

FINAL CAPITAL PROPOSALS - 2026/27

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| Head of Service: | Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer) |
| Report Author | Vanessa Newton, Senior Accountant |
| Wards affected: | (All Wards); |
| Appendices (attached): | Appendix 1 – Summary of Final Capital Programme of proposals Appendix 2 – Final Capital Programme proposals for consideration Appendix 3 – Five-year capital programme for consideration 2026/27-2030/31 Appendix 4 – Provisional Capital Programme funding summary of available capital resources |

Summary

This report sets out the final proposals for the 2026/27 Capital Programme and seeks guidance as to which of these should be taken to the relevant policy committee in January 2026 to seek support for inclusion within the 2026/27 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 2026 to seek support for inclusion within the 2026/27 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 2026 to seek support for inclusion within the 2026/27 capital programme.

2 Background

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- 2.1 On 26 September 2025 Financial Strategy Advisory Group (FSAG) received 12 initial capital proposals to be considered for inclusion in the 2026/27 capital programme. The Group assessed each proposal against the agreed criteria detailed in paragraph 3.1.
- 2.2 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. Table 4.1 has factored in the lower funding request of £1m only. Both proposals are included within Appendix 2.
- 2.3 FSAG requested that 9 of the proposals progress to the final stage (noting that the Epsom Playhouse replacement of boiler and controls proposal be combined with the replacement of auditorium air conditioning controls proposal resulting in 8 proposals to be presented) and recommended deferral or rejection for 3 proposals not meeting the criteria. 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 within appendix 2.
- 2.4 FSAG are now asked to consider each final proposal and agree which should be recommended to policy committees for inclusion in the 2026/27 capital programme.

3 Criteria for Assessing Capital Proposals

- 3.1 Full Council agreed the Capital Strategy in February 2025, which set out the criteria for assessing capital proposals to take account of the limited resources available. With the level of capital receipts projected at £1.97m after funding the 2025/26 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.

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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.

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:

| Proposal | Criteria | Title | Amount (£'000s) | Funding Source |
|-----------------------|------------------------------|---|-----------------|------------------|
| Environment | Legal Requirement | Ashley Centre Car Park Overcoating Waterproof Membrane | 191 | Capital receipts |
| Environment | Avoid Health and Safety Risk | Ashley Centre Car Park- Level 5 Replacement of lamp columns | 240 | Capital receipts |
| Environment | Legal Requirement | Uppermill Pond Bank Replacement -Phase 2 | 150 | Capital receipts |
| Community & Wellbeing | Avoid Health and Safety Risk | Epsom Playhouse – Replacement boiler and controls/replacement of auditorium air conditioning and controls | 510 | Capital receipts |

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|-----------------------|------------------------------|--|--------------|------------------|
| Community & Wellbeing | Cosmetic | Epsom Playhouse Front of House Toilet Refurbishment | 175 | Capital receipts |
| Community & Wellbeing | Legal Requirement | Bourne Hall - Replace lift controls | 120 | Capital receipts |
| Community & Wellbeing | Avoid Health and Safety Risk | Bourne Hall- Replacement of heating and ventilation system | 1,000 | Capital receipts |
| Community & Wellbeing | Reduce Revenue Cost | Bourne Hall – Replacement of high level roof covering and insulation | 470 | Capital receipts |
| Community & Wellbeing | N/A | Disabled Facilities Grant Programme | 974 | External grant |
| | | Total | 3,830 | |

- 4.2 The indicative funding required for the above proposals includes £974k of external DFG grant leaving a balance of £2,856k to be met from capital receipts.
- 4.3 The current balance of capital receipts after funding the 2025/26 capital programme is forecast to be £1.97m. Members have committed to retaining a balance of £1m in the capital receipts reserve to meet the risks of urgent, emergency and unforeseen capital expenditure.
- 4.4 A maximum of £970,000 can be released to fund 2026/27 capital programme. This sum is less than the required amount to fund all of the proposals.
- 4.5 Therefore, for the 2026/27 capital programme to be affordable, and to preserve the available balance of capital receipts to fund future years' programmes, not all schemes can proceed, or alternative funding options need to be identified.
- 4.6 The table below shows the sum of proposals within each criteria category:

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| Criteria | Total (£'000s) | Cumulative (£'000s) | Funding Source |
|------------------------------|-------------------|------------------------|-------------------|
| Legal Requirement | 461 | 461 | Capital receipts |
| Reduce Revenue Cost | 470 | 931 | Capital receipts |
| Avoid Health and Safety Risk | 1,750 | 2,681 | Capital receipts |
| Cosmetic | 175 | 2,856 | Capital receipts |
| Externally Funded | 974 | 3,830 | External grant |
| | 3,830 | | |

- 4.7 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 2026 to seek support for inclusion within the 2026/27 Capital Programme.

5 5-year Capital Programme 2026/27 to 2030/31

- 5.1 Appendix 3 details the proposed capital programme for 2026/27 to 2030/31. From 2027/28, 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 2025/26 current approved capital programme the capital receipts balance is forecast to be £1.97m.
- 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.

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- 6.3 If there are capital receipts from asset disposals, this will be considered as part of the capital funding process.
- 6.4 DSG funding is assumed at a similar level as received for 2025/26, at £974k; and CIL income is anticipated at £800k each year, which represents 80% of an annual forecast of £1m. It's worth noting that any reduction in external funds may put some of the proposals at risk of progressing.
- 6.5 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.

7 Remaining Timetable

- 7.1 The remaining timetable for the 2026/27 capital budget setting process is as follows:

| Action | Deadline |
|---|--------------------|
| 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. The current workstreams within the ICT Strategy are deliverable within the existing approved capital allocation.

10 Risk Assessment

Legal or other duties

- 10.1 Equality Impact Assessment

10.1.1 None for the purposes of this report.

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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:** Financial implications are included in the body of the report and associated Appendices.

12 Legal Implications

12.1 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.

12.2 **Legal Officer's comments:** None for the purposes 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.

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- 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:

- [Initial Capital Proposals – 2026/27 – Financial Strategy Advisory Group – 26 September 2025](#)

Other papers:

- None.