

## Draft Capital Programme 2022/23

December 2021

### 1. Background and Introduction

- 1.1 Alongside the updated Medium-Term Financial Plan (MTFP) 2022/23 to 2026/27 adopted by Cabinet on 11th October 2021, 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 £277.834 million (General Fund £107.537 million, Housing Revenue Account/HRA £170.297 million) over the five-year period 2022/23 to 2026/27.
- 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 2021/22 and emerging priorities identified from a range of sources.

### 2. GENERAL FUND

- 2.1 The updated General Fund Capital Programme of £107.537 million presented in October 2021, included an indicative capital requirement of £48.061 million for 2022/23 based on progress against the adopted 2021/22 Programme (at the Quarter 2 stage) and other emerging intelligence, including (especially) the growing investment needs of the ICT Strategy.

#### General Fund Capital: Growth Proposals

- 2.2 There has been little change to the indicative growth position presented in October 2021 with the largest proposed area of growth remaining the ICT Strategy, with emerging spending pressures (as presented to Stronger Council Select Committee in April 2021) being included again.

General Fund Capital: Proposed Growth Items (@ December 2021)						
Description	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'s	£'s	£'s	£'s	£'s	£'s
Council Chamber Upgrade	160,000	0	0	0	0	160,000
Highway Ranger Vehicle & Equipment	40,000	0	0	0	0	40,000
Disabled Facilities Grants	-300	-300	-300	-300	971,210	970,010
Home Assist Grants	100,000	100,000	100,000	100,000	100,000	500,000
ICT General Schemes	18,980	93,000	93,000	93,000	93,000	390,980
ICT Strategy	1,994,930	1,086,000	971,000	1,126,000	931,000	6,108,930
Investment Properties (Planned Works)	225,000	225,000	225,000	225,000	250,000	1,150,000
Operational Properties (Planned Works)	21,220	50,000	50,000	50,000	50,000	221,220
CCTV Replacement	0	0	0	130,000	45,000	175,000
Vehicle & Plant Replacements	0	0	0	0	30,000	30,000
<b>Increased/(Reduced) Budget Demand</b>	<b>2,559,830</b>	<b>1,553,700</b>	<b>1,438,700</b>	<b>1,723,700</b>	<b>2,470,210</b>	<b>9,746,140</b>

- 2.3 The table above shows an initial overall growth proposal of £9.746 million over five years (including £2.470 million in 2026/27), although it should be noted that spending on Disabled Facilities Grants is funded by a Government grant.

### 2.4 Members should note the following in terms of the ICT Strategy:

- Current proposals include the migration of several applications to 'Software as a Service'. Some applications are already in the process of being migrated, such as Planning, Local Land Charges, Grounds Maintenance and BACS processing, with others being considered for future financial years. The 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 2 to 3 years, and significant network changes would be required 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 presented in February 2022.

### 2.5 There are two further new items to note:

- Council Chamber Upgrade (£160,000) – the microphones and speaker equipment in the Council Chamber is nearing the end of their useful life and if not upgraded or replaced they will eventually fail. The equipment was also not originally intended to accommodate virtual or hybrid meetings and whilst the current equipment has been adapted to facilitate meetings carried out in this form, the equipment's performance is sub optimal. Several Members have commented on the performance of the equipment in the Chamber. Provision is therefore requested in the Capital Programme to carry out a replacement programme that brings enhanced quality, increased functionality and better integration with webcasting and Zoom. The listing of the Council Chamber means this is more complex than would otherwise be the case and estimated provision reflects this; and
- Highway Rangers (£40,000) – The proposal is to expand the successful Highway Rangers scheme as envisaged initially; two distinct teams will be formed to allow greater coverage across the district, whilst increasing the number of apprenticeship opportunities. The teams play a key role in the sustainability and environmental agenda as well as improving the condition of the High Streets and rural areas. The capital bid is to allow the expansion by purchasing and fitting out a second vehicle.

### 2.6 The other growth items in the proposed General Fund Capital Programme reflect established commitments, rolling programmes (e.g. as part of Asset Management Strategy noted below in Paragraph 2.8) or capital replacement costs.

General Fund Capital: Updated Summary (Annex C1)

- 2.7 The table below provides an updated summary of the General Fund Capital Programme at a service level. A relatively stable position compared to October 2021 is shown with just a slightly adjusted total 5-year capital requirement of £107.916 million, including £46.563 million in 2022/23.

Draft General Fund Capital Programme 2022/23 to 2026/27: service analysis (@ December 2021)						
Service	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Community & Wellbeing	1,450	-	-	-	-	1,450
Commercial & Technical	16,221	15,129	1,161	1,231	1,146	34,889
Corporate Services	3,134	1,179	1,064	1,219	1,024	7,620
Customer Services	160	-	-	-	-	160
Housing (General Fund)	348	300	300	300	300	1,548
Place	250	-	-	-	-	250
Qualis	25,000	37,000	-	-	-	62,000
<b>Totals</b>	<b>46,563</b>	<b>53,608</b>	<b>2,525</b>	<b>2,750</b>	<b>2,470</b>	<b>107,916</b>

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

- **Community and Wellbeing (£1.450 million)** – the Museum and Library Joint Facility at Waltham Abbey is the sole capital scheme within the Community and Wellbeing Service. Cabinet approved total funding for the scheme of £1.54 million in December 2020 and preliminary work has been completed to get the project to “RIBA Stage 2”. However, the project is currently paused due to wider conversations with the Library and other partners about a coherent community hub approach to service delivery across the district which can be underpinned both by the community hub based at the Civic Offices and any future community hub born out of a partnership to combine both the Museum and Library in Waltham Abbey
- **Commercial and Technical (£34.889 million)** – the Commercial and Technical service is leading on seven separate schemes, which are dominated by four in particular:
  - Cartersfield Road (£2.894 million) – the scheme – approved by Cabinet in February 2021 – entails the redevelopment of a group of Council-owned industrial warehouse units, situated in Cartersfield Road, Waltham Abbey. The spending included in the adopted Capital Programme, is partly funded by an insurance receipt received in relation to a previous fire at the site
  - Epping Leisure Facility (£24.282 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

- Disabled Facilities Grants (£4.856 million) – the Epping Forest District Council allocation for Disabled Facilities Grants in 2021/22 was £971,213 (£297 above February 2021 estimate). There is currently no indication of future allocations. It is therefore that the Council will receive the same amount – without uplift – from 2022/23 onwards; and
- Investment Property Acquisition Fund (£1.053 million) – it is estimated that the Council will have £1.053 million left of the original £30.0 million allocation for investment in commercial properties, available for roll forward into 2022/23.
- **Corporate Services (£7.620 million)** – indicative spending covers the Council’s ICT capital investment needs (predominantly the new ICT Strategy); as explained in paragraph 2.4 above
- **Housing (General Fund/Property Services) (£1.548 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
- **Place (£0.250 million)** – this is the second year of the planned capital investment of £0.5 million on Environmental Projects over the two-year period 2021/22 and 2022/23 and is being used for projects identified in the Green Infrastructure Strategy and as a result of the Climate Change consultation; and
- **Qualis (£62.0 million)** – this is the balance on the previously agreed £98.0 million Regeneration Finance Loans (including the recently extended loan facility of £35.0 million approved by Cabinet in July 2021). The first advance of £6.0 million was made in March 2021, with further advances of £30.0 million anticipated in 2021/22 at this stage. 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 £170.297 million presented in October 2021, included an indicative capital requirement of £45.365 million for 2022/23 based on progress against the adopted 2021/22 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. An increased capital requirement of £185.133 million over the 5-year period is shown, including £47.017 million in 2022/23.

Draft HRA Capital Programme 2022/23 to 2026/27: summary analysis (@ December 2021)						
Service	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Housing Development Programme	28,059	28,498	11,556	6,695	-	74,808
Capital Works	11,729	23,255	24,070	13,217	14,497	86,768
Regeneration Schemes	5,750	4,200	2,000	6,000	-	17,950
Other Housing Schemes	1,479	997	1,023	1,043	1,065	5,607
<b>Totals</b>	<b>47,017</b>	<b>56,950</b>	<b>38,649</b>	<b>26,955</b>	<b>15,562</b>	<b>185,133</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 (£74.808 million)** – the Housing Development Programme combines (direct) Housebuilding and Acquisitions from Qualis, including:
  - Housebuilding (£52.082 million) – this is expected to deliver a mixture of affordable rent and shared ownership properties by 2025/26, including New Build Properties (212 affordable rent units) and Qualis Acquisitions (22 shared ownership, and 67 affordable rent units); and
  - Qualis Acquisitions (£20.726 million) – the Development Programme also includes the planned acquisition of 89 affordable rent and shared ownership properties across five different sites; St. Johns (46), Conder (11), Hemnall Street (10), Roundhills (7) and Pyrles Lane (15). The sites are currently owned by the Council but are shortly to be sold to Qualis.
- **Capital Works (£86.768 million)** – planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period average out at £17.354 million annually. This contrasts with annual budgets of £9.592 million and £11.970 million in 2020/21 and 2021/22 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 model is still being refined, with Housing officers currently working on two important initiatives:

- Phasing of Capital Works – as reported in October 2021, initial work by Housing officers identified a peak investment need of £35.0 million in 2022/23. The delivery of the associated works exceeds capacity and would trigger an excessive need for the use of sub-contractors (potentially resulting in reduced value for money). This has resulted in the need to smooth delivery over a more realistic three-year period; the initial assumption is that this will happen on a straight line basis, but – at the time of preparing this report – officers are still re-analysing the detail with a view to improving efficiency and value for money through the implementation of a more sophisticated delivery plan; and

- Stock Condition – it has been several years since the Council's Housing Stock was the subjected on an independent (and comprehensive) Stock Condition Survey (SCS). For that reason, an independent 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 2022/23 to 2026/27

Directorate	Service	Scheme	DRAFT MTFP 2022/23 to 2026/27 (@ December 2021)					
			2022/23 Updated	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 New (Proposed)	Total MTFP 22/23 to 26/27
			£'s	£'s	£'s	£'s	£'s	£'s
<b>Community &amp; Wellbeing</b>	Waltham Abbey Hub	Joint Museum and Library Facility	1,450,000	-	-	-	-	1,450,000
		<b>Sub-Totals</b>	<b>1,450,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,450,000</b>
<b>Commercial &amp; Technical</b>	Asset Management	Cartersfield Road	1,416,460	1,477,400	-	-	-	2,893,860
		Investment Property Acquisition Fund	1,053,120	-	-	-	-	1,053,120
	Community Safety	CCTV Replacement Programme	140,000	50,000	60,000	130,000	45,000	425,000
		Superfast Broadband (REFCuS)	350,000	-	-	-	-	350,000
	Contract Management	Epping Leisure Facility	11,781,550	12,500,000	-	-	-	24,281,550
	Fleet Operations	Vehicle Fleet Replacement	139,000	-	-	-	-	139,000
		Highway Ranger Vehicle & Equipment	40,000	-	-	-	-	40,000
	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	971,210	971,210	971,210	971,210	971,210	4,856,050
	Regulatory (PH Grants)	Home Assist Grants	100,000	100,000	100,000	100,000	100,000	500,000
			<b>Sub-Totals</b>	<b>16,221,340</b>	<b>15,128,610</b>	<b>1,161,210</b>	<b>1,231,210</b>	<b>1,146,210</b>
<b>Corporate Services</b>	ICT	ICT General Schemes	141,000	93,000	93,000	93,000	93,000	513,000
	ICT	ICT Strategy	2,992,750	1,086,000	971,000	1,126,000	931,000	7,106,750
		<b>Sub-Totals</b>	<b>3,133,750</b>	<b>1,179,000</b>	<b>1,064,000</b>	<b>1,219,000</b>	<b>1,024,000</b>	<b>7,619,750</b>
<b>Customer Services</b>	Communications	Council Chamber Upgrade	160,000	-	-	-	-	160,000
		<b>Sub-Totals</b>	<b>160,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,000</b>
<b>Housing (Property Services)</b>	Facilities Management	Investment Properties (Planned Works)	250,000	250,000	250,000	250,000	250,000	1,250,000
	Facilities Management	Oakwood Hill Depot Extension	9,170	-	-	-	-	9,170
	Facilities Management	Operational Properties (Planned Works)	88,420	50,000	50,000	50,000	50,000	288,420
		<b>Sub-Totals</b>	<b>347,590</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>1,547,590</b>
<b>Place</b>	Climate Change	Environmental Projects	250,000	-	-	-	-	250,000
		<b>Sub-Totals</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,000</b>
<b>Qualis</b>	Capital Investments	Asset Purchase Loan	-	-	-	-	-	-
		Regeneration Finance Loans	25,000,000	37,000,000	-	-	-	62,000,000
		<b>Sub-Totals</b>	<b>25,000,000</b>	<b>37,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,000,000</b>
<b>Annual Totals</b>			<b>46,562,680</b>	<b>53,607,610</b>	<b>2,525,210</b>	<b>2,750,210</b>	<b>2,470,210</b>	<b>107,915,920</b>

## Annex C2: Draft HRA Capital Programme 2022/23 to 2026/27

Schemes	DRAFT MTFP 2022/23 to 2026/27 (@ December 2021)					
	2022/23 Updated	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 New (Proposed)	Total MTFP 22/23 to 26/27
	£'s	£'s	£'s	£'s	£'s	£'s
<b>Housing Development Programme:</b>						
Housebuilding	15,597,810	20,556,660	9,533,240	6,394,460	0	52,082,170
Qualis Acquisitions	10,461,190	7,941,340	2,022,760	300,540	0	20,725,830
Development Land Purchases	2,000,000	0	0	0	0	2,000,000
<b>Sub-Totals</b>	<b>28,059,000</b>	<b>28,498,000</b>	<b>11,556,000</b>	<b>6,695,000</b>	<b>0</b>	<b>74,808,000</b>
<b>Capital Works:</b>						
Heating	2,045,000	6,221,260	4,649,520	2,399,160	3,049,730	18,364,670
Windows, Door and Roofing	1,974,000	6,127,840	5,379,110	2,791,320	3,154,290	19,426,560
Compliance Planned Maintenance	903,000	2,000,160	2,098,170	1,027,780	1,150,160	7,179,270
Kitchens & Bathrooms (inc void allocation)	2,050,000	4,786,000	5,065,400	2,561,190	2,345,780	16,808,370
Electrical	2,140,000	1,350,000	3,824,750	1,921,000	2,096,630	11,332,380
Sprinklers	100,000	130,620	130,620	130,620	130,620	622,480
Environmental	402,000	868,320	910,870	489,600	499,320	3,170,110
Structural works	700,000	626,000	849,000	866,000	883,000	3,924,000
Disabled Adaptations	1,145,000	650,000	650,000	650,000	800,000	3,895,000
Asbestos Removal	130,000	280,800	294,560	158,330	161,470	1,025,160
Estate Improvements	140,000	214,000	218,000	222,000	226,000	1,020,000
<b>Sub-Totals</b>	<b>11,729,000</b>	<b>23,255,000</b>	<b>24,070,000</b>	<b>13,217,000</b>	<b>14,497,000</b>	<b>86,768,000</b>
<b>Regeneration Projects:</b>						
Limes Avenue and Copperfield	3,000,000	3,000,000	0	0	0	6,000,000
Broadway	2,750,000	0	0	0	0	2,750,000
Pylres Lane	0	1,200,000	0	0	0	1,200,000
Harvey Fields	0	0	2,000,000	0	0	2,000,000
Oakwood Hill Estate	0	0	0	6,000,000	0	6,000,000
<b>Sub-Totals</b>	<b>5,750,000</b>	<b>4,200,000</b>	<b>2,000,000</b>	<b>6,000,000</b>	<b>0</b>	<b>17,950,000</b>
<b>Other Housing Schemes:</b>						
Service Enhancements (General)	234,990	233,540	506,000	519,000	573,000	2,066,530
Housing Asset Management Project	400,010	255,460	0	0	0	655,470
Service Enhancements (HFFHH)	154,000	154,000	154,000	154,000	114,000	730,000
Sheltered Block Refurbishments	330,000	354,000	363,000	370,000	378,000	1,795,000
Emergency Alarm System Upgrades	360,000	0	0	0	0	360,000
<b>Sub-Totals</b>	<b>1,479,000</b>	<b>997,000</b>	<b>1,023,000</b>	<b>1,043,000</b>	<b>1,065,000</b>	<b>5,607,000</b>
<b>Total Expenditure</b>	<b>47,017,000</b>	<b>56,950,000</b>	<b>38,649,000</b>	<b>26,955,000</b>	<b>15,562,000</b>	<b>185,133,000</b>