

## **FINAL CAPITAL PROPOSALS - 2025/26**

<b>Head of Service:</b>	Kevin Hanlon, Interim Chief Finance Officer
<b>Report Author</b>	Vanessa Newton, Senior Accountant
<b>Wards affected:</b>	(All Wards);
<b>Appendices (attached):</b>	Appendix 1 – Summary of 2025/26 Draft Capital Programme for consideration Appendix 2 – Paperwork of Proposals Appendix 3 – Proposed Capital Programme for 2025/26 to 2029/30 Appendix 4 – Provisional summary of available capital resources

### **Summary**

This report sets out the final proposals for the 2025/26 Capital Programme and seeks guidance as to which of these should be taken to the relevant policy committee in January 2025 to seek support for inclusion within the 2025/26 Capital Programme.

### **Recommendation (s)**

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

- (1) Provide guidance on which of the final proposals should be taken to the relevant policy committee in January 2025 to seek support for inclusion within the 2025/26 Capital Programme.**
- (2) Identify which schemes should be approved and which should be removed from the list of proposals in section 4.1.**

## **1 Reason for Recommendation**

- 1.1 To review and advise which final capital proposals should be taken to the relevant policy committee in January 2025 to seek support for inclusion within the 2025/26 capital programme.

## **2 Background**

# Financial Strategy Advisory Group

## 22 November 2024

- 2.1 On 27 September 2024 Financial Strategy Advisory Group (FSAG) received eight initial capital proposals to be considered for inclusion in the 2025/26 capital programme. The Group assessed each proposal against the agreed criteria detailed in paragraph 3.1.
- 2.2 FSAG requested that seven of the proposals progress to the final stage, and recommended deferral or rejection for not meeting the criteria of the other one. Of the progressed proposals, FSAG requested further information to be included in the final appraisal. This information has been provided in the updated final proposals at Appendix 2.
- 2.3 FSAG are now asked to consider each final proposal and agree which should be recommended to policy committees for inclusion in the 2025/26 capital programme.

### **3 Criteria for Assessing Capital Proposals**

- 3.1 Full Council agreed the Capital Strategy in February 2024, which stipulated the criteria for assessing capital proposals to take account of the limited resources available. With the level of capital receipts projected at £2.375m after funding 2024/25's capital programme, the Capital Strategy confirmed proposals should only be considered if they meet one of the following criteria:
  - 3.1.1 Where there is a guarantee of the scheme being fully externally funded and is classed as a high priority.
  - 3.1.2 Spend to save projects (see below).
  - 3.1.3 Where it is mandatory for the Council to provide the scheme (eg Disabled Facilities Grants and Health and Safety).
  - 3.1.4 Essential for business continuity, the minimum required to continue to deliver the services of Council (eg minimum level of building maintenance and IT).
  - 3.1.5 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.
- 3.2 For the purpose of appraising any of the proposals funded as a 'spend to save', the following criteria should be applied;
  - 3.2.1 Payback of the amount capital invested within the project within 5 years (10 years for renewable energy projects).
  - 3.2.2 The return required on capital employed should be linked to the potential cost of borrowing (MRP) rather than potential loss of investment income.

# Financial Strategy Advisory Group

## 22 November 2024

3.2.3 Risk of not achieving return on investment is low.

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

### 4 Capital Proposals for Consideration

4.1 The proposals that FSAG agreed to progress to detailed project appraisal are as follows:

<b>Proposal</b>	<b>Title</b>	<b>Amount (£'000s)</b>	<b>Funding Source</b>
Environment 1	Stew Ponds Removal of Silt	150	Capital receipts
Environment 2	Uppermill Pond Bank Replacement	150	Capital receipts
Environment 3	Ashley Centre Car Par Overcoating Waterproof Membrane	538	Capital receipts
Environment 4	Court Recreation Ground Renewal of 3G Football Pitch	130	Capital receipts
Environment 5	Playground Renovation and Surface Renewal	330	Capital receipts
Community & Wellbeing 1	Playhouse Stage Lighting and Dimmers	225	Capital receipts
Community & Wellbeing 3	Bourne Hall Replacement of Windows – Phase 2	390	Capital receipts
Community & Wellbeing 4	Disabled Facilities Grant Programme	785	External grant
	<b>Total</b>	<b>2,698</b>	

4.2 The amount of funding that would be required from capital receipts to fund all of the above proposals is £1.913 million. The revenue budget for 2025/26 assumes an allocation of £475k to fund the 2025/26 capital programme, which leaves a balance of £1.4m that would need to be funded from capital receipts should all schemes be recommended to progress.

# Financial Strategy Advisory Group

## 22 November 2024

- 4.3 The current balance of capital receipts after funding the 2024/25 capital programme is £2.375m. Members have committed to retaining a balance of £1m in the capital receipts reserve, which leaves a balance of £1.375m. This sum is less than the capital receipts that would be required to fund all of the proposals. Therefore, for the 2025/26 capital programme to be affordable, and to preserve the available balance of capital receipts to fund future years' programmes, not all schemes could proceed.
- 4.4 Members of FSAG are asked to consider the detailed project appraisals in Appendix 2 and agree which should be taken to the relevant policy committee in January 2025 to seek support for inclusion within the 2025/26 Capital Programme.

### **5 5-year Capital Programme 2025/26 to 2029/30**

- 5.1 Appendix 3 details the proposed capital programme for 2025/26 to 2029/30. From 2026/27, the property-related works are indicative and based on the current Asset Management Plan. Also included within this programme are the annual Disabled Facilities Grant programme.
- 5.2 The 5-year programme detailed in Appendix 3 is not an exhaustive list but may have further items added over time as future schemes are identified through other workstreams such as the Climate Change Action Plan and Annual Plan cycle. Each year, the forthcoming annual programme will be reviewed by FSAG through the annual capital budget setting process, and the 5-year plan updated accordingly.

### **6 Statement of Estimated Capital Resources**

- 6.1 After funding the 2024/25 current approved capital programme the capital receipts balance is forecast to be £2.375m.
- 6.2 A provisional summary of available capital resources is set out at Appendix 4. In addition to capital receipts, the summary includes funding from CIL, S106, government grant, repairs and renewals reserve, residential property fund and planned revenue contributions. Officers will continue to review where CIL funding can be used to finance projects to ease the pressure on the capital receipts reserve.
- 6.3 For 2025/26 no new capital receipts are anticipated from asset disposals. DSG funding is assumed at a similar level as received for 2024/25, at £785k; and CIL income is anticipated at £800k each year, which represents 80% of an annual forecast of £1m.
- 6.4 The indicative schemes from the 5-year capital programme in Appendix 3 have been included as capital expenditure items in the summary of available resources. Note if all were to be agreed, the programme would be unaffordable.

# Financial Strategy Advisory Group

## 22 November 2024

### 7 Remaining Timetable

7.1 The remaining timetable for the 2025/26 capital budget setting process is as follows:

Action	Deadline
Policy committees receive revenue estimate reports and draft capital programme with appraisal forms	16-28 January 2025
Council agrees budget and capital programme	11 February 2025

### 8 Risk Assessment

Legal or other duties

8.1 Equality Impact Assessment

8.1.1 None for the purposes of this report.

8.2 Crime & Disorder

8.2.1 None for the purposes of this report.

8.3 Safeguarding

8.3.1 None for the purposes of this report.

8.4 Dependencies

8.4.1 None for the purposes of this report.

8.5 Other

8.5.1 None for the purposes of this report.

### 9 Financial Implications

9.1 **Section 151 Officer's comments:** Financial implications are included in the body of the report and associated Appendices.

### 10 Legal Implications

10.1 There are no legal issues arising directly from this report, should any such issues arise during a subsequently approved scheme, then these matters will be addressed.

10.2 **Legal Officer's comments:** None for the purposes of this report.

# Financial Strategy Advisory Group

## 22 November 2024

### 11 Policies, Plans & Partnerships

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

- Effective Council

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

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

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

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

### 12 Background papers

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

**Previous reports:**

- Initial Capital Proposals – 2025/26 – Financial Strategy Advisory Group – 27 September 2024

**Other papers:**

- None.