Corporate Policy and Resources Committee

10 February 2025

Title	**Capital Strategy 2025/26 – 2026/27**
Purpose of the report	To make a recommendation
Report Author	Mahmud Rogers, Joint Financial Services Manager
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendations	**Corporate Policy & Resources Committee is asked to recommend that Council approve the Capital Strategy as set out in this report**
Reason for Recommendation	The Council is required by law to approve before start of each financial year a Capital Strategy setting out its approach to identifying needs for capital expenditure, managing capital expenditure, financing it, and managing risks associated with delivering capital objectives. When long term investment decisions are undertaken, decision makers can rely on clear and informed information. This would include: • A long-term view of capital expenditure plans and any financial risks to which the Council is exposed. • Ensuring due regard to the long-term financing, affordability implications and potential risks. • A clear overview of the Council's asset management planning arrangements and any maintenance requirements that have resource and business planning implications. The Capital Strategy will continue to help support informed decision making in the delivery of Spelthorne Borough Council's long-term plans and ambitions. Whilst potentially as a result of Local Government Reorganisation the Council may cease to exist in two to three years' time, it has a responsibility to plan for business as usual in the meantime

What is the situation	Why we want to do something
Councils have a statutory responsibility to refresh and approve a Capital Strategy each year before the start of the financial year. Moving forwards there continues to be a number of capital pressures on the Council including financing the leisure centre, mitigating climate change, investing in technology and transformation. In the last few years, it has become more challenging to finance capital expenditure as a result of the recent rises in interest rates and therefore Council decided to suspend delivery of affordable housing projects.	Take a view of the proposed Capital Strategy, which is based on the guidance from Chartered Institute of public Finance (CIPFA) Scrutinise the report, make recommendations, questioning the officers where appropriate. Having a medium to long term strategy which identifies need to incur capital expenditure and how we will finance on a sustainable basis.
Approve the Strategy	**These are the next Steps**
Council asked to review and approve 2025/26 Capital Strategy as set out in the report and appendices	As a part of producing the balanced Budget Capital strategy is an important piece in the Budget setting process. To fulfil the Council's strategic objective Council is asked to review and approve the strategy

1. Executive Summary

1.1 The report sets out the Council's Capital Strategy for 2025/26 - 2028/29

1.1 The proposed Capital Programme as detailed in Appendix 1, proposes a gross budget of £15.72m and a net (after considering Disabled Facilities Grant funding) budget of £11.95m.

1.2 The Council's long term capital investment is underpinned by the objectives of the Corporate Plan. Capital proposals are considered within the Council's overall medium to long-term priorities, and the preparation of the Capital Programme is an integral part of the financial planning process. This includes taking full account of the revenue implications of the projects as part of the revenue budget setting process.

1.3 In addition to the capital budgets and revenue implications, the report sets out the following:

i. Policy and contextual background

ii. The Council's asset base

iii. Delivery Strategies

iv. Budget setting and prioritisation
v. Governance
vi. Key projects and programmes
vii. Capital funding
viii. Risk management

2. Policy and Contextual background

2.1 Spelthorne Borough Council's Corporate Plan provides the starting point for this document, dealing with our five priorities:

I Community
ii Addressing Housing Need
iii Resilience
iv Environment
v Services

2.2 The Capital Strategy plays a major part in supporting the delivery of these plans.

2.3 In 2016, the Council embarked on an ambitious capital programme with a plan to invest over £1bn in investment properties, to generate sufficient funds to:

- Support Council services
- Support the regeneration and transformation of the Borough
- Deliver much needed affordable housing for our residents and families in the Borough

as part of investing for the future success and wellbeing of the population, and all its stakeholders in Spelthorne.

2.4 In 2018 the Council ceased to acquire investment assets. For the period 2019-2023 the Council had aspirations to directly deliver housing which met the needs of its residents, through developing schemes and transferring completed schemes to its wholly owned housing company Knowle Green Estates. In October 2023 the Council took the decision to step back from seeking to directly deliver housing outcomes. Subsequently it has approved a Development Delivery Strategy which seeks to achieve housing outcomes on sites currently owned by the Council through Joint Ventures and disposals. This means that moving forwards, particularly once Phase 2 of the Eclipse Leisure Centre is completed, the scale of Capital Programme expenditure will be significantly reduced compared to the period 2016 to 2023.

2.5 As at the 31 March 2024 the draft unaudited accounts for 2023-24 show that the Council had total assets with a net book value as shown in the table below:

Asset type	£000
Land & Buildings - Municipal	81,697
Vehicles Plant & Equipment	2,205

Community Assets	180
Assets under Construction	97,676
Right to Use Assets	2,138
Investment Property	603,000
Intangibles	568
Total	**787,464**

All the land and building acquisition costs together with all design and construction expenditure incurred prior to completion of the premises are included in the above table and will move into the appropriate category once the project is completed.

2.6 **Right to use assets** in the table above are assets representing leases. They are recognised by the lessee (Spelthorne) at the commencement date of the lease, along with lease liability. The Council has a planned maintenance budget for the leased vehicles that make up this category.

Key projects

2.7 There are several key projects and programmes that require future capital investments for the Council to achieve its strategic goals and these are shown below:

2.8 A key policy driver for the Capital Strategy is investment in measures designed to minimise climate change emissions. With the Capital Programme the bulk of the Capital Programme moving forwards relates to Eclipse Leisure Centre Phase 2 including installing solar Canopy for Eclipse Leisure Centre Car Park, as well as £3m investment in carbon reduction initiatives across the municipal portfolio,

2.9 Additionally, the Council will seek

i. Continued investment in municipal infrastructure, such as local parks.

ii. An ongoing investment in digital transformation, where we aim to utilise technology to continue to deliver efficient, good quality services and produce cashable savings which will support the Council's transformation objectives.

2.10 Our Capital Programme's delivery objectives continue to take place against a background of financial challenges. The potential impact of the Local Government Funding Review could have a significant negative impact on the Council and some difficult decisions lay ahead, as the Council looks to ensure that despite further funding pressures it may encounter it can continue to ensure balanced budgets.

2.11 It is therefore vital that the Council's Capital Strategy delivers a return on investment that is financial, such as capital receipts or new revenue streams, or delivers key strategic priorities.

2.12 The Capital Strategy is intended to evolve each year, it is a dynamic plan that will respond to threats, opportunities and will change over time.

2.13 The strategy is set over 4 years but is updated annually and includes short-, medium- and long-term investment revenue streams, or delivers key strategic priorities.

2.14 The Strategy is currently set over four years on a business-as-usual basis. Once Local Government Reorganisation timescales are confirmed this will have a significant impact on the timeframes of this Strategy, shortening the time horizon of the Strategy.

3. Our delivery strategies

3.1 The Council's Capital Programme is categorised into two key areas:

i. Efficiency £4.2m (Solar Canopy, Carbon Reduction and Electric Van)

ii. Operational £11.5m

Efficiency	Operational
• Produce ongoing revenue savings and additional income • Digital transformation enabling residents to have better access services and deliver efficiencies	• Reduce running costs • Greener outcomes • Rationalise property portfolio

4. Strategic Investment Acquisition

4.1 The Council has completed its Strategic Investment Acquisitions programme, and the income generated from these properties is enabling the Council to:

i. Support the delivery of Council frontline services.

ii. Support the regeneration and transformation of the Borough

iii. Deliver much needed affordable housing for our residents and families in the Borough

iv. Put away sufficient funds into our sinking funds to protect the long-term future of the Council, the Borough, and its residents. Having completed a refresh of the Sinking Funds modelling, the Council has identified a need to step up the rate at which it is setting aside funds into the sinking funds earmarked reserves, such that over a five year period to 2031 it will increase the contribution by one million pounds per annum so that by 2031 it will be putting an extra £5m per annum into the sinking funds. This will mean over that time period the net subsidy supporting Council services will reduce from £10m per annum to approx. £5m i.e. it will halve. This will mean a significant need for transformation to be undertaken.

4.2 Local Government in Surrey is facing Reorganisation. Once timescales are confirmed this may require the Council to re-prioritise the projects within the Capital Programme. In the meantime, the Council has a responsibility to continue with medium term financial planning on a business-as-usual basis. This includes a focus on capital projects which will deliver revenue efficiencies and savings.

4.3 The Council continues to face significant housing pressures, particularly for Temporary Accommodation and will continue to pro-actively engage with the Local Authority Housing Fund to explore the potential for capital grant funding to assist with the acquisition of Temporary Accommodation. The Council has registered an expression of interest in Round 3 of the LAHF, but at this stage we have not entered a figure in our draft Capital Programme for 2025-26 as we have no confirmation yet that we will receive an allocation,

5. Asset Management Plan

5.1 The 2025/26 Asset Management Plan for our current property portfolio is available on the Spelthorne Borough Council's website https://www.spelthorne.gov.uk/article/19655/asset-management-plan

6. Knowle Green Estates Ltd (KGE)

6.1 KGE is a wholly owned subsidiary of Spelthorne Borough Council and following a restructure of its property portfolio in the year end 31 March 2020, has effectively started from scratch.

6.2 The Company has been established to manage each property and is looking at a 50-year time horizon for its properties. In 2024-25 with the assistance of Local Authority Housing Fund (LAHF) capital grant (covering 40% of the cost) KGE acquired 60 additional units, mainly Temporary Accommodation units. KGE will pay the Council interest on loans financing the acquisition of units which equates to £1.5m in 2025-26 and will make annual principal repayments to the Council. These repayments will be treated as capital receipts and can then be used to finance other Council capital expenditure.

6.3 Affordable Housing tenants will include:

i. Key workers, nurses, police, and teachers
ii. Younger residents
iii. The elderly and vulnerable
iv. Temporary accommodation units
v. Afghan and Ukrainian resettlement families

6.4 There is a small number (11) of private rental tenants with KGE's portfolio

6.5 The Council introduced a new Componentisation Policy, in accordance with the CIPFA accounting code, to use different rates of depreciation for each component of the building, e.g., land at 0% and roof 4%, which reflects the different useful economic lives of each component part of the building.

6.6 The 50-year projections indicate that KGE will be able to provide revenue contributions in the form of interest payments (2025-26 £1.5m) to SBC over the period and given the profiling of our tenants, will be operating on a small cash surplus based on the properties being delivered to time and to the number of apartments specified.

7. Efficiency

7.1 The £4.2m of schemes in this category include improved use of technology to support our car parks and improve the customer experience, as well as investing in IT network storage upgrades and new hardware for improved ways of working.

8. Operational

8.1 The Council's operational Capital Strategy amounting to £11.5m is centred on capital improvement works to the Council's operational asset portfolio. This falls into two main categories:

i. Infrastructure, this includes new flood defences along the River Thames, (£1.3m), replacement refuse vehicles (£1.0m)

8.2 The main objectives of the operational element of the Capital Strategy are to ensure assets meet health and safety standards, are fit for purpose in terms of statutory guidance and legislation, as well as helping the Council to reduce costs and reduce its environmental footprint.

8.3 Another key objective of the operational element is to ensure that the Council continues to invest in its current buildings and long-term assets to avoid incurring significant future costs, essentially spending now to save money in the future. As well as our municipal buildings, we have other operational assets, including vehicles, plant, and equipment.

8.4 The Council has a scheduled programme of condition surveys which ensures the Council's operational estate is fit for purpose.

9. Governance

9.1 The main forum for reviewing all financial aspects of the Capital Programme is the Corporate Policy and Resources Committee who will make recommendations to Council.

9.2 The Commercial Assets Sub-Committee looks after the Council's investment, properties and makes recommendations to the Corporate Policy and Resources Committee.

9.3 The Corporate Policy and Resources Committee review the strategic direction of the Capital Programme, ensures outcomes are aligned with a viable Business Case and that Value for Money (VfM) is delivered for the Council. It also monitors the expenditure and funding requirements of the capital programme and subsequent revenue impacts.

9.4 All business cases will require approval by Corporate Policy and Resources Committee and although development projects may have a budget allocation in the Capital Programme, the approval to draw down the budget will only be obtained via Corporate Policy and Resources Committee approval and will align to the business case stage the project is at.

9.5 Assessment of the business cases will ensure that all aspects of a potential scheme are analysed and the impact on all the Borough's stakeholders identified. Therefore, the Council will be able to gain a full understanding on how a specific scheme will comply with the current Corporate Plan, and how it will influence the Council's overall strategy, local business economy, residents, officers, and impact on the resources of the Council.

10. Capital Funding

10.1 The Council is required to have a funded Capital Programme that is affordable, i.e., all capital expenditure should have a source of funding and if that funding source is borrowing, the cost of the borrowing should be built into a balanced revenue budget without adversely impacting on the delivery of services.

10.2 The key sources of funding for the Council are:

i. Grants (including Disabled Facilities Grant and Local Authority Housing Funds
ii. Contributions
iii. Section 106 Receipts / Community Infrastructure Levy
iv. Capital Receipts (including from principal repayments received)
v. Direct Revenue Funding

10.3 **Virement:** Going forward council will not allow any capital virement from the projects which are not going ahead or from any under spent projects

10.4 **Grants**

These are predominantly government grants and are usually provided to the Council for the specific use of funding either revenue or capital expenditure for certain schemes and programmes, including Disabled Facilities Grant (DFG) can also include Local Authority Housing Fund (LAHF), and Homes England grants. We have received some grant funding to support some carbon reduction initiatives at Sunbury Leisure Centre.

10.5 **Capital Contributions**

In comparison to grants, capital contributions are specific contributions received for projects and are normally provided by the government, external agencies, or private companies, who have a specific output or outcome they would like achieved through the capital works the Council is providing. Quite often, the scope of these projects is dependent on this external funding, without which the Council may decide to reduce the objectives and scope of a scheme.

10.6 **Community Infrastructure Levy/ Section 106 Receipts.**

10.7 Community Infrastructure Levy (CIL) is a planning charge introduced by the Planning Act 2008. The Council started charging CIL in May 2016. Developers must pay a levy linked to planning applications - this is based on a Council approved policy and charging schedule. The income from this levy is held corporately and the Council decides how to allocate these funds via an appropriate Committee of the Council.

10.8 Strategic and Local CIL funding has to be bid for on an annual basis. Bidding can be from local authorities, the police, the NHS, education providers and community/voluntary groups. Decisions on local CIL are made by the CIL board, and Strategic CIL by the E&S committee. Successful bids focus on delivering infrastructure or community projects to benefit the borough. Where practical Council should utilise this resource to fund the Capital Programme.

10.9 Section 106 agreements and receipts must be used for specific projects and outcomes connected to a planning proposal. These sums cannot be used for alternative purposes and have to be spent within a set period of time (usually a number of years).

10.10 **Capital Receipts**

10.11 Capital receipts are generated from the sale of non-current assets (i.e., strips of land), and apart from special circumstances, can only be used to fund the Capital Programme.

10.12 The Council holds all capital receipts corporately, which ensures they can be used to fund the overall programme; therefore, individual services are not reliant on their ability to generate capital receipts.

10.13 Under the approved Development Delivery Strategy, the Council will be looking to make disposals of some its housing/regeneration sites which will generate capital receipts which can then be used either to pay off debt (particularly whilst the Council can access significant discounts when repaying early Public Works Loan Board debt) or to finance capital expenditure.

10.14 The Council as part of its Investment Assets Management Strategy maintains and regularly reviews exit strategies for all its investment assets.

10.15 **Direct Revenue Financing**

10.16 The Council, can, if it chooses to, fund capital expenditure via its revenue budget. Currently it is making Revenue Contributions to Capital of £750k per annum. This can be through in year underspends or via general or earmarked revenue reserves. Any funding of the Capital Programme via revenue resources would have to be considered considering the Council's overall revenue budget and the Medium-Term Financial Plan.

10.17 **Borrowing -** Borrowing can take the form of internal or external borrowing.

10.18 **Internal borrowing** is a temporary position where the Council uses its cash balances instead of externally borrowing at that point in time. If not used for internal borrowing, these cash balances would be invested on a medium to long term basis providing the Council with a return on investment. As such there is an opportunity cost associated with internal borrowing that is built into the revenue implications of the Capital Programme. In October 2024 the Council made the decision that rather use further external borrowing to finance the balance of the new Eclipse Leisure Centre it would draw down its medium-term pooled investment funds.

10.19 The Council's main objective when borrowing externally is to achieve an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required, particularly when dealing with assets under construction, which are funded via the short-term money market, as interest rates are currently cheaper. Moving forwards the Council will be paying down its external debt steadily on a year-by-year basis.

10.20 **External borrowing** occurs when the Council borrows money from the open market, via financial institutions and investors or the government, via the Public Works Loan Board (PWLB). The current certainty rate on a long-term loan at end of January 2025 was approximately 6%.

10.21 Although the Capital Programme may identify a need to borrow to fund capital expenditure, the timing and type of borrowing (internal/external) is dependent on cashflow modelling in line with the Council's Treasury Management Strategy, which is also being presented to Council at this meeting.

10.22 The Council's total borrowing requirement based on capital expenditure incurred historically but to be financed is represented by the Capital Financing

Requirement (CFR). This is published in the statement of accounts, and as at 31 March 2024 was £1,157m

10.23 All capital financing costs, i.e., interest costs and Minimum Revenue Provision must be treated as a revenue cost and built into the Council's Medium Term Financial Plan (MFTP). In essence, the more the Council borrows, the greater the call on the revenue budget which then requires further service savings to be identified to fund this in the longer term.

11. Capital Programme Funding: 2025/26 to 2028/29

11.1 The table below summarises the Council's funding of the proposed Capital Programme as outlined in this report:

Type of Funding	2025/26 Estimated £000s	2026/27 Estimated £000s	2027/28 Estimated £000s	2028/29 Estimated £000s	Total
Capital Receipts, CIL and S106 funding and grant	4,739	5,105	4,325	1,554	15,723
Total	**4,739**	**5,105**	**4,325**	**1,554**	**15,723**

12. Revenue implications of the Capital Programme

12.1 A summary of the revenue implications of the Capital Programme is shown below:

	2025/26 Estimated £000s	2026/27 Estimated £000s	2027/28 Estimated £000s	2028/29 Estimated £000s	Total £000s
Capital Financing Costs	39,336	39,971	40,036	40,095	159,440
Commercial Income	(49,065)	(53,465)	(51,592)	(51,110)	(205,232)
Sinking fund net contributions to/(from) reserves	(5,747)	(770)	1,456	(2,349)	(7,410)

12.2 The Council aims to maximise its balance sheet assets and as such can utilise cash balances derived from working capital (such items as the appeals provision, reserves, etc.) before it borrows externally to finance the net cost of the Capital Programme.

12.3 Over the 5-year Capital Programme it is currently estimated that the Council will incur net financial income, through its revenue budget of £77m. This is made up of (£205m) of commercial income fewer financing costs (including MRP) of £162m.

13. Minimum Revenue Provision (MRP)

13.1 MRP is applied where the Council must set aside a revenue allocation for provision of debt repayments (borrowing in the capital programme). The Council aligns the majority of its MRP with its annual principal repayments of debt to enable the MRP to be applied on an annual basis. MRP replaces other capital charges (e.g., depreciation) in the statement of accounts and has an impact on the council's bottom line.

13.2 MRP will increase in the next few decades as principal repayments increase and interest payments on existing debt falls MRP is sensitive to both expenditure and funding changes.

13.3 The Council will continue to balance the use of capital receipts, internal borrowing, and external borrowing to ensure the most efficient use of resources, including the need to fund MRP.

14. Risk Management

Major capital projects require careful management to mitigate the potential risks that can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy.

Delivery Risk

14.1 In the face of a number of challenges including Reorganisation, there is a risk that the Council's capacity to deliver all of the projects in the Capital Programme may be adversely impacted. One risk in the fact of Reorganisation will be the challenge of retaining staff when the organisation is aware that Reorganisation will happen.

14.2

14.3 **General Risks**

i. General risks are those that are faced because of the nature of the major projects being undertaken. Most of these risks are outside of the Council's control, but mitigations have been developed as part of the business planning and governance process. These risks are set out below along with key mitigations:

ii. Risk of failure to achieve objectives due to inadequate resources – the wide range of objectives the Council seeks to achieve requires significant resourcing to manage and implement. It takes time to recruit and train officers to lead and oversee projects. Prioritisation is required to ensure that key projects are successfully completed in the appropriate timeframe. Failure to appropriately prioritise projects may result in both wasted resources pursuing projects which should not have been priorities, and delays to projects which should have been identified as key to success.

14.4 **Interest Rate Risk**

14.5 The Council is taking on less or no borrowing from external sources as the Council has redeemed the pooled fund investments to fund the future Capital Programme to avoid the interest rate risk and over borrowing.

i. The Council will opt for fixed interest borrowing, if necessary, that matches the useful life of the asset, for purchases of land and buildings (currently this is 50 years) and we are currently able to obtain a rate of 5.95% through PWLB.

ii. Officers will use the above principles to mitigate our interest risk and also, look at the best options available through PWLB, which could mean that we obtain a basket of loans, including a mixture of annuity and maturity loans over the fifty-year period, in order to mitigate interest rate risk.

14.6 **Inflation Risk** – High inflation rates can impact a capital scheme if there are delays to the purchase or construction work associated with the scheme, resulting in increases in prices after the budgets have been set. Conversely, investment in property helps mitigate against inflation risks in relation to cash savings, which are more adversely impacted by increases in general inflation.

14.7 **Legislative Risks**

Change in Law Risk – Capital schemes need to comply with the latest law and regulations, changes in which can impact construction costs and may be retrospective in their nature. This risk is mitigated by awareness of pipeline legislative changes and provision of contingencies.

14.8 **Commercial Risks**

i. The Council's Capital Programme relies on commercial activity as a key supporting strategy. This involves generation of income from property letting, sales receipts and other revenue/capital financial flows such as land deals with developers. In some cases, the Council commits to large projects, based on assumptions about future asset values and potential income streams. Should market movements mean that these assumptions are inaccurate, then the Council may suffer financially.

ii. To mitigate this risk, the Council relies on expert advice on future asset values in making its decisions.

14.9 **Supplier Financial Stability**

i. Construction companies and developers contracting with the Council that experience financial instability pose a significant risk. They may not be able to raise funding to finance operations, and their potential insolvency could lead to a costly process of changing suppliers without any guarantee of remaining within the overall budget. The Council could suffer direct financial loss, and any defects or other issues may not be resolvable as anticipated.

ii. To mitigate this risk, the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.

14.10 **Transfer Risk**

i. When the Council plans and delivers projects, it is important to consider the risks associated with the project and whether the Council (or its subsidiaries such as KGE) is the best placed to take on that risk.

ii. A key consideration for major capital schemes is whether these will be developer led or whether the Council will self-develop. For a developer led scheme the developer will take on a significant proportion of the risks associated with the project. However, the developer will price this risk in, so it will come at a cost.

iii. Considerations can include whether there is resource capacity and expertise to take on specific risks in the context of the overall Capital Programme. The housing subsidiaries are newly incorporated and there may be an initial set-up risk as the company gains experience and embeds its delivery plan.

14.11 **Project Risks**

This relates to the delivery of capital projects, which in many cases can be controlled, influenced, or directly mitigated in ways other than making contingencies available. These risks would mostly relate to unforeseen project delays and cost increases which could arise from a range of circumstances.

The effective management of these risks is mostly linked to the following strategies:

Project Risks

i. Projects are required to maintain a risk register, to ensure effective monitoring.

ii. **Highlight reporting -** development projects, as an example, create monthly highlight reports to ensure stakeholders are aware of progress and risks of projects on an on-going basis.

iii. **Appointment of professional teams -** the Development team has recruited and retained the services of experts to provide robust planning and review to advise on financial feasibility and to ensure timely delivery of projects. Experts also cover key surveying and financial planning roles to give assurance on quality of work and assumptions.

iv. **Risk of Revenue Write Off** – the Council commits to feasibility studies on many of its significant capital schemes at the point where spend is revenue in nature or when capital spend may be written off, should the scheme in question not progress.

This is managed through careful consideration and approval of all expenditure potentially at risk of revenue write-off. There is a further risk that any projects funded may not yield the required ongoing revenue savings and therefore may need to be written off to revenue.

14.12 The Council has an on-going Capital Programme and will continue to invest in capital projects beyond 2025/26 and will therefore need to ensure that funds are set aside for the future cost of borrowing.

Options

14.11 **Option 1** (Preferred) approve this Capital Strategy, in line with the statutory requirement to have a Capital Strategy approved ahead of the start of the financial year.

14.12 **Option 2,** make recommendations for amendments to the draft Capital Strategy.

14.13 **Option 3**, not recommended, do not accept the Capital Strategy. The Council is required to have a Capital Strategy in place.

15. Financial implications

15.1 Financial implications are set out in the main body of this report.

16. Legal considerations

16.1 Part 1 of the Local Government Act 2003 sets out requirements in relation to capital finance. The associated regulations (The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003) require the Council to give regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Code") when carrying out its duties under Part 1 of the Local Government Act 2003.

16.2 The Code requires the Council to prepare a Capital Strategy.

16.3 This report has been prepared in accordance with the statutory requirements.

17. Equality and Diversity

17.1 The Capital Programme impacts on all residents across the Borough. The Disabled Facilities Grants programme assists vulnerable people to continue to live independently in their homes and communities.

17.2 The Capital Strategy will need to be approved by Council on 27th February and can then be issued immediately thereafter.

18. Contact

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Background papers: as presented at previous or current meeting(s)
2025/26 to 2028/29 Capital Programme

Appendices:
A – 2025/26 to 2028/29 Capital Programme.