

# Capital and Treasury Budget Report 2025-26 to 2027-28



<b>Report to:</b>	Cabinet
<b>Date:</b>	13 February 2025
<b>Portfolio Holder:</b>	Councillor Dan Swords, Leader of the Council Councillor James Leppard, Portfolio Holder for Finance
<b>Lead Officer:</b>	Jacqueline Van Mellaerts, Assistant Director – Finance and Section 151 Officer (01279) 446251
<b>Contributing Officers:</b>	Richard Criddle, Service Finance Manager and Deputy Section 151 Officer (01279) 446223 Executive Management Team
<b>Key Decision:</b>	Yes
<b>Forward Plan:</b>	Forward Plan number I017558
<b>Call In:</b>	This item is not subject to call in procedures because the decision stands as a recommendation to Full Council
<b>Corporate Missions:</b>	All Corporate Missions
<b>Wards Affected:</b>	None specifically

## Executive Summary

- A** In order to fund the corporate missions and meet health and safety and landlord obligations, the council has a Housing Capital Programme and Non-Housing Programme which it sets on an annual basis to fully fund all capital schemes. This report details the proposed programmes for 2025/26 which are significantly bigger than previous years demonstrating the council's commitment to fully delivering its corporate missions. This report also contains the reports which are required in respect of capital and treasury reporting by the relevant legislation.

**Recommended that:** Cabinet recommends to Full Council to:

- A** Note and comment on both capital programmes which fully fund all six corporate missions and represent the largest capital programmes the council has ever undertaken.
- B** Approve the 2025/26 Housing Capital Programme (HCP) totalling £39.672 million as set out in Appendix A to the report.
- C** Approve the 2025/26 Non-Housing Capital Programme totalling £75.236 million as set out in Appendix A to the report.
- D** Approve the following Capital and Treasury Reports:
  - i) The Capital Strategy Report 2025/26 as set out in Appendix B to the report;
  - ii) The Treasury Management Strategy Statement 2025/26 as set out in Appendix C to the report;
  - iii) The Investment Strategy Report 2025/26 as set out in Appendix D to the report;
  - iv) The Minimum Revenue Provision Statement 2025/26 as set out in Appendix E to the report; and
  - v) The Flexible Use of Capital Receipts Strategy as set out in Appendix F to the report.
- E** Delegate to the Section 151 Officer, in consultation with the Leader of the Council, to make minor amendments as required.

**Reason for decision**

- A** Approval of the capital programmes (attached as Appendix A to the report) is a responsibility reserved for the Full Council and reflects funding required to deliver the corporate missions and meet health and safety and landlord obligations. This is necessary because the approved programme gives authority for the financing, procurement and resourcing of individual schemes so that corporate plan can be delivered. The report should be approved by Full Council before the start of the new financial year.
- B** The Capital Strategy Statement Report 2025/26 (attached as Appendix B to the report) covers the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2021, including the prudential indicators. The report should be approved by Full Council before the start of the new financial year.
- C** The Treasury Management Strategy Statement 2025/26 (Appendix C to the report) covers the requirements of the CIPFA Treasury Management Code of Practice 2021, including

the treasury management indicators. The report should be approved by Full Council before the start of the new financial year.

- D** The Investment Strategy Report 2025/26 (Appendix D to the report) covers the requirements of the Ministry of Housing, Communities and Local Government Investment Guidance 2018, including the investment indicators. The report should be approved by Full Council before the start of the new financial year.
- E** The MRP statement (Appendix E to the report) covers the requirement under the Local Authorities (Capital and Accounting) (England) Regulations 2003, as amended, to make an annual statement on the requirement for an annual contribution from revenue to repay long-term borrowing. The report should be approved by Full Council before the start of the new financial year.
- F** The Flexible Use of Capital Receipts Strategy (Appendix F to the report) covers the requirement under MHCLG guidance from the Secretary of State that such a strategy to enable the flexible use of capital receipts must be approved on an annual basis by Full Council.

### **Other Options**

- A** Considerations of other options do not apply; the agreement of the budget policy framework for the council is laid out in the council's constitution and by relevant legislation and is a matter for determination by Full Council.

### **Background**

1. In line with the 2024/25 corporate priorities, the council has been delivering against significant capital programmes (HCP and NHCP respectively). This has seen more schemes delivered as planned as a percentage of the overall programmes than in previous years as a result of improved processes for allocating monies within the programmes (Gateway process), extensive scrutiny of capital bids before they are approved, capacity funding to enable more resource to manage schemes, and a monthly performance review to Cabinet on both capital programmes.
2. For 2025/26, the council wants to go further and ensure that all six corporate missions and the associated priorities are fully funded. That means the council's biggest ever HCP proposed totalling £75.236 million and NHCP proposed totalling £39.672 million.
3. Both programmes have been built on detailed evidence such as renewed stock condition data and fire risk assessment data in the Housing Capital Programme, and the Non-Housing Asset Management Plan for the Non-Housing Capital Programme. Each project has been supported by detailed bids which require services to identify how each project delivers the corporate missions and priorities and how it will be delivered. The additional

focus on evidence-based project bids and deliverability means that both programmes are ambitious, but deliverable as set out in Appendix A.

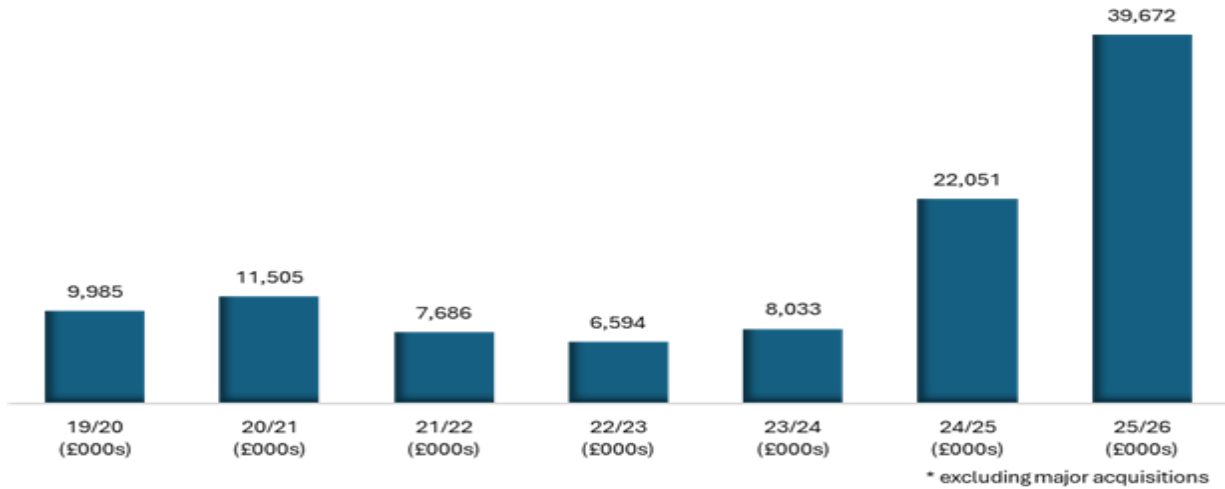
4. This report also brings together a number of documents in order to comply with Government and CIPFA guidance. The primary requirements of the current guidance are as follows:
  - a) Creation and maintenance of an annual Capital Strategy Statement Report;
  - b) Creation and maintenance of an annual Treasury Management Policy Statement;
  - c) Creation and maintenance of Treasury Management Practices (TMP);
  - d) Receipt of an annual Treasury Management Strategy Statement (TMSS);
  - e) Presentation of a mid-year review of the TMSS and an annual report (stewardship report) to Full Council;
  - f) Delegation by the Council for responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions;
  - g) Delegation by the council of the role of scrutiny of treasury management strategy and policies to a specific named body. For the council the current TMSS specifies the responsibility for the delegated scrutiny role is delegated to the Cabinet, as well as to the Audit and Standards Committee as may be required;
  - h) Submission of an Investment Strategy.
  - i) Creation of a Flexible Use of Capital Receipts Strategy.

## **Issues/Proposals**

### **2025/26 Non-Housing Capital Programme**

5. To fully fund the corporate missions and priorities and meet our landlord and health and safety obligations, the 2025/26 NHCP is bigger than ever before. The overall NHCP for 2025/26 is proposed at £39.672 million. This represents a significant increase from previous years which demonstrates the council's commitment to delivering its corporate missions as can be seen below.

### Non-housing capital programme totals £



6. Over recent months, cabinet members and Officers have carried out an extensive review of the current NHCP and robust scrutiny of new proposed schemes through an enhanced process in order to ensure an ambitious, but deliverable NHCP is produced.
7. The NHCP is fully and sustainably financed through grant funding, revenue contributions, capital receipts and borrowing as set out in Appendix A. The NHCP fully funds all corporate missions, priorities and commitments.
8. The 2025/26 NHCP introduces a number of new schemes, on top of the already agreed programme which are summarised below:

New Schemes (2025/26)	Budget 2025/26 £'000s	Budget 2026/27 £'000s	Budget 2027/28 £'000s
Telecare Dispersed Alarm Units	-	77	-
<b>TRANSFORM TOTAL</b>	-	<b>77</b>	-
Pardon Brook Bank Stabilisation	30	120	-
Parndon Wood Nature Reserve	25	60	65
Town Park Showground Lighting Phase 2	54	-	-
Barbara Castle Health Centre Fire Alarm	25	-	-
Replacement AHU controls	50	-	-
Paddling Pools and Splash Parks	20	400	80
Playhouse Fire and Security	125	-	-
Playhouse Water Hygiene	-	73	581
Equipped Playgrounds	100	100	100
Waste Vehicles	250	-	-
Town Wide Tree Surveys and Associated Works	100	100	100
Smoke Detector replacements	90	-	-
Allotment Capital Redevelopment	-	125	125
Provision of Off Street Parking	800	-	-
<b>RENEW TOTAL</b>	<b>1,669</b>	<b>978</b>	<b>1,051</b>
Harvey Centre - Specific Units	265	-	750
Harvey Centre – Escalator	180	-	-
Regenerating Market Square	700	50	65
<b>REBUILD TOTAL</b>	<b>1,145</b>	<b>50</b>	<b>815</b>
Innovation Park	870	-	-
<b>SECURE TOTAL</b>	<b>870</b>	-	-
Protect of Premises	100	150	150
<b>PROTECT TOTAL</b>	<b>100</b>	<b>150</b>	<b>150</b>
Hybrid working & collaboration	386	-	-
ICT - Firewall Investment	40	-	-
<b>DELIVER TOTAL</b>	<b>426</b>	-	-
<b>NEW SCHEME TOTAL</b>	<b>4,210</b>	<b>1,254</b>	<b>2,016</b>

9. A summary of the full 2025/26 NHCP totalling £39.762 million investment into non-housing and community assets is summarised below:

**Non Housing Capital Programme 2024/25 to 2027/28**

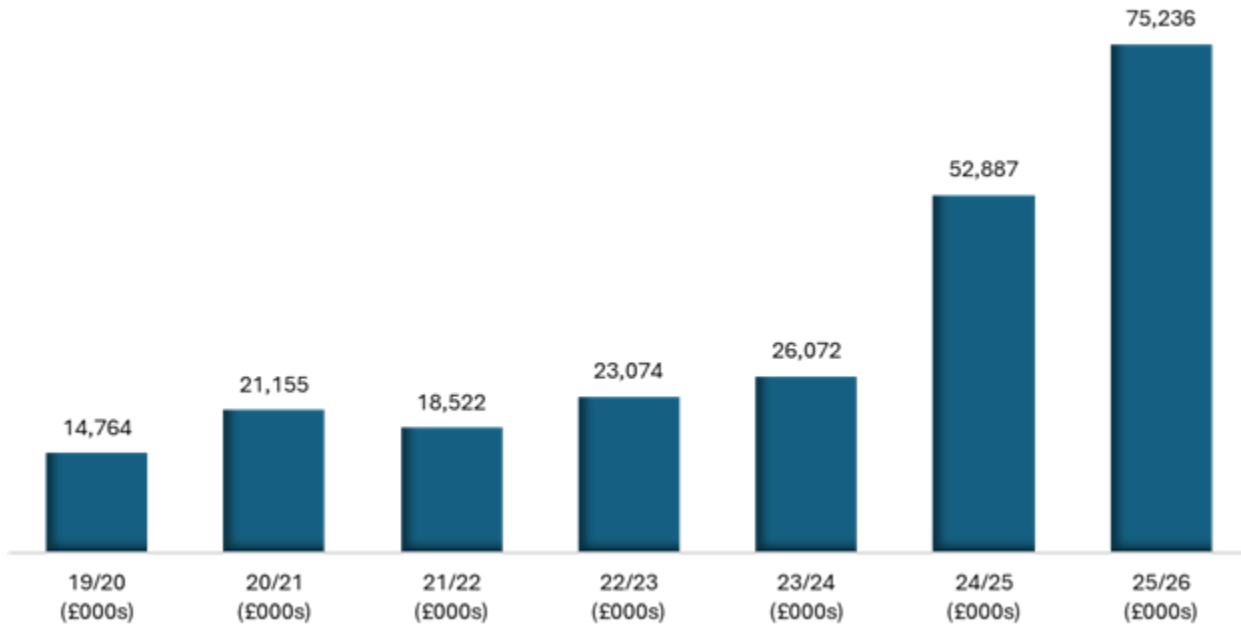
<b>SCHEMES</b>	<b>Revised 2024/25 £'000s</b>	<b>Reprofiled 2025/26 £'000s</b>	<b>Budget 2025/26 £'000s</b>	<b>Budget 2026/27 £'000s</b>	<b>Budget 2027/28 £'000s</b>
Garages	197	-	136	136	136
<b>TRANSFORM TOTAL</b>	<b>197</b>	<b>-</b>	<b>136</b>	<b>136</b>	<b>136</b>
Environment	1,656	805	2,398	1,623	2,532
Culture and Communities	777	689	874	1,238	1,276
<b>RENEW TOTAL</b>	<b>2,433</b>	<b>1,493</b>	<b>3,272</b>	<b>2,860</b>	<b>3,808</b>
Regeneration - Town Centre	693	90	2,995	1,800	815
Council House Build Programme	100	4,077	(3,607)	-	-
Towns Fund	11,712	3,931	6,392	-	-
Levelling Up Fund	1,093	8,727	7,491	500	-
Acquisitions	13,270	-	-	-	-
<b>REBUILD TOTAL</b>	<b>26,868</b>	<b>16,824</b>	<b>13,271</b>	<b>2,300</b>	<b>815</b>
Facilities and Assets - Commercial	3,015	214	885	-	-
<b>SECURE TOTAL</b>	<b>3,015</b>	<b>214</b>	<b>885</b>	<b>-</b>	<b>-</b>
Public Protection	205	50	50	20	45
<b>PROTECT TOTAL</b>	<b>205</b>	<b>50</b>	<b>50</b>	<b>20</b>	<b>45</b>
Facilities and Assets	2,344	1,468	1,299	1,170	900
Corporate Services and Improvement	209	120	140	160	100
Contingency	50	-	450	50	50
<b>DELIVER TOTAL</b>	<b>2,603</b>	<b>1,588</b>	<b>1,889</b>	<b>1,380</b>	<b>1,050</b>
<b>TOTAL NON-HOUSING CAPITAL PROGRAMME</b>	<b>35,321</b>	<b>20,170</b>	<b>19,502</b>	<b>6,697</b>	<b>5,854</b>

**2025/26 Housing Capital Programme**

10. To fully fund the council's corporate mission to Transform Harlow's Housing, improve housing services and meet the council's regulatory commitments, the HCP is bigger than ever before. The HCP has been robustly informed by evidence including the HRA Business Plan, the new 100% internal and external specialist stock condition survey and the commitments made to the Regulator for Social Housing.
11. In line with the changes the council has been implementing since its C3 regulatory judgement a truly corporate approach to building the HCP has been taken and that has resulted in, for the first time ever, an HCP that fully funds all corporate missions, priorities and commitments.

12. The overall HCP for 2025/26 totals £76.236 million. This represents a significant increase from previous years – in fact the core capital programme has doubled from 2024/25 which represented a dramatic increase from previous years - which demonstrates the council’s commitment to delivering its corporate missions as can be seen below.

### Housing Capital Programme totals £



13. A summary of the full 2025/26 HCP representing a £75.236 million investment into the council’s existing housing stock and the construction of new stock is summarised below:

### Housing Capital Programme 2024/25 to 2027/28

SCHEMES	Revised 2024/25 £'000s	Reprofiled 2025/26 £'000s	Budget 2025/26 £'000s	Budget 2026/27 £'000s	Budget 2027/28 £'000s
Internal Works	5,619	-	12,443	7,448	6,169
External Works	6,279	4,900	11,828	9,860	8,850
Damp & Structural Works	1,764	-	2,000	1,600	1,600
Other Works	8,700	-	1,600	1,300	1,300
Fire Safety & Compliance	5,834	1,800	9,570	8,230	8,210
Energy Efficiency Works	975	-	2,000	800	3,610
Housing IT	305	-	120	80	30
Garage Demolition Programme	1,351	-	-	-	-
<b>TOTAL CORE HOUSING CAPITAL PROGRAMME</b>	<b>30,826</b>	<b>6,700</b>	<b>39,561</b>	<b>29,318</b>	<b>29,769</b>
Acquisitions	7,426	-	6,000	-	-
Council House Building Programme	14,635	17,367	5,608	3,005	-
<b>TOTAL NON CORE PROGRAMME</b>	<b>22,061</b>	<b>17,367</b>	<b>11,608</b>	<b>3,005</b>	<b>-</b>
<b>TOTAL HOUSING CAPITAL PROGRAMME</b>	<b>52,887</b>	<b>24,067</b>	<b>51,169</b>	<b>32,323</b>	<b>29,769</b>

14. This programme will result in major upgrades to Harlow's existing council housing stock on a scale that the council has not delivered in previous years. That includes for replacement of roof, kitchens and bathrooms, as well as major upgrades to flat blocks and homes, but crucially all required resource to ensure the council is fully compliant in the six key compliant areas and is able to properly tackle challenges such as damp and mould and much more besides.
15. The HCP is fully and sustainably financed through the Major Repairs Reserve, capital receipts and borrowing as set out in Appendix A.

### **Capital and Treasury Reports**

16. As detailed above, the council is required to present for approval a number of capital and treasury reports which are set out in the appendices to this report. Those reports and the assumptions, detail and estimates within them have been produced with the support of the council's specialist treasury advisors, Arlingclose, to ensure the council is prudent, properly manages its capital and treasury, complies with all statutory requirements and is able to fully fund its corporate missions.
17. The council also introduced a Flexible Use of Capital Receipts Strategy for the first time in November 2024 to further fund the transformation of the council. When the strategy was approved, a commitment was made to align the required annual approval with the budget setting process which is why an updated strategy for 2025/26 has been set out for approval.

### **Implications**

#### **Equalities and Diversity**

This report does not require an Equality Assessment as the recommendations will not have a disproportionate adverse impact on anybody with a protected characteristic.

#### **Climate Change**

This report has no direct impact on climate change, however individual schemes and services may have an impact and would have been considered within the commentary of the report.

#### **Finance**

Any specific implications are set out within the report and supporting appendices. The strategies are key documents underpinning key aspects of financial management across the Council which enable sound financial management to be applied and for resources and assets to be protected.

Author: Jacqueline Van Mellaerts, Assistant Director – Finance and Section 151 Officer



## **Governance**

The Capital Programme and all related Strategy documents is part of the budgetary framework that is set out within the constitution. It is required to be reviewed on an annual basis and approved by Full Council

Author: Julie Galvin, Legal Services Manager and Monitoring Officer

## **Appendices**

Appendix A – Capital Programme 2025/26 – 2027/28

Appendix B – Capital Strategy Report 2025/26

Appendix C – The Treasury Management Strategy Statement 2025/26

Appendix D – The Investment Strategy Report 2025/26

Appendix E – The Minimum Revenue Provision Statement 2025/26

Appendix F – Flexible Use of Capital Receipts Strategy 2025/26

## **Background Papers**

None.

## **Glossary of terms/abbreviations used**

HDC	Harlow District Council
MTFP	Medium Term Financial Plan
HRA	Housing Revenue Account
HCP	Housing Capital Programme
NHCP	Non-Housing Capital Programme
AMP	Asset Management Plan
MRR	Major Repairs Reserve
MHCLG	Ministry of Housing, Communities and Local Government
RTB	Right to Buy
RCCO	Revenue Contribution to Capital Outlay
CHBP	Council House Build Programme
HTS	Harlow Trading Services