

# Capital Strategy 2012/2016



INVESTOR IN PEOPLE

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*Epping Forest District Council*

## Contents

1. Introduction
2. The Council's Aims and Priorities
3. Formulating the Council's Key Capital Priorities / The Corporate Framework
4. The Council's Key Capital Priorities – 2012-2016
5. Working in Partnership
6. Procurement and Use of Private Sector Initiatives
7. HRA Self Financing
8. Income Generation and Funding the Programme
9. Investments in Council Housing
10. Investments in Other Affordable Housing
11. Investments in Private Sector Housing Stock Condition
12. Investments in the Protecting the Environment
13. Investments in Asset Management
14. Investments in Delivering Efficient Services
15. Investments in Regeneration Schemes
16. Investments in Leisure Facilities
17. Performance Measurement and Monitoring

## Appendices

1. Key Strategic Council Documents that Complement and Link with the Capital Strategy
2. Capital Programme 2011/12 to 2015/16 Forecast – Latest Position:
  - (a) Expenditure and Funding Summary
  - (b) Non-Housing Capital Programme
  - (c) Housing Capital Programme
3. Capital Programme 2011/12 to 2015/16 Forecast analysed in Capital Strategy format:
  - (a) Expenditure and Funding Summary
  - (b) Detailed Capital Programme
4. Capital Reserves 2011/12 to 2015/2016 Forecast
  - (a) Capital Receipts
  - (b) Major Repairs Reserve
5. Key Partners in Delivering the Capital Strategy

## **1. Introduction**

1.1 Epping Forest District Council's Capital Strategy is an important document which is fundamental to supporting the Council's commitment to improving the quality of its services and facilities to make the district a great place to live, work, study and do business. Capital investment in the form of large scale one-off projects plays a vital role in achieving this objective. It is essential that a strategic approach is taken, having regard to the Council's aims and priorities, and that the Capital Strategy is formulated in consultation with the community in order to direct resources into projects which will be of greatest benefit to the local community. Once approved, individual projects are carefully planned, managed and reviewed to ensure that best value is achieved. At the same time, every effort is made to maximise the generation of income in the form of capital receipts and utilise all capital resources available to fund capital investment in the most appropriate and advantageous way. This Capital Strategy has been produced to accord with the latest guidance on capital accounting arrangements for local government.

1.2 The Capital Strategy is a high-level summary of the Council's approach to capital investment. It describes how the deployment of capital resources contributes towards improving the economic, social and environmental well-being of the Epping Forest District, as set out in the Council's Corporate Plan and the Community Strategy.

1.3 The key objective of the Capital Strategy is to maximise the capital resources available to achieve the Council's strategic aims. The Capital Strategy outlines the Council's approach to capital investment and how it ensures that investment is directed towards corporate aims, and shows how the Council works with partners to deliver schemes. The strategy outlines the basis for the prioritisation of capital schemes, and their monitoring and evaluation.

1.4 The Capital Strategy is designed to:

- provide a basis for prioritising capital investment on the basis of its contribution towards the achievement of the Council's aims;
- optimise the utilisation of the Council's assets in pursuit of its objectives
- optimise returns on the Council's investment portfolio;
- ensure that the investment required to maintain existing assets throughout their lives is made available;
- establish a clear framework for managing and monitoring the capital programme;
- optimise external funding to augment the total resource available;
- evaluate projects to ensure they secure value for money, promote best procurement practice, and are subject to a rigorous risk assessment; and
- facilitate joint and cross-cutting working;

## **2. The Council's Aims and Priorities**

2.1 All Council strategies (including the Capital Strategy) are driven by the aims and objectives of the Community Strategy and the Council's vision and its Corporate Plan. This Capital Strategy links to, and complements, other key corporate and strategic documents produced by the Council and its partners. The documents that influence and are influenced by the Capital Strategy are summarised at Appendix 1 and the Council ensures that the links between these documents are maintained and updated annually. These plans should be read in conjunction with the Capital Strategy, since they are instrumental in determining the Council's strategic priorities

2.2 In September 2010, the Local Strategic Partnership for the Epping Forest District, which represents the public, social, voluntary and economic sectors of the district, adopted the Community Strategy 'Putting Epping Forest First'. This is a twenty-year plan, which will help to deliver the vision for where the district wants to be in 2021 and how this vision will be delivered.

2.3 The Council established its own aims and priorities for the Epping Forest District for the four years from 2011/12 to 2014/15 as part of the adoption of a new Corporate Plan in February 2010. The Corporate Plan 2011-2015 is the Council's key strategic planning document for the four-year period, setting out service delivery priorities, with strategic themes reflecting those of the Community Strategy for the district.

2.4 In order to help deliver the Council's vision to make the district a great place to live, work, study and do business, the following objectives have been set as the Council's corporate aims for the four years to 2014/15:

- (a) To safeguard frontline services that our local residents tell us are important, against a background of diminishing resources;
- (b) To have the lowest District Council Tax in Essex and maintain that position;
- (c) To be recognised as an innovative and transparent council, involving residents in our decisions;
- (d) To continuously improve efficiency by adopting new ways of working with our partners and maximising revenue from our assets; and
- (e) To provide clear community leadership and be a strong advocate, championing the interests of the people of Epping Forest and protecting the special character of the district.

2.5 These aims form the basis of annual Business Plans, which ensure that activities and the allocation of resources at all levels reflect the vision of the Council. The Council's key Capital Priorities also reflect the contribution that capital investment makes to the achievement of the Council's vision for the district.

2.6 The Capital Strategy is intrinsically linked to the Council's Asset Management Plan (AMP), as a substantial amount of capital expenditure is invested in the property assets held by the Council. The Capital Strategy provides the policy framework for the operational work of asset management, and the Council's performance in managing its assets is assessed against a range of performance criteria as set out in the AMP.

2.7 The Capital Strategy recognises the importance played by the Asset Management Plan (AMP), coordinating and balancing asset requirement and service provision with corporate aims and economic factors. Despite no longer being required to submit the AMP to Government, the Council has continued to update the core data and national performance indicators each year, which have been forwarded to the Institute of Public Finance Asset Management Plan Network for comparison with other member authorities, and the current AMP 2007-2012 was adopted by the Council in July 2007.

### 3. Formulating the Council's Key Capital Priorities – The Corporate Framework

3.1 The Council's four-year Corporate Plan aims are set out in section 2 above. Each year, the Council re-assesses its key capital priorities on a corporate basis, having regard to:

- The Council's aims and priorities
- The Council's financial position
- The capital priorities of the Council's key partners
- The Council's ability to influence other partners' plans through the use of its capital resources
- Service Development and Improvement Plans.

3.2 It is essential that potential capital schemes that advance the Council's key strategic and capital aims be prioritised, having regard to the capital resources available. Therefore, project appraisals are undertaken for all capital schemes in excess of £2,000,000 (and appropriate schemes of lesser amounts) in order to:

- Assess how the project will meet the Council's aims
- Provide estimates of expenditure
- Examine appropriate options
- Set out any relevant consultation arrangements
- Identify the most appropriate method of procurement
- Explain the proposed method of project monitoring and review
- Provide an assessment of key risks and their management.

3.3 Capital projects that meet the Council's Aims are then selected and prioritised through detailed discussion and evaluation by the Council's Cabinet, having regard to project appraisals and other relevant information.

3.4 In considering individual capital items and the programme overall, the Council gives due consideration to the environmental consequences of its intentions in respect to issues such as sustainability, energy and waste management endeavouring at all times to reduce potential effects upon the environment. In the light of this, the Council has adopted the "Nottingham Declaration" and is thereby committed to managing its internal processes in a way that mitigate and adapt to the potential effects of climate change.

#### *Revenue Implications*

3.4 When appraising potential capital schemes, it is essential that the associated revenue implications be assessed, since these can be an important factor in deciding whether a scheme should be undertaken and, indeed, its relative priority compared with other projects. The project appraisals therefore require the associated revenue implications to be identified. Once identified and approved, the Council's Director of Finance and ICT incorporates the revenue implications within the Council's revenue budget and monitors expenditure accordingly.

#### 4 The Council's Key Capital Priorities – 2012 -2016

4.1 The Council re-assesses its Key Capital Priorities every year and reviews the ranking of each priority in order of strategic importance to the District, having regard to the contribution that each one makes to the achievement of relevant corporate aims. The Key Capital Priorities for 2012-2016 are listed in order below, showing last year's ranking in brackets under the first column.

Priority	Key Capital Priority	Relevant Corporate Plan Aims
1 (1)	Meeting housing need	Community leadership and protection of the special character of the district.
2 (2)	Improving the Council's housing stock	Community leadership and protection of the special character of the district.
3 (3)	Improving quality of life	Safeguard frontline services; Innovative and transparent council; Improve efficiency; Community leadership and protection of the special character of the district.
4 (4)	Protecting the environment	Community leadership and protection of the special character of the district.
5 (5)	Promoting economic development	Have the lowest District Council Tax; Innovative and transparent council; Improve efficiency;
6 (6)	Regenerating areas in need	Have the lowest District Council Tax; Innovative and transparent council; Improve efficiency;
7 (new)	Developing Council Assets	Maximising revenue from our assets Have the lowest District Council Tax Innovative and transparent council.
8 (7)	Delivering quality public services through e-government	Innovative and transparent council;
9 (8)	Improving private sector housing stock	Community leadership and protection of the special character of the district.

4.2 The only change from last year's Strategy is the insertion of a new Key Capital Priority – Developing Council Assets which is ranked 7 and results in the remaining Priorities being ranked 8 and 9.

4.3 Due to the amount of capital receipts that are currently being held by the Council, income from investment interest is being generated. This is beneficial to the General Fund and Housing Revenue Account, since they provide additional revenue income. However, it is forecast that capital receipts will fall to less than half their current levels by 31 March 2016 as they are used to fund capital projects over this period. There is a financial risk involved in reducing the balance of usable capital receipts and this has been recognized in the Council's Corporate Risk Register. The following potential consequences have been identified under risk no 17: loss of interest; loss of cover for contingencies; the financial strategy becoming untenable in the long run; service reductions may be required; and large Council Tax increases may be required. In order to reduce this risk as much as possible, the Council has adopted a policy of actively seeking the investment of capital resources in revenue-generating assets.

## 5. Working in Partnership

5.1 The Council places great emphasis on the importance of working in partnership with other councils and organisations to meet the objectives and responsibilities of all parties. The Council regards partnerships as an effective way of achieving many of its aims and priorities and delivering service improvements or, in some cases, new services where none currently exist. Partners have three important roles:

- To provide information, views and feedback on Council proposals as part of the consultation process set out in the Council's Consultation Strategy.
- To provide required services identified and facilitated by the Council, where best value can be obtained through the provision by the partner. This may involve the provision of funding by the Council.
- To work with the Council to jointly deliver the Council's aims and priorities, where both the Council and the partner provide funding.

5.2 The Council is committed to continuing to identify and secure opportunities for best value through either an external partner undertaking capital projects or jointly funding/undertaking projects in a partnership arrangement. The Council will also consult key partners on appropriate capital projects, in accordance with the Council's Consultation Strategy, to obtain views and feedback on proposals.

### *Cross-Cutting Themes*

5.3 The Council works effectively with its partners and has an excellent record of working in partnership with other organisations to achieve our mutual objectives and to obtain best value. The main partners with whom the Council works on capital schemes are listed at Appendix 5.

5.4 An example of one of the Council's effective partnerships is the close working relationship with Essex County Council to maximise the benefits of the major refurbishment scheme being undertaken on Limes Farm Hall. Once completed, the hall will provide improved facilities particularly for children, young people and families. An ongoing partnership also exists with the market operator at North Weald Airfield, which enables a more effective investment programme to be undertaken at the airfield to improve infrastructure facilities.

5.5 The Council also has a good track record of working effectively with its Preferred Housing Association Partners to help fulfill its objective of meeting the District's affordable housing needs. Furthermore, the Council has assisted housing associations in two other main ways:

- a) The provision of free or discounted Council-owned land to housing associations; and
- b) The provision of social housing grants.

5.6 The Council works with the Environment Agency to ensure a coordinated approach to flood risk management. The Environment Agency will replace the Council's old flood warning systems and incorporate them into the national network, thus saving capital expenditure for the Council. The Environment Agency, as the national authority responsible for managing flood risk in England and Wales, will then be responsible for the on going operation and maintenance of the systems along with all the others in the country. There will continue to be close liaison between the two organisations and the Environment Agency will utilise the Council's local expertise and resources when required. This will increase efficiency in terms of monitoring and responding to potential flood risk incidents and affords a more cost effective way of managing the assets and combining resources.



### *Cross-border working*

5.7 In order to meet its aims and priorities and deliver its Capital Strategy effectively, not only must the Council work in partnership with other agencies, it must also work across traditional geographical boundaries. Such cross-border working brings a more cohesive approach to achieving objectives and also benefits from economies of scale and shared expertise. Some of the initiatives relevant to this Capital Strategy are listed below:

- The Council is working collaboratively with neighbouring local authorities in respect of planning and economic development in order to bring forward the Local Plan and in particular, in establishing the required evidence base.
- During 2011, the Council developed a Young Parent Scheme at Railway Meadow, Ongar in partnership with Uttlesford DC, Brentwood BC, East Thames Housing and NHS West Essex to provide 13 self-contained flats for young parents from the three local authority areas. The Scheme provides young parents with support and parenting skills for around 6-9 months, after which the nominating local authority provides move-on accommodation. The land was provided by a developer free of charge through a Section 106 Agreement and capital funding was secured from the Homes and Communities Agency, mainly due to the partnership approach employed.
- The Council led the formation of the Herts and Essex Housing Options Consortium, comprising the Council, its five neighbouring local authorities and housing associations operating in the area. The Consortium originally secured capital and revenue funding from the Government to introduce HomeOptions, a choice based lettings scheme that now operates across the six districts, with commissioning and operating costs shared amongst the local authorities, thereby reducing unit costs. HomeOptions enables the councils to offer their applicants choice in the type and location they seek, offering tenancies for affordable housing in a transparent and fair way.
- The Council is an active member of the Essex Waste Partnership. The County Council with its district & borough partners is procuring long term waste management and disposal capital infrastructure via (currently) a PFI bid to government.
- The Council is working on a joint initiative, known as the PLACE Scheme, with other councils in the area including Chelmsford, East Herts, Harlow and Uttlesford in partnership with Genesis Housing Association. Under the scheme, which is funded by £3,500,000 of government funding, empty properties that are in poor condition are brought back into use to provide short-term accommodation to people in housing need.
- The Council is working jointly with East Herts and Harlow District Councils to produce a Strategic Flood Risk Assessment.
- Joint Municipal Waste Management Strategy with the County and district and boroughs.
- The Council is working closely with Broxbourne Borough Council and is an active Member on the Stakeholder Group with the Lea Valley Regional Park Authority, to maximise the benefits of the Olympic 2012 White Water Canoe Venue. The Council jointly funds an Olympic Officer post with Broxbourne and Hertfordshire County Council.
- The Epping Forest District Safer Communities Partnership has been set up with the Police, Fire, Health, County Council and other agencies to give people who live and work in Epping Forest an opportunity to consult on future priorities.

## **6. Procurement and Use of Private Sector Initiatives**

6.1 The Council generally undertakes capital projects itself, procuring the works through competition. However, opportunities for delivering and procuring capital schemes through the private sector are continually being identified and appraised where appropriate. A collaborative procurement approach has resulted in a number of benefits.

6.2 The Council is a member of the Procurement Agency for Essex (PAE), the Essex Procurement Hub (the Hub) and the Essex On-Line Partnership (EOLP). The Council also makes use of a wide range of nationally available Framework Agreements, let by, for example, the Hub; Government Procurement Services (GPS); Eastern Shires Purchasing Organisation (ESPO); and the Yorkshire Purchasing Organisation (YPO). Through this, the Council has been able to secure large savings on goods such as IT equipment; toner and ink cartridges; and the installation and repair of stair lifts for the Districts' disabled residents (through a ground-breaking initiative with other Essex local authorities). The Council has also achieved significant cost and efficiency savings resulting in improved quality of service to local residents.

6.3 The Council has also worked with a number of Registered Social Landlords and has adopted a partnering approach with developers for the procurement and provision of new affordable housing schemes.

6.4 Partnering agreements have successfully been adopted since 1 April 2003 for the use of consultants and contractors to deliver the Council's increased housing maintenance and improvements programme in order to ensure that the Government's "decent home" target is met. Additional partnering contracts have also been used for the leisure management contract with SLM; the remediation works contract for the former landfill site at Bobbingworth with Veolia; and the waste management contract with SITA.

6.5 The Council will continue to consider the use of the Private Finance Initiative (PFI) and Public Private Partnerships (PPP) for appropriate capital schemes. It will also continue to adopt, and encourage partners undertaking capital projects to adopt, the principles relating to sustainability and the reduction of construction costs as set out in the Government Construction Strategy (May 2011) wherever possible.

## **7. HRA Self Financing**

7.1 In March 2012, the Government will be introducing a major change in the way that local authority Housing Revenue Accounts (HRAs) are funded; this is known as self-financing. Originally included within the Localism Bill, which received Royal Assent on 15 November 2011, self-financing will enable councils to retain their own rents and then fund and manage their housing stock without Government intervention. However, the Council will need to make a one-off capital payment to the Government to move away from the current Subsidy system. The Council's draft determination to implement self-financing for council housing is £186.2 million and was issued on 21 November 2011. The final figure will not be known until January 2012 when the final determination is issued by the Department for Communities and Local Government (CLG). The debt will be paid to CLG on 28 March 2012 and self-financing will commence from 1 April 2012. The debt is likely to be financed by loan(s) by the Public Works Loans Board (PWLB). The composition of the debt portfolio is still being reviewed and future reports will come to Members nearer the time.

7.2 On 18 July Cabinet reaffirmed its decision, in principle, to commence a modest affordable house-building programme once the HRA has moved to a self-financing basis and on 5 December 2011 Cabinet agreed to commence a new Council Housing Building Programme and to make provision within the Financial Plan to fund the programme.

## 8. Income Generation and Funding the Programme

8.1 Capital investment can be funded from a number of sources; including the use of capital receipts generated from the sale of council assets; the Major Repairs Reserve which can be used for HRA capital projects; borrowing provided that the Council can demonstrate that it is affordable; capital grants available from Central Government and other government bodies; commuted sums and other contributions from private businesses; and contributions made directly from the Council's revenue accounts. The Council recognises the importance of continually seeking opportunities to maximise the generation of income to fund capital projects in order to increase funding for key projects and maximise capital investment generally. As part of this process the Council takes the following action:

- Generate capital receipts from the sale of appropriate parcels of Council-owned land. Currently, some potential sales have been put on hold pending an improvement in market conditions.
- Identify and maximise any opportunities for further capital receipts (eg through the release of restrictive covenants) and planning gain, having due regard to the effects on the local community of obtaining such windfalls and planning gains.
- Forecast the amount of usable capital receipts available to the Council over the next five-year period and estimated usage in a planned way as detailed in Appendix 4(a) of this Capital Strategy.
- Plan and monitor the use of the Major Repairs Reserve for HRA capital investment as set out in Appendix 4(b)
- Seek external funding in the form of Government grants, commuted sums and other contributions to help support the Capital Programme.
- Undertake an assessment, at least quarterly, of the likely level of capital receipts and other income that will be available to fund capital expenditure over the period of the Five -Year Forecast.

8.2 It is essential that the Council accurately forecasts the likely funding to become available over the period of the Five Year Forecast, and regularly reviews those forecasts, making adjustments as appropriate. Appendix 4(a) shows the latest forecast of capital receipt generation, their application and hence the likely level of resources available to fund new projects. The figures take into account the pooling arrangements, which will remain despite the introduction of self-financing for the HRA. The appendix shows that, based on current expenditure and projected receipts, usable capital receipts will be reduced to £8,168,000 by 31 March 2016 at the end of the programme period.

8.3 Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, if HRA capital receipts that are not received from Right to Buy Sales are used to finance expenditure on affordable housing or regeneration, there is no requirement for them to be pooled. The Council has therefore agreed that such capital receipts should be used to help fund the required expenditure on repairs and improvements for the Council's own housing stock.

8.4 HRA Self Financing is expected to increase the amount of funds available for investment in the Council's housing stock. The HRA Capital Expenditure Charged to Revenue in the years 2011/12 to 2015/16 has been adjusted in line with the latest forecasts of the five and thirty year HRA business plan, which take into account the anticipated impact of Self Financing.

8.5 The Five Year Capital Programme 2011/12 -2015/16 will be funded as follows, subject to required annual variations to reflect actual funding availability:

	<b>£'000</b>
Grants	2,966
Capital Receipts	11,677
Charged to Revenue	27,128
Major Repairs Reserve.	<u>36,979</u>
<b>Total</b>	<b><u>78,750</u></b>

## 9. Investments in Council Housing

9.1 The Council's HRA Business Planning Consultants, CIHConsult, were tasked to carefully consider the most effective way of investing in Council housing under the new self-financing regime. Having taken into account a range of issues and available options, the Cabinet has adopted a new 30-Year HRA Financial Plan. This will allow the Council to raise the level of maintenance of its housing stock to a modern standard, based on current stock condition and standard industry life cycles, as opposed to the current minimum Decent Homes Standard. The Expenditure for the years 2012/13 to 2015/16 included in the 30-Year HRA Financial Plan is also include in the Capital strategy.

9.2 The Council achieved the Decent Homes Standard for all of its housing stock in June 2009, a full six months earlier than the Governments target of 2010. Since then, the Council has been working to maintain that standard thereby setting a capital programme of works to prevent any homes falling below the Decent Homes Standard. Under Self Financing, this will mean the Council will significantly increase the amount it spends on improving each Council home from £30,600 to £45,760 over a 30-year period. This will mean that individual components in the home will be replaced more frequently than the Council has previously been able to.

9.3 Since the 1980s, councils have been discouraged by successive governments from building new affordable housing themselves, and encouraged to act as "enablers", by facilitating housing associations to build new social housing. To discourage councils from building, governments have previously established financial rules that penalise many local authorities that build. However, this has now changed, and local authorities are once again encouraged to build, with the financial disincentives removed.

9.4 With the introduction of self-financing and the increased resources this brings, the Council has agreed to implement a modest Council Housebuilding Programme. The main reasons for this are that:

- (a) The Council's HRA land can be developed for much-needed affordable housing (with almost 6,000 applicants currently on the Housing Register);
- (b) The Council will receive the associated New Homes Bonus (NHB) – equivalent to around £6,700 per property over the six-year NHB period, to use for any Council purpose;
- (c) The land and constructed buildings will be retained as a Council asset - rather than transferring the land to a housing association at a subsidised price, for the housing association to develop the affordable housing;
- (d) The Council will benefit from the net rental income in the future, once the development loan has been covered;
- (e) It may be possible for the Council itself to receive the benefit of capital grant funding from the Homes and Communities Agency;
- (f) The Council will have greater control over the future use of the affordable homes;

- (g) The cost of construction will be less than for a housing association, since the Council can recover the cost of VAT for fees from Her Majesty's Revenue and Customs (HMRC), which housing associations cannot; and
- (h) It will enable the Council to increase its housing stock, instead of continuing to reduce the stock through the Right to Buy, and thereby slowly reduce the associated unit costs of managing and maintaining the Council's housing stock.

With the exception of (a) and (b) above, all the other benefits would only be received if the Council undertook the developments itself.

9.5 The Council has a number of difficult-to-let garage sites and other sites that may have development potential to provide an estimated 120 homes. Approval has been granted to appoint a Development Agent, through a competitive tender process, to provide all the required development and project management services, including the provision of all professional building services. It is estimated that capital funding of around £2.5 million per annum will be required for such a programme and provision has been made within the five year period of the Capital Strategy for the programme to commence in 2013/14. Development appraisals for each of the identified sites would initially be undertaken to assess whether or not development potential does exist, and where appropriate, the anticipated costs and income would then be evaluated. It is proposed that rents charged for the new developments would be at the new "Affordable Rent" levels, up to 80% of market rent levels.

9.6 Grant funding from the Homes and Communities Agency (HCA) may be available in the future, but any shortfall in capital funding for developments will be met from financial contributions received through Section 106 Agreements, the sale of some development sites on the open market and, if allowed by the Government, capital receipts arising from the Right to Buy (which the Government has committed to ring fence for new affordable housing), to ensure that the Programme is self-funded, without any financial support from the General Fund. A Development Strategy will be adopted by the Council in due course, setting out the proposed approach to the House building Programme.

## **10. Investments in Other Affordable Housing**

10.1 Located within the London Commuter Belt, the Epping Forest District has a significant need for additional affordable housing. There are currently 5,750 households on the Council's Housing Register seeking affordable housing, this number has increased significantly over recent years. Many local residents are unable to access home ownership, due to the current economic conditions and the unavailability of affordable mortgages, without the need for large deposits. It is for these reasons that "Meeting Housing Need" continues to be the Council's highest-ranked Key Capital Priority.

10.2 During 2011/12, the Council embarked on an innovative and unique Open Market Shared Ownership Scheme, in partnership with Broxbourne Housing Association, to assist housing applicants with sufficient income to access low-cost home ownership. The Scheme provides an opportunity for applicants who are unable to purchase the freehold or leasehold of a property with a full mortgage to have a shared ownership property. However, instead of applicants having to buy a shared ownership home on a specific new development, which is usually the only option available, they can choose a home of their choice (within limits) being sold on the open market. The Scheme offers people the opportunity to buy an initial 50% share in a home of their choice and to pay an affordable rent on the remaining 50% share, with the freehold of the property being held by BHA. Further shares in the property can be purchased in the future, in manageable, affordable stages until the individual owns the home outright. Where the scheme assists housing applicants who are also currently Council tenants, it also enables the resultant vacancy of the Council property to be offered to a housing applicant.

10.3 In addition, for a number of years, the Council has implemented a Home Ownership Grants Scheme, which was introduced in 2008 to assist Council tenants to access home ownership, and at the same time resulting in vacant Council properties that can be let to housing applicants on the Housing Register. Under the Scheme, Council tenants are given a grant (originally five tenants each year given grants of £34,000, but subsequently changed to six tenants each year given £28,000) to buy a property on the open market and vacate their current Council-owned property. Although the scheme proved popular initially, applicants have found it increasingly difficult to obtain a mortgage. As a result, the Council suspended the scheme for the time being and agreed to review the situation in September 2012, with a view to resuming the scheme in 2013/14 if the property market has improved.

## **11. Investments in Private Sector Housing Stock Conditions**

11.1 The Council has an important strategic housing role, including a number of statutory requirements, to seek to ensure that people occupy homes in the private sector which are safe, healthy, decent and adequate for their needs. Periodically, the Council undertakes Private Sector Stock Condition Surveys, which informs the Council's adopted Private Sector Housing Strategy. The latest Stock Condition Survey was undertaken in 2011, and the information obtained will inform a new Private Sector Housing Strategy, to be produced in 2012. The Private Sector Housing Strategy summarises the condition of the private housing stock, analyses the current internal and external environment, sets out objectives, provides an action plan and identifies the required resources.

11.2 A number of the Council's private sector housing objectives rely on capital funding for their achievement, which can be summarised as follows:

- The provision of capital grants to home owners and private occupiers, primarily Decent Homes Assistance, Small Works Assistance, Thermal Comfort Grants and Conversion Grants.
- The provision of mandatory means-tested Disabled Facilities Grants to enable occupants to arrange disabled adaptations to their homes. These are funded jointly by the Government and the Council
- Empty Property Grants, to help private owners bring empty homes back into use.
- Section 5.7 refers to the Council's PLACE Scheme, which provides Government funding to a housing association to lease long-term empty properties and then undertake improvements to enable them to be let to housing applicants

11.3 The Council operates the only in-house home improvement agency in Essex (Caring and Repairing in Epping Forest – CARE), which provides practical support to older and vulnerable home owners to access grants assistance (including Disabled Facilities Grants), specify required works, select and appoint a contractor, and project manage the work. CARE is funded by the Council, Essex County Council and fees charged to clients. Due to reductions in County Council funding in 2011/12, it was necessary to increase the fees charged to project manage disabled facilities grants.

## 12. Investments in Protecting the Environment

12.1 The Council has always given high priority to protecting the environment and a number of large scale flood alleviation and other environmental improvement schemes have been undertaken, the most recent being the remediation and restoration works at the Bobbingworth Tip site near Ongar. This site comprises of a 23 acre parcel of land owned by the Council, which was used as an active waste landfill receiving domestic waste from 1961 to 1972, for which the then Epping and Ongar Rural Council received financial contributions. A capital project was approved by the Council in 2003 to deal with the pollution caused by leachate at the site. The scheme was completed in 2010 at a cost of £2,492,000 and there was a £20,000 contribution from Essex County Council for planting circa 5000 trees on site. The former landfill site has now been converted to an amenity site for the enjoyment of the local community.

12.2 Although the Council no longer undertakes large scale flood alleviation schemes, it has responsibility to manage a number of schemes and assets that are either on it's land or were built by the Council in previous years. In order to carry out flood investigations, CCTV cameras and high pressure water jetting equipment are used. The current CCTV camera equipment has reached the end of it's operational life and it is intended to replace it as part of the capital programme.

12.3 The Council's waste management service places a strong emphasis on recycling and substantial investment has been put into the vehicles and equipment necessary to make this service a success. As a result, all residents in the District have new wheeled bins and 19 out of the 23 refuse freighters are now owned by the Council and 4 are owned by Sita, the Council's waste service provider. At the end of the useful life of a vehicle the Council has three options; to let the contractor provide the vehicle at a charge, lease or purchase. Whenever the need to replace a vehicle arises the Council carries out a comparison of lease hire and capital purchase costs. In recent years, the cost of capital purchase have proved to provide best value.

12.4 The waste and recycling operations are currently undertaken at Langston Road Depot. As the Council intends to redevelop this site, plans are being made for the current users to be relocated. A number of alternatives are being considered for the preferred new location of the waste and recycling operations. Consultants have been engaged and work has commenced on the submission of a planning application for a possible new depot at North Weald Airfield.

12.5 The Council is currently undertaking three major parking and traffic reviews as a result of extensive consultation exercises with residents in Epping, Buckhurst Hill and Loughton Broadway. The aim is to reduce the impact of commuter parking and to improve the use of available car parking spaces in each of these areas. The Epping review is at the most advanced stage and it is intended to complete all work within the 2011/12 financial year. This review will be followed by the Buckhurst Hill review and finally the Loughton Broadway review. In addition to these parking reviews, the Council has committed to the construction of off-street parking schemes at 6 sites on the Council's housing estates. These schemes will create a total of 126 new parking bays at a cost of approximately £497,000 across the district to help ease parking congestion on these housing estates. A total of around £2.4m is currently set aside for off street parking within the Capital programme up until 2013/14, which is split between the general fund and the HRA.

12.6 To improve the street scene environments in the District's main towns, enhancement schemes have been completed in all town centers. The last scheme was completed at Loughton Broadway at a total cost of £3,631,000. This scheme was undertaken in two phases: Phase 1 consisting of works to Burton Road and Vere Road car parks was completed in 2008. Phase 2 was completed in July 2009 and consisted of substantive enhancement works to the Broadway itself, namely; new foot path paving, reconstruction of the road, a raised central section making the Broadway more pedestrian friendly, new street lighting, new street furniture and planting of new semi mature trees. Following the end of maintenance and defects correction period, preparations are being made for the Highways Authority to adopt the scheme within the current financial year. A CCTV system is to be installed in 2012 by this Council to improve pedestrian security.

12.7 CCTV systems are considered to be an effective tool in controlling crime and the Council is currently working with a number of partners to provide a CCTV camera system in Epping High Street, which is now the only high street within the District without CCTV coverage. The need for a camera system was evidenced by Crime Pattern Analysis, the busy night time economy and a number of serious assaults and incidents over a two year period. As a member of the Epping Forest Community Safety Partnership, the Council is currently involved in investing a sum of £27,000, received in 2010, to provide two columns within Epping High Street with a controllable camera on each and a further camera on the District Council Offices looking up the high street. The system is wireless and can be expanded in the future if further funding is identified. It is anticipated that the system will be fully operational in 2012 and it will be controlled and maintained by Epping Forest District Council in accordance with EFDC Code of Practice and relevant legislation.

12.8 Since 2009 the Council has been required to publish information about how efficiently the Civic Offices are being managed in relation to energy consumption. This information is published in the form of a Display Energy Certificate or DEC. Within the DEC, a buildings' energy performance operational rating is expressed in one of seven bands A to G with A being the most efficient and G being the least efficient.

12.9 The first assessment of the Civic Offices in March 2009 attracted a G rating, the least efficient that could be achieved. In September 2010 on re-examination this improved to an E rating and following the most recent assessment in June 2011 the energy performance operational rating has improved still further to a D rating. Within the D rating the Building has a points score of 95 and the typical score for this type of building would be 100 points. This continual improvement has been achieved through a combination of better energy management of lighting, heating and comfort cooling systems, improved insulation, and sustained investment to replace old and obsolete systems with modern energy efficient systems. In 2010 old single glazed windows in the Conder building were replaced with modern double glazed units. In financial terms in the years 2009/10 and 2010/11 the Council has saved £77,311 or 43% on its gas and electricity costs for the Civic Offices over what it paid in 2008/9. In statistical terms for the same period there has been a reduction in consumption of 552,751 kilowatt hours of gas and electricity.

12.10 More work is planned through which it is hoped that a further gain can be made to the energy performance operational rating in 2012 although having attained the typical rating for this type of building it will become increasingly more difficult to achieve further significant improvement.

### **13. Investments in Asset Management**

13.1 The Asset Management Co-ordination Group is currently reviewing the Council's depot facilities and other land holdings within the District with a view to rationalising existing provision, disposing of site(s) surplus to requirements and re-providing suitable depot facilities for the Waste Management and Grounds Maintenance Services.

13.2 In respect of Langston Road Depot a planning application was made by Polofind Ltd, the owners of the adjoining T11 site, for a retail park (c.130,000 sq feet floor space) in December 2010. Work is progressing on relocating existing services from Langston Road depot to new depots at Oakwood Hill, North Weald and other locations.

13.3 Pyrles Lane Nursery will become vacant after the completion of the new Oakwood Hill Depot and options for development are being explored.

13.4 Proposals are being progressed with Essex County Council for the St John's Road sites and alternative options will be put to public consultation in 2012.

13.5 It is anticipated that there will be significant resource implications from the above changes and capital allocations will be sought once all options have been appraised and fully costed.



13.6 Each year the Council invests money to maintain its operational and commercial property assets to either a 'good' standard, defined as performing as intended and operating efficiently or a 'satisfactory' standard, defined as performing as intended but exhibiting minor deterioration. The level of investment is determined by the results of a buildings condition survey carried out every five years. The most recent survey was carried out in September 2011 and adopted by the Council in December 2011.

13.7 Sustained investment ensures that the Council's property assets retain their value and improves the resilience of operational buildings from infrastructure and systems failures.

#### **14. Investments in Delivering Efficient Services**

14.1 The Council is committed to continuing to improve ICT systems in order to improve communications, share information and get best value from existing software applications and hardware in the foreseeable future.

14.2 The existing telephone switch will soon be obsolete and is already unable to provide much of the advanced functionality now required by Directorates to improve communication with the public. A range of solutions are currently being evaluated.

14.3 A new website, capable of dealing with channel shift and avoidable contact, is being developed in-house using Open Source software. There is now a great range of powerful Open Source software which has the potential to provide cheaper Local Authority and ICT software applications in the future.

14.3 The Council has also begun to implement mobile working solutions, which will improve communication with staff based off-site, using a standard Smartphone.

#### **15. Investments in Regeneration Schemes**

15.1 A major regeneration project commenced in 2011 with the redevelopment of Limes Farm Hall in Chigwell. The project has seen the complete refurbishment of the 1970's Limes Farm Community Hall and addition of two new extensions to the building. The building works are due to be completed by early January 2012 and the new facilities will provide a multi-agency one-stop shop facility, where local residents will be able to access a wide range of services including health care, children's centre, housing and housing benefits. In addition, the facilities include a large activity hall with fully fitted kitchen suitable for weddings and other large functions, and a smaller activity hall with kitchen able to accommodate children's parties, older people's activities and a youth club. The building is of high quality and will be an excellent community asset offering Epping Forest residents of all ages a wide variety of opportunities to participate in social, sporting and health improvement classes and initiatives. The centre will be a flagship example of collaborative working between the Council, Health Service and Essex County Council Children's Centre service. It is expected that the Centre will open to the public in late January 2012.

15.2 A scheme, known as the Customer Services Transformation Service (CSTP), commenced a few years ago with the aim of transforming front line service delivery into a higher quality, co-ordinated information facility. Although not fully implemented due to financial restraints, improvements have been made the Council's IT systems and the remaining CSTP capital budget is being utilised to improve customer service through the new Limes Centre, Chigwell. The current Housing Services office on the estate will be transferred to the Centre in early January 2012 and will be joined by a new Housing Benefits team as part of the Council's requirement to provide greater access to the service following the Benefits Audit in 2010. The funding will be utilised to enhance the new reception and interview rooms.

15.3 The sporting facilities in Waltham Abbey have been considered in the light of a regeneration initiative and, following a long period of investigation into the suitability of recreation land at the Town Mead site in Waltham Abbey, approval was given to invest in a new Astroturf pitch. Planning permission has been granted to install a full size, third generation Astroturf playing pitch on the site. Concerns were raised by the Environment Agency (EA) at the planning stage of the process, with regards to potential land contamination due to it being a landfill site. However, following a series of additional soil testing requirements, the project was given approval and the building works are due to commence in January 2012. The pitch will be the first of its kind in the Epping Forest District, offering a full size high quality playing surface that is suitable for league matches as well as social games. A business plan was developed as part of the proposal for the facility that will see usage by clubs, a 5-a-side league and community coaching for young people in Waltham Abbey. Although the facility will be constructed on land owned by Waltham Abbey Town Council, it will be a partnership venture remaining in the Council's ownership, but maintained through the Town Council's parks team. A joint income share arrangement has been agreed for the facility.

## **16. Investments in Leisure Facilities and Grounds Maintenance**

16.1 The Council's four leisure centres at Loughton, Epping, Waltham Abbey and Ongar are managed under a partnership contract by Sports and Leisure Management Ltd (SLM). When the partnership contract was set up with SLM, part of the contract was that the company committed a guaranteed investment in two phases at the facilities. The final guaranteed investment of £250,000 will be due in 2013/14 and the Council and SLM are entering into negotiations as to what work should be included for that sum.

16.2 Capital investment is undertaken annually at North Weald Airfield in respect of the infrastructure provided for the market to operate effectively. The partnership monies from the market contractor and Council expenditure has in the past been used to supply such things as safer surfacing and new toilet facilities. Each year there is agreement between the Council and the market operator on what is needed as an ongoing programme.

16.3 A set amount is committed each year to replace some part of the Grounds Maintenance fleet so as to ensure that the mowers, tractors and general vehicles are fit for purpose and environmentally friendly.

## **17. Performance Measurement and Monitoring**

17.1 As part of its performance management to deliver capital schemes, the Council sets appropriate targets. Progress and performance is then monitored, on an ongoing basis, from conception to completion of the project, with a formal review undertaken after completion. There are a number of targets that are applied to all capital schemes, including the following:

- Total actual out-turns for works, fees and other expenditure should amount to no more than 105%, and no less than 95%, of the project estimate formulated on receipt of tenders or confirmation of works costs.
- Works should commence no later than 3 months after the receipt of tenders.
- Final accounts should be approved no later than 9 months after practical completion.

17.2 Once capital projects have been implemented, progress against key milestones, and actual expenditure compared to budget, are monitored on a regular basis. Capital projects are also reviewed to ensure that any problems or difficulties are identified, and action taken to minimise similar problems occurring on other projects. This is undertaken through officer project teams that are established for capital projects, in excess of £2,000,000. Project teams:

- Plan, manage and review projects and ensure effective financial management.
- Monitor expenditure, estimated out-turn, variances to budget, potential claims and overspends, levels of contingencies, and implications of deviations from critical paths.

17.3 On completion of schemes, post-contract evaluation is undertaken using the methodology recommended by the Audit Commission in its “Guidance on Capital Programmes and Construction Projects”.

17.4 Progress monitoring and review is not only undertaken by officers, but also quarterly by members at a strategic level, through the Finance and Performance Management Cabinet Committee and Scrutiny Panel.. Regular monitoring reports are also provided to the appropriate “client” portfolio holder for contracts in excess of £2,000,000, comprising information on progress, identified problems and the latest financial position. Portfolio holders are required to report to the Cabinet on any anticipated overspends in excess of 5%, giving the reasons and any available options for savings.

**Community Strategy:** Produced by the Local Strategic Partnership and adopted on 25 October 2010, the Community Strategy sets out the long-term vision & objectives for Epping Forest District.

**Corporate Plan 2011/12-2014/15:** The Corporate Plan is the Council's key strategic planning document, setting out service delivery priorities over a four-year period, with strategic themes reflecting those of the Community Strategy for the district. The Corporate Plan translates the vision for the district set out by the Community Strategy, into the Council's strategic direction, priorities and the most important outcomes that it wants to achieve, and informs all other plans and helps prioritise resources to provide quality services and value for money.

**Asset Management Plan (2007-2012):** Adopted in July 2007, it sets out how the Council will manage its assets during this period.

**Business Plans:** Annual business plans illustrate the work that directorates and services perform that directly contribute towards the achievement of the Council's Corporate Plan aims. Business plans translate the aims into actions for delivery.

**Housing Strategy:** Sets out the Council's main housing strategies for meeting housing need, new housing provision, associated planning policies, private sector housing, community care, housing benefits and the management and maintenance of the Council's own stock. Separate detailed Housing Service Strategies provide more detailed information in key areas.

**Private Sector Housing Strategy:** Produced every 3 years, summarises the condition of the private housing stock, analyses the current internal and external environment, sets out objectives, provides an action plan and identifies the required resources to seek to ensure that people occupy homes in the private sector which are safe, healthy, decent and adequate for their needs.

**HRA Business Plan:** Produced annually, provides medium and long term financial forecasts for the Housing Revenue Account (HRA), a comprehensive stock valuation broken down into asset groups, option appraisals (where relevant) and an Asset Management Plan for the HRA, incorporating the Council's Repairs and Maintenance Business Plan.

**Combined Local Plan (1998) and Alterations (2006):** The adapted Local Plan together with alterations sets out the Council's policies for the control of development, makes proposals for the development and use of land, and allocates land for specific purposes. It also influences the infrastructure and economic development of the District to meet the needs of the community. Work is currently in progress to collate the evidence base that will inform the District's Local Development Framework (LDF). An Issues and Options consultation is due to take place in the summer of 2011 with a view to adopting the new Core Planning Strategy in the spring of 2014.

**Consultation Strategy:** Sets out how the Council will consult local residents and other stakeholders on relevant issues relating to the formulation of strategies, setting of targets, delivery of services and review of performance.

**Information Technology Strategy:** Sets out the Council's strategies, standards and targets for the planning, procurement and management of information technology.

**Treasury Management Strategy Statement & Investment Strategy:** Sets out the Council's Treasury Management Strategy, Annual Investment Strategy and Prudential Indicators.

**Feasibility Studies:** Produced for individual capital projects to ensure that all options are properly appraised.

**Crime & Disorder Strategy:** Sets out the Council's approach to reducing crime and disorder within the District.