

Supplementary Committee Agenda



**Epping Forest
District Council**

Cabinet Monday 9th October 2023

Place: Council Chamber, Civic Offices, High Street, Epping

Time: 7.00 pm

Democratic Services: V Messenger (Democratic Services)
Tel: (01992) 564243

13. ANY OTHER BUSINESS (Pages 2 - 30)

Please find attached the following late reports:

(a) Updated Medium Term Financial Plan (MTFP) 2024/25 to 2028/29

(Finance and Economic Development – Cllr J Philip) To note the report and discuss and agree any actions required (C-022-2023-24).

(b) Capital Programme Update 2023/24 to 2028/29

(Finance and Economic Development – Cllr J Philip) To note the report and discuss and agree any actions required (C-023-2023-24).

Please note:

The Chairman of Overview & Scrutiny (Councillor D Wixley) has given his permission to allow these late reports under the general exception and special urgency procedures, as required under the Constitution, [Article 17 Access to Information](#) rules 37 & 38, because these key decisions were published in the Cabinet Forward Plan of Key Decisions for the period 1 October 2023 to 31 January 2024 and had not been published 28 days beforehand.

Agenda Item 13

Report to the Cabinet

Report reference: C-022-2023/24

Date of meeting: 9th October 2023



**Epping Forest
District Council**

Portfolio: Finance & Economic Development

Subject: Updated Medium-Term Financial Plan 2024/25 to 2028/29

Responsible Officer: Andrew Small (01992 564278)

Democratic Services: Vivienne Messenger (01992 564243)

Recommendations/Decisions Required:

1) To note the contents of the report, including:

- The General Fund element of the updated Medium-Term Financial Plan (2024/25 to 2028/29) (*Appendix A*); and
- The Housing Revenue Account element of the updated Medium-Term Financial Plan (2024/25 to 2028/29) (*Appendix B*).

2) Discuss and agree any actions required, including the assumptions contained in the MTFP and the potential options for addressing the underlying budget deficit in order to set a balanced budget for 2024/25.

Executive Summary:

The Cabinet approved an updated Financial Planning Framework (2024/25 to 2028/29) at its meeting on 18th September 2023 and committed to receiving and considering and updated Medium-Term Financial Plan (MTFP) for 2024/25 to 2028/29.

The preparation of an MTFP provides the cornerstone on which the Council can build and deliver services in accordance with its aims and objectives. It also provides an early warning sign of potential budget pressures that lie ahead.

This is the first iteration of the MTFP within the 2024/25 budget cycle. It is a forward-looking document which provides a tentative look at the Council's financial picture over the next five years (2024/25 through to 2028/29) and sets the scene by providing a framework for developing both the General Fund and Housing Revenue Account (HRA) budgets for 2024/25.

The General Fund element of the MTFP can be found at **Appendix A**. It reveals a projected deficit of £3.720 million in 2024/25. This reflects major spending pressures due to – a large extent – increasing Financing costs driven by capital commitments and higher interest rates, which is exacerbated by an anticipated rise in Waste Management costs, upon the expiry of the current Biffa contract in November 2024.

Estimated net expenditure in 2024/25 is £21.364 million, compared to available funding of £17.644 million. The Council is required to eliminate this deficit and set a balanced budget for 2024/25 in February 2024.

The projections are summarised in the table below.

General Fund MTFP (@ October 2023)		
Financial Year	(Surplus)/Deficit	Comment
	£000's	
2024/25	3,720	Increased Financing costs driven by Capital Commitments and higher Interest Rates. New Waste Management arrangements from November 2024.
2025/26	376	
2026/27	484	
2027/28	553	
2028/29	557	

The HRA element of the MTFP can be found at **Appendix B**. It reveals a small Surplus in 2024/25, followed by two planned deficits in 2025/26 (£732,000) and 2026/27 (£532,000), before coming back into balance for 2027/28 and 2028/29. It should be noted that the HRA balance can comfortably withstand the planned deficits (e.g., as reported to Cabinet on 18th September 2023, the projected balance on the HRA for March 2024 was £4.438 million, which is more than double the adopted minimum of £2.0 million).

The table below provides a summary.

Housing Revenue Account MTFP (@ October 2023)		
Financial Year	(Surplus)/Deficit	Comment
	£000's	
2024/25	(15)	
2025/26	732	53 Week Rent Year Assumed £900,000 saving from Qualis re Housing Repairs.
2026/27	532	
2027/28	2	
2028/29	2	

The next stage in the process will see the assumptions and projections in both the General Fund and Housing Revenue Account further refined in accordance with the direction provided by Cabinet and emerging intelligence. Officers will begin to develop draft budget options for 2024/25, for consideration by Cabinet. This will include options for closing the General Fund budget gap.

Reasons for Proposed Decision:

To provide an updated financial position for the Council based on latest available information, allowing Cabinet to consider the implications and potential options available, and provide strategic direction to senior officers in preparing a (balanced) draft budget for 2024/25.

Legal and Governance Implications:

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report highlights a potential budget deficit on the General Fund that needs to be eliminated prior to setting the 2024/25 budget in February 2024.

Safer, Cleaner and Greener Implications:

There are no direct SCG implications contained within the report, although the implications will be considered in the detailed development of budget proposals.

Consultation Undertaken:

None. The proposals in the report require further development. Consultation at a later stage is an in-built feature of the proposed Financial Planning approach and timetable.

Background Papers:

None.

Risk Management:

The consideration of risk will form an integral part of the development of the proposals in the report. In particular, the MTFP is based on a series of estimates and assumptions that are informed by varying forms of intelligence (some certain, some uncertain); that process, including any residual risk in the decision-making process will be clearly indicated.

Updated Medium-Term Financial Plan 2024/25 to 2028/29

GENERAL FUND*October 2023***1. Background**

1.1 The preparation of a Medium-Term Financial Plan (MTFP) provides the cornerstone on which the Council can build and deliver services in accordance with the aims and objectives outlined in the Corporate Plan 2023-2027 (“Your Epping Forest”), which are grouped under the three corporate ambitions:

- Stronger Communities
- Stronger Place; and
- Stronger Council.

1.2 Through ‘horizon scanning’ and anticipating necessary change at the earliest opportunity, resilience, and the ability to react to and withstand ‘major shocks’, is achieved.

2. Introduction

2.1 This is the first iteration of the MTFP in the 2024/25 budget cycle. It is a forward-looking document which provides a tentative look at the Council’s General Fund financial picture over the next five years (2024/25 to 2028/29) and re-evaluates the position in the light of developments since the last MTFP (2023/24 to 2027/28) was adopted by the Council in February 2023.

2.2 This part of the MTFP focuses on the Council’s General Fund. The HRA Business Plan is being further refined and this underpins an updated MTFP for the HRA, which is presented in Appendix B.

2.3 The February 2023 MTFP revealed a projected deficit of £2.389 million in 2024/25; this assumed a contribution of £263,000 to the Council’s general contingency reserves. The full projections can be summarised as follows:

Financial Year	(Surplus)/Deficit	Comment
	£000’s	
2023/24	0	Assumed contribution of £263,000 to Reserves
2024/25	2,389	New Waste Management contract assumed with effect from November 2024.
2025/26	762	
2026/27	677	
2027/28	454	

- 2.4 The MTFP is deliberately concise, focussing on the most significant financial issues faced by Epping Forest District Council over the medium-term. As reported in the Financial Planning Framework 2024/25 to 2028/29 (Cabinet 18th September 2023) there are a range of major factors that are causing concern at the moment. This includes notable spending pressures on Staff Salaries, Contracts and Financing. In contrast, inflationary pressure is gradually receding, and the Government appears committed to providing a Settlement for 2024/25, which reflects – as a minimum – a marginal increase on that provided for 2023/24.
- 2.5 Members should also note the following potentially significant items that have *not* been included within the projections in this iteration of the MTFP:
- North Weald Airfield Asset Disposal – the Council has agreed to dispose of a section of North Weald Airfield, released under the Local Plan adoption process as employment land. Negotiations with a potential purchaser are ongoing at the time of reporting. If this matter concludes before the 2024/25 Budget is set, the resulting capital receipt could be used to generate investment income in the short-term. This has not been factored in to the MTFP assumptions as conclusion and receipt are not certain; and
 - Planning Applications Income – as reported to Cabinet on 18th September 2023, the income stream that the Council receives from processing Planning Applications has – so far – not met expectations in 2023/24 following the recent adoption of the Local Plan. It is unclear at this stage what the outcome for 2023/24 and beyond is likely to be, although there is some optimism that income could increase as the year progresses and Draft Regulations have been laid before Parliament that will see an increase in fees for Major Applications of 35% with effect from 1st April 2024. Given the current uncertainty, the expectations for income from Planning Applications assumed in the February 2023 updated MTFP remain unchanged.

3. Financial Projections

3.1 Current Spending Levels

3.1.1 The starting point for developing the MTFP is the current level of spending. The 2023/24 General Fund base budget was approved by the Council on 28th February 2023 and can be summarised as follows:

Description	2023/24 Budget
	£000's
Employees	22,550
Premises	3,649
Transport	171
Supplies & Services	9,034
Support Services	3
Contracted Services	9,513
Transfer Payments (Housing Benefits)	22,210
Financing Costs	3,589
Waste Contingency	400
Qualis Contingency	713
Gross Expenditure	71,832
Fees & Charges	(17,644)
Government Contributions (including Housing Benefit Subsidy)	(24,022)
Miscellaneous Income (including Qualis)	(3,500)
Other Contributions	(4,041)
HRA Recharges	(4,984)
Net Expenditure	17,641

3.1.2 Net expenditure is funded as follows:

Description	2023/24 Budget
	£000's
Council Tax	(8,899)
Business Rates	(5,766)
Collection Fund Adjustments	(645)
Council Tax Sharing Agreement (CTSA)	(615)
Revenue Support Grant	(129)
New Homes Bonus	(78)
2023/24 Services Grant	(129)
Other Grants	(929)
Contributions to/ (use of) Reserves	(451)*
Total Funding	(17,641)

*Net of £262,620 contribution to Contingency Balance

3.2 Increased/(Reduced) Budget Demand

3.2.1 Based on an initial high-level review of the current base budget, and anticipated budget demand in 2024/25 and beyond, several areas of changed budgetary demand have been identified and are summarised by subjective heading in the table below.

Medium-Term Increased/(Reduced) Budget Demand (@ October 2023)					
Description	2024/25	2025/26	2026/27	2027/28	2028/29
	£'s	£'s	£'s	£'s	£'s
Employees	(67,540)	(13,000)	(20,000)	(20,000)	(20,000)
Premises	(31,750)	0	0	0	0
Transport	70,000	0	0	0	0
Supplies & Services	268,253	0	0	0	0
Support Services	(2,050)	0	0	0	0
Contracted Services	204,565	255,758	0	0	0
Transfer Payments	250,000	0	(1,110,510)	(1,054,985)	(1,002,235)
Waste Contingency	(238,000)	(162,000)	0	0	0
Fees & Charges	70,930	(84,335)	(20,447)	(20,856)	(21,273)
Government Contributions	12,269	11,655	1,121,583	1,065,503	1,012,228
Miscellaneous Income	(367,500)	(157,500)	0	0	0
HRA Recharges	311,050	0	0	0	0
Net Increased/(Reduced) Budget Demand	480,227	(149,421)	(29,374)	(30,337)	(31,280)

3.2.2 The table above reveals a Net Increase in Budget Demand of £480,227 for 2024/25. The most notable *increases* include the following:

- Supplies and Services (£268,253) – the largest cost pressures on Supplies and Services are IT related, most notably on software support and license costs including “Gamma/Omnichannel” Support/Licenses (£146,260) and a range of *Other* (software support and license related) items (£143,050)
- Contracted Services (£204,565) – an increase in costs is expected when the new Waste Management arrangements are introduced in November 2024, following the expiry of the current Biffa contract (£563,333 in 2024/25, followed by a further £1,007,500 in 2025/26), although offsetting savings are also anticipated from the purchase of the Waste Vehicle Fleet (£536,958 in 2024/25, followed by a further saving of £751,742 in 2025/26). It should be noted that the potential cost of the new Waste Management arrangements is under review at the time of preparing this report; updated estimates will be included in the draft budget presented to Cabinet in December 2023
- Transfer Payments (£250,000) – as previously reported to Cabinet (in May and September 2023), there is a budget pressure on Housing Benefits in respect of Housing Benefit Overpayments (HBOs); the resulting budget shortfall is estimated at £250,000; and
- HRA Recharges (£311,050) – the annual Net Recharge from the General Fund to the HRA includes an interest payment *from* the General Fund in respect of interest received on the HRA balance; the rise in interest rates has led to a net decrease in the overall Recharge.

3.2.3 The most notable *reductions* include the following:

- Waste Contingency (£238,000) – a Contingency of £400,000 was included in the 2023/24 budget to reflect the one-off costs associated with developing the new Waste Management arrangements. It is currently estimated that £238,000 of that contingency will be utilised in 2023/24, therefore this item represents a reversal of the previous provision (the remaining £162,000 is anticipated to be spent in 2024/25); and
- Miscellaneous Income (£367,500) – a substantial increase in rental income is anticipated from North Weald Airfield Market following the agreement of a new lease, effective from 1st January 2024 (a net increase of £367,500 is assumed for 2024/25, followed by a further £157,500 in 2025/26).

3.3 Inflation

3.3.1 Inflationary pressures have been reviewed based on latest available intelligence and are presented in the table below.

Medium-Term Inflation Assumptions (@ October 2023)					
Description	2024/25	2025/26	2026/27	2027/28	2028/29
	£'s	£'s	£'s	£'s	£'s
Employees	899,287	467,141	476,224	485,348	494,655
Premises	32,209	74,814	80,310	81,917	83,555
Transport	8,420	4,980	5,079	5,181	5,284
Supplies & Services	326,645	189,947	193,746	197,621	201,573
Support Services	24	14	14	15	15
Contracted Services	324,525	102,676	103,703	104,740	105,787
Financing Costs	1,810,225	-524,797	-464,572	-126,066	-127,913
Fees & Charges	-503,746	-217,927	-220,788	-223,688	-226,627
HRA Recharges	-177,220	-97,010	-98,950	-100,930	-102,950
Net Increased/(Reduced) Budget Demand	2,720,368	-163	74,766	424,137	433,380

3.3.2 Stubborn inflation in the economy has led to the Bank of England (BoE) systematically increasing interest rates month-on-month up until August 2023. However, the BoE resisted increasing rates beyond the current 5.25% base rate in September 2023, following lower than expected inflation figures for August 2023. The CPI rate fell to 6.7% in August 2023, following a steady decline since peaking at 11.1% in October 2022. The BoE are forecasting CPI to fall to circa 5.0% by the end of this (calendar) year, with most economists forecasting a further decline to around 2.0% by the end of 2024/early 2025. It is against this backdrop therefore that the inflationary assumptions in this iteration of the MTFP have been developed.

3.3.3 A planning assumption of 3.5% in general inflation has been applied for 2024/25, falling to 2.0% in 2025/26, and settling at that level thereafter (the BoE's long-term inflation target is 2.0%). This has been applied to Supplies & Services and a range of other non-staff budgets. Exceptions to note include:

- Employee Costs – a 3.0% pay increase has been assumed for 2024/25, which follows on from (at the time of preparing this report) an anticipated pay settlement of approximately 5.0% for 2023/24. However, the current base budget for 2023/24 was prepared based on an assumed pay award of just 4.0% (a 1.0% shortfall). As a consequence, the base budget increase of £0.899 million for 2024/25 highlighted in the table above in Paragraph 3.3.1, represents an uplift of 4.0% (3.0% + 1.0%). A pay award of 2.0% has been assumed for 2025/26 onwards.

- Premises Costs – a tailored approach has been applied to Premises costs, although Energy cost estimates will be subject to further refinement before the draft Budget is presented to Cabinet in December 2023. All other costs are assumed to follow the general rate of inflation; and
- Contracted Services – the Waste Contract is subject to an annual uplift based on October CPI (payable from November each year). An increase of 6.7% (August 2023 CPI) has been assumed at this stage for 2024/25 (this will be the last year of the Biffa contract). There is some optimism that this assumption can be reduced prior to presenting the draft budget to Cabinet in December 2023 (in the light of updated CPI figures).

3.3.4 Given the current financial challenge that the Council faces, it has been assumed that (non-statutory) Fees and Charges will rise by an inflationary *average* of 6.7%, reflecting the August 2023 CPI (significant variations around the average can be expected). Car parking charges are non-statutory and potentially in scope. The level of Fees and Charges generally is something that Members will need to consider carefully, with the balance between generating additional revenue and maintaining service demand being a key consideration alongside the potential impact on local residents of rising prices.

3.4 Budget Growth

3.4.1 No discretionary Budget Growth items have been assumed in these projections. Given the Council's current financial position, it is assumed that any potential growth items – which are in line with Council priorities – will be prioritised and funded from budget reallocations/savings. The potential re-prioritisation of financial resources is matter for Members to consider.

3.5 Revenue Consequences of the Capital Programme

3.5.1 The assumptions on Qualis loans are those reflected in the Quarter 1 Budget Monitoring Report 2023/24 presented to Cabinet on 18th September 2023. More refined estimates will be included in the initial draft Budget presented to Cabinet in December 2023. It should be noted by Members at this stage that, given the greatly reduced margins achieved by the Council on loan advances to Qualis (in the light of increased interest rates), this MTFP is less dependent on future advances to Qualis, thus lowering risk.

3.5.2 However, there has been a substantial increase in current and (anticipated) future net (capital) Financing costs, with the Summary Table below in Section 3.8 showing an increase from £3.590 million to £6.593 million. A substantial increase (of £2.042 million) was reported to full Council in February 2023, but the pressure has since increased as the rise in interest rates especially has exceeded the forecasts contained in the 2023/24 Budget (variance reported to Cabinet on 18th September 2023). The requirement to make/set aside "Minimum Revenue Provision" (MRP) payments is also expected to require a budget increase of £1.193 million (up from £1.261 million in 2023/24 to £2.454 million in 2024/25), which is driven by the planned purchase of the Waste Vehicle Fleet in (£0.959 million) and IT Equipment expenditure (£0.278 million) in 2023/24.

- 3.5.3 Members should note the impact on the Council's expenditure profile of purchasing an in-house Waste Vehicle Fleet. Waste Vehicle costs are currently absorbed within the contract price paid to Biffa, so the moving to new Waste Management arrangements – entailing the purchase of an in-house Fleet – delivers a substantial saving. This is reflected in Contracted Services expenditure in the Summary Table in Section 3.8 below; initial estimates are suggesting savings of £536,960 in 2024/25, followed by further savings of £751,740 in 2025/26 (resulting overall annual savings in the base budget of £1.289 million). This is a major factor in the apparent rise in Financing costs.
- 3.5.4 The Council's overall commitment to the new Epping Leisure is £33.1 million, which is clearly a substantial sum. However, it is a multi-year project with capital expenditure spread over 2021/22, 2022/23, 2023/24, 2024/25 and 2025/26. Most commentators are suggesting that interest rates have now peaked and are expected to gradually recede in the medium-term (which is reflected in the MTFP projections). MRP payments are spread over the estimated (45 year) life of the asset, with an initial payment of £323,000 anticipated in 2026/27.
- 3.5.5 The factors described above in Paragraphs 3.5.2 to 3.5.4 combined, interact to provide a very stable forecast on Financing costs from 2024/25 onwards, with the Summary Table below in Section 3.8 showing a slight decline (of £104,000) in 2026/27 and settling at around £6.5 million thereafter through to 2028/29.
- 3.5.6 All capital assumptions will be reviewed in detail, and revised as necessary, in preparing the draft budget and updated MTFP.

3.6 Savings

- 3.6.1 There are currently no Savings assumed within the projections. The views of Members are sought on the prioritisation of potential cashable savings in the context of the Budget Deficit and Council priorities, whether from spending reductions or increased income.

3.7 Funding

3.7.1 The Council's core funding streams have been reviewed based on the latest available intelligence. The relevant budget movements are summarised in the table below.

Medium-Term Funding Assumptions (@ October 2023)					
Description	2024/25	2025/26	2026/27	2027/28	2028/29
	£'s	£'s	£'s	£'s	£'s
Council Tax	(9,235,230)	(9,350,670)	(9,444,177)	(9,538,619)	(9,634,005)
Business Rates	(6,595,000)	(6,792,850)	(6,928,707)	(7,067,281)	(7,208,627)
Collection Fund Adjustments	(225,000)	0	0	0	0
Council Tax Sharing Agreement	(338,480)	(438,480)	(488,480)	(488,480)	(488,480)
Revenue Support Grant (RSG)	(132,654)	(132,654)	(132,654)	(132,654)	(132,654)
New Homes Bonus	(80,525)	0	0	0	0
Other/Funding Guarantee	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)
Reserve Contributions	262,620	262,620	262,620	262,620	262,620
Net Increased/(Reduced) Budget Demand	(17,644,269)	(17,752,034)	(18,031,398)	(18,264,414)	(18,501,146)

3.7.2 The key budget assumptions captured in the table above are as follows:

- **Council Tax** – there is a provisional assumption that the Council will increase the Council Tax by 3.0% (in line with the 2023/24 Referendum Limit) in 2024/25; Council Tax freezes are assumed from 2025/26 onwards. If a 3.0% increase is applied, the Band D charge for 2024/25 would rise from £162.15 to £167.01. Members of course have the option to vary this assumption.
- **Business Rates** – as reported to Cabinet on 18th September 2023, revenue from the Business Rates Retention (BRR) scheme has been performing strongly in 2023/24 following the April 2023 Revaluation (whereby the Business Rates base in Epping Forest increased in value by 14.0%, which is double the national average of 6.9%). On that basis, it is currently assumed that the funding expectation in the budget from this source will rise by £0.829 million; from £5.766 million to £6.595 million in 2024/25, with normal inflationary rises assumed thereafter. This is a highly complex area though, and Finance officers will be working with technical advisors in the coming weeks to further refine this initial estimate.

- Collection Fund Adjustments – the Collection Fund adjustment is difficult to estimate at this stage, although the planned distribution of surpluses from the Collection Fund in 2023/24 (determined in January 2023) have been compared to the Collection Fund year-end outturn, to provide some initial indication of the potential size of the adjustment. This results in an assumed net *positive* adjustment of £0.225 million for 2024/25; as at 31st March 2023, Council Tax had a *deficit* in the Collection Fund, whilst Business Rates had a *surplus* (outweighing the Council Tax deficit). A neutral adjustment is assumed from 2025/26 onwards.
- Council Tax Sharing Agreement (CTSA) – the Council is again committed to the Essex CTSA for 2024/25. Current projections (as at Quarter 1 2023/24) are suggesting that it would be prudent to reduce the current (2023/24) assumption by £0.276 million from £0.615 million to £0.338 million for 2024/25, although some recovery is anticipated from 2025/26 onwards, eventually settling at £0.488 million from 2026/27 onwards.
- Government Grants – the Government published its response to the Select Committee’s report on funding for Levelling Up on 10th August 2023. Within that response, the Government expressed a commitment to introducing a one-off funding guarantee to ensure that every council sees a minimum increase in Core Spending Power of 3.0% before any local decisions on Council Tax rates. This appears to be stronger intelligence than we would normally receive at this stage in the budget development process. Therefore, the Government grants receivable in 2024/25 assumed within this MTFP have been extrapolated on that basis. This results in an assumed Revenue Support Grant (RSG) of £0.133 million, New Homes Bonus (NHB) of £0.081 and a Funding Guarantee Allocation (FGA) of £1.300 million. It should be noted that, although the individual components of the Settlement may vary, the overall Settlement should still conform to the Government guarantee (of “Core Spending Power + 3.0%”). Future Settlements (from 2025/26 onwards) are assumed frozen at this stage, with the exception of NHB, which is assumed to cease with effect from 2025/26; and
- Contribution to (from) Reserves – in the light of the General Fund Reserve falling below its adopted minimum contingency balance of £4.0 million, in February 2023, the Council committed to – with effect from 2023/24 – annually contributing £262,620 to towards replenishing the General Fund Reserve. The Quarter 1 Budget Monitoring Report 2023/24, presented to Cabinet on 18th September 2023, projected a further significant overspend on the 2023/24 General Fund revenue budget, which – if this materialises – would further deplete the General Fund Reserve balance. The pressure to contribute to the General Fund Reserve is therefore rising. For now, however, this iteration of the MTFP, retains the Council’s current annual commitment of £262,620. This will need to be kept under review as the 2024/25 budget is further developed.

3.8 Summary Position

3.8.1 After taking account of the projections made in Sections 3.2 to 3.7 above, the projected medium-term revenue position for the General Fund (2024/25 to 2028/29), is summarised in the table below.

Description	Opening Budget (2023/24)	Estimated Budget Requirement 2024/25	Estimated Budget Requirement 2025/26	Estimated Budget Requirement 2026/27	Estimated Budget Requirement 2027/28	Estimated Budget Requirement 2028/29
	BASELINE	BUDGET STRATEGY				
	£'s	£'s	£'s	£'s	£'s	£'s
Employees	22,549,720	23,357,052	23,811,193	24,267,417	24,732,765	25,207,420
Premises	3,649,250	3,740,708	4,015,523	4,095,833	4,177,750	4,261,305
Transport	170,560	248,980	253,959	259,038	264,219	269,504
Supplies & Services	9,064,450	9,659,348	9,687,295	9,881,040	10,078,661	10,280,235
Support Services	2,730	704	718	732	747	762
Contracted Services	9,482,740	10,011,829	10,370,263	10,473,966	10,578,706	10,684,493
Transfer Payments (exclusively HB)	22,210,200	22,460,200	22,460,200	21,349,690	20,294,706	19,292,470
Financing Costs	3,589,630	6,592,855	6,489,058	6,493,486	6,498,420	6,512,507
Service Contingency (Waste)	400,000	162,000	-	-	-	-
Gross Expenditure	71,119,279	76,233,677	77,088,209	76,821,203	76,625,973	76,508,695
Fees & Charges	- 17,643,470	- 18,076,287	- 18,378,549	- 18,619,784	- 18,864,327	- 19,112,228
Government Contributions (90%+ HB Subsidy)	- 24,022,220	- 24,009,951	- 23,998,296	- 22,876,713	- 21,811,210	- 20,798,981
Miscellaneous Income (including Qualis)	- 3,499,680	- 3,890,810	- 4,036,455	- 3,787,315	- 3,526,120	- 3,276,120
Other Contributions	- 4,041,320	- 4,041,320	- 4,041,320	- 4,041,320	- 4,041,320	- 4,041,320
HRA Recharges	- 4,984,450	- 4,850,620	- 4,947,630	- 5,046,580	- 5,147,510	- 5,250,460
Net Expenditure	16,928,139	21,364,689	21,685,959	22,449,491	23,235,486	24,029,586
Funding:						
Council Tax	- 8,899,380	- 9,235,230	- 9,350,670	- 9,444,177	- 9,538,619	- 9,634,005
Business Rates	- 5,766,000	- 6,595,000	- 6,792,850	- 6,928,707	- 7,067,281	- 7,208,627
Collection Fund Adjustments	- 645,030	- 225,000	-	-	-	-
Council Tax Sharing Agreement (CTSA)	- 614,960	- 338,480	- 438,480	- 488,480	- 488,480	- 488,480
Non-Specific Grants:						
Revenue Support Grant (RSG)	- 128,790	- 132,654	- 132,654	- 132,654	- 132,654	- 132,654
New Homes Bonus	- 78,180	- 80,525	- 0	- 0	- 0	- 0
2023-24 Services Grant	- 129,370	-	-	-	-	-
Lower Tier Services Grant	-	-	-	-	-	-
Other/FGA	- 929,050	- 1,300,000	- 1,300,000	- 1,300,000	- 1,300,000	- 1,300,000
Credit Loss Adjustment	-	-	-	-	-	-
Contribution to/(from) Reserves	262,620	262,620	262,620	262,620	262,620	262,620
Total Funding	- 16,928,140	- 17,644,269	- 17,752,034	- 18,031,398	- 18,264,414	- 18,501,146
In-Year (Surplus)/Deficit	-	3,720,421	375,505	484,168	552,979	557,368
Cumulative (Surplus)/Deficit	-	3,720,421	4,095,925	4,418,093	4,971,072	5,528,442

- 3.8.2 The table above shows a deficit of £3.720 million for 2024/25. This reflects major spending pressures due to – a large extent – increasing Financing costs as explained in Section 3.5 above. The anticipated rise in Waste Management costs, upon the expiry of the current Biffa contract in November 2024, is undoubtedly a major factor. Estimated net expenditure in 2024/25 is £21.364 million, compared to available funding of £17.644 million. The Council is required to eliminate this deficit and set a balanced budget for 2024/25 in February 2024.
- 3.8.3 Further budget gaps are expected beyond 2024/25, with deficits projected in 2025/26 (£0.376 million), 2026/27 (£0.484 million), 2027/28 (£0.553 million) and 2028/29 (£0.557 million). However, it appears – at this stage – that 2024/25 presents the biggest challenge with both inflation (especially) and interest rates expected to decline as the MTFP progresses. The projected cumulative budget deficit by 31st March 2029 is £5.528 million.
- 3.8.4 It should be re-emphasised that these figures represent the first iteration of the MTFP in the 2024/25 budget cycle. Finance officers will now work on further refining these estimates in preparing the initial draft Budget proposals. The numbers presented can be expected to both increase and decrease in the coming months, and other factors could also potentially emerge that are not currently reflected in the figures and will have to be factored in.

Updated Medium-Term Financial Plan 2024/25 to 2028/29

HOUSING REVENUE ACCOUNT*October 2023***1. Background**

1.1 The preparation of a Medium-Term Financial Plan (MTFP) provides the cornerstone on which the Council can build and deliver services in accordance with the aims and objectives outlined in the Corporate Plan 2023-2027 (“Your Epping Forest”), which are grouped under the three corporate ambitions:

- Stronger Communities
- Stronger Place; and
- Stronger Council.

1.2 The Housing Revenue Account (HRA) embraces both the Communities and Place ambitions to an extent, although the Council has a clear vision as to where the HRA fits as an integral part of a Stronger Place.

1.3 Through ‘horizon scanning’ and anticipating necessary change at the earliest opportunity, resilience, and the ability to react to and withstand ‘major shocks’ is achieved. Above all, a robust MTFP for the HRA is also critical to achieving compliance with the Council’s legal duty under the Local Government Housing Act 1989 to “maintain a balanced account” and ultimately long-term financial sustainability.

2. Introduction

2.1 This is the first iteration of the MTFP for the HRA in the 2024/25 budget cycle. It is a forward-looking document which provides a tentative look at the HRA picture over the next five years (2024/25 to 2028/29) and re-evaluates the position in the light of developments since the 2023/24 Budget was adopted by the Council in February 2023.

2.2 The February 2023 (HRA) MTFP revealed a stable position, with a breakeven position projected over the 5-year period 2023/24 through to 2027/28. The projections can be summarised as follows:

Financial Year	(Surplus)/Deficit	Comment
	£000’s	
2023/24	(364)	Planned surplus.
2024/25	25	
2025/26	295	Assumed £900,000 saving from Qualis re Housing Repairs.
2026/27	4	
2027/28	70	

2.3 The MTFP is deliberately concise, focussing on the most significant HRA-related financial issues faced by Epping Forest District Council over the medium-term.

3. Financial Projections

3.1 Current Spending Levels

3.1.1 The starting point for developing the MTFP is the current level of spending. The 2023/24 HRA base budget was approved by the Council on 28th February 2023 and can be summarised as follows:

HRA Revenue Budget 2023/24	
Description	£'s
Employees	5,013,440
Premises	6,218,330
Transport	78,060
Supplies & Services	1,402,060
Contracted Services	7,197,660
Support Services (General Fund Recharges)	4,984,450
Debt Management Expenses	65,000
Bad Debt Provision	99,000
Depreciation	9,137,000
Total Expenditure	34,195,000
Rental Income – Dwellings	(37,419,000)
Rental Income – Non-Dwellings	(936,000)
Fees & Charges (Charges for Services)	(2,793,000)
Other Contributions (Shred Amenities)	(383,000)
Total Income	(41,531,000)
Net Cost of Services	(7,336,000)
Interest Receivable	(8,000)
Financing Costs	5,616,000
Net Operating Income	(1,728,000)
HRA Contribution to Capital	1,364,000
In-Year (Surplus)/Deficit	(364,000)

3.2 Updated Projections

3.2.1 The February 2023 MTFP (HRA element) has now been reviewed and updated, incorporating the experience of the 2023/24 financial year to date (up to 30/09/23) and other emerging intelligence; the updated MTFP also rolls forward into 2024/25, spanning a further five years up to, and including, 2028/29. Specific factors considered include:

- Rent Increases
- Inflation
- Interest Rates
- Budget Growth
- HRA Recharges; and
- Other.

Rent Increases

3.2.2 An increase in Rent of 7.0% has been assumed at this stage. This is expected to be close to the established Rent Standard (September CPI + 1.0%) with August 2023 CPI reported at 6.7% (the latest available information at the time of preparing this report). Although it does seem possible (indeed likely) that the September 2023 CPI rate could marginally exceed 6.0%, which would – technically – imply a higher rent increase than 7.0%, it is assumed that the Government would not allow an increase higher than 7.0% (which was the rent cap set for 2023/24, in the context of significantly higher inflation). The Rent Standard is assumed to be applied as normal from 2025/26 onwards (with a core inflation assumption of 2.0%, resulting in annual increases of 3.0%).

Inflation

3.2.3 As with the General Fund, the inflationary pressures affecting the HRA are gradually receding, with the Bank of England's long-term inflation target of 2.0% expected to be met in late 2024/early 2025:

- **Pay** – estimated pay inflation of 3.0% has been assumed in 2024/25, reducing to 2.0% in 2025/26 and remaining at that level thereafter. However, it should be noted that an additional 1.0% increase in Employee costs is required in the 2024/25 budget to address the anticipated budget shortfall for 2023/24 (it is currently assumed that the pay award for 2023/24 will be settled at 5.0%, whereas the budget assumption for 2023/24 was 4.0%)
- **Premises** – a tailored approach has been applied to Premises costs (e.g., this includes an additional £53,000 for Asbestos Surveys, which are now required annually). All other costs are assumed to follow the general inflation rate for now. Energy cost estimates will be subject to further refinement before the draft Budget is presented to Cabinet in December 2023.
- **Housing Repairs** – as with Premises, a tailored approach has been adopted, with general Housing Repairs assumed to increase by 6.0% (£172,640) and Voids (£52,530) by 3.0%, reflecting the estimated budget requirement for 2024/25; and
- **General** – A generic assumption of 3.5% inflation has been assumed for Premises (excluding Energy costs), Transport and Supplies & Services. General inflation is then expected to reduce to 2.0% in 2025/26 onwards, which is reflected in the estimates.

Interest Rates

3.2.4 The latest available Bank Rate projections supplied by our Treasury Management advisors have been used to estimate future Financing costs within the MTFP. A borrowing rate of 4.8% has been assumed for 2024/25, reducing to 3.4% in 2025/26, followed by 2.8% thereafter (2026/27 onwards).

Budget Growth

3.2.5 As with the General Fund, the financial position dictates that only *unavoidable* Growth items are included at this stage. Notable unavoidable items include the Premises and Housing Repairs pressures described above in Paragraph 3.2.3, along with a net reduction in cost pressures for 2024/25 of £270,320 arising from miscellaneous items, including a £149,840 reduction in the “HAM” project consultancy budget.

HRA Recharges

3.2.6 Staff-related costs are the most prevalent General Fund Recharge; an increase of 4.0% (the assumed 2024/25 pay award of 3.0%, plus 1.0% to address estimated shortfall in base budget due to assumed 2023/24 pay award of 5.0% as explained above in Paragraph 3.2.3). Increases for 2025/26 onwards mirror the Pay Inflation assumptions noted above (in Paragraph 3.2.3). There is also an additional stepped increase (a credit from the General Fund to the HRA) of £360,000 in respect of additional interest due on HRA balances following the recent rises in interest rates.

Other

3.2.7 As previously reported, an assumed saving of £900,000 is in the base budget for Housing Repairs with effect from 2025/26 (one of the deliverables included in the Qualis initiative) and remains unchanged.

3.3 Updated MTFP Summary (October 2023)

3.3.1 The updated HRA MTFP is summarised in the table below.

Updated HRA Medium-Term Financial Plan (@ October 2023)						
Description	2023/24 BUDGET/ BASELINE	2024/25 BUDGET STRATEGY	2025/26	2026/27	2027/28	2028/29
	£000's	£000's	£000's	£000's	£000's	£000's
Employees	5,013	5,208	5,312	5,419	5,527	5,638
Premises	6,218	6,691	6,823	7,033	7,714	7,314
Transport	78	81	82	84	86	87
Supplies & Services	1,402	1,183	1,199	1,019	1,039	1,264
Contracted Services	7,198	7,856	7,463	7,612	7,764	7,917
Support Services	4,985	4,851	4,948	5,047	5,148	5,250
Debt Management Expenses	65	68	69	70	72	73
Bad Debt Provision	99	108	109	113	116	120
Depreciation	9,137	10,700	10,914	11,132	11,355	11,582
Total Expenditure	34,195	36,746	36,919	37,528	38,280	39,245
Rental Income – Dwellings	(37,419)	(40,894)	(41,360)	(42,673)	(44,082)	(45,482)
Rental Income – Non-Dwellings	(936)	(992)	(1,012)	(1,032)	(1,053)	(1,074)
Fees & Charges (Charges for Services)	(2,793)	(3,032)	(3,104)	(3,176)	(3,313)	(3,367)
Other Contributions (Shared Amenities)	(383)	(394)	(402)	(410)	(418)	(427)
Total Income	(41,531)	(45,267)	(45,878)	(47,291)	(48,866)	(50,350)
Net Cost of Services	(7,336)	(8,521)	(8,959)	(9,763)	(10,586)	(11,105)
Interest Receivable	(8)	(226)	(335)	(180)	(178)	(175)
Financing Costs	5,616	6,476	7,655	8,277	8,606	9,541
Net Operating Income	(1,728)	(2,271)	(1,639)	(1,666)	(2,158)	(1,739)
HRA Contribution to Capital	1,364	2,256	2,371	2,198	2,160	1,741
In-Year (Surplus)/Deficit	(364)	(15)	732	532	2	2

3.3.2 The table above shows the HRA beginning with a small Surplus in 2024/25, followed by two planned deficits in 2025/26 (£732,000) and 2026/27 (£532,000), before coming back into balance for 2027/28 and 2028/29. It should be noted that the HRA balance can comfortably withstand the planned deficits (e.g., as reported to Cabinet on 18th September 2023, the projected balance on the HRA for March 2024 was £4.438 million, which is more than double the adopted minimum of £2.0 million).

Report to the Cabinet

Report reference: C-023-2023/24
Date of meeting: 9th October
2023



Portfolio: Finance & Economic Development
Subject: Capital Programme Update 2024/25 to 2028/29
Responsible Officer: Andrew Small (01992 564278)
Democratic Services: Vivienne Messenger (01992 564243)

Recommendations/Decisions Required:

- 1) To note the contents of the report, including both the updated General Fund and Housing Revenue Account Capital Programmes (2024/25 to 2028/29) at *Appendix A*; and**
- 2) Discuss and agree actions required (in the context of the updated Medium-Term Financial Plan) for the further refinement of the Capital Programme as part of developing integrated draft budget proposals for further consideration by Cabinet in December 2023.**

Executive Summary:

Cabinet approved an updated Financial Planning Framework (2024/25 to 2028/29) at its meeting on 18th September 2023 and committed to receiving and considering an updated Capital Programme for 2024/25 to 2028/29. This provides essential context and is a key part of early budget preparations for 2024/25.

The updated (indicative) 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.

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 indicative draft Capital Programme for 2024/25 to 2028/29.

General Fund Capital: Updated Summary (Indicative only)

The updated General Fund 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

Given the Council's challenging financial position, 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).

Members should note that growth items are indicative only at this stage (rather than clear budget proposals) and the views of Cabinet are sought to help enable the development of firmer proposals for inclusion in the initial draft budget in December 2023.

Housing Revenue Account: Updated Summary (Indicative only)

The updated HRA Capital 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	17,288	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

The Programme is dominated by Housing Development (£52.322 million over 5 years) and routine Capital Works (£85.011 million over 5 years).

The Housing Development Programme includes both New Build Properties and Qualis Acquisitions.

The next stage in the process will see the assumptions and projections in both the General Fund and HRA Capital Programmes further refined in accordance with the direction provided by Cabinet and emerging intelligence. This will include making the necessary adjustments to the 'capital consequences' assumed in revenue budgets.

Reasons for Proposed Decision:

To provide an updated (initial) draft Capital Programme for the Cabinet's consideration, to allow discussion and direction in the further development of the Programme in order to balance the need to deliver on the Council's corporate priorities, whilst maintaining a balanced budget and achieving long-term financial sustainability.

Legal and Governance Implications:

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. The revenue-related financial implications of the capital expenditure plans presented, are embedded in the draft Medium-Term Financial Plans (2024/25 to 2028/29).

Safer, Cleaner and Greener Implications:

The overall Capital Programme forms a key part of the Council's commitment to a 'Safer, Cleaner and Greener' (SCG) district, whereas the Housing Revenue Account Capital Programme in particular includes many SCG features including a range of environmentally friendly features within the planned Housebuilding Programme.

Consultation Undertaken:

The potential capital investment opportunities available to the Council are a key consideration in developing policy and strategy, which is informed by the public consultation process. Both the General Fund and Housing Revenue Account capital programmes are purposely focused around the delivery of the Council's Corporate Plan 2023-2027 and its three core ambitions of Stronger Communities, Stronger Place and Stronger Council.

Background Papers:

None.

Risk Management:

The consideration of risk will form an integral part of the development of the proposals in the report. In particular, the Capital Programme is based on a series of estimates and assumptions that are informed by varying forms of intelligence (some certain, some uncertain); that process, including any residual risk in the decision-making process will be clearly indicated.

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