

Appendix 4

Resources Allocation – Capital Programme 2026/27 to 2028/29
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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 2026/27 to 2028/29. 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 decides 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 2026/27 capital programme are summarised below.

Capital Programme 2026/27	General Fund £	HRA £
Housing	800,000	19,920,000
Community Safety	-	-
Business Growth	265,000	-
Leisure and Health (inc. Reserve items)	4,617,000	-
Environment and Climate Change	1,650,000	-
Finance and Resources	413,000	-
TOTAL	7,745,000	19,920,000
Anticipated Financing:		
Major Repairs Reserve	-	5,270,000
Better Care Fund (Disabled Facilities Grants)	800,000	-
Usable Capital Receipts (Estimated)	-	2,000,000
Prudential Borrowing	3,016,000	10,720,000
Revenue Contributions	-	-
Section 106 Contributions	-	1,000,000
Other Grants	274,000	930,000
Shortfall (Reserve items)	3,655,000	-
TOTAL	7,745,000	19,920,000

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.

2. 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 ongoing for several years and is expected to continue throughout the 2026/27 to 2028/29 programme. Allocations are channelled through the Better Care Fund, which is administered by Nottinghamshire County Council (NCC). The funding for 2026/27 to 2028/29 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 financial years 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 will only be made subject to satisfactory spend and progress against agreed project milestones, outputs, and outcomes. The Council was similarly successful in receiving £16.5m in regeneration funding towards the Kimberley Means Business project. The Capital Programme 2026/27 does not include any new budget for the Stapleford Towns Deal or Kimberley Means Business schemes as the funds are already fully recognised in 2025/26. However, any unspent budget from the current financial year will be carried forward into 2026/27.

The Council has been awarded £274k in New Burdens funding to date for the cost of implementing food waste collections, although this will only cover less than half of the total costs of the scheme which is required by legislation. The Council has also applied for FCC funding to part-fund the Pride in Parks scheme, however the success of this application and the value of any grant has not yet been confirmed.

For the HRA, the Council has been awarded £930k from the Department of Energy Security and Net Zero for energy efficiency works to the Council's housing stock. In addition, the Council will be utilising up to £1.0m of Section 106 developer contributions to fund the Housing Development programme.

3. Capital Receipts

The Council has committed to using any capital receipts from Housing Right to Buy sales towards a new build and acquisitions programme. Government restrictions are such that these monies must 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 2025, accumulated usable HRA capital receipts of £5.1m were calculated as being available with a forecast £2.5m being applied in 2025/26 and a further £2.0m in 2026/27. These will be used to fund the new house building programme and the acquisition of properties as set out in the Housing Delivery Plan.

4. 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 2025/26 and 2026/27.

5. Borrowing

There is planned borrowing of £10.7m for the HRA in 2026/27. This is to fund both the Housing Development programme and major works to existing properties.

The CIPFA Code dictates that no Minimum Revenue Provision (MRP) must be provided on HRA borrowing but that borrowing must be prudent, affordable and sustainable. Appendix 6 and Appendix 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, which includes prudential borrowing of £3.0m, there is a financing shortfall of £3.7m in 2026/27 as shown above. This relates to refurbishment 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 2026/27 to 2028/29 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 2026/27:

Scheme	Total Budget £	Prudential Borrowing £
Housing Revenue Account		
Energy Efficiency Works	2,000,000	1,070,000
Boiler Replacement	850,000	850,000
Electrical Rewiring Works	50,000	50,000
Fire Safety Assessment and Remedial Work	2,035,000	2,035,000
Major Relets	380,000	380,000
Electrical Periodic Improvement Works	350,000	350,000
Sheltered Scheme / Safety and Communal	120,000	120,000
Damp Proofing Works	150,000	150,000
Additional Capital Investment Plan	120,000	120,000
AICO Environmental Monitoring	100,000	100,000
New Build - Hemlock Gate (Crematorium)	3,500,000	3,000,000
Church Street Nursery Site Housing Development	1,900,000	1,400,000
New Developments Housing Feasibility Costs	250,000	250,000
Capital Works - Capital Salaries	620,000	620,000
HRA Capital Recharges	125,000	125,000
HRA Contingency	100,000	100,000
General Fund		
Fleet and Plant Replacement	527,400	527,400
Implementation of Food Waste Collections	605,000	331,000
Pride in Parks Accessibility and Inclusivity	172,300	172,300
Pride in Parks Play Provision	194,300	194,300
Chilwell Cemetery Extension	140,000	140,000
Capital Garage Equipment Replacement	11,000	11,000
Gym Equipment Replacement	650,000	650,000
Padel Canopy (Stapleford Pavillion)	200,000	200,000
Pitch Replacement Fund (Stapleford Pavilion)	47,000	47,000

Scheme	Total Budget £	Prudential Borrowing £
DH Lawrence Museum Internal Works	10,000	10,000
DH Lawrence Museum External Works	55,000	55,000
ICT Technical Infrastructure Architecture	53,000	53,000
ICT Replacement and Development	120,000	120,000
ICT E-Facilities (Digital by Design)	65,000	65,000
Council Offices External Works Beeston	75,000	75,000
Scargill Walk (Craft Workshop)	65,000	65,000
Economic Development Salaries	200,000	200,000
General Fund Contingency	100,000	100,000
Total Prudential Borrowing		13,736,000

The level of cash reserves available to the Council indicates that the borrowing can potentially be financed from internal sources (internal borrowing), 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 the moment. This will be kept under review. Depending on the date at which the loans are raised this may have a part-year impact in 2026/27 and a full year impact from 2027/28 onwards.

The following schemes are included within the overall Capital Programme 2026/27 but are awaiting financing ('reserve items'):

Proposed Scheme	£
BLC - Main Pool Filter Media Replacement	44,000
BLC - Main Pool Filter Replacement	210,000
BLC - Main Pool Surrounds	220,000
BLC - Replacement Heating Valves	40,000
BLC - Replacement HV Transformer	170,000
BLC - Replacement Teaching Pool Water Filter	55,000
BLC - Replacement Circulation Pumps Main Pool	80,000
BLC - Replacement Tiles	40,000
BLC - Replacement Building Management System	266,000
BLC - Replacement Hot Water Pipework	1,540,000
BLC - Rewiring of facility	990,000
Total	3,655,000