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Democratic Services

FINANCIAL STRATEGY ADVISORY GROUP

Friday 27 September 2024 at 2.00 pm

Place: Council Chamber - Epsom Town Hall

The members listed below are summoned to attend the Financial Strategy Advisory Group meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Neil Dallen (Chair)
Councillor Hannah Dalton
Councillor Liz Frost
Councillor Alison Kelly
Councillor Peter O'Donovan
Councillor Clive Woodbridge

Yours sincerely

Chief Executive

For further information, please contact democraticservices@epsom-ewell.gov.uk or tel: 01372 732000

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- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move to the assembly point at Dullshot Green and await further instructions; and
- Do not re-enter the building until told that it is safe to do so.

Public information

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Exclusion of the Press and the Public

There are no matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government Act 1972 (as amended). Should any such matters arise during the course of discussion of the below items or should the Chair agree to discuss any other such matters on the grounds of urgency, the Committee may wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

Questions and statements from the Public

Questions and statements from the public are not permitted at meetings of this Committee. Annex 4.2 of the Epsom & Ewell Borough Council Operating Framework sets out which Committees are able to receive public questions and statements, and the procedure for doing so.

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AGENDA

1. DECLARATIONS OF INTEREST

To receive declarations of any Disclosable Pecuniary Interests or other registrable or non-registrable interests from Members in respect of any item to be considered at the meeting.

2. MINUTES OF THE PREVIOUS MEETING (Pages 5 - 8)

The Group is asked to confirm as a true record the Minutes of the Meeting of the Group held on 12 July 2024 (attached) and to authorise the Chair to sign them.

3. TREASURY MANAGEMENT YEAR-END PERFORMANCE 2023/24 (Pages 9 - 24)

This report presents the Council's treasury management performance in 2023/24.

4. INITIAL CAPITAL PROPOSALS - 2025/26 (Pages 25 - 50)

This report sets out the initial proposals for the 2025/26 Capital Programme and seeks guidance as to which of these should be worked into final proposals for further consideration in November 2024.

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Minutes of the Meeting of the FINANCIAL STRATEGY ADVISORY GROUP held at the Council Chamber, Epsom Town Hall on 12 July 2024

PRESENT -

Councillor Hannah Dalton (Chair); Councillors Liz Frost, Alison Kelly and Clive Woodbridge

In Attendance: Councillor Steven McCormick (Item 1 only)

Absent: Councillor Neil Dallen and Councillor Peter O'Donovan

Officers present: Brendan Bradley (Chief Finance Officer) and Sue Emmons (Chief Accountant)

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1 APPOINTMENT OF ACTING CHAIR

In the absence of the Chair, Councillor Neil Dallen, Councillor Hannah Dalton was nominated as Acting Chair for the meeting by Councillor Woodbridge. The nomination was unanimously agreed by the Advisory Group.

2 DECLARATIONS OF INTEREST

No declarations of interest were made by councillors regarding items on the agenda for the meeting.

3 MINUTES OF THE PREVIOUS MEETING

The minutes of the Financial Strategy Advisory Group meeting held on 26 January 2024 were agreed as a true record to be signed by the Chair.

4 2025/26 STRATEGIC FINANCIAL PLANNING

Following consideration of the report’s contents, the Group discussed the following points:

- The government funding assumptions are expected to be updated and reported to members after the first budget of the new government administration due in the Autumn.

- The background of the proposed increase in discretionary fees and charges income of 6%.

- Opportunities for partnership working.

- The current Homelessness position and potential impact on the future budget gap.

- Future Council Tax increases and the cost of increased demand for Council services.

Following the discussion, the Group moved to consider the report recommendations, which were agreed as follows:

(1) The proposed approach to 2025/26 budget setting as set-out in sections 7 and 8 of the report;

(2) That officers work to progress the workstreams set out in section 7 of the report, to produce specific income generation and savings options, in addition to savings already targeted;

(3) That the proposed Five Year Plan and the budget process are aligned to ensure that any commitments are affordable;

(4) The budget reporting timetable in Appendix 1 to the report.

5 REVIEW OF RESERVES

The following matters were debated by Councillors:

- Opportunities to replenish reserves.

- The value of Council assets compared with the level of debt held by the Council.

Following consideration of the above matters and the report's contents, the Group moved to consider the report recommendations, which were agreed as follows:

(1) Consider and review whether the overall level of reserves and contingencies are appropriate for the sound management of the Council's finances;

(2) Review the individual reserve and contingency balances and consider whether to support the recommended minimum balances in the report;

(3) Support the proposed transfer of £0.5m from the Collection Fund Equalisation Reserve to the Corporate Projects Reserve.

The meeting began at 2.00 pm and ended at 2.42 pm

COUNCILLOR HANNAH DALTON (CHAIR)

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TREASURY MANAGEMENT YEAR-END PERFORMANCE 2023/24

Head of Service:	Brendan Bradley, Chief Finance Officer
Report Author	Richard Appiah-Ampofo, Senior Accountant
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 – Treasury Management Review Appendix 2 – Prudential Indicators

Summary

This report presents the Council's treasury management performance in 2023/24

Recommendation (s)

The Group is asked to:

(1) Receive the report on the Council's treasury management performance 2023/24;

(2) Receive the 2023/24 prudential indicators.

1 Reason for Recommendation

1.1 In July 2023, Full Council agreed updated Financial Regulations which transferred the reporting of treasury management performance to the Financial Strategy Advisory Group.

1.2 The Council's prudential indicators must also be received by a Committee of members, in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Sector.

1.3 Approving the recommendations will enable the council to meet the above requirements.

2 Background

2.1 Income earned from investments is used to help finance the Council's services and contributes to the key priority 'Effective Council'.

2.2 The Treasury Management Strategy, approved annually by Council in February, sets out the strategy and procedures for managing the investment of reserves, provisions and cash flow.

2.3 A review of treasury management performance and activity is prepared on an annual basis. This is completed in line with the CIPFA Code of Practice for Treasury Management in the Public Sector and the Treasury Management Strategy approved by Council.

2.4 The reporting requirements of the annual performance review meet the requirements of the CIPFA Prudential Code.

2.5 The Council maintains revenue reserves, provisions and capital reserves as part of its financial strategy.

2.6 The Council's cash balances can be invested in fixed term deposits, money market funds or other secure investments such as long term gilts, as prescribed by the Treasury Management Strategy. At the end of March2024 the Council held £8.2 million in money market funds (£7.4m March 2023) and £15.0m in fixed term deposits (£20.0m March 2023).

2.7 In total at 31 March 2024, the Council's treasury investments were £23.2m (£27.4m March 2023).

2.8 At the same reporting date, the Council had external debt with the Public Works Loans Board of £64.4m (unchanged from March 2023).

2.9 The Group will note that the Pension Fund does not form part of the Council's investments and is managed on our behalf by Surrey County Council.

2.10 The aim of treasury management is to ensure that funds are invested with institutions that balance the need to maximise investment returns with that of minimising risk on the monies invested. This means not investing in banks/building societies/institutions that offer high investment returns but are at high risk of defaulting.

2.11 During 2023/24, the Council generated £1,718,000 gross interest on its treasury investments, compared to £833,000 generated in 2022/23.

2.12 The Council's prudential indicators, disclosed at Appendix 2, must also be approved by a committee of members, in accordance with the CIPFA Code.

3 Full Performance Review

3.1 A report on treasury management performance for 2023/24 is attached at Appendix 1.

3.2 The 2023/24 figures in this report are not expected to change, however, should there be any material amendments following completion of the external audit, these will be reported back to members.

3.3 No temporary borrowings were required in 2023/24 except occasional use of the Council's bank overdraft facility to manage daily cash flow.

3.4 The average gross return achieved for 2023/24 of 5.07% (2.15% in 2022/23) is ahead of the benchmark seven-day Sterling Overnight Index Average (known as SONIA) rate of 4.96% (equivalent in 2022/23 was 2.20%). This amounted to total gross interest income for the year of £1,718,000 generated on reserves, working balances and cash flow. After deducting fees, net interest income for the year amounted to £1,664,900, a net return of 4.91%.

3.5 The net outturn position exceeded the mid-year forecast reported to the Financial Strategy Advisory Group in November 2023, when it was anticipated that net income from investments would be £1,200,000 at the end of the year.

The performance for 2023/24 on the Council's investments was as follows:

	Average Investment £'m	**Net Interest Received £'000**	**Net Average Rate of Return %**
Internally Managed Funds			
Money Market Funds	14.18	710.4	5.01
Fixed Rate Deposits	19.68	953.4	4.84
Interest Bearing Account	0.04	1.1	2.47
Total	**33.90**	**1,664.9**	**4.91**

3.6 Returns on 2023/24 investments were £996,000 higher than the budgeted income for the year and the average net annualised return on investments was 4.91% (2.00% in 2022/23).

4 Internally Managed Funds

4.1 Money Market Funds

4.1.1 Money market funds are pooled investments that allow instant access to withdraw monies. The benefit of MMFs is that the risk on the investment is very low as the money invested in the fund is spread across a range of counterparties, which limits the exposure of a significant sum being invested with a defaulting counterparty.

4.1.2 The net return on money market funds of 5.01% was above the SONIA benchmark of 4.96%. Investment in money market funds enables cash balances to be called back on any working day. This secures the Council's liquidity position – simply put, cash invested in money market funds remains accessible at same-day notice to meet the Council's upcoming liabilities/payments due to creditors.

4.2 Interest Bearing Accounts

4.2.1 Interest bearing accounts offer the same instant access as the money market funds and deliver a rate of return linked to base rate set by the Bank of England.

4.2.2 The risk on these investments is also low, albeit potentially higher than the money market funds as money is deposited with one counterparty. Funds invested in this type of investment tend to be surpluses of daily cash flows which need to be called back at short notice.

4.2.3 The net return made on interest bearing accounts of 2.47% is significantly below the SONIA benchmark of 4.96% gross return. Typically, this account is only used when limits with other counterparties were reached, as is reflected by the lower average investment figure.

4.3 Fixed Interest Investments

4.3.1 In 2023/24, the Council placed four fixed term deposits; three in April 2023 and one in August 2023, to reduce risk by locking in elevated interest rate returns for a fixed period. Over the year 2023/24, the amount invested in fixed term deposits averaged £19.68m. The average gross return on these investments was 4.99%, with a net return after fees of 4.84%, which compares favourably to the benchmark of 4.96% gross return.

5 Interest Equalisation Reserve

5.1 The Interest Equalisation Reserve was established to enable variations in investment returns to be accommodated within the general fund budget without having an adverse effect on the levels of funds available for the delivery of services in year.

5.2 Due to investment income outperforming the budget for 2023/24, £783,745 of surplus interest has been transferred to this reserve.

6 Risk Assessment

Legal or other duties

6.1 Equality Impact Assessment

6.1.1 None.

6.2 Crime & Disorder

6.2.1 None

6.3 Safeguarding

6.3.1 None

6.4 Dependencies

6.4.1 None

6.5 Other

The Council approved the Treasury Management Strategy for 2023/24, which includes a risk management approach to investment of funds and returns..

7 Financial Implications

7.1 Financial implications are set out in the body of the report. The net interest income of £1,664,800 was mainly used to fund the Council's budget requirement during the year, with a balance of £784,000 set-aside in the Interest Equalisation Reserve to smooth future returns.

7.2 **Section 151 Officer's comments** Effective treasury management is essential to ensuring the security of the Council's funds. Interest earned from the investments contributes towards the delivery of services to residents.

7.3 The 2024/25 mid-year position will be reported to this group on 22 November 2024.

8 Legal Implications

8.1 The legal issues around treasury management have been addressed within the report. The key issue is to appropriately manage the risks around investment, and to ensure that all decisions are taken in accordance with the governance arrangements.

8.2 **Legal Officer's comments**: **None other than as outline in the report**

9 Policies, Plans & Partnerships

9.1 **Council's Key Priorities**: The following Key Priorities are engaged:

- Effective Council.

9.2 **Service Plans**: The matter is included within the current Service Delivery Plan.

9.3 **Climate & Environmental Impact of recommendations**: None arising directly from the contents of this report.

9.4 **Sustainability Policy & Community Safety Implications**: None arising directly from the contents of this report.

9.5 **Partnerships**: None directly from the contents of this report.

12 Background papers

12.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Treasury Management Strategy - Appendix 12 of the Budget Report to Full Council on 13 February 2023.
- Treasury Management Outturn Report 2022/23 to Audit & Scrutiny Committee on 24 November 2023.

Other papers:

- Final accounts working papers 2023/24.

TREASURY MANAGEMENT YEAR-END PERFORMANCE 2023/24

Fixed term deposit balances were as follows at 31 March:

Fixed Term Deposits	Balance at 31 March 24 £'000	Balance at 31 March 23 £'000	Movement £'000
Short Term Investments (less than 1 year)	20,000	20,000	0

The Council also used four money market funds and one special interest bearing account for liquid short term investments during 2023/24. Performance of the money market funds is summarised as follows:

Money Market Funds	Average balance held in fund *£'000*	Fund Performance	
		% Annual gross return	% Annual return net of fees
Goldman Sachs	3,443	5.14	4.99
Deutsche Bank	2,201	5.18	5.03
State Street Bank	4,802	5.18	5.03
UBS	3,730	5.14	4.99
Total	**14,176**	**5.18**	**5.01**

The total interest received on internally managed fixed term deposits in 2023/24 was as follows:

Fixed Term Deposits	Average Value of Funds Invested £'000	Gross Interest Earned £'000	% Return Gross of Fees	% Return Net of Fees
Fixed Term Investments	19,680	983	4.99%	4.84%

The average gross rate of return achieved on money market funds and fixed term deposits was 5.07%, ahead of the benchmark seven-day deposit rate of 4.96%

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ACTUAL TREASURY POSITION AND PRUDENTIAL INDICATORS 2023/24

1. Introduction

The Local Government Act 2003 introduced a new system of capital controls for Local Authorities. The key principle of the system of controls is that local authorities have the freedom to borrow for capital investment purposes providing that they can demonstrate that borrowing is affordable, sustainable and prudent.

The Act requires all local authorities to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code. The Code is a professional code that sets out a framework for self-regulation of capital spending. It sets out the approach that all authorities must take in undertaking integrated medium-term revenue and capital budget planning and a set of indicators that must be considered and/or approved in order to demonstrate that annual capital investment and treasury management decisions are affordable, sustainable and prudent.

Members' involvement through the process is essential in order that the Council can demonstrate that capital expenditure plans are affordable, external borrowing is prudent and sustainable and that treasury decisions are taken in accordance with good practice. The structure and content of the treasury management report complies with the requirements of the Code for 2023/24.

To facilitate the decision-making process and support capital investment decisions the Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators. These indicators are mandatory but can be supplemented with local indicators if this aids interpretation and many will cover three years forward. The indicators cover affordability, prudence, capital expenditure, external debt and treasury management. These indicators will also form the basis of in year monitoring and reporting.

The indicators are purely for internal use by the Council and are not to be used as comparators between councils, as any comparisons will not take account of local factors and so will be meaningless. In addition, the indicators should not be taken individually; rather the benefit from monitoring will arise from following the movement in indicators over time and the year-on-year changes.

This appendix provides a commentary on each prudential indicator relevant to the Council and sets out the actual 2023/24 prudential indicators for approval as part of the Council's requirement to comply with the Prudential Code.

2. Affordability Prudential Indicator

Prudential indicators are required to assess the affordability of the capital investment plans. These indicators provide an indication of the impact of the capital investment plans on the overall Council finances.

<u>Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream</u>

This is an indicator of affordability and highlights the revenue implications of capital expenditure by identifying the proportion of the net revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Streams	2022/23 Actual	2023/24 Estimated	2023/24 Actual
General Fund	7%	18%	-3%

The ratios above reflect the net cost of borrowing after allowing for investment income. Due to the increased income generated on the Council's investments as a result of higher interest rates, the ratio for 2023/24 is now a negative figure, reflecting the fact that income on investments was higher than interest paid on borrowing. In practice, the financing costs are fully funded by further income generated from both the Council's and Epsom & Ewell Property Investment Company's investment property acquisitions.

3. Capital Expenditure and the Capital Financing Requirement

The Prudential Code requires the calculation of the Council's Capital Financing Requirement (CFR). This figure represents the Council's underlying need to borrow for capital purposes. The year-on-year change is influenced by the capital expenditure incurred and how it is financed. The expected movement in the CFR over the next three years is dependent on the level of supported and unsupported capital expenditure decisions taken during the budgeting cycle.

The CFR forms one of the required prudential indicators. It includes the related capital expenditure and financing figures for each year, and the external debt for each year, which are mandatory prudential indicators.

In 2016/17 the Council agreed to borrow up to £80m to finance the acquisition of commercial properties within the Borough. To date, the Council has acquired four investment properties for a combined £30m in-borough, all funded from borrowing, leaving a remaining borrowing limit of up to £49.6m. There have been no new acquisitions since 2020.

For the purposes of forecasting only, the £49.6m balance has been projected to be spent in 2023/24, to ensure the prudential indicators reflect previously agreed limits. The Council has not incurred this borrowing and would only do so if/when the Commercial Property Fund were actually spent. To spend the fund, the Council would first need to agree an updated Property Investment Strategy, ensure any acquisitions are properly considered by members and that stringent criteria in the strategy are met.

The Committee is asked to receive the actual CFR and actual debt figures set out below:

Capital Financing Requirement	2022/23 Actual	2023/24 Estimated	2023/24 Actual
	£'000	£'000	£'000
Capital Expenditure:			
Capital programme expenditure	1,775	1,714	2,357
Residential properties	39	1,017	0
Unfinanced capex - commercial properties	0	49,569	0
Assets acquired under finance leases	13	0	126
Total Capital Expenditure	**1,827**	**52,300**	**2,483**
Capital Financing:			
Capital receipts	270	348	132
Capital grants	616	785	1,079
Capital reserves	326	80	589
Revenue	602	1,518	557
Total Capital Financing	**1,814**	**2,731**	**2,357**
Minimum revenue provision	1,460	1,464	1,472
Capital Financing Requirement at 31 March	**87,551**	**135,561**	**86,205**
External Debt:			
External borrowing	64,427	115,013	64,427
Other short/long term liabilities	1,869	1,467	1,817
Total External Debt at 31 March	**66,296**	**116,480**	**66,244**
Internal borrowing	21,255	19,081	19,961
Capital Financing Requirement at 31 March	**87,551**	**135,561**	**86,205**

4. External Debt

A key control over the Council's activity is to ensure that over the medium-term net borrowing will only be for a capital purpose. The Council needs to ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of additional capital financing requirement for 2023/24 and next two financial years.

The following table sets out the actual levels of borrowing and investment for 2023/24:

	2022/23 Actual	2023/24 Estimated	2023/24 Actual
	£'000	£'000	£'000
Gross Borrowing at 31 March	66,296	116,480	66,244
Investments at 31 March	27,400	14,669	23,200
Net Borrowing at 31 March	38,896	101,811	43,044
Capital Financing Requirement	87,551	135,561	86,205

The Chief Finance Officer reports that the Council complied with the requirement to keep net borrowing below the CFR in 2023/24, and no difficulties are envisaged for the current or future years. This view takes into account current commitments and plans in the budget report.

A further two Prudential Indicators control the overall level of borrowing. These are:

The Authorised Limit

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the absolute maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The Operational Boundary

The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring.

The Committee is asked to receive the authorised and operational limits set out below:

External Debt Boundaries	**2022/23 Actual**	**2023/24 Estimated**	**2023/24 Actual**
	£'000	**£'000**	**£'000**
Authorised Limit for External Debt			
Borrowing for commercial properties	64,427	145,000	64,427
Other short/long term liabilities (finance leases)*	1,869	3,000	1,817
Total Authorised Limit for External Debt	**66,296**	**148,000**	**66,244**
Operational Boundary for External Debt			
Borrowing for commercial properties	64,427	137,025	64,427
Other short/long term liabilities (finance leases)*	1,869	1,467	1,817
Total Operational Boundary for External Debt	**66,296**	**138,493**	**66,244**

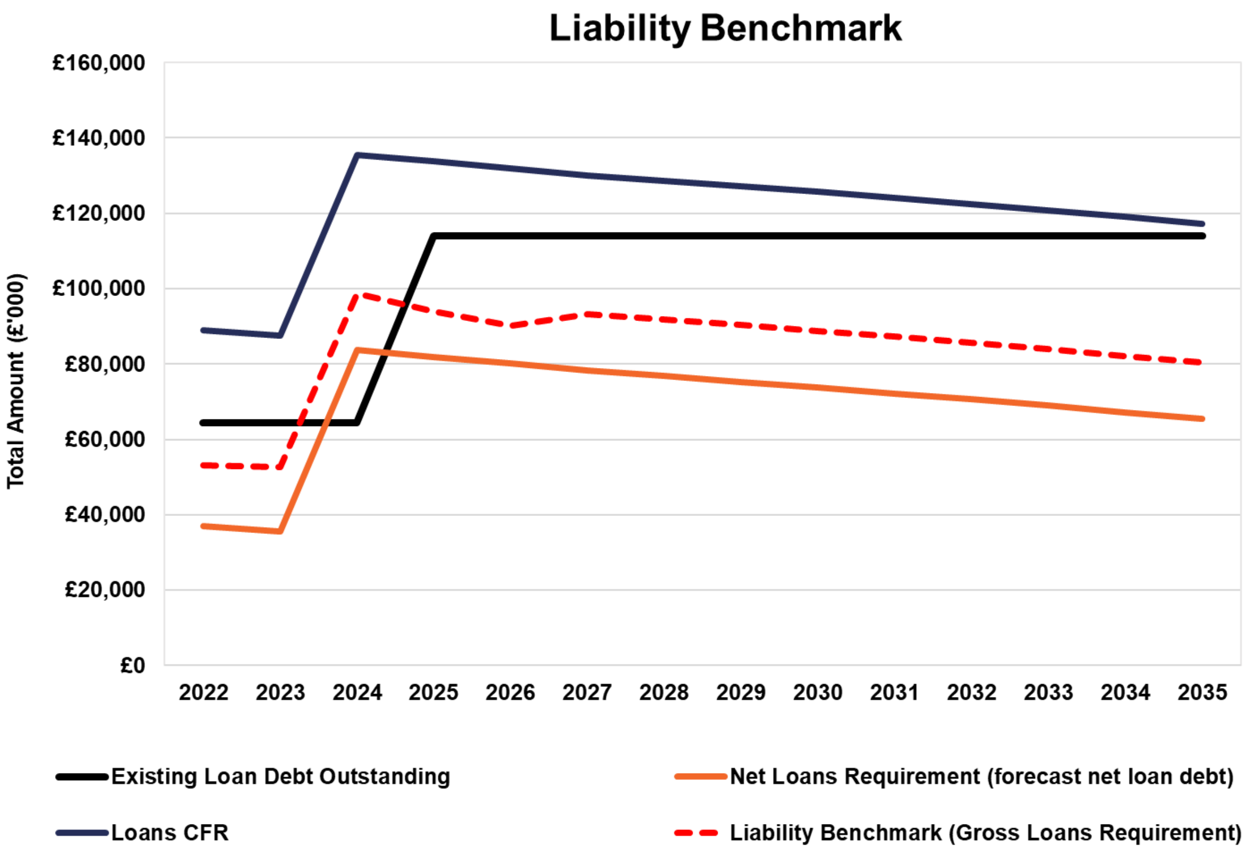
Liability Benchmark

A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

3. **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



5. Treasury Management Indicators

The purpose of the treasury management prudential indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs or maximise investment income.

The treasury management service is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the freedoms provided by the Prudential Code. It covers the borrowing and investment activities and the effective management of associated risks. Its activities are strictly regulated by statutory requirements and a professional code of practice, the CIPFA Code of Practice for Treasury Management in Local Authorities.

The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice at its meeting in April 2012 and Council approved the latest treasury management strategy and procedures in February 2024.

The treasury management policy requires an annual strategy to be reported to Members outlining the expected treasury activity for the forthcoming year. A further report is produced after the year end to report on actual activity for the year.

The treasury management strategy identifies four prudential indicators in respect of treasury management:

Upper Limits on Fixed Rate Exposure

This indicator identifies a maximum limit for the Council's exposure to fixed interest rates for borrowing based upon the debt position net of investments.

Upper Limits on Variable Rate Exposure

This indicator identifies a maximum limit for the Council's exposure to variable interest rates for borrowing based upon the debt position net of investments. The Council has no plans to enter into any variable rate borrowing arrangements.

Maturity Structures of Borrowing

This indicator sets out the gross limits on borrowing which are set to limit the Council's exposure to large, fixed rate sums falling due for refinancing.

Total Principal Funds Invested for Periods Longer Than 364 Days

This indicator limits the amount of long-term investments which can be sold in each year, to reduce the need for early sale of an investment.

Figures are for the financial year unless otherwise titled in italics	2022/23 Actual £'000	2023/24 Estimated £'000	2023/24 Actual £'000
Capital Expenditure	1,827	52,300	2,483
Capital Financing Requirement (CFR) *at 31 March*	87,551	135,561	86,205
Treasury Position at *31 March*			
External borrowing	64,427	115,013	64,427
Other short/long term liabilities	1,869	1,467	1,817
Total Debt	**66,296**	**116,480**	**66,244**
Investments	27,400	14,669	23,200
Net Borrowing	**38,896**	**101,811**	**43,044**
Maximum Debt (Actual) compared to Authorised Limit (Original Indicator)	66,296	116,480	66,244
Average Debt compared to Operational Boundary (Original Indicator)	66,296	116,480	66,244
Ratio of financing costs to net revenue stream	7%	18%	-3%
Upper limits on fixed interest rates *(against maximum position)* as above	66,296	116,480	66,244
Upper limits on variable interest rates *(against maximum position)* as above	0	0	0
Maturity structure fixed rate borrowing *(%)*	**2022/23 Actual**	**2023/24 Estimated**	**2023/24 Actual**
Under 12 months	0%	0%	0%
12 months to 2 years	0%	0%	0%
2 years to 5 years	0%	0%	8%
5 years to 10 years	8%	8%	0%
10 years and above	92%	92%	92%
Maximum principal funds invested over 364 days *(against maximum position)*	0	£10m	0

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INITIAL CAPITAL PROPOSALS - 2025/26

Head of Service:	Brendan Bradley, Head of Finance
Report Author:	Vanessa Newton, Senior Accountant
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 –Initial Capital Programme proposals for consideration

Summary

This report sets out the initial proposals for the 2025/26 Capital Programme and seeks guidance as to which of these should be worked into final proposals for further consideration in November 2024.

Recommendation (s)

The Panel is asked to:

(1) Provide guidance on which of the initial schemes in the first draft 2025/26 capital programme should be developed for further consideration in November 2024.

1 Reason for Recommendation

1.1 To review and advise which initial capital proposals should be worked up to final proposals for the Council's 2025/26 Capital Programme.

2 Background

2.1 The Council agreed a capital investment programme for 2024/25 in February 2024. A provisional programme for the subsequent four years was also proposed for 2025/26 to 2028/29. The Capital Strategy and Capital Programme are reviewed annually.

2.2 The capital budget timetable requires that the policy committees receive a report on the proposed Capital Programme and funding options for 2025/26 at their January meetings. Schemes receiving committee support will then be included in the Budget and Council Tax report for Council approval in February 2025.

2.3 In view of public sector funding constraints, proposed schemes should meet at least one of the Council's agreed capital criteria set out in section 4, to qualify for inclusion in the draft Capital Programme.

3 The Roles of Financial Strategy Advisory Group and Strategic Management Team

3.1 The Financial Strategy Advisory Group's (FSAG) role is to review the current capital programme, co-ordinate the preparation of the capital programme for 2025/26 whilst reviewing funding, including capital reserves, new capital receipts, grants, CIL (Community Infrastructure Levy) and Section 106 (planning gain) receipts.

3.2 The Strategic Leadership Team will meet to review the full proposals in October 2024 to ensure they meet the requirements; each scheme will be evaluated for suitability for inclusion within the capital programme and presented to the Financial Strategy Advisory Group in November.

3.3 FSAG also reviews the capital strategy and criteria applied to capital project appraisals.

4 Criteria for Assessing Capital Proposals

4.1 In previous years, Strategy & Resources Committee have agreed criteria for assessing capital proposals taking into account the limited resources available. With the level of capital receipts just under £2.2m after funding the 2024/25 capital programme, it is recommended that potential proposals should only be considered if they meet one of the following criteria, as agreed in the Capital Strategy at Full Council in February 2024:

4.1.1 Where there is a guarantee of the scheme being fully externally funded and is classed as a high priority.

4.1.2 Spend to save projects (see below).

4.1.3 Where it is mandatory for the Council to provide the scheme (eg Disabled Facilities Grants and Health and Safety).

4.1.4 Essential for business continuity, the minimum required to continue to deliver the services of Council (eg minimum level of building maintenance and IT).

4.1.5 Where the scheme is consistent with the Council's Climate Change Action Plan, subject to affordability, supported by a robust business case and value for money can be demonstrated through a maximum payback period of 10 years.

4.2 For the purpose of appraising any of the proposals funded as a 'spend to save' it is proposed that the following criteria should be applied;

4.2.1 Payback of the amount capital invested within the project within 5 years (10 years for renewable energy projects).

4.2.2 The return required on capital employed should be linked to the potential cost of borrowing (MRP) rather than potential loss of investment income.

4.2.3 Risk of not achieving return on investment is low.

4.2.4 Clear definition of financial cost/benefits of the scheme.

5 Current Overview of Existing Capital Programme and Financing

5.1 The current approved core capital programme for 2024/25, including slippage from 2023/24 and agreed in-year additions, totals £5.207m. This is funded by £1.563m of capital receipts; £1.45m of Disabled Facilities Grant; £56k of S106 contributions; £769k of CIL; £500k of revenue funding, £41k external grant; and £828k from the Residential Property Reserve.

5.2 The 2024/25 Capital Monitoring information for Q1 which is due to go to Audit and Scrutiny Committee on 26 September 2024 can be viewed here: Agenda (epsom-ewell.gov.uk).

5.3 The capital receipts reserve is projected at £2.375m after funding the 2024/25 current approved capital programme. To date in 2024/25 there has been one receipt received totalling £130k.

5.4 The Q1 Capital Monitoring report also details available funds from Community Infrastructure Levy, and from S106 balances which are all now within the Affordable Housing category.

6 Draft 2025/26 Capital Programme

6.1 Initial proposals for the 2025/26 programme were invited to be submitted by officers by 8 July 2024. A total of 8 proposals are presented with a total investment value of £1.872m. In addition to these, the £785k grant funded Disabled Facilities Grant (DFG) scheme has been included to give an initial draft capital programme totalling £2,657m as detailed in the following table:

First Draft Capital Programme 2025/26	Indicative Budget 2025/26	Corporate Funding Required	External Funding Available
	£'000	£'000	£'000
Strategy & Resources Committee (0 proposals)	0	0	0

Environment Committee (5 proposals)	1,222	1,222	0
Community & Wellbeing Committee (4 proposals)	1,435	630	805
Licensing & Planning Policy Committee (0 proposals)	0	0	0
Total	**2,657**	**1,852**	**805**

6.2 The initial proposals which have been put forward are detailed in Appendix 1. Financial Strategy Advisory Group are asked to agree which proposals should be progressed, and which deleted or deferred to subsequent years. Supported proposals will then be worked up into full proposals for review by Strategic Leadership Team in October, before being brought back to FSAG in November for final appraisal.

6.3 The indicative funding required for the above proposals includes £785k of external DFG grant; a potential £20k external theatre improvement grant; leaving a balance of £1,852k to be met from capital receipts and the annual revenue contribution of approximately £250k in 2025/26. The balance of capital receipts available to fund the 2025/26 programme currently stands at £2.375m.

6.4 It should also be noted that Members have previously agreed that a minimum buffer of £1m of Capital Receipts should be retained to meet the risks of urgent, emergency, and unforeseen capital expenditure.

6.5 To assist Members, proposals have been grouped into those which meet the criteria in section 4, and those which do not appear to meet the criteria. Members are welcome to challenge the criteria within which proposals have initially been placed if they believe it would fit better under another.

First Draft Capital Programme 2025/26	**Indicative Budget 2025/26**
	£'000
Externally funded	805
Spend to Save	0
Health & Safety	0
Statutory Duty	0
Climate Change	300
Business Continuity	750
Criteria not met (i.e. Service Enhancements)	802
Total	**2,657**

6.6 Guidance from FSAG is sought upon on which proposals in Appendix 1 are recommended :-

- to proceed for evaluation/appraisal by the Strategic Leadership Team;

- to be deferred to 2026/27 or later;

- to be deleted.

7 Capital Timetable 2025/26

7.1 The timetable below identifies each of the stages of the 2025/26 capital programme:

Action	Deadline
Financial Strategy Advisory Group identify which of the initial proposals should be worked into full proposals for review in November	September 2024
Final Capital Proposal Forms returned to Finance and copied to the Head of Service and Directors	October 2024
Strategic Leadership Team review final proposals and discuss with project managers	October 2024
Financial Strategic Advisory Group review of final proposals and funding	November 2024
Policy committees receive revenue estimate reports and draft capital programme with appraisal forms	16 – 25 January 2025
Council agrees Budget and Capital Programme	13 February 2025

8 Section 106 (Developer Contributions) and CIL (Community Infrastructure Levy)

8.1 Officers will continue to review schemes to determine if S106 or CIL funding could be applied to conserve capital receipts. The balance of uncommitted S106 funds now comprises affordable housing receipts only, therefore the likelihood of these being applied to the capital programme is minimal due to their restricted use.

9 ICT Capital Budgets

9.1 Although the Council needs to invest in its ICT infrastructure, this investment is being considered as part of the separate ICT Strategy and therefore no ICT capital proposals have been submitted for consideration by this Group. It is estimated that approximately half of the budgeted revenue contribution to capital will be required to fund the ICT capital investment needs for 2025/26.

10 Risk Assessment

Legal or other duties

10.1 Equality Impact Assessment

10.1.1 None for the purposes of this report.

10.2 Crime & Disorder

10.2.1 None for the purposes of this report.

10.3 Safeguarding

10.3.1 None for the purposes of this report.

10.4 Dependencies

10.4.1 None for the purposes of this report.

10.5 Other

10.5.1 None for the purposes of this report.

11 Financial Implications

11.1 **Section 151 Officer's comments**: All financial comments have been included within the body of the report.

12 Legal Implications

12.1 None for the purposes of this report

12.2 **Legal Officer's comments**: None

13 Policies, Plans & Partnerships

13.1 **Council's Key Priorities**: The following Key Priorities are engaged: Effective Council.

13.2 **Service Plans**: The matter is included within the current Service Delivery Plan.

13.3 **Climate & Environmental Impact of recommendations**: The environmental impact of schemes is considered through the proposal appraisal process.

13.4 **Sustainability Policy & Community Safety Implications**: None for the purposes of this report.

13.5 **Partnerships**: None for the purposes of this report.

14 Background papers

14.1 The documents referred to in compiling this report are as follows:

Previous reports:

- None.

Other papers:

- Capital Strategy to Full Council, Appendix 10 of the Budget and Council Tax Report, February 2024.

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Capital Programme 2025/26 - Proposal
Project Appraisal Form

COMMITTEE	Environment Committee - Proposal 1
ACCOUNTABLE OFFICER	Justin Turvey / Tony Foxwell
PROJECT TITLE	Stew Ponds removal of silt
DETAILS OF PROJECT	To carry out various ecological and environmental surveys, prepare scheme to remove silt from Stew pond by creating a island in the middle of the pond with the removed silt.

BENEFITS OF CARRYING OUT PROJECT

Benefits & opportunities
- improved habitat for fish and wildlife by restoring the central island, variation in depth and reeded margins and by careful management of trees.
- Give better access to refurbished angling swims, particularly for disabled anglers.
- Enhance visual character of the pond
- Involve local groups in order to take ownership of the pond and improve biodiversity
- Use materials such as wooden faggots & stakes that can be sourced locally

Background Information
-De-silting last took place in 1988
-The pond has been leased to a fishing club (central Association of London and Provincial Angling Clubs CALPAC) since 1988.
-The reason for allowing fishing on the Stew Pond is to protect the nearby Great Pond (restored in 1979) where no fishing is allowed.
-De-silting is identified by 2016-2116 management plan and is therefore Council policy.
-There is recognition going back to 2010 that to retain the pond as a fishing pond removing silt is necessary and the creation of a central island will be a significant habitat improvement for wildlife in a nationally and internationally important site for wildlife..
-The pond is surrounded by woodland and the inevitable leaf fall causes the pond to silt up relatively rapidly.
-De-silting and increasing the depth of the pond will provide greater resilience against climate/temperature change where warmer temperatures have already caused issues for the level of dissolved oxygen, requiring pumps to oxygenate the water and protect the fish stock in recent years.
-In 2010 plans were drawn up to de-silt the pond with an estimated cost of approx. 100K. Increasing costs look to be in the region of 150k.

-Proceeding with this project will require a survey of the silt to ascertain if any contamination exists and to estimate the quantity of silt. An assent will be required from Natural England as the pond lies within a Site of Special Scientific Interest. Previously the Environment Agency were supportive of the project paying for the silt survey and should be engaged again. EEBC paid for a bat survey which would need to be repeated.

The need for this project goes back over many years and an eye has always been kept out for any external funding opportunities. Unfortunately, none has materialised and it is very difficult for local authorities to source the level of funding required from grants. For example, a lottery bid via the fishing club was considered in 2010 but the fact that it was local authority owned disqualified the bid. It is Council policy via the management plan to desilt the pond as part of our overall responsibility for managing and enhancing the site, for which we have a statutory duty under CROW. Another option would be to consider a green infrastructure bid under the larger CIL pot?
These works will require consultants services and therefore additional fee costs for professional services should be allowed for.

		Cost of Project £	Comments
FINANCIAL SUMMARY	Total Scheme Capital Expenditure	£150k	
	Internal Funds Identified	0	
	External Funds Identified	0	Although not yet agreed another option would be to consider a green infrastructure bid under the larger CIL pot?
	Capital Reserves Needed to Finance Bid	£150k	
	Annual Ongoing Revenue (Savings) as a Direct Result of the Project		
	Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	

KEY QUESTIONS	Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	No
	What is the climate change impact of this project?	Supports improved climate change resilience for the pond against rising temperatures.
	Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	The climate change action plan includes targets to reflect our commitment to tackling climate change in the biodiversity action plan and to secure National Nature Reserve status on Epsom Common LNR. The Management Plan for Epsom Common LNR 2016-2116 includes the action to de-silt Stew Pond.
	Will services be affected if this project does not get approval? If so how ?	No

RISKS	Risks of not delivering project to timetable and/or budget	None

Capital Programme 2025/26 - Proposal
Project Appraisal Form

COMMITTEE	Environment Committee - Proposal 2
ACCOUNTABLE OFFICER	Tony Foxwell, Ian Dyer
PROJECT TITLE	Uppermill pond bank replacement - Phase 2
DETAILS OF PROJECT	**Criteria** - Where the scheme is consistent with the Council's Climate Change Action Plan, subject to affordability, supported by a robust business case and value for money can be demonstrated through a maximum payback period of 10 years - Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT). **Scope of Works** The previous first phase works were very successful however the section of wall from the Main water pipe down to the Samaritans has also started leaking and causing excessive water loss. We have a statutory obligation to repair this to prevent water loss. The proposal is to remove dead and dangerous trees close to the wall and provide and install new sheet piling to create new river bank wall. Upper Mill pond works include ground penetrating radar survey, flood risk plan, provision of heavy plant, welfare facilities, ground protection, diverting water, pumps, sheet piling and removal of trees and foliage.
BENEFITS OF CARRYING OUT PROJECT	**Benefits and opportunities** The works when completed will reduce leakage from river banks, help in repairing the river eco system, ensure we comply with the Hogs mill catchment partnership agreement and satisfy our biodiversity duty under the natural environment and rural committees Act 2006 as a public body. **Questions** Clarification sought as to whether the water pipe falls under the Council's remit or is the local waterboard responsible? The waterpipe is mention only as an indicator from where the second phase works start. There are no works to the waterpipe as this is the waterboards responsibility. What is the impact of the water loss? If works were deferred, would this lead to building damage/subsidence/environmental hazard to wildlife? The impact of the water loss is seen further down the Hogsmill and is causing danger to local wildlife conditions. If banks were to break then severe flooding would occur to the area by the Samaritans

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	£150k	
Internal Funds Identified		
External Funds Identified		
Capital Reserves Needed to Finance Proposal	£150k	
Annual Ongoing Revenue (Savings) as a Direct Result of the Project		
Annual Ongoing Revenue Additional Costs as a Direct Result of the Project		

KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	We have biodiversity duty under the natural environment and rural committees Act 2006 as a public body and work closely with Hogsmill catchment partnership.
What is the climate change impact of this project?	It will help the environment and eco system.
Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	
Will services be affected if this project does not get approval? If so how ?	Low flows are impacting on biodiversity of a globally rare chalk stream, one of only 200 on the planet

RISKS

Risks of not delivering project to timetable and/or budget	Irreparable damage to the river eco system

Capital Programme 2025/26 - Proposal
Project Appraisal Form

COMMITTEE	Environment Committee - Proposal 3
ACCOUNTABLE OFFICER	Rod Brown/Tony Foxwell
PROJECT TITLE	Ashley Centre multi-storey car park - overcoating waterproof membrane
DETAILS OF PROJECT	**Criteria** Where it is mandatory for the Council to provide the scheme (e.g., Disabled Facilities Grants and Health and Safety). Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT). **Scope of Works** To levels 1-3 of multistorey car park - Apply new waterproof membrane as existing coating is wearing off the guaranteed expired a couple of years ago the entrance area is looking shabby where the deckshield no longer provides waterproof protection to the floor. The works will involve shutting areas of car park in order to carry out the works, Some nighttime working will be required for entrance and exit level one due to the extensive traffic through the normal working day. The areas have to be scabbled off, cleaned and prepare, any deviations and spalling in existing surface will have to be made good prior to application of new deckshield product. This is applied in a 3 coat system and new line markings are applied.
BENEFITS OF CARRYING OUT PROJECT	**Criteria** - Where it is mandatory for the Council to provide the scheme (e.g., Disabled Facilities Grants and Health and Safety). - Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT). **Benefits** The works will prevents leaks down into to shopping centre, protects the concrete from carbonisation and looks aesthetically pleasing. **Questions** Could the urgency of these works be clarified **If works are not carried out -**This will allow moisture to penetrate the concrete and oxidise the reinforcement causing spalling concrete and trip hazards. Where the waterproofing membrane covers the concrete it provides extra protection. EEBC has a duty of care to protect the shopping centre below from leaks. This system provides waterproofing to those areas. It is not known whether deferring these works will cause immediate damage into the shopping centre or create more concrete repairs but prevention tends to be cheaper than leaving works until failures occur.

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	£400k	
Internal Funds Identified		
External Funds Identified		
Capital Reserves Needed to Finance Proposal	£400k	
Annual Ongoing Revenue (Savings) as a Direct Result of the Project		
Annual Ongoing Revenue Additional Costs as a Direct Result of the Project		

KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	Yes the works will help prevent oxidisation of reinforcement causing spauling and damage to concrete surface. This prevent slips trips and falls.
What is the climate change impact of this project?	No impact
Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	No
Will services be affected if this project does not get approval? If so how ?	No

RISKS

Risks of not delivering project to timetable and/or budget	The budget is based on some recent day works carried out in applying this system, there may be some extra costs for night time working, this is difficult to factor in until each contractor has submitted a method of works and programme. This product has specific application temperatures and cannot be applied in the winter, this may affect delivery if works are not specified and tendered ready for the summer of 2025.

Capital Programme 2025/26 - Proposal
Project Appraisal Form

COMMITTEE	Environment Committee - Proposal 4
ACCOUNTABLE OFFICER	Ian Dyer/Tony Foxwell
PROJECT TITLE	Court Recreation Ground 3G football pitch renewal of surface
DETAILS OF PROJECT	**Criteria** - Where the scheme is consistent with the Council's Climate Change Action Plan, subject to affordability, supported by a robust business case and value for money can be demonstrated through a maximum payback period of 10 years - Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT). **Scope of Works** Using specialist machinery, extract infill for disposal and remove and recycle existing artificial grass surface.10m x 10m of repairs to the existing macadam using hot laid AC 10 porous macadam. Supply and install LigaTurf 3rd generation football turf with sand-rubber infill; Polytan Monofilament with • Elite 40mm professional AT system - FIFA Quality Pro on 25mm insitu
BENEFITS OF CARRYING OUT PROJECT	**Benefits** The new improved surface will potentially allow for increased fees and last a further 10 years and can be marketed as a new surface. It will prevent serious injuries in use. Last year the fencing was upgraded and renewed, these works will continue to enhance the facilities. **Questions** Could urgency of these works be clarified? Last year we had some repair works carried out to the pitch where it was damaged and the specialist company gave us advise that the system had done well over the past 12 years but they recommended renewal of the covering. What would be the impact if works were deferred? The pitch is at end of life we have concerns that users may be injured due to age of surface and possible insurance claims may be submitted. If closed due to poor surface there would be a significant loss income. Does the surface renewal need to be FIFA quality or could cheaper materials be used? The 3G surface is standard in all these types of installation Would FIFA quality surface attract a higher usage or justify a higher fee payable by clubs? Potentially yes it will increase usage as not many 3G pitches in the county. Could Property department confirm this to be an enhancement to the existing surface? If so, could CIL funding be considered if these works meet development funding criteria. A CIL bid was not previously considered in this case, can be considered if timeframes extended as this is fairly urgent to replace to prevent injuries and claims Can pitch fees be increased to meet income targets for investment following spend to save criteria? With increased marketing the pitch can be maximised for income.

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	£130k	
Internal Funds Identified	0	
External Funds Identified	0	
Capital Reserves Needed to Finance Proposal	£130k	
Annual Ongoing Revenue (Savings) as a Direct Result of the Project	0	
Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	

KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	Yes
What is the climate change impact of this project?	No
Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	No
Will services be affected if this project does not get approval? If so how ?	Yes, pitch is at end of life concerned users may be injured.

RISKS

Risks of not delivering project to timetable and/or budget	None

Capital Programme 2025/26 - Proposal
Project Appraisal Form

COMMITTEE	Environment Committee - Proposal 5
ACCOUNTABLE OFFICER	Ian Dyer/Tony Foxwell
PROJECT TITLE	Playground Renovation & Surface Renewal
DETAILS OF PROJECT	**Criteria** - Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT). **Scope of Works** To carry out Playground renovation works as playgrounds in poor condition to: Gibraltar Rec £45,000 Harwicks Yard - £39,500 Gatley Green - £51,500 Chessington Rd. - £122,000 Shadbolt Park - £74,000 Curtis Rd. - £60,000
BENEFITS OF CARRYING OUT PROJECT	**Benefits** Replacement of defective playground surfaces, replacement of defective equipment they are all at the end of their life, the safety surface has shrunk and is no longer safe. Works will allow children to play safely in the parks and repair and refurbish equipment which would not pass ROSPA safety standards **Questions** Could Property confirm these works are an enhancement? Are there any nearby building developments? Would this work increase usage? If yes to both questions, could CIL funding be considered

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	£392k	
Internal Funds Identified	0	
External Funds Identified	0	
Capital Reserves Needed to Finance Proposal	£392k	
Annual Ongoing Revenue (Savings) as a Direct Result of the Project	0	
Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	

KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	Yes
What is the climate change impact of this project?	No
Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	No
Will services be affected if this project does not get approval? If so how ?	Yes the Playgrounds are deteriorating and may have to be shut due to Health and safety concerns if works do not proceed.

RISKS

Risks of not delivering project to timetable and/or budget	None

Capital Programme 2025/26 - Proposal
Project Appraisal Form

COMMITTEE	Community & Wellbeing Committee - Proposal 1
ACCOUNTABLE OFFICER	Ian Dyer/Tony Foxwell
PROJECT TITLE	Playhouse Stage lighting & Dimmers
DETAILS OF PROJECT	**Criteria** Where the scheme is consistent with the Council's Climate Change Action Plan, subject to affordability, supported by a robust business case and value for money can be demonstrated through a maximum payback period of 10 years. **Background** The Playhouse lighting controllers (dimmers) are now out of service as they are no longer manufactured. The only service engineer has now retired and there is no replacement parts available as they are no longer produced. **Scope of Works** We have eight dimmers in total which operates 180 lights each. Two of eights dimmers are no longer operational which equates to a loss of 360 lights. Should further dimmers fail, we will be at risk and possibly unable to operate and would be forced to close the Playhouse until a solution is found. The majority of our stage lighting operates with lamps that are also no longer produced being Halogen and Mercury, hence there is also an environmental reason to change the lights as these are no longer manufactured. We only have a limited amount of these lamps remaining in our stock once these have been used this will the end of life for the lights. There have been capital bids before which were put aside as there was the possibility of a new theatre being built in Epsom on the utility site which is no longer going to happen. This being the case this matter has become urgent and needs to be added to the corporate risk assessment that the Playhouse will in time not be able to stay open without this investment.
BENEFITS OF CARRYING OUT PROJECT	**Criteria** Where the scheme is consistent with the Council's Climate Change Action Plan, subject to affordability, supported by a robust business case and value for money can be demonstrated through a maximum payback period of 10 years. **Benefits** Replacing the dimmers and lights will reduce our Carbon footprint at the same time give us more control over the lighting. They will also use less power compared to the current dimmers. They will also require less servicing and the parts are readily available and will be for a long time. If we do nothing we will get to a point where we are unable to offer stage lighting as a venue. This will ultimately mean we will have to close. The loss of income and reputation will be catastrophic. Improving the stage lighting will dramatically reduce our carbon footprint. The lights we have currently require weekly maintenance and parts are no longer manufactured. Moving over to LED will cut our lamp costs down to virtually nothing. We will also be able to recharge some of the lights back to hirers meaning we can recover the cost over time. The existing lights have mostly been phased out and no longer available. Lamps will not be able to be replaced. The Playhouse technical team have calculated the existing lights use an estimated 132737.5Kw/h per year. Replacement with LED lighting with reduce usage to around 17003.35kw/h yr. The cost of one unit is currently £0.29 therefore existing cost per year for stage lighting is £38,493.88 Once changed cost estimated for electricity usage will be £4,930.97 creating a saving of £33,562.90 a year. Over a five year period the savings will be £167,562.

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	£225k	£125K for the dimmers and installation. £100K to replace 99% of the existing stage lighting.
Internal Funds Identified		
External Funds Identified	£20k	A possible external funding opportunity has ben identified for green measures at Epsom Playhouse. You can bid for funding up to £20k for implementing sustainability measures from a theatre improvement scheme.
Capital Reserves Needed to Finance Proposal	£205k	
Annual Ongoing Revenue (Savings) as a Direct Result of the Project	£8k	Per year
Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	£250 per year	Dimmers: Nothing for 3 years under warranty Estimated £200 per year for external servicing. Lighting. Parts only and yearly inspection by inhouse team.

KEY QUESTIONS	Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	No
	What is the climate change impact of this project?	Reduce energy usage, reduced carbon footprint.
	Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	Yes, replace traditional lighting with energy efficient longer lasting LED lighting.
	Will services be affected if this project does not get approval? If so how ?	May have to shut the Playhouse if stage lighting fails.

RISKS	Risks of not delivering project to timetable and/or budget	The immediate cancellation of all shows and hires followed by the closure of the playhouse. Being unable to offer stage lighting. 1 months work for dimmers and ongoing install of lighting throughout the year. The works must be programmed for the shutdown period in August.

Capital Programme 2025/26 - Proposal
Project Appraisal Form

COMMITTEE	Community & Wellbeing Committee Proposal 2
ACCOUNTABLE OFFICER	Ian Dyer/Tony Foxwell
PROJECT TITLE	Playhouse front of House toilets
DETAILS OF PROJECT	**Criteria** - Where the scheme is consistent with the Council's Climate Change Action Plan, subject to affordability, supported by a robust business case and value for money can be demonstrated through a maximum payback period of 10 years - Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT). **Scope of Works** To strip out all existing cubicles, replace with new fitted cubicles, replace all wash hand basins and taps, new splashback either tiled or whiteroc sheeting, new mechanical ventilation, decorations and new W.C. pans to gents, ladies toilets replace halogen lights to LED, replace fluorescents over basins with LED lights, infra red activated taps for water saving. Replace flooring arrange for specific colour coded scheme to enhance the theatre experience. New suspended ceiling to gents is required. Replace all pipework in both toilets. A full Scheme has been prepared and can be included with proposal.
BENEFITS OF CARRYING OUT PROJECT	**Benefits & opportunities** The toilets are not modern and are heavily used in-between performances, they have a negative effect on the building and customers are often complaining about the condition The existing toilets are very smelly the pipework and fitting needs replacing to get rid of odours, new energy saving measures and water saving measures with increase efficiencies and refurbishment will improve aesthetics

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	£125k	
Internal Funds Identified	0	
External Funds Identified	0	
Capital Reserves Needed to Finance Proposal	£125k	
Annual Ongoing Revenue (Savings) as a Direct Result of the Project	£0.5k	New lighting to area above basins may save small amount of electricity cost.
Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	

KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	Yes existing toilets in poor condition and difficult to keep clean and fresh.
What is the climate change impact of this project?	Yes some minor replacement of lights to LED and infra red taps will provide water saving.
Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	Yes, under climate change action plan we will be supporting the goal to reduce CO2 emissions caused.
Will services be affected if this project does not get approval? If so how ?	Yes, we believe clients come for the whole experience and the state of the toilets puts some customers off booking shows. This can also be said for the hirers of the playhouse.

RISKS

Risks of not delivering project to timetable and/or budget	The works have to be carried out in the August shutdown period, if this date is missed the works would have to be rescheduled for the following year.

Capital Programme 2025/26 - Proposal
Project Appraisal Form

COMMITTEE	Community & Wellbeing Committee Proposal 3
ACCOUNTABLE OFFICER	Ian Dyer/ Tony Foxwell
PROJECT TITLE	Bourne Hall Replacement of windows with double glazing - phase 2
DETAILS OF PROJECT	**Sustainability Criteria Proposal** This building has high running costs and is extremely energy inefficient, all windows would be removed and replaced with double/triple glazed with solar resistant glass. £200k of UK Shared Prosperity Fund grant has been allocated to replacing some of the windows - this proposal would enable the remaining windows to also be replaced at the same time, making it more cost effective than doing the works in two separate stages. As this is a listed building listed, building consent is required and this has already been submitted. Scaffolding will be required internally and externally. the new windows can be designed to match and will have to be made to measure. Existing windows are anodised aluminium and therefore new windows must match colour and profile.
BENEFITS OF CARRYING OUT PROJECT	**Criteria** Where the scheme is consistent with the Council's Climate Change Action Plan **Benefits** The existing windows are inefficient and due to the metal construction cold bringing occurs, replacement would give around 20% energy saving on heating bills. We have hardly spend any money on upgrading this building due to constant reviews. The current climate change emergency and new government regulations require higher energy efficiency values within our existing portfolio of buildings. We currently spend £51k on gas and electricity per annum and the utilities contracts run out in December and will have to be renewed, this is liable to double.

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	£300k	
Internal Funds Identified	0	
External Funds Identified	0	It is possible that these works may qualify for cardon reduction funding and this will be used in place of capital receipts if successfully awarded.
Capital Reserves Needed to Finance Proposal	£300k	
Annual Ongoing Revenue (Savings) as a Direct Result of the Project	£10k	
Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	

KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	Yes, government requirement to reduce carbon emissions. Double glazing will help as less heat will be required to heat the building.
What is the climate change impact of this project?	Helps reduce carbon footprint, climate change and save revenue running costs.
Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	Yes, reduce CO2 emissions in buildings and states in climate action plan to reduce C02 emissions caused by gas and other fossil fuel heating systems.
Will services be affected if this project does not get approval? If so how ?	Yes, if energy efficiency is not increased new standards state that buildings cannot be leased out unless minimum of B achieved on DEC.

RISKS

Risks of not delivering project to timetable and/or budget	The major risk currently is inflated prices due to higher material and labour cost. If the cost go up too much in a year then the budget will not be enough to carry out the works.

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