

# Capital Strategy and Capital Programme 2025/26 to 2029/30 and Minimum Revenue Provision (MRP) Policy Statement

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## Reason for Decision

To set out the Capital Strategy for 2025/26 to 2029/30 and thereby the proposed 2025/26 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2026/27 to 2029/30, having regard to the resources available over the life of the programme.

## Executive Summary

### The Capital Strategy

The Council's Capital Strategy and capital programme are set over a five year timeframe. The proposed Capital Strategy and programme for 2025/26 to 2029/30 takes the essential elements of the 2024/25 to 2028/29 and previous years' strategies and programmes and moves them forward in the context of the financial and political environment for 2025/26.

The Strategy does however include a longer-term vision, a forward look at those projects that are likely to run beyond the five year strategy and programme period or be initiated subsequently. This covers a timeframe for the 10 years from 2030/31 to 2039/40.

The format of the Capital Strategy reflects the requirements of the Prudential and Treasury Management Codes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The strategy therefore presents:

- 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; and
- The implications for future financial sustainability.

The Capital Strategy is presented at Appendix 1. It is prepared in 14 sections and ensures that Members are presented with the overall long-term capital investment policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite. The sections are:

1. Aims of the Capital Strategy and its links to the Council's Corporate Plan (Ready for the Future) and the Oldham Plan (Pride, Progress, Partnership), Creating a Better Place (CaBP) Programme, Medium Term Property Strategy (MTPS), Housing Strategy (HS) and Budget and Policy Framework
2. The Principles of the Capital Strategy
3. Priority Areas for Investment
4. Affordability, Delivery and Risk Associated with the Capital Strategy
5. Knowledge and Skills
6. Treasury Management
7. Long Term Loans
8. Other Non-Treasury Investments
9. Capital Resources to Support Capital Expenditure
10. Capital Investment and Disposal Appraisal
11. The Prioritisation of Capital Requirements
12. The Procurement of Capital Projects
13. The Measurement of the Performance of the Capital Programme
14. The Capital Investment Programme Board (CIPB)

The Strategy is aligned with the Creating a Better Place programme which is focused on building more homes for the borough's residents, creating new jobs through regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. This also incorporates the Medium-Term Property Strategy and Housing Strategy, aiming to deliver its ambition in ways that contribute to a reduction in carbon emissions in support of the Council's Green New Deal strategy.

Section 1 of the Capital Strategy highlights the aims of the Capital Strategy and its links to the Council's Corporate Plan (Ready for the Future) and the Oldham Plan (Pride, Progress, Partnership). This section of the report also describes more fully the Creating a Better Place programme (encompassing the Medium-Term Property Strategy and Housing Strategy) which is a significant element of the Council's planned Capital Expenditure over the five-year period 2025/26 to 2029/30.

Annex C of Appendix 1 sets out the proposed capital expenditure and financing for the period covered by the Capital Strategy, 2025/26 to 2029/30.

The Strategy also advises that the Council is proposing to continue the use the flexibility provided by the Government to use capital receipts to fund the revenue cost of transformation. The 2025/26 to 2029/30 revenue budget will utilise up to £2.600m in 2025/26 and up to £2.000m of such funding from capital receipts in each subsequent financial year.

### **Capital Programme 2024/25 to 2028/29**

The 2024/25 month 8 capital monitoring position presented alongside this report includes expenditure projections that are a key determinant of the 2025/26 programme. The projected outturn spending position for 2024/25 is £99.553m. The Place and Economic Growth Directorate, which manages all of the major regeneration projects, constitutes the main area of expenditure. Grants and Other Contributions (£45.406m) provides the main source of financing followed by Prudential Borrowing (£45.236m).

Actual expenditure to 30 November 2024 was £46.557m (46.77% of the forecast outturn), a lower spending profile than that in previous years. The position will be kept under review and budgets will continue to be managed in accordance with forecasts.

### **Capital Programme 2025/26 to 2029/30**

The Council has set out its capital programme for the period 2025/26 to 2029/30 based on the principles of the Capital Strategy. The Capital Programme and Capital Strategy are influenced by the level of resources considered available. The level of prudential borrowing included reflects the financing available in the revenue budget, capital receipts align with forecasts and grant funding and other contributions are based on already notified allocations or best estimates at the time of preparation. If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

As at the month 8 the anticipated capital expenditure over the five year life of the 2024/25 to 2028/29 strategy was £241.179m, taking 2024/25 aside (£99.553m) this leaves £141.627m for the remainder of the approved 2025/26 to 2028/29 capital programme.

The revised capital programme includes proposed expenditure for 2025/26 of £108.501m of which the largest category is £80.617m of expenditure on regeneration, schools, transport and infrastructure projects within Place and Economic Growth Directorate. Total expenditure decreases to £29.991m, £29.680m, £ 6.647m and £5.219m in 2026/27, 2027/28, 2028/29 and 2029/30 respectively.

### **Resources Available to Support the Capital Programme**

The Government is continuing to provide significant levels of grant funding. The main sources of grant income are the Levelling Up Fund Grant of £17.763m, Towns Fund at £10.235m, along with Green Heat Network Fund of £7.700m. There are also considerable resources allocated to the Council for Transport related schemes (£17.189m) allocated to the Council via the Greater Manchester Combined Authority (GMCA)/Transport for Greater Manchester (TfGM).

The grant funding provided by Government can be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 9 of the Capital Strategy. The majority of capital Government Grant funding is ringfenced. Resources classified as ringfenced must be utilised to finance particular categories of expenditure and therefore are restricted in their use. The 2025/26 capital programme relies on £52.250m of ringfenced and £8.449m of un-ringfenced grants.

Contrary to previous years the major source of financing is now grant funding (£60.800m) followed by prudential borrowing (£39.855m), demonstrating a reduced reliance on external borrowing and reducing the impact to the revenue budget. The timing of the borrowing is linked to the cash position of the Council and may therefore not mirror the spending/financing profile set out above.

### **On-going Review of the Capital Programme**

There will be a continued review of capital spending requirements as the Council has further Capital investment ambitions, but affordability and deliverability will be a key consideration in this regard. It is, however, possible that the capital position may change prior to the start of 2025/26 and during the year:

- The outcome of specific grant bids may be announced during the last quarter of 2024/25.
- The outcome of specific grant bids announced during 2025/26.
- It is also likely that there will be new initiatives announced in 2025/26.
- There may also be the opportunity to bid for additional funding.
- The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.

Therefore, the overall capital programme position will be kept under review and any new information regarding funding allocations will be presented to Members in future reports.

### **Consultation**

There has been consultation with the members of the Capital Investment Programme Board on the proposed Capital Strategy and Capital Programme for 2025/26 to 2029/30. The consideration of the proposed Capital Strategy and Capital Programme 2025/26 by the Governance, Strategy and Resources Scrutiny Board on 29 January 2025 forms a key element of the consultation process. Any comments from the Board will be incorporated into the report presented to Cabinet on 17 February 2025 and Council on 06 March 2025.

## **Recommendations**

That the Governance, Strategy and Resources Scrutiny Board considers and comments upon as appropriate:

- i) The Capital Strategy for 2025/26 to 2029/30 at Appendix 1 of this report and summarised at section 2.1.
- ii) The capital programme for 2025/26 and indicative programmes for 2026/27 to 2029/30 at Annex C of Appendix 1 and summarised at sections 2.2 to 2.5 of this report.
- iii) The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix 1.
- iv) The Minimum Revenue Provision (MRP) Policy Statement 2025/26 and method of calculation and Prudential Indicators detailed in Appendix 2.

**Capital Strategy and Capital Programme 2025/26 to 2029/30**

**1. Background**

- 1.1 In accordance with good practice, the Council has traditionally prepared a Capital Strategy, the overarching aim of which is to provide a framework within which the Council's capital investment plans will be delivered. This Capital Strategy for 2025/26 to 2029/30 has been prepared to cover an initial five year timeframe. Recognising that there is some uncertainty, especially in relation to funding in later years, the Strategy therefore focuses on 2025/26 and 2026/27 in detail.
- 1.2 The Strategy does however include a longer-term vision, which also covers the time frame for 10 years from 2030/31 to 2039/40. This takes a forward look at those projects that are likely to run beyond the initial five year strategy and programme period.
- 1.3 The format of the Capital Strategy reflects the requirements of the latest Prudential and Treasury Management Codes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021. The Strategy therefore presents:
- 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 strategic policy objectives, governance procedures and how associated risks are managed;
  - The implications for future financial sustainability.
- 1.4 This report therefore summarises the key elements of the Capital Strategy which are outlined in more detail at Appendix 1.
- 1.5 The report also presents the proposed 2025/26 to 2029/30 capital spending plans of the Council. This, taken together with an update on spending in 2024/25, has a significant influence over the profiling of expenditure into future years.
- 1.6 The proposed Capital Strategy and Capital Programme for 2025/26 to 2029/30 therefore takes the essential elements of previous Capital Strategies and programmes and moves them forward in the context of the financial, economic and political environment for 2025/26 onwards. The Capital Strategy is attached at Appendix 1, with the capital programme, which reflects the principles of the Strategy, attached at Annex C of Appendix 1.

**2 Current Position**

**2.1 Capital Strategy 2025/26 to 2029/30**

- 2.1.1 The overarching aim of the Capital Strategy is to provide a framework within which the Council's capital investment plans will be delivered over a five-year timeframe, 2025/26 to 2029/30, but as advised above, the format and content of the Capital Strategy reflects the requirements of the latest guidance issued by CIPFA as part of the Prudential and Treasury Management Codes.
- 2.1.2 The 2025/26 to 2029/30 Capital Strategy is influenced by the principles which shape the overarching budget process for 2025/26 and is driven by the ethos of a Co-operative Council. The Council is therefore aiming to take a strategic view in relation to capital

investment so that it can be directed to make a real and demonstrable impact on the economy of Oldham.

#### Creating a Better Place Programme

2.1.3 The Creating a Better Place programme sets out a vision for the borough which is focused on building more homes for the borough's residents, creating new jobs through town centre regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. The strategy aims to deliver these ambitions in ways that contribute to a reduction in carbon emissions in support of the Council's Green New Deal strategy.

2.1.4 The programme envisages delivering an already approved £1.876m of revenue budget savings over the Capital Strategy period.

2.1.5 Key programme areas and schemes included within the Creating a Better Place programme are set out below.

- Housing – The Council's Housing Strategy aims to provide a diverse housing offer that is attractive and meets the needs of different sections of the population at different points in their lives and focusses on the dynamics between people, homes and the wider economy. The Council has procured a Private Sector Partner, Muse, to deliver transformation in the Town Centre working with the Council under a joint venture partnership. Muse, in partnership with the Council will deliver a Town Centre Masterplan/Strategic Regeneration Framework that will cover the existing Tommyfield Market site, former Magistrates Court, former Leisure Centre and the current Civic Centre and Queen Elizabeth Hall, with the potential for other sites to be included. The proposals will be residential-led and are expected to significantly contribute to the Council's target to deliver 2,000 residential units within the Town Centre. During 2024/25 the Princes Gate site was included in the joint venture arrangements. Work is underway to develop the proposals for the Town Centre sites for planning approval, additionally, the Council has secured Brownfield Housing Land Grant of £3.15m. The Strategy will also support the provision of housing stock to reduce pressures the Council is facing in respect of nightly paid temporary accommodation.
- Town Centre and Borough-Wide Regeneration – The Council's plans for investment in schemes which will support economic regeneration across the borough as well as in the town centre. These schemes are aligned with wider objectives to rationalise the Council's corporate estate and asset management commitments as well as deliver against its Green New Deal Strategy to achieve carbon neutrality for Council buildings and street lighting (by 2025) and for the borough (by 2030). Key regeneration schemes such as the Spindles & Town Square Shopping Centres, Northern Roots, the Old Library Building and the refurbishment of the Coliseum Theatre are detailed in Appendix 1 in Annex A.
- Asset Management – Implementing the Medium Term Property Strategy to achieve both cost savings and a more efficient use of the corporate estate, contributing to the delivery of £1.876m of annual revenue budget savings and a reduced requirement for backlog maintenance as well as informing the development of an asset disposal programme to reduce Council holdings of surplus assets and generate additional capital receipts.
- Green Initiatives and Decarbonisation – The Council's Green New Deal Strategy envisages a mix of Council, private sector and national / third sector grant funding to finance the achievement of carbon reduction. The Council has set carbon neutrality targets for Council Buildings and Street Lighting (by 2025) and for the

borough (by 2030). The principles of the Green New Deal Strategy are reflected in all schemes across the Creating a Better Place programme.

- 2.1.6 The Creating a Better Place programme incorporates a wide range of schemes which are either in train or will be started over the period 2025/26 to 2029/30.

#### The Principles of the Capital Strategy

- 2.1.7 The Capital Strategy has 16 principles outlined in Appendix 1 Section 2. The principles are largely unchanged from previous years and emphasise the role of the Capital Investment Programme Board (CIPB) in leading the strategic direction for capital investment with the Terms of Reference of the CIPB included at Annex B of the Appendix

#### 1. The principles include:

- The requirement for all capital schemes to have a sponsor and to undergo a rigorous options appraisal process;
  - The demonstration that a capital project must contribute to one or more of the Council's objectives and also regional strategies before a decision to invest is made
  - The pooling of all un-ringfenced funds but having regard to specific obligations;
  - No ringfencing of capital receipts but with some specified exceptions;
  - Utilising resources to work collaboratively with the Greater Manchester Combined Authority (GMCA) and other public sector agencies to support the evolving devolution agenda;
- 2.1.8 These principles frame decision making on capital expenditure and underpin the Council's approach to capital investment.

#### Priority Areas for Investment

- 2.1.9 Section 3 of Appendix 1 advises of the priority investment areas identified for the 2025/26 to 2029/30 period that will be taken forward subject to the availability of resources and the approval of a full business case.

- 2.1.10 There is an ongoing requirement for continued funding of existing programmes of work on:

- Corporate Landlord Function;
- Town Centre Housing Projects;
- Social Care.

- 2.1.11 In addition to the projects specifically referred to above, the following is a list of further/new projects for which funding may be required grouped by key strategies underpinning the programme:

#### Creating a Better Place

##### 1) Creating a Better Place

- a) Housing;
- b) Town Centre and Borough-Wide Regeneration (incorporating Spindles and Town Square Shopping Centres, wider Town Centre Redevelopment, Coliseum Refurbishment, Northern Roots, Old Library Building, and Other Regeneration schemes including Prudential Building, Jubilee Park, and Greenway, Metropolitan Place and George Square);



- c) Asset Management (including Medium Term Property Strategy, Surplus Sites and Working with NHS Partners);
- d) Green Initiatives and Decarbonisation.

2) Highways and Transport

- a) City Region Sustainable Transport Settlement (CRSTS) annual Highways Maintenance allocation;
- b) GM Mayor's Cycling and Walking Challenge Fund;
- c) Department for Transport Highway Maintenance Challenge Fund;
- d) Active Travel Funding;
- e) CRSTS - 'Streets for All' highways schemes.

3) Other Programmes and Schemes

- a) Housing Initiatives (funded by the Housing Revenue Account Resources) including working with the Councils Private Finance Initiative (PFI) partners to ensure the condition of the housing stock is maintained;
- b) Social Care (including the Better Care Fund (Disabled Facilities Grant)) and responding to the Adult Social Care provision and reform agenda and Children's Social Care provision;
- c) Fleet Replacement;
- d) GM Investment Fund Loans;
- e) GM Devolution and Related Initiatives;
- f) Opportunities arising from Levelling Up;
- g) Capital Grants to Third Sector Organisations;
- h) Matched Funding for Grant Bids;
- i) Funding for Emerging Priorities.

2.1.12 Included within the Capital Strategy is an unallocated resource to provide funding for emerging priorities. This resource can be deployed to support existing priority schemes or new initiatives. This is considered a prudent approach to allow flexibility, revision and reassessment of priorities. The Capital Strategy also includes an additional unallocated resource to mitigate against the risk of scheme cost increases resulting from supply chain issues in the construction sector and associated inflationary pressures, and the capitalisation of interest costs associate with borrowing for the development of capital schemes.

Affordability, Delivery and Risk Associated with the Capital Schemes

2.1.18 In accordance with the requirements of the Prudential and Treasury Management Codes of Practice, the Council must state how the Council will ensure that its capital spending plans are affordable, how projects will be delivered and how risks associated with the capital programme are managed. This is outlined at Section 4 of Appendix 1. Included within this section is the concept of Proportionality, which demonstrates the Council has minimal exposure from income generating assets that supports the Council's net revenue budget.

Knowledge and Skills

2.1.19 It is essential to advise of the knowledge and skills of the staff who have responsibility for the preparation and on-going management of the capital and treasury management strategies and other key activities in relation to the management of the capital programme. Members can be assured that the Council has suitably skilled and

experienced staff and appropriate governance arrangements are in place, as set out more fully in Section 5 of Appendix 1.

#### Treasury Management

- 2.1.20 The Capital and Treasury Management Strategies of the Council are closely linked and Section 6 of Appendix 1 therefore sets out how each are prepared to have regard to the key issues and ensuring a complementary and fully aligned approach.

#### Long Term Loans

- 2.1.21 Section 7 of Appendix 1 advises that the Council has the ability, should it choose to exercise its powers, to enter into loan arrangements to support delivery of strategic corporate priorities. It also advises that the Council has chosen to make some but limited use of its ability to enter into loan arrangements.

#### Other Non-Treasury Investments

- 2.1.22 Section 8 of Appendix 1 advises that a number of years ago the Council invested in the Churches, Charities and Local Authorities (CCLA) property fund and holds historical commercial property assets that were acquired prior to the introduction of revised Public Works Loan Board (PWLB) lending criteria. These assets are located throughout the borough but were purchased primarily to support local policy objectives including the acquisition of strategic sites to support long term redevelopment and regeneration.

#### Capital Resources to Support Capital Expenditure

- 2.1.23 Section 9 of Appendix 1 sets out the range of resources that the Council will rely on to support capital spending. In addition to prudential borrowing and Government grants, which together are the main financing source for the capital programme, the Council will, depending on the circumstances, consider using a range of resources and opportunities to finance capital expenditure and will continue to monitor the availability and suitability of alternative sources of financing. Financing decisions will, however, be made in the context of the schemes being considered for approval and the financial position of the Council at the time a decision is required.
- 2.1.24 This section also highlights the circumstances where capital receipts will be ringfenced to support specific purposes. This includes ringfencing of up to £2.600m to support the Council's use of flexibility in the utilisation of the capital receipts in 2025/26 (see section 2.1.30).

#### Capital Investment and Disposal Appraisal

- 2.1.25 Section 10 of Appendix 1 advises that all capital investment will be commissioned on the recommendation of the CIPB which will enable any expenditure and its funding to be better aligned with corporate priorities, partners and funding sources. It also advises that the:
- Governance of the Council's land and property portfolio is provided via the Land and Property Protocols which form part of the Council's Constitution; and
  - Corporate Property Board oversees the acquisition and disposal of land and property assets and monitors the progress of the asset rationalisation programme and the performance of the investment portfolio.

#### The Prioritisation of Capital Requirements

2.1.26 Section 11 of Appendix 1 advises that once a bid for capital expenditure has passed through the Gateway Review process, has demonstrated that it meets Council objectives, and links to the Greater Manchester Strategy (if appropriate), and it has been agreed that it is suitable for capital investment, the strategic requirements will be prioritised using a range of criteria which are not mutually exclusive or in ranking order. Detailed in full at Section 11, these include:

- The relationship to mandatory, contractual or legislative service delivery requirements.
- Whether the project is required to achieve the delivery of a specific revenue budget saving within the revenue budget setting process.

#### The Procurement of Capital Projects

2.1.27 Section 12 of Appendix 1 advises that the structure of the Council's procurement and strategic relationship management function includes designated Commercial Procurement Managers whose focus is to support all capital projects and can therefore take advantage of opportunities for greater efficiency by selection of the most effective procurement processes to ensure the best commercial solution.

#### The Measurement of the Performance of the Capital Programme

2.1.28 Section 13 of Appendix 1 highlights the approach to managing the performance of the Capital Programme. It advises that the Council's strong programme management approach is modelled on the PRINCE 2 project management methodology and based on best current practice. This ensures that investments are planned, managed and delivered prudently. In addition, the CIPB has a remit to review the financial performance of the capital programme and it receives a monthly monitoring report and undertakes a detailed annual review of the capital programme.

#### The Capital Investment Programme Board

2.1.29 Section 14 of Appendix 1 advises that the CIPB will continue in its role as an Advisory Board chaired by the Cabinet Member for Value for Money & Sustainability. The Board is supported by a range of key officers. The CIPB will make recommendations which can be approved under delegated powers as appropriate. Its terms of reference are presented at Annex B to Appendix 1.

#### Flexible use of Capital Receipts Strategy

2.1.30 The Council is proposing to utilise the flexibility provided by the Ministry of Housing, Communities and Local Government (MHCLG) to use capital receipts to fund the revenue cost of transformation. The 2025/26-2029/30 revenue budget will rely on up to £2.600m (2025/26) and £2.000m of such funding from capital receipts each year thereafter. Annex D sets out the required Flexible Use of Capital Receipts Strategy which advises how the capital receipts will be used and the transformation programme that will deliver savings.

## **2.2 Capital Programme 2025/26 to 2029/30**

2.2.1 The Council is required to set out its capital programme for the period 2025/26 to 2029/30 based on the principles of the Capital Strategy. As previously advised, an initial

timeframe of five years has been adopted. The level of prudential borrowing included reflects the financing available in the revenue budget and through anticipated income streams, capital receipts align with forecasts and grant funding and other contributions are based on already notified allocations or best estimates at time of preparation. If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

- 2.2.2 Clearly, the capital programme for 2025/26 is influenced by the performance of the capital programme for 2024/25. A review has taken place of planned spending in 2024/25 and the programme has been re-profiled as necessary with future years estimates updated.

### **Update on the 2024/25 Capital Programme**

- 2.2.3 The 2024/25 month 8 capital monitoring position includes projections that are a key determinant of the 2025/26 programme. As many schemes span more than one year, the anticipated level of reprofiling between years sets the underlying position.
- 2.2.4 The capital programme for 2024/25 was approved at the Council meeting of 28 February 2024, with expenditure of £99.683m and supporting financing. This has been reduced downwards throughout the year and has subsequently been amended month on month. This includes the actions arising from the findings of the 2024/25 annual review of the capital programme, a comprehensive project by project scrutiny of all schemes in the programme which was reported in detail to Cabinet within the month 6 Financial Monitoring report approved at Cabinet on 18 November 2024.
- 2.2.5 The latest available capital monitoring position for the 2024/25 to 2028/29 Capital Programme at month 8 included projected capital expenditure totalling £99.553m for 2024/25 matched with corresponding financing. The Place and Economic Growth Directorate which manages all of the major regeneration projects, constituted the main area of expenditure (£74.755m). Grants and Other Contributions (£45.406m) provides the main source of financing followed by Prudential Borrowing (£45.236m).
- 2.2.6 Actual expenditure to 30 November 2024 was £46.557m (46.77% of forecast outturn), a lower spending profile than previous years. The position will be kept under review and budgets will continue to be managed in accordance with forecasts.
- 2.2.7 The 2024/25 forecast capital spending and financing position as at Month 8 is set out in the following table.

**Table 1 - Revised 2024/25 Capital Programme**

| Directorate Expenditure                  | 2024/25 Capital Programme as at M08<br>£000 |
|--|---|
| Community Health and Adult Social Care   | 3,008                                       |
| Children's Services                      | 9,649                                       |
| Communities                              | 216   |
| Heritage, Libraries & Arts               | 460   |
| Place and Economic Growth                |   |
| -Corporate Property                      | 4,885                                       |
| -Environment                             | 1,363                                       |
| -Housing                                 | 528   |
| -Regeneration                            | 46,236                                      |
| -Transport                               | 21,743                                      |
| Housing Revenue Account (HRA)            | 692   |
| Corporate/ Information Technology (IT)   | 6,173                                       |
| Capital, Treasury & Technical Accounting | 4,600                                       |
| Funding for Emerging Priorities          | 0   |
| <b>Total Expenditure</b>                 | <b>99,553</b>                               |

| Funding                      | 2024/25 Capital Programme as at M08<br>£000 |
|------------------------------|---|
| Ringfenced Grants            | (34,941)                                    |
| Un-ringfenced Grants         | (9,275)                                     |
| Other Contributions          | (1,190)                                     |
| Capital Receipts             | (8,185)                                     |
| Prudential Borrowing         | (45,236)                                    |
| Revenue (HRA & General Fund) | (725)                                       |
| <b>Total Resources</b>       | <b>(99,553)</b>                             |

2.2.8 The forecast capital receipts position as at 30 November 2024 is as follows:

**Table 2 - Capital Receipts Position**

| Capital Receipts Position                            | £000           |
|--|----------------|
| Forecast Capital Receipts Available by 31 March 2025 | (5,257)        |
| Expenditure to be Funded from Capital Receipts       | 8,185          |
| <b>Forecast Shortfall in Capital Receipts</b>        | <b>(2,928)</b> |

2.2.9 The revised capital programme requires the availability of £8.185m of capital receipts in 2024/25 for financing purposes. The total net usable capital receipts currently received in year is £0.532m with an additional estimate of £4.725m to be received by 31 March 2025 therefore the total estimated capital receipts for 2024/25 is £5.257m. A decision on funding the shortfall in capital receipts will be taken as part of the year end 2024/25 financing of the Capital Programme. Members should note that the first £4.600m of capital receipts will be used to fund the Flexible Use of Capital Receipts initiative which

supports transformational expenditure and therefore supports the revenue budget in 2024/25.

- 2.2.10 As referred to at 2.2.2 above, the annual review of the capital programme examined all schemes to give Members confidence that planned expenditure remained relevant and aligned with corporate objectives. The capital programme for 2025/26 (and future years) reflects the results of the review.
- 2.2.11 It is anticipated that the 2024/25 position will still continue to change as Cabinet reports are approved and with amendments reviewed by the CIPB and approved under delegated authority as a result of the on-going monitoring process.

### **2.3 Proposed Expenditure for 2025/26 to 2029/30**

- 2.3.1 The table below sets out the summary of the anticipated expenditure and matched financing of £179.713m, which incorporates resources expected to be carried forward from 2024/25. The proposed 2025/26 to 2029/30 programme reflects the 2024/25 month 8 position (summarised previously) together with an enhanced projection of expenditure for 2025/26 to 2029/30 incorporating anticipated spending on new initiatives and an allowance, at funding for emerging priorities for new initiatives/projects to be supported. The detailed programme is set out at Annex C of Appendix 1.

**Table 3 - Capital Programme 2025/26 to 2029/30**

| <b>Proposed Capital Spending</b>         | <b>2025/26<br/>£000</b> | <b>2026/27<br/>£000</b> | <b>2027/28<br/>£000</b> | <b>2028/29<br/>£000</b> | <b>2029/30<br/>£000</b> | <b>Total<br/>£000</b> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Community Health and Adult Social Care   | 4,106                   | 3,000                   | 3,000                   | -                       | -                       | 10,106                |
| Children's Services                      | 10,482                  | 3,151                   | 2,000                   | -                       | -                       | 15,633                |
| Communities Place and Economic Growth    | 338                     | -                       | -                       | -                       | -                       | 338                   |
| -Corporate Property                      | 3,818                   | 3,287                   | 3,343                   | 2,055                   | -                       | 12,502                |
| -Environment                             | 121                     | 1,116                   | 100                     | -                       | -                       | 1,336                 |
| -Housing                                 | 5,677                   | -                       | -                       | -                       | -                       | 5,676                 |
| -Regeneration                            | 57,417                  | 3,692                   | 12,059                  | -                       | -                       | 73,168                |
| -Transport                               | 13,584                  | 6,903                   | -                       | -                       | -                       | 20,487                |
| Housing Revenue Account (HRA)            | 3,193                   | 206                     | 210                     | 215                     | 219                     | 4,043                 |
| Corporate/ Information Technology (IT)   | 3,165                   | 3,123                   | 2,595                   | 1,877                   | -                       | 10,760                |
| Capital, Treasury & Technical Accounting | 3,600                   | 2,628                   | 4,373                   | 2,500                   | 5,000                   | 18,102                |
| Funding for Emerging Priorities          | 3,000                   | 2,885                   | 2,000                   | -                       | -                       | 7,885                 |
| <b>Total Expenditure</b>                 | <b>108,501</b>          | <b>29,991</b>           | <b>29,680</b>           | <b>6,647</b>            | <b>5,219</b>            | <b>180,039</b>        |
|  |                         |                         |                         |                         |                         |                       |
| <b>Funding</b>                           | <b>2025/26<br/>£000</b> | <b>2026/27<br/>£000</b> | <b>2027/28<br/>£000</b> | <b>2028/29<br/>£000</b> | <b>2029/30<br/>£000</b> |                       |
| Ringfenced Grants                        | (52,250)                | (3,962)                 | (7,700)                 | -                       | -                       | (63,912)              |
| Un-ringfenced Grants                     | (8,449)                 | (5,775)                 | (1,858)                 | (780)                   | -                       | (16,862)              |
| Other Contributions                      | (100)                   | -                       | -                       | -                       | -                       | (100)                 |
| Capital Receipts                         | (4,653)                 | (2,567)                 | (2,252)                 | (2,309)                 | (2,000)                 | (13,781)              |
| Prudential Borrowing                     | (39,855)                | (17,480)                | (17,660)                | (3,343)                 | (3,000)                 | (81,338)              |
| Revenue (HRA & GF)                       | (3,193)                 | (206)                   | (210)                   | (215)                   | (219)                   | (4,043)               |
| <b>Total Funding</b>                     | <b>(108,501)</b>        | <b>(29,991)</b>         | <b>(29,680)</b>         | <b>(6,647)</b>          | <b>(5,219)</b>          | <b>(180,039)</b>      |

(subject to rounding – tolerance +/- £1k)

## **2.4 Resources Available to Support the Capital Programme**

2.4.1 The Government is providing significant levels of grant funding. Some new funding initiatives have been introduced, some of which carry through to 2025/26 and beyond. Grants have been awarded/anticipated for Education, Social Care and Transport projects. The Council has not yet received all grant allocations for 2025/26. The grants will be incorporated into the capital programme when the notifications have been received.

2.4.2 The main sources of grant income for 2025/26 are the Levelling Up Fund Grant of £17.763m, Towns Fund at £10.235m, along with Green Heat Network Fund of £7.700m. There are also considerable resources allocated to the Council for Transport related schemes (£17.189m) allocated to the Council via the Greater Manchester Combined Authority (GMCA)/Transport for Greater Manchester (TfGM).

## **Government Grant Funding**

- 2.4.3 The Government resources available to the Council can be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 9 of the Capital Strategy.
- 2.4.4 Some Government grant resources have been moved between financial years in order to support re-profiled expenditure as detailed in Annex C of Appendix 1.
- 2.4.5 The resources available can also be split between those which do not have revenue consequences and those that do have revenue consequences and therefore require financing through the revenue budget.

## **Funding With No Revenue Consequences**

### **1) Government Grants and other external grants and contributions**

This is funding provided directly by Government or other external providers. It can be ringfenced, specific and un-ringfenced. Un-ringfenced resources are those that can be utilised to finance any project (albeit there is usually an expectation of use for a specific purpose). Resources classified as ringfenced have to be utilised to finance particular categories of expenditure and therefore are restricted in their use. The 2025/26 capital programme relies on £52.250m of ringfenced and £8.449m of un-ringfenced grants.

### **2) Capital Receipts**

This is income received from the sale of Council assets and is usually un-ringfenced. The 2025/26 programme relies on £4.653m of capital receipts.

In general, it should be noted that a prudent approach has been taken in relation to the anticipated level of receipts with no resources assumed in excess of the requirement to support already approved schemes. However, taking advantage of flexibilities around the use of capital receipts introduced by the Government, the Council anticipates using up to £2.600m of capital receipts in 2025/26 to support transformational projects which would otherwise be financed by revenue resources.

## **Funding With Revenue Consequences**

### **1) Prudential Borrowing**

This is borrowing undertaken by the Council for specific projects. It is financed by revenue resources and is entirely at the discretion of the Council. Prudential borrowing has been used to support the major investment programmes which could not otherwise have been funded. The 2025/26 programme relies on £39.855m of prudential borrowing which has been fully incorporated into the Medium-Term Financial Strategy.

### **2) Revenue**

These are revenue resources which have been identified to fund capital projects and built into the revenue budget for the General Fund and Housing Revenue Account (HRA).

- 2.4.6 Contrary to previous years the major source of financing is now grant funding (£60.800m) followed by prudential borrowing (£39.855m), demonstrating a reduced reliance on external borrowing and reducing the impact to the revenue budget. The



timing of the borrowing is linked to the cash position of the Council and may therefore not mirror the spending/financing profile set out above.

## **2.5 Proposed Capital Programme**

2.5.1 Annex C of Appendix 1 of this report details the proposed 2025/26 Capital Programme and the indicative programme for the period 2026/27 to 2029/30. The strategy of the Council is to prepare a capital programme that balances over the life of the programme so that resources equal overall expenditure. Therefore, over the five years there is planned expenditure of £179.713m with corresponding financing.

2.5.2 Total expenditure in 2025/26 is planned at £108.501m. However, the in-year position is anticipated to evolve as:

- There may be further Government funding allocations announced prior to the start of 2025/26.
- The outcome of specific grant bids will be announced during 2025/26.
- It is also likely that there will be new initiatives announced later in the financial year.
- There may also be the opportunity to bid for additional funding.
- The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.

2.5.3 Therefore the overall capital programme position will be kept under review and any new information about funding allocations will be presented to Members in future reports.

## **3. Options/Alternatives**

3.1 The two options that the Governance, Strategy & Resources Scrutiny Board is asked to consider are that:

- a) The Governance, Strategy & Resources Scrutiny Board accepts the proposed recommendations of Capital Strategy and Capital Programme for 2025/26 to 2029/30, Flexible Use of Capital Receipts Policy, Treasury Management Indicators, and MRP policy.
- b) The Governance, Strategy & Resources Scrutiny Board suggests an alternative approach to capital investment for 2025/26 to 2029/30, including the revision of capital priority areas.

## **4. Preferred Option**

4.1 The preferred option is 3.1 (a) that Council accepts the proposed Capital Strategy and Capital Programme for 2025/26 to 2029/30, Treasury Management indicators and MRP policy.

## **5. Consultation**

5.1 Consultation has taken place with the members of the CIPB which includes Cabinet Members. The members of the CIPB have contributed to the preparation of the 2024/25 to 2028/29 Capital Strategy and Capital Programme. Consideration of the Capital Strategy by the Governance, Strategy and Resources Scrutiny Board is a key part of the consultation process. Any comments from the Board will be incorporated into the report presented to Cabinet on 17 February 2025 and Council on 06 March 2025.

6. **Financial Implications**

- 6.1 These are covered within the body of the report and associated appendices.  
Chris Kelsall (Assistant Director of Finance)

7. **Legal Services Comments**

- 7.1 Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 the responsibility for approving any plan or strategy for the control of Local Authority borrowing, investment or Capital Strategy or for determining the Minimum Revenue Provision is a decision of the full Council. The function of the Executive is to prepare and propose the relevant Strategy to the Council. The Council may require the Cabinet to reconsider, amend, modify, revise, vary, withdraw or revoke the strategy.

8. **Oldham Equality Impact Assessment, including implications for Children and Young People**

- 8.1 Not applicable.

9. **Key Decision**

- 9.1 Yes

10. **Forward Plan Reference**

- 10.1 FCR-19-24

11. **Risk Assessments**

- 11.1 The main risk foreseen at this stage is whether the planned level of capital receipts can be achieved to finance the current capital programme. In order to minimise the risk, a prudent estimate of capital receipts has been made, having regard to the prevailing economic climate which may have an impact on both the timing and level of receipts that can be achieved. The overall level of capital receipts is therefore kept under review and any significant changes are reflected in capital programme forecast outturn figures.
- 11.2 Actual and potential revisions to Government policy present new risks. The Council must ensure that these are successfully managed, over and above those that are a consequence of any traditional capital programme. In particular these cover risks around expenditure that has already been committed in future years where there is no certainty of continued funding, potential unfunded ongoing legal liabilities, potential overspending requiring an unbudgeted allocation of resources and the general risks around the uncertainty over the nature and level of the 2025/26 and future years' capital funding.
- 11.3 In line with the revised Prudential and Treasury Management Codes, a section on the risks associated with the Capital Programme must be included within the Capital Strategy document. The risk section can be found in Appendix 1, paragraph 4.8 to 4.12.

## **12. Background Papers**

12.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background papers are contained within Appendix 1 and Appendix 2  
Officer Name: James Postle & Paula Buckley  
Contact No: 0161 770 4247

## **13. Appendices**

13.1 Appendix 1 – Capital Strategy 2025/26 to 2029/30

13.2 Appendix 2 – Minimum Revenue Provision (MRP) Policy Statement & Prudential Indicators.