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| Report to: | Overview and Scrutiny - 6th February 2025 Cabinet - 12th February 2025 Council - 19th February 2025 | Date: 06 February 2025 / 12 th February and 19 th February. |
| Subject: | Capital Strategy 2025/26 to 2027/28 | |
| Report of | Cabinet Member of Finance and Transformation | |

EXECUTIVE SUMMARY

The Capital Strategy forms part of the Council’s strategic and financial planning framework and provides a framework within which the investment plans will be delivered. The Capital Strategy 2025/26 to 2027/28 has been prepared to cover a 3-year period and is set out within this report.

The Capital Strategy reflects the Prudential and Treasury Management Codes issued by CIPFA in 2017 which require Councils to prepare a Capital Strategy and include specific information within it. The strategy therefore includes:

- A high-level, long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- An overview of how the associated risk is managed.
- The proposed capital programme 2025/26 to 2027/28.
- Financing the capital programme.

The Capital Strategy is prepared to deliver on the objectives of the Council as set out in the Let's Do It! Strategy, and sets out the long-term capital investment objectives, capital strategy requirements, governance arrangements and risk.

This strategy links directly to the medium-term financial strategy, the treasury management strategy, the schools’ capital strategy, the ICT and digital strategies and the asset management plan.

RECOMMENDATION(S)

That Overview & Scrutiny:

- Note the content of this report.
- Consider if they wish to make any recommendations to the Cabinet on this report's content.

That Cabinet:

- Approve and commend the capital strategy to Council.

1. BACKGROUND

Capital Strategy

- 1.1 The aim of the Capital Strategy is to ensure that all elected members fully understand the overall long-term policy objectives and resulting Capital strategy implications, governance procedures and risk appetite.
- 1.2 The Strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview on how associated risk is managed and implications for future sustainability.
- 1.3 Decisions made for 2025/26 on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.
- 1.4 The Strategy considers the Council's long-term aspirations considering corporate objectives, affordability criteria and available resources to guide capital investment decisions.
- 1.5 The current Strategy has been prepared for the period 2025/26 to 2027/28 but recognises that capital decisions are often for the longer term. However, longer term spending plans are more uncertain as funding streams, legislative changes, government policy, and the economic climate can influence plans.
- 1.6 To demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, this Strategy sets out the governance process around investment decisions and considers the risk, reward, and impact on the achievement of priority outcomes.
- 1.7 The Council ensures that all its capital investment plans, and borrowing are prudent and sustainable. In doing so this takes account of the Council's arrangements for the repayment of debt (including through MRP/repayment of loans fund) and consideration of risk, impact, and potential impact, on the Council's overall fiscal sustainability. While indicators are required to be set over a minimum three-year rolling period, they are aligned to the Strategy and Asset Management plans showing sustainability over the longer asset life period.

2. CAPITAL RESOURCES

- 2.1 The Council assesses the level of planned capital investment and makes a judgement about the level of capital resources which are likely to be available over the period of the programme. The main capital resources are service specific grants, third party contributions, capital receipts, lease finance and borrowing.
- 2.2 To support the ambitious programme set for the next three years, borrowing will become a key source of financing, which will result in an increase in the cost of borrowing overall and will add pressure to the revenue budget.
- 2.3 In developing the capital programme, the cost of borrowing, as a revenue cost, has been estimated and included in Council's Medium Term Financial Strategy.

| Capital Financing Requirement (CFR) | 2024-25 Estimate £m | 2025-26 Forecast £m | 2026-27 Forecast £m | 2027-28 Forecast £m |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| CFR - GF | £220.459 | £257.725 | £258.707 | £255.031 |
| CFR - HRA | £122.931 | £133.974 | £133.760 | £133.541 |
| CFR - Policy/Non-Financial Investments | £63.932 | £63.432 | £62.915 | £62.382 |
| CFR Balance | £407.322 | £455.131 | £455.382 | £450.954 |
| Movement in CFR | £23.811 | £47.808 | £0.252 | (£4.428) |
| Financing Requirement | £28.660 | £51.481 | £4.400 | £0.000 |
| Minimum Revenue Provision (MRP) / Loans Fund Repayments | (£4.850) | (£3.672) | (£4.148) | (£4.428) |
| Voluntary Revenue Provision (VRP) | £0.000 | £0.000 | £0.000 | £0.000 |
| Movement in CFR | £23.811 | £47.808 | £0.252 | (£4.428) |

2.4 The Authority's MRP (minimum revenue provision statement) and loans fund policy is further set out within the Treasury Management Strategy.

2.5 Central Government Allocations and External Grants and Contributions

2.5.1 Some capital projects are financed through allocations received directly from the Government Departments or external grants and contributions, which are mostly specific to projects and cannot be used for other purposes.

2.5.2 Examples of these would include the allocations for schools, highway maintenance or disabled facilities grants from Central Government.

2.5.3 Some of the new funds being made available by the Government are subject to competitive bidding rounds and to maximise the opportunity that these present, the Council needs to ensure it has the required resources to develop these bids.

2.5.4 Grants from external organisations are a valuable source of capital finance for the Council and have enabled the Council to realise a substantial number of Capital developments in the past that would otherwise have been unable to progress.

2.5.5 The Council will continue to explore cost effective opportunities for grants from external bodies. However, support through grants cannot be accurately predicted and therefore the Council recognises that it cannot depend on this source entirely. The Council will also ensure that withdrawal plans are prepared in the case of on-going projects funded through external support, in the event of the support being withdrawn.

2.6 Capital Receipts

2.6.1 The Council generates capital resources through the sale of surplus land and buildings. The Cabinet, at its November 2020 meeting, approved an accelerated land disposal programme aimed at generating significant capital receipts for the Borough of Bury and reducing the ongoing costs related to the maintenance of its surplus property portfolio.

2.6.2 A summary of the anticipated capital receipts adjusted to take into consideration a risk analysis on time and value, is included in the table below:

Table 1: Estimates of Capital Receipts in £ millions

| Confidence Level | Adjustment Factor | 2024-25 £m | 2025-26 £m | 2026-27 £m |
|---------------------------------|-------------------|---------------|---------------|---------------|
| High | 80% | £0.000 | £0.560 | £0.812 |
| Medium | 65% | £0.000 | £4.799 | £2.054 |
| Low | 33% | £0.000 | £0.000 | £0.000 |
| Complete | 100% | £2.306 | £0.000 | £0.000 |
| TOTAL Estimated Receipts | | £2.306 | £5.359 | £2.866 |

2.6.3 For prudence it is recommended that only those values of high confidence or already complete are taken forward and recognised as a funding source for the capital programme.

2.6.4 The Council holds its General Capital Receipts corporately, to reflect its commitment to a priority-led approach to the allocation of resources and continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas. However, it does recognise that exceptionally there will be instances in which it will be necessary to earmark receipts to schemes, as reflected in the Capital Receipts Strategy approved by Capital Board in June 2023.

2.6.5 The receipts generated from the sales of Right to Buy and other general Housing receipts will be retained for re-investment in the Council's housing provision.

2.7 Borrowing

2.7.1 From 1 April 2004 Authorities have had the discretion to borrow in line with the CIPFA Prudential Code, which is known as 'Unsupported Borrowing.'

2.7.2 The Council can make use of the opportunity for the Prudential Borrowing where it is most cost effective and if its capital investment plans are affordable, sustainable, and prudent. It hence makes a choice on whether revenue resources are used to fund direct service delivery or reserved to finance costs of borrowing for capital investment.

2.7.3 The Council will consider the use of unsupported borrowing in three specific circumstances:

- 1) Strategic investment – where strategic investment to support the Borough's economy is required, subject to a detailed business case.
- 2) Invest to save schemes - where pump priming assistance is required but overall, costs are met from additional revenue/capital income or savings generated by the scheme. Pump priming can be funded from unsupported borrowing or from slippage/internal resources.
- 3) Discretionary unsupported schemes - where the related expenditure meets with Council ambitions/priorities at service level and would not be able to proceed through another funding source. Any such schemes must be specifically approved by the Cabinet or Council and be supported by a detailed business case.

2.7.4 The business case should explain the link between borrowing and expected asset lives, to ensure that an appropriate charge is built in the revenue budget and reflected in Council Tax and Housing Rent levels.

2.8 Revenue Contributions and Reserves

2.8.1 The Council can also use revenue resources to fund capital projects, although revenue budgets have come under increased pressure over recent years and the ability to use revenue is restricted.

2.8.2 The proposed Capital Programme requires borrowing and the cost of borrowing to support the 2025/26 programme has been factored into the 2025/26 budget. Any requirements beyond this will need to be factored into the Medium-Term Financial Strategy (MTFS). The Council may also finance capital schemes from S106 monies or earmarked reserves.

2.9 Joint Ventures

2.9.1 The Council is currently undertaking significant regeneration activity in both Bury and Prestwich Town Centres, for which the Authority has engaged with national developers as Joint Venture partners for the Mill Gate Shopping Centre and Prestwich Village.

2.9.2 These programmes will deliver significant housing growth in addition to enhanced business rates income, whilst safeguarding the sustainability and vitality of each town centre.

2.9.3 Bruntwood and Bury Council acquired the Mill Gate shopping centre as part of wider regeneration plans that to overhaul Bury town centre. The shopping centre is being redeveloped into a mixed-use scheme, blending retail, leisure, hospitality, workspace, residential and public realm and community spaces.

2.9.4 The Council and Muse are working together on regeneration schemes for Prestwich Village including a community hub, a new village square, retail, leisure facilities and new homes.

2.9.5 The Capital Programme includes £19.3m investment into Prestwich village over the next two years ending 2025/26. The Joint Venture partners are considering the funding strategies for the development, alongside development design and phasing arrangements.

3. CAPITAL EXPENDITURE AND FINANCING PROPOSALS

3.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

3.2 In 2025/26 the Council is planning capital expenditure of £120.736m, as summarised in the table below:

Table 2: Prudential Indicator: Estimates of Capital Expenditure in £ millions

| | 2024/25 forecast £m | 2025/26 budget £m | 2026/27 budget £m | 2027/28 budget £m |
|-----------------------|---------------------------|-------------------------|-------------------------|-------------------------|
| General Fund services | £61.517 | £91.214 | £28.650 | £2.500 |
| Council Housing (HRA) | £17.657 | £29.522 | £15.858 | £18.638 |
| Capital Investments | £0.000 | £0.000 | £0.000 | £0.000 |
| TOTAL | £79.174 | £120.736 | £44.508 | £21.138 |

- 3.3 The Council's 2025/26 to 2027/28 proposed capital investment is further detailed in Appendix 1. The proposed programme takes account of the latest monitoring position on the 2024/25 capital programme including any identified rephasing that has been agreed for carry forward into the 2025/26 and 2026/27 financial years.
- 3.4 The proposed Capital Programme is focused on some main themes that align to the Council's objectives and outcomes including:
- Regeneration and Economic Growth (key areas within the borough).
 - Highways.
 - Children and Young People (including schools).
 - Property.
 - Housing (General Fund and Housing Revenue Account).
 - Climate change (including carbon neutrality).
- 3.5 The 2024/25 revised capital budget is £79.174m compared to the original budget set in February 2024 which amounted to £135.540m. The following schemes are proposed to have some of their 2024/25 budget rephased into 2025/26 and 2026/27:

Table 3: Re-phasing of Capital Expenditure to future years, in £millions

| Capital Theme | Rephasing to 2025/26 £m | Rephasing to 2026/27 £m |
|----------------------------------|-------------------------------|-------------------------------|
| Regeneration and Economic Growth | £8.054 | £3.400 |
| Highways | £6.656 | £10.452 |
| Children and Young People | £9.015 | £10.300 |
| Property | £1.818 | £0.000 |
| Housing General Fund | £1.218 | £0.000 |
| Housing HRA | £9.219 | £0.000 |
| Climate Change | £0.027 | £0.000 |
| Grand Total | £36.007 | £24.152 |

- 3.6 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of new homes over the forecast period.

- 3.7 During the year it is likely that further government funding allocations will be announced, or new initiatives identified and put forward for approval. The Council can elect to fund these from other sources, including capital receipts, other partners' contributions, or reserves. The phasing of expenditure as more detailed implementation plans is drawn up is considered a normal feature of the capital programme.
- 3.8 The capital programme position will continue to be closely monitored during the financial year and all the latest information in respect of funding allocations will be presented to Members in future reports.

4. ONGOING SCHEMES

Given the Council's financial challenges over the planning period as set out in its Medium-Term Financial Strategy, the major focus of the next few years will be to deliver schemes already approved by Council for which funding has already been identified and agreed. These are set out in Appendix 1 to this report.

5. NEW SCHEMES

- 5.1 Although most of the schemes set out in the Council's capital programme are projects that have already been agreed, with funding identified and the financial implications included in the draft budget for 2025/26 (and the Medium-Term Financial Strategy), officers have identified a few additional projects which are recommended for inclusion in the programme given their importance either to the achievement of priorities included in the Corporate Plan (Let's Do It!) or because of urgent works required to address health and safety issues and other risks to service delivery:

| NEW CAPITAL BIDS | 2025/26 budget £m | 2026/27 budget £m | 2027/28 budget £m |
|--|----------------------------------|----------------------------------|----------------------------------|
| Essential health and safety - Ramsbottom Pool & Fitness Centre | £0.030 | £0.070 | £0.000 |
| Essential maintenance and compliance Castle Leisure Centre | £0.240 | £0.325 | £0.250 |
| Grounds Maintenance - Boroughwide Infrastructure Repairs | £0.050 | £0.050 | £0.050 |
| Stores - Road Improvement Works | £0.050 | £0.000 | £0.000 |
| TOTAL NEW BIDS | £0.370 | £0.445 | £0.300 |

6. CAPITAL SCHEMES APPROVED IN PRINCIPLE

- 6.1 It is recommended that the Council endorses the medium-term schemes included in the Capital Strategy for 2025/26 to 2027/28 as set out in Appendix 1. The longer-term aspirations that the Council has for the communities it serves are ambitious and rely on the Council applying the resources at its disposal in ways which deliver the greatest impact. Those resources include capital resources which will be targeted at capital expenditure that has the greatest prospect of delivering the Council's aspirations set out in its Corporate Plan (Let's Do it!). The Council is developing a range of longer-term capital expenditure proposals aimed at meeting these plans, some of which have partial funding, but the majority of which are currently unfunded. The schedule of these schemes is set out below for noting at this stage:

| NEW CAPITAL BIDS – APPROVED IN PRINCIPLE BUT NOT INCLUDED IN THE CAPITAL PROGRAMME | 2025/26 budget £m | 2026/27 budget £m | 2027/28 budget £m |
|---|--------------------------|--------------------------|--------------------------|
| Housing Development – First Phase New Housing | £0.309 | £0.300 | £0.300 |
| Cycling and Walking Routes – Disabled and Pedestrian Works | £0.085 | £0.000 | £0.000 |
| ICT Projects | £1.530 | £1.500 | £1.500 |
| Parks & Green Spaces Strategy | £0.860 | £0.160 | £0.050 |
| Leisure Centre H&S – Island Lodge | £0.451 | £0.000 | £0.000 |
| Springwater Park – Phase 2 | £1.595 | £0.000 | £0.000 |
| Flood Repair & Defence | £0.033 | £0.000 | £0.000 |
| Climate Change | £0.047 | £0.000 | £0.000 |
| Corporate Estate | £2.000 | £2.000 | £2.000 |
| Cemetery Upgrade | £0.029 | £0.000 | £0.000 |
| Bradley Fold | £0.218 | £0.000 | £0.000 |
| Town Hall | £0.135 | £0.000 | £0.000 |
| Libraries | £0.072 | £0.000 | £0.000 |
| Bury Market Refurbishment | £0.043 | £0.000 | £0.000 |
| Radcliffe Enterprise Centre | £3.049 | £0.000 | £0.000 |
| Ramsbottom Regeneration | £0.052 | £0.000 | £0.000 |
| Older People | £0.127 | £0.000 | £0.000 |
| Other Development Schemes - OP | £1.339 | £0.310 | £0.250 |
| Other Development Schemes - BGI | £0.174 | £0.000 | £0.000 |
| TOTAL APPROVED IN PRINCIPLE | £12.149 | £4.270 | £4.100 |

6.2 For the purposes of capital planning, it is proposed that these schemes are treated as 'pipeline' projects which will be formally incorporated into the programme on receipt of detailed delivery plans and evaluation through the Council's agreed policies for incepting additional schemes into the capital programme which are overseen by the Finance Board.

7. FUNDING THE CAPITAL PROGRAMME

7.1 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves, and capital receipts) or debt (borrowing or leasing). The planned financing of the above expenditure is as follows:

Table 4: Capital expenditure and financing in £ millions

| CAPITAL PROGRAMME | 2024/25 Forecast Outturn £m | 2025/26 Proposed Programme £m | 2026/27 Proposed Programme £m | 2027/28 Proposed Programme £m |
|--|--------------------------------------|--|--|--|
| Capital Expenditure by Theme | | | | |
| Regeneration and Economic Growth | £35.402 | £46.640 | £3.400 | £0.000 |
| Highways | £13.769 | £28.395 | £12.450 | £0.000 |
| Children and Young People | £7.488 | £9.787 | £10.300 | £0.000 |
| Property | £0.234 | £2.697 | £0.000 | £0.000 |
| Housing GF | £4.529 | £3.652 | £2.500 | £2.500 |
| Climate Change | £0.095 | £0.043 | £0.000 | £0.000 |
| SUBTOTAL EXPENDITURE GF | £61.517 | £91.214 | £28.650 | £2.500 |
| Housing HRA | £17.657 | £29.522 | £15.858 | £18.638 |
| TOTAL COUNCIL EXPENDITURE | £79.174 | £120.736 | £44.508 | £21.138 |
| Financing the Capital Programme | | | | |
| Prudential Borrowing | £28.660 | £51.481 | £4.400 | £0.000 |
| External Funding | £37.197 | £52.048 | £24.250 | £2.500 |
| Capital Receipts | £5.429 | £9.864 | £0.058 | £0.068 |
| General Fund RCCO | £0.558 | £0.014 | £0.000 | £0.000 |
| Housing Revenue Account DRF/MRR | £7.330 | £7.330 | £15.800 | £18.570 |
| TOTAL FINANCING | £79.174 | £120.736 | £44.508 | £21.138 |

7.2 It is proposed that the new schemes be funded through a combination of external grants and allocations, capital receipts and borrowing. The borrowing costs have been reflected in the Council's Treasury Management Strategy for 2025/26 - 2027/28.

8. PRIORITISING, MANAGING, MONITORING, REPORTING AND EVALUATING THE CAPITAL PROGRAMME

8.1 Prioritising Capital Resources

8.1.1 It has long been demonstrated that the demands for capital investment tend to exceed available resources. To alleviate this, a robust mechanism is in place to assess schemes against key criteria and assist in decision prioritisation for the use of capital resources.

8.1.2 There is a cross departmental multi-disciplinary team in place which has formed a Capital Programme Board to review the capital gateway processes. This includes a review of governance and the approval and monitoring of capital schemes. The process will ensure wider ownership of the monitoring of the capital programme and will include progress updates on each scheme against forecast outcomes as well as risk monitoring.

8.1.3 This framework prioritises the capital investment for the Council's Capital Programme. By using this prioritisation process on an annual basis to decide the Capital programme for the following year, it allows the review of the whole three-year rolling capital programme. This review of schemes allows the addition, withdrawal or deferral of capital investment ensuring available capital resources are focused on corporate priorities.

- 8.1.4 Reviewing the Capital Programme is an on-going process and in the past several years the available resources have been reducing constantly due to newly identified funding requirements and a slowdown in available assets suitable for disposal as surplus to business needs. A full review of the capital programme has been carried out which has provided greater insight and transparency of the programme. This means that the Council can be more effective in its monitoring and scrutiny.
- 8.1.5 As part of the gateway process, resource requirements including specialist support will be assessed. Ensuring that sufficient resources are available across the organisation to support the delivery of the capital programme is key to its delivery and the Capital Programme Team will explore and capture the dependencies of each project for teams to be able to plan resources accordingly.

8.2 Monitoring and Reporting on the Capital Programme

- 8.2.1 The Capital Programme will be monitored regularly throughout the year by the Capital Programme Board and is reported to Cabinet on a quarterly basis.
- 8.2.2 Details of spend, potential re-profiling of the programme and any significant changes in funding assumptions, including the level of asset disposals which are always critical for the delivery of the Capital Programme will continue to be included in the quarterly and other, ad-hoc reports throughout the year to ensure Cabinet and Members are kept informed of the programme's progress and delivery.

9. COMMERCIAL ACTIVITIES

- 9.1 The Council can invest in property or other commercial activities purely or mainly for financial gain, however local authorities must not borrow to invest primarily for financial returns. Investment assets bought primarily for financial return (previously known as investment assets bought primarily for yield) are assets that serve no direct policy purpose but are held primarily to generate an income.
- 9.2 The Council has made an equity investment in Manchester Airport Car Park (1) Limited, (along with the other nine Greater Manchester District Councils). The Council's investment is to provide car parking facilities at Manchester Airport. The Council holds 3 Class C ordinary shares. The Council also has a 3.22% shareholding in Manchester Airport Holdings Limited (MAHL).
- 9.3 The proposed capital programme for 2025 to 2028 does not include any investment of this nature, thus ensuring the ability to borrow from the Public Works Loan Board (PWLB) for its capital plan is maintained over the next three years.
- 9.4 The Council will continue to observe the guidance and updates from the Ministry of Housing, Communities and Local Government, and HM Treasury that refers to the non-financial yield bearing investments.

10. RISK MANAGEMENT

10.1 There are some inherent risks in the Capital Strategy. These include:

- 10.1.1 There is a risk that capital receipts are not realised to the level anticipated in the calculation of resources available to fund the capital programme. This is a major risk and is one that has impacted on past programmes. To mitigate this risk, it is recommended that schemes reliant (in large part or entirely) on capital receipts do not begin until there is a high degree of certainty that the relevant receipts will materialise.
- 10.1.2 Changes in the Bank of England Base Rate and their impact on the Council's cost of borrowing can affect the financing of the capital programme. The Council's budget for 2025/26 includes forecasts of interest rate changes during the year and based on the best information available from the Council's financial advisors, Arlingclose, provides sufficient resources to fund the proposed programme of works. Planning for Prudential Borrowing can be affected by rises in interest rates making the borrowing option less attractive as a funding option and putting at risk longer term large capital schemes.
- 10.1.3 A normal feature of any large capital programme is that schemes may need re-profiling from one year to the next. The risk is mitigated by slipping corresponding resources between years and for the Council is not considered to be a particular issue in terms of the overall delivery of the programme. The new capital gateway processes agreed in 2024 will further improve the profiling of expenditure and the delivery of schemes in line with expectations.
- 10.1.4 Scheme cost increases can occur due to a range of factors and sometimes cannot be mitigated without impacting other schemes in the programmed or future years' resources. This risk is mitigated by using sound costing techniques, effective project management and monitoring schemes using a risk assessment approach.
- 10.1.5 Delivery of the programme and ensuring sufficient capacity is available are risks. As part of the new gateway processes, resource requirements for delivery are fully assessed and incorporated in the detailed plans. This includes ensuring appropriate specialist skills and requirements are identified and that arrangements are in place for these to be sourced.
- 10.1.6 Government grant funding is key to delivering the Council's aspirations and longer-term ambitions. As changes or reductions to government grant funding may adversely affect the delivery of the capital programme, the funding available for capital investment is closely monitored and included in reports to Cabinet throughout the year.

11. KNOWLEDGE and SKILLS

- 11.1 The Capital Programme and the Treasury Management function are both managed by teams of professionally qualified accountants with considerable experience of local government finance. Officers maintain and develop their skills and knowledge through programmes such as Continuous Professional Development and by attending various courses and conferences held by CIPFA and other sector experts on an ongoing basis.

11.2 The Director of Finance, in their capacity as Section 151 Officer, has overall responsibility for ensuring the proper management of the Council's capital programme, asset portfolio and treasury management activity and follows an ongoing CPD programme.

REFERENCES and IMPLICATIONS

Links with the Corporate Priorities:

The strategic imperatives of the Let's Do It! Strategy, to deliver economic growth faster than the national average are facilitated by this capital programme which is supporting the economic regeneration of our Borough and the building and development of new schools and educational places.

This Capital budget provides the resources to maintain the Council's strategic leadership of the LETS's Do IT! Strategy, including the specific delivery priorities for 2025/26 and beyond which are described in the Corporate Plan.

1. Delivery of the Let's Do It Strategy is dependent on resources being available. The delivery of the strategy may be affected by changes in funding and spending.

Equality Impact and Considerations:

2. *Not applicable*

Environmental Impact and Considerations:

1. *The Council is working towards becoming a carbon neutral organisation by 2038. All*
2. *Capital building projects are developed with carbon impacts fully taken into consideration.*

Assessment and Mitigation of Risk:

| Risk / opportunity | Mitigation |
|---|--|
| <p>The Council's capital resources are not managed effectively.</p> <p>The Council's capital resources are not targeted to priorities and outcomes and the benefit of the investment across the Borough is not maximised.</p> | <p>The capital programme and the gateway process ensure that all available resources are identified and that, where borrowing is required, the costs are reflected in the Council's revenue strategy.</p> <p>The approach ensures that schemes can be developed and prioritised throughout the year and that appropriate monitoring arrangements are in place.</p> |

Legal Implications:

This report forms the suite of reports with Members need to consider when setting the Council's budget. Members need to give due regard to the setting of the capital budget when undertaking the budget setting process.

The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council.

The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the Council tax requirement and it must be sufficient to meet the Council's legal and financial commitments to ensure the proper discharge of its statutory duties and lead to a balanced budget. In setting the budget the Council has a duty to ensure that it continues to meet its statutory duties.

Financial Implications:

The financial implications are detailed within the report.

Appendices:

Appendix 1 Capital budget.

Background papers:

2024/25 Q2 Finance Position

Please include a glossary of terms, abbreviations and acronyms used in this report.

| Term | Meaning |
|-------------|---|
| CIPFA | Charter Institute of Public Finance and Accountancy |
| JV | Joint Venture |
| HRA | Housing Revenue Account |
| DFE | Department for Education |
| SEND | Special Educational Needs and Development |

Report Author and Contact Details:

Name: Neil Kissock

Position: Director of Finance Department: Corporate Core Finance E-mail:

N.Kissock@bury.gov.uk

| APPENDIX 1 |
|---|
| Capital Expenditure by Theme |
| Regeneration and Economic Growth |
| Highways |
| Children and Young People |
| Property |
| Housing General Fund |
| Climate Change |
| Housing Revenue Account (HRA) |
| TOTAL EXPENDITURE |
| Financing the Capital Programme |
| Prudential Borrowing |
| External Funding |
| Capital Receipts |
| General Fund Revenue contribution (RCCO) |
| Housing Revenue Account Direct Revenue Financing, Major Repairs Reserve (DRF / MRR) |
| TOTAL FINANCING |

| 2025/26 Capital Programme | | | |
|---------------------------|----------------------------|------------------------------|-------------------|
| Prior Year Approvals | Proposed Programme Updates | New Capital Programme & Bids | Revised Programme |
| £m | £m | £m | £m |
| £39.012 | £7.628 | £0.000 | £46.640 |
| £15.328 | £12.417 | £0.650 | £28.395 |
| £1.070 | £8.717 | £0.000 | £9.787 |
| £0.000 | £2.697 | £0.000 | £2.697 |
| £2.100 | £1.152 | £0.400 | £3.652 |
| £0.000 | £0.043 | £0.000 | £0.043 |
| £14.605 | £9.219 | £5.698 | £29.522 |
| £72.115 | £41.873 | £6.748 | £120.736 |
| £41.896 | £6.978 | £2.606 | £51.480 |
| £15.614 | £32.292 | £4.142 | £52.048 |
| £7.275 | £2.589 | £0.000 | £9.864 |
| £0.000 | £0.014 | £0.000 | £0.014 |
| £7.330 | £0.000 | £0.000 | £7.330 |
| £72.115 | £41.873 | £6.748 | £120.736 |

| 2026/27 Capital Programme | | | |
|---------------------------|----------------------------|------------------------------|-------------------|
| Approved Programme FEB24 | Proposed Programme Updates | New Capital Programme & Bids | Revised Programme |
| £m | £m | £m | £m |
| £0.000 | £3.400 | £0.000 | £3.400 |
| £1.998 | £10.452 | £0.000 | £12.450 |
| £0.000 | £10.300 | £0.000 | £10.300 |
| £0.000 | £0.000 | £0.000 | £0.000 |
| £2.100 | £0.000 | £0.400 | £2.500 |
| £0.000 | £0.000 | £0.000 | £0.000 |
| £17.103 | (£1.245) | £0.000 | £15.858 |
| £21.201 | £22.907 | £0.400 | £44.508 |
| £0.000 | £4.400 | £0.000 | £4.400 |
| £4.098 | £19.752 | £0.400 | £24.250 |
| £0.058 | £0.000 | £0.000 | £0.058 |
| £0.000 | £0.000 | £0.000 | £0.000 |
| £17.045 | (£1.245) | £0.000 | £15.800 |
| £21.201 | £22.907 | £0.400 | £44.508 |

| 2027/28 Capital Programme | |
|------------------------------|-------------------|
| New Capital Programme & Bids | Revised Programme |
| £m | £m |
| £0.000 | £0.000 |
| £0.000 | £0.000 |
| £0.000 | £0.000 |
| £0.000 | £0.000 |
| £2.500 | £2.500 |
| £0.000 | £0.000 |
| £18.638 | £18.638 |
| £21.138 | £21.138 |
| £0.000 | £0.000 |
| £2.500 | £2.500 |
| £0.068 | £0.068 |
| £0.000 | £0.000 |
| £18.570 | £18.570 |
| £21.138 | £21.138 |