposals), and the views of Cabinet are sought at this stage to help enable the development of firmer proposals for inclusion in the initial draft budget in December 2021.

General Fund Capital: Updated Summary

- 2.6 Based on available intelligence at 30th September 2021, the 2021/22 Capital Programme has been re-profiled, with Savings (CCTV and Disabled Facilities Grants) removed and Growth (above) added. This results in an updated General Fund Capital Programme totalling £107.537 million, which is summarised by service area in the table below.

| Draft General Fund Capital Programme 2022/23 to 2026/27: Service Analysis | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Service | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | Total |
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Community & Wellbeing | 1,440 | 0 | 0 | 0 | 0 | 1,440 |
| Commercial & Technical | 17,937 | 13,551 | 1,061 | 1,131 | 1,046 | 34,727 |
| Corporate Services | 3,134 | 1,179 | 1,064 | 1,219 | 1,024 | 7,620 |
| Housing (General Fund) | 300 | 300 | 300 | 300 | 300 | 1,500 |
| Place | 250 | 0 | 0 | 0 | 0 | 250 |
| Qualis | 25,000 | 37,000 | 0 | 0 | 0 | 62,000 |
| Totals | 48,061 | 52,030 | 2,475 | 2,650 | 2,370 | 107,537 |

- 2.7 The individual schemes in the table above include the following:
- **Community and Wellbeing (£1.440 million)** – the Museum and Library Joint Facility at Waltham Abbey is the sole capital scheme within the Community and Wellbeing Service. Cabinet approved total funding for the scheme of £1.54 million in December 2020 and preliminary work has been completed to get the project to “RIBA Stage 2”. However, the project is currently paused due to wider conversations with the Library and other partners about a coherent community hub approach to service delivery across the district which can be underpinned both by the community hub based at the Civic Offices and any future community hub born out of a partnership to combine both the Museum and Library in Waltham Abbey.

- **Commercial and Technical (£34.727 million)** – the Commercial and Technical service is leading on seven separate schemes, which are dominated by four in particular:
 - **Cartersfield Road (£2.414 million)** – the scheme – approved by Cabinet in February 2021 – entails the redevelopment of a group of Council-owned industrial warehouse units, situated in Cartersfield Road, Waltham Abbey. The spending included in the adopted Capital Programme, is partly funded by an insurance receipt received in relation to a previous fire at the site
 - **Epping Leisure Facility (£24.931 million)** – the new Epping Leisure Facility is the single largest scheme included in the Programme. The scheme will see the development of a replacement leisure facility for the existing (and aging) leisure facility as well as the construction of a multi-story car park. Cabinet approved the addition of this scheme to the draft Capital Programme at its meeting on 21st January 2021. A full business case – including detailed costings – is being developed for further consideration by Scrutiny and approval by Cabinet before the scheme progresses to development; preliminary costs of £68,970 have been incurred as at 30th September 2021
 - **Disabled Facilities Grants (£4.856 million)** – the Epping Forest District Council allocation for Disabled Facilities Grants in 2021/22 was £971,213 (£297 above February 2021 estimate). There is currently no indication of future allocations. It is therefore that the Council will receive the same amount – without uplift – from 2022/23 onwards
 - **Investment Property Acquisition Fund (£1.118 million)** – it is estimated that the Council will have £1.118 million left of the original £30.0 million allocation for investment in commercial properties, available for roll forward into 2022/23. Spending of £1.035 million has so far been incurred in 2021/22, following the acquisition of some commercial leases on properties situated in Brooker Road, Waltham Abbey.
- **Corporate Services (£7.620 million)** – planned spending covers the Council's ICT capital investment needs (predominantly the new ICT Strategy) as explained in Paragraphs 2.3 and 2.4 above
- **Housing (Property Services) (£1.500 million)** – the future capital needs of the Commercial and Operational Property portfolios are currently the subject of a detailed review as the Council develops a new Asset Management Plan (AMP). The overall provision in the Capital Programme of £1.5 million therefore represents a 'placeholder' in the Council's funding plans and any spending will require justification and approval by scrutiny and Cabinet
- **Place (£0.250 million)** – there is the second year of the planned capital investment of £0.5 million on Environmental Projects over the two-year period 2021/22 and 2022/23. The is being used for projects identified in the Green Infrastructure Strategy and as a result of the Climate Change consultation. Project plans for two initiatives are well advanced and will be considered by Cabinet shortly; and

- **Qualis (£62.0 million)** – this is the balance on the previously agreed £98.0 million Regeneration Finance Loans (including the recently extended loan facility of £35.0 million approved by Cabinet in July 2021). The first advance of £6.0 million was made in March 2021, with further advances of £30.0 million anticipated in 2021/22 at this stage. The loans are a key enabler in the delivery of the Council’s regeneration priorities in the district through Qualis; the Council will receive a revenue margin on the loan, which is available to support general spending and minimise Council Tax increases.

3. Housing Revenue Account Capital Programme 2022/23 to 2026/27 (Annex 2)

3.1 The Housing Revenue Account Capital Programme has been updated as at 30th September 2021. As explained in the Medium-Term Financial Plan presented elsewhere on this evening’s agenda, the process has – for the first time – been informed using the Council’s new HRA Business Plan model (“Fortress”). This has resulted in a significant re-profiling exercise entailing – especially – the re-scheduling of the Housing Development Programme based on latest available intelligence and significantly increasing investment in Capital Works to reflect lifecycle changes in certain building components. The updated Programme totals £170.297 million and is summarised in the table below.

| Draft HRA Capital Programme 2022/23 to 2026/27 | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|----------------|
| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | Total |
| | £000’s | £000’s | £000’s | £000’s | £000’s | £000’s |
| Housing Development Programme | 26,053 | 28,481 | 11,536 | 6,674 | 0 | 72,744 |
| Capital Works | 16,553 | 23,816 | 24,140 | 13,720 | 13,993 | 92,222 |
| Other Housing Schemes | 2,759 | 624 | 637 | 649 | 662 | 5,331 |
| Totals | 45,365 | 52,921 | 36,313 | 21,043 | 14,655 | 170,297 |

3.2 The Programme is dominated by the Housing Development Programme and routine Capital Works:

- **Housing Development Programme (£72.744 million)** – the Housing Development Programme includes a combination of (direct) Housebuilding and Acquisitions from Qualis. Thus:
 - Housebuilding (£52.018 million) – this is expected to deliver a mixture of affordable rent and shared ownership properties by 2025/26, including New Build Properties (212 affordable rent units) and Qualis Acquisitions (22 shared ownership, and 67 affordable rent units); and
 - Qualis Acquisitions (£20.726 million) – the Development Programme also includes the planned acquisition of 89 affordable rent and shared ownership properties across five different sites; St. Johns (46), Conder (11), Hemnall Street (10), Roundhills (7) and Pyrles Lane (15). The sites are currently owned by the Council but are shortly to be sold to Qualis.

- **Capital Works (£92.222 million)** – planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period average out at £18.444 million annually. This contrasts with annual budgets of £9.592 million and £11.970 million in 2020/21 and 2021/22 respectively. The increase reflects a reversal in lifecycle assumptions previously applied to a range of capital items; most notably this applies to Gas Boilers where lifecycles were previously extended from 15 to 20 years, which have now reverted back to 15 years, which triggered a backlog capital investment requirement of £10.716 million. The same position applies to Flat Roofs (backlog cost £7.010 million).

3.3 Members should note that the data in the Fortress model is still being refined, with Housing officers currently working on two very important initiatives:

- **Phasing of Capital Works** – initial work by Housing officers identified a peak investment need of £35.0 million in 2022/23. The delivery of the associated works exceeds capacity and would trigger an excessive need for the use of sub-contractors (potentially resulting in reduced value for money). This has resulted in the need to smooth delivery over a more realistic three-year period; the initial assumption is that this will happen on a straight line basis, but – at the time of preparing this report – officers are now re-analysing the detail with a view to improving efficiency and value for money through the implementation of a more sophisticated delivery plan; and
- **Stock Condition** – it has been several years since the Council's Housing Stock was the subjected on an independent (and comprehensive) Stock Condition Survey (SCS). For that reason, an independent has been commissioned and is in progress. Once complete, the outputs from that exercise will allow a more accurate and focussed assessment of the Council's need for capital investment in its stock.

General Fund Capital Programme 2022/23 to 2026/27

FIRST DRAFT

| Directorate | Service | Scheme | DRAFT MTFP 2022/23 to 2026/27 (@ October 2021) | | | | | |
|------------------------------------|----------------------------|---|--|-------------------|------------------|------------------|------------------------|---------------------------|
| | | | 2022/23 Updated | 2023/24 Updated | 2024/25 Updated | 2025/26 Updated | 2026/27 New (Proposed) | Total MTFP 22/23 to 26/27 |
| | | | £'s | £'s | £'s | £'s | £'s | £'s |
| Community & Wellbeing | Waltham Abbey Hub | Joint Museum and Library Facility | 1,440,000 | - | - | - | - | 1,440,000 |
| | | Sub-Totals | 1,440,000 | - | - | - | - | 1,440,000 |
| Commercial & Technical | Asset Management | Cartersfield Road | 2,413,860 | - | - | - | - | 2,413,860 |
| | | Investment Property Acquisition Fund | 1,118,120 | - | - | - | - | 1,118,120 |
| | | Civic Offices Accommodation Project (works) | - | - | - | - | - | - |
| | Community Safety | CCTV Replacement Programme | 140,000 | 50,000 | 60,000 | 130,000 | 45,000 | 425,000 |
| | | Superfast Broadband (REFCuS) | 350,000 | - | - | - | - | 350,000 |
| | Contract Management | Epping Leisure Facility | 12,431,030 | 12,500,000 | - | - | - | 24,931,030 |
| | | Ongar Leisure Centre | - | - | - | - | - | - |
| | Fleet Operations | Vehicle Fleet Replacement | 383,000 | - | - | - | - | 383,000 |
| | | Highway Ranger Vehicle & Equipment | 50,000 | - | - | - | - | 50,000 |
| | | Road Network | - | - | - | - | - | - |
| | Grounds Maintenance | Vehicle and Plant Replacements | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 150,000 |
| | North Weald Airfield | NWA Preparations Phase 1 | 50,000 | - | - | - | - | 50,000 |
| Regulatory (PH Grants) | Disabled Facilities Grants | 971,210 | 971,210 | 971,210 | 971,210 | 971,210 | 4,856,050 | |
| | Sub-Totals | 17,937,220 | 13,551,210 | 1,061,210 | 1,131,210 | 1,046,210 | 34,727,060 | |
| Corporate Services | ICT | ICT General Schemes | 141,000 | 93,000 | 93,000 | 93,000 | 93,000 | 513,000 |
| | | ICT Strategy | 2,992,750 | 1,086,000 | 971,000 | 1,126,000 | 931,000 | 7,106,750 |
| | | Civic Offices Accommodation Project (ICT) | - | - | - | - | - | - |
| | Sub-Totals | 3,133,750 | 1,179,000 | 1,064,000 | 1,219,000 | 1,024,000 | 7,619,750 | |
| Housing (Property Services) | Facilities Management | Investment Properties (Planned Works) | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 1,250,000 |
| | | Oakwood Hill Depot extension (trf from HRA) | - | - | - | - | - | - |
| | | Operational Properties (Planned Works) | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 250,000 |
| | Sub-Totals | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 1,500,000 | |
| Place | Climate Change | Environmental Projects | 250,000 | - | - | - | - | 250,000 |
| | | Sub-Totals | 250,000 | - | - | - | - | 250,000 |
| Qualis | Capital Investments | Asset Purchase Loan | - | - | - | - | - | - |
| | | Regeneration Finance Loans | 25,000,000 | 37,000,000 | - | - | - | 62,000,000 |
| | | Sub-Totals | 25,000,000 | 37,000,000 | - | - | - | 62,000,000 |
| Annual Totals | | | 48,060,970 | 52,030,210 | 2,425,210 | 2,650,210 | 2,370,210 | 107,536,810 |

Housing Revenue Account Capital Programme 2022/23 to 2026/27

FIRST DRAFT

| Schemes | DRAFT MTFP 2022/23 to 2026/27 (@ October 2021) | | | | | |
|--------------------------------------|--|-------------------|-------------------|-------------------|------------------------|---------------------------|
| | 2022/23 Updated | 2023/24 Updated | 2024/25 Updated | 2025/26 Updated | 2026/27 New (Proposed) | Total MTFP 22/23 to 26/27 |
| | £'s | £'s | £'s | £'s | £'s | £'s |
| Housing Development Programme | | | | | | |
| Housebuilding | 15,591,810 | 20,539,660 | 9,513,240 | 6,373,460 | 0 | 52,018,170 |
| Open Market Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 |
| Qualis Acquisitions | 10,461,190 | 7,941,340 | 2,022,760 | 300,540 | 0 | 20,725,830 |
| Sub-Totals | 26,053,000 | 28,481,000 | 11,536,000 | 6,674,000 | 0 | 72,744,000 |
| Capital Works | | | | | | |
| Heating | 3,193,720 | 5,281,200 | 4,649,520 | 2,499,160 | 2,549,730 | 18,173,330 |
| Windows, Door and Roofing | 3,100,980 | 5,127,840 | 5,379,110 | 2,891,320 | 2,948,700 | 19,447,950 |
| Compliance Planned Maintenance | 1,209,570 | 2,000,160 | 2,098,170 | 1,127,780 | 1,150,160 | 7,585,840 |
| Kitchens & Bathrooms (inc void al | 3,004,320 | 4,968,000 | 5,211,440 | 2,801,190 | 2,856,780 | 18,841,730 |
| Electrical | 3,121,880 | 3,559,680 | 3,824,750 | 2,055,830 | 2,096,630 | 14,658,770 |
| Sprinklers | 130,620 | 216,000 | 226,580 | 121,790 | 124,210 | 819,200 |
| Environmental | 525,100 | 868,320 | 910,870 | 489,600 | 499,320 | 3,293,210 |
| Structural works | 1,428,000 | 832,000 | 849,000 | 866,000 | 883,000 | 4,858,000 |
| Disabled adaptatations | 459,000 | 468,000 | 478,000 | 487,000 | 497,000 | 2,389,000 |
| Asbestos Removal | 169,810 | 280,800 | 294,560 | 158,330 | 161,470 | 1,064,970 |
| Estate Improvements | 210,000 | 214,000 | 218,000 | 222,000 | 226,000 | 1,090,000 |
| Sub-Totals | 16,553,000 | 23,816,000 | 24,140,000 | 13,720,000 | 13,993,000 | 92,222,000 |
| Other Housing Schemes | | | | | | |
| Service Enhancements | 2,759,000 | 624,000 | 637,000 | 649,000 | 662,000 | 5,331,000 |
| Sub-Totals | 2,759,000 | 624,000 | 637,000 | 649,000 | 662,000 | 5,331,000 |
| Total Expenditure | 45,365,000 | 52,921,000 | 36,313,000 | 21,043,000 | 14,655,000 | 170,297,000 |