

Report to the Cabinet

Report reference: C-044-2016/17
Date of meeting: 1 December 2016



Portfolio: Finance
Subject: Capital Review 2016/17 – 2020/21
Responsible Officer: Teresa Brown (01992 564604).
Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the latest five-year forecast of capital receipts be noted;
- (2) That the level of usable capital receipts currently predicted to be £1,700,000 at 31 March 2021, based on the capital programme presented, be noted;
- (3) That borrowing of an estimated £24,056,000, necessary to support the General Fund capital programme, be noted;
- (4) That the following amendments to the Capital Programme be recommended to Council to approve:
 - (a) supplementary capital estimates of £346,000 for the St John's Road development, £28,000 for grounds maintenance vehicles to be financed from external sources and £130,000 for Disabled Facility Grants to be financed from a Central Government Grant;
 - (b) a reduction of £191,000 in 2016/17 and £200,000 thereafter for private sector housing loans;
 - (c) virements in 2016/17 of £12,000 to the museum development project from the Bridgeman House allocation and £200,000 to structural repairs from the kitchen replacement programme within the Housing Revenue Account;
 - (d) carry forwards totaling £8,060,000 and £8,947,000 from 2016/17 to 2017/18 for General Fund and HRA capital schemes respectively as outlined in the report and Resources Implications table.

Executive Summary:

This report sets out the Council's Capital Programme for the five year period 2016/17 to 2020/21. It includes the forecast capital investment in Council owned assets; estimates of capital loans to be made for private housing initiatives; and projected levels of revenue expenditure funded from capital under statute. The capital programme has been prepared by updating the programme approved in February 2016, amended for any slippage and re-phasing approved in June 2016, as well as new schemes and allocations approved by Cabinet since then. The allocations included in 2016/17 and 2017/18 represent approved

sums for capital schemes which the Council is committed to deliver. Allocations given for the years 2018/19 to 2020/21 represent forecast sums as a guide to future capital investment and the schemes to which they relate will require Cabinet approval before going ahead. The projects already approved within the capital programme have been reviewed and spending control officers have reassessed estimated final costs and the phasing of expenditure profiles for each scheme as part of the capital review. Recommendations have been made to make amendments as appropriate.

The Council's overall programme of capital expenditure is summarised for each Directorate in Appendix 1 and shows forecast investments of £118,801,000 in Council-owned assets over the five year period under consideration. Details of individual schemes or groups of projects are shown at Appendix 2 for the General Fund capital programme and an analysis of works into specific categories is shown at Appendix 3 for the Housing Revenue Account (HRA) Capital Programme. Appendix 1 also shows the Council's forecast to finance capital loans up to a maximum of £680,000 and planned expenditure of £4,443,000 which is classified as revenue expenditure but which can be financed from capital resources, over the five year period. Analyses of these figures are given in Appendices 4 and 5 respectively.

With regard to funding the capital programme, the report sets out proposed sources of finance over the five-year period from 2016/17 to 2020/21 in the lower section of Appendix 1, based on maximising the funding available to finance each scheme. The report identifies estimated external funding from grants and private sources of £5,055,000, and it proposes that capital receipts of an estimated £16,693,000 and direct revenue funding of an estimated £78,120,000 be applied to finance the capital programme over the next five years. It is forecast that borrowing of an estimated £24,056,000 will be necessary to support the Council's investments in new developments within the General Fund. The estimated level of capital resources available now and in the future are given in Appendix 6. In summary, the balance of capital receipts is expected to fall from £3,788,000 as at 1 April 2016 to £1,700,000 by 31 March 2021 and the Major Repairs Fund balance is expected to decrease from £12,292,000 to zero by 31 March 2019, with annual contributions to be used in full each year thereafter.

Reasons for Proposed Decision:

The capital programme presented in the appendices is based on decisions already approved by the Cabinet. The expenditure profiles suggested are based on Member agreed timescales and practical considerations. The decisions proposed are intended to make the best use of the capital resources currently available and forecast to become available for capital schemes to 2020/21.

Other Options for Action:

The level of capital receipt resources is predicted to fall to £1,700,000 by 31 March 2021. Revenue balances will be used to support the capital programme initially and in 2016/17 borrowing will be required. The revenue consequence of reducing the level of capital and revenue balances over the next five years is to reduce investment income. At the same time, external borrowing would result in increased revenue costs in the form of interest charges. Members may choose to reduce the General Fund and/or Housing Revenue Account capital programmes by re-considering the inclusion of some new schemes or re-assess the inclusion of some existing schemes.

With regard to financing the General Fund and HRA capital programmes, there are a number of options available. The proposal put forward sets the level of direct revenue funding at high levels in order to reduce the need for external borrowing. However, these contributions could be reduced by increasing the levels of external borrowing. This option has been rejected

because the revenue contributions suggested in this report are affordable within the General Fund and HRA, according to current predictions, and the cost of increased borrowing would ultimately result in higher net interest charges.

Report:

Resources

1. The five year Planned Maintenance Programme was considered at the last Cabinet meeting on 3 November 2016 and a structured plan was approved to ensure that the Council's operational and commercial property assets are properly maintained and improved to meet health and safety requirements, statutory regulations, contractual obligations in respect of leases for commercial premises, customer demands and the long term protection and value of the authority's assets. A detailed schedule of works was approved for the period to 2020/21 to ensure good financial control while maintaining agreed levels of performance standards and mitigating the risk of unreliability and failure of critical systems, services and building fabric. The capital budget requirements approved by Members have been included in the capital programme and are shown on appendix 2 of this report.

2. Members approved a total allocation of £414,000 for the 2017/18 ICT capital programme to carry out the projects necessary to maintain the current ICT infrastructure, improve business continuity within the Council and allow staff to fully utilise the benefits available from ICT systems. This includes a contingency sum of £22,000 for a Pay to Stay capability for the Council's rented properties, which is dependent upon Government policy. An additional sum of £6,000 has been added to this year's allocation for a programme management system for prototype activities; approved from the Invest to Save Fund. The ICT schemes planned for the current financial year are progressing well and are mostly on target to be completed by the end of the financial year. Only the security integration scheme and a small element of the mobile working scheme have been identified as slippage into 2017/18; Members are requested to approve a carry forward of £32,000 to allow for this.

3. An initial sum of £15,000 has been included in the capital programme as part of the Customer Services Programme. This allocation is for a structural survey of the current main reception area, which was a necessary complementary piece of work for the accommodation review and would inform the discussion around potential reconfiguration of and alternative uses for the site.

4. The additional equipment and systems budget in 2016/17 within the Resources Directorate is for the three self-service kiosks and a contribution towards the new payroll and human resources (HR) system. Two new self-service kiosks have been installed at the civic offices in Epping, financed from the Invest to Save budget, and a new kiosk has been installed in Waltham Abbey to replace the one stolen, financed from the proceeds of the insurance claim. A contribution of £80,000 was agreed to be pooled with Colchester and Braintree Councils to purchase a new payroll and HR system. Since this was agreed, some revenue costs have been identified and only the capital element of £60,000 is included in appendix 2.

Neighbourhoods

5. Construction works have commenced on the new Epping Forest Retail Park at Langston Road. A total budget of £31,161,000 was set aside for the project to include all planning and preliminary costs, the purchase of Polofinds' interest in the land, the development of the site as sole owner developers, and all works and fees associated with the Section 278 highways modifications. External consultancy experts of various disciplines have been working collaboratively in a Project Team with the Council to manage this large and

complex project. Work on the main construction project started on 26 September 2016 and work on the Section 278 highways works commenced about a week later. The current project plan anticipates that the new shopping park will be completed and ready for tenant fit-out in July 2017, with full opening in September 2017. Getting to this stage has taken significantly longer than originally planned and Members are asked to approve a carry forward of £7,190,000 to 2017/18 to allow for the slippage.

6. The new depot at Oakwood Hill has been completed and is now fully operational. Due to the need to vacate the Langston Road depot quickly there have been a number of snagging issues, some of which are outside of the original contract specification. Consequently this scheme is likely to be overspent and a report will be submitted to request a supplementary capital estimate once all additional works and costs have been identified.

7. The St John's Road Development has progressed with approval having been granted for the purchase of the land at St John's Road from Essex County Council with the expected purchase date in November 2016. The full budget for the St John's Road Development was increased to £6,750,000 after a report was presented and approved by Members, which removed the inclusion of Lindsay House as part of the transfer. This budget did not include the cost of stamp duty or capital fees and a supplementary capital estimate of £346,000 is requested to cover these costs; this sum has been included in the allocation shown on appendix 2 pending Members' decision.

8. Plans to replace the existing Waltham Abbey Swimming Pool at Roundhills with a new facility at Hillhouse forms part of the Hillhouse Master Plan, adopted by the Council in July, which also allows for the provision of a new "community hub" providing health and well-being services by NHS England and Essex County Council. A capital allocation of £130,000 has been included in 2017/18 for the Council's estimated share of a financial contribution towards the provision of alternative sports/recreation facilities elsewhere in Waltham Abbey, pending Member approval. Construction of the new swimming pool and associated facilities will be undertaken by the leisure management contractor as part of the new Leisure Management contract, currently being tendered.

9. The car parking budget includes allocations for the installation of new pay and display machines as well as upgraded LED lights in the Council's car parks. An additional allocation of £40,000 has been added to the car parking budget in 2017/18 for the creation of three new off-street car parks in the Loughton Broadway area, approved from the Invest to Save Fund at the last Cabinet meeting. The installation of new pay and display machines is nearly complete, with computer links to the banks being the only works outstanding. This is expected to be completed by the end of December and the project overall is expected to come in under budget. The Invest to Save LED lighting scheme, however, has been delayed, although it is anticipated that trial works at Traps Hill and one other car park will go ahead in 2016/17 before extending to the rest of the car parks in 2017/18. A carry forward of £62,000 is requested for these schemes.

10. A budget of £28,000 has been set aside for waste management equipment to fund the acquisition of new bins to properties where bins had previously not been provided, in particular for blocks of flats. As there are currently no new blocks identified for 2016/17, Members are requested to approve the carry forward of the full budget to 2017/18.

11. A sum of £12,000 has been included in the capital programme to extend a vehicle compound at North Weald Airfield to increase rental income by £4,000 per annum; this is to be financed from the Invest to Save Fund in 2016/17.

12. At present there is a capital allocation of £31,000 in 2016/17 for flood alleviation schemes. Some of this has been set aside for the installation of an additional drainage

system at the Bobbingworth Nature Reserve and it is recommended that the unspent sum of around £20,000 is carried forward to next year.

13. The annual allowance for the replacement of grounds maintenance vehicles, plus the sum carried forward from 2015/16, is expected to be fully spent on new machinery by the end of the year. An additional sum of £25,000 has been supplemented to this budget to purchase a new mower and trailer, financed from a commuted sum relating to open space land at Tower Road, Epping. A further small addition of £3,000 was also made to this budget to allow for a trade in on a sold vehicle. Members are asked to approve these two additional sums, which total £28,000.

Communities

14. The newly extended and refurbished museum was opened to the public in March 2016 but some additional works were needed. Although a sum of £20,000 was carried forward from 2015/16, this will not be sufficient to cover all the costs. The additional works relate to improvements to the gallery's sliding doors, the electrical system, the alarm system to counteract a fire exit door issue, and a further payment was also requested by the architects, although this was reduced after lengthy negotiations. It is estimated that there will be an increased budgetary requirement of £12,000, which Members are requested to approve as a virement from the Bridgeman House budget.

15. There is an allocation in the capital programme to purchase some space on the second floor of Bridgeman House, owned by Essex County Council, to accommodate officers currently working in the Hemnall Street offices. Although the space will be in a fit state to use, extra works including partition walls and electrical works will be required before the officers can move in. It is unlikely that the purchase of this space will take place in 2016/17 and it is therefore suggested that the remaining budget of £297,000, after allowing for the virement to the museum budget requested in paragraph 14 above, is carried forward to 2017/18.

16. The approved budget for CCTV systems of £207,000 in the current financial year has been increased slightly by virtue of a £6,000 grant from North Weald Parish Council for some cameras at the North Weald shopping parade and a £2,000 direct revenue contribution towards the Oakwood Hill depot system. Work has progressed well on many projects, but there are some delays on the schemes at Longcroft Rise and Upshire Road shops, pending the outcome of the consultation with the Communities Select Committee, and the new cameras in Epping High Street and Roundhills, Waltham Abbey. Furthermore, the programme of installations in car parks across the district has been delayed because it was originally designed to be undertaken in conjunction with the Invest to Save LED lighting scheme, as both schemes use the same mounting columns and power supply. However, delays with the LED lighting scheme have held up the CCTV installations in some car parks. Due to these delays, it is suggested that a sum of £128,000 is carried forward to 2017/18.

17. The off-street parking schemes undertaken on council housing estates is jointly funded between the HRA and General Fund. The budget for the General Fund proportion currently stands at £371,000, of which a carry forward of £50,000 is recommended to allow for Cabinet's recent policy review of the off street parking programme.

Housing Revenue Account (HRA)

18. Establishing the size and content of an affordable HRA Capital Programme over the next five years is proving very challenging at the moment due to uncertainty regarding the amount of resources available to the HRA in the future. Members considered a report on the current situation at Cabinet in November and made a number of decisions as a first stage in the HRA Financial Options Review. The full review will be undertaken as soon as possible

after the Government has provided details of its proposal to require councils to sell their higher value empty properties to fund the new levy being introduced by the Government. The financial effects on the Council will then be assessed to allow Members to make early long term decisions on the future of the housebuilding programme and the funding of the HRA.

19. The HRA Capital Programme presented in appendix 3 is based on Cabinet's recent decision to place a temporary moratorium on work to progress phases 4 to 6 of the Council's housebuilding programme, with the exception of progressing planning applications for the developments agreed for phases 5 and 6. The forecasts for expenditure on replacements and improvements to the existing housing stock are currently based on the Council's Modern Homes standard, although the estimated financial implications of returning to the Decent Homes standard will be considered as part of the forthcoming further HRA Financial Options Review.

20. The Council's new housebuilding and house purchase programme is well underway. However, progress on phase 1 of the housebuilding programme suffered a major setback when the Council was compelled to terminate the contract with Broadway Construction Ltd as they were not regularly and diligently progressing with the works. In September 2016, the Council House-building Cabinet Committee agreed the appointment of P A Finlay & Co Ltd for the recovery phase of the construction works in the negotiated contract sum of £2,674,335. As a result, works re-commenced on the four sites in Waltham Abbey in October 2016 with anticipated completion dates between February and August 2017. Phase 2 of the Housebuilding Programme also experienced delays at the planning stage but work has now started on site. Mullalley & Co Ltd were awarded the contract to build 51 new affordable homes at Burton Road Loughton in the adjusted tender sum of £9,847,179. Work commenced on site in July 2016 and the scheme is currently on target to complete by April 2018. With regard to phase 3, planning approval has been obtained for the construction of 34 new homes over a number of the sites. Tenders have been issued for all sites and, once received, will be presented to the Council house-building Cabinet Committee for agreement. Works are expected to commence on site early in the new year. Slippage on phases 2 and 3 amounts to an estimated total of £4,313,000 for which a carry forward from 2016/17 to 2017/18 is recommended.

21. Due to the delays experienced on the Council's own housebuilding schemes, it became evident that the requirement to utilise 141 Receipts within the prescribed three year period would not be achieved without finding alternative ways of providing new homes. Two initiatives were put in place to avoid having to return any of the 1-4-1 Right to Buy capital receipts received at that time. Firstly, the Council entered into an agreement with Linden Homes to purchase eight affordable rented homes at Barnfield, Roydon. A budget of £1,512,000 was included in the capital programme and work started on site in September 2016 with completion expected in October 2017. A re-profiling of the payments to Linden Homes allows for £270,000 to be paid in advance of previous expectations. It is recommended that this sum is brought forward from 2017/18 to 2016/17 to reflect this amendment. Secondly, a decision was made to purchase six houses off the open market and a budget of £2,104,000 is included in appendix 3 to cover the cost of the purchases plus renovation works. All purchases have now been completed and the renovations are well advanced. All six properties are expected to be let by the end of the year.

22. Capital investment on improvement works to the existing housing stock increased from 2012/13 onwards when the Council agreed to upgrade maintenance levels from the Decent Homes Standard to a Modern Homes standard. Since then a programme of catch-up works has been in place and this is now essentially complete. The forecasts shown in appendix 3 have been based on the updated housing database which has been revised to reflect the catch-up works undertaken on each property. The schedule of works is still based on Modern standards pending Members' decision on the level of standards going forward.

Despite this, reductions in expenditure in 2016/17 have been identified within a number of budget heads including kitchens, heating, rewiring, roofing and other planned maintenance to provide the funds required for the purchase of the street properties. Having made these amendments, a virement of £200,000 to the structural schemes budget from the kitchen replacement programme is recommended. Members are also requested to approve the carry forward of £847,000 to 2017/18 and 2018/19 in respect of slippage on the following areas of work: communal water tanks; double glazing; roof/balcony resurfacing; door entry systems; structural schemes; and bathroom replacements.

23. Capital works for environmental improvements on housing estates includes the provision of off-street parking bays, gas pipe-work replacements, watercourse repairs, CCTV systems, garages, fencing and other environmental works. Members are asked to approve £585,000 to be carried forward to 2017/18 and 2018/19 for off-street parking, fencing and some other environmental works; £550,000 of this relates to the provision of off-street parking bays on housing estates which allows for the recent Cabinet review of the programme.

24. A provisional sum of £3,200,000 was set aside within the capital programme to build a new depot on a Council-owned vacant brownfield site in Blenheim Way at North Weald Airfield. This was necessary to re-locate the Housing Repairs Service from the Epping depot to enable the proposed re-development for the St Johns Road area to proceed. However, construction of the new depot is currently on hold pending a corporate-wide accommodation review later in the year. Until then, the planning approval that has been granted will remain in place for up to three years. An alternative temporary repairs depot is currently being explored should the St Johns Road redevelopment progress before the decision on the accommodation review is reached. Consequently, Members are asked to approve a carry forward of £3,130,000 to allow for this.

25. The remaining HRA categories include disabled adaptations, other repairs and maintenance, service enhancements, and replacement housing repairs vehicles. Other repairs and maintenance include feasibilities, asbestos removal and a contingency budget for emergency or urgent work. Capital service enhancements include allocations for the front entrance fire door replacement programme on leasehold properties, the Oakwood Hill estate enhancement scheme, and the provision of electric scooter stores at sheltered schemes. The Oakwood Hill enhancement programme is currently on hold due to Essex County Council's involvement in the scheme and it is therefore recommended that the full budget of £199,000 be carried forward to 2017/18. The mobility scooter store project is also on hold at the moment pending a decision on the viability of the scheme in the light of reduced demand; a sum of £10,000 is recommended for carry forward. Further carry forwards of £133,000 are requested for the replacement of front doors on leaseholders' flats; feasibility studies; other capital repairs and maintenance; and contingencies.

26. In summary, the HRA capital programme presented in this report allows for a total investment of £87,056,000 over the five year period from 2016/17. The Council's housing development programme, including new house building and property acquisitions accounts for £24,476,000 of this total and provisional sum of £3,200,000 is for the construction of a new depot at North Weald. Improvement works to the existing stock account, estate environmental works, disabled adaptations and replacement DLO vehicles account for the remaining £60,880,000. Some of these costs relate to capital works carried out on blocks of Council flats and they are recharged to private leaseholders as appropriate. Once the works are complete they are identified to each category of work and reported at the end of the financial year. It is currently estimated that these recharges will amount to approximately £1,500,000 over the five year period of this capital programme.

Capital Loans

27. The planned programme for the provision of capital loans for private housing assistance from 2016/17 to 2020/21 is shown on Appendix 4. Since the new regime was introduced on 1 July 2012, when all discretionary financial assistance given by the Council became repayable upon the sale or transfer of property, the uptake has been significantly lower than under the previous grant scheme. The annual allocation of £350,000 previously approved is too high and it is suggested that the budget be reduced to £80,000 this financial year and set at £150,000 thereafter, with a view to being reviewed as and when necessary. This converts to a saving of £191,000 this year and £200,000 annually thereafter.

28. No other loans have been approved to date, although options for possible financial assistance have been included in the new Leisure Management contract for the construction of the new swimming pool and associated facilities in Waltham Abbey.

Revenue Expenditure Financed from Capital under Statute

29. The capital programme for revenue expenditure to be financed from capital resources is detailed on Appendix 5 for the period 2016/17 to 2020/21.

30. Over the past few years the Council has invested in three major parking reviews. The Epping parking review was completed in 2013/14 and the Buckhurst Hill review was completed last year. Initial consultations have now commenced on the Loughton Broadway review for which a budget of £313,000 has been set aside, including a section 106 contribution for the works being undertaken for the Council's Shopping Park. It has been estimated that approximately £60,000 will be needed this year and it is therefore requested that £253,000 is carried forward to 2017/18 for this review.

31. The Council has a legal duty to provide Disabled Facility Grants (DFGs) to all residents who meet the eligibility criteria. Demand for DFGs has been growing over the past 18 months or so with the number of occupational therapist referrals rising since the beginning of 2015/16. Members responded to this by uplifting the allocation in the capital programme by £120,000 to £500,000 for each of the four years from 2015/16 until 2018/19. Since this was agreed, demand has continued to rise and it is now thought that expenditure could be as high as £630,000 this year. At the same time, the Council has received a Better Care Fund contribution of £665,000, which means that the additional £120,000 Capital Growth Bid will not be needed to be funded by the Council in 2016/17. Members are now requested to increase the allocation by £130,000 for 2016/17, which will be fully financed from the Central Government Grant.

32. Approximate figures have been included in the programme for works to be undertaken on HRA leasehold properties, resulting from sales of flats under the Right To Buy legislation.

HRA Financial Options Review

33. In 2014 Cabinet decided to expand and accelerate its House building Programme; one of the reasons for this was to utilise the increasing amount of "one-for-one replacement" Right to Buy (RTB) capital receipts ("141 receipts") that were accumulating. However, in 2015 the Government announced a requirement for all social landlords to reduce their rents by 1% per annum for four years from April 2016. The Council's HRA Business Planning Consultants estimated a loss £14,000,000 in rental income to the HRA over the next four years and around £228,000,000 over the next 30 years compared to the Council's previous expectations.

34. In September 2015, the Finance and Performance Management Cabinet Committee

considered a report on the options available to ensure that the HRA would not fall into deficit. Although no immediate corrective action was considered necessary at that time, apart from curtailing uncommitted expenditure from the Service Enhancement Fund, it was agreed that the options available should be reviewed again in 2016, once the financial implications of the Government's proposal to require local authorities to sell higher value void properties had been assessed. However, the Options Review cannot be properly undertaken yet as details are still to be announced as to how this requirement will work.

35. At the Cabinet meeting in November, Members assessed the current position of uncertainty and agreed a number of actions to minimise the risk of the Council incurring heavy interest charges on retained 141 Receipts, whilst keeping future housebuilding options open. The forecast figures in this report are based on temporarily ceasing the Housebuilding Programme beyond the current Phase 3 and paying back to the Government a total sum £1,676,000 of 141 receipts accrued in respect of quarters 1 and 2 this year, plus all future 141 allocations. Most, if not all, of these repayments are being made on a temporary basis until such time as the further HRA Financial Options Review has been completed, and a decision is made on whether or not to recover these 141 receipts before the deadline.

Capital Financing

36. Appendix 1 shows a summary of the capital programme along with the financing profile. The Council has approved estimates of capital expenditure under Prudential Code Indicator P (2) and also financing proposals for the years 2016/17 to 2020/21. Appendix 1 has applied the same principles with regard to funding although changes in the expenditure profile have been reflected in the financing requirements in each year.

37. The Council has maintained a consistent policy of prudence in forecasting available capital resources to ensure that any capital project included in the capital programme will be fundable. This means that only capital receipts received to date, projected receipts from the sale of council houses, the projected receipt in respect of the St John's Road development and loan repayments from the Council's waste management operator are taken into account. No recognition of other potential receipts is made and, when predicting levels of available capital funding, receipts from future land sales are not taken into account.

38. Similarly a prudent view is taken of other sources of capital funding including funds receivable from Government Grants and private contributions. The availability of Section 106 monies to fund capital projects is based on payments received to date and not payments anticipated in the future. Those received for the provision of affordable housing are currently used to support the Council's own house-building programme.

39. The position regarding the generation of Right To Buy capital receipts improved after the maximum allowable discount was increased significantly on 1 April 2013. The number of Council House sales rose to 53 sales in 2013/14 from 13 the year before and, although they fell to 46 in 2014/15 and 20 in 2015/16, numbers have risen again this year. There were 23 sales for the first six months to 30 September 2016 and it is estimated that a total of 44 dwellings will be sold by the year end. Future projections are notoriously difficult to forecast as there remain many uncertainties in the housing market; for the purposes of this report 30 sales have been estimated for 2017/18 and 24 for the following three years. The situation will continue to be monitored.

40. Appendix 6(a) shows the latest forecast of capital receipt generation, their application and hence the likely level of resources available to fund new projects. It takes into account the measures approved at Cabinet on 3 November 2016 as outlined in paragraph 19 and 35 above, including all agreed repayments to Government in respect of 141 receipts in 2016/17 and future years. Due to the increase in the Council's capital investment programme on

General Fund schemes last year, there are no capital receipts available to fund the General Fund capital programme this financial year. However, funds are expected to be available in 2017/18 pending the capital receipt for the sale of land at St John's Road and more limited funds are expected from 2018/19 onwards. Based on current expenditure and projected receipts, usable capital receipts will stand at £1,700,000 by 31 March 2021 at the end of the programme period.

41. For the first time in many years, therefore, it will be necessary to borrow funds to finance the General Fund capital programme. It is forecast that borrowing totalling £24,056,000 will be required in 2016/17 and 2017/18, which falls within the authorised limit approved by Members. This sum has been kept to a minimum by making use of increased revenue funding from General Fund last year. The need to increase borrowing for the HRA capital programme to 2020/21 has been mitigated by means of the temporary moratorium beyond phase 3 of the housebuilding programme and by using all available balances on the Major Repairs Reserve. The planned contributions to the HRA self-financing reserve for 2016/17 and 2017/18 and some use of the current balance on this reserve have also been diverted to contribute directly to the capital programme.

42. Appendix 6(b) shows that the balance on the Major Repairs Reserve will be fully utilised by March 2018 and that annual contributions to the fund will be used in full each year to finance capital works to existing dwellings. Members are asked to note that the use of direct revenue funding and capital receipts are indicative figures only and will be revised as necessary when amendments are approved to the capital programme, in particular when the HRA Options Review is considered and potentially when the leisure contract is awarded.

43. Appendix 6(c) shows the HRA Self Financing Reserve which has a current balance of £12,720,000 as at 1 April 2016. This balance is expected to rise to £21,673,000 by 31 March 2021.

Resource Implications:

Supplementary capital estimates have been requested for £346,000 in respect of the St John's Road development and £28,000 for grounds maintenance vehicles, the latter to be funded from external sources in 2016/17. A further supplementary sum of £130,000 has been requested for Disabled Facility Grants in 2016/17, to be financed by means of a Central Government Grant. Savings have been identified in respect of loans for private sector housing improvements to the tune of £191,000 in 2016/17 and £200,000 thereafter.

Two virements have also been recommended within the 2016/17 programme. One within the General Fund of £12,000 to the museum development project from the Bridgeman House allocation; and the other within the Housing Revenue Account of £200,000 to the structural repairs budget from the kitchen replacement programme.

The following table lists all sums recommended to be carried forward from 2016/17 to future years:

Capital Project	Sum C/F from 2016/17	Appendix
General IT	32,000	2
Langston Road Shopping Park	7,190,000	2
Car Parking Schemes	62,000	2
Waste Management Equipment	28,000	2
Flood Alleviation Schemes	20,000	2
Purchase Bridgeman House, W Abbey	297,000	2
CCTV Systems	128,000	2
Housing Estate Parking	50,000	2
Parking Review Schemes (REFCuS)	253,000	5
Total General Fund Schemes	8,060,000	
New House Building & House Purchases	4,043,000	3
Communal Water Tanks	100,000	3
Windows/Doors/Roofing	225,000	3
Other Planned Maintenance (Door Entry)	22,000	3
Structural Schemes	100,000	3
Bathroom Replacements	400,000	3
Garages & Environmental Improvements	585,000	3
North Weald Depot	3,130,000	3
Other Repairs and Maintenance	33,000	3
Capital Service Enhancements	309,000	3
Total HRA Schemes	8,947,000	

Legal and Governance Implications:

The legal and governance implications are taken into account within individual project reports.

Safer, Cleaner and Greener Implications:

In considering individual capital schemes and the programme overall, the Council gives due consideration to safer, cleaner and greener issues.

Consultation Undertaken:

All Directors and spending control officers for individual schemes have been consulted.

Background Papers:

Reference has been made to previous Cabinet reports and minutes. The Local Government Act 2003 (for England and Wales) and the Regulations have also been complied with.

Risk Management:

There is a financial risk involved in reducing the balance of usable capital receipts over the next five years.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

This report does not represent a formative stage in the approval of capital projects and no material implications for any groups of people with protected characteristics covered by the Equality Act 2010 relating to the content or recommendations of this report have been identified. The aims of the public sector equality duty will already have been taken into account when the individual schemes were originally approved.