

## FINANCIAL STRATEGY ADVISORY GROUP

Friday 26 September 2025 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 Kate Chinn  
Councillor Alex Coley

Councillor Liz Frost  
Councillor Peter O'Donovan  
Councillor Clive Woodbridge

Yours sincerely



Chief Executive

For further information, please contact [democraticservices@epsom-ewell.gov.uk](mailto:democraticservices@epsom-ewell.gov.uk) or tel: 01372 732000

### **EMERGENCY EVACUATION PROCEDURE**

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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**

This meeting will be held at the Town Hall, Epsom. A limited number of seats will be available on a first-come first-served basis in the public gallery at the Town Hall. If you wish to observe the meeting from the public gallery, please arrive at the Town Hall reception before the start of the meeting. A member of staff will show you to the seating area. For further information please contact Democratic Services, email: [democraticservices@epsom-ewell.gov.uk](mailto:democraticservices@epsom-ewell.gov.uk), telephone: 01372 732000.

Information about the terms of reference and membership of this Committee are available on the [Council's website](#). The website also provides copies of agendas, reports and minutes.

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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 27 June 2025 (attached) and to authorise the Chair to sign them.

### **3. 2024/25 TREASURY MANAGEMENT OUTTURN (Pages 9 - 24)**

This report presents the Council's treasury management performance in 2024/25.

### **4. INITIAL CAPITAL PROPOSALS 2026/27 (Pages 25 - 58)**

This report sets out the initial proposals for the 2026/27 Capital Programme and seeks guidance as to which of these should be worked into detailed proposals for further consideration in November 2025.

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**Minutes of the Meeting of the FINANCIAL STRATEGY ADVISORY GROUP held at the Council Chamber, Epsom Town Hall on 27 June 2025**

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**PRESENT -**

Councillor Neil Dallen (Chair); Councillors Kate Chinn, Alex Coley, Liz Frost, Lucie McIntyre (as nominated substitute for Councillor Clive Woodbridge) and Alan Williamson (as nominated substitute for Councillor Peter O'Donovan)

Absent: Councillor Peter O'Donovan and Councillor Clive Woodbridge

Officers present: Cagdas Canbolat (Director of Corporate Services (S151)) and Anna Clements (Senior Accountant)

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**1 DECLARATIONS OF INTEREST**

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

**2 MINUTES OF THE PREVIOUS MEETING**

The minutes of the Financial Policy Panel meeting held on 31 January 2025 were agreed as a true record to be signed by the Chair.

**3 2026/27 STRATEGIC FINANCIAL PLANNING**

The Group received a report providing guidance on setting the Council's budget for 2026/27 and the following two years.

Members discussed the following issues:

- The possibility of borrowing to invest in capital projects to reduce the costs of maintenance of the Council's assets which contribute to the forecasted revenue budget gap.
- The possibility of selling some of the Council's properties to raise the cash needed to maintain assets such as Bourne Hall and the Playhouse.
- The reasons why the February MTFS budget deficit was significantly lower than the current figures, considering that the time between the two reports is only 4 months.

- The question was asked as to what else can be done to improve the chances of success of achieving a sustainable balanced budget.
- The possibility of the new local authority taking over the forecasted budget gap. Other councils in the area are reporting similar budget gaps, some councils have drafted only a year budget plan, it was noted that Epsom and Ewell Borough Council had produced a more comprehensive forecast and opted for a 3-year plan.

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

**To recommend to the Strategy and Resources Committee:**

- (1) The amendment to the Medium Term Financial Strategy position and note the budget gap for the relevant years as set out in table 4.2;**
- (2) The proposed Medium Term Financial Strategy is in line with council priorities, prudent and sets a framework for a strong financial control.**

The Group also noted the following items:

- (3) The latest 2024/25 outturn position.**
- (4) The latest reserves balance.**
- (5) The budget reporting timetable in Appendix 2.**

## 4 REVIEW OF RESERVES

The Group received a report presenting a review of reserves and recommending minimum reserve balances to ensure sound management of the Council's finances.

Members discussed the following issues:

- In February the decision was taken to set the minimum reserve balance at £1m, since then a benchmarking exercise has been undertaken and the results indicate that the council should adopt a more prudent strategy, 15% of the net revenue budget, £1.5m.
- The constitutional procedure that permits changing the minimum General Fund unallocated reserve level within 6 months of the previous Council decision on this matter.

*Note: Following the meeting, it has been confirmed that a motion may be moved to Full Council to rescind or alter a decision of Full Council if it is recommended by a committee, provided that it complies with the requirements of FCR 14.2 of Appendix 4 of the Constitution.*

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

- (1) Consider and review whether the recommended General Fund unallocated reserve level of £1.5 million is appropriate for the sound management of the Council's finances;**
- (2) Review the methodologies and levels of other reserves in light of the latest MTFS and report back to FSAG.**

**The Group also agreed to request the Strategy & Resources Committee to recommend to Full Council:**

- (3) Proposed changes to the General Fund unallocated reserve levels.**

*The meeting began at 2.00 pm and ended at 2.40 pm*

COUNCILLOR NEIL DALLEN (CHAIR)

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## 2024/25 TREASURY MANAGEMENT OUTTURN

<b>Head of Service:</b>	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
<b>Report Author</b>	Richard Appiah-Ampofo
<b>Wards affected:</b>	(All Wards);
<b>Appendices (attached):</b>	Appendix 1 – Treasury Management Review Appendix 2 – Prudential Indicators

### Summary

This report presents the Council's treasury management performance in 2024/25.

### Recommendation (s)

#### The Group is asked to:

- (1) Receive the report on the Council's treasury management performance in 2024/25;
- (2) Receive the 2024/25 prudential indicators.

## 1 Reason for Recommendation

- 1.1 In July 2023, Full Council agreed updated Financial Regulations which tasked Financial Strategy Advisory Group (FSAG) with advising Audit & Scrutiny committee on the monitoring of treasury management performance.
- 1.2 Each year, FSAG report back to Audit & Scrutiny Committee on the in-year monitoring and final outturn position of the Council's Treasury Management performance.
- 1.3 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.
- 1.4 The information in this report will be included in the annual report to Audit & Scrutiny in March 2026.

## 2 Background

- 2.1 Income earned from investments is used to help finance the Council's services and contribute 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 council's 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 prudent levels of 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.
- 2.7 At the end of March 2025, the Council held £4.8m in money market funds (£8.2m in March 2024) and £15.0m in fixed term deposits (£15.0m in March 2024).
- 2.8 In total on 31 March 2025, the Council's treasury investments were £19.8m (£23.2m in March 2024).
- 2.9 At the same reporting date, the Council had external debt with the Public Works Loans Board of £64.4m (unchanged from March 2024).
- 2.10 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.
- 2.11 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.
- 2.12 During 2024/25, the Council earned £1,556,683 in gross interest from its treasury investments, down from £1,715,744 in 2023/24. The decrease was primarily driven by average cash balances of £30m in 2024/25, which were £3.8m lower than the previous year.

### 3 Full Performance Review

- 3.1 A report on treasury management performance for 2024/25 is attached at Appendix 1.
- 3.2 The 2024/25 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 2024/25 except occasional use of the Council's bank overdraft facility to manage daily cash flow.
- 3.4 The average gross return achieved for 2024/25 of 5.17% (5.07% in 2023/24) is ahead of the benchmark seven-day Sterling Overnight Index Average (known as SONIA) rate of 4.90% (equivalent in 2023/24 was 4.96%). This amounted to total gross interest income for the year of £1,556,683 generated on reserves, working balances and cash flow. After deducting fees, net interest income for the year amounted to £1,511,536, a net return of 5.02%.
- 3.5 The net outturn position exceeded the mid-year forecast reported to the Financial Strategy Advisory Group in November 2024, when it was anticipated that net income from investments would be £1,450,000 at the end of the year.

The performance for 2024/25 on the Council's investments was as follows:

	Average Investment  £'000	Net Interest Received  £'000	Net Average Rate of Return  %
<b>Internally Managed Funds</b>			
Money Market Funds	14,997	731	4.87
Fixed Rate Deposits	14,957	776	5.19
Interest Bearing Account	144	4	2.89
<b>Total</b>	<b>30,098</b>	<b>1,512</b>	<b>5.02%</b>

- 3.6 Returns on 2024/25 investments were £431,683 higher than budgeted income for the year and the average net annualised return on investments was 5.02% (4.91% in 2023/24).

### 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 5.02% was above the SONIA benchmark of 4.90%. 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 surplus 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 3.04% is significantly below the SONIA benchmark of 4.90% 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 2024/25, the Council placed four fixed term deposits; three in April 2024 and one in October 2024, to reduce risk by locking in elevated interest rate returns for a fixed period. Over the year, the amount invested in fixed term deposits averaged £14.96m. The average gross return on these investments was 5.34%, with a net return after fees of 5.19%, which compares favourably to the benchmark of 4.90% 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 2024/25, £150,000 of surplus interest was transferred to the reserve.

- 5.3 The balance of the reserve at 31 March 2025 was £933,745.

## 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

6.5.1 The Council approved the Treasury Management Strategy for 2024/25, 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 £1,511,536 was mainly used to fund the Council's budget requirement during the year, with a balance of £150,000 set aside in the Interest Equalisation Reserve to smooth future returns.

7.2 The 2025/26 mid-year position will be reported to this Group on 21 November 2025.

7.3 **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.

## 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 arising from the content of this 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 arising directly from the contents of this report.

9.6 **Local Government Reorganisation Implications:** None arising directly from the contents of this report.

## 10 Background papers

10.1 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 2024.](#)
- [Treasury Management Outturn Report 2023/24 to FSAG on 27 September 2024.](#)

### **Other papers:**

- Final Accounts working papers 2024/25.

## TREASURY MANAGEMENT YEAR-END PERFORMANCE 2024/25

Fixed term deposit balances were as follows at 31 March:

Fixed Term Deposits	Balance at 31 March 25 £'000	Balance at 31 March 24 £'000	Movement £'000
Short Term Investments (less than 1 year)	15,000	15,000	0

The Council also used four money market funds and one special interest bearing account for liquid short term investments during 2024/25. 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	3,651	5.01	4.86
Deutsche Bank	2,729	4.97	4.82
State Street Bank	4,966	5.09	4.94
UBS	3,651	4.99	4.84
<b>Total</b>	<b>14,997</b>	<b>5.02</b>	<b>4.87</b>

The performance of the special interest bearing account is summarised as follows:

Money Market Funds	Average balance held in fund  £'000	Fund Performance	
		% Annual gross return	% Annual return net of fees
Interest Bearing Account	144	3.04	2.89

The total interest received on internally managed fixed term deposits in 2024/25 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	14,957	799	5.34%	5.19%

The average gross rate of return achieved on money market funds and fixed term deposits was 5.02%, ahead of the benchmark seven-day deposit rate of 4.90%



## **ACTUAL TREASURY POSITION AND PRUDENTIAL INDICATORS 2024/25**

### **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 2024/25.

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 2024/25 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.

#### **Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream**

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	2023/24 Actual	2024/25 Estimated	2024/25 Actual
General Fund	-3%	0%	-1%

The ratios above reflect the net cost of borrowing after allowing for investment income. Due to the decreased income generated on the Council's investments as a result of lower cash balances, the ratio for 2024/25 is 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 was projected to be spent in 2024/25, 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 Group is asked to receive the actual CFR and actual debt figures set out below:

Capital Financing Requirement	2023/24 Actual	2024/25 Estimated	2024/25 Actual
	£'000	£'000	£'000
<b><u>Capital Expenditure:</u></b>			
Capital programme expenditure	2,357	2,511	4,332
Residential properties	0	978	834
Unfinanced capex - commercial properties	0	49,569	0
Assets acquired under finance leases	126	0	845
<b>Total Capital Expenditure</b>	<b>2,483</b>	<b>53,058</b>	<b>6,011</b>
<b><u>Capital Financing:</u></b>			
Capital receipts	132	666	476
Capital grants	1,079	785	2,361
Capital reserves	589	560	1,037
Revenue	557	1,478	1,292
<b>Total Capital Financing</b>	<b>2,357</b>	<b>3,489</b>	<b>5,166</b>
Minimum revenue provision	1,472	1,754	1,741
<b>Capital Financing Requirement at 31 March</b>	<b>86,205</b>	<b>133,903</b>	<b>85,309</b>
<b><u>External Debt:</u></b>			
External borrowing	64,427	113,996	64,427
Other short/long term liabilities	1,817	1,447	1,886
<b>Total External Debt at 31 March</b>	<b>66,244</b>	<b>115,443</b>	<b>66,313</b>
Internal borrowing	19,961	18,460	18,996
<b>Capital Financing Requirement at 31 March</b>	<b>86,205</b>	<b>133,903</b>	<b>85,309</b>

#### 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 2024/25 and next two financial years.

The following table sets out the actual levels of borrowing and investment for 2024/25:

	2023/24 Actual	2024/25 Estimated	2024/25 Actual
	£'000	£'000	£'000
Gross Borrowing at 31 March	66,244	115,443	66,313
Investments at 31 March	23,200	25,100	21,866
Net Borrowing at 31 March	43,044	90,343	44,447
Capital Financing Requirement	86,205	133,903	85,309

The Chief Finance Officer reports that the Council complied with the requirement to keep net borrowing below the CFR in 2024/25, 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 Group is asked to receive the authorised and operational limits set out below:

External Debt Boundaries	2023/24 Actual	2024/25 Estimated	2024/25 Actual
	£'000	£'000	£'000
<b><u>Authorised Limit for External Debt</u></b>			
Borrowing for commercial properties	64,427	145,000	64,427
Other short/long term liabilities (finance leases)	1,817	3,000	1,817
<b>Total Authorised Limit for External Debt</b>	<b>66,244</b>	<b>148,000</b>	<b>66,244</b>
<b><u>Operational Boundary for External Debt</u></b>			
Borrowing for commercial properties	64,427	113,996	64,427
Other short/long term liabilities (finance leases)	1,817	1,447	1,817
<b>Total Operational Boundary for External Debt</b>	<b>66,244</b>	<b>115,443</b>	<b>66,244</b>

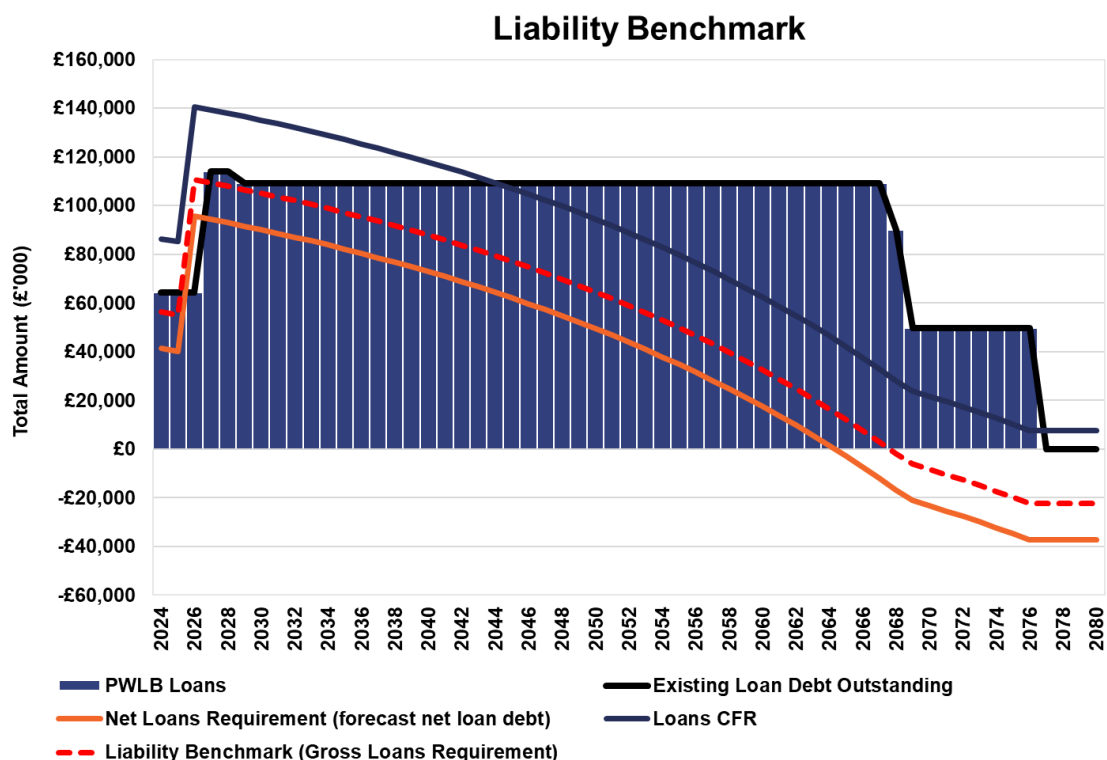
#### Liability Benchmark

The third prudential indicator is the Liability Benchmark (LB). The Council 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 2025.

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	2023/24	2024/25	2024/25
	Actual	Estimated	Actual
	£'000	£'000	£'000
<b>Capital Expenditure</b>	2,483	53,058	6,011
<b>Capital Financing Requirement (CFR) at 31 March</b>	86,205	133,903	85,309
<b>Treasury Position at 31 March</b>			
External borrowing	64,427	113,996	64,427
Other short/long term liabilities	1,817	1,447	1,886
<b>Total Debt</b>	<b>66,244</b>	<b>115,443</b>	<b>66,313</b>
Investments	23,200	25,100	21,866
<b>Net Borrowing</b>	<b>43,044</b>	<b>90,343</b>	
<b>Maximum Debt (Actual) compared to Authorised Limit (Original Indicator)</b>	66,244	115,443	66,313
<b>Average Debt compared to Operational Boundary (Original Indicator)</b>	66,244	115,443	66,313
<b>Ratio of financing costs to net revenue stream</b>	-3%	0%	-1%
<b>Upper limits on fixed interest rates (<i>against maximum position</i>) as above</b>	66,244	115,443	66,313
<b>Upper limits on variable interest rates (<i>against maximum position</i>) as above</b>	0	0	0
<b>Maturity structure fixed rate borrowing (%)</b>	<b>2023/24 Actual</b>	<b>2024/25 Estimated</b>	<b>2024/25 Actual</b>
Under 12 months	0%	0%	0%
12 months to 2 years	0%	0%	0%
2 years to 5 years	8%	8%	8%
5 years to 10 years	0%	0%	0%
10 years and above	92%	92%	92%
<b>Maximum principal funds invested over 364 days (<i>against maximum position</i>)</b>	0	0	0

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## **INITIAL CAPITAL PROPOSALS - 2026/27**

<b>Head of Service:</b>	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
<b>Report Author:</b>	Vanessa Newton, Senior Accountant
<b>Wards affected:</b>	(All Wards);
<b>Appendices (attached):</b>	Appendix 1 Initial Capital Programme proposals for consideration Appendix 2 Summary of Initial Capital Programme proposals

### **Summary**

This report sets out the initial proposals for the 2026/27 Capital Programme and seeks guidance as to which of these should be worked into detailed proposals for further consideration in November 2025.

### **Recommendation (s)**

#### **The Panel is asked to:**

- (1) Provide guidance on which of the initial schemes in the first draft 2026/27 capital programme should be developed for further consideration in November 2025.**

## **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 2026/27 Capital Programme.

## **2 Background**

- 2.1 The Council agreed a capital investment programme for 2025/26 in February 2025. An update on that programme is also included in Appendix 2. 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 2026/27 at their January meetings. Schemes receiving committee support will then be included in the Budget and Council Tax report for Council approval in February 2026.
- 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 Leadership 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 2026/27 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 2025, in line with the asset review, 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 over £1.97m after funding the 2025/26 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 2025:
  - 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 2025/26, including slippage from 2024/25 and agreed in-year additions, totals £3.8m. This is funded by £1.58m of capital receipts; £1.27m of Disabled Facilities Grant; £425k of S106 contributions; £500k of budgeted revenue and £45k from revenue reserves.
- 5.2 The 2025/26 Capital Monitoring information for Q1 which is due to be considered at the Audit and Scrutiny Committee on 30 September 2025 can be viewed via the following link once the agenda for that meeting has been published: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1797&Ver=4>.
- 5.3 The capital receipts reserve is projected at £1.97m after funding the 2025/26 current approved capital programme. To date in 2025/26 there has been one receipt received totalling £95k.
- 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 2026/27 Capital Programme

6.1 Initial proposals for the 2026/27 programme were invited to be submitted by officers by 7 July 2025. A total of 12 proposals are presented with a total investment value of £2.924m in the table below. Please note that 2 separate proposals for Bourne Hall replacement of heating and ventilation systems have been submitted requesting differing levels of funding at £1m and £2.2m of which £700k would be externally funded. The table below has factored in the lower funding request of £1m only. Both proposals are located within Appendix 1. In addition to these, the £974k grant funded Disabled Facilities Grant (DFG) scheme has been included to give an initial draft capital programme totalling £3.898m as detailed in the following table:

First Draft Capital Programme 2026/27	Indicative Budget 2026/27	Corporate Funding Required	External Funding Available
	£'000	£'000	£'000
Strategy & Resources Committee (0 proposals)	0	0	0
Environment Committee (5 proposals)	672	672	0
Community & Wellbeing Committee (7 proposals)	3,226	2,252	974
Licensing & Planning Policy Committee (0 proposals)	0	0	0
<b>Total</b>	<b>3,898</b>	<b>2,924</b>	<b>974</b>

- 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, deleted or deferred to subsequent years. Supported proposals will then be worked up into detailed proposals for review by Strategic Leadership Team in October, along with the asset review, before being brought back to FSAG in November for final appraisal.
- 6.3 The indicative funding required for the above proposals includes £974k of external DFG grant; leaving a balance of £2,924k to be met from capital receipts and the annual revenue contribution of approximately £500k in 2026/27. The balance of capital receipts available to fund the 2026/27 programme currently stands at £1.97m (over 2 years).

- 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. Therefore a maximum of £970,000 can be released to fund 2026/27 capital programme.
- 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 2026/27	Indicative Budget 2026/27
	£'000
Externally funded	974
Spend to Save	0
Health & Safety	1,830
Statutory Duty	416
Climate Change	0
Business Continuity	392
Criteria not met (i.e. Service Enhancements)	286
<b>Total</b>	<b>3,898</b>

- 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 2027/28 or later;
- to be deleted.

## 7 Capital Timetable 2026/27

- 7.1 The timetable below identifies each of the stages of the 2026/27 capital programme:

Action	Deadline
Financial Strategy Advisory Group identify which of the initial proposals should be worked into full proposals for review in November	26 September 2025
Detailed Capital Proposal Forms returned to Finance and copied to the Head of Service and Directors	17 October 2025

Strategic Leadership Team review detailed proposals and discuss with project managers	30 October 2025
Financial Strategic Advisory Group review of detailed proposals and funding	21 November 2025
Policy committees receive revenue estimate reports and draft capital programme with appraisal forms	13 – 27 January 2026
Council agrees Budget and Capital Programme	10 February 2026

## 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.

## 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 **Legal Officer's comments:** None arising from the content of this report.

## 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.
- 13.6 **Local Government Reorganisation Implications:** LGR introduces a significant degree of uncertainty and transition risk that must be carefully considered in the management of the Council's capital program.
- 13.7 As the structure and governance of local authorities evolve, there may be changes to funding arrangements, asset ownership, delivery responsibilities and strategic priorities. These changes could directly affect the viability, scope and timing of proposed capital schemes.

## 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 2025.](#)

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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE	C & W																						
ACCOUNTABLE OFFICER	Ian Dyer/Linda Scott/Tony Foxwell																						
PROJECT TITLE	Epsom Playhouse - Replacement of Auditorium Air Conditioning and controls (Priority 1)																						
DETAILS OF PROJECT	<p><b>The Epsom Playhouse</b> – Replacement of auditorium air conditioning. We had this in planned maintenance with a budget of £40k. After discussions with consultant over specific brief requirements we received a new cost estimate for the works far in excess of the initial budget estimate.</p> <p>This is essential works for the operation of the Playhouse and must be carried out in August shutdown period.</p> <p><b>Project Brief :</b></p> <p>To remove the existing defective noisy air conditioning units and replace with heat pump type air condition cassettes and condensers that have cooling and heating facilities.</p> <p>To link in with the Trend BMS system to work in conjunction with the air handling system.</p> <p>To fit very quiet units that can run during performances with dampers to prevent pipework noise.</p> <p>New controls included for energy efficiency and programming.</p>																						
BENEFITS OF CARRYING OUT PROJECT	<p><b>Benefits</b></p> <p>Two of the existing air conditioning units are broken and do not work, the others are too noisy to run during performances. They are run them prior to starting performances and turned them off before start, this means the theatre can heat up very quickly when they are not on in the summer making it very uncomfortable for the public/customers. The new systems will prevent these issues and provide additional heating in the winter. This new system will be more energy efficient and reduce carbon in line with EEBC climate change action plan.</p>																						
FINANCIAL SUMMARY	<table><tr><th></th><th>Cost of Project £</th><th>Comments</th></tr><tr><td>Total Scheme Capital Expenditure</td><td>£130k+£15k Contingency. Total £145k</td><td>The cost for design and specification has been committed already out of the Planned maintenance budget.</td></tr><tr><td>Internal Funds Identified</td><td>0</td><td></td></tr><tr><td>External Funds Identified</td><td>0</td><td></td></tr><tr><td>Capital Reserves Needed to Finance Proposal</td><td>£145k</td><td></td></tr><tr><td>Annual Ongoing Revenue (Savings) as a Direct Result of the Project</td><td>0</td><td>There will be an increase in electric usage but a reduction in gas requirement that is expected to even out in the terms of revenue costs.</td></tr><tr><td>Annual Ongoing Revenue Additional Costs as a Direct Result of the Project</td><td>0</td><td>As above</td></tr></table>			Cost of Project £	Comments	Total Scheme Capital Expenditure	£130k+£15k Contingency. Total £145k	The cost for design and specification has been committed already out of the Planned maintenance budget.	Internal Funds Identified	0		External Funds Identified	0		Capital Reserves Needed to Finance Proposal	£145k		Annual Ongoing Revenue (Savings) as a Direct Result of the Project	0	There will be an increase in electric usage but a reduction in gas requirement that is expected to even out in the terms of revenue costs.	Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	As above
	Cost of Project £	Comments																					
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Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	As above																					
KEY QUESTIONS	<table><tr><td>Is investment required to meet Health and Safety or other legislative requirements? If yes justify.</td><td>No</td></tr><tr><td>What is the climate change impact of this project?</td><td>More efficient systems and a reduction in gas consumption will contribute to reduced carbon emissions.</td></tr><tr><td>Does the scheme meet any of the Council's Climate Change Action Plan targets and</td><td>Yes, supports actions to identify and implement opportunities to reduce energy consumption from Council owned and operated buildings and in part reduce emissions from our heating systems.</td></tr><tr><td>Will services be affected if this project does not get approval? If so how ?</td><td>Yes, there will be no cooling to the auditorium in the summer during performances.</td></tr></table>		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?	More efficient systems and a reduction in gas consumption will contribute to reduced carbon emissions.	Does the scheme meet any of the Council's Climate Change Action Plan targets and	Yes, supports actions to identify and implement opportunities to reduce energy consumption from Council owned and operated buildings and in part reduce emissions from our heating systems.	Will services be affected if this project does not get approval? If so how ?	Yes, there will be no cooling to the auditorium in the summer during performances.													
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?	More efficient systems and a reduction in gas consumption will contribute to reduced carbon emissions.																						
Does the scheme meet any of the Council's Climate Change Action Plan targets and	Yes, supports actions to identify and implement opportunities to reduce energy consumption from Council owned and operated buildings and in part reduce emissions from our heating systems.																						
Will services be affected if this project does not get approval? If so how ?	Yes, there will be no cooling to the auditorium in the summer during performances.																						
RISKS	<table><tr><td>Risks of not delivering project to timetable and/or budget</td><td>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.</td></tr></table>		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.																			
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE

C & W

ACCOUNTABLE OFFICER

Ian Dyer/Linda Scott/Tony Foxwell

PROJECT TITLE

The Epsom Playhouse – Front of House toilet Refurbishment (Priority 3)

DETAILS OF PROJECT

**The Epsom Playhouse** – Front of House toilet Refurbishment, this has been requested many times under this process. The toilets are tired looking, smelly and first thing you judge a building by. The venue needs to be maintained and refurbished to a good standard to entice to public/customers to use the venue repeatedly.

**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 fluorescent lights 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.

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 increased efficiencies and refurbishment will improve aesthetics.

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	£160k	
Internal Funds Identified	0	
External Funds Identified	0	
Capital Reserves Needed to Finance Proposal	£160k	
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 infrared taps will provide water saving and slight energy saving.
Does the scheme meet any of the Council's Climate Change Action Plan targets and	Yes, supports the actions to investigate/implement measures to reduce water consumption in Council owned assets and to identify and replace all remaining traditional lighting at Council assets with energy efficient LEDs.
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.
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE

C & W

ACCOUNTABLE OFFICER

Ian Dyer/Linda Scott/Tony Foxwell

PROJECT TITLE

Epsom Playhouse - Replacement boilers and controls (Priority 1)

DETAILS OF PROJECT

**The Epsom Playhouse** – Boilers and controls are at end of life. In line with the Climate Change Action Plan and the Councils Carbon Neutral target, we would like to replace with Heat pumps. I have been in discussions with consultant who has now provided more detailed costs and theory have been firmed up below after receiving further advise from the consultants.

**Option 1** - Replace boilers and controls with high efficiency or condensing gas boilers & plant in the boiler room including constant heating pumps, compensated heating pumps, pipework modifications, new fill sets, expansion vessels, with new flues to atmosphere. We estimate a capital cost of around £165,000.00. For new controls replacing the control panel & control wiring to large hall extract fans F10, F11 & F12, the small hall extract fan, new boilers & pump sets, we estimate a budget cost of £75,000.00. On the existing control panel it states that large hall supply fans for AHU's 4 & 5 are not used & these must be controlled from another panel in the building. If you wanted these controlled from the boiler room panel, we would add another £10k as a budget cost for the additional controls subject to survey as we've not looked at the main AHU controls systems.  
**Total cost £250k + consultant fees £20k +contingency of £60k = £330k**

**Option 2** - Replace with heat pumps, alterations to existing pipework and systems to increase energy efficiency and reduce carbon all in line with the Climate change policy.  
To replace the boilers with heat pumps will depend on the existing power available in the building for new electric heat pumps. We believe the building has an exiting 300 amp supply with the existing gas heating boilers rated at 300 kW. If the existing electrical supply proves undersized for the heat pump option then an upgraded building electrical supply will be needed from UK Power Networks. With lighting now all LED, we recommend a desk top study to prove the existing electrical supply would be sufficient for the heat pump option. We could carry out a desk top study for the current electrical loads in the building if required.  
To replace the gas boilers with heat pumps, buffer vessels & condensers including acoustic enclosures, we estimate a budget cost of £210,000.00 + the same costs to replace the controls as above so an additional £75,000.00 & £10k if you wanted the supply air handling units controlled from the new plant room control panel  
**Total cost £210k +controls at £75k + consultant fees £20k +contingency of £60k = £365k**  
This will only work if the existing power is sufficient, if not further costs will be require for upgrading the existing power.

BENEFITS OF CARRYING OUT PROJECT

The existing heating system is at end of life and could fail at any time, parts are no longer available for the boilers.

Benefits :

1/ A new upgrade to these systems will allow the building to stay open and operate in the future.

2/ Whichever option is chosen there are energy efficiencies and savings in energy going forward.

3/ The improvements works will reduce carbon footprint and if the heat pumps option is chosen will comply with proposed climate change action plan

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	<b>Option 1 - £330k</b>  <b>Option 2 - £365k</b>	Option 1- £250k + consultant fees £20k +contingency of £60k = £330k  Option 2 - Total cost £210k +controls at £75k + consultant fees £20k +contingency of £60k = £365k
Internal Funds Identified	0	
External Funds Identified	0	
Capital Reserves Needed to Finance Proposal	Option 1 - £330k  Option 2 - £365k	
Annual Ongoing Revenue (Savings) as a Direct Result of the Project		Option 1 - 15% savings on gas & small electrical savings from pumps, actuators and controls etc. Estimated £2-3k per annum.  Option 2 - no gas use so annual gas use saving but electric cost would increase. Estimated cost neutral or small revenue saving approximately £1k per annum.
Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	Option 1 would result in no additional revenue costs. Option 2 would result in an increase in electricity costs but it is expected that this would balance with the savings from gas costs.

KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes iustify.	Yes, cannot run the Playhouse without Heating
What is the climate change impact of this project?	Option 1 - higher energy efficiency of new gas heating system would reduce emissions by an estimated 10tCO2e. Option 2 - removal of gas heating system and replacement with heat pumps would result in an estimated initial emissions reduction of 25-30tCo2e. It is expected this would increase further as the electricity grid (National Grid) continues to decarbonise with an increasing proportion of energy generation coming from renewables.
Does the scheme meet any of the Council's Climate Change Action Plan targets and	Yes, both options support the action to identify and implement opportunities to reduce energy consumption from Council owned and operated buildings. Option 1, in part and Option 2, fully, support the action to plan for the future replacement of gas fired boilers in all Council buildings and review all options available.....to reduce/eliminate carbon emissions. Implement at earliest opportunity in line with heating system life cycles.
Will services be affected if this project does not get approval? If so how ?	Yes the heating could fail and the building would have to be shut down.

RISKS

Risks of not delivering project to timetable and/or budget	The costs of Mechanical and electrical works are some of the highest in a construction project, any slight changes to design can inflate costs. Currently experiencing high tender costs. Risk may be if approved and costs come in higher then works cannot proceed.
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE	<div>C &amp; W</div>																							
ACCOUNTABLE OFFICER	<div>Ian Dyer/Linda Scott/Tony Foxwell</div>																							
PROJECT TITLE	<div>Bourne Hall - Replace lift controls (Priority 1)</div>																							
DETAILS OF PROJECT	<div><div>Criteria</div><div>Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT)</div><div>Background</div><div>The existing lift is approximately 28 years old and many of the component parts are outdated with limited support available. Many safety and performance standards have also been significantly improved since the original lift was installed. Our specialist lift sub-contractor has advised that it requires an upgrade and refurbishment to bring it in line with current Health &amp; Safety Standards and as some parts are no longer available upgrade the controls and significant fittings and equipment to prevent failure in the future.</div><div>Scope of Works</div><div>Replacement of Controls, panels, parts and refurbishment. The works are specialist and will require input from Mechanical and Electrical Lift consultant, budget allocation for this must be included.</div></div>																							
	<div><div>Benefits</div><div>upgraded to the improvement recommendations specified in EN81-80 (Rules for the improvement of safety of existing passenger and goods passenger lifts) and utilises the latest technology to offer an upgrade that is comparable with today's state-of-the-art standard.</div><div><div>-quieter operation and improved energy efficiency, accessibility and comfort for all users.</div><div>- Prevent failures and problems with obtaining out of date parts.</div><div>- Without lift there would be no access for the disabled.</div><div>- the motor room for this lift is in an enclosed room below the stairs that can only be accessed via a trap door immediately in front of the lift entrance. This is far from ideal and creates a number of health &amp; safety hazards. One potential solution to this issue would be to install a new machine-room-less hydraulic controller and tank that could possibly be located in a suitable position on the landing adjacent to the lift shaft. this will need to be investigated.</div></div></div>																							
FINANCIAL SUMMARY	<table><tr><td></td><td>Cost of Project £</td><td>Comments</td></tr><tr><td>Total Scheme Capital Expenditure</td><td>£100k</td><td></td></tr><tr><td>Internal Funds Identified</td><td>0</td><td></td></tr><tr><td>External Funds Identified</td><td>0</td><td></td></tr><tr><td>Capital Reserves Needed to Finance Proposal</td><td>£100k</td><td></td></tr><tr><td>Annual Ongoing Revenue (Savings) as a Direct Result of the Project</td><td>£3k</td><td>Some saving in electric costs</td></tr><tr><td>Annual Ongoing Revenue Additional Costs as a Direct Result of the Project</td><td></td><td></td></tr></table>				Cost of Project £	Comments	Total Scheme Capital Expenditure	£100k		Internal Funds Identified	0		External Funds Identified	0		Capital Reserves Needed to Finance Proposal	£100k		Annual Ongoing Revenue (Savings) as a Direct Result of the Project	£3k	Some saving in electric costs	Annual Ongoing Revenue Additional Costs as a Direct Result of the Project		
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KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes iustify.	Yes the existing lift requires upgrade to meet new standards and Health & Safety requirements.
What is the climate change impact of this project?	The improvements will include a more energy efficient system, supporting emissions savings from reduced energy usage.
Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	Will support the action to identify and implement opportunities to reduce energy consumption in from Council owned and operated buildings.
Will services be affected if this project does not get approval? If so how ?	If it does not get approved and lift fails we would not be compliant under the Equalities act and DDA.

RISKS

Risks of not delivering project to timetable and/or budget	Only major risk is that in order to carry out the works the lift will be out of action for 4-6 weeks and there are no other alternative lifts on this site.
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE	C & W															
ACCOUNTABLE OFFICER	Ian Dyer															
PROJECT TITLE	Bourne Hall - External Redecorations (Priority 3)															
DETAILS OF PROJECT	We have requested external decorations to this building for 3 years in a row, it has not been decorated externally for over 10 years. To keep the building in good condition and to satisfy the conservation status and continue to increase bookings and revenue for this building it requires a full external decoration. Also the recent asbestos removal and window replacement required fixed air sealed tents stuck to building with tape, this has damaged the decorations and building looks tired externally.															
BENEFITS OF CARRYING OUT PROJECT	Benefits : 1/ Continued improvements in bookings and increased revenue. 2/ to comply with the listed building status 3/To protect and maintain the structure of the building.															
FINANCIAL SUMMARY		<table><tr><th>Cost of Project £</th><th>Comments</th></tr><tr><td>Total Scheme Capital Expenditure</td><td>£90k</td></tr><tr><td>Internal Funds Identified</td><td>0</td></tr><tr><td>External Funds Identified</td><td>0</td></tr><tr><td>Capital Reserves Needed to Finance Proposal</td><td>£90k</td></tr><tr><td>Annual Ongoing Revenue (Savings) as a Direct Result of the Project</td><td>0</td></tr><tr><td>Annual Ongoing Revenue Additional Costs as a Direct Result of the Project</td><td>0</td></tr></table>	Cost of Project £	Comments	Total Scheme Capital Expenditure	£90k	Internal Funds Identified	0	External Funds Identified	0	Capital Reserves Needed to Finance Proposal	£90k	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
	Cost of Project £	Comments														
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	External Funds Identified	0														
	Capital Reserves Needed to Finance Proposal	£90k														
	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.	To comply with listed building status														
	What is the climate change impact of this project?	None														
	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 poor appearance of the building may reduce bookings, the building will continue to deteriorate and we may fail in our obligations to keep listed buildings repaired.														
RISKS	Risks of not delivering project to timetable and/or budget	None														

Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE

C & W

ACCOUNTABLE OFFICER

Ian Dyer/Linda Scott/Tony Foxwell

PROJECT TITLE

Bourne Hall - Replacement of High level roof covering & insulation (Priority 2)

DETAILS OF PROJECT

**Criteria**  
• Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT).  
and - 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.

**Scope of works**  
Works are to strip existing green metallic felt from pitched dome, to provide insulation to current u-values and recover with similar roof covering to match. This will require listed building consent and works will need to include for replacement of plastic dome at high centre point of roof. It would be ideal to replace high level plastic dome with automatic opening vent windows to combat the heat in the main foyer cafe and library area in the summer.  
The roof area is 1160m2 and will require minimum 200mm of Celotex insulation, there will be associated works in edges and details where roof height will be raise, this will also effect the plastic dome and detail around the edge will be too high, requiring all to be replaced.

BENEFITS OF CARRYING OUT PROJECT

**Criteria**  
•Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT).

**Benefits**  
The insulation will provide less heat leakage and reduce energy bills, lower CO2 emissions, the existing roof covering is deteriorating and requires replacement before roof starts to leak.

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	£10k	Saving from gas and electric heating.
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	An improvement in the energy efficiency of the building, saving energy which is estimated to result in a reduction in the Council's operational emissions of 14tCO2e.
Does the scheme meet any of the Council's Climate Change Action Plan targets, and	Yes, supports the action to identify and implement opportunities to reduce energy consumption from Council owned and operated buildings. Further supports the action to reduce/eliminate carbon emissions from fossil fuel heating systems
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	Risks are need to obtain listed building consent prior to carrying out these works. Will take minimum 3 months and there maybe planning conditions which change the design and scope and increase the cost of the works.
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE	C & W																					
ACCOUNTABLE OFFICER	Ian Dyer/Linda Scott/Tony Foxwell																					
PROJECT TITLE	Bourne Hall - Bourne Hall Replacement of all Heating and ventilation Plant (Priority 1)																					
DETAILS OF PROJECT	<p><b>OPTION 1</b></p> <p><b>Criteria</b> 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.</p> <p><b>Background</b> With installation of condensing boilers and reduction in the number of boilers, I would calculate a reduction generally of 40% in gas usage.</p> <p>We must reduce our Gas consumption as the usage has been going up each year which is not in line with the climate change action plan.</p> <p>Additionally due to higher temperatures each year some form of cooling is required for the summer, this has NOT been included within this proposal.</p> <p><b>Scope of Works</b> To replace existing heating system with only two boilers instead of 4 and changing the system to remove the perimeter rooms off of the gas heating system and to be individually controlled by split heat /cooling cassettes. Replace with condensing boilers and better zone controls, new pumps and pipework within boiler room, including new flue system to boilers - estimated £400,000. To replace the existing air handling system with new energy efficient system - estimated cost £375,000. These costs have been adjusted to reflect less boilers but also to take into account inflation and higher costs for materials and labour and this has been reflected in recent received tenders.</p> <p><u>This recommended option will not reduce the heat in the summer</u></p>																					
	<p><b>BENEFITS OF CARRYING OUT PROJECT</b></p> <p><b>Criteria</b> Minimum required to continue to deliver the services of Council (e.g., Minimum level of building maintenance and IT).. Where the scheme is consistent with the Council's Climate Change Action Plan.</p> <p><b>Background</b> As above, plant no longer efficient, cannot heat or cool building without severe energy loss, As grade 11 listed building it is difficult to carry out practical alterations. But this building would benefit from replacement windows and improved insulation, this should be considered for future phased works as requested within Asset management plan and 10 year planned maintenance forecast. Initially parts difficult to obtain for existing equipment as over 30 years old, The existing boilers were changed about 10 years ago but not condensing boilers and extremely inefficient. To successfully continue to run the building commercially these improvements are essential.</p> <p><b>Benefits</b></p>																					
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KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	Yes, if heating and ventilation fail, will have to close building.
What is the climate change impact of this	New heating and ventilation plant will be more efficient and require less energy to run. Estimate an operational carbon emissions saving of 40-50tonnes of carbon emissions (tCO2e)
Does the scheme meet any of the Council's Climate Change Action Plan targets and	Yes supports, in part, the action to Plan for the future replacement of gas fired boilers in all Council building and review all options available to reduce/eliminate carbon emissions. Implement at earliest opportunity in line with heating system life cycles.
Will services be affected if this project does not get approval? If so how ?	Yes, failure of heating and ventilation will jeopardise and future use of the building. No heating or ventilation would mean closure of building.

RISKS

Risks of not delivering project to timetable and/or budget	There are many risks to a project this large, organising and planning to allow a complete building shutdown to strip out all old kit and replace with new. This will mean a loss in revenue, possible repairs and redecorations to rooms after the works which is not allowed for in these figures. Costs could go up considerably with design changes through project. The upstairs plant room is very small and it will be difficult to fit new plant in such a constricted area. Works to be carried out over summer period so heating will not be needed. also unsure of what the new management arrangements will be under LGR.
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE	C & W																					
ACCOUNTABLE OFFICER	Ian Dyer/Linda Scott/Tony Foxwell																					
PROJECT TITLE	Bourne Hall Replacement of Heating & Air handling with Energy efficient Heat Pumps (Climate change proposal Priority 1)																					
DETAILS OF PROJECT	<p><b>Background</b> The heating system at Bourne Hall is 20 years old and end of life. There is a near term need for its replacement to ensure the continued running of the building. The Council has committed to tackling climate change and to achieving net carbon neutral operations by 2035. Gas usage for heating at Bourne Hall contributes to 10% of all Council operational carbon emissions. A Heat Decarbonisation Plan was developed for Bourne Hall in 2024 and sets out the proposed interventions to decarbonise the heating system at Bourne Hall. The recommended measures will require an estimated £2.2m to implement.</p> <p><b>Scope of Works</b> Replace the existing, end of life, gas fired boilers and strip out all the existing inefficient heat emitters (such as radiators) and associated pipework. Install a decentralised low carbon heating system that includes: oEither replacing the existing Air Handling Unit (AHU) or retrofitting the existing AHU with an Air Source Heat Pump (ASHP)* as the main source of heating. oInstall VRF/DX spilt systems* for areas not connected to the AHU heating system. (*Definitions in Appendix) Install destratification fans in areas with high ceilings and where heating is dependent on the AHU to balance internal temperatures and optimise the efficiency of the heating and ventilation system. Install a new Building Management System (BMS), to replace the existing conventional controllers to optimise system operation. To implement the recommended interventions, it would cost an estimated £2.2m.</p>																					
BENEFITS OF CARRYING OUT PROJECT	<p>Benefits The benefits of this proposal will be to remove all gas usage from the site in line with our climate change action plan. To remove old redundant end of life plant and install new long lasting energy efficient plant. To lower our carbon emissions by approximately 80tonnes of CO2e (8% of the Councils overall operational carbon emissions).</p>																					
FINANCIAL SUMMARY	<table><thead><tr><th></th><th>Cost of Project £</th><th>Comments</th></tr></thead><tbody><tr><td>Total Scheme Capital Expenditure</td><td>£2.2m</td><td></td></tr><tr><td>Internal Funds Identified</td><td>0</td><td></td></tr><tr><td>External Funds Identified</td><td>£0.7k</td><td>Surrey cc should contribute £33% in line with their existing lease arrangement</td></tr><tr><td>Capital Reserves Needed to Finance Proposal</td><td>£1.5m</td><td></td></tr><tr><td>Annual Ongoing Revenue (Savings) as a Direct Result of the Project</td><td>£42k/yr</td><td>This figure has been estimated by WS Atkins and info in their report which can be provided</td></tr><tr><td>Annual Ongoing Revenue Additional Costs as a Direct Result of the Project</td><td>0</td><td></td></tr></tbody></table>		Cost of Project £	Comments	Total Scheme Capital Expenditure	£2.2m		Internal Funds Identified	0		External Funds Identified	£0.7k	Surrey cc should contribute £33% in line with their existing lease arrangement	Capital Reserves Needed to Finance Proposal	£1.5m		Annual Ongoing Revenue (Savings) as a Direct Result of the Project	£42k/yr	This figure has been estimated by WS Atkins and info in their report which can be provided	Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	
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KEY QUESTIONS

Is investment required to meet Health and Safety or other legislative requirements? If yes justify.	Yes the existing system is end of life and could fail at any moment, leaving the building without heating.
What is the climate change impact of this project?	A significant reduction in energy usage contributing to an initial estimated carbon saving of 80-100tCo2e (equivalent to 7-8% of the Council's operational carbon emissions). It is expected this would increase further as the electricity grid (National Grid) continues to decarbonise with an increasing proportion of energy generation coming from renewables.
Does the scheme meet any of the Council's Climate Change Action Plan targets and	Yes, action 21: Plan for the future replacement of gas fired boilers in all Council buildings and review all options available including air source/ground source heat pumps...to reduce/eliminate carbon emissions. Implement at earliest opportunity in line with heating system life cycles.
Will services be affected if this project does not get approval? If so how ?	The building may have to close if heating fails or alternatively we may have to hire a temporary heating system.

RISKS

Risks of not delivering project to timetable and/or budget	There are many risks to a project this large, organising and planning to allow a complete building shutdown to strip out all old kit and replace with new. This will mean a loss in revenue, possible repairs and redecorations to rooms after the works which is not allowed for in these figures. Costs could go up considerably with design changes through project. The upstairs plant room is very small and it will be difficult to fit new plant in such a constricted area. Works to be carried out over summer period so heating will not be needed. also unsure of what the new management arrangements will be under LGR.
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE	Environment																						
ACCOUNTABLE OFFICER	Rod Brown/Richard Chevalier/Tony Foxwell																						
PROJECT TITLE	Ashley Centre Car Park - Level 5 Replacement of Lamp Columns (Priority 2)																						
DETAILS OF PROJECT	Ashley Centre Car Park Level 5 - to replace the existing lamp columns which are in excess of 30 years old, they are inefficient lights and defective casings letting in water and causing electrical issues. The works will involve high level crane to lift light lamp columns on to top of car park and additional mechanical lifting plant to offer up in locations and to remove old equipment. Install new lamp columns with LED lights.																						
BENEFITS OF CARRYING OUT PROJECT	Benefits : Reduce maintenance issues and Health & Safety problems, provide new efficient long lasting maintenance free lamp column. Increase lighting levels at top of car park and therefore increasing the safety of the car park for the public and users.																						
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KEY QUESTIONS	Is investment required to meet Health and Safety or other legislative requirements? If yes iustify.	Yes, old lights letting in water and fusing electrics.																					
	What is the climate change impact of this project?	Reduction in energy use and operational carbon emissions.																					
	Does the scheme meet any of the Council's Climate Change Action Plan targets and	Yes, supports delivery of two actions in the CCAP: Identify & implement opportunities to reduce energy consumption from Council owned and operated buildings; Identify all remaining traditional lighting at Council assets and replace with energy efficient lighting where feasible.																					
	Will services be affected if this project does not get approval? If so how ?	We will continue to have health & safety issues with lights and the existing lighting will remain poor and as light bulbs fail cannot get replacements.																					
RISKS	Risks of not delivering project to timetable and/or budget	The main risk is getting crane installed for the works and shutting down roads or getting traffic management set up to carry out the work.																					

Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE

Environment

ACCOUNTABLE OFFICER

Rod Brown/Richard Chevalier/Tony Foxwell

PROJECT TITLE

Ashley Centre multi-storey car park - overcoating waterproof membrane

DETAILS OF PROJECT

This proposal was approved for 2025-26 on the budget of £184k after the full original proposal was reduced, we intended to carry out works to level 1A & B only in phased sections, some works planned out of hours which increases costs for labour. We took advice from the manufacturer and had a cost estimate from the approved contractor. During the tender period there were some discrepancies on assumptions made by the manufacturer as to which areas were effectively roof over shops, therefore a product change was required to achieve the correct guarantee. This led to an increase in the tender costs. Two proposals came in on the old specification and were Non-compliant, the other two were in £330k range. The project was put on hold and we request additional funds to proceed in the capital process for 2026-27.

Request additional budget £146k + additional £20k to increase contingency.

**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

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 from original proposal in 2024**  
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	£350k	£184k agreed in 2025-26 Capital programme, additional £166k required
Internal Funds Identified	0	
External Funds Identified	0	
Capital Reserves Needed to Finance Proposal	£166k	
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 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?	N/A
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 now based on the recent tenders received . 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 2026.
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE

Environment

ACCOUNTABLE OFFICER

Ian Dyer

PROJECT TITLE

Uppermill pond band replacement - Phase 2 (Priority 1)

DETAILS OF PROJECT

~~This proposal was approved for 2025-26 on the budget of £150k, this budget estimate was given to us by consultant as best cost at the time. When we reapproached the consultant this year, they prepared a new cost estimate which far exceeded the first.~~

~~We require additional funds in able to carry out these works in 2026-27 of £150k~~

**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 Hogsmill catchment partnership agreement and satisfy our biodiversity duty under the natural environment and rural committees Act 2006 as a public body.

**Questions from the 2024 initial proposal**  
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 backs were to break then severe flooding would occur to the area by the Samaritans.

FINANCIAL SUMMARY

	Cost of Project £	Comments
Total Scheme Capital Expenditure	£300k	£150k original capital budget for 2026-26, additional budget of £150k required.
Internal Funds Identified	0	
External Funds Identified	0	
Capital Reserves Needed to Finance Proposal	£150k	
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.	When the last leaks were occurring we had a Letter to Chief Executive from Environment agency stating low flows in Hogsmill river. Requesting permeant solution to prevent leakage. We have biodiversity duty under the natural environment and rural committees Act 2006 as a public body and work closely with Hogs mill 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?	N/A
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.
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE	Environment																						
ACCOUNTABLE OFFICER	Ian Dyer/ Sam Whitehead																						
PROJECT TITLE	West Ewell allotments - new fencing (Priority 3)																						
DETAILS OF PROJECT	To remove defective concrete posts, shrubbery and chain link fencing. To supply and install twin wire unclimbable security fencing. This was previously turned down when applied for CIL grant funding. The existing fencing no longer provides protection and needs to be replaced with more substantial fencing.																						
BENEFITS OF CARRYING OUT PROJECT	<p><b>Benefits</b> Replace old defective fencing, providing new long lasting, unclimbable protective security fencing. Prevents stealing from allotments.</p> <p>This is a new perimeter fence around the allotment site necessitated by the existing wire fence no longer being fit for purpose. Over an extended period of time the existing wire fence has deteriorated and been extensively vandalised which means that intruders can have easy access to the allotments and there have been numerous instances of stolen equipment, damaged property and even stolen produce. This undermines the confidence that the allotment holders have in using the facilities they have paid for and causes unnecessary anxiety amongst users. This fencing would address a very obvious problem and help secure use of the facility for the next generation</p> <p>The main beneficiaries will obviously be the 100 or so plot holders and their families, but there will also be a general benefit to the wider community owing to the health benefits of residents having access to a secure facility in which they can have confidence. It will also improve the look and feel of the area in general which will have attendant benefits to the wider community.</p>																						
FINANCIAL SUMMARY	<table><thead><tr><th></th><th>Cost of Project £</th><th>Comments</th></tr></thead><tbody><tr><td>Total Scheme Capital Expenditure</td><td>£36k</td><td></td></tr><tr><td>Internal Funds Identified</td><td>0</td><td></td></tr><tr><td>External Funds Identified</td><td>0</td><td></td></tr><tr><td>Capital Reserves Needed to Finance Proposal</td><td>£36k</td><td></td></tr><tr><td>Annual Ongoing Revenue (Savings) as a Direct Result of the Project</td><td>0</td><td></td></tr><tr><td>Annual Ongoing Revenue Additional Costs as a Direct Result of the Project</td><td>0</td><td></td></tr></tbody></table>			Cost of Project £	Comments	Total Scheme Capital Expenditure	£36k		Internal Funds Identified	0		External Funds Identified	0		Capital Reserves Needed to Finance Proposal	£36k		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	
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Capital Programme 2026/27 - Proposal  
Project Appraisal Form

COMMITTEE	C & W		
ACCOUNTABLE OFFICER	Sam Whitehead		
PROJECT TITLE	Stew Ponds removal of silt (Priority 3)		
DETAILS OF PROJECT	<p>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.</p> <p>Benefits &amp; opportunities</p> <ul style="list-style-type: none"><li>- improved habitat for fish and wildlife by restoring the central island, variation in depth and reeded margins and by careful management of trees.</li><li>- Give better access to refurbished angling swims, particularly for disabled anglers.</li><li>- Enhance visual character of the pond</li><li>- Involve local groups in order to take ownership of the pond and improve biodiversity</li><li>- Use materials such as wooden faggots &amp; stakes that can be sourced locally</li></ul> <p>Background Information</p> <p>-In 2010 plans were drawn up to de-silt the pond with an estimated cost of approx. 100K. Increasing costs indicate a proposal in the region of 150k</p> <p>This proposal was agreed at £150k for the 2025 Capital Programme. Initial consultant survey works were instructed and the report highlighted the new estimated cost for the works at £240k. It is clear that we cannot carry out the works for the original £150k. The report is attached and reasons for uplift is the change in methodology of construction of duck island</p>		
	<p>The pond has been leased to a fishing club (central Association of London and Provincial Angling Clubs CALPAC) since 1988.</p> <ul style="list-style-type: none"><li>-The reason for allowing fishing on the Stew Pond is to protect the nearby Great Pond (restored in 1979) where no fishing is allowed.</li><li>-De-silting is identified by 2016-2116 management plan and is therefore Council policy.</li><li>-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.</li><li>-The pond is surrounded by woodland and the inevitable leaf fall causes the pond to silt up relatively rapidly.</li><li>-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.</li></ul>		
FINANCIAL SUMMARY		Cost of Project £	Comments
	Total Scheme Capital Expenditure	£270k	Original scheme approved for 2025-26 Capital works at £150k increase required after consultant report with cost estimate. The cost estimate includes consultant fees and I have added £30k contingency.
	Internal Funds Identified	0	
	External Funds Identified	0	
	Capital Reserves Needed to Finance Proposal	£270k	
	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.	We have biodiversity duty under the natural environment and rural committees Act 2006
What is the climate change impact of this project?	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.
Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	As above
Will services be affected if this project does not get approval? If so how ?	None

RISKS

Risks of not delivering project to timetable and/or budget	Very complicated Project, needs careful project management as dates to achieve and times when we cannot work due to ecological reasons. Easy to slip programme if dates missed and much consultation required with local users. I think if initial works programmed in still will not be able to start until 2027.
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Approved Project	Current Approved Budget (£)	Actuals to Q1 2025/26 (£)	Year End Forecast 2025/26 (£)	Variance Estimate (£)	Comments from Manager	Target Completion
Disabled Facilities Grants and Small Repairs Grants	1,270,999	253,296	1,270,999	0	The DFG programme continues to support residents requiring adaptations to enable them to continue living in their own homes. This year’s £1.27m spend is for the Home Improvement Agency to assist disabled, elderly and vulnerable residents to stay in their homes safely and independently. This is achieved through home assessments by the team, using the various forms of grant assistance that are available along with the Handy Person service. In addition, the team has teamed up with Action Surrey to replace condemned and inefficient boilers to eligible households across the borough. Budget includes rolled over 2024/25 budget of £296,591.	Ongoing
Stew Ponds Removal of Silt	150,000	0	6,838	(143,162)	To carry out initial surveys, sampling, Bathymetric surveys, Options appraisal Report, programme, and budget costs. Due to the nesting season and the safe relocation of fish the works will not be started this financial year.	Dec-26
Uppermill Pond Bank Replacement	150,000	0	0	(150,000)	Works estimated higher than budget allocation at a cost of £300,000. The project has been deferred until the following financial year and additional funding of £150,000 will be applied for in 2026-27 capital proposals.	Dec-26
Ashley Centre Car park Waterproof Membrane	184,000	0	0	(184,000)	Works tendered over budget at £350,000 therefore project deferred for next financial year. Additional funding of £166,000 will be applied for in 2026-27 capital proposals.	Dec-26
Court Recreation 3G Pitch Surface Renewal	130,000	0	130,000	0	Works planned to commence September 2025.	November 2025
Playhouse Lighting and Dimmers	270,000	203,547	270,000	0	The tenders for the lighting works identified that the house lights were linked to the dimmer works so have to be actioned simultaneously. To facilitate this, a decision had to be taken to upgrade the house lights alongside the budgeted works and £45,000 of reserve funding was approved to cover the additional works, raising the overall budget for the scheme to £270,000. The successful bidder was appointed at the end of April with the contract due to run from 1 August to 12 September.	November 2025
Sewerage contamination prevention-Longmead depot	22,355	0	2,000	(20,355)	The remaining works required from the 2024/25 scheme will provide a bund wall for ad-blue containment.	September 2025
Playground renovations	40,000	0	40,000	0	This project is currently at procurement stage and a tender to be actioned. Works consist of replacement of playground surface and defective equipment.	November/December 2025

Approved Project	Current Approved Budget (£)	Actuals to Q1 2025/26 (£)	Year End Forecast 2025/26 (£)	Variance Estimate (£)	Comments from Manager	Target Completion
ICT Programme of Works	278,065	6,180	278,065	0	The Firewall Replacement Programme is a critical step to address risks from ageing infrastructure that will soon be unsupported. Without renewal, the organisation could face vulnerabilities due to missing security updates and vendor support. Firewalls are vital for protecting digital operations, and completing this upgrade by the end of 2025 will help maintain security, continuity, and alignment with broader infrastructure improvements. Replacing the two core switches is essential as the current hardware is reaching end-of-support. Without vendor maintenance, these switches could compromise network reliability and security. As central components of the ICT infrastructure, their timely replacement before the end of 2025 supports operational stability and fits within the department’s wider infrastructure strategy. The physical servers scheduled for replacement in the 2025/26 capital plan are nearing end-of-support, increasing the risk of security issues and performance decline. Their renewal is necessary to maintain reliability and resilience across the ICT environment. The replacement of additional switches and network hardware is required due to end-of-support status. Continuing to use unsupported equipment could lead to security and performance problems. These components are key to ensuring stable and secure network operations, making their timely upgrade essential. The rollout of the 3CX softphone solution supports the 2023 ICT Strategy’s aim to modernise communications by moving away from legacy systems. It enables flexible, cloud-based voice services that enhance resilience, support hybrid working, and contribute to sustainability goals.	Dec-25
Replacement of CRM and Data Warehouse	262,487	5,754	235,000	(27,487)	The My Council Services (MCS) project aims to improve digital services through additional MCS v5 form development, supported by potential consultancy from the supplier Abavus. A temporary Business Analyst will define requirements over six months, while a dedicated ICT Project Manager will continue to provide project oversight. These roles are key to ensuring the CRM replacement is well-planned and aligned with strategic goals. Delivery is phased from mid 2025 to early 2026. The Data Warehouse supports infrastructure upgrades, including Citrix and VMware renewal, as part of a revised data centre migration. These updates are vital for secure, scalable services, especially during the transition to a new unitary authority as a result of the Local Government Reorganisation (LGR). Renewing virtualisation tools ensures continuity for staff and services, helping the council maintain stability and service delivery through the organisational change brought about by the LGR.	Mar-26
Bourne Hall Window replacement – First and Second Phases	348,814	280,639	365,314	16,500	Phase 1 -completed in March 2025. Removal of Asbestos works completed in August 2025. Phase 2 expected to be completed by September 2025. Additional spend has been incurred due to a change to the window type as specified by the conservation officer after the tender was approved. Budget 2024/25 was £611,234 of which £262,420 was spent leaving rolled over balance of £348,814.	Phase 1 completion end March 2025.
Construction of Temporary Accommodation units	424,975	2,945	2,945	(422,030)	Planning permission for 3 modular family units was granted on 7 November 2024. Each unit will contain two bedrooms. Project on hold due to a legal challenge, awaiting a land registry tribunal. Budget 2024/25 was £435,000 of which £10,025 was spent leaving a rolled over balance of £424,975.	TBC - waiting legal permission
Wellbeing Centre windows replacement	60,000	0	0	(60,000)	Works have been deferred due to the uncertainty created by the Local Government Reorganisation.	Waiting Asset Review
Wellbeing Centre solar panel installation	60,000	0	0	(60,000)	Works have been deferred due to the uncertainty created by the Local Government Reorganisation.	Waiting Asset Review
Alexandra Rec Dojo	170,000	0	0	(170,000)	The old building has been demolished; a planning application was submitted for the new proposal at committee in November 2023. Quotes for works amounted to £390,000. As this is higher than budget, other sources of grant funding are being investigated. Works will commence if funding/necessary approvals can be secured.	TBC
Total	3,821,695	752,361	2,601,161	(1,220,534)		



Proposed Additional Project	Reason for Work	Budget 2026/27 (£)	Budget 2027/28 (£)	Budget Total (£)
Bourne Hall – Heating and ventilation replacement	Avoid Health & Safety Risk	150,000	850,000	1,000,000
Bourne Hall – High level roof covering replacement	Reduce Revenue Cost	392,000	0	392,000
Bourne Hall – Lift controls replacement	Legal Requirement	100,000	0	100,000
Bourne Hall – External decorations	Cosmetic	90,000	0	90,000
The Epsom Playhouse – Boilers and controls replacement - two options £330 & £365 high cost conforms with climate change action plan	Avoid Health & Safety Risk	365,000	0	365,000
The Epsom Playhouse – Front of House toilet refurbishment	Cosmetic	160,000	0	160,000
The Epsom Playhouse – Replacement of auditorium air conditioning	Avoid Health & Safety Risk	145,000	0	145,000
Ashley Centre Car Park – Level 5 lamp columns and LED lighting	Avoid Health & Safety Risk	-	200,000	200,000
Ashley Centre Car Park – Waterproofing	Legal Requirement	166,000	0	166,000
Uppermill Pond – Bank repairs	Legal Requirement	150,000	0	150,000
West Ewell - Allotments - Perimeter Fence	Members Request only	36,000	0	36,000
Stew Pond - Desilt pond	Avoid Health & Safety Risk	-	120,000	120,000
Total		1,754,000	1,170,000	2,924,000

Summary

Reason for New Work	Proposed Budget	2026/27	2027/28	Check Total
Legal Requirement	416,000	416,000	0	416,000
Avoid Health & Safety Risk	1,830,000	660,000	1,170,000	1,830,000
Reduce Revenue Cost	392,000	392,000	0	392,000
Cosmetic	250,000	250,000	0	250,000
Members Request only	36,000	36,000	0	36,000
Total	2,924,000	1,754,000	1,170,000	2,924,000

Funding Available over 2 years	(1,970,000)	(1,470,000)	(500,000)	(1,970,000)
Gap	954,000	284,000	670,000	954,000

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