

## London Borough of Waltham Forest

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Report Title	Capital Investment Strategy 2025/26–2035/36
Meeting / Date	Cabinet, 17 <sup>th</sup> March 2026
Cabinet portfolio	Councillor Ahsan Khan, Deputy Leader and Portfolio Lead Member for Housing and Regeneration
Report author/ Contact details	Charlotte Moore, Head of Capital Portfolio Management Place <a href="mailto:charlotte.moore@walthamforest.gov.uk">charlotte.moore@walthamforest.gov.uk</a>
Wards affected	All
Public access	Open
Appendices	Appendix 1: Capital Investment Strategy 2025/26 – 2035/36 Appendix 2: Equalities Analysis Screening



1. Summary
  - 1.1 The Capital Investment Strategy 2025/26–2035/36 (attached as Appendix 1) is an important statement of the council’s planned key infrastructure investments up to spring 2036. The council has committed to refreshing its Capital Investment Strategy annually, to align with the updated Capital Programme included in the Budget report each year.
  - 1.2 The Capital Investment Strategy provides an update on the council’s planned direct capital investment between 2025/26 and 2035/36, which despite challenging economic conditions and financial constraints, remains substantial at £733.43 million. This is made up of £291.34 million General Fund (GF) investment and £442.08 million investment through the Housing Revenue Account (HRA), excluding a £38.53 million appropriation from the GF to the HRA in 2026/27.
  - 1.3 The Strategy reflects the ongoing challenges faced nationally in relation to economic and construction market conditions, alongside those relating to local government finances, and ensures that our capital investment plans are aligned to resident priorities established in Mission Waltham Forest.
  - 1.4 It brings together all investment programmes across the council, from schools to local area regeneration, transport improvements and infrastructure, to affordable housing delivery and strategic corporate property programmes. In doing so, it supports the delivery and implementation of the organisation’s strategic priorities established in Mission Waltham Forest, delivering a powerful story of how the council is prioritising investment in what matters most to residents to make Waltham Forest a more equal borough.

- 1.5 The Strategy also highlights the physical and social return on investment delivered and forecast to be delivered by 2035/36 for our residents and borough overall through the council's capital investment. This includes the number of new and affordable homes delivered, employment opportunities created, commercial, community and cultural floorspace created or re-provided, environmental benefits and wider social value outcomes.
2. Recommendations
  - 2.1 Cabinet is recommended to:
    - 2.1.1 Agree the draft Capital Investment Strategy 2025/26–2035/36, attached as Appendix 1.
    - 2.1.2 Note the significant forecast physical and social return on investment from the council's capital investment plans by spring 2036.
    - 2.1.3 Note that the Strategy will be reviewed and refreshed annually and reported to Cabinet for approval.
    - 2.1.4 Agree that no financing sources, unless stipulated in regulations or necessary agreements, are ringfenced.
    - 2.1.5 Note that the financing of the Capital Programme is delegated to the Strategic Director of Resources to provide sufficient flexibility to allow for the most effective use of council resources.
3. Proposals
  - 3.1 The Budget report approved at Cabinet and Full Council in February 2026 contained a request to approve resources for the council's Capital Programme of £733.43 million (excluding appropriations totalling £38.53 million) between 2025/26 and 2035/36.
  - 3.2 Introduced in 2021, the Chartered Institute for Public Finance and Accountancy (CIPFA) Prudential Code provides a clear framework for local authority capital investment plans. The Code requires that all councils have a Capital Investment Strategy, which aligns capital investment to political and organisational priorities and demonstrates effective financial management.
  - 3.3 This report and the attached Capital Investment Strategy 2025/26–2035/36 sets out how the council's £733.43 million Capital Investment Portfolio supports the delivery and implementation of the organisation's strategic priorities established in Mission Waltham Forest and other key corporate strategies, including the Inclusive Growth and Economy Framework, Housing Strategy, Climate Action Plan, Local Plan and Infrastructure Funding Statement, and key service delivery strategies. It demonstrates the investment that will be delivered in the borough by the end of March 2026 and investment plans for the remaining years through to spring 2036.
  - 3.4 The Strategy also demonstrates the significant physical and social return from the council's capital investment plans by spring 2036. This includes a cumulative housing forecast of 3,209 new homes (of which 1,924 will be affordable homes) and 1,942 local employment opportunities via our

construction and development partners, as well as a range of environmental benefits and wider social value outcomes.

#### Capital Prioritisation Framework

- 3.5 The Capital Investment Strategy and its revenue impact form an important element of the council's medium and long-term financial plans. In February 2024, Cabinet endorsed the implementation of a new Capital Prioritisation Framework to support prudent financial management. The Framework was implemented in response to the risks of high inflation and rising construction costs, alongside increased capital borrowing costs, which have placed additional pressure on the Medium Term Financial Strategy (MTFS).
- 3.6 Since its implementation, the Framework has guided strategic decision-making around current and future capital investment. It has shifted the focus of the overall Capital Programme towards maintaining delivery of established capital schemes that are in construction phases and will deliver substantial benefits for local residents and businesses, as well as avoiding new pressures to the MTFS and, where possible, ensuring investment helps to alleviate budget pressures in future.
- 3.7 The refreshed Strategy continues use of the established Capital Prioritisation Framework. For all schemes within the Capital Programme and new projects seeking funding, one or more of the following indicators must be met:
  - A. Continued investment in the delivery of capital schemes that are in construction phases and/or which the council is contractually obliged to deliver.
  - B. Continued delivery of new affordable housing (including strategic acquisitions of affordable homes) and residents' priorities, where they are deliverable within financial affordability parameters of the council. Affordability assessments are undertaken on a scheme-by-scheme basis and consider capacity for additional investment within both the General Fund and HRA.
  - C. Continued investment into initiatives which ensure the council meets its legal, statutory and health and safety obligations (e.g., Decent Homes standards, Minimum Energy Efficiency Standards and the Building Safety Act requirements), or essential small-scale infrastructure requirements that are required to deliver council services, such as ICT upgrades.
  - D. For any new investment not meeting the above criteria, that it protects the MTFS, based on the principle that all investment decisions should deliver a positive financial return or have a positive impact by alleviating the council's current or future financial pressures.
  - E. That projects and programmes which are fully or majority funded by external grants and other funding sources – and therefore do not negatively impact the MTFS – should continue to be delivered. This includes initiatives such as the Schools Capital Programme and Local Regeneration Fund (formerly Levelling Up Fund) Programme.

## Mission Waltham Forest and resident priorities

- 3.8 The Capital Investment Strategy attached as Appendix 1 operates on a medium-term, current plus 10-year planning and delivery timeline. It seeks to deliver the council and resident priorities established in Mission Waltham Forest, as well as recognising external factors and emerging priorities for the council, which influence how capital investment is prioritised.
- 3.9 Mission Waltham Forest: Launched in February 2024, Mission Waltham Forest is the council's vision for "a more equal borough, where everyone can make the most of their strengths to live the life they want to lead". Mission Waltham Forest aims to focus council efforts on the key issues that shape residents' lives.
- 3.10 The Capital Investment Strategy supports the implementation of Mission Waltham Forest across the borough: through development of new affordable homes (including temporary accommodation), improving council-owned homes and transport infrastructure, creating safe, green neighbourhoods and stronger communities, decarbonising our estate, providing new, high-quality education facilities and creating a more inclusive local economy.
- 3.11 Inclusive Growth and Economy Framework: Building an economy that works for everyone is a fundamental pillar of Mission Waltham Forest. To underpin the delivery of this mission, the council has developed an Inclusive Growth and Economy Framework, which was launched in July 2025. The Framework aims to create a fairer and more equal borough by delivering place-based inclusive growth and affordable housing, boosting productivity to attract jobs and sectors of the future and improve the quality of existing opportunities in the foundational economy.
- 3.12 The Local Plan: In February 2024, the council adopted its revised Local Plan. The Plan identifies key or strategic sites in the borough with the potential for redevelopment to provide c.27,000 new homes and 52,000sqm of new employment space over the next 15 years. The Local Plan sets out the framework for good, well-planned local growth and the associated infrastructure required to support growth, including schools, health provision, open spaces and transport infrastructure.
- 3.13 The Capital Investment Strategy supports the Local Plan by directly contributing to the borough's growth agenda through the development of thousands of new homes, whilst ensuring all developments make a lasting and positive impact on communities.
- 3.14 Housing Strategy: The council's Housing Strategy 2024–2029, sets out the overarching goal of "improved and fairer access to high-quality and genuinely affordable homes, which provide a foundation for residents to live a happy and healthy life". The Capital Investment Strategy supports all four of the long-term outcomes the Strategy aims to achieve: preventing homelessness, ensuring all residents have access to suitable homes, every home in the borough is healthy, safe and affordable to heat; and development enhances neighbourhoods and supports stronger, fairer and safer communities.

- 3.15 The Housing Asset Management Strategy 2026–2031, which was approved by Cabinet in December 2025, supports the wider Housing Strategy and outlines how the council will manage, maintain and invest in council homes over the next five years in order to help tackle the housing crisis while working towards achieving net zero.
- 3.16 The Capital Investment Strategy also supports the implementation of the Temporary Accommodation to Settled Homes Strategy 2025–2030 by delivering new, genuinely affordable homes for local residents.
- 3.17 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, open spaces); 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.
- 3.18 The council will continue to 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.
- 3.19 Health Inequalities: The Institute of Health Equity (Marmot) report, ‘A Fairer and Healthier Waltham Forest’ sets out the key issues affecting the health and wellbeing of residents in Waltham Forest following the pandemic. In January 2024, Cabinet approved the council’s formal response to the report, which demonstrates the council’s commitment to tackling poor health outcomes through an unwavering focus on creating fairer work opportunities, healthier homes across all housing tenures, and building healthier and greener local communities.
- 3.20 As well as directly contributing to the provision of healthcare services, projects included in the Capital Investment Strategy that seek to deliver good quality housing, accessible and safe green spaces and good quality jobs will also help address some of the key drivers of health inequalities locally identified in the Marmot report.
- 3.21 Climate Emergency: The council’s Climate Action plan sets out Waltham Forest’s vision for achieving net zero carbon emissions by 2030. The Capital Investment Strategy has over £5.8 million of funding allocated to deliver initiatives across the borough which support the delivery of our net zero ambitions, in addition to green investment into council homes, sustainable transport, and electric vehicle (EV) charging points.
- 3.22 The cross-cutting nature of the Capital Investment Strategy also supports the council’s key priorities of promoting a greener, more resilient borough, thereby enhancing biodiversity, climate adaptation and continued delivery of green transport infrastructure. Investment will also support retrofitting of council-owned homes – as well as privately-owned homes via the government-funded Warm Homes Local Grant

initiative – to reduce their carbon footprint and energy costs, as we tackle the unequal impact of the Climate Emergency on our residents.

- 3.23 Economic market conditions: Current economic market conditions continue to see some fluctuations in the cost of construction materials and reduced activity in the housing market, which represent major risks to our delivery ambitions. The council has taken a robust leadership role with our construction and development partners to ensure projects continue to deliver at pace despite these challenges. This includes securing in principle agreement to a significant level of Greater London Authority (GLA) grant and exploring other funding models to address viability challenges and support continued delivery of the programme.
- 3.24 The Capital Investment Strategy 2025/26–2035/36 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 promoting inclusive growth in the borough.

#### Capital Investment Strategy

- 3.25 The council's Capital Investment Strategy 2025/26–2035/36 is attached as Appendix 1. In summary, the key messages and structure of the Strategy are as follows:
- 3.26 Part 1: Purpose of the Capital Investment Strategy is an introduction from the Leader and Deputy Leader highlighting the importance of Mission Waltham Forest on the council's investment plans to spring 2036.
- 3.27 Part 2: Provides an overview of the importance of the Capital Investment Strategy, which supports delivery of council and Borough Missions, and how the council is responding to the current crisis in local government finances and wider economic challenges, including through continued use of the Capital Prioritisation Framework introduced in 2023/24.
- 3.28 Part 3: Provides an update of the borough's population, housing composition, employment, and other characteristics of the local community.
- 3.29 Part 4: Demonstrates the cross-cutting impact of the capital investment portfolio for our residents. It brings together physical outputs from planned investment – such as new and affordable homes, essential infrastructure, new employment and community/cultural floorspace, environmental improvements, decarbonised and improved council homes, and new and expanded education facilities – alongside wider social value outcomes, such as new jobs and apprenticeships and environmental benefits.
- 3.30 Part 5: Highlights portfolio delivery during 2025/26, as well as plans for the remainder of the Capital Investment Portfolio through to spring 2036.
- 3.31 Part 6: Sets out how the Capital Investment Portfolio is funded, its Treasury and Reserves and revenue implications, as well as the council's approach to managing portfolio-level risk.
- 3.32 Part 7: Describes the council's work to robustly assure delivery of the Capital Investment Portfolio, including steps to meet CIPFA guidance, prioritisation, and the annual capital portfolio monitoring cycle.

4. Options & Alternatives Considered
  - 4.1 The Capital Investment Strategy is a requirement of CIPFA's Prudential Code, which supports the council's strategic financial planning. As such, there is no alternative option to be considered. Failure to produce a robust Capital Investment Strategy could result in sub-optimal investment monitoring and outcomes for the council and the borough.
5. Council Strategic Priorities (and other National or Local Policies or Strategies)
  - 5.1 The primary purpose of the Capital Investment Strategy 2025/26–2035/36 is to demonstrate how the council's £733.43 million capital investment portfolio will contribute to the delivery of the organisation's strategic and political priorities.
  - 5.2 As a result, the structure and content of the Capital Investment Strategy is organised to demonstrate how the multi-year capital investment portfolio has, and will, directly contribute to the delivery of Mission Waltham Forest.
6. Consultation
  - 6.1 The development of the Capital Investment Strategy 2025/26–2035/36 is the result of comprehensive internal engagement and consultation. The Capital Portfolio Management Office (PMO) has worked collectively with the Senior Leadership Team, the Capital Strategy and Asset Management Group (CSAMG), individual Senior Responsible Owners (SROs), capital programme and project delivery experts and senior Finance colleagues to develop the Capital Investment Strategy.
  - 6.2 Consultation has taken place with political leadership to ensure the strategy is aligned to priorities in their respective portfolios.
7. Implications
  - 7.1 Finance, Value for Money and Risk
    - 7.1.1 The Capital Investment Strategy is a key component of the council's Budget and therefore incorporated within the council's MTFS, which sets out the framework for how the Capital Programme aligns with the council's priorities. The Capital Programme through to 2035/36 was approved by Cabinet and Full Council in February 2026 and 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.
    - 7.1.2 The Capital Investment Strategy 2025/26–2035/36 attached at Appendix 1 outlines the sources of funding for the £733.43 million Capital Programme, which are:
      - External funding (e.g., government grants and developer contributions).
      - Internal funding (e.g., capital receipts, direct revenue financing and reserves).
      - Prudential borrowing.

- 7.1.3 There are revenue implications to the delivery of the capital programme, which are reflected within the MTFS. Finance costs, including interest and an allocation towards the repayment of the debt, Minimum Revenue Provision (MRP), arising from the need to borrow are incorporated within the MTFS.
- 7.1.4 Over the term of the Capital Investment Strategy (from 2025/26 to 2035/36), the GF revenue cost of the Capital Programme is estimated at £64.6 million, made up of projected interest payable of £58.85 million<sup>1</sup> and MRP of £5.75 million.
- 7.1.5 Included in the General Fund borrowing is £31.68 million for the development of the Priory Court regeneration project. This will be appropriated back to the HRA on completion, reducing the General Fund's need to borrow by the same amount, including assumed interest.
- 7.1.6 The council has made an application for Exceptional Financial Support (EFS) of £19 million for 2026/27, an estimated £19 million for 2027/28 and £25 million for 2028/29 to manage the estimated pressures on revenue budgets. EFS does not form part of the Capital Investment Portfolio plans; however, it will impact borrowing, the CFR and MRP. These amounts have therefore been included within the Funding Section of the Capital Investment Strategy to provide a more holistic position with regards to those indicators.

## 7.2 Legal

- 7.2.1 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.
- 7.2.2 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.
- 7.2.3 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.

## 7.3 Equalities and Diversity

- 7.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled

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<sup>1</sup> Based on the Public Works Loan Board (PWLB) 50-year borrowing rate of 6.19% as at January 2026

persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

- 7.3.2 An initial screening exercise of the equalities impact of this decision was undertaken (attached as Appendix 2). This assessment determined that no impact will arise as result of the report. SROs and their delivery teams complete equality impact screening exercises for individual approved capital investment schemes and as such, effectively assess and manage equalities impacts at programme and project level in accordance with the council's equality duty.
- 7.3.3 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. In addition, SROs and project delivery teams will consider and respond to specific equalities and diversity requirements identified by internal or external stakeholders during the project to ensure inclusive design.
- 7.4 Sustainability (including climate change, health, crime and disorder)
  - 7.4.1 The Capital Investment Strategy 2025/26–2035/36 demonstrates the council's commitment to focussing its capital investment on initiatives that help tackle the Climate Emergency and deliver the council's Climate Action Plan, as part of its mission to lead the way for a net zero borough. This includes investment in projects and interventions aimed at decarbonising the corporate estate (for example, through the Asset Transformation Programme), as well as the schools, housing, and streetlighting estates.
  - 7.4.2 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 and ambitions for exceeding these throughout the capital project lifecycle from initial definition brief, through design stages, procurement, construction and finally handover of the completed asset ready for operational use.
  - 7.4.3 In addition, the council and SROs may need to consider and respond to specific sustainability requirements set by external stakeholders as conditions for securing funding and planning permission.
  - 7.4.4 The Capital Investment Strategy contributes to the council's response to the Institute of Health Equity (Marmot) report in terms of its impact on the wider determinants of health and health inequalities. Projects outlined in the strategy around investment in delivering good quality housing, accessible and safe green spaces and good quality jobs will help address some of the key drivers of health inequalities locally identified in the Marmot report.
  - 7.4.5 SROs and their delivery teams are responsible for ensuring the community safety implications of approved capital investment schemes are effectively managed at programme and project level. This includes exploring opportunities to design out crime and enhance community safety benefits during the design and planning process, as well as

responding to specific community safety requirements set by external stakeholders.

## 7.5 Council Infrastructure

7.5.1 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 £733.43 million Capital Investment Portfolio.

7.5.2 Individual SROs and project delivery experts consult with council infrastructure leads, who secure the resources necessary to successfully deliver specific capital programmes and projects.

7.5.3 At a portfolio level, the Capital PMO works with finance colleagues and CSAMG to ensure a consistent approach is taken to the resourcing and costing of council infrastructure requirements to enable the delivery of the Capital Investment Strategy.

### **Background Information (as defined by Local Government (Access to Information) Act 1985)**

None.