

## Capital Programme 2023/24 – 2027/28

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### Summary

1. This report sets the Council's capital programme for the 5 years from 2023/24 to 2027/28. The capital programme should be considered alongside the Commercial Strategy (Appendix B) and the Medium Term Financial Strategy (Appendix C).
2. Total planned capital expenditure over the 5 year period (including slippage from previous years) is £55.8 million, including £9.1 million for the General Fund and £46.7 million for the Housing Revenue Account (HRA).
3. The report also sets out how capital expenditure will be financed, which involves a mixture of ringfenced capital resources, contributions from revenue budgets, and borrowing. Borrowing is undertaken in line with the CIPFA Prudential Code, alongside the Council's Treasury Management Strategy (Appendix D) and Capital Strategy (Appendix E), to ensure that it is affordable in the longer term.
4. The revenue costs of financing the capital programme have been built into the 2023/24 General Fund budget (Appendix H), 2023/24 HRA budget (Appendix G), and Medium Term Financial Strategy (Appendix C).

### Capital Expenditure

5. A summary of planned capital expenditure over the next 5 years is set out at Annexe F1, whilst the detailed capital programme by portfolio and project is at Annexe F2 (General Fund) and Annexe F3 (HRA).
6. The capital programme is reviewed on a rolling annual basis. It consists of both ongoing budgets for regular expenditure (for example recurring capital grant programmes, bins for new developments, minor IT projects, and cyclical works on the Council's estate), and one-off projects.
7. Changes to the capital programme from that which was approved in the previous year are set out in the table below:-

Capital Programme Changes	2023/24	2024/25	2025/26	2026/27	2027/28
	Original	Forecast	Forecast	Forecast	Forecast
	Budget				
	£'000	£'000	£'000	£'000	£'000
<b>Capital programme approved in February 2022</b>	<b>10,830</b>	<b>6,345</b>	<b>6,345</b>	<b>8,925</b>	<b>6,345</b>
<b>Changes to recurring capital budgets</b>					
Empty dwellings	(5)	(5)	(5)	(5)	(5)
Private sector renewal grants	(35)	(35)	(35)	(35)	(35)
Council offices improvements (general)	50	50	50	50	50
<b>Subtotal - Changes to recurring capital budgets</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>New recurring capital bids</b>					
Museum buildings	30	30	30	30	30
<b>Subtotal - New recurring capital bids</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>New one-off capital bids</b>					
E-form completion and e-signatures	1	-	-	-	-
Members' IT equipment	21	-	-	-	-
Move to servers Azure/AWS	50	-	-	-	-
Corporate mobile phone replacement	-	-	35	-	-
Corporate laptop/device replacement	-	-	-	-	75
Guildhall exterior works	50	-	-	-	-
Asset management system	22	-	-	-	-
<b>Subtotal - New one-off capital bids</b>	<b>144</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>75</b>
<b>Changes to HRA development projects</b>					
Great Chesterford	31	-	-	-	-
Takeley	(500)	1,080	400	-	-
Woodlands, Great Dunmow	1,652	-	-	-	-
Garden sites	489	275	-	-	-
Unidentified required builds	(1,500)	(2,000)	-	-	-
Walden Place	526	50	-	-	-
Alexia House	(2,100)	1,100	2,900	-	-
Parkside	(2,220)	1,250	3,200	50	-
<b>Subtotal - Changes to HRA development projects</b>	<b>(3,622)</b>	<b>1,755</b>	<b>6,500</b>	<b>50</b>	<b>-</b>
<b>Changes to HRA existing stock maintenance budget</b>	<b>1,236</b>	<b>1,607</b>	<b>1,659</b>	<b>1,711</b>	<b>1,806</b>
<b>Revised capital programme for approval</b>	<b>8,628</b>	<b>9,747</b>	<b>14,579</b>	<b>10,726</b>	<b>8,266</b>

8. Note that the above figures do not include the slippage of budgets approved in previous years. These will be reported in the 2023/24 final outturn report for approval by Cabinet. The capital programme at Annexe F1 includes an estimate of the amounts to be carried forwards, however these figures will be updated with actual slippage amounts after year-end.
9. Changes to the budgets for HRA development projects incorporate both changes to total project budgets, and rephasing of expenditure to future years. Resource constraints in the HRA have led to difficult decisions to defer some capital projects to future years. In particular:
- The redevelopment of sheltered accommodation units at Alexia House and Parkside has been deferred to commence in 2024/25. It should be noted that the delayed start will lead to a forecast underspend of £2.730 million on these projects in 2022/23, therefore the total lifetime budget for these projects has increased by £1.450 million (not £4.180 million as suggested by the table above).
  - The development of new build housing at Takeley has also been deferred to commence in 2024/25. Again, the delayed start will lead to a forecast underspend of

£450,000 in 2022/23, therefore the total lifetime budget of the project has increased by £530,000.

10. The budget for unidentified new builds in the HRA has been removed for 2023/24 and 2024/25, as it has been replaced by specific budgets for the projects which have now been identified (namely Woodlands, Takeley and Garden sites). There remains a rolling £2 million budget for unidentified new builds from 2025/26 onwards – this will be reviewed and replaced with specific projects as and when they are identified.
11. Changes to the budget for existing HRA stock maintenance relate to the impact of inflation and extra works carried out under the Norse contract. Previously the maintenance budget was allocated as a flat amount per annum, whereas the programme now builds in an allowance for future inflation which will be reviewed annually.
12. In line with the Commercial Strategy (Appendix B), there is no further new spend planned on commercial investments. The £914,000 of forecast capital slippage from 2022/23 relates to final retention payments in respect of properties already completed.

### **Capital Financing**

13. Whenever the Council incurs capital expenditure, it can choose either to finance this upfront (from capital resources or revenue contributions), or to use borrowing. Where borrowing is used, there is a requirement to finance the expenditure over the life of the asset by way of an annual charge to the General Fund known as the minimum revenue provision (MRP).
14. The MRP charge does not apply to HRA assets – however there is still a requirement to ensure that any new borrowing is affordable in the long-term.
15. Where possible, the Council seeks to apply specific capital resources to the financing of capital expenditure. These are amounts which are legally ringfenced for capital spend, and include capital grants, the proceeds from the sale of other assets (capital receipts), and the Major Repairs Reserve which is used to fund maintenance of the Council's housing stock.
16. Where specific capital resources can not be found, financing is by way of a direct contribution from revenue (the General Fund or HRA), or through borrowing.
17. In previous years, the General Fund capital programme has included £340,000 per year of expenditure to be financed from capital receipts. However, with few recent asset sales the availability of this source of finance is dwindling. As such, going forwards it is assumed that these projects will be financed from borrowing (for Council assets) or direct revenue contributions (for other capital expenditure such as capital grants to individuals and organisations). Capital receipts will continue to be used first where available.
18. In the HRA, an exercise has been carried out this year to review the whole capital financing plan and refine this to ensure best use of the Council's resources. Without undertaking new borrowing, the HRA capital programme is currently constrained by a lack of available resources, and some projects have had to be deferred as set out above.
19. There is currently a review underway of the HRA 30 Year Business Plan, and when complete this will be used to inform decisions around the affordability of future HRA borrowing. This will be taken into account when setting next year's capital programme.
20. In addition, on 21 December 2022 the government announced an allocation of up to £2.317 million from the new Local Authority Housing Fund to cover 2022/23 and 2023/24. There are a number of eligibility criteria attached to this funding, alongside a requirement for part-funding of schemes by the Council. Work is ongoing to ascertain how the Council may best be able to make use of this opportunity, for example whether it can be used to bring some of the deferred schemes back into 2023/24. Any changes to the approved capital programme will be subject to the Council's usual Financial Regulations and governance processes.
21. There is a full breakdown of all planned capital financing sources to support the capital programme at Annexe F4.

## Risks and Assumptions

22. The key risks associated with the capital programme are set out in the table below:

Risk	Key Assumptions and/or Variable Outcomes
Capital slippage	There is a risk that projects may not be completed on time due to internal or external factors, for example a lack of available staff or contractor resource, or technical issues during the project. Where this occurs, this usually causes an underspend in the year the delay occurs, followed by overspends in future years. This can make it difficult for the Council to plan the best use of its resources, and also generally results in an overall overspend due to longer construction periods and cost inflation.
Availability of capital resources	The capital programme makes assumptions about the level of capital resources (capital grants and capital receipts) which will be received by the Council in future years. For example, it is assumed that government grant funding will be received to part-support new housing developments. Should this funding not be forthcoming, alternative sources of financing will be required, which will have a significant impact on the Council's revenue accounts (General Fund and HRA).

## List of Annexes

- Annexe F1 – Capital Programme Summary 2023/24 – 2027/28
- Annexe F2 – General Fund Capital Programme Detail 2023/24 – 2027/28
- Annexe F3 – Housing Revenue Account Capital Programme Detail 2023/24 – 2027/28
- Annexe F4 – Capital Financing 2023/24 – 2027/28

## Capital Programme Summary 2023/24 – 2027/28

Annexe F1

Capital Programme Summary 2023/24 - 2027/28	2022/23 Current Budget £'000	2022/23 Forecast Outturn £'000	2022/23 Forecast Slippage to 2023/24 £'000	2023/24 Original Budget £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000
<b>General Fund</b>								
Communities & Partnerships	181	144	-	110	110	110	110	110
Housing & Economic Development	893	220	600	240	240	240	240	240
Environmental Services	1,521	1,206	340	290	125	125	2,705	125
Finance & Administration	1,460	3,025	327	437	315	350	315	390
Investment property	27,890	23,776	914	-	-	-	-	-
<b>Subtotal - General Fund</b>	<b>31,945</b>	<b>28,371</b>	<b>2,181</b>	<b>1,077</b>	<b>790</b>	<b>825</b>	<b>3,370</b>	<b>865</b>
<b>Housing Revenue Account</b>								
Existing stock maintenance	4,336	4,807	320	4,781	5,152	5,204	5,256	5,351
New builds	4,807	4,027	459	2,172	1,355	2,400	2,000	2,000
Sheltered accommodation redevelopment	4,521	885	941	526	2,400	6,100	50	-
Other	91	50	-	72	50	50	50	50
<b>Subtotal - Housing Revenue Account</b>	<b>13,755</b>	<b>9,769</b>	<b>1,720</b>	<b>7,551</b>	<b>8,957</b>	<b>13,754</b>	<b>7,356</b>	<b>7,401</b>
<b>Total - Capital Programme</b>	<b>45,700</b>	<b>38,140</b>	<b>3,901</b>	<b>8,628</b>	<b>9,747</b>	<b>14,579</b>	<b>10,726</b>	<b>8,266</b>

General Fund Capital Programme Detail 2023/24 – 2027/28

Annexe F2

Communities & Partnerships	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Forecast	Forecast	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Outturn	Slippage to 2023/24	Budget				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community project grants	181	141	-	110	110	110	110	110
Tree planting	-	3	-	-	-	-	-	-
<b>Total - Communities &amp; Partnerships</b>	<b>181</b>	<b>144</b>	<b>-</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>

Housing & Economic Development	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Forecast	Forecast	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Outturn	Slippage to 2023/24	Budget				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Disabled Facilities Grants	200	200	-	200	200	200	200	200
Empty dwellings	23	-	-	5	5	5	5	5
Private sector renewal grants	70	20	-	35	35	35	35	35
Superfast broadband	600	-	600	-	-	-	-	-
<b>Total - Housing &amp; Economic Development</b>	<b>893</b>	<b>220</b>	<b>600</b>	<b>240</b>	<b>240</b>	<b>240</b>	<b>240</b>	<b>240</b>

Environmental Services	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Forecast	Forecast	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Outturn	Slippage to	Budget				
	£'000	£'000	2023/24	£'000	£'000	£'000	£'000	£'000
		£'000						
Vehicle replacement programme	1,306	1,055	251	165	-	-	2,580	-
Household bins	70	72	-	70	70	70	70	70
Kitchen caddies	10	8	-	10	10	10	10	10
Garden waste bins	20	18	-	20	20	20	20	20
Trade waste bins	10	38	-	10	10	10	10	10
Car parking machine replacement	65	-	64	-	-	-	-	-
Electric car chargers	15	15	-	15	15	15	15	15
White Street car park	25	-	25	-	-	-	-	-
<b>Total - Environmental Services</b>	<b>1,521</b>	<b>1,206</b>	<b>340</b>	<b>290</b>	<b>125</b>	<b>125</b>	<b>2,705</b>	<b>125</b>

Finance & Administration	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Forecast	Forecast	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Outturn	Slippage to	Budget				
	£'000	£'000	2023/24	£'000	£'000	£'000	£'000	£'000
<b>ICT</b>								
Minor items IT	20	38	-	20	20	20	20	20
PCI compliance	60	20	-	20	20	20	20	20
PSN CoCo	30	82	-	30	30	30	30	30
Asset management system	30	30	-	-	-	-	-	-
Cyber security	92	92	-	20	20	20	20	20
Grounds maintenance and vehicle systems	43	-	43	-	-	-	-	-
Licensing - Lalpac to Idox Uni	-	9	-	-	-	-	-	-
Scanner replacement	30	30	-	-	-	-	-	-
Sharepoint	18	18	-	-	-	-	-	-
WiFi	36	25	11	-	-	-	-	-
Northgate housing assets	20	-	-	-	-	-	-	-
Corporate mobile refresh	37	37	-	-	-	-	-	-
ICT - new sites	326	300	26	-	-	-	-	-
Cloud telephone system	49	49	-	-	-	-	-	-
Web-to-print solutions	9	7	-	-	-	-	-	-
E-form completion and e-signatures	-	-	-	1	-	-	-	-
Members' IT equipment	-	-	-	21	-	-	-	-
Move to servers Azure/AWS	-	-	-	50	-	-	-	-
Corporate mobile phone replacement	-	-	-	-	-	35	-	-
Corporate laptop/device replacement	-	-	-	-	-	-	-	75
<b>Subtotal - ICT</b>	<b>800</b>	<b>737</b>	<b>80</b>	<b>162</b>	<b>90</b>	<b>125</b>	<b>90</b>	<b>165</b>
<b>Subtotal - Finance &amp; Administration carried forward to next page</b>	<b>800</b>	<b>737</b>	<b>80</b>	<b>162</b>	<b>90</b>	<b>125</b>	<b>90</b>	<b>165</b>



Finance & Administration	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Forecast	Forecast	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Outturn	Slippage to 2023/24	Budget				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Subtotal - Finance &amp; Administration brought forward from previous page</b>	<b>800</b>	<b>737</b>	<b>80</b>	<b>162</b>	<b>90</b>	<b>125</b>	<b>90</b>	<b>165</b>
<b>Council asset works</b>								
Council offices improvements (general)	285	285	-	170	170	170	170	170
New depot site	-	1,800	-	-	-	-	-	-
Day centre cyclical improvements	25	25	-	25	25	25	25	25
Guildhall exterior works	-	-	-	50	-	-	-	-
Museum buildings	-	-	-	30	30	30	30	30
Swan Meadow car park resurface	240	20	220	-	-	-	-	-
Museum boiler	33	90	-	-	-	-	-	-
London Road - fire alarm upgrade	50	50	-	-	-	-	-	-
<b>Subtotal - Council asset works</b>	<b>633</b>	<b>2,270</b>	<b>220</b>	<b>275</b>	<b>225</b>	<b>225</b>	<b>225</b>	<b>225</b>
<b>Other</b>								
Postal software	27	-	27	-	-	-	-	-
S106 agreements	-	18	-	-	-	-	-	-
<b>Subtotal - Other</b>	<b>27</b>	<b>18</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - Finance &amp; Administration</b>	<b>1,460</b>	<b>3,025</b>	<b>327</b>	<b>437</b>	<b>315</b>	<b>350</b>	<b>315</b>	<b>390</b>

## Housing Revenue Account Capital Programme Detail 2023/24 – 2027/28

Annexe F3

Housing Revenue Account Capital Programme 2023/24 - 2027/28	2022/23 Current Budget	2022/23 Forecast Outturn	2022/23 Forecast Slippage to 2023/24	2023/24 Original Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Existing stock maintenance</b>	<b>4,336</b>	<b>4,807</b>	<b>320</b>	<b>4,781</b>	<b>5,152</b>	<b>5,204</b>	<b>5,256</b>	<b>5,351</b>
<b>New builds</b>								
The Moors	75	34	-	-	-	-	-	-
Thaxted Road	1,861	1,400	48	-	-	-	-	-
Great Chesterford	371	950	-	31	-	-	-	-
Gold Close	-	4	-	-	-	-	-	-
Takeley	500	50	-	-	1,080	400	-	-
Woodlands, Great Dunmow	1,789	1,489	300	1,652	-	-	-	-
Garden sites	111	-	111	489	275	-	-	-
Unidentified required builds	100	100	-	-	-	2,000	2,000	2,000
<b>Subtotal - New builds</b>	<b>4,807</b>	<b>4,027</b>	<b>459</b>	<b>2,172</b>	<b>1,355</b>	<b>2,400</b>	<b>2,000</b>	<b>2,000</b>
<b>Sheltered accommodation redevelopment</b>								
Hatherley Court	-	35	-	-	-	-	-	-
Walden Place	1,641	700	941	526	50	-	-	-
Alexia House	1,400	75	-	-	1,100	2,900	-	-
Parkside	1,480	75	-	-	1,250	3,200	50	-
<b>Subtotal - Sheltered accommodation redevelopment</b>	<b>4,521</b>	<b>885</b>	<b>941</b>	<b>526</b>	<b>2,400</b>	<b>6,100</b>	<b>50</b>	<b>-</b>
<b>Other</b>								
Cash incentive scheme grants	91	50	-	50	50	50	50	50
Asset management system	-	-	-	22	-	-	-	-
<b>Subtotal - Other</b>	<b>91</b>	<b>50</b>	<b>-</b>	<b>72</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Total - Housing Revenue Account</b>	<b>13,755</b>	<b>9,769</b>	<b>1,720</b>	<b>7,551</b>	<b>8,957</b>	<b>13,754</b>	<b>7,356</b>	<b>7,401</b>

Capital Financing 2023/24 – 2027/28

Annexe F4

Capital Financing 2023/24 - 2027/28	2022/23 Current Budget £'000	2022/23 Forecast Outturn £'000	2022/23 Forecast Slippage to 2023/24 £'000	2023/24 Original Budget £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000
<b>General Fund</b>								
Grants and external contributions	200	218	-	200	200	200	200	200
Direct revenue contributions	499	556	-	515	350	350	350	350
Earmarked reserves	2,287	465	782	-	-	-	-	-
Capital receipts	552	363	165	-	-	-	-	-
Borrowing	28,407	26,769	1,234	362	240	275	2,820	315
<b>Subtotal - General Fund</b>	<b>31,945</b>	<b>28,371</b>	<b>2,181</b>	<b>1,077</b>	<b>790</b>	<b>825</b>	<b>3,370</b>	<b>865</b>
<b>Housing Revenue Account</b>								
Grants and external contributions	1,040	-	67	293	1,065	2,100	-	-
Direct revenue contributions	4,588	1,057	1,150	1,608	2,739	3,122	50	50
Earmarked reserves	2,098	2,368	-	-	-	-	-	-
Major Repairs Reserve	4,336	4,807	320	4,781	5,043	4,679	4,841	5,005
Capital receipts	1,693	1,537	183	869	110	750	750	750
Borrowing	-	-	-	-	-	3,103	1,715	1,596
<b>Subtotal - Housing Revenue Account</b>	<b>13,755</b>	<b>9,769</b>	<b>1,720</b>	<b>7,551</b>	<b>8,957</b>	<b>13,754</b>	<b>7,356</b>	<b>7,401</b>
<b>Total - Capital programme</b>	<b>45,700</b>	<b>38,140</b>	<b>3,901</b>	<b>8,628</b>	<b>9,747</b>	<b>14,579</b>	<b>10,726</b>	<b>8,266</b>