

LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	Cabinet 23 February 2023	
Report Title	Capital Investment Strategy 2022/23 – 2027/28	
Cabinet Portfolio	Councillor Ahsan Khan, Deputy Leader and Portfolio Lead Member for Housing and Regeneration	
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Wards affected	All	
Public Access	OPEN	
Appendices	Appendix 1: Capital Investment Strategy 2022/23 – 2027/28 Appendix 2: Equalities Analysis	

1. SUMMARY

- 1.1 The Capital Investment Strategy is an important statement of the Council's key infrastructure investments over the next 4-5 years. The Council has committed to refreshing the Capital Investment Strategy annually, aligning the annual review with Council's overall Budget setting process.
- 1.2 The Capital Investment Strategy provides an update on the Council's direct investment between 2022/23 - 2027/28, which is substantial at over half a billion pounds. It reflects the challenges faced nationally in relation to economic and construction market conditions and ensuring that our capital investment plans are aligned to local priorities established in the Council's new 15-minute Neighbourhood Corporate Framework.
- 1.3 The Strategy brings together all investment strands from schools to property, transport improvements and infrastructure, to new and affordable housing development and the strategic corporate property programmes. It outlines the outputs and proposed outcomes aligned to the Council's political and corporate objectives established in the 15-Minute Neighbourhood Corporate Framework, delivering a powerful story of how the Council is leading investment and growth to make Waltham Forest a great Borough to live and work in.

2. RECOMMENDATIONS

- 2.1 Cabinet is recommended to:
 - 2.1.1 Agree the Capital Investment Strategy 2022/23 - 2027/28, attached as Appendix 1.
 - 2.1.2 Note that the strategy will be reviewed and refreshed on an annual basis and reported to Cabinet for approval supporting its overall Budget setting process.
 - 2.1.3 Agree that Capital Prioritisation processes continue to be delivered by the Officer led Capital Strategy and Asset Management Group (CSAMG), supporting the Council to prioritise delivery of new capital projects which maximise Return on Investment and achieve the Council's priorities.
 - 2.1.4 Agree that no financing sources, unless stipulated in regulations or necessary agreements, are ring fenced.
 - 2.1.5 Note that the financing of the capital programme is delegated to the Strategic Director of Finance and Governance to provide sufficient flexibility to allow for the most effective use of Council resources.

3. BACKGROUND

- 3.1 The Capital Investment Strategy accompanies the Budget report to be presented at Cabinet in February 2023, which contains a request to approve resources for the Council's Capital Investment Portfolio of £533 million between 2022/23 - 2027/28.
- 3.2 From April 2021, the Chartered Institute for Public Finance and Accountancy (CIPFA) Prudential Code - which provides a clear framework for local authority capital investment plans - requires that all Councils have a Capital Investment Strategy, demonstrating that the Council's capital investment delivers against its political and organisational priorities and demonstrates effective financial management.
- 3.3 This report and the attached Capital Investment Strategy 2022/23 - 2027/28 sets out how the Council's £533 million Capital Investment Portfolio supports the organisation's strategic priorities established in the Council's 15-Minute Neighbourhood Corporate Framework. It demonstrates what investments will be delivered in the Borough by March 2023 and approved investment plans for the remaining years through to Spring 2028.
- 3.4 The Council recognises that the Capital Investment Strategy and its revenue impact form an important element of the organisation's medium- and long-term financial plans.
- 3.5 The Council also recognises that its Capital Investment and Portfolio will play a significant and vital role in supporting economic recovery and

growth in response to the current economic challenges and inflation leading to a cost of living crisis.

4. PROPOSALS

4.1 The attached Capital Investment Strategy operates on a medium term 5-year planning and delivery timeline, as such it looks to consider the Council's current priorities established in the 15-Minute Neighbourhood Corporate Framework. It also recognises external factors that influence our capital prioritisation and emerging priorities. From Spring 2022 – 23, work on the following strategic drivers will set the context for the Council's long term capital investment plans:

4.1.1 **15-Minute Neighbourhoods:** The Capital Investment Strategy will play a key role in delivering the Council's new corporate framework, ensuring that our residents have the things that matter most to lead a healthy, fulfilling, and sustainable life within easy reach of their home. This is reflected in the extensive and varied capital programme showcasing the key projects and milestones achieved thus far and the outcomes its plans will deliver for residents.

4.1.2 **Cost of Living Crisis:** The Council recognises that cost of living is currently one of the biggest challenges for our residents, from rising energy bills to cost of food increasing significantly over the past 12 months. The Council's continued investment will enable the delivery of new affordable and social rent homes for local people, ensuring the Council provides the highest quality public services for its residents and more as it continues to develop a wide ranging and robust response to the challenges we all face.

4.1.3 **Health Inequalities:** In December 2022, the Council published its research report 'A Fairer and Healthier Waltham Forest' which sets out the key issues effecting health and wellbeing of residents in Waltham Forest, following the pandemic. In 2023, the Council will establish an action plan which will look to deliver the cross-cutting recommendations from the report. Though our capital investment plans, the Council has already developed plans for new health centres providing new primary care services in areas of need and will play a key role in delivering the action plan to tackle health inequalities longer term.

4.1.4 **Climate Emergency:** In October 2022, The Council's Climate Action plan was launched, setting out Waltham Forest's vision for achieving net zero carbon emissions by 2030. A key component of our plans is to ensures our construction schemes are built to the highest possible green standards as we strive to build like its 2030. The cross cutting nature of the Capital Investment Strategy also supports the Council's key priorities promoting a greener more resilient Borough thereby enhancing biodiversity, climate adaptation and transport infrastructure. In November 2022, the next phase of its Housing Development Company, Sixty Bricks, has committed £130 million investment to deliver five new schemes of c.280 new and affordable homes to net zero carbon standard. Investment will also support retro-fitting of Council owned

homes to reduce their carbon footprint and energy costs as we tackle the unequal impact of climate emergency on our residents. An additional £4 million investment will increase delivery of new streetlighting column upgrades across the Borough, replacing outdated lighting with new low carbon and energy efficient LED lighting columns. A further £900,000 will fund the installation of three hundred new electric vehicle charging points in new lighting columns.

4.1.5 Community Safety: Residents identify fear of crime and violence as a top concern. The Capital Investment Strategy supports improving community safety by regenerating sites which are currently associated with anti-social behaviour (e.g. car parks, derelict buildings); through town centre and estate regeneration; by ensuring that new developments design crime out of new buildings and public realm; and by investing in safety measures in and around new and existing development. We will work closely with residents and the police to exploit opportunities to use our investment strategy to design crime out of the Borough, including through exemplar design, target-hardening new developments and refurbishments, securing developer contributions and ensuring effective stewardship of new destinations and major residential developments.

4.1.6 Economic Market Conditions: Current economic market conditions continue to see the cost of construction materials rise and be a major risk to our delivery ambitions. The Council has taken a robust leadership role, with our construction partners to ensure our construction project continue to deliver at pace despite these challenges. The strategy sets out robust risk management and assurance practices implemented to ensure delivery continuity, recognising our delivery plans enable the Council to play a leading role in local economic recovery and growth in Waltham Forest.

4.2 The Council's Capital Investment Strategy 2022/23 - 2027/28 is in Appendix 1 of this report. In summary, the key messages and structure of the Capital Investment Strategy are as follows:

4.2.1 Part 1: Purpose of the Capital Investment Strategy is an introduction from the Leader and Deputy Leader highlighting the importance of the 15 Minute Neighbourhood on the Council's investment plans over the next 5 years.

4.2.2 Part 2: Provides an overview of the importance of the Capital Investment Strategy which underpins the commitments of the 15-Minute Neighbourhood, Climate Emergency and Local Plan delivery.

4.2.3 Part 3: Provides an update of the Borough's population, housing composition, employment, and other characteristics of the local community.

4.2.4 Part 4: Demonstrates the totality and cross cutting impact of the Council's capital investment portfolio for our residents. It brings together physical outcomes from our investment, such as new and affordable homes alongside social value delivered including new jobs and

apprenticeships, new employment and community space and environmental measures.

- 4.2.5 **Part 5:** Provides a strong dialogue of the impact the Council's capital investment is making to deliver the organisation's 15-Minute Neighbourhood priorities. This section highlights capital investment delivered in 2022 - 23 as well as plans for the remainder of the investment portfolio through to Spring 2027/28.
- 4.2.6 **Part 6:** Sets out how the Capital Investment Portfolio is funded, its Treasury and Reserves and revenue implications, also portfolio level risks in response to the Chartered Institute for Public Finance's (CIPFA) guidance.
- 4.2.7 **Part 7:** Describes the Council's work to robustly assure the delivery of the Capital Investment Portfolio, including steps to meet the CIPFA Guidance, prioritisation, and the annual capital portfolio monitoring cycle.

5. OPTIONS & ALTERNATIVES CONSIDERED

- 5.1 This Capital Investment Strategy is a requirement of CIPFA's Prudential Code - which supports Council's local strategic planning and local asset management planning - as such there is no alternative option to be considered. Officers recommend that this strategy is the best way of meeting these requirements. Failure to produce a robust Capital Investment Strategy could result in sub-optimal investment monitoring and outcomes for the Council and the Borough.

6. SUSTAINABLE COMMUNITY STRATEGY PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)

- 6.1 The primary purpose of the attached Capital Investment Strategy 2022/23 - 2027/28 is to demonstrate how the Council's £533 million Capital Investment Portfolio will contribute to the delivery of the organisation's Public Service strategic priorities.
- 6.2 As a result the structure and content of the Capital Investment Strategy is organised to demonstrate how the Council's 5-year Capital Investment Portfolio has, and will, directly contribute to the delivery of each of the 15-Minute Neighbourhood priorities endorsed in February 2023:
- Everyone taking part and fulfilling their potential
 - Everyone benefitting from shared prosperity
 - Improving the Borough together

7. CONSULTATION

- 7.1 The development of the attached Capital Investment Strategy 2022/23 - 2027/28 is the result of comprehensive internal engagement and

consultation. The Property Portfolio Management Office (PMO) has worked collectively with Senior Leadership Team, the Council's CSAMG – chaired by the Strategic Director of Finance and Governance - as well as individual Senior Responsible Officers (SROs), capital programme and project delivery experts and senior finance colleagues to develop the Capital Investment Strategy. Consultation has taken place with political leadership to ensure the strategy is aligned to priorities in their respective portfolios.

8. IMPLICATIONS

8.1 Finance, Value for Money and Risk

8.1.1 The Capital Investment Strategy is a key component of the Council's budget and therefore incorporated within the Council's Medium Term Financial Strategy (MTFS) which sets out the framework of how the capital programme aligns with the Council's priorities. The Capital Programme through to 2027/28 is being presented to Cabinet on 23 February 2023. This sets the budgets within which the Capital Investment Strategy will be delivered, the financial controls are included within the Council's Ground Rules for Financial Control. The Capital Strategy 2027/28 accompanies these reports.

8.1.2 The Capital Investment Strategy appendix outlines the sources of funding for the £533 million capital programme. The key sources of funding are:

- External funding (e.g. government grants and contributions)
- Internal funding (e.g. capital receipts, direct revenue financing and reserves)
- Borrowing

8.1.3 There are revenue implications to the delivery of the capital programme are reflected within the MTFS and the Council anticipates that £132.1 million will need to be borrowed towards the £533 million total. Additionally, there needs to be an allocation towards the repayment of debt – Minimum Revenue Provision (MRP) – arising from the need to borrow.

8.2 Legal

8.2.1 The Council has powers to hold, acquire and dispose of property for the discharge of its functions under the Local Government Act 1972 as well as property powers under other specific legislation.

8.2.2 Section 1 and section 12 Local Government Act 2003 give the Council power to borrow and to invest, in both cases for any purpose relevant to its functions or for the prudent management of its financial affairs. The 2003 Act and supporting regulations require the Council to “have regard to” the CIPFA Prudential Code for Capital Finance in Local Authorities in determining its borrowing.

8.2.3 The purpose of the Prudential Code is to provide a framework such that an authority's capital investment plans are affordable, prudent and sustainable. The Prudential Code requires the Council to produce a

Capital Investment Strategy, to provide an overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards, along with an overview of how risk is managed for future financial sustainability.

8.3 Equalities and Diversity

- 8.3.1 An initial screening exercise of the equalities impact has been undertaken. This assessment determined that SROs and their delivery teams ensure that equalities and diversity impact of approved capital investment schemes are effectively assessed and managed at programme and project level. SROs consider the Council's equalities and diversity policy requirements throughout the capital project lifecycle from initial definition and brief, through design stages, procurement, construction and finally handover of the completed asset ready for operational use.
- 8.3.2 In addition, the Council and SRO's may need to consider and respond to specific equalities and diversity requirements set by external stakeholders as conditions for securing funding.

8.4 Sustainability (including climate change, health, crime and disorder)

- 8.4.1 SROs and their delivery teams are responsible for ensuring the sustainability implications of approved capital investment schemes are effectively managed at programme and project level. SROs consider the Council's sustainability policy requirements throughout the capital project lifecycle from initial definition and brief, through design stages, procurement, construction and finally handover of the completed asset ready for operational use.
- 8.4.2 In addition, the Council and SRO's may need to consider and respond to specific sustainability requirements set by external stakeholders as conditions for securing funding and planning permission.

8.5 Council Infrastructure

- 8.5.1 The availability of sufficient support from programme and project delivery experts as well as Finance, Legal, Procurement and Communications colleagues is essential to the successful delivery of the projects and programmes that make-up the £533 million Capital Investment Portfolio.
- 8.5.2 Individual SRO's and project delivery experts consult with Council infrastructure leads who secure the resources needed to successfully deliver specific capital programmes and projects.
- 8.5.3 At a portfolio level, the Property PMO works with finance colleagues and CSAMG to ensure a consistent approach is taken to the resourcing and costing of the Council's infrastructure needed to enable the delivery of the Capital Investment Strategy and Capital Investment Portfolio.

8.6 Economic Market Conditions

- 8.6.1 The Council continues to monitor the impact of economic market conditions on its finances. Its overarching approach is to use its Reserve Strategy to manage short-term implications of the market conditions to

allow time to embed any ongoing savings that may be required. Furthermore, the Council maintains a contingency budget to mitigate any lower level risks that might arise.

- 8.6.2 In addition, during 2022 the Council implemented a robust management strategy to mitigate the potential impact of the economic market conditions, softening the risk of delays, access to materials, labour and increased delivery costs. Risk management of the economic market conditions will continue throughout the course this Capital Investment Strategy period.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

None.