

Final Budget Proposals 2024/25

GENERAL FUND & HRA CAPITAL 2024/25 to 2028/29

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.
- 1.2 Cabinet approved an updated Financial Planning Framework (FPF) 2024/25 to 2028/29 at its meeting on 18th September 2023, which is the first step in preparing the 2024/25 budget and updating the 5-year rolling Capital Programme.
- 1.3 The first major milestone in the FPF was reached on 9th October 2023, with Cabinet receiving and considering an indicative Capital Programme for 2024/25 to 2028/29 alongside the updated (revenue) Medium-Term Financial Plan (MTFP) for 2024/25 to 2028/29. The Programme comprised total capital investment of £210.258 million over the five-year period (General Fund £53.913 million, HRA £156.345 million).
- 1.4 Acting on the strategic direction provided by Cabinet on 9th October 2022 (and taking account of feedback from the special Overview & Scrutiny Committee held on 12th December 2023), officers subsequently refined the indicative Capital Programme, presenting an initial draft Capital Programme for 2024/25 to 2028/29 for consideration by Cabinet on 18th December 2023. The initial draft Programme comprised total capital investment of £202.230 million over the five-year period (General Fund £61.806 million, HRA £140.424 million).
- 1.5 The draft budget proposals – including the Capital Programme (both General Fund and HRA revenue) – presented to Cabinet in December 2023 — were further scrutinised by the Overview & Scrutiny Committee on 23rd January 2024.
- 1.6 Further detailed work has now been completed on the capital budgets to reflect the Council's latest capital needs and investment priorities in the context of the impact of the North Weald capital receipt and the *provisional* Local Government Finance Settlement for 2024/25 (explained in detail in **Appendix A**) and the current Balance Sheet position. This report allows Cabinet to consider the final capital investment proposals for 2024/25 to 2028/29 – for both the General Fund and HRA – as set out in the report, whilst taking into consideration the comments of the Overview & Scrutiny Committee.

2. General Fund Capital Programme 2024/25 to 2028/29: Capital Growth

2.1 The General Fund capital growth proposals included in the initial draft Capital Programme presented to Cabinet in December 2023 have been further reviewed. Consideration has also been given as to any potential need for further capital investment. This has resulted in no amendments to growth proposals presented in December 2023, which are summarised in the table below.

General Fund: Capital Programme 2024/25 to 2028/29: Growth Proposals (@ February 2024)						
Description	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
	£'s	£'s	£'s	£'s	£'s	£'s
<i>Commercial & Technical</i>						
CCTV Replacement Programme	-	54,000	34,000	100,000	106,000	294,000
CCTV Car Park Replacement Programme	5,000	18,000	-	5,000	19,000	47,000
Disabled Facilities Grants	-	-	-	-	971,210	971,210
Home Assist Loans	-	-	-	-	30,000	30,000
Grounds Maintenance PVE	-	-	-	-	30,000	30,000
NWA Control Tower	1,000,000	3,900,000	-	-	-	4,900,000
<i>Corporate Services</i>						
ICT General Schemes	-	-	-	-	93,000	93,000
ICT Strategy	-	-	-	-	900,000	900,000
<i>Housing & Property Services</i>						
Investment Properties (Planned Works)	-	-	-	-	250,000	250,000
Investment Properties (Debden Broadway)	-	2,000,000	-	-	-	2,000,000
Operational Properties (Planned Works)	-	-	-	-	50,000	50,000
Increased/(Reduced) Budget Demand	1,005,000	5,972,000	34,000	105,000	2,449,210	9,565,210

2.2 The table above shows overall growth proposals of £9.565 million over five years (including £2.449 million in 2028/29) and primarily reflects established commitments, rolling programmes (such as part of Asset Management Strategy) or capital replacement costs. It should be noted that spending on Disabled Facilities Grants is 100% funded by Government grant.

2.3 Members should note the following:

- ***North Weald Airfield Control Tower (£4,900,000)*** – an allocation of £1.0 million in 2024/25, followed by a further £3.9 million in 2025/26, has been included. The scheme entails the construction of a replacement Control Tower as part of the reconfiguration of the site following disposal of a section of the site, released under the Local Plan adoption process as employment land. This is likely to be fully funded by netting off the resulting capital receipt with no borrowing cost to the Council.
- ***Investment Properties (Debden Broadway) (£2,000,000)*** – a total of £2.0 million has been earmarked as part of a larger scheme to complete urgent major works to the roof and walkways at Debden Broadway (a mixed housing and a commercial property site)
- ***CCTV Replacement Programme (£341,000)*** – the current five-year CCTV Strategy runs through until 2024/25. However, a new Strategy has recently been developed for consideration and is awaiting approval. The capital commitments embedded in the new Strategy (which includes £47,000 specifically earmarked for Car Parks) have been provisionally reflected in this iteration of the Capital Programme; and

- *ICT Strategy (£900,000)* – the draft allocation for 2028/29 is indicative only at this stage. The migration of several applications to ‘Software as a Service’ or suppliers cloud hosting solution, have now been completed, such as Revenues and Benefits (Capita Cloud), Housing (Civica CX), Telephone (Gamma/Cirrus) with others being planned for future financial years, including Regulatory Services, Payment Solution and Financial Applications. As part of the collaboration with Colchester City Council, consideration is being given to replace current supplier purchased applications such as Freedom of Information and Internal Room and Desk booking systems with a Microsoft PowerApp.

3. Proposed General Fund Capital Programme 2024/25 to 2028/29 (Annex B1)

3.1 The updated General Fund Capital Programme, reflecting the Growth proposals presented above in Paragraph 2.1, and some (very minor) reprofiling of Qualis loans completed in January 2024, totals £60.488 million over the five-year period 2024/25 to 2028/29 (down £1.318 million compared to December 2023) and is summarised by **service** area in the table below.

Draft General Fund Capital Programme 2024/25 to 2028/29: Service Analysis						
Service	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£000's	£000's	£000's	£000's	£000's	£000's
EXPENDITURE						
Commercial & Technical	10,896	15,491	1,065	1,136	1,156	29,744
Corporate Services	1,064	1,219	1,024	993	993	5,293
Housing & Property Services	318	2,303	300	300	300	3,521
Qualis	19,900	2,030	0	0	0	21,930
Total Expenditure	32,178	21,043	2,389	2,429	2,449	60,488

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

- **Commercial and Technical (£29.744 million)** – the Commercial and Technical service is leading on seven separate schemes, which are dominated by three in particular (in descending order of projected cost over the five-year period):
 - *Epping Leisure Facility (£19.287 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 (recently completed). Cabinet approved the addition of this scheme to the draft 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.

- North Weald Airfield Control Tower (£4.9 million) – a scheme is to replace the existing Control Tower at North Weald Airfield. Contingent on asset disposal (explained above in Paragraph 2.4); and
 - Disabled Facilities Grants (£4.856 million) – the Epping Forest District Council allocation for Disabled Facilities Grants in 2023/24 was £971,213. There is currently no indication of future allocations. It is therefore assumed that the Council will receive the same amount – without uplift – from 2024/25 onwards.
 - **Corporate Services (£5.293 million)** – spending covers the Council’s ICT capital investment needs, which is dominated by the new ICT Strategy of £4.828 million (explained above in paragraph 2.4).
 - **Housing & Property Services (£3.521 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 until the review is complete. One scheme at Debden Broadway (for £2.0 million) to provide urgent major works has been included in 2025/26 (explained above in Paragraph 2.4); and
 - **Qualis (£21.930 million)** – this is the balance on the previously agreed £98.0 million Finance Loans (including the extended loan facility of £35.0 million approved by Cabinet in July 2021). The loans are a key enabler in the delivery of the Council’s regeneration priorities in the district through Qualis; the Council will receive a revenue margin on the loan, which is available to support general spending and minimise Council Tax increases.
- 3.3 A more detailed summary of the draft General Fund Capital Programme 2024/25 to 2028/29, including the Financing profile and analysed by individual **schemes**, is presented at **Annex B1**.

4. Proposed HRA Capital Programme 2024/25 to 2028/29 (*Annex B2*)

4.1 An updated 5-year HRA Capital Programme of £140.424 million, including £26.947 million in 2028/29, was presented as part of the initial draft budget proposals in December 2023.

4.2 The proposed Programme was further reviewed in January 2024. No further changes are recommended as summarised in the table below.

Draft HRA Capital Programme 2024/25 to 2028/29						
Service	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	11,523	15,294	7,113	6,483	-	40,413
Capital Works	19,022	15,244	11,093	19,206	25,582	90,146
Regeneration Schemes	1,000	3,000	-	-	-	4,000
Other Housing Schemes	1,542	1,038	1,014	905	1,365	5,865
Total	33,087	34,576	19,220	26,594	26,947	140,424

4.3 The Programme – which is presented in detail in *Annex B2* – is dominated by the Housing Development Programme and routine Capital Works:

- **Housing Development Programme (£40.413 million)** – the capital allocation has reduced by £11.909 million since October 2023, following the reduction in size of one scheme at St Peters Avenue, Shelley. The Housing Development Programme combines (direct) Housebuilding and Acquisitions from Qualis, including:
 - Housebuilding (£28.369 million) – this is expected to deliver 104 affordable rent units by 2027/28, and
 - Qualis Acquisitions (£13.930 million) – the Development Programme also includes the planned acquisition of 60 affordable rent and social housing properties across two different sites.
- **Capital Works (£90.146 million)** – the recently completed Stock Condition Survey has provided updated data on component lives and replacement time scales. The cost of the planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period averages out at £18.029 million annually. This contrasts with annual budgets of £11.752 million and £18.970 million in 2022/23 and 2023/24 respectively. An annual budget of £1.5 million for Net Carbon Zero works has also been included within the revised Capital Programme commencing in 2024/25 and covering a 10-year period.

4.4 Members should note that the data in the Fortress (HRA Business Plan) model has been updated for the results of the recently completed Stock Condition Survey (SCS). It has been several years since the Council's housing stock was last surveyed, therefore an independent SCS was commissioned in March 2022 and the report was issued in August 2023. A total of 3,290 dwellings (51.3% of total stock), and 399 out of 456 blocks were surveyed. The data has then been extrapolated (for dwellings) and an allowance made for un-surveyed blocks to provide a whole stock report. The total forecast expenditure over the 30-year period in the report amounted to £329.428 million (based on Q3 2022 prices). This has been inflated by 5.75% to £348.370 million (to ensure the costs are at Q3 2023 prices) and included in the HRA Business Plan.

4.5 A more detailed summary of the draft HRA Capital Programme 2024/25 to 2028/29, including the Financing profile, is presented at *Annex B2*.

Annex B1**Draft General Fund Capital Programme 2024/25 to 2028/29: Summary of Schemes**

General Fund Capital Programme 2024/25 to 2028/29						
Scheme	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 Updated	2028/29 New (Proposed)	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
NWA Replacement Control Tower	1,000,000	3,900,000	-	-	-	4,900,000
Epping Leisure Centre (Bakers Lane)	8,800,000	10,487,440	-	-	-	19,287,440
Sub-Totals	10,896,210	15,490,650	1,065,210	1,136,210	1,156,210	29,744,490
Corporate Services						
ICT General Schemes	93,000	93,000	93,000	93,000	93,000	465,000
ICT Strategy	971,000	1,126,000	931,000	900,000	900,000	4,828,000
Sub-Totals	1,064,000	1,219,000	1,024,000	993,000	993,000	5,293,000
Housing (Property Services)						
Investment Properties (Planned Works)	250,000	250,000	250,000	250,000	250,000	1,250,000
Debden Broadway Regeneration Scheme	-	2,000,000	-	-	-	2,000,000
Operational Properties (Planned Works)	68,000	53,000	50,000	50,000	50,000	271,000
Sub-Totals	318,000	2,303,000	300,000	300,000	300,000	3,521,000
Qualis						
Regeneration Finance Loans	19,900,000	2,030,000	-	-	-	21,930,000
Sub-Totals	19,900,000	2,030,000	-	-	-	21,930,000
Total Expenditure	32,178,210	21,042,650	2,389,210	2,429,210	2,449,210	60,488,490
Capital Financing Analysis:						
Capital Grants	971,210	971,210	971,210	971,210	971,210	4,856,050
Capital Receipts	800,480	831,680	862,850	860,160	857,150	4,212,320
Borrowing	30,406,520	19,239,760	555,150	597,840	620,850	51,420,120
Total Financing	32,178,210	21,042,650	2,389,210	2,429,210	2,449,210	60,488,490

Draft HRA Capital Programme 2024/25 to 2028/29

HRA Capital Programme 2024/25 to 2028/29 (DRAFT)						
Scheme	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 Updated	2028/29 New (Proposed)	Total 2024/25 to 2028/29
	£'s	£'s	£'s	£'s	£'s	£'s
Housing Development Programme:						
Housebuilding	5,501,000	9,272,000	7,113,000	6,483,000	-	28,369,000
Qualis Acquisitions	6,022,000	6,022,000	-	-	-	12,044,000
Sub-Totals	11,523,000	15,294,000	7,113,000	6,483,000	-	40,413,000
Capital Works:						
Heating	2,552,510	2,190,150	627,070	3,634,410	2,192,270	11,196,410
Windows, Door and Roofing	2,602,890	1,424,930	584,010	2,472,070	4,032,150	11,116,050
Compliance Planned Maintenance	1,803,620	1,830,520	1,602,760	1,630,260	2,609,700	9,476,860
Kitchens & Bathrooms (inc void allocation)	4,192,470	2,916,450	1,539,700	2,501,600	4,002,740	15,152,960
Electrical	1,734,380	1,799,690	1,798,350	3,368,450	2,119,520	10,820,390
Net Zero Carbon Works	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Environmental	884,380	642,520	470,730	941,950	4,467,610	7,407,190
Structural works	1,805,550	1,320,720	1,448,200	1,411,610	2,702,840	8,688,920
Disabled Adaptations	1,081,160	1,082,780	1,084,440	1,086,130	1,087,850	5,422,360
Asbestos Removal	328,380	334,940	341,640	348,470	355,440	1,708,870
Unsurveyed Blocks	536,400	201,410	95,860	310,800	511,740	1,656,210
Sub-Totals	19,021,740	15,244,110	11,092,760	19,205,750	25,581,860	90,146,220
Regeneration Projects:						
Broadway	1,000,000	3,000,000	-	-	-	4,000,000
Sub-Totals	1,000,000	3,000,000	-	-	-	4,000,000
Other Housing Schemes:						
Service Enhancements (General)	500,000	500,000	510,000	520,000	531,000	2,561,000
Service Enhancements (HFFHH)	164,320	167,600	126,550	-	-	458,470
Sheltered Block Refurbishments	363,030	370,290	377,690	385,250	-	1,496,260
Emergency Alarm Upgrades	403,200	-	-	-	-	403,200
Sheltered Housing Works	111,710	-	-	-	834,140	945,850
Sub-Totals	1,542,260	1,037,890	1,014,240	905,250	1,365,140	5,864,780
Total Expenditure	33,087,000	34,576,000	19,220,000	26,594,000	26,947,000	140,424,000
Capital Financing Analysis:						
Grants	80,000	2,173,000	2,113,000	2,113,000	80,000	6,559,000
RTB Receipts	4,526,000	4,461,000	1,272,000	1,020,000	-	11,279,000
Other Contributions	167,000	185,000	197,000	196,000	148,000	893,000
Major Repairs Reserve	10,700,000	10,914,000	11,132,000	11,355,000	11,582,000	55,683,000
Direct Revenue Contributions	2,499,000	2,667,000	3,098,000	3,379,000	3,202,000	14,845,000
Borrowing	15,115,000	14,176,000	1,408,000	8,531,000	11,935,000	51,165,000
Total Financing	33,087,000	34,576,000	19,220,000	26,594,000	26,947,000	140,424,000