

Draft Capital Programme 2023/24 to 2027/28

GENERAL FUND & HRA*October 2022***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 2022 and takes account of spending and other developments up to 30th September 2022 (i.e. the "Quarter 2" position for 2022/23).
- 1.2 The updated Capital Programme is in two parts and comprises total investment of £226.564 million (General Fund £46.466 million, Housing Revenue Account £180.098 million) over the five-year period 2023/24 to 2027/28.
- 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 2023/24 to 2027/28.

2. General Fund Capital Programme 2023/24 to 2027/28 (Annex 1)*General Fund Capital: Budget Growth (Indicative)*

- 2.1 Given the Council's challenging financial position, indicative growth proposals at this stage are limited to 2027/28 routine "rolling items" of £1.373 million (of which £973,000 is funded by Government grant). The indicative proposals at this stage are summarised in the table below.

General Capital Programme 2023/24 to 2027/28: Budget Growth (Indicative)					
Description	2023/24	2024/25	2025/26	2026/27	2027/28
	£000's	£000's	£000's	£000's	£000's
<i>Commercial & Technical</i>					
CCTV Replacement Programme	0	0	0	0	42
Disabled Facilities Grants (DFG)	0	0	0	0	971*
Home Assist Grants	0	0	0	0	30
Grounds Maintenance	0	0	0	0	30
<i>Housing (Property Services)</i>					
Planned Works on Investment Properties	0	0	0	0	250
Planned Works on Operational Properties	0	0	0	0	50
Totals	0	0	0	0	1,373

*Funded by Government Grant

2.2 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 2022. Of particular note:

- The growth items presented in the table have been rolled forward at current spending levels. Underlying costs (wages and materials especially) are increasing. This means that if the current level of investment is to be maintained, additional expenditure will be required; and
- Annual expenditure on ICT General Schemes (£93,000) and ICT Strategy (£931,000) has not been automatically rolled forward and assumed in 2027/28 as in previous years. Again, this is an area for detailed consideration by Members.

General Fund Capital: Updated Summary

2.3 Taking account of the indicative growth proposals presented above in Paragraph 2.1, the updated Capital Programme totals £46.466 million over the five-year period and is summarised – by service – in the table below.

Draft General Fund Capital Programme 2023/24 to 2027/28: Service Analysis						
Service	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Commercial & Technical	8,924	7,326	1,096	1,061	1,073	19,480
Corporate Services	1,179	1,064	1,219	1,024	0	4,486
Housing (Property Services)	300	300	300	300	300	1,500
Qualis	21,000	0	0	0	0	21,000
Totals	31,403	8,690	2,615	2,385	1,373	46,466

2.4 It should be noted that the table above excludes total budgeted expenditure of £21.909 million (excluding Qualis loans) in 2022/23. Subject to Member approval, unspent budgets in 2022/23 will automatically roll forward into 2023/24 and be available for the completion of pre-approved capital schemes.

2.5 The individual schemes in the table above include the following:

- **Commercial and Technical (£19.480 million)** – the Commercial and Technical service is leading on seven separate schemes, which are dominated by four in particular:
 - Cartersfield Road (£1.477 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 estimated cost of the overall project is £2.8 million and is partly funded by an insurance receipt received in relation to a previous fire at the site

- Epping Leisure Facility (£12.5 million) – the new Epping Leisure Facility is the single largest scheme included in the Programme (estimated overall cost of £25.0 million, including budgeted spending of £10.937 million in 2022/23). 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 Capital Programme at its meeting on 21st January 2021
- Disabled Facilities Grants (£4.856 million) – the Epping Forest District Council allocation for Disabled Facilities Grants is assumed to be maintained at current levels (£0.971 million annually), although this is an assumption that will be further reviewed in preparing more refined proposals for December 2022
- **Corporate Services (£4.486 million)** – planned spending covers the Council's ICT capital investment needs (predominantly the new ICT Strategy)
- **Housing (Property Services) (£1.500 million)** – the overall provision in the Capital Programme of £1.5 million is assumed unchanged from recent iterations of the Capital Programme. However, 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). This will enable more refined estimates for consideration by Members in December 2022; and
- **Qualis (£21.0 million)** – this is the assumed balance (as at 1st April 2023) on the previously agreed £98.0 million Regeneration Finance Loans (including the extended loan facility of £35.0 million approved by Cabinet in July 2021) and remains unamended at this stage. The loans remain a key enabler in the delivery of the Council's regeneration priorities in the district through Qualis; the Council receives a revenue margin on the loans, which is available to support general spending and minimise Council Tax increases. However, current assumptions are under detailed review at the time of preparing this report in the light of the changing cashflow needs of Qualis, driven by changing development timetables and plans, as influenced by planning considerations as well as major external factors such as the rising cost of development schemes and changing interest rates.

3. Housing Revenue Account Capital Programme 2023/24 to 2027/28 (Annex 2)

3.1 The Housing Revenue Account Capital Programme has been updated as at 30th September 2022. The updated Programme totals £180.098 million and is summarised in the table below.

Draft HRA Capital Programme 2023/24 to 2027/28						
Description	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Housing Development Programme	20,734	17,286	12,329	7,576	5,927	63,852
Capital Works	24,713	25,748	11,925	14,948	17,567	94,901
Regeneration Schemes	4,501	3,333	7,333	0	0	15,167
Other Housing Schemes	1,658	1,023	1,043	1,065	1,389	6,178
Totals	51,606	47,390	32,630	23,589	24,883	180,098

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

- **Housing Development Programme (£63.852 million)** – the Housing Development Programme includes a combination of (direct) Housebuilding and Acquisitions from Qualis. Thus:
 - Housebuilding (£49.922 million) – this is expected to deliver a mixture of affordable rent and shared ownership properties, including New Build Properties (151 affordable rent units) and Qualis Acquisitions (18 shared ownership, and 45 affordable rent units); and
 - Qualis Acquisitions (£13.930 million) – the Development Programme also includes the planned acquisition of 63 affordable rent and shared ownership properties across two sites: St. Johns (59) and Pyrles Lane (4).
- **Capital Works (£94.901 million)** – planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period average out at £18.980 million annually.

3.3 Members should note that the data in the Fortress model is still being refined. In particular, as previously reported, 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 still 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 2023/24 to 2027/28

INDICATIVE DRAFT

General Fund Capital Programme MTFP 2023/24 to 2027/28						
Scheme	DRAFT MTFP 2023/24 to 2027/28 (@ October 2022)					
	2023/24	2024/25	2025/26	2026/27	2027/28 (Indicative Proposals)	Total MTFP 2023/24 to 2027/28
	£'s	£'s	£'s	£'s	£'s	£'s
Commercial & Technical						
Cartersfield Road	1,477,400	-	-	-	-	1,477,400
CCTV Replacement Programme	55,000	20,000	25,000	30,000	42,000	172,000
CarPark CCTV Systems	10,000	25,000	40,000	-	-	75,000
Disabled Facilities Grants (REFCuS)	971,210	971,210	971,210	971,210	971,210	4,856,050
Home Assist Grants (REFCuS)	30,000	30,000	30,000	30,000	30,000	150,000
Highways - Pavement Widening Scheme	100,000	-	-	-	-	100,000
Grounds Maintenance	30,000	30,000	30,000	30,000	30,000	150,000
Epping Leisure Centre (Bakers Lane)	12,500,000	-	-	-	-	12,500,000
Sub-Totals	15,173,610	1,076,210	1,096,210	1,061,210	1,073,210	19,480,450
Corporate Services						
ICT General Schemes	93,000	93,000	93,000	93,000	-	372,000
ICT Strategy	1,086,000	971,000	1,126,000	931,000	-	4,114,000
Sub-Totals	1,179,000	1,064,000	1,219,000	1,024,000	-	4,486,000
Housing (Property Services)						
Investment Properties (Planned Works)	250,000	250,000	250,000	250,000	250,000	1,250,000
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
Qualis						
Regeneration Finance Loans	21,000,000	-	-	-	-	21,000,000
Sub-Totals	21,000,000	-	-	-	-	21,000,000
Total Expenditure	37,652,610	2,440,210	2,615,210	2,385,210	1,373,210	46,466,450
Capital Financing:						
Borrowing	36,121,980	909,580	1,084,580	854,580	- 157,420	38,813,300
Capital Grants	971,210	971,210	971,210	971,210	971,210	4,856,050
Capital Receipts	559,420	559,420	559,420	559,420	559,420	2,797,100
Total Financing	37,652,610	2,440,210	2,615,210	2,385,210	1,373,210	46,466,450

Housing Revenue Account Capital Programme 2023/24 to 2027/28

INDICATIVE DRAFT

HRA Capital Programme MTFP 2023/24 to 2027/28 (@ October 2022)						
Schemes	Financial Year					Total MTFP 2023/24 to 2027/28
	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 New (Indicative)	
	£'s	£'s	£'s	£'s	£'s	£'s
Housing Development Programme:						
Housebuilding	11,760,500	12,329,380	12,329,000	7,576,000	5,927,000	49,921,880
Acquisition of Street Properties	-	-	-	-	-	-
Qualis Acquisitions	8,973,500	4,956,620	-	-	-	13,930,120
Development Land Purchases	-	-	-	-	-	-
Sub-Totals	20,734,000	17,286,000	12,329,000	7,576,000	5,927,000	63,852,000
Capital Works:						
Heating	1,824,000	4,649,520	2,251,210	3,049,730	1,824,000	13,598,460
Windows, Door and Roofing	6,386,110	5,379,110	2,291,320	3,154,290	4,236,110	21,446,940
Compliance Planned Maintenance	1,725,000	2,098,170	1,027,780	1,150,160	1,725,000	7,726,110
Kitchens & Bathrooms (inc void allocation)	4,786,000	5,065,400	2,061,190	2,345,780	4,482,330	18,740,700
Electrical	1,400,000	3,824,750	1,921,000	2,302,480	2,350,000	11,798,230
Other Works	5,642,220	1,809,160	-	-	-	7,451,380
Environmental	1,118,530	1,059,000	489,600	892,000	892,000	4,451,130
Structural works	850,000	850,000	866,000	883,000	883,000	4,332,000
Disabled Adaptations	650,000	650,000	650,000	800,000	800,000	3,550,000
Asbestos Removal	280,800	294,560	294,560	294,560	294,560	1,459,040
Estate Improvements	50,000	68,000	72,000	76,000	80,000	346,000
Sub-Totals	24,712,660	25,747,670	11,924,660	14,948,000	17,567,000	94,899,990
Regeneration Projects:						
Limes Avenue and Copperfield	2,083,210	-	-	-	-	2,083,210
Broadway	1,217,990	1,333,330	1,333,340	-	-	3,884,660
Pylres Lane	1,200,000	-	-	-	-	1,200,000
Harvey Fields	-	2,000,000	-	-	-	2,000,000
Oakwood Hill Estate	-	-	6,000,000	-	-	6,000,000
Sub-Totals	4,501,200	3,333,330	7,333,340	-	-	15,167,870
Other Housing Schemes:						
Service Enhancements (General)	233,540	506,000	519,000	573,000	573,000	2,404,540
Housing Asset Management Project	215,060	-	-	-	-	215,060
Service Enhancements (HFFHH)	154,000	154,000	154,000	114,000	-	576,000
Door Replacement Programme (Leasehold)	233,540	-	-	-	-	233,540
Sheltered Block Refurbishments	354,000	363,000	370,000	378,000	386,000	1,851,000
Other Works	468,000	-	-	-	430,000	898,000
Sub-Totals	1,658,140	1,023,000	1,043,000	1,065,000	1,389,000	6,178,140
Total Expenditure	51,606,000	47,390,000	32,630,000	23,589,000	24,883,000	180,098,000
Financing						
Direct Revenue Contributions	40,000	957,000	489,000	540,000	713,000	2,739,000
Major Repairs Reserve	9,137,000	9,320,000	9,506,000	9,696,000	9,890,000	47,549,000
RTB Receipts	4,471,000	5,007,000	5,010,000	3,110,000	2,454,000	20,052,000
Grants	-	-	-	-	-	-
Other Contributions	1,267,000	5,754,000	199,000	212,000	212,000	7,644,000
Borrowing	36,691,000	26,352,000	17,426,000	10,031,000	11,614,000	102,114,000
Leaseholder Contributions	-	-	-	-	-	-
Total Financing	51,606,000	47,390,000	32,630,000	23,589,000	24,883,000	180,098,000