

Draft Capital Programme 2024/25 to 2028/29

GENERAL FUND & HRA*October 2023***1. Background and Introduction**

- 1.1 The Capital Programme plays a vital part in the delivery of the Council's Corporate Plan since long-term investment is required to deliver many of the objectives in the Plan. The draft Capital Programme presented is a rolling five-year programme. It updates the five-year Programme adopted by the Council in February 2023 and takes account of spending and other developments up to 30th September 2023.
- 1.2 The updated Capital Programme is in two parts and comprises total investment of £210.258 million (General Fund £53.913 million, Housing Revenue Account £156.345 million) over the five-year period 2024/25 to 2028/29.
- 1.3 The purpose of this report is to present and provide context for consideration by Members – alongside the Medium-Term Financial Plans (for both the General Fund and Housing Revenue Account) – an initial draft Capital Programme for 2024/25 to 2028/29.

2. General Fund Capital Programme 2024/25 to 2028/29 (Annex 1)*General Fund Capital: Budget Growth (Indicative)*

- 2.1 Given the Council's challenging financial position, indicative growth proposals at this stage are limited to 2028/29 routine "rolling items" of £1.456 million (of which £971,000 is funded by Government grant). The indicative proposals at this stage are summarised in the table below.

General Fund Capital Programme 2024/25 to 2028/29: Budget Growth (Indicative)					
Description	2024/25	2025/26	2026/27	2027/28	2028/29
	£000's	£000's	£000's	£000's	£000's
<i>Commercial & Technical</i>					
CCTV Replacement Programme	5	72	34	105	125*
Disabled Facilities Grants (DFG)	0	0	0	0	971**
Home Assist Grants	0	0	0	0	30
Grounds Maintenance	0	0	0	0	30
<i>Housing (Property Services)</i>					
Planned Works on Investment Properties	0	0	0	0	250
Planned Works on Operational Properties	0	0	0	0	50
Totals	5	72	34	105	1,456

* Subject to Cabinet approval (updated CCTV Strategy scheduled for consideration by Place Scrutiny Committee 24th February 2024)

** Funded exclusively by Government Grant

The views of Cabinet are sought at this stage to help enable the development of firmer proposals for inclusion in the initial draft budget in December 2023. Of particular note:

- The growth items presented in the table have been rolled forward at current spending levels. Underlying costs (wages and materials especially) are increasing. This means that if the current level of investment is to be maintained, additional expenditure will be required; and
- Annual expenditure budgets for ICT General Schemes and the ICT Strategy (£93,000 and £900,000 respectively in 2027/28) has *not* been automatically rolled forward and assumed in 2028/29. This is an area for consideration by Members. The current ICT Strategy is being considered in detail by the Joint ICT & Transformation Director in the light of the evolving Transformation (including Shared Services) needs of the Council (proposals will be presented in the draft Capital proposals presented to Cabinet in December 2023).

General Fund Capital: Updated Summary

- 2.2 Taking account of the indicative growth proposals presented above in Paragraph 2.1, the updated Capital Programme totals £53.913 million over the five-year period and is summarised – by service – in the table below.

Draft General Fund Capital Programme 2024/25 to 2028/29 (Service Summary)						
Service	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Commercial & Technical	18,396	3,091	1,065	1,136	1,156	24,844
Corporate Services	1,064	1,219	1,024	993	0	4,300
Housing (Property Services)	318	303	300	300	300	1,521
Qualis	21,218	2,030	0	0	0	23,248
Totals	40,996	6,643	2,389	2,429	1,456	53,913

- 2.3 It should be noted that the table above excludes total budgeted expenditure of £4.471 million (excluding Qualis loans) in 2023/24. Subject to Member approval, unspent budgets in 2023/24 will automatically roll forward into 2024/25 and be available for the completion of pre-approved capital schemes.

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

- **Commercial and Technical (£24.844 million)** – the Commercial and Technical service is leading on four separate schemes, which are dominated by two in particular:
 - **Epping Leisure Facility (£19.287 million)** – the new Epping Leisure Facility is the single largest scheme included in the Programme (estimated overall cost of £33.1 million, including budgeted spending of £12.170 million in 2023/24). The scheme will see the development of a replacement leisure facility for the existing (and aging) leisure facility in Epping as well as the construction of a multi-story car park. Cabinet approved the addition of this scheme to the Capital Programme at its meeting on 21st January 2021. Approval to appoint a contractor to build the leisure centre was approved in a report presented to Cabinet on 13th March 2023 (C-040-2022-23) along with approval to increase the overall budget by £8.1 million to £33.1 million; and
 - **Disabled Facilities Grants (£4.856 million)** – the Epping Forest District Council allocation for Disabled Facilities Grants is assumed to be maintained at current levels (£0.971 million annually), although this is an assumption that will be further reviewed in preparing more refined proposals for December 2023.
- **Corporate Services (£4.300 million)** – planned spending covers the Council's ICT capital investment needs (predominantly the ICT Strategy).
- **Housing (Property Services) (£1.521 million)** – the overall provision in the Capital Programme of £1.521 million is assumed unchanged from recent iterations of the Capital Programme. The future capital needs of the Commercial and Operational Property portfolios will be the subject of a detailed review as the Council develops a new Asset Management Plan (AMP). This will enable more refined estimates for consideration by Members; and
- **Qualis (£23.248 million)** – this is the forecast balance (as at 1st April 2024) on the previously agreed £68.218 million Development Loan (**£21.218 million**) plus the second advance on the previously agreed £16.783 million Asset Purchase Loan (**£2.030 million**). The loans remain a key enabler in the delivery of the Council's regeneration priorities in the district through Qualis; the Council receives a revenue margin on the loans, which is available to support general spending and minimise Council Tax increases. However, current assumptions are under review at the time of preparing this report in the light of the changing cashflow needs of Qualis, driven by changing development timetables and plans, as influenced by planning considerations as well as major external factors such as the rising cost of development schemes and changing interest rates.

3. Housing Revenue Account Capital Programme 2024/25 to 2028/29 (*Annex 2*)

3.1 The Housing Revenue Account Capital Programme has been updated as at 30th September 2023. The updated Programme totals £156.345 million and is summarised in the table below.

Draft HRA Capital Programme 2024/25 to 2028/29						
Description	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Housing Development Programme	17,450	17,287	9,107	8,477	0	52,322
Capital Works	23,609	13,287	15,004	17,654	15,457	85,011
Regeneration Schemes	3,950	3,250	6,000	0	0	13,200
Other Housing Schemes	1,490	1,026	1,038	1,358	900	5,812
Totals	46,499	34,851	31,149	27,489	16,357	156,345

3.2 The Programme is dominated by the Housing Development Programme and routine Capital Works:

- **Housing Development Programme (£52.322 million)** – the Housing Development Programme includes a combination of (direct) Housebuilding and Acquisitions from Qualis. Thus:
 - *Housebuilding (£39.669 million)* – this is expected to deliver a mixture of affordable (63 units) and social housing (62 units) rent properties and Qualis Acquisitions (6 social housing rent units, and 54 affordable rent units); and
 - *Qualis Acquisitions (£12.653 million)* – the Development Programme also includes the planned acquisition of 60 affordable rent and social housing rent properties across two sites: St. Johns (32) and Roundhills (28).
- **Capital Works (£85.011 million)** – planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period average out at £17.002 million annually.

3.3 Members should note that the data in the “Fortress” model is being further refined. A major Stock Condition Survey (based on a 50% sample) has been completed and officers are currently cleansing and analysing the data prior to input into Fortress. Once the exercise is complete, it will provide a more accurate and focussed assessment of the Council’s future need for capital investment in its Housing Stock.

General Fund Capital Programme 2024/25 to 2028/29

INDICATIVE DRAFT

General Fund Capital Programme MTFP 2024/25 to 2028/29 (@ October 2023)						
Scheme	Financial Years					
	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 Updated	2028/29 New (Indicative)	Total MTFP 2024/25 to 2028/29
	£'s	£'s	£'s	£'s	£'s	£'s
Commercial & Technical						
CCTV Replacement Programme	35,000	54,000	34,000	100,000	106,000	329,000
CarPark CCTV Systems	30,000	18,000	-	5,000	19,000	72,000
Disabled Facilities Grants (REFCuS)	971,210	971,210	971,210	971,210	971,210	4,856,050
Home Assist Grants (REFCuS)	30,000	30,000	30,000	30,000	30,000	150,000
Grounds Maintenance	30,000	30,000	30,000	30,000	30,000	150,000
Epping Leisure Centre (Bakers Lane)	17,300,000	1,987,440	-	-	-	19,287,440
Sub-Totals	18,396,210	3,090,650	1,065,210	1,136,210	1,156,210	24,844,490
Corporate Services						
ICT General Schemes	93,000	93,000	93,000	93,000	-	372,000
ICT Strategy	971,000	1,126,000	931,000	900,000	-	3,928,000
Sub-Totals	1,064,000	1,219,000	1,024,000	993,000	-	4,300,000
Housing (Property Services)						
Investment Properties (Planned Works)	250,000	250,000	250,000	250,000	250,000	1,250,000
Operational Properties (Planned Works)	68,000	53,000	50,000	50,000	50,000	271,000
Sub-Totals	318,000	303,000	300,000	300,000	300,000	1,521,000
Qualis						
Regeneration Finance Loans	21,217,500	2,030,000	-	-	-	23,247,500
Sub-Totals	21,217,500	2,030,000	-	-	-	23,247,500
Total Expenditure	40,995,710	6,642,650	2,389,210	2,429,210	1,456,210	53,912,990
Capital Financing Analysis:						
Capital Grants	971,210	971,210	971,210	971,210	971,210	4,856,050
Capital Receipts	1,028,420	1,099,770	1,103,490	1,107,250	485,000	4,823,930
Borrowing	38,996,080	4,571,670	314,510	350,750	-	44,233,010
Total Financing	40,995,710	6,642,650	2,389,210	2,429,210	1,456,210	53,912,990

Housing Revenue Account Capital Programme 2024/25 to 2028/29

INDICATIVE DRAFT

HRA Capital Programme MTFP 2024/25 to 2028/29 (@ October 2023)						
Schemes	Financial Year					Total MTFP 2024/25 to 2028/29
	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 Updated	2028/29 New (Indicative)	
	£'s	£'s	£'s	£'s	£'s	£'s
Housing Development Programme:						
Housebuilding	10,819,856	11,264,959	9,107,035	8,477,109	-	39,668,959
Qualis Acquisitions	6,630,335	6,022,275	-	-	-	12,652,610
Sub-Totals	17,450,191	17,287,234	9,107,035	8,477,109	-	52,321,569
Capital Works:						
Heating	2,680,040	1,629,976	1,904,695	1,909,891	1,909,891	10,034,493
Windows, Door and Roofing	5,379,110	3,191,320	4,155,290	5,236,110	3,939,219	21,901,049
Compliance Planned Maintenance	1,838,170	1,027,780	1,150,160	1,725,000	1,725,000	7,466,110
Kitchens & Bathrooms (inc void allocation)	4,965,400	2,961,190	3,345,780	4,483,330	3,583,330	19,339,030
Electrical	3,824,750	421,000	502,480	350,000	350,000	5,448,230
Net Zero Carbon Works	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000
Environmental	1,059,000	1,189,600	892,000	892,000	892,000	4,924,600
Structural works	850,000	850,000	883,000	883,000	883,000	4,349,000
Disabled Adaptations	650,000	650,000	800,000	800,000	800,000	3,700,000
Asbestos Removal	294,560	294,560	294,560	294,560	294,560	1,472,800
Estate Improvements	68,000	72,000	76,000	80,000	80,000	376,000
Sub-Totals	23,609,030	13,287,426	15,003,965	17,653,891	15,457,000	85,011,312
Regeneration Projects:						
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
Sub-Totals	3,950,000	3,250,000	6,000,000	-	-	13,200,000
Other Housing Schemes:						
Service Enhancements (General)	311,299	92,340	46,000	542,000	500,000	1,491,639
Housing Asset Management Project	111,480	-	-	-	-	111,480
Service Enhancements (HFFHH)	154,000	154,000	114,000	-	-	422,000
Sheltered Block Refurbishments	363,000	370,000	378,000	386,000	-	1,497,000
Emergency Alarm Upgrades	360,000	360,000	-	-	-	720,000
Sheltered Housing Works	190,000	50,000	500,000	430,000	400,000	1,570,000
Sub-Totals	1,489,779	1,026,340	1,038,000	1,358,000	900,000	5,812,119
Total Expenditure	46,499,000	34,851,000	31,149,000	27,489,000	16,357,000	156,345,000
Capital Financing Analysis:						
Grants	3,043,000	3,102,000	2,963,000	2,963,000	-	12,071,000
Capital Receipts	4,692,000	4,645,000	1,548,000	1,295,000	227,000	12,407,000
Major Repairs Reserve	10,700,000	10,914,000	11,132,000	11,355,000	11,582,000	55,683,000
Direct Revenue Contributions	2,156,000	2,252,000	1,985,000	1,949,000	1,530,000	9,872,000
Borrowing	25,908,000	13,938,000	13,521,000	9,927,000	3,018,000	66,312,000
Total Financing	46,499,000	34,851,000	31,149,000	27,489,000	16,357,000	156,345,000