

Report to Cabinet / Council

Subject: Capital Programme and Capital Investment Strategy 2026/27 to 2030/31

Date: 19 February 2026

Author: Senior Leadership Team on behalf of the Leader

Wards Affected

All

Purpose

To present for Members' approval :

- a) The proposed Capital Investment Strategy for 2026/27 to 2030/31.
- b) The proposed Capital Programme for 2026/27 through to 2028/29 for approval, and the indicative Capital Programme for 2029/30 and 2030/31, in light of the Council's priorities and the resources available; and
- c) The Flexible Use of Capital Receipts Strategy 2026/27.

The Capital Investment Strategy, the Capital Programme and the Flexible Use of Capital Receipts Strategy determined by Cabinet at this meeting will be referred to Full Council on 4 March 2026 for final approval. The detailed capital programme proposals are shown in Appendix 2 to this report.

Key Decision

This is a Key Decision.

Recommendations

Members are recommended to:

1. Agree the estimated capital financing available for 2026/27 through to 2030/31.
 2. Agree the Capital Investment Strategy 2026/27 through to 2030/31 detailed at Appendix 1 and refer it to Full Council for approval on 4 March 2026.
 3. Agree the Capital Programme for 2026/27 through to 2028/29 detailed at Appendix 2 and refer it to Full Council for approval on 4 March 2026.
 4. Note the indicative Capital Programme for 2029/30 and 2030/31.
 5. Agree the Flexible Use of Capital Receipt Strategy in Appendix 3 and refer to Full
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Background

- 1.1 The prudential framework for Local Authority Capital Investment was introduced through the Local Government Finance Act 2003.
- 1.2 This prudential framework incorporates four statutory codes. These are:
 - The Prudential Code prepared by CIPFA.
 - The Treasury Management Code prepared by CIPFA.
 - The Statutory Guidance on Local Authority Investments prepared by the Department for Levelling Up, Housing and Communities (DLUHC).
 - The Statutory Guidance on Minimum Revenue Provision (MRP) prepared by DLUHC.
- 1.3 The Capital Investment Strategy 2026/27, an appendix to this report complies with the Prudential Code CIPFA issued in 2021.
- 1.4 The Prudential Code underpins the systems of capital finance and planning and is the primary document which provides the framework for the development of the capital strategy and the capital programme which are proposed in this report. The key issues addressed by the code relate to how Councils will ensure prudence, in respect of longer term planning, the MRP, understanding of risk and the ability to raise council tax.
- 1.5 The Prudential Code sets out the following key objectives, to ensure that:
 - Local strategic planning, asset management planning and proper option appraisal are supported.
 - The capital investment plans of local authorities are affordable, prudent and sustainable. Affordability has regard to the implications of capital expenditure for Council Tax, whilst prudence and sustainability have regard to the long-term implications for external borrowing considering the actual impact, and potential impact on overall fiscal sustainability.
 - Treasury management and other investment decisions are taken in accordance with good professional practice and in the full understanding of risks involved.
 - The authority is accountable, by providing a clear and transparent framework.
- 1.6 To provide a clear and transparent framework authorities are required by the Code to formulate a Capital Strategy which sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and their impact on priority outcomes. Whilst the Code does not define 'long term' the Council's current capital investment strategy proposed at Appendix 1 covers the five-year period of the medium term financial plan (MTFP), 2026/27 through to 2030/31, to ensure that longer term forecasts for capital expenditure, disposals and

borrowing are fully considered in the revenue budget and demonstrated to be prudent and affordable.

- 1.7 The Investment Guidance and MRP Guidance aim to ensure that local authorities make borrowing and investment decisions in a way that is commensurate with their statutory duties. All Councils are required to have regard to this guidance in their investment decisions.
- 1.8 The Investment Guidance defines “investment” to include expenditure driven activity, e.g. commercial property, as well as simple treasury cash. Such activity would represent “non-treasury investments”, i.e. investment in “non-financial assets”. It also reaffirms that borrowing may only be undertaken for investments that are made for strategic purposes, and not “purely” for financial return.
- 1.9 The MRP Guidance also focuses on expenditure on non-financial investments, e.g. commercial property, making it clear that the duty to make prudent MRP extends to commercial investment property where its acquisition has been partially or fully funded by an increase in borrowing.
- 1.10 The requirements of the codes and guidance are fully reflected in each of the Budget Cabinet reports which appear on this agenda to ensure fully integrated revenue, capital and treasury management planning.

Proposal

2. Capital Investment Strategy

- 2.1 The Capital Investment Strategy outlines the principles and framework that shape the Council’s capital investment decisions. The principal aim is to deliver a programme of capital investment that contributes to the achievement of the Council’s priorities and objectives as set out in the Gedling Plan.
- 2.2 The Strategy defines at the highest level how the capital programme is to be formulated; it identifies the issues and options that influence capital spending; and sets out how the resources and capital programme will be managed.
- 2.3 The Prudential Code details the indicators that Councils are required to set to demonstrate that capital plans are affordable and prudent. The required indicators are included in the Prudential and Treasury Indicators and Treasury Management Strategy Statement, an item elsewhere on this agenda.
- 2.4 A copy of the proposed Capital Investment Strategy for 2026/27 through to 2030/31 is attached at Appendix 1.

3. Proposed Capital Programme

- 3.1 The following table presents the proposed three-year Capital Programme for 2026/27 through to 2028/29 for approval, together with the indicative programme for a further two years to match the period of the MTFP as detailed in paragraph 1.6 above. The full programme of schemes is presented in Appendix 2.

Gedling Borough Council is preparing for Local Government Reorganisation, with Vesting Day expected on 1 April 2028. The creation of a new Unitary Council which Gedling is expected to be a part of will have an impact on any capital investments post vesting day, however for the purpose of the 2026/27 budget Gedling will continue to present a full three-year capital programme with an indicative programme for 2029/30 and 2030/31. Once the Government has announced its decision on the Council structures Gedling will consider its position and how it continues to present the Capital programme going forward. This may involve approval of a new capital programme to align with the dissolution of Gedling Borough Council.

Portfolio	Proposed Programme for Approval			Indicative Programme	
	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
Lifestyles, Health & Well-being	2,670,000	380,000	0	60,000	0
Public Protection	2,058,400	1,400,000	1,400,000	1,400,000	1,400,000
Environment	2,065,500	343,000	720,000	1,287,700	1,102,200
Climate Change & Natural Habitat	267,000	222,000	222,000	222,000	222,000
Sustainable Growth & Economy	1,056,200	1,786,000	1,655,000	1,655,000	1,655,000
Corporate Resources & Performance	2,076,900	565,000	565,000	565,000	565,000
Total Capital Programme	10,194,000	4,696,000	4,562,000	5,189,700	4,944,200

3.2 The proposed capital programme includes the following:

a) **Schemes re-profiled from 2025/26**

Up to 30 November 2025 Schemes totalling **£2,969,000** have been approved for deferral in year by Cabinet to 2026/27, the deferred amounts are set out in the table below and are included in the capital programme set out in Appendix 2.

Schemes Re-profiled from 2025/26	2026/27 £
Vehicle Replacement Programme	(650,000)
Purchase of Temporary Accommodation	(646,200)
Disabled Facilities Grant	(600,000)
Ambition Arnold Front Street Properties	(395,000)
Redhill Replacement Gym Equipment	(270,000)
Play area refurbishments	(222,000)
Bentwell Lagoon flood alleviation	(51,400)
Depot Works	(50,000)
Flood Alleviation Works	(42,000)
CCTV Developments	(27,400)
Carlton Cemetery works	(15,000)
Total	(2,969,000)

b) **Rolling Capital Programmes**

The table below shows the rolling programmes for replacement assets and maintenance to ensure continuation of existing service.

This report requests the approval of indicative year 30/31 for existing rolling programmes schemes which are:

- IT Microsoft licenses
- Asset Management Fund
- Flood Alleviation
- Gym equipment replacement
- Play Area refurbishments

In addition this includes two new schemes to the rolling programme:

- Temporary accommodation stock maintenance
- Car Park maintenance

Programme	Proposed Programme			Indicative Programme	
	2026/27	2027/28	2028/29	2029/30	2030/31
	£	£	£	£	£
Vehicle replacement programme	1,903,000	293,000	670,000	1,237,700	1,052,200
IT Microsoft licences	125,000	125,000	125,000	125,000	125,000
Asset Management Fund	300,000	220,000	220,000	220,000	220,000
Flood alleviation programme	50,000	50,000	50,000	50,000	50,000
Gym equipment replacement	280,000	380,000	0	60,000	0
Play area refurbishments	222,000	222,000	222,000	222,000	222,000
Temporary accommodation stock maintenance	50,000	50,000	50,000	50,000	50,000
Car park maintenance	120,000	120,000	120,000	120,000	120,000
Total	3,050,000	1,460,000	1,457,000	2,084,700	1,839,200

Further details on the new schemes or scheme revisions are as follows:

- The proposed vehicle replacement programme for 2026/27 is shown in appendix 2 and this includes 2025/26 deferrals approved as part of budget monitoring reports of £650,000. Changes to Waste regulations and current service delivery may result in the replacement programme changing, a full review will be carried out in year and reported to Cabinet as part of the budget monitoring process.
- The Asset Management Fund has been increased to £300,000 for 2026-27 only, due to an increased council owned property repairs schedule.
- Temporary accommodation stock maintenance programme £50,000. A provision to ensure temporary accommodation housing stock is maintained, addressing any issues identified by the condition surveys. This is to be funded through prudential borrowing.

- An annual allocation of £120,000 for car park maintenance programme has been proposed to ensure our car parks are sufficiently maintained, and re-surfaced. The programme will start with the resurfacing of Blatherwicks car park in 2026/27. This is to be funded through prudential borrowing.
- This will be allocated to individual projects depending on priorities and workload. This increase will be funded through prudential borrowing.

c) **New resource development bids and grant funded schemes which meet Council priorities**

The table below show Schemes totalling **£344,400**. Resource development bids which score 30 points and above using the Council's approved methodology as detailed in the Capital Investment Strategy are proposed for inclusion in the programme. The approved methodology assesses schemes in accordance with the level of contribution made towards the achievement of the Council's Priorities and Improvement Plans. They are assessed as affordable in line with the Council's Prudential Code Indicators contained within the Treasury Management Strategy and within the overall context of the Medium-Term Financial Plan.

Scheme	2026/27 £
Jubilee House refurbishment	90,000
Replacement of Car Park ticket machines & signage	90,000
Boundary repairs at Haywood Road, North car park	60,000
Carlton Cemetery wall repairs	45,000
Noise nuisance recorders & sound meters	31,000
Payroll/ HR system upgrade	18,400
Public convenience - access control	10,000
Total	344,400

Further details of these schemes can be found as follows:

- Jubilee House refurbishment £90,000, new legislative requirements for food waste result in additional space being needed in the depot for parking additional waste vehicles. The most cost effective and health & safety compliant option is to remove the cube structure and relocate staff into Jubilee House. This is to be funded by prudential borrowing.
- Car Park ticket machine & signage replacement £90,000, financed via prudential borrowing.
- Boundary repairs at Haywood Road North car park £60,000, financed by prudential borrowing.
- Carlton Cemetery wall repairs £45,000, a significant section of walls need rebuilding and repointing, financed by prudential borrowing.
- Noise nuisance recorders and sound meters £31,000, financed from earmarked reserves.
- Payroll/ HR System upgrade £18,400, for project management costs for migration to a cloud-based service. This is to be funded through the flexible use of capital receipts.

- Public convenience access control £10,000, to introduce access control at King George V toilets to help reduce anti-social behaviour, funded by prudential borrowing.

d) **Leisure Transformation – Carlton Active**

Following the completion of the Royal Institute of British Architects (RIBA) stage 2 which completed concept design works and site surveys for the Carlton Active project, the Leisure Transformation Team proposes to move on to the next stage of design works of RIBA stages 3 & 4.

These stages involve much more in-depth work around spatial coordination and technical design, finalising specifications for the construction phase, and cost certainty.

Indicative costs for the proposed new leisure centre have been received, and high-level financial modelling on cashflows and income achievable from the new facility indicate that the project is financially viable, given a construction funding mix of 50% Council resources (which includes capital receipts and reserves) and 50% borrowing.

The cost of RIBA 3 & 4 and demolition of the existing building the new leisure centre will occupy will cost £2.12m this reports requests approval of this amount to progress the project. This stage of work will be funded by a contribution from the strategic portion of Community Infrastructure Levy (CIL) and revenue earmarked reserves.

Should the scheme not go ahead the pre-construction costs incurred to date will be abortive costs.

A full Business case will be undertaken as part of this next stage once costs certainty is known to ensure that the project is financially viable and the income generation is sufficient to cover the required costs of borrowing.

The recommendations set out in this report include approval to establish £2.12m of budget from earmarked reserves to progress the next stage of Carlton Active project.

e) **Carlton Town Centre Plan for Neighbourhoods**

The Council will be acting as the Accountable Body for £20,000,000 of grant funding over a 10-year period awarded to the Greater Nottingham Town Board as part of the Governments Plan for Neighbourhoods Programme. This funding includes both revenue and capital grant allocations. The capital element of this is expected to in the region of £14,936,000, with £6,911,000 of projects to be delivered over the next five years. The table below shows how much capital grant we can expect across the next 5 years.

The Greater Carlton Town Board decides how this funding is spent and will allocate to specific schemes, in line with its investment plan. As the Board is not a legal entity the Council will act as accountable body, to ensure adequate governance, therefore the funding will go through the Councils capital programme and will be allocated to specific projects in-year in line with the investment plan.

Scheme	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
Plan for Neighbourhoods (Capital funding)	360,000	1,736,000	1,605,000	1,605,000	1,605,000

f) **Digital Data & Technology Strategy**

Work has been on-going through 2025/26 on programmes in the digital strategy with a Customer Relationships Management, a Waste Management system and a new internet being introduced. Work will be ongoing in 2026/27 to enhance these systems for optimal service delivery in the next two years and to realise any efficiency savings that can be generated prior to LGR. The Transformation Programme will be reviewed in 2026/27 to ensure only work that can deliver tangible benefits in the years running up to LGR will be undertaken. However, It is likely that a proportion of Transformation teams work will be re-directed to the work required for LGR. Cabinet will be updated through regular budget monitoring reports during 2026/27.

4. **Capital Resources**

4.1 **Capital Receipts**

When the Council sells General Fund assets it is permitted to use this income to fund capital expenditure. In addition, the direction of flexible use of capital receipts as set out in the *Local Government Act 2003 sections 16(2)(b) and 20: Treatment of Costs as Capital Expenditure*, allows the use of capital receipts to fund the revenue costs of projects that provide future efficiencies to the Council and improve service delivery. This Capital Direction has been extended to continue until 2030.

The Council is expected to receive a large capital receipt of around £10,837,400, some of which will be used to fund the proposed Capital Programme, however the remainder will be earmarked for the Leisure Transformation - Carlton Active project pending a financially viable business case.

The estimated annual capital receipt usage for 2026/27 to 2030/31 is detailed in the table below and it is proposed that these are fully utilised to finance the capital programme as detailed in paragraph 3.1. The amounts included under 'land sales' represent the use of capital receipts to fund the digital transformation programme.

	Proposed Programme			Indicative Programme	
	2026/27	2027/28	2028/29	2029/30	2030/31
	£	£	£	£	£
Land Sales	657,500	105,000	105,000	105,000	105,000
General Capital Receipts	50,000	20,000	20,000	20,000	20,000
Total Capital Receipt Estimate	707,500	125,000	125,000	125,000	125,000

4.2 Direct Revenue Financing

The use of earmarked revenue reserves and revenue equipment budgets as contributions to specific capital schemes totalling **£1,423,000** in 2026/27 are proposed as follows:

- a) £1,370,000 contribution from the NNDR Pool reserve to fund the RIBA 3 & 4 and demolition costs for Carlton Active project.
- b) £31,000 contribution from the equipment earmarked reserve to meet the costs of Noise nuisance recorders and sound meters.
- c) £22,000 contribution from the Asset Management Reserve to meet the cost of Play area refurbishment rolling programme.

4.3 Capital Grants and Contributions

External funds such as the Disabled Facilities Grant (DFG) and contributions from developers continue to be important in the funding of capital expenditure, and schemes financed in this way are included in the programme.

Grants and contributions estimated for financing the capital programme include:

Capital Grants and Contribution	2026/27
	£
Disabled Facilities/Better Care Fund Grant (assumed £1.4m per annum ongoing 2027/28-2030/31)	2,000,000
Community Infrastructure Levy (CIL) for Leisure Transformation – Carlton Active	750,000
DEFRA Simpler Recycling grant for Vehicle Replacement Programme	613,800
MHCLG Plan for Neighbourhoods Grant	360,000
Community Infrastructure Levy (CIL) for improvements to Pavilion's	236,000
FCC Community Foundation for play park investment	200,000
Total Grants and Contributions	4,159,800

Disabled Facilities/ Better Care Fund grant funding is paid by the Government to Nottinghamshire County Council for distribution. The actual allocations to each District/Borough Council are agreed by the Nottinghamshire Health and Wellbeing Board. The budget in the table above is based on last year's allocations and will be updated to reflect actual grant once funding confirmation has been received.

4.4 Prudential Borrowing

The total borrowing that is required to finance the proposed 2026/27 - 2028/29 capital programme is £6,326,700. It is currently estimated that a further £3,429,900 of borrowing will be required to finance the indicative capital programme for 2029/30 – 2030/31. The proposed borrowing amounts are detailed in paragraph 4.5 below.

The Council's Prudential Indicators in respect of both the proposed programme 2026/27 through to 2028/29 and the indicative programme for 2029/30 and 2030/31 are contained within the Prudential and Treasury Indicators and Treasury

Management Strategy Statement, an item elsewhere on this agenda. These Prudential Indicators, in conjunction with the calculations within the Medium-Term Financial Plan, show that this level of borrowing is affordable and sustainable, subject to securing the commitment to delivering the proposed budget reduction and efficiency programme detailed in the Medium-Term Financial Plan, included in the Revenue Budget report, an item elsewhere on this agenda.

4.5 Capital Resources Summary

An estimate of the resources for financing the 2026/27 through to 2028/29 programme is summarised below:

	Proposed Programme			Indicative Programme	
Capital Resources	2026/27	2027/28	2028/29	2029/30	2030/31
	£	£	£	£	£
Use of Capital Receipts	707,500	125,000	125,000	125,000	125,000
Direct Revenue Financing	1,423,000	22,000	22,000	22,000	22,000
Grants and Contributions	4,159,800	3,336,000	3,205,000	3,205,000	3,205,000
Total Cash Resource	6,290,300	3,483,000	3,352,000	3,352,000	3,352,000
Prudential Borrowing	3,903,700	1,213,000	1,210,000	1,837,700	1,592,200
Total Financing	10,194,000	4,696,000	4,562,000	5,189,700	4,944,200

5. **Alternative Options**

As the resources for financing the capital programme are limited there is no capacity to implement further service developments which are not funded by specific grants/ contributions or are not 'invest to save' schemes, therefore no alternative options are available. However, depending upon the timing and value of expected capital receipts, borrowing may be utilised as a substitute for capital receipts to fund the programme in any one year, and vice versa.

6. **Financial Implications**

As detailed in the report.

7. **Legal Implications**

The legal implications are detailed in the background section of this report and the report reflects the requirements of the Prudential framework.

8. **Carbon Reduction/ Environmental Sustainability Implications**

There are a number of schemes in the 2026/27 capital programme specifically focussed upon improving energy efficiency in Council and other properties as well as other environmental objectives. These will assist in meeting the Councils Carbon Management Strategy.

All procurement activity required to deliver the capital programme will be undertaken in accordance with both corporate and legislative requirements.

9. Appendices

Appendix 1 - Capital Investment Strategy 2026/27 – 2030/31

Appendix 2 - Proposed Capital Programme 2026/27 – 2028/29 (including Indicative Programme 2029/30 and 2030/31)

Appendix 3 – Flexible Use of Capital Receipts Strategy 2026/27

10. Background Papers

- Prudential and Treasury Indicators and Treasury Management Strategy Statement 2026/27
- Gedling Legacy Plan 2026-2028

11. Reasons for Recommendations

To obtain approval of the draft Capital Programme and Capital Investment Strategy, which supports the delivery of the Gedling Plan.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 9 February 2026

Approved by: Monitoring Officer

Date: 9 February 2026