

Draft Capital Programme 2021/22 to 2025/26

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 builds upon the two-year Programme adopted by the Council in February 2020 and takes account of adjusted priorities in the light of the Covid-19 pandemic.
- 1.2 The Capital Programme is in two parts and comprises total investment of £266.972 million (General Fund £94.820 million, Housing Revenue Account £172.152 million) over the five-year period 2021/22 to 2025/26.
- 1.3 The purpose of this report is to present for consideration, and seek approval for, the Capital Programme 2021/22 to 2025/26 to be recommended to Council. The revenue consequences of the Programme are reflected in the 2021/22 draft budget, and updated Medium-Term Financial Plan presented elsewhere on this agenda.

2. General Fund Capital Programme 2021/22 to 2025/26 (*Annex 1*)

- 2.1 The General Fund Capital Programme totals £94.820 million and is summarised by service area in the table below.

Draft General Fund Capital Programme 2021/22 to 2025/26: Service Analysis						
Service	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Community & Wellbeing	470	770	0	0	0	1,240
Contracts & Technical	2,999	15,089	13,552	1,061	1,001	33,703
Corporate Services	2,114	50	0	0	0	2,164
Housing (General Fund)	113	25	25	25	25	213
Place	250	250	0	0	0	500
Qualis	10,000	47,000	0	0	0	57,000
Totals	15,946	63,184	13,577	1,086	1,026	94,820

- 2.2 The individual schemes in the table above include the following:

- **Community and Wellbeing (£1.24 million)** – the Museum and Library Joint Facility at Waltham Abbey is the sole capital scheme within the Community and Wellbeing Service. The scheme is at the heart of the proposed development of Community and Cultural Hub in Sun Street, Waltham Abbey. On 22nd December 2020 Cabinet approved total funding for the scheme of £1.54 million to be included in the draft Capital Programme to enable officers to progress discussions with appropriate parties in respect of funding capital works.

- **Contracts and Technical (£33.703 million)** – the Contracts and Technical service is leading on seven separate schemes, which are dominated by three in particular:
 - Cartersfield Road (£2.807 million) – this scheme is presented for approval elsewhere on the agenda. The scheme will see the redevelopment of a group of Council-owned industrial warehouse units, situated in Cartersfield Road, Waltham Abbey. The spending included in the proposed Capital Programme, is partly funded by an insurance receipt received in relation to a previous fire at the site (the final balance on the receipt to be applied in 2021/22 is £358,000)
 - Epping Leisure Facility (£25.0 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. A full business case will be developed for further consideration by Scrutiny and approval by Cabinet before the scheme progresses to development; and
 - Disabled Facilities Grants (£4.858 million) – the Government has recently indicated that it intends to uplift the national allocation for Disabled Facilities Grants in 2021/22 by 13.5% compared to 2020/21. Individual council allocations are still awaited at the time of preparing this report. It is therefore currently assumed within the draft Programme that Epping Forest District Council will receive the average uplift of 13.5% (i.e. rising from £855,956 in 2020/21 to £971,510 in 2021/22). No uplift is currently assumed beyond 2021/22.
- **Corporate Services (£2.164 million)** – planned spending covers the Council’s ICT capital investment needs. The most significant item is a provisional allocation £2.021 million for the development and progression of the ICT Strategy. The pandemic has highlighted the need for investment in modern, integrated and “Cloud” based technology that will enable and promote flexible working and deliver solutions which adapt to the changing needs of the Council’s customers.

Detailed work is currently in progress on evaluating the potential for moving the Council’s on-site data centre to the Cloud. In addition, work has also commenced on evaluating the current on-site telephone system, the Council’s collaboration and flexible working tools, as well as the current document storage solution.

The work is expected to conclude that a move to a more modern solution is necessary and can provide real value to the Council. The 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, based on detailed business cases.

- **Housing (Property Services) (£0.213 million)** – currently planned works on the Council’s Investment and Operational properties is £0.213 million. The requirement for planned work on Investment Properties is usually limited to void repairs as standard lease arrangements entail full repair and insurance responsibilities for tenants. The future capital needs of the Operational Property portfolio will be the subject of a detailed review in the year ahead as the Council develops a new Asset Management Plan (AMP); the new Civic Offices provides a good base, but the AMP will ensure that all General Fund capital assets continue to be of long-term use against a backdrop of rapid operational and technological change.

- **Place (£0.5 million)** – there is planned capital investment of £0.5 million on Environmental Projects over the two-year period 2021/22 and 2022/23. The proposed allocation is provisional at this stage and is subject to the completion of a Climate Strategy and the agreement of a “Special Area of Conservation” (SAC) Strategy with Natural England. The inclusion of the funding in the Capital Programme ensures adequate provision is included within revenue budgets. Additional contributions will be sought from Section 106 agreements, which will help the delivery of tree planting and other projects; and
- **Qualis (£57.0 million)** – this is the balance on the previously agreed £63.0 million Regeneration Finance Loan (first advance of £6.0 million scheduled for Quarter 4 2020/21). The loan is 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 Capital Programme 2021/22 to 2025/26 (*Annex 2*)

3.1 The Housing Revenue Account Capital Programme totals £172.152 million and is summarised in the table below.

Draft HRA Capital Programme 2021/22 to 2025/26						
Description	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000’s	£000’s	£000’s	£000’s	£000’s	£000’s
Housing Development Programme	24,506	42,925	39,100	7,443	0	113,974
Capital Works	11,970	12,957	11,709	11,656	11,356	59,648
Other Housing Schemes	30	0	0	0	0	30
Leaseholder Contributions	(300)	(300)	(300)	(300)	(300)	(1,500)
Totals	36,206	55,582	50,509	18,799	11,056	172,152

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

- **Housing Development Programme (£113.974 million)** – the Housing Development Programme includes a combination of (direct) Housebuilding and Acquisitions from Qualis. Thus:
 - **Housebuilding (£91.467 million)** – subject to the necessary planning consents, the Housebuilding Programme is expected to provide up to 417 properties over 18 sites (exact size and type of units to be determined based on demand and in consultation with councillors and residents). This includes the “4.2 Programme”, which will see the development of 22 units spread over Buckhurst Hill, Debden, Loughton and Waltham Abbey and has been successful in attracting grant funding of £1.3 million from Homes England. The rest of the Programme will still be supported by “1-4-1” Right to Buy receipts (up to a limit of 30%) wherever possible

- Qualis Acquisitions (£22.507 million) – the Development Programme also includes the planned acquisition of around 107 affordable rent and shared ownership properties at the St. Johns, Conder and Hemnall Street sites (currently owned by the Council, but shortly to be sold to Qualis).
 - **Capital Works (£59.648 million)** – planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period average out at £11.930 million annually. This compares to a 2020/21 budget of £9.592 million. The increase reflects latest Stock Condition data, which is flagging a need to address significant ‘end of lifecycle’ issues over the short and medium-term.
- 3.3 Members should note that the HRA, including the Capital Programme, is currently the subject of a detailed review of the HRA Business Plan. The current 30-Year Business Plan was adopted by the Council in 2018, immediately prior to the Government announcement removing the HRA Borrowing Cap. This has led to a more expansive approach by the Council, and the new Business Plan is being designed to support that, whilst ensuring the long-term financial sustainability of the HRA. It is a detailed undertaking, with initial results anticipated in the summer of 2021. At that point, the medium-term elements of the Capital Programme may need some adjustment. If so, a separate report will be prepared for consideration by Members.
- 3.4 Members should further note that an updated three-year Capital Strategy is currently under development by officers. This is a requirement of CIPFA’s Prudential Code and consolidates the wider capital-related strategies of the Council, including the Capital Programme, Commercial Investment, Treasury Management and Asset Management. This will be presented to the Audit and Governance Committee in March 2021.

4. Resource Implications

- 4.1 The resource implications are presented in Annex 1 (General Fund) and Annex 2 (Housing Revenue Account). This includes an illustration of the Council’s prudential borrowing needs over the next five years, beginning 2021/22.

5. Legal and Governance Implications

- 5.1 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 2021/22 element of Capital Programme are embedded in the draft revenue budgets for 2021/22.

6. Safer, Cleaner and Greener Implications

- 6.1 The Capital Programme forms a key part of the Council’s commitment to a ‘Safer, Cleaner and Greener’ (SCG) district. Most notably the General Fund Programme includes an allocation of £500,000 towards Environmental Projects over the two-year period 2021/22 to 2022/23. The Housing Revenue Account Capital Programme also includes many SCG features including a range of environmentally friendly features within the planned Housebuilding Programme.

7. Consultation Undertaken

- 7.1 The potential capital investment opportunities available to the Council are a key consideration in developing policy and strategy, that is informed by the public consultation process. Both the General Fund and Housing Revenue Account capital programmes are purposely focussed around the delivery of the Council’s Corporate Plan 2018-2023 and its three core ambitions of Stronger Communities, Stronger Place and Stronger Council.

General Fund Capital Programme 2021/22 to 2025/26

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General Fund Capital Programme MTFP 2021/22 to 2025/26 (DRAFT)								
Directorate	Service	Scheme	2021/22	2022/23	2023/24	2024/25	2025/26	Totals
			£'s	£'s	£'s	£'s	£'s	£'s
<i>Community & Wellbeing</i>	Waltham Abbey Hub	Joint Museum and Library Facility	470,000	770,000	-	-	-	1,240,000
		Sub-Totals	470,000	770,000	-	-	-	1,240,000
<i>Contracts & Technical</i>	Asset Management	Cartersfield Road	1,330,000	1,477,400	-	-	-	2,807,400
	Community Safety	CCTV Replacement Programme	85,000	110,000	50,000	60,000	-	305,000
	Contract Management	Epping Leisure Facility	-	12,500,000	12,500,000	-	-	25,000,000
	Fleet Operations	Vehicle Fleet Replacement	383,000	-	-	-	-	383,000
	Grounds Maintenance	Vehicle and Plant Replacements	30,000	30,000	30,000	30,000	30,000	150,000
	North Weald Airfield	NWA Preparations Phase 1	200,000	-	-	-	-	200,000
	Regulatory (PH Grants)	Disabled Facilities Grants	971,510	971,510	971,510	971,510	971,510	4,857,550
		Sub-Totals	2,999,510	15,088,910	13,551,510	1,061,510	1,001,510	33,702,950
<i>Corporate Services</i>	ICT	ICT General Schemes	128,000	-	-	-	-	128,000
	ICT	ICT Strategy	1,970,500	50,000	-	-	-	2,020,500
	ICT	Civic Offices Accommodation Project (ICT)	15,000	-	-	-	-	15,000
		Sub-Totals	2,113,500	50,000	-	-	-	2,163,500
<i>Housing (Property Services)</i>	Facilities Management	Investment Properties (Planned Works)	65,100	25,000	25,000	25,000	25,000	165,100
	Facilities Management	Operational Properties (Planned Works)	48,000	-	-	-	-	48,000
		Sub-Totals	113,100	25,000	25,000	25,000	25,000	213,100
<i>Place</i>	Climate Change	Environmental Projects	250,000	250,000	-	-	-	500,000
		Sub-Totals	250,000	250,000	-	-	-	500,000
<i>Qualis</i>	Capital Investments	Regeneration Finance Loans	10,000,000	47,000,000	-	-	-	57,000,000
		Sub-Totals	10,000,000	47,000,000	-	-	-	57,000,000
General Fund Programme (Annual/Cumulative)			15,946,110	63,183,910	13,576,510	1,086,510	1,026,510	94,819,550
Financing								
	Revenue Contributions		- 358,000	-	-	-	-	
	Capital Receipts		- 900,000	- 1,850,000	- 2,633,333	- 115,000	- 55,000	
	Capital Grants		- 971,510	- 971,510	- 971,510	- 971,510	- 971,510	
	Borrowing		- 13,716,600	- 60,362,400	- 9,971,667	-	-	
Total Financing (Annual/Cumulative)			- 15,946,110	- 63,183,910	- 13,576,510	- 1,086,510	- 1,026,510	- 94,819,550

Housing Revenue Account Capital Programme 2021/22 to 2025/26

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Draft HRA Capital Programme 2021/22 to 2025/26						
	2021/22	2022/23	2023/24	2024/25	2025/26	Totals
Schemes	£000's	£000's	£000's	£000's	£000's	£000's
Housing Development Programme:						
Housebuilding	17,014	36,856	32,554	5,043	0	91,467
Open Market Acquisitions	0	0	0	0	0	0
Qualis Acquisitions	7,492	6,069	6,546	2,400	0	22,507
Sub-Totals	24,506	42,925	39,100	7,443	0	113,974
Capital Works:						
Heating	1,519	2,445	2,445	2,052	2,052	10,513
Windows, Door and Roofing	3,003	2,374	2,374	2,374	2,374	12,499
Compliance Planned Maintenance	623	926	926	926	926	4,327
Kitchens & Bathrooms (inc void allocation)	1,375	2,300	2,300	2,300	2,300	10,575
Electrical	2,175	2,390	1,648	1,688	1,688	9,589
Sprinklers	100	100	100	100	100	500
Environmental	584	402	402	402	402	2,192
Structural works	1,550	1,100	800	1,100	800	5,350
Disabled adaptations	650	650	444	444	444	2,632
Asbestos	251	130	130	130	130	771
Estate Improvements (DF)	140	140	140	140	140	700
Sub-Totals	11,970	12,957	11,709	11,656	11,356	59,648
Other Housing Schemes:						
Service Enhancements	30	0	0	0	0	30
Sub-Totals	30	0	0	0	0	30
Gross Expenditure	36,506	55,882	50,809	19,099	11,356	173,652
Leaseholder Contributions	- 300	- 300	- 300	- 300	- 300	- 1,500
Net Expenditure	36,206	55,582	50,509	18,799	11,056	172,152
Financing						
Direct Revenue Contributions	- 2,973	- 3,032	- 3,093	- 3,155	- 3,218	-15,471
Major Repairs Reserve	- 10,141	- 9,000	- 9,000	- 9,000	- 5,026	-42,167
RTB Receipts	- 2,961	- 2,869	- 2,100	- 2,142	- 2,185	-12,257
Grants	- 1,477	- 80	- 80	- 80	- 80	-1,797
Other Contributions	- 100	- 100	- 0	- 0	- 0	-200
Borrowing	- 18,554	- 40,501	- 36,236	- 4,422	-546	-100,259
Total Financing	-36,206	-55,582	-50,509	-18,799	-11,056	-172,152