

Report to the Council

Committee: Cabinet **Date:** 21 December 2017

Subject: Capital Review 2017/18 – 21/22.

Portfolio Holder: Councillor G Mohindra (Finance)

Recommending:

- (1) That a Capital supplementary estimate in the sum of £741,000 for the Epping Forest Shopping Park development be approved;**
 - (2) That a Capital supplementary estimate in the sum of £52,000 for the surrender of a lease by Glyn Hopkins Ltd in Waltham Abbey be approved; and**
 - (3) That a Capital supplementary estimate in the sum of £20,000 for the installation of CCTV systems in Council-owned car parks be approved.**
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1. At its meeting on 7 December 2017, the Cabinet considered the Council's Capital Programme for the five-year period 2017/18 to 2021/22. This included: the forecast capital investment in Council owned assets; estimates of capital loans to be made for private housing initiatives; and projected levels of revenue expenditure funded from capital under statute.

2. As part of the Review, the Council's projected capital expenditure was reviewed and a number of amendments agreed, including carry forwards, reductions, virements and re-phasing of projects. There were also areas where additional funding was considered necessary and the Cabinet agreed to seek the Council's approval for three Capital supplementary estimates in 2017/18.

Epping Forest Shopping Park

3. Construction of the new Epping Forest Shopping Park at Langston Road was completed in June 2017, having commenced in September 2016. All but three of the units are now let and most of the stores are already trading, or expected to be trading by Christmas. The remaining vacant units are continuing to be marketed.

4. Originally a total budget of £31,161,000 was set aside for the project to include all planning and preliminary costs, the purchase of Polofind's interest in the land, the development of the site as sole owner-developers, and all works and fees associated with the Section 278 highways modifications. The contract sum for the main works, carried out by McLaughlin and Harvey, was £10,300,000 but has risen to a final contract sum of £10,405,000 due to various variations and tenant improvement works.

5. The Section 278 road improvement works were undertaken by Walkers and started a week after the main contract. They represented a risk to the scheme from

the outset with substantial delays attributable to changing requirements from Essex County Council and numerous utility clashes on drainage routes. The resulting variations led to substantial additional costs and ultimately a prolonged contract period. The final contract sum is now anticipated to be in the region of £4,250,000, although a figure of approximately £165,000 will be recovered from Essex County Council. These works are programmed to be complete in late November 2017.

6. Throughout the project external consultancy experts of various disciplines have been working collaboratively with the Council to manage this large and complex project. Apart from the problems experienced with the highways works, the project has run smoothly and the current development appraisal still indicates a good return on the Council's investment. The anticipated outturn figure for the project overall is expected to be in the region of £31,902,000 based on the latest information and allowing for a contingency sum in respect of additional potential capital incentives. This figure represents £741,000, or 2%, over the original budget set aside for the project and the Council is requested to approve a Capital supplementary estimate in this sum in 2017/18 to cover the overspend.

Surrender of Lease by Glyn Hopkins

7. The Council entered into an agreement with Glyn Hopkin Ltd whereby it agreed to fund the extension of their premises on the corner of Brooker Road/Cartersfield Road in Waltham Abbey. Glyn Hopkin Ltd surrendered their existing lease and obtained a new lease for the whole area of their premises to permit full motor dealership use. With the acceptance of the new lease the rent of the premises has increased with 5-yearly upward-only rent reviews. Additional costs relating to stamp duty and other legal fees were identified after the report was submitted to Cabinet and the Council is now requested to retrospectively approve a Capital supplementary estimate in the sum of £52,000 to cover these costs.

Installation of CCTV in Council-owned Car Parks

8. The car park CCTV installation programme has been working in conjunction with the Invest to Save LED lighting scheme, with an original budget of £100,000, of which £56,000 was spent in 2016/17. The installation of cameras at three car parks at Darby Drive, Cornmill and Quaker Drive in Waltham Abbey is expected to be completed by the end of the financial year. The existing budget is expected to cover the costs of four of the seven remaining car parks and approval of a Capital supplementary estimate in the sum of £20,000 is requested to complete two further car parks; the final car park will be reassessed due to complications with the specification.

Conclusion

9. We recommend as set out at the commencement of the report.