

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 |