

## Appendix 4

<b>Resources Allocation – Capital Programme 2025/26 to 2027/28</b>
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1. Summary of Proposals

The Overview and Scrutiny Committee has considered the proposed Capital Programme submissions for the three years from 2025/26 to 2027/28. These reports are included at appendix 4A.

Some schemes are recommended to proceed immediately since funding resources are in place whilst others are awaiting confirmation of receipt of funding. Details were given in the reports to the Overview and Scrutiny Committee as to which schemes are to proceed immediately and which are on hold until the funding is received or Cabinet makes a decision to allow the scheme to start with a reduction in reserves and/or increase in borrowing.

The capital submissions, as recommended, and the methods of financing the 2025/26 capital programme are summarised below.

	<b>General Fund £</b>	<b>HRA £</b>
<b>Capital Programme 2025/26</b>		
Housing	800,000	17,913,000
Community Safety	-	-
Business Growth	11,317,000	-
Leisure and Health	2,679,000	-
Environment and Climate Change	1,871,000	-
Finance and Resources	386,000	-
<b>TOTAL</b>	<b>17,053,000</b>	<b>17,913,000</b>
<b>Anticipated Financing:</b>		
HRA Depreciation (Major Repairs Reserve)	-	5,015,000
Better Care Fund (Disabled Facilities Grants)	800,000	-
Usable Capital Receipts (Estimated)	-	2,400,000
Prudential Borrowing	1,749,750	7,818,000
Revenue Contributions	-	-
Section 106 Contributions	-	1,750,000
Other Grants	12,021,250	930,000
Shortfall (Reserve items)	2,482,000	-
<b>TOTAL</b>	<b>17,053,000</b>	<b>17,913,000</b>

Capital Contingencies of £100,000 for General Fund and £100,000 for the Housing Revenue Account (HRA) are included in the above table.

## 2. Capital Programme

The Local Government Act 2003 requires local authorities to comply with the Prudential Code for Capital Finance in Local Authorities published by the Chartered Institute of Public Finance and Accountancy (CIPFA) when carrying out their capital budgeting activities. The objectives of the Prudential Code are to ensure that the capital investment plans are affordable, prudent and sustainable. A fundamental part of the Code is the calculation of a number of 'prudential indicators' that form the framework for capital financing and spending decisions. Further details can be found in **Appendix 7**.

The Local Authority (Capital Financing and Accounting) (England) (Amendment) regulations 2008 place a duty on local authorities to make a prudent provision for the repayment of debt. This is known as the Minimum Revenue Provision (MRP). Further details can be found in **Appendix 8**.

## 3. Capital Grants and Contributions

There are several schemes within the capital programme that are funded either entirely or in part by capital grants from a variety of sources.

The Disabled Facilities Grants (DFG) scheme (including Warm Homes on Prescription) has been on-going for a number of years and is expected to continue throughout the 2025/26 to 2027/28 programme. Government allocations towards this scheme are channelled through the Better Care Fund, which is administered by Nottinghamshire County Council (NCC). The funding for 2025/26 to 2027/28 is assumed to be £800k per annum pending confirmation from NCC of the actual amount to be received. As disabled adaptations work is demand-led, further capital commitments may be required. Requests for these will be brought forward to Cabinet for consideration along with details as to how these can be funded if and when they arise.

The Council will also receive funding of up to £21.1m across five financial years 2021/22 to 2025/26 as part of the Stapleford Town Deal. This award from MHCLG (formerly DLUHC) is based upon Heads of Terms issued on 8 June 2021 and the subsequent completion of the conditions and satisfactory summary documents. Payments in future years will only be made subject to satisfactory spend and progress against agreed project milestones, outputs and outcomes. The Capital Programme 2025/26 includes the final £2.9m of the overall Stapleford Towns Fund schemes, all funded by the grant.

The Kimberley Means Business scheme, funded by grant, is also included with £8.3m included in the 2025/26. Any underspend from the current financial year will also be carried forward into 2025/26.

Unlike previous years, no new funding from the UK Shared Prosperity Fund is recognised in the Capital Programme for 2025/26. However, any capital underspend from 2024/25 on this scheme may be carried forward, if allowed by Central Government.

The Council has also been awarded £669k from DEFRA for the implementation of food waste collection and up to £100k from the FCC for improvements to parks, to be used to part fund the 'Pride in Parks' scheme.

For the HRA, the Council has been awarded £930k from the Social Housing Decarbonisation fund to part-fund schemes related to reducing carbon emission from the Councils housing stock.

#### 4. Capital Receipts

The Council has committed to using any capital receipts from Housing Right to Buy sales towards a new build programme. Government restrictions are such that these monies have to be used within five-years of their receipt or they will be passed over to the government. The calculation of the value of such receipts that can be used in this way is complicated by a formula which takes into account the assumed level of receipts within the HRA self-financing settlement which took place in 2012. As at December 2024, accumulated usable HRA capital receipts of around £4.8m were calculated as being available with a forecast £2.0m to be used in 2024/25. These will be used to finance the new house build programme and acquisition of properties as set out in the Housing Delivery Plan.

#### 5. Revenue Contributions

Revenue contributions can be used to finance capital expenditure. Due to the current General Fund and HRA balances being required to maintain minimum reserve levels and to fill potential revenue budget gaps, it is proposed that no revenue contributions are made to capital financing in 2024/25 and 2025/26.

#### 6. Borrowing

For the HRA there is planned borrowing of £7.8m. This is to finance both the Housing Development programme and major works to existing properties.

The CIPFA code dictates that no Minimum Revenue Provision (MRP) has to be provided on HRA borrowing but the borrowing has to be affordable. Appendices 6 and 7 outline the MRP policy and various prudential indicators which can be used to help judge the affordability of any such borrowing.

In respect of General Fund capital schemes, when including prudential borrowing of £1.7m, there is a financing shortfall of £2.4m in 2025/26 as shown in section 1 above. This relates to works at Bramcote Leisure Centre. The options for addressing this shortfall are as follows:

- Reducing the size of the programme.
- Using existing reserves (i.e. funding the schemes directly from revenue)
- Further borrowing
- Creating a reserve list for schemes to be brought forward as and when funding becomes available.

The programme has been compiled in accordance with the Capital Strategy 2025/26 to 2027/28 set out in **Appendix 5**. All proposed schemes meet the required criteria and are deemed essential and/or beneficial in reducing revenue costs and/or increasing income ('invest to save'). There are no grounds for reducing the size of the programme although some re-phasing may be possible.

It is proposed to meet part of the programme by prudential borrowing and to place the remaining schemes on a reserve list. The following schemes are proposed to be financed from borrowing in 2025/26:

Scheme	Total Budget £	Prudential Borrowing £
<b>Housing Revenue Account</b>		
Heating Replacements and Energy Efficiency Works	1,495,000	1,495,000
Social Housing Decarbonisation	2,000,000	1,070,000
Windows and Doors Replacement	600,000	2,000
Fire Safety Assessment and Remedial Work	2,036,000	2,036,000
Major Relets	140,000	140,000
Electrical Periodic Improvement Works	200,000	200,000
Garage Refurbishment and Replacement	250,000	250,000
Damp Proofing Works	100,000	100,000
Capital Works - Capital Salaries	525,000	525,000
New Build - Chilwell/Watnall Garage Sites (including Inham Nook)	500,000	500,000
New Build – Felton Close, Selside Court and Gayrigg Court	1,000,000	500,000
New Build – Chilton Drive and Spring Close	700,000	450,000
New Build – Housing Feasibility Costs	250,000	250,000
Housing Delivery - Capital Salaries	200,000	200,000
HRA Contingency	100,000	100,000
<b>General Fund</b>		
Fleet and Plant Replacement	880,000	880,000
Implementation of Food Waste Collections	800,000	130,750
Pride in Parks	185,000	85,000
Security on Parks	6,000	6,000
Gym Equipment Replacement	120,000	120,000

Scheme	Total Budget £	Prudential Borrowing £
Pitch Replacement Fund (Stapleford Pavilion)	47,000	47,000
Queen Elizabeth Pavilion	30,000	30,000
Craft Worksops	40,000	40,000
ICT Technical Infrastructure Architecture	150,000	150,000
ICT Replacement and Development	80,000	80,000
ICT E-Facilities (Digital by Design)	40,000	40,000
Council Offices Beeston – Lighting Renewal	16,000	16,000
Beeston Christmas Lights	25,000	25,000
General Fund Contingency	100,000	100,000
<b>Total</b>	<b>12,615,000</b>	<b>9,567,750</b>

The level of cash reserves available to the Council indicates that the borrowing can potentially be financed from internal sources, at least in part (subject to cash flow). As returns on investment are currently lower than interest rates on borrowing, internal borrowing may be more cost-effective than external borrowing at this point in time. This will be kept under review. Depending on the date at which the loans are raised this may have a part-year impact in 2025/26 and a full year impact from 2026/27 onwards.

The following schemes are included within the overall Capital Programme 2025/26 but are awaiting financing ('reserve items'):

<b>Proposed Scheme</b>	<b>£</b>
BLC Replacement/Repair Flat Roofs (Swim Changing Area and Teaching Pool)	385,000
BLC Main Pool Filter Media Replacement	40,000
BLC Main Pool Filter Replacement	190,000
BLC Main Pool Surrounds	200,000
BLC Replacement Heating Valves	40,000
BLC Replacement HV Transformer	152,000
BLC Replacement Teaching Pool Water Filter	50,000
BLC Replacement Circulation Pumps Main Pool	70,000
BLC Replacement Tiles	35,000
BLC Replacement Hot Water Pipework	1,320,000
<b>Reserve Items total</b>	<b>2,482,000</b>