

TO: CABINET
DATE: 10 December 2024

General Fund Capital Programme 2025/26 – 2027/28
(Executive Director: Resources)

1. Purpose of report

- 1.1 Under the Council's constitution, the Cabinet is required to consult on its detailed budget proposals with the Council's Overview & Scrutiny Commission and any other interested parties or individuals for a period of at least six weeks. This report summarises the current position on the Council's Capital Programme budget preparations for 2025/26.
- 1.2 This report compiles all service area proposals for the Cabinet to draft a capital programme for 2025/26-2027/28, focusing mainly on 2025/26 but also considering future years. The financial implications of these recommendations are included in the draft revenue budget report. Any changes to service proposals will be reflected in that report, which will also be published for consultation after the Cabinet meeting.

2. Cabinet member for Finance and Corporate Improvement

- 2.1 The capital programme proposals in this report constitute an important part of the budget preparations to set out how we will build and maintain facilities within our borough in the coming years. With Bracknell being a new town, we face the challenge of our aging assets needing to be managed and maintained at the same time. We know that council resources are under strain, so are proposing a robust and carefully prioritised capital programme that is sufficiently funded, with consideration given to its impact on the revenue budget. This proposals in this report will be consulted on alongside the revenue budget proposals in the timeline detailed in the report.

3. Recommendations

That the Cabinet:

- 3.1 **Approves for consultation a Council funded capital programme of £8.388m for 2025/26 as set out in paragraph 6.20 and summarised in Annex A, including the new schemes listed in Annexes B – D.**
- 3.2 **Approves for consultation the inclusion of £5.998m of expenditure to be externally funded (including £0.380m of S106 funding) as outlined in paragraph 6.22.**
- 3.3 **Approves for consultation the inclusion of an additional budget of £1m for Invest-to-Save schemes.**
- 3.4 **Recommends that Council approves a supplementary capital approval of £2.2m in relation to the grant received in 2024/25 to support the redevelopment of the High Street Car Park.**

4. Reasons for recommendations

4.1 The reasons for the recommendations are set out in the report.

5. Alternative Options Considered

5.1 The final budget proposals will include consideration of any alternative options highlighted during the required consultation period.

6. Supporting Information

Capital Resources

6.1 Each year the Council agrees a programme of capital schemes. These schemes are funded from these main sources:

- the Council's capital receipts
- Government Grants
- other external contributions
- internal and external borrowing

6.2 The Council's total usable capital receipts generated from disposing of assets at 31st March 2024 are zero as all receipts have been applied to fund prior capital investment. Similarly, all receipts realised during the current financial year will be used to finance the 2024/25 Capital Programme. The Council is partly reliant on capital receipts and other contributions to fund its capital programme, although interest generated from capital receipts can also help support the revenue budget in the short term. However, with borrowing rates remaining at relatively high levels it is advantageous to use capital receipts to reduce the level of external borrowing.

6.3 The proposed capital programme for 2025/26 has been developed, therefore, on the assumption that it will be funded by a combination of Government grants, other external contributions, capital receipts and borrowing only if required. Community Infrastructure Levy (CIL) contributions and some small miscellaneous property sales should enable £4.0m of the capital programme to be funded from receipts. Internal resources will be used in the first instance and borrowing from external sources (e.g. the PWLB) will be used only when necessary. The financing costs associated with the General Fund Capital Programme have been provided for in the Council's revenue budget plans which also appear on tonight's agenda.

6.4 Within the general financial framework outlined above, Service Departments have considered priority schemes for inclusion within the Council's Capital Programme for 2025/26 – 2027/28. Given that both capital and revenue resources are under pressure, each Department has evaluated and prioritised proposed schemes into broad categories in line with the Council's agreed Asset Management Plan approach. Having done this, only the very highest priority schemes and programmes are being recommended for inclusion in the Capital Programme.

2025/26 Commitments

6.5 For each Directorate there are list of schemes that were approved in 2024/25 but which will straddle two or more financial years. These schemes will have

either started or be in an advanced stage of planning. These will form a first call on the available resources to fund the Capital Programme and amount to £1.171m. Within this amount is a request to increase the funding previously approved for the Cemetery Extension following a review of the plans & technical queries and updating for inflation. An additional £0.161m has been requested.

Rolling Programme

- 6.6 Each year funding requests are made for areas of investment that require annual provision. The intention was to provide a stable basis for funding over a medium term so that a series of projects could be identified and progressed over a longer time frame. A total programme of £0.905m has been identified for investment and make an important contribution towards the Council's established Asset Management Plans.

Property Maintenance

- 6.7 An assessment has been made of the condition of the Council's property assets to arrive at an estimate of the outstanding maintenance works required. These are based on a 5-year rolling programme of surveys and updated for any works that have been undertaken to date. This assessment is made of the state of each building element and its repair priority with a condition rating and repair urgency as follows.

		£(000)	£(000)
Schools	Priority 1C & 1D	999	
	Priority 2C & 2D	2,639	3,638
Corporate Properties	Priority 1C & 1D	3,276	
	Priority 2C & 2D	4,859	8,135
Total			<u>11,773</u>

- 6.8 Using this information a plan of works has been drawn up that address the most pressing needs of the corporate estate, ranging from commercial properties, leisure sites and other corporate sites whilst keeping to a budget of £1.5m deemed affordable within the overall Capital Budget.
- 6.9 From an analysis of the proposals some works, whilst urgent, cannot be legitimately capitalised and must be met from a revenue budget. An allowance of £200,000 is available to meet these liabilities.
- 6.10 In addition to the Planned Maintenance Budget a sum of £425k for South Hill Park is proposed for works deemed of the highest priority.
- 6.11 These combined bids will go some way to addressing the most urgent works within the estimated backlog identified above. However, other essential, and some slightly lower priority, works will remain. The implications of failing to maintain buildings are progressive deterioration leading to potential building closures, health & safety problems, service delivery impacts and reduced property values.

Schools Capital Bids

- 6.12 Bracknell Forest received substantially reduced Schools capital grants in recent years (excluding Capital Maintenance Grants). However, funding of £1.298m is provisionally allocated in 2025/26 with regards to Basic Needs Grant primarily used for new places for which schemes will need to be identified.
- 6.13 Identified planned maintenance for 2025/26 will be drawn from building condition surveys carried out by the Council's Managing Partner and a programme of £1.47m is proposed. Non-school buildings (Youth Service, Childrens Social Care, Adult Learning and Early Years) form part of the Council-Wide programme.

Housing Planned Maintenance

- 6.14 The Council has built up a substantial stock of housing used for its general housing powers to relieve homelessness and other priorities in the Housing and Welfare Service Plan, recently increased following the return of Downshire Homes properties to council control. The works included in the current programme were identified through a series of Housing Health and Safety Rating System and property condition surveys.
- 6.15 The current supporting data have been arrived at following detailed analysis of condition survey records. A programme of £500,000 is included to address these works.

Highways Maintenance

- 6.16 'New town inheritance' places an additional challenge in managing large scale asset maintenance and replacement where significant elements of highway infrastructure are reaching intervention points at around the same time and can be up to 60 years old. Inflation has eroded significant spending power over the recent years and an effort to alleviate this was made by an uplift in Council funding in 2024/25 to continue through to 2027/28. A comprehensive project plan is under continual review and will be reported to the Cabinet following final grant allocations in 2025.

Other Desirable

- 6.17 In addition to the schemes identified in the above categories, each service has requested funding for other high priority schemes that meet the needs and objectives of their service. These are outlined in the Annexes to this report.

Invest to Save Schemes

- 6.18 These are schemes where the additional revenue income or savings arising from their implementation exceeds the Council's borrowing costs. Each year the Council has allocated £1m per annum to fund potential Invest-to-Save (ITS) schemes that may present themselves during the year. Those schemes that are less than £400,000 are considered by CMT for approval in that years Capital Programme.

Revenue Funding

- 6.19 There are no schemes with a material revenue impact in the proposed programme.

Capital Programme 2025/26 – 2027/28

- 6.20 A summary of the cost of new schemes proposed by Departments is set out in the table below and in Annex A. A detailed list of suggested schemes within the draft capital programme, together with a brief description of each project, for each service is included in Annexes B – D.
- 6.21 Total requested Council funding for schemes amounts to £8.388m, which includes £1.171m for schemes that have been committed in 2024/25.

Capital Programme 2025/26-2027/28				
Annex	Service Area	2025/26 £000	2026/27 £000	2027/28 £000
B	Communities	1,959	1,402	535
C	People	3,374	0	0
D	Place	9,053	9,020	6,600
	Total Capital Programme	14,386	10,422	7,135
	less Externally Funded schemes	5,998	3,230	3,230
	Council Funded Programme	8,388	7,192	3,905

Externally Funded Schemes

- 6.22 A number of external funding sources are also available to fund schemes within the capital programme. External support has been identified from two main sources:

Government Grants (£5.618m)

A number of capital schemes attract specific grants. As in previous years, it is proposed that all such schemes should be included in the capital programme at the level of external funding that is available.

A significant element of the grant-funded capital programme relates to the planned investment in Schools (£2.768m). The schools investment programme included in this report reflects the highest priority schemes identified by the People Department and the Education Capital Programme Board. A second key constituent of capital grant funding relates to the Highway Maintenance and the Integrated Transport Block totalling £2.85m for 2025/26.

The Council received a grant to support the demolition and development of the High Street Park in 2024/25. A recommendation to approve the supplementary capital approval to enable this work to proceed is included in this report. An additional budget will be required in 2026/27 to fund the final phase of the works and is included in the Capital Programme proposals.

Section 106 (£0.380m)

Each year the Council enters into a number of agreements under Section 106 of the Town & Country Planning Act 1990 by which developers make a contribution towards the cost of providing facilities and infrastructure that may be required as a result of their development. Usually, the monies are given for work in a particular area and/or for specific projects. Officers have identified a number of schemes that could be funded from Section 106 funds in 2025/26, where funding becomes available.

Funding

- 6.23 The total bids requiring Council funding of £8.388m will need to be funded from a combination of miscellaneous receipts, Community Infrastructure Levy (CIL) and borrowing. The level of cash balances held by the Council has been reducing over the past 5-years being used to fund past capital decisions and to support the General Fund. But they are no longer available to be specifically used for internal borrowing. As such any capital expenditure above the level of projected capital receipts will incur an interest charge in addition to the sums required to be set aside through MRP.
- 6.24 The Council has released most of its surplus properties over the last few years and as such there is limited scope to fund this or future capital programmes from miscellaneous receipts. A review is underway of its commercial assets, and this may result in capital receipts that can be used to reduce the Council's borrowing costs – progress on this will be reviewed in the coming months. CIL is largely outside of the control of the Council and will depend largely on the delivery of existing schemes and the development of new ones by the private sector. As the economic headwinds have reduced over the last 12 months a conservative estimate of £4.0m has been projected, leaving an unfinanced request of £4.388m.
- 6.25 Most economic commentators believe that interest rates peaked in July 2024 and the cut by the Bank of England in August 2024 from 5.25% to 5.00% represents the start of an easing cycle, however there is no clear path as to how far or quickly in the UK interest rates will continue to fall. Current consensus sees borrowing rates falling to an average of 4.75% for 2025/26 however there are risks to this given the current economic and political uncertainty.
- 6.26 Based on the above assumptions to fund capital expenditure (after the use of capital receipts) of £4.388m the interest revenue costs in 2025/26 are estimated to be £0.104m and £0.208m on-going from 2026/27 excluding MRP. Following the introduction of the Prudential Borrowing regime local authorities are able to determine the level of their own capital expenditure with regard only to affordability on the revenue account. In practice this represents the amount of borrowing they can afford to finance and will necessitate taking a medium-term view of revenue income streams and capital investment needs.
- 6.27 To achieve its aim of ensuring that capital investment plans are affordable, prudent and sustainable, the Local Government Act requires all local authorities to set and keep under review a series of prudential indicators included in the CIPFA Prudential Code for Capital Finance in Local Authorities. The Capital Programme recommended in this report can be

sustained and is within the prudential guidelines. Full Council will need to agree the prudential indicators for 2025/26 to 2027/28 in February 2025, alongside its consideration of the specific budget proposals for 2025/26 and the Council's medium-term financial prospects.

- 6.28 If any amendments are made to the capital programme, the revenue consequences will need to be adjusted accordingly. Cabinet Members will therefore need to consider the impact of the capital programme as part of the final revenue budget decisions. Members will need to carefully balance the level of the Capital Programme in future years against other revenue budget pressures including the prioritisation of those schemes planned for 2026/27 onwards.

7 Consultation and other Contributions

Legal Advice

- 7.1 The authorisation for incurring capital expenditure by local authorities is contained in the legislation covering the service areas. Controls on capital expenditure are contained in the Local Government Act 2003 and regulations made thereunder.

Financial Advice

- 7.2 The financial implications have been included within this report.

Other Consultation Responses

- 7.3 This report sets out the draft capital programme proposals that will form part of the Council's 2025/26 budget consultation. The Overview & Scrutiny Commission will be consulted on the budget proposals and may also choose to direct specific issues to individual overview and scrutiny panels. Targeted consultation exercises will be undertaken with business rate payers, the Schools Forum, town and parish councils and voluntary organisations. Comments and views will be sought on both the overall budget package and on the detailed budget proposals. In addition, this report and all the supporting information are publicly available to any individual or group who wish to comment on any proposal included within it. To facilitate this, the full budget package will be placed on the Council's web site. There will also be a dedicated mailbox to collect comments.

Cabinet agrees proposals as basis for consultation	10 December 2024
Consultation period	11 December 2024 - 21 January 2025
Cabinet considers representations made and recommends final budget to Council	11 February 2025
Council considers Cabinet's budget proposals and agrees the budget and council tax for 2025/26	26 February 2025

Equalities Impact Assessment

- 7.4 None.

Strategic Risk Management Issues

- 7.5 The capital programme involves large investment across the Council, therefore any delays in this programme could have an impact on the services provided by the Council.

Climate Change and Ecological Implications

- 7.6 A number of schemes within the Capital Programme have specific objectives to address problems of climate change and to reduce emissions of CO₂.

Health & Wellbeing Considerations

- 7.7 None.

Background Papers

Contact for further information

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