

Draft Capital Programme 2024/25

December 2023

1. Background and Introduction

- 1.1 Alongside the updated Medium-Term Financial Plan (MTFP) 2024/25 to 2028/29 adopted by Cabinet on 9th October 2023, Members also received an updated (indicative) Capital Programme covering the same 5-year period as the MTFP.
- 1.2 The Programme was in two parts and comprised total investment of £210.258 million (General Fund £53.913 million, Housing Revenue Account/HRA £156.345 million) over the five-year period 2024/25 to 2028/29.
- 1.3 Officers have now completed further detailed work on both the General Fund and HRA elements of the Programme, including an evaluation of progress against adopted plans for 2023/24 and emerging priorities identified from a range of sources.

2. GENERAL FUND

- 2.1 The updated General Fund Capital Programme of £61.806 million presented in October 2023, included an indicative capital requirement of £33.496 million for 2024/25 based on progress against the adopted 2023/24 Programme (at the Quarter 2 stage) and other emerging intelligence.

General Fund Capital: Growth Proposals

- 2.2 The indicative growth position presented in October 2023 has been further refined, with notable additions of £4.90 million (over two years) for a replacement Control Tower at North Weald Airfield, £2.0 million for major works on Debden Broadway shops, and a further £0.9 million for the ongoing ICT Strategy.

General Fund: Proposed Capital Growth Items (@ December 2023)						
Description	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£'s	£'s	£'s	£'s	£'s	£'s
<u>Commercial & Technical</u>						
CCTV Replacement Programme	-	54,000	34,000	100,000	106,000	294,000
CCTV Car Park Replacement Programme	5,000	18,000	-	5,000	19,000	47,000
Disabled Facilities Grants	-	-	-	-	971,210	971,210
Home Assist Loans	-	-	-	-	30,000	30,000
Grounds Maintenance PVE	-	-	-	-	30,000	30,000
NWA Control Tower	1,000,000	3,900,000	-	-	-	4,900,000
<u>Corporate Services</u>						
ICT General Schemes	-	-	-	-	93,000	93,000
ICT Strategy	-	-	-	-	900,000	900,000
<u>Housing & Property Services</u>						
Investment Properties (Planned Works)	-	-	-	-	250,000	250,000
Investment Properties (Debden Broadway)	-	2,000,000	-	-	-	2,000,000
Operational Properties (Planned Works)	-	-	-	-	50,000	50,000
Increased/(Reduced) Budget Demand	1,005,000	5,972,000	34,000	105,000	2,449,210	9,565,210

2.3 The table above shows an initial overall growth proposal of £9.565 million over five years (including £2.449 million in 2028/29) and primarily reflects established commitments, rolling programmes (such as part of Asset Management Strategy) or capital replacement costs. It should be noted that spending on Disabled Facilities Grants is funded by Government grant.

2.4 Members should note the following:

- North Weald Airfield Control Tower (£4,900,000) – an allocation of £1.0 million in 2024/25, followed by a further £3.9 million in 2025/26, has been included. The scheme entails the construction of a replacement Control Tower as part of the reconfiguration of the site and is contingent on the disposal of a section of the site, released under the Local Plan adoption process as employment land. The scheme would be fully funded by netting off the resulting capital receipt with no borrowing cost to the Council.
- Investment Properties (Debden Broadway) (£2,000,000) – a total of £2.0 million has been earmarked as part of a larger scheme to complete urgent major works to the roof and walkways at Debden Broadway (a mixed housing and a commercial property site)
- CCTV Replacement Programme (£341,000) – the current five-year CCTV Strategy runs through until 2024/25. However, a new Strategy has recently been developed for consideration and is awaiting approval. The capital commitments embedded in the new Strategy (which includes £47,000 specifically earmarked for Car Parks) have been provisionally reflected in this iteration of the Capital Programme; and
- ICT Strategy (£900,000) – the draft allocation for 2028/29 is indicative only at this stage. The migration of several applications to ‘Software as a Service’ or suppliers cloud hosting solution, have now been completed, such as Revenues and Benefits (Capita Cloud), Housing (Civica CX), Telephone (Gamma/Cirrus) with others being planned for future financial years, including Regulatory Services, Payment Solution and Financial Applications. As part of the collaboration with Colchester City Council, consideration is being given to replace current supplier purchased applications such as Freedom of Information and Internal Room and Desk booking systems with a Microsoft PowerApp.

General Fund Capital: Updated Summary (Annex C1)

2.5 The table below provides an updated summary of the General Fund Capital Programme presented to Cabinet in October 2023 at a service level. Growth items identified above have been the dominant factor behind the updated Capital Programme of £61.806 million (up from £53.913 million in October 2023) presented in the table below.

Draft General Fund Capital Programme 2024/25 to 2028/29: Service Analysis						
Description	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's
Commercial & Technical	10,896	15,491	1,065	1,136	1,156	29,744
Corporate Services	1,064	1,219	1,024	993	993	5,293
Housing & Property Services	318	2,303	300	300	300	3,521
Qualis	21,218	2,030	-	-	-	23,248
Total	33,496	21,043	2,389	2,429	2,449	61,806

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

- **Commercial and Technical (£29.744 million)** – the Commercial and Technical service is leading on seven separate schemes, which are dominated by three in particular (in descending order of projected cost over the five-year period):
 - **Epping Leisure Facility (£19.287 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 (recently completed). Cabinet approved the addition of this scheme to the draft Capital Programme at its meeting on 21st January 2021. Approval to appoint a contractor to build the leisure centre was approved in a report presented to Cabinet on 13th March 2023 (C-040-2022-23) along with approval to increase the overall budget by £8.1 million to £33.1 million.
 - **North Weald Airfield Control Tower (£4.9 million)** – a scheme is to replace the existing Control Tower at North Weald Airfield. Contingent on asset disposal (explained above in Paragraph 2.4); and
 - **Disabled Facilities Grants (£4.856 million)** – the Epping Forest District Council allocation for Disabled Facilities Grants in 2023/24 was £971,213. There is currently no indication of future allocations. It is therefore assumed that the Council will receive the same amount – without uplift – from 2024/25 onwards.
- **Corporate Services (£5.293 million)** – spending covers the Council’s ICT capital investment needs, which is dominated by the new ICT Strategy of £4.828 million (explained above in paragraph 2.4).
- **Housing & Property Services (£3.521 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 Strategy (AMS). The overall provision in the Capital Programme therefore represents a ‘placeholder’ in the Council’s funding plans until the review is complete. One scheme at Debden Broadway (for £2.0 million) to provide urgent major works has been included in 2025/26 (explained above in Paragraph 2.4); and
- **Qualis (£23.248 million)** – this is the balance on the previously agreed £98.0 million Finance Loans (including the extended loan facility of £35.0 million approved by Cabinet in July 2021). 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 (HRA)

- 3.1 The updated HRA Capital Programme of £156.345 million presented in October 2023, included an indicative capital requirement of £46.499 million for 2024/25 based on progress against the adopted 2023/24 Programme (at the Quarter 2 stage) and other emerging intelligence, including (especially) the Housing Development Programme.
- 3.2 The table below provides a further updated summary of the HRA Capital Programme and represents a reduced capital requirement of £140.424 million over the 5-year period (compared to £156.345 million in October 2023) as shown, including £33.087 million in 2024/25.

Draft HRA Capital Programme 2024/25 to 2028/29						
Service	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Housing Development Programme	11,523	15,294	7,113	6,483	-	40,413
Capital Works	19,022	15,244	11,093	19,206	25,582	90,146
Regeneration Schemes	1,000	3,000	-	-	-	4,000
Other Housing Schemes	1,542	1,038	1,014	905	1,365	5,865
Total	33,087	34,576	19,220	26,594	26,947	140,424

3.3 The Programme – which is presented in detail in **Annex C2** – is dominated by the Housing Development Programme and routine Capital Works:

- **Housing Development Programme (£40.413 million)** – the capital allocation has reduced by £11.909 million since October 2023, following the reduction in size of one scheme at St Peters Avenue, Shelley. The Housing Development Programme combines (direct) Housebuilding and Acquisitions from Qualis, including:
 - Housebuilding (£28.369 million) – this is expected to deliver 104 affordable rent units by 2027/28, and
 - Qualis Acquisitions (£13.930 million) – the Development Programme also includes the planned acquisition of 60 affordable rent and social housing properties across two different sites.
- **Capital Works (£90.146 million)** – the recently completed Stock Condition Survey has provided updated data on component lives and replacement time scales. The cost of the planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period averages out at £18.029 million annually. This contrasts with annual budgets of £11.752 million and £18.970 million in 2022/23 and 2023/24 respectively. An annual budget of £1.5 million for Net Carbon Zero works has also been included within the revised Capital Programme commencing in 2024/25 and covering a 10-year period.

3.4 Members should note that the data in the Fortress (HRA Business Plan) model has been updated for the results of the recently completed Stock Condition Survey (SCS). It has been several years since the Council's housing stock was last surveyed, therefore an independent SCS was commissioned in March 2022 and the report was issued in August 2023. A total of 3,290 dwellings (51.3% of total stock), and 399 out of 456 blocks were surveyed. The data has then been extrapolated (for dwellings) and an allowance made for un-surveyed blocks to provide a whole stock report. The total forecast expenditure over the 30-year period in the report amounted to £329.428 million (based on Q3 2022 prices). This has been inflated by 5.75% to £348.370 million (to ensure the costs are at Q3 2023 prices) and included in the HRA Business Plan.

Annex C1: Draft General Fund Capital Programme 2024/25 to 2028/29

Scheme	DRAFT MTFP 2024/25 to 2028/29 (@December 2023)					
	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 Updated	2028/29 New (Proposed)	Total MTFP 2024/25 to 2028/29
	£'s	£'s	£'s	£'s	£'s	£'s
Commercial & Technical						
CCTV Replacement Programme	35,000	54,000	34,000	100,000	106,000	329,000
CarPark CCTV Systems	30,000	18,000	-	5,000	19,000	72,000
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
Grounds Maintenance	30,000	30,000	30,000	30,000	30,000	150,000
NWA Replacement Control Tower	1,000,000	3,900,000	-	-	-	4,900,000
Epping Leisure Centre (Bakers Lane)	8,800,000	10,487,440	-	-	-	19,287,440
Sub-Totals	10,896,210	15,490,650	1,065,210	1,136,210	1,156,210	29,744,490
Corporate Services						
ICT General Schemes	93,000	93,000	93,000	93,000	93,000	465,000
ICT Strategy	971,000	1,126,000	931,000	900,000	900,000	4,828,000
Sub-Totals	1,064,000	1,219,000	1,024,000	993,000	993,000	5,293,000
Housing (Property Services)						
Investment Properties (Planned Works)	250,000	250,000	250,000	250,000	250,000	1,250,000
Debden Broadway Regeneration Scheme	-	2,000,000	-	-	-	2,000,000
Operational Properties (Planned Works)	68,000	53,000	50,000	50,000	50,000	271,000
Sub-Totals	318,000	2,303,000	300,000	300,000	300,000	3,521,000
Qualis						
Regeneration Finance Loans	21,217,500	2,030,000	-	-	-	23,247,500
Sub-Totals	21,217,500	2,030,000	-	-	-	23,247,500
Total Expenditure	33,495,710	21,042,650	2,389,210	2,429,210	2,449,210	61,805,990
Capital Financing Analysis:						
Capital Grants	971,210	971,210	971,210	971,210	971,210	4,856,050
Capital Receipts	800,480	831,680	862,850	860,160	857,150	4,212,320
Borrowing	31,724,020	19,239,760	555,150	597,840	620,850	52,737,620
Total Financing	33,495,710	21,042,650	2,389,210	2,429,210	2,449,210	61,805,990

Annex C2: Draft HRA Capital Programme 2024/25 to 2028/29

Scheme	DRAFT HRA MTFP 2024/25 to 2028/29 (@ December 2023)					
	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 Updated	2028/29 New (Proposed)	Total 2024/25 to 2028/29
	£'s	£'s	£'s	£'s	£'s	£'s
Housing Development Programme:						
Housebuilding	5,501,000	9,272,000	7,113,000	6,483,000	-	28,369,000
Qualis Acquisitions	6,022,000	6,022,000	-	-	-	12,044,000
Sub-Totals	11,523,000	15,294,000	7,113,000	6,483,000	-	40,413,000
Capital Works:						
Heating	2,552,510	2,190,150	627,070	3,634,410	2,192,270	11,196,410
Windows, Door and Roofing	2,602,890	1,424,930	584,010	2,472,070	4,032,150	11,116,050
Compliance Planned Maintenance	1,803,620	1,830,520	1,602,760	1,630,260	2,609,700	9,476,860
Kitchens & Bathrooms (inc void allocation)	4,192,470	2,916,450	1,539,700	2,501,600	4,002,740	15,152,960
Electrical	1,734,380	1,799,690	1,798,350	3,368,450	2,119,520	10,820,390
Net Zero Carbon Works	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Environmental	884,380	642,520	470,730	941,950	4,467,610	7,407,190
Structural works	1,805,550	1,320,720	1,448,200	1,411,610	2,702,840	8,688,920
Disabled Adaptations	1,081,160	1,082,780	1,084,440	1,086,130	1,087,850	5,422,360
Asbestos Removal	328,380	334,940	341,640	348,470	355,440	1,708,870
Unsurveyed Blocks	536,400	201,410	95,860	310,800	511,740	1,656,210
Sub-Totals	19,021,740	15,244,110	11,092,760	19,205,750	25,581,860	90,146,220
Regeneration Projects:						
Broadway	1,000,000	3,000,000	-	-	-	4,000,000
Sub-Totals	1,000,000	3,000,000	-	-	-	4,000,000
Other Housing Schemes:						
Service Enhancements (General)	500,000	500,000	510,000	520,000	531,000	2,561,000
Service Enhancements (HFFHH)	164,320	167,600	126,550	-	-	458,470
Sheltered Block Refurbishments	363,030	370,290	377,690	385,250	-	1,496,260
Emergency Alarm Upgrades	403,200	-	-	-	-	403,200
Sheltered Housing Works	111,710	-	-	-	834,140	945,850
Sub-Totals	1,542,260	1,037,890	1,014,240	905,250	1,365,140	5,864,780
Total Expenditure	33,087,000	34,576,000	19,220,000	26,594,000	26,947,000	140,424,000
Capital Financing Analysis:						
Grants	80,000	2,173,000	2,113,000	2,113,000	80,000	6,559,000
RTB Receipts	4,526,000	4,461,000	1,272,000	1,020,000	-	11,279,000
Other Contributions	167,000	185,000	197,000	196,000	148,000	893,000
Major Repairs Reserve	10,700,000	10,914,000	11,132,000	11,355,000	11,582,000	55,683,000
Direct Revenue Contributions	2,499,000	2,667,000	3,098,000	3,379,000	3,202,000	14,845,000
Borrowing	15,115,000	14,176,000	1,408,000	8,531,000	11,935,000	51,165,000
Total Financing	33,087,000	34,576,000	19,220,000	26,594,000	26,947,000	140,424,000