

TO: CABINET
DATE: 11 February 2025

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

1. Purpose of report

- 1.1 As part of the Council's financial and policy planning process, the Cabinet issued draft Capital Programme proposals for 2025/26 – 2027/28 for consultation on 10 December 2024. The main focus was departmental spending needs for 2025/26, although future years' schemes do also form an important part of the programme. This report sets out the final proposed capital programme, following the consultation exercise, for consideration by the Cabinet prior to submission to the Council on 26th February 2025. The revenue implications of the recommendations in this report are reflected in the subsequent report on the Council's revenue budget proposals. Any revisions to the proposals put forward for each service would also need to be reflected in the revenue budget report.

2. Cabinet member for Finance and Corporate Improvement

- 2.1 This report sets out our proposed Capital spending for 2025/26 – 2027/28, focussing primarily on 2025/26, following a period of consultation. The total Proposed Capital Programme for 25/26 is £14.386 million, including £8.388 million funded by the Council and £5.998 million from external sources such as Government Grants, Section 106 contributions, Capital receipts and borrowing. The programme contains key programmes, namely, £1.5m in property maintenance, £1.298 million provisionally allocated for new school places under the Basic Needs Grant, £500,000 allocated for housing stock maintenance, particularly for homelessness support and a significant investment in Highways maintenance.
- 2.2 The Capital Programme emphasizes maintaining critical infrastructure while balancing fiscal responsibility and community needs. The Council aims to manage aging assets, fund essential services, and invest in sustainability initiatives within the constraints of available funding. We do have an increased reliance on borrowing for the programme, which is a fine balance to strike and we have to be careful not put further pressure on the revenue budget whilst properly maintaining our assets. The proposed Flexible Use of Capital Receipts will also allow us to continue with our important Business Change programme in line with our agreed strategy.

3. Recommendations

That the Cabinet:

- 3.1 That Cabinet recommends that Council approves:**

- a) **A General Fund Capital Programme of £14.386m for 2025/26 in respect of those schemes listed in Annexes A – D.**
- b) **That £8.388m be funded from Council resources with £5.998m of expenditure to be externally funded (including £0.380m of S106 funding) as outlined in paragraph 6.22.**
- c) **That those schemes that attract external grant funding are included within the Capital Programme at the level of funding received and can only proceed once the Council has received confirmation that the grant will be awarded.**
- d) **The inclusion of an additional budget of £1m for Invest to Save schemes on the basis that these will be self-financing.**
- e) **The Flexible Use of Capital Receipts policy for 2024/25 to 2026/27 attached in Annex E**

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 Draft capital programme proposals for 2025/26 to 2027/28 were agreed for consultation by the Executive at its December meeting. Detailed responses from the consultation are included in the revenue budget report elsewhere on this meeting's agenda.
- 6.3 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.
- 6.4 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.

- 6.5 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

- 6.6 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

- 6.7 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

- 6.8 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	11,773
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- 6.9 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.
- 6.10 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.
- 6.11 In addition to the Planned Maintenance Budget a sum of £425k for South Hill Park is proposed for works deemed of the highest priority.
- 6.12 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

- 6.13 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.
- 6.14 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

- 6.15 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.
- 6.16 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

- 6.17 '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

- 6.18 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

- 6.19 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

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

Capital Programme 2025/26 – 2027/28

- 6.21 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.
- 6.22 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

- 6.23 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.

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

- 6.24 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.
- 6.25 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.
- 6.26 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.

Flexible Use of Capital Receipts

- 6.29 Capital receipts can only be used for specific purposes, and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure, and the use of capital receipts to support revenue expenditure is not allowed by the regulations. The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the regulations.
- 6.30 The Council adopted its first Flexible Use of Capital Receipts strategy alongside approval of the Council Plan in November 2023 with the aim of using capital receipts to fund its transformation and business change activities. This strategy (see Annex E) has been updated to reflect the changes in the Council's transformation plans and estimates of capital receipts (in addition to those identified in this report to fund the capital programme) in the period 2024/25 to 2026/27.

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 See the General Fund Revenue Budget 2025/26 report on tonight's agenda outlining the results of the budget consultation.

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

Calvin Orr
Calvin.orr@bracknell-forest.gov.uk