

## Draft Capital Programme 2023/24

December 2022

### 1. Background and Introduction

- 1.1 Alongside the updated Medium-Term Financial Plan (MTFP) 2023/24 to 2027/28 adopted by Cabinet on 10th October 2022, Members also received an updated (indicative) Capital Programme covering the same 5-year period as the MTFP.
- 1.2 The Programme was in two parts and comprised total investment of £226.564 million (General Fund £46.466 million, Housing Revenue Account/HRA £180.098 million) over the five-year period 2023/24 to 2027/28.
- 1.3 Officers have now completed further detailed work on both the General Fund and HRA elements of the Programme, including an evaluation of progress against adopted plans for 2022/23 and emerging priorities identified from a range of sources.

### 2. GENERAL FUND

- 2.1 The updated General Fund Capital Programme of £46.466 million presented in October 2022, included an indicative capital requirement of £31.403 million for 2023/24 based on progress against the adopted 2022/23 Programme (at the Quarter 2 stage) and other emerging intelligence.

#### General Fund Capital: Growth Proposals

- 2.2 The indicative growth position presented in October 2022 has been further refined, with the notable addition of £900,000 for the ongoing ICT Strategy in 2027/28.

General Fund: Proposed Capital Growth Items (@ December 2022)						
Description	2023/24	2024/25	2025/26	2026/27	2027/28	TOTALS
	£'s	£'s	£'s	£'s	£'s	£'s
<b><u>Commercial &amp; Technical</u></b>						
Disabled Facilities Grants	-	-	-	-	971,210	971,210
Home Assist Loans	-	-	-	-	30,000	30,000
Grounds Maintenance PVE	-	-	-	-	30,000	30,000
<b><u>Corporate Services</u></b>						
ICT General Schemes	-	-	-	-	93,000	93,000
ICT Strategy	-	-	-	-	900,000	900,000
<b><u>Housing (Property Services)</u></b>						
Investment Properties (Planned Works)	-	-	-	-	250,000	250,000
Operational Properties (Planned Works)	36,000	18,000	3,000	-	50,000	107,000
<b>Increased/(Reduced) Budget Demand</b>	<b>36,000</b>	<b>18,000</b>	<b>3,000</b>	<b>-</b>	<b>2,324,210</b>	<b>2,381,210</b>

- 2.3 The table above shows an initial overall growth proposal of £2.381 million over five years (including £2.324 million in 2027/28) and primarily reflects established commitments, rolling programmes (such as part of Asset Management Strategy) or capital replacement costs. It should be noted that spending on Disabled Facilities Grants is funded by Government grant.

2.4 Members should note the following:

- CCTV Replacement Programme (£0) – the current five-year CCTV Strategy runs through until 2024/25. A new Strategy will be prepared for consideration and approval prior to 2025/26; any capital requirements (from 2025/26) will be included at that stage as necessary (current commitments are averaging £30,000 annually); and
- ICT Strategy (£900,000) – the draft allocation 2027/28 is indicative at this stage. The following should be noted:
  - The migration of several applications to ‘Software as a Service’ or suppliers cloud hosting solution have now been completed, such as Planning (Arcus Salesforce), Local Land Charges (NEC hosted), Grounds Maintenance (Confirm OnDemand), BACS processing (PTX), Revenues and Benefits (Capita) and EFDC Gazetteer (Aligned Assets), with others being planned for future financial years, including Regulatory Services, Financial Applications and Telephony. Proposals also include moving other applications to hosted solutions with the supplier or migrating (as part of the datacentre) to Azure
  - Investment is also proposed to the remaining on-site infrastructure to ensure it is fit for purpose while the migration to the Cloud happens. Full migration would take 1 to 2 years, significant network changes have started to be made and will continue to facilitate the new Cloud-based way of working; however
  - Officers are currently developing updated delivery plans in the context of the Council’s latest financial position, which includes potentially frontloading capital investment towards projects yielding higher cashable savings. Therefore, it is assumed in this budget that the revenue costs of delivering the proposed growth in the ICT Strategy will be met from the savings it delivers. The current capital spending profile presented may also be revised within the final budget proposals.

General Fund Capital: Updated Summary (Annex C1)

2.5 The table below provides an updated summary of the General Fund Capital Programme presented to Cabinet in October 2022 at a service level. It should be noted that Qualis loans of £57.110 million have been re-profiled into this MTFP (2023/24 to 2027/28) following extensive slippage in the current programme (as reported in recent Quarterly Budget Monitoring reports for 2022/23). This is the dominant factor behind the updated Capital Programme of £103.012 million (up from £46.466 million in October 2022) presented in the table below.

Draft General Fund Capital Programme 2023/24 to 2027/28: Service Analysis						
Description	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's
Commercial & Technical	1,181	7,341	7,281	1,031	1,031	17,866
Corporate Services	1,179	1,064	1,219	1,024	993	5,479
Housing & Property Services	336	318	303	300	300	1,557
Qualis	40,210	34,000	3,900	-	-	78,110
<b>Total</b>	<b>42,906</b>	<b>42,723</b>	<b>12,703</b>	<b>2,355</b>	<b>2,324</b>	<b>103,012</b>

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

- **Commercial and Technical (£17.866 million)** – the Commercial and Technical service is leading on seven separate schemes, which are dominated by two in particular (in descending order of projected cost over the five-year period):
  - **Epping Leisure Facility (£12.500 million)** – the new Epping Leisure Facility is the single largest scheme included in the Programme. The scheme will see the development of a replacement leisure facility for the existing (and aging) leisure facility as well as the construction of a multi-story car park. Cabinet approved the addition of this scheme to the draft Capital Programme at its meeting on 21st January 2021. It should be noted that, in addition, remaining budget of £10.687 million profiled for 2022/23 is expected to roll forward into 2023/24 due to slippage (source: Quarter 2 projection). This would leave total remaining funding of £23.187 million, available to complete the project
  - **Disabled Facilities Grants (£4.856 million)** – the Epping Forest District Council allocation for Disabled Facilities Grants in 2022/23 was £971,213. There is currently no indication of future allocations. It is therefore assumed that the Council will receive the same amount – without uplift – from 2023/24 onwards
- **Corporate Services (£5.479 million)** – indicative spending covers the Council's ICT capital investment needs (predominantly the new ICT Strategy at £5.014 million); as explained in paragraph 2.4 above
- **Housing & Property Services (£1.557 million)** – the future capital needs of the Commercial and Operational Property portfolios are currently the subject of a detailed review as the Council develops a new Asset Management Strategy (AMS). The overall provision in the Capital Programme therefore represents a 'placeholder' in the Council's funding plans and any spending will require justification and approval by Scrutiny and Cabinet; and
- **Qualis (£78.110 million)** – this is the balance on the previously agreed £98.0 million Finance Loans (including the extended loan facility of £35.0 million approved by Cabinet in July 2021). The loans are a key enabler in the delivery of the Council's regeneration priorities in the district through Qualis; the Council will receive a revenue margin on the loan, which is available to support general spending and minimise Council Tax increases.

### 3 HOUSING REVENUE ACCOUNT (HRA)

- 3.1 The updated HRA Capital Programme of £180.098 million presented in October 2022, included an indicative capital requirement of £51.606 million for 2023/24 based on progress against the adopted 2022/23 Programme (at the Quarter 2 stage) and other emerging intelligence, including (especially) the Housing Development Programme.
- 3.2 The table below provides a further updated summary of the HRA Capital Programme and represents a reduced capital requirement of £166.235 million over the 5-year period (compared to £180.098 million in October 2022) as shown, including £34.823 million in 2023/24.

Draft HRA Capital Programme 2023/24 to 2027/28						
Service	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Housing Development Programme	12,349	15,157	11,901	9,276	7,627	56,310
Capital Works	19,070	23,579	13,609	14,949	17,568	88,775
Regeneration Schemes	2,000	3,950	3,250	6,000	-	15,200
Other Housing Schemes	1,404	1,401	691	1,065	1,389	5,950
<b>Total</b>	<b>34,823</b>	<b>44,087</b>	<b>29,451</b>	<b>31,290</b>	<b>26,584</b>	<b>166,235</b>

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

- **Housing Development Programme (£56.310 million)** – the capital allocation has reduced by £7.542 since October 2022, following the suspension of six Phase 5 schemes pending further viability analysis. The Housing Development Programme combines (direct) Housebuilding and Acquisitions from Qualis, including:
  - Housebuilding (£42.380 million) – this is expected to deliver a mixture of affordable rent and shared ownership properties by 2025/26, including New Build Properties (133 affordable rent units); and
  - Qualis Acquisitions (£13.930 million) – the Development Programme also includes the planned acquisition of 63 affordable rent and shared ownership properties across two different sites: St. Johns (59), and Pyrles Lane (4).
- **Capital Works (£88.775 million)** – planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period average out at £17.755 million annually. This contrasts with annual budgets of £11.970 million and £11.752 million in 2021/22 and 2022/23 respectively. The increase reflects a reversal in lifecycle assumptions previously applied to a range of capital items; most notably this applies to Gas Boilers where lifecycles were previously extended from 15 to 20 years, which have now reverted back to 15 years, which triggered a backlog capital investment requirement of £10.716 million. The same position applies to Flat Roofs (backlog cost £7.010 million).

3.4 Members should note that the data in the Fortress (HRA Business Plan) model is still being refined. It has been several years since the Council's Housing Stock was the subject of an independent (and comprehensive) Stock Condition Survey (SCS). For that reason, an independent SCS has been commissioned and is in progress. Once complete, the outputs from that exercise will allow a more accurate and focussed assessment of the Council's need for capital investment in its stock.

## Annex C1: Draft General Fund Capital Programme 2023/24 to 2027/28

Scheme	DRAFT MTFP 2023/24 to 2027/28 (@ December 2022)					
	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 New (Proposed)	Total MTFP 23/24 to 27/28
	£'s	£'s	£'s	£'s	£'s	£'s
<b>Commercial &amp; Technical</b>						
CCTV Replacement Programme	25,000	35,000	-	-	-	60,000
CarPark CCTV Systems	25,000	25,000	-	-	-	50,000
Disabled Facilities Grants (REFCuS)	971,210	971,210	971,210	971,210	971,210	4,856,050
Home Assist Grants (REFCuS)	30,000	30,000	30,000	30,000	30,000	150,000
Highways - Pavement Widening Scheme	100,000	-	-	-	-	100,000
Grounds Maintenance	30,000	30,000	30,000	30,000	30,000	150,000
Epping Leisure Centre (Bakers Lane)	-	6,250,000	6,250,000	-	-	12,500,000
<b>Sub-Totals</b>	<b>1,181,210</b>	<b>7,341,210</b>	<b>7,281,210</b>	<b>1,031,210</b>	<b>1,031,210</b>	<b>17,866,050</b>
<b>Corporate Services</b>						
ICT General Schemes	93,000	93,000	93,000	93,000	93,000	465,000
ICT Strategy	1,086,000	971,000	1,126,000	931,000	900,000	5,014,000
<b>Sub-Totals</b>	<b>1,179,000</b>	<b>1,064,000</b>	<b>1,219,000</b>	<b>1,024,000</b>	<b>993,000</b>	<b>5,479,000</b>
<b>Housing (Property Services)</b>						
Investment Properties (Planned Works)	250,000	250,000	250,000	250,000	250,000	1,250,000
Operational Properties (Planned Works)	86,000	68,000	53,000	50,000	50,000	307,000
<b>Sub-Totals</b>	<b>336,000</b>	<b>318,000</b>	<b>303,000</b>	<b>300,000</b>	<b>300,000</b>	<b>1,557,000</b>
<b>Qualis</b>						
Regeneration Finance Loans	40,210,000	34,000,000	3,900,000	-	-	78,110,000
<b>Sub-Totals</b>	<b>40,210,000</b>	<b>34,000,000</b>	<b>3,900,000</b>	<b>-</b>	<b>-</b>	<b>78,110,000</b>
<b>Total Expenditure</b>	<b>42,906,210</b>	<b>42,723,210</b>	<b>12,703,210</b>	<b>2,355,210</b>	<b>2,324,210</b>	<b>103,012,050</b>
<b>Capital Financing:</b>						
Borrowing	40,927,720	40,699,730	10,676,040	324,320	289,560	92,917,370
Capital Grants	971,210	971,210	971,210	971,210	971,210	4,856,050
Capital Receipts	1,007,280	1,052,270	1,055,960	1,059,680	1,063,440	5,238,630
<b>Total Financing</b>	<b>42,906,210</b>	<b>42,723,210</b>	<b>12,703,210</b>	<b>2,355,210</b>	<b>2,324,210</b>	<b>103,012,050</b>

## Annex C2: Draft HRA Capital Programme 2023/24 to 2027/28

HRA Capital Programme MTFP 2023/24 to 2027/28 (@ December 2022)						
	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 New (Proposed)	Total MTFP 2023/24 to 2027/28
Schemes	£'s	£'s	£'s	£'s	£'s	£'s
<b>Housing Development Programme:</b>						
Housebuilding	3,375,500	10,200,380	11,901,000	9,276,000	7,627,000	42,379,880
Qualis Acquisitions	8,973,500	4,956,620	-	-	-	13,930,120
<b>Sub-Totals</b>	<b>12,349,000</b>	<b>15,157,000</b>	<b>11,901,000</b>	<b>9,276,000</b>	<b>7,627,000</b>	<b>56,310,000</b>
<b>Capital Works:</b>						
Heating	1,824,000	2,649,520	1,951,210	1,849,730	1,824,000	10,098,460
Windows, Door and Roofing	6,386,110	5,379,110	3,191,320	4,155,290	5,236,110	24,347,940
Compliance Planned Maintenance	1,725,000	1,838,170	1,027,780	1,150,160	1,725,000	7,466,110
Kitchens & Bathrooms (inc void allocation)	4,786,000	4,965,400	2,961,190	3,345,780	4,483,330	20,541,700
Electrical	300,000	3,824,750	421,000	502,480	350,000	5,398,230
Net Zero Carbon Works	1,100,000	2,000,000	1,000,000	1,000,000	1,000,000	6,100,000
Environmental	1,118,530	1,059,000	1,189,600	892,000	892,000	5,151,130
Structural works	850,000	850,000	850,000	883,000	883,000	4,316,000
Disabled Adaptations	650,000	650,000	650,000	800,000	800,000	3,550,000
Asbestos Removal	280,800	294,560	294,560	294,560	294,560	1,459,040
Estate Improvements	50,000	68,000	72,000	76,000	80,000	346,000
<b>Sub-Totals</b>	<b>19,070,440</b>	<b>23,578,510</b>	<b>13,608,660</b>	<b>14,949,000</b>	<b>17,568,000</b>	<b>88,774,610</b>
<b>Regeneration Projects:</b>						
Limes Avenue and Copperfield	2,000,000	-	-	-	-	2,000,000
Broadway	-	2,750,000	1,250,000	-	-	4,000,000
Pylres Lane	-	1,200,000	-	-	-	1,200,000
Harvey Fields	-	-	2,000,000	-	-	2,000,000
Oakwood Hill Estate	-	-	-	6,000,000	-	6,000,000
<b>Sub-Totals</b>	<b>2,000,000</b>	<b>3,950,000</b>	<b>3,250,000</b>	<b>6,000,000</b>	<b>-</b>	<b>15,200,000</b>
<b>Other Housing Schemes:</b>						
Service Enhancements (General)	188,020	334,490	117,340	73,000	573,000	1,285,850
Housing Asset Management Project	260,000	-	-	-	-	260,000
Service Enhancements (HFFHH)	154,000	154,000	154,000	114,000	-	576,000
Door Replacement Programme (Leasehold)	233,540	-	-	-	-	233,540
Sheltered Block Refurbishments	100,000	363,000	370,000	378,000	386,000	1,597,000
Emergency Alarm Upgrades	-	360,000	-	-	-	360,000
Sheltered Housing Works	468,000	190,000	50,000	500,000	430,000	1,638,000
<b>Sub-Totals</b>	<b>1,403,560</b>	<b>1,401,490</b>	<b>691,340</b>	<b>1,065,000</b>	<b>1,389,000</b>	<b>5,950,390</b>
<b>Total Expenditure</b>	<b>34,823,000</b>	<b>44,087,000</b>	<b>29,451,000</b>	<b>31,290,000</b>	<b>26,584,000</b>	<b>166,235,000</b>
<b>Capital Financing:</b>						
Direct Revenue Contributions	1,380,000	2,469,000	2,185,000	2,034,000	2,478,000	10,546,000
Major Repairs Reserve	9,137,000	9,320,000	9,506,000	9,696,000	9,890,000	47,549,000
RTB Receipts	1,599,000	4,156,000	4,838,000	3,790,000	3,134,000	17,517,000
Grants	80,000	80,000	80,000	-	-	240,000
Other Contributions	1,187,000	5,674,000	119,000	212,000	212,000	7,404,000
Borrowing	21,440,000	22,388,000	12,723,000	15,558,000	10,870,000	82,979,000
<b>Total Financing</b>	<b>34,823,000</b>	<b>44,087,000</b>	<b>29,451,000</b>	<b>31,290,000</b>	<b>26,584,000</b>	<b>166,235,000</b>