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# **Three Year Capital Programme 2026/27**

Decision to be taken by: Council

Decision to be taken on: 25 February 2026

Lead director: Amy Oliver, Director of Finance

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## **Useful information**

- Ward(s) affected: All
- Report author: Claire Gavagan
- Author contact details: claire.gavagan@leicester.gov.uk
- Report version number: 2

### **1. Summary**

- 1.1 The main purpose of this report is to ask the Council to approve a three-year capital programme for 2026/27 to 2028/29.
- 1.2 Capital expenditure is incurred on works of lasting benefit and is principally paid for by grant, tenants' rents, borrowing and the proceeds of asset sales (capital receipts). Money can also be borrowed for capital purposes.
- 1.3 For the past five years, the Council has set a one-year capital programme due to uncertainty over future resources. We have now moved to a three-year capital programme, providing greater visibility of planned investment and supporting improved medium-term financial planning.
- 1.4 In addition to the three-year programme any schemes approved and in the current programme will continue into 2026/27 where needed.
- 1.5 The funding of the 2025/26 capital programme changed to be aligned with our overall revenue and capital financial strategy. This meant we moved away from funding the capital programme through the capital fund and capital receipts to using borrowing where grant was not available.
- 1.6 As part of the overall budget strategy for 2026/27 it is proposed within the Revenue budget report (also included in the agenda) to fund £90m of previously approved capital expenditure from reserves instead of borrowing, and therefore reducing the ongoing revenue borrowing costs incurred
- 1.7 Due to the positive work that has been undertaken on the revenue budget, we currently do not need the £60m capital receipts to balance the budget over the next three years, as noted in 25/26 capital strategy report. We will look to use the capital receipts to alleviate the need to borrow therefore reducing the ongoing revenue borrowing costs incurred
- 1.8 The report seeks approval to the "General Fund" element of the capital programme, at a cost of £229.43m, over the next three years, plus additional years where we have received notification of grants. In addition to this, the HRA capital programme (which is elsewhere on your agenda) includes works estimated at £11.66m.

1.9 The table below summarises the proposed spending for capital schemes, as described in this report:

<b><u>Proposed Programme</u></b>	<b>Total</b>	<b>£m</b>
<b><u>Schemes – Summarised by Theme</u></b>		
Grant Funded Schemes	143.66	
Own buildings	17.86	
Temporary Accommodation	50.00	
Routine Works	13.29	
Corporate Estate	1.10	
Other Schemes and Feasibilities	3.17	
Match Funding	0.35	
<b>Total New Schemes</b>	<b>229.43</b>	
 <b><u>Funding</u></b>		
<b><u>Unringfenced Resources</u></b>		
Capital Receipts	2.83	
Borrowing	82.54	
Government Grants	81.75	
Total Unringfenced Resources	167.12	
<b><u>Ringfenced Resources</u></b>		
Government Grants	61.90	
Contributions	0.40	
Total Ringfenced Resources	62.30	
<b>Total Resources</b>	<b>229.43</b>	

1.10 The table below presents the total spend on General Fund and Housing Revenue Account schemes:

	<b><u>£m</u></b>
General Fund	229.43
Housing Revenue Account (1 year programme only)	11.66
<b>Total</b>	<b>241.09</b>

1.11 The Council's total capital expenditure now forecast for 2025/26 and beyond is expected to be around £625.89m, including the HRA and schemes approved prior to 2026/27.

1.12 The capital programme is split into two parts:

- a) Schemes which are “**immediate starts**”, being schemes which directors have authority to commence once the council has approved the programme. These are fully described in this report;
- b) Schemes which are “**policy provisions**”, where the purpose of the funding is described but money will not be released until specific spending proposals have been approved by the Executive.

1.13 Immediate starts have been split into three categories:

- a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes will be monitored with reference to physical delivery rather than an annual profile of spending. (We will, of course, still want to make sure that the overall budget is not going to be exceeded);
- b) **Work Programmes** – these consist of minor works or similar schemes where there is an allocation of money to be spent in a particular year;
- c) **Provisions** – these are sums of money set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.

## 2. Recommended actions/decision

2.1 At the meeting in February, the Council will be asked to:

- a) Approve the capital programme, including the maximum prudential borrowing for schemes as described in this report and summarised at Appendices 2 to 8, subject to any amendments proposed by the City Mayor in accordance with his powers as set out in 2.1(f);
- b) To delegate to the Director of Finance, in consultation with the City Mayor, to apply available capital receipts to finance the capital programme in place of prudential borrowing where this is considered financially advantageous, having regard to affordability, sustainability, and the Council’s Treasury Management and Capital Strategies
- c) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- d) Delegate authority to the City Mayor to determine a plan of spending for each policy provision, and to commit expenditure up to the maximum available;

e) For the purposes of finance procedure rules:

- Determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes.
- Designate to the Director to be able reallocate resources in the following programmes to meet operational requirements:
  - Operational estate
  - Children's capital maintenance
  - Highways maintenance programme
  - Transport Improvement Grant for 2026/27
  - Local Authority Bus Grant (LABG)

f) Delegate to the City Mayor:

- Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance and to borrow whilst remaining within the prudential limits for debt which are proposed in the treasury management strategy (elsewhere on your agenda);
- Authority to reduce or delete any capital scheme, subject to a maximum reduction of £10m; and
- Authority to transfer any "policy provision" to the "immediate starts" category.

g) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure up to a maximum of £250k per scheme in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure.

h) Approve the capital strategy at Appendix 9.

i) Resolved that the Council:

- agrees to act as Accountable Body for funding provided by the Ministry of Housing, Communities and Local Government (MHCLG) under the Pride in Place Programme
- adds such funding to the Council's revenue or capital budget as appropriate

- delegates to the Section 151 Officer, Monitoring Officer and Director of Corporate Services authority to administer the Programme, allocate funding, and manage delivery and compliance in accordance with MHCLG requirements and the Council's approved budget framework.

### 3. Scrutiny / stakeholder engagement

N/A

### 4. Background and options with supporting evidence

#### Key Policy Issues for the New Programme

- 1.1 The cost of Prudential Borrowing has been calculated for each scheme, and the total is included within the revenue budget report for 2026/27, and the Prudential Indicators included in the Treasury Report 2026/27 found elsewhere on the agenda.
- 1.2 The programme supports the Council's commitment to tackling the climate emergency, most obviously but not exclusively within the Transport Improvement Works, Operational Estate and Children's capital maintenance programmes.

#### Resources

- 1.3 Resources available to the programme consist primarily of Government grant, borrowing and capital receipts (the HRA programme is also supported by tenants' rent monies). Most grant is unringfenced, and the Council can spend it on any purpose it sees fit.
- 1.4 Appendix 1 presents the resources required to fund the proposed programme, which total some £229.43m. The key unringfenced funding sources are detailed below.
  - a) £2.83m of general capital receipts. The delivery of receipts from Ashton Green disposals to fund the work to sell/develop by the end of 2025/26.
  - b) £81.75m of unringfenced grant funding. Some of these figures are estimated in the absence of actual allocations from the Government.
  - c) £82.54m of borrowing where required, with an annual revenue cost. The report proposes to limit this and use capital receipts where this is financially advantageous.
- 1.5 For some schemes the amount of unringfenced resources required is less than the gross cost of the scheme. This is because resources are ringfenced directly to individual schemes. Ringfenced resources are shown throughout

Appendix 2 and consist of government grant and contributions to support the delivery of specific schemes.

- 1.6 Only funding required to finance the schemes in this capital programme is included.
- 1.7 Finance Procedure Rules enable directors to make limited changes to the programme after it has been approved. For these purposes, the Council has split resources into corporate and service resources.
- 1.8 Directors have authority to add schemes to the programme, provided they are funded by service resources, up to an amount of £250k. This provides flexibility for small schemes to be added to the programme without a report to the Executive, but only where service resources are identified. (Borrowing is treated as a corporate resource requiring a higher level of approval).

### Proposed Programme

- 1.9 The whole programme is summarised at Appendix 2. Responsibility for the majority of projects rests with the Strategic Director of City Development and Neighbourhoods.
- 1.10 £143.66m is provided for grant funded schemes. These schemes are funded either from unringfenced grant (where we have discretion) and ringfenced resources.
  - a) £12.99m has been provided to continue the **Schools Capital Maintenance Programme** across three financial years. This is in addition to the £6m previously approved within the 2025/26 capital programme for delivery in 2026/27. The programme will include routine maintenance and spending and is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 5. Detailed schemes will be developed following consultation with schools.
  - b) £19.26m is provided as part of the continued **Highways Capital Maintenance Programme** across three financial years. This is a rolling annual programme and spending is prioritised to reflect asset condition, risk and local neighbourhood priorities. The proposed programme is shown at Appendix 4.
  - c) £41.83m is provided to continue the rolling programme of works constituting the **Local Transport Schemes Programme**. This scheme will focus on maintaining and improving local transport infrastructure through the Department for Transport's Local Transport Grant, providing investment in the design, construction, and maintenance of local transport networks. The planned spend for 2025/26 is shown at appendix 6. The second and third year will be held as a policy provision and will be subject to further decisions.

d) £5.58m has been provided for **Disabled Facilities Grants**, across three financial years to private sector householders which is funded by government grant. This is an annual programme which has existed for many years. These grants provide funding to eligible disabled people for adaption work to their homes and help them maintain their independence.

e) £6.17m is provided as part for the **Consolidated Active Travel Fund** across three financial years, to deliver infrastructure that supports walking, wheeling, and cycling journeys. The CATF funding stream will be used to deliver large scale capital projects that:

- Provide segregated, safe routes for cycling
- Consider the needs for all users, including pedestrians, bus users, and those with additional mobility requirements, and provide an enhanced level of quality and support
- Extend and grow the city's network of active and sustainable travel routes
- Are in keeping with the Local Cycling and Walking Infrastructure Plan

f) £19.03m is provided through **Local Authority Bus Grant (LABG) funding** across three financial years. This funding supports the operation and improvement of local bus services, helping to maintain network coverage and service reliability, agreed with local bus operators and as part of the Leicester's published bus plan - this includes:

- Further supporting the electrification of services that operate within the city
- Investing in infrastructure to create better and more comfortable waiting environments
- Expanding Real Time Information Provision
- Continuing to support non-commercial bus services across the city
- The second and third year will be held as a policy provision and will be subject to further decisions.

g) £1.50m has been provided by MHCLG for the **Pride in Place Impact Fund** to support community projects. This funding is split equally between the 2025/26 and 2026/27 financial years, with the 2025/26 allocation to be carried forward into 2026/27. The fund will be targeted at low-value, high-impact projects in the public realm or community buildings.

h) £37.29m has been provided for the **Pride in Place Programme** capital element across ten financial years, to be spent by Neighbourhood Boards, with the Council acting as the

accountable body for these funds. The spending will be determined by the Neighbourhood Boards and will be focused on local priorities for regeneration. The amounts are allocated on an equal basis across the 3 designated programme areas within the Braunstone Park & Rowley Fields, Eyres Monsell and Thurncourt Wards. A further £7m of revenue funding has been awarded per area, and has been reflected in the revenue budget strategy report, elsewhere on your agenda.

1.11 £17.87m is provided for the Council's own buildings.

- a) £13.97m has been provided to support the annual **Operational Estate Capital Maintenance Programme** of works to properties that the Council occupies for its own use. This is a rolling annual programme and spending is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 3 but may vary to meet emerging operational requirements.
- b) £0.15m has been provided for **LCB Maintenance**. The scheme focuses on essential maintenance works at the LCB Depot to ensure the building remains fit for purpose. This includes priority repairs, general maintenance, and upgrades necessary to meet current compliance standards.
- c) £1.00m has been provided for **IT Investment**, ensuring we have technology to support our councillors and teams, this will include ensuring our committee and Council rooms Town Hall and City Hall to support councillors and ensure the public have access to democracy, including updating for next generation Wi-Fi connections. This investment will also support the updating of our infrastructure in neighbourhood buildings, following the Libraries and Communities Needs Assessment.
- d) £0.35m has been provided for the **Demolition of Rally House**. This is to facilitate the demolition of Rally House and the creation of a fenced, hardstanding area for vehicle parking, providing potential short-term parking income until the site is brought forward for future development.
- e) £0.25m has been provided for the **Parks & Open Spaces Depot Transformation** scheme. This focuses on upgrading depot facilities at Gilroes Cemetery and Beaumont Park to enhance staff welfare facilities, storage, environmental compliance, and site security.
- f) £0.10m has been allocated to support the ongoing **Depot Transformation** Project, enabling the relocation of the Park Services Environmental Ranger team from Riverside Depot to Knighton Park Depot.

g) £0.45m has been provided for **Public Toilet Refurbishment**. This is a rolling renovation programme for public toilet blocks across parks, highways, and cemeteries. Works will replace fixtures and improve facilities to maintain hygiene and appearance.

h) £1.60m has been provided for **Specialist Supported Living Schemes**. This is to develop specialist supported living schemes to support complex people in receipt of adult social care. This will support our programme to mitigate costs in social care.

1.12 £50.00m has been provided for **Temporary Accommodation (TA) Acquisitions** for the purchase of 90 self-contained accommodation units for singles and 160 family accommodation units. Through this increase in the number of Council-owned TA units, we can better ensure that homeless households are housed in suitable accommodation, minimising the use of hotel stays. This builds on the £45m approved by Council in March 2024, and will directly result in annual cost avoidance of over £6m per year. Appendix 7 provides further details of the context to these proposals and the impact. Complementary revenue investment is also proposed (see the revenue budget strategy report)

1.13 £13.3m is provided for Routine Works.

- a) £0.10m is provided for **Foster Care Capital Contribution Scheme** to support foster carers with alterations to their property to allow fostered children to remain living with their carers or to increase the capacity to look after more children.
- b) £0.23m is provided for the **Historic Building Grant Fund** to provide match funding to city residents and organisations to support the repair of historic buildings and the reinstatement of lost original historic features.
- c) £1.20m is provided for **Local Environmental Works** which will focus on local neighbourhood issues including residential parking, local safety concerns, pedestrian routes, cycleways and community lighting to be delivered after consultation with ward members.
- d) £0.90m is towards the **Flood Strategy** to support the local flood risk management strategy and action plan, and the delivery of our statutory role to manage and reduce flood risk in collaboration with the Environment Agency & Severn Trent Water.
- e) £0.08m is included as part of the continued programme to refresh **Festival Decorations**.
- f) £0.43m is provided for **Heritage Interpretation Panels**. This

scheme will focus on expanding the city's heritage interpretation by installing additional panels, highlighting Leicester's historic places and people. It will also enhance online content and collaboration with Visit Leicester and Place Marketing to boost public engagement and tourism.

- g) £0.45m is provided for **Grounds Maintenance Machinery** to replace ageing machinery with up to date, energy efficient models to provide continued maintenance of our parks and open spaces.
- h) £0.19m is provided for the **Environmental Crime / Parks & Open Spaces CCTV Enforcement Action Project** to purchase mobile CCTV cameras to tackle fly-tipping and street scene offences across the city.
- i) £0.36m is provided for **Replacement Tree Planting** on a rolling tree replacement programme across parks and highways, delivering environmental, biodiversity, health, aesthetic, and economic benefits.
- j) £0.65m has been provided for the **3G Pitch Replacements** Scheme to replace aging 3G synthetic pitches to reduce safety risks, protect user wellbeing, maintain FA compliance, and ensure surfaces remain fit for purpose.
- k) £8.71m has been made available for the annual **Fleet Replacement Programme**. Wherever possible, ultra-low emission vehicles (ULEVs) will be sought to support the Council's climate emergency response.

1.14 £1.10m has been provided for the **Corporate Estate** to support the council's property portfolio. Including wall, steps & roof repairs, replacement windows. The council has a statutory responsibility to ensure business property is safe for our tenants and anybody else using the buildings. This will also ensure income is maintained for the revenue budget.

1.15 £0.35m is provided for Match Funding:

- a) £0.35m is provided for the **Voices of Leicester** as a policy Provision. This will provide potential match funding to support an application to the National Lottery Heritage Fund. The application looks to support creating new social history and natural world galleries, improve building infrastructure, and develop inclusive learning and engagement spaces. To assist with celebrating Leicester's communities and stories.

1.16 £3.17m is provided for Other Schemes & Feasibilities:

- a) £2.83m for infrastructure works to enable **Capital Asset Sales**, in particular Ashton Green.
- i) £0.34m is provided for **Feasibility Studies**. This will enable studies to be done, typically for potential developments not included elsewhere in the programme or which might attract grant support. The breakdown for this is shown at Appendix 2e but may vary to meet emerging operational requirements.

### Proposed Programme – Policy Provisions

- 1.17 Policy provisions are sums of money which are included in the programme for a stated purpose, but for which a further report to the Executive (and decision notice) is required before they can be spent. Schemes are usually treated as policy provisions because the Executive needs to see more detailed spending plans before full approval can be given.
- 1.18 Executive reports seeking approval to spend policy provisions must state whether schemes, once approved, will constitute projects, work programmes or provisions; and, in the case of projects, identify project outcomes and physical milestones against which progress can be monitored.
- 1.19 Where a scheme has the status of a policy provision, it is shown as such in the appendix.

### Capital Strategy

- 1.20 Local authorities are required to prepare a capital strategy each year, which sets out our approach for capital expenditure and financing at high level.
- 1.21 The proposed capital strategy is set out at Appendix 9.

## **5. Financial, legal, equalities, climate emergency and other implications**

### **5.1 Financial implications**

This report is exclusively concerned with financial issues. The Prudential Borrowing impact is included in the Revenue Budget Report, elsewhere on your agenda.

The revenue implications relating to the Temporary Accommodation Acquisitions is also included within the Revenue Budget Report, elsewhere on your agenda

The maximum revenue impact for the proposed capital programme for 2026/27, 2027/28 and 2028/29 if we need to borrow is:

- 2026/27 £3.3m
- 2027/28 £6.2m

- 2028/29 £7.1m

Signed: Amy Oliver, Director of Finance

Dated: 16 February 2026

## 5.2 Legal implications

In accordance with the constitution, the capital programme is a matter that requires approval of full Council. The subsequent letting of contracts, acquisition and/or disposal of land, etc. all remain matters that are executive functions and therefore there will be the need to ensure such next steps have the correct authority in place prior to proceeding. Legal Services will provide specific advice in relation to individual schemes and client officers should take early legal advice.

The proposed delegation in respect of the Pride in Place Programme is lawful, proportionate and consistent with the Council's powers under the Local Government Act 1972 and the Localism Act 2011 and the Council's Constitution. The resolution authorises the acceptance and administration of MHCLG grant funding, the entering into of accountable body and grant agreements, and the onward distribution of funding to third-party organisations, together with appropriate monitoring, audit and recovery powers.

Signed: Kamal Adatia, City Barrister & Head of Standards

Dated: 27 January 2026

## 5.3 Equalities implications

Under the Equality Act 2010, public authorities have statutory duties, including the Public Sector Equality Duty (PSED) which means that, in carrying out their functions they have to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

People from across all protected characteristics will benefit from the improved public good arising from the proposed capital programme. However, as the proposals are developed and implemented, consideration should continue to be given to the equality impacts of the schemes in question, and how it can help the Council to meet the three aims of the Public Sector Equality Duty.

The main purpose of this report is to ask the Council to approve a capital programme for 2026/27, the capital programme includes schemes which improve the city's infrastructure and contribute to overall improvement of quality of life for people across all protected characteristics. By doing so, the capital programme promotes the PSED aim of: fostering good relations between different groups of people by ensuring that no area is disadvantaged compared to other areas as many services rely on such infrastructure to continue to operate.

Some of the schemes focus on meeting specific areas of need for a protected characteristic: disabled adaptations within homes (disability), home repair grants which are most likely to be accessed by elderly, disabled people or households with children who are living in poverty (age and disability). The temporary accommodation investment directly supports the aim of the PSED to advance equality of opportunity. Homelessness disproportionately affects households with specific protected characteristics.

Other schemes target much larger groups of people who have a range of protected characteristics reflective of the diverse population within the city. Some schemes are place specific and address environmental issues that also benefit diverse groups of people. The delivery of the capital programme contributes to the Council fulfilling our Public Sector Equality Duty (PSED). In relation to the Pride in Place programme as spending is determined by Neighbourhood Boards, the Council, as the accountable body, must ensure that local decision-making is inclusive.

Where there are any improvement works to buildings or public spaces, considerations around accessibility (across a range of protected characteristics) must influence design and decision making. This will ensure that people are not excluded (directly or indirectly) from accessing a building, public space or service, on the basis of a protected characteristic.

Signed: Equalities Officer, Surinder Singh, Ext 37 4148

Dated: 22 January 2026

#### 5.4 Climate Emergency implications

Following the council's declaration of a climate emergency and ambition to reach net zero carbon emissions for the council and the city, the council has a key role to play in addressing carbon emissions relating to the delivery of its services. This includes through its delivery of capital projects, as projects involving buildings and infrastructure often present significant opportunities for achieving carbon savings or climate adaptations and are an area where the council has a high level of control.

It is important that the climate implications and opportunities of all projects and work programmes are considered on a project-by-project basis, both during the development phase and when decisions are made.

Signed: Phil Ball, Sustainability Officer, Ext 37 2246

Dated: 22 January 2026

#### 5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

Policy	Yes	The capital programme is part of the Council's overall budget and policy framework and makes a substantial contribution to the delivery of Council policy.
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	Yes	A number of schemes will benefit elderly people and those on low income.

**6. Background information and other papers:**

**7. Summary of appendices:**

- Appendix 1 Capital Resources.
- Appendix 2a Grant Funded Schemes
- Appendix 2b Own Buildings
- Appendix 2c Routine Works
- Appendix 2d Temporary Accommodation
- Appendix 2e Corporate Estate
- Appendix 2f Other & Feasibilities Schemes
- Appendix 2g Match Funding
- Appendix 3 Operational Estate Maintenance Capital Programme
- Appendix 4 Highways Maintenance Capital Programme
- Appendix 5 Children's Capital Improvement Programme
- Appendix 6 Local Transport Schemes
- Appendix 7 Local Authority Bus Grant (LABG) funding
- Appendix 8 Temporary Accommodation Acquisitions
- Appendix 9 Capital Strategy 2026/27

**8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

**9. Is this a “key decision”? If so, why?**

No – it is a proposal to Council.

## Appendix 1

### Capital Resources

	<b>26/27</b> <small>£000}</small>	<b>27/28</b> <small>£000}</small>	<b>28/29</b> <small>£000}</small>	Later Years <small>£000}</small>	<b>Total</b> <small>£000}</small>
<b><u>Capital Receipts</u></b>					
General Capital Receipts	1,209	574	1,051	0	<b>2,834</b>
<b>Total Receipts</b>	<b>1,209</b>	<b>574</b>	<b>1,051</b>	<b>0</b>	<b>2,834</b>
<b><u>Unringfenced Capital Grant</u></b>					
School Capital Maintenance	1,084	5,957	5,944	0	<b>12,985</b>
Local Transport Schemes	12,349	13,932	15,550	0	<b>41,831</b>
Highways Maintenance	5,574	6,590	7,097	0	<b>19,261</b>
Consolidated Active Travel Fund	2,058	2,058	2,058	0	<b>6,174</b>
Pride In Place Impact Fund	1,500	0	0	0	<b>1,500</b>
<b>Total Unringfenced Grant</b>	<b>22,565</b>	<b>28,537</b>	<b>30,649</b>	<b>0</b>	<b>81,751</b>
Prudential Borrowing (maximum)	62,133	11,638	8,652	116	<b>82,539</b>
<b>TOTAL UNRINGFENCED RESOURCES</b>	<b>85,907</b>	<b>40,749</b>	<b>40,352</b>	<b>116</b>	<b>167,124</b>
<b><u>Ringfenced Resources</u></b>					
Contributions	0	400	0	0	<b>400</b>
Pride In Place Programme	360	2,010	4,380	30,540	<b>37,290</b>
Local Authority Bus Grant	6,219	6,344	6,469	0	<b>19,032</b>
Disabled Facilities Grant	1,861	1,861	1,861	0	<b>5,583</b>
<b>TOTAL RINGFENCED RESOURCES</b>	<b>8,440</b>	<b>10,615</b>	<b>12,710</b>	<b>30,540</b>	<b>62,304</b>
<b>TOTAL CAPITAL RESOURCES</b>	<b>94,347</b>	<b>51,364</b>	<b>53,062</b>	<b>30,656</b>	<b>229,429</b>

## Appendix 2a

### Grant Funded Schemes

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
			{£000}	{£000}	{£000}		
<b><u>Grant Funded Schemes</u></b>							
School Capital Maintenance	CDN (ECS)	WP	1,084	5,957	5,944	-	<b>12,985</b>
Highway Capital Maintenance	CDN (PDT)	WP	5,574	6,590	7,097	-	<b>19,261</b>
Local Transport Schemes (2026-27)	CDN (PDT)	PJ/PP**	12,349	13,932	15,550	-	<b>41,831</b>
Consolidated Active Travel Fund	CDN (PDT)	PJ	2,058	2,058	2,058	-	<b>6,174</b>
Local Authority Bus Grant (2026-27) *	CDN (PDT)	PJ/PP**	6,219	6,344	6,469	-	<b>19,032</b>
Disabled Facilities Grants*	CDN (HGF)	WP	1,861	1,861	1,861	-	<b>5,583</b>
Pride In Place Impact Fund*	CDN (NES)	WP	1,500	-	-	-	<b>1,500</b>
Pride In Place Programme*	CRS	WP	360	2,010	4,380	30,540	<b>37,290</b>
<b>TOTAL</b>			<b>31,005</b>	<b>38,751</b>	<b>43,359</b>	<b>30,540</b>	<b>143,656</b>

*Key to Scheme Types: PJ = Project; WP = Work Programme; PP = Policy Provision*

*\*These schemes are funded through a ringfenced grant.*

*\*\* The second and third year of these schemes will be held as a policy provision.*

## **Appendix 2b**

### **Own Buildings**

	<b>Division</b>	<b>Scheme Type</b>	<b>26/27</b> {£000}	<b>27/28</b> {£000}	<b>28/29</b> {£000}	<b>Later Years</b> {£000}	<b>Total Approval</b> {£000}
<b><u>Own Buildings</u></b>							
LCB Maintenance		CDN (TCI)	PJ 150	-	-	-	150
Property and Operational Estate		CDN (EBS)	WP 4,341	6,515	3,110	-	13,966
IT Investment		CDN (EBS)	WP 1,000	-	-	-	1,000
Rally House Demolition		CDN (EBS)	PJ 210	140	-	-	350
Parks & Open Spaces Depot Transformation		CDN (NES)	PJ 165	80	-	-	245
Depot Transformation		CDN (NES)	PJ 100	-	-	-	100
Public Toilet Refurbishment		CDN (NES)	PJ 150	150	150	-	450
Specialist Supported Living Schemes*		ASC	PJ 1,120	480	-	-	1,600
<b>TOTAL</b>			<b>7,236</b>	<b>7,365</b>	<b>3,260</b>	<b>-</b>	<b>17,861</b>

*Key to Scheme Types: PJ = Project; WP = Work Programme; PP = Policy Provision*

*\*This scheme is partly funded through external contributions*

## Appendix 2c

### Routine Works

Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
		£000}	£000}	£000}	£000}	£000}
<b><u>Routine Works</u></b>						
Foster Care Capital Contribution Scheme	ECS	WP	100	-	-	100
Historic Building Grant Fund	CDN (PDT)	WP	75	75	75	225
Local Environmental Works	CDN (PDT)	WP	400	400	400	1,200
Flood Strategy	CDN (PDT)	WP	300	300	300	900
Festival Decorations	CDN (PDT)	WP	25	25	25	75
Heritage Interpretation Panels	CDN (TCI)	WP	210	220	-	430
Grounds Maintenance Machinery	CDN (NES)	WP	150	150	150	450
Environmental Crime / Parks & Open Spaces CCTV Enforcement Action	CDN (NES)	WP	185	-	-	185
Replacement Tree Planting	CDN (NES)	WP	200	80	80	360
3G Pitch Replacement – FIS Carpets	CDN (NES)	PJ	250	400	-	650
Vehicle Fleet Replacement Programme	CDN (HGF)	WP	1,732	2,735	4,246	8,713
<b>TOTAL</b>			<b>3,627</b>	<b>4,385</b>	<b>5,276</b>	<b>- 13,288</b>

Key to Scheme Types: PJ = Project; WP = Work Programme; PP = Policy Provision

**Appendix 2d****Temporary Accommodation Acquisitions**

Division	Scheme Type	26/27 {£000}	27/28 {£000}	28/29 {£000}	Later Years {£000}	Total Approval {£000}
<b><u>Temporary Accommodation Acquisitions</u></b>						
Temporary Accommodation Acquisitions	CDN (HGF)	PJ	50,000	-	-	50,000
<b>TOTAL</b>			<b>50,000</b>	-	-	<b>50,000</b>

Key to Scheme Types: PJ = Project; WP = Work Programme; PP = Policy Provision

**Appendix 2e**

**Corporate Estate**

Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
		{£000}	{£000}	{£000}		
<b><u>Corporate Estate</u></b>						
Corporate Estate	CDN (EBS)	WP	1,100	-	-	-
<b>TOTAL</b>			<b>1,100</b>	<b>-</b>	<b>-</b>	<b>1,100</b>

Key to Scheme Types: PJ = Project; WP = Work Programme; PP = Policy Provision

## Appendix 2f

### Feasibilities and Other Schemes

Division	Scheme Type	Later Years				Total Approval {£000}
		26/27 {£000}	27/28 {£000}	28/29 {£000}	Years {£000}	
<b>Feasibilities and Contingencies</b>						
Infrastructure works to enable Capital Asset Sales	CDN (PDT)	PJ	1,209	574	1,051	- 2,834
PDT Feasibility	CDN (PDT)	WP	70	170	-	- 240
Curve Automation System Feasibility	CDN (TCI)	WP	50	-	-	- 50
Housing Public Space Infrastructure Regeneration (CCTV) Feasibility	CDN (NES)	WP	50	-	-	- 50
<b>TOTAL</b>			<b>1,379</b>	<b>744</b>	<b>1,051</b>	<b>- 3,174</b>

Key to Scheme Types: PJ = Project; WP = Work Programme; PP = Policy Provision

**Appendix 2g**

**Match Funding**

Division	Scheme Type	26/27 {£000}	27/28 {£000}	28/29	Later Years	Total Approval {£000}
<b><u>Match Funding</u></b>						
Voices of Leicester (Match Funding)	CDN (TCI)	PP	-	118	116	116
<b>TOTAL</b>			-	<b>118</b>	<b>116</b>	<b>116</b>

Key to Scheme Types: PJ = Project; WP = Work Programme; PP = Policy Provision

<b>GRAND TOTAL – ALL SCHEMES</b>	<b>94,347</b>	<b>51,364</b>	<b>53,062</b>	<b>30,656</b>	<b>229,429</b>
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Property and Operational Estate Maintenance Capital Programme

<b>Description</b>	<b>26/27 Amount £000's</b>	<b>27/28 Amount £000's</b>	<b>28/29 Amount £000's</b>	<b>Total Amount £000's</b>
<b>Building Works</b> - Maintenance at the Councils operational buildings to ensure they meet the needs of our residents and employees. Key works will include refurbishment of buildings, including ensuring appropriate utilisation to enable maximisation of our assets, pathway replacements at park, refurbishment of public areas and works at heritage sites.	2,852	2,541	830	<b>6,223</b>
<b>Compliance Works</b> - Generally consisting of surveys to gain condition data across the estate and works arising from the various risk assessments that are undertaken.	568	503	815	<b>1,886</b>
<b>Mechanical Works</b> - Ventilation systems, pool filtration & dosing systems, building management systems and heating controls, including essential works at York House.	839	3,417	1,360	<b>5,616</b>
<b>Emergency Provision</b> – Provision for emergency reactive works that could be required across the Council's estate.	82	54	105	<b>241</b>
<b>TOTAL</b>	<b>4,341</b>	<b>6,515</b>	<b>3,110</b>	<b>13,966</b>

## Appendix 4

### Highways Maintenance Capital Programme

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
<b>Main Roads (Principal Roads &amp; Classified Non-Principal Roads)</b> – 2026 schemes include Victoria Road East, Hinckley Road, Glenfrith Way	625	625	625	<b>1,875</b>
<b>Unclassified Neighbourhood Roads, Large Area Patching &amp; Pothole Repairs – Target large carriageway defect repairs to provide longer term repairs in readiness for surface dressing. Includes lining, joint sealing, concrete bay repairs and road hump replacements.</b> 2026 schemes include: Barkbythorpe Road – Humberstone Lane - Boundary Walnut Street Longfellow Road Vicarage Lane Eastfield Road Floyd Close Westernhay Road Southernhay Road Morley Road Dumbleton Avenue Rowley Fields Avenue <b>Includes lining, joint sealing, concrete bay repairs and road hump replacements</b>	1,750	2,100	2,312	<b>6,162</b>
<b>Preventative Maintenance and Surface Treatment</b> Thin surfacing, surface dressing and asphalt rejuvenation schemes	210	550	650	<b>1,410</b>

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
2026 Schemes include: Hamilton Way, Thurcaston Lane				
<b>Footway Relays and Reconstructions – Focus on neighbourhood street scene corridor improvements in district centres.</b> 2026 schemes included Melton Road uneven footway improvements and local footway maintenance.	750	750	750	<b>2,250</b>
<b>Strategic Bridge Deck Maintenance &amp; Replacement.</b> 2026 schemes include feasibility studies and structural surveys to assess St. Margaret's Way half joint replacement and Burleys Way flyover maintenance.	50	50	50	<b>150</b>
<b>Bridge Improvement &amp; Maintenance Works including various parapet replacements, structural maintenance works and technical assessment review.</b> 2026 schemes include Shady Lane, Ocean Rd, Dakyn Rd, Southgate Underpass.	689	700	700	<b>2,089</b>
<b>Traffic Signal Installations Renewals and Lighting Column Replacements</b> – Signalling upgrades, lamp column replacements, illuminated bollard and sign replacement.	240	455	550	<b>1,245</b>
<b>Highway Drainage</b> – Flood mitigation schemes and drainage improvement projects.	260	260	260	<b>780</b>
<b>DfT Whole Government Accounting Lifecycle Asset Management Development Project</b> – Strategic asset management development, condition surveys, data analysis, lifecycle planning and reporting in support of DfT Challenge Funding bidding linked to asset management performance.	1,000	1,100	1,200	<b>3,300</b>
<b>TOTAL</b>	<b>5,574</b>	<b>6,590</b>	<b>7,097</b>	<b>19,261</b>

## Appendix 5

### Children's Capital Improvement Programme

<b>Description</b>	<b>26/27 Amount £000's</b>	<b>27/28 Amount £000's</b>	<b>28/29 Amount £000's</b>	<b>Total Amount £000's</b>
<b>Building Works</b> - Typical works include roof replacements, sports hall floor replacements, playground resurfacing and window replacements.	478	3,830	3,143	7,451
<b>Compliance Works</b> - This work stream will mainly be used to ensure the playing fields and pavilions used by schools are fully compliant with current regulations and to conduct health and safety works.	434	783	1,251	2,468
<b>Mechanical Works</b> - schemes being undertaken within the programme typically consist of re-piping heating systems and end of life ventilation replacements.	172	981	1,181	2,334
<b>Individual Access Needs Works</b> - This is a provision to allow works to be carried out to enable children with additional needs to access mainstream school.	-	121	123	244
<b>Emergency Provision</b> - This is provision within the programme to allow for emergency unforeseen works to be carried out.	-	242	246	488
<b>TOTAL</b>	<b>1,084</b>	<b>5,957</b>	<b>5,944</b>	<b>12,985</b>

**Appendix 6**

**Local Transport Schemes**

	<b>Description</b>	<b>26-27 Amount £000</b>
City Centre	Granby Street Phase 3 construction	1,100
City Connectivity	Local Cycling and Walking Infrastructure Plan – scheme design	300
City Connectivity	Local Cycling and Walking Infrastructure Plan – scheme construction	1,400
City Connectivity	Stokeswood Park Culvert Repairs	800
City Connectivity	Rally Park walking and cycle route extension - construction	2200
City Connectivity	Saffron Lane cycle route extension – design work	300
City Connectivity	Service support – traffic modelling, data collection, analysis	350
Future City	Public Right of Way Improvement Programme	434
Future City	Greengate Lane walking and cycling access scheme - Design and Build	1,200
Future City	Traffic Signals and Streetlights Renewal Programme	800
Healthier Neighbourhoods	Pedestrian crossing programme (phase 2 delivery)	350
Healthier Neighbourhoods	Pedestrian crossing programme (phase 3 design)	350
Healthier Neighbourhoods	Local Neighbourhood Projects and Schemes	400
Healthier Neighbourhoods	School Streets Programme	165
Healthier Neighbourhoods	Air Quality Action Plan Delivery – sustainable transport initiatives for active travel	850
Local Safety	20mph Programme ongoing delivery	750
Local Safety	Local Safety Scheme programme ongoing delivery	600
<b>TOTAL</b>		<b>12,349</b>

An indicative proposed programme is shown in the above table within this Appendix. This will be subject to further refinement in advance of commencement of the programme and following scheduled ward councillor transport briefings in February 2026.

The allocation for 2027-28 is £13.932m and for 2028-29 is £15.550m, this will be held in a policy provision whilst the programme is finalised and be subject to a further decision by the City Mayor.

**Local Authority Bus Grant (LABG) funding**

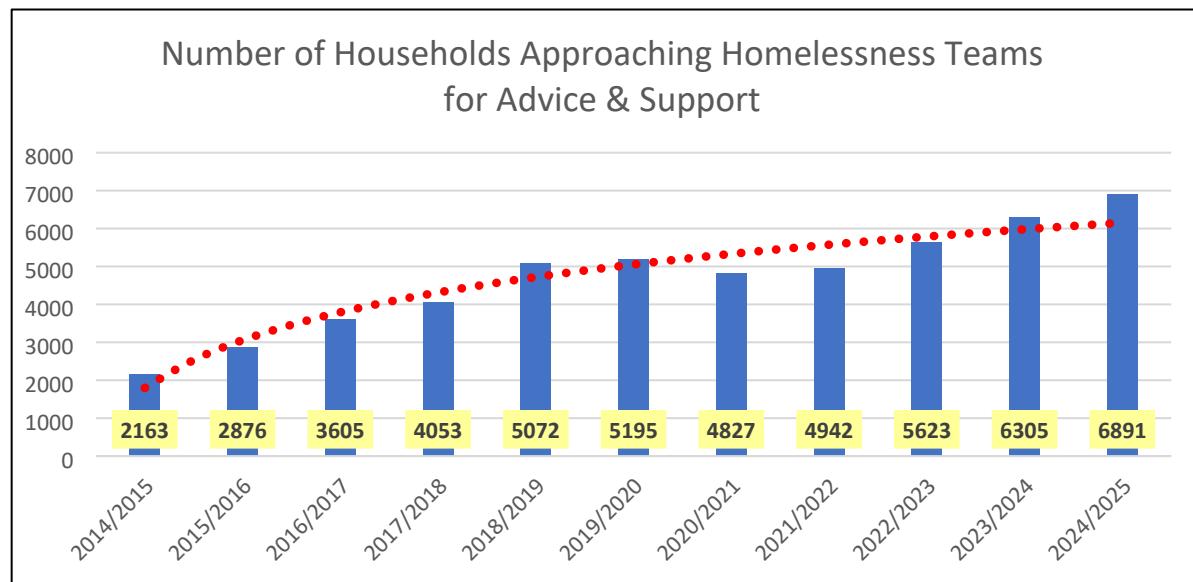
<b>Description</b>	<b>26-27 Amount £000</b>
Ongoing electric bus investment, match funded from private sector	2,700
Expansion of Real Time Information Provision across the wider flexi area	2,000
Expansion of contactless ticketing systems and purchase options	600
Key route rationalisation, including additional parking control and demand management on key bus corridors	700
Signal upgrades to support better traffic movement and flow on key bus corridors	219
<b>TOTAL</b>	<b>6,219</b>

An indicative proposed programme is shown in the above table within this Appendix. This will be subject to further refinement in advance of commencement of the programme.

The allocation for 2027-28 is £6.344m and for 2028-29 is £6.469m, this will be held in a policy provision whilst the programme is finalised and be subject to a further decision by the City Mayor.

**Temporary Accommodation Acquisitions**

Like many other local authorities, Leicester has been experiencing significant pressures in the cost of meeting the needs of homeless households through the provision of temporary accommodation. Since 2014/15 the number of approaches has risen by 219% as can be seen in the table below:



The council works positively to support households in preventing homelessness with circa 60% prevented from ever becoming Homeless, with Leicester performing better than the national average. This is supported by the table below that shows the percentage of prevention duty cases that came to an end within Quarter with the outcome being "Secured accommodation for 6+ months":

	Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25
<b>Leicester</b>	62%	63%	62%	59%
<b>National Ave.</b>	52%	52%	54%	51%

However, the Council is unable to prevent all cases and needs to support households who have often found themselves homeless often due to no fault of their own.

The Council in March 2024 approved the addition of £45m to the capital programme to acquire properties to hold as temporary accommodation, providing 253 units. Alongside a package of different measures this has successfully achieved financial cost avoidance for the Council of £4m in 24/25, rising to £16m in 25/26 and forecast to be £39m in 26/27.

This positive intervention leads to a stronger homelessness pathway, that is more resilient to the ongoing pressures and improves the conditions for those going through homelessness, especially because of the additional self-contained temporary accommodation.

As of October 2025, we had a total of 1,100 households residing in temporary accommodation. A total of 653 of those households were families and a further 447 single households remain in temporary accommodation.

Even with the positive interventions for singles and families, due to the ongoing strong demand for Homelessness services and accommodation it is expected that numbers will continue to exceed LCC owned and commissioned temporary accommodation with 392 families in expensive temporary accommodation and 81 singles in expensive temporary accommodation as at March 2026. These figures are expected to grow to 452 families and 261 singles in expensive temporary accommodation by March 2027

The proposed capital budget provides an additional £50m for acquiring temporary accommodation during 2026/27. This is anticipated to provide 90 units for singles and 160 units for families, which will be held in the Councils General Fund and managed through a third-party provider.

In addition to this, we are increasing our staffing in this area to assist with our prevention work. Overall, the combination of the £50m investment in temporary accommodation and the additional staff to support the prevention work is forecast to achieve cost avoidance of £3.8m in 2026/27, rising to £6.4m in 27/28. The revenue implications costs of this investment including borrowing costs are included in the General Fund Revenue Budget.

**Capital Strategy 2026/27**

**1. Introduction**

- 1.1 It is a requirement on local authorities to prepare a capital strategy each year, which sets out our approach to capital expenditure and financing at a high level. The requirement to prepare a strategy arises from Government concerns about certain authorities borrowing substantial sums to invest in commercial property, often primarily for yield and outside the vicinity of the council concerned (something the Council has never done).
- 1.2 There is also a requirement on local authorities to prepare an investment strategy, which specifies our approach to making investments other than day to day treasury management investments (the latter is included in our treasury management strategy, as in previous years). The investment strategy is presented as a separate report on your agenda.
- 1.3 This appendix sets out the proposed capital strategy for the Council's approval.

**2. Capital Expenditure**

- 2.1 The Council's capital expenditure plans are approved by the full Council, on the basis of two reports:-
  - (a) The corporate capital programme – this covers periods of one or more years and is always approved in advance of the period to which it relates. It is often, but need not be, revisited annually (it need not be revisited if plans for the subsequent year have already been approved);
  - (b) The Housing Revenue Account (HRA) capital programme – this is considered as part of the HRA budget strategy which is submitted each year for approval.
- 2.2 The capital programme is split into:-
  - (a) Immediate starts – being schemes which are approved by the Council and can start as soon as practical after the council has approved the programme. Such schemes are specifically described in the relevant report;
  - (b) Policy provisions, which are subsequently committed by the City Mayor (and may be less fully described in the report). The principle here is that further consideration is required before the scheme can start.
- 2.3 The corporate capital programme report sets out authorities delegated to the City Mayor. Decisions by the City Mayor are subject to normal requirements in the constitution (e.g. as to prior notice and call-in).
- 2.4 Monitoring of capital expenditure is carried out by the Executive and the Overview Select Committee. Reports are presented on 3 occasions during the years, and

at outturn. For this purpose, immediate starts have been split into three categories:-

- (a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes are monitored with reference to physical delivery rather than an annual profile of spending. (We will, of course, still want to make sure that the overall budget is not going to be exceeded);
- (b) **Work Programmes** – these will consist of minor works or similar schemes where there is an allocation of money to be spent in a particular year.
- (c) **Provisions** – these are sums of monies set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.

2.5 When, during the year, proposals to spend policy provisions are approved, a decision on classification is taken at that time (i.e. a sum will be added to projects, work programmes or provisions as the case may be).

2.6 The authority has never previously capitalised revenue expenditure, except where it can do so in compliance with proper practices: The proposed revenue budget strategy does not propose to capitalise revenue expenditure

2.7 The table below forecasts the past and future capital expenditure for the current year, 2026/27 and beyond. It therefore, includes latest estimates of expenditure from the 2025/26 programme that will be rolled forward.

<b>Department / Division</b>	<b>2025/26 Estimate £m</b>	<b>2026/27 &amp; Beyond Estimate £m</b>
All Departments	1.1	7.7
Corporate Resources	1.1	37.8
Planning, Development & Transportation	24.5	119.4
Tourism, Culture & Inward Investment	15.6	6.4
Neighbourhood & Environmental Services	5.8	8.6
Estates & Building Services	12.2	19.0
Adult Social Care	0.1	7.5
Children's Services	19.7	32.1
Public Health	-	-
Housing General Fund	37.5	75.6
<b>Total General Fund</b>	<b>117.6</b>	<b>314.1</b>
Housing Revenue Account	25.9	168.3
<b>Total</b>	<b>143.5</b>	<b>482.4</b>

2.8 The Council's Estates and Building Services Division provides professional management of non-housing property assets. This includes maintaining the properties, collecting any income, rent reviews, ensuring that lease conditions are complied with and that valuations are regularly updated at least every 5 years. A

capital programme scheme is approved each year for significant improvements or renovation.

2.9 The Housing Division provides management of tenanted dwellings. Apart from new build and acquisitions, the HRA capital programme is almost entirely funded from tenants' rents. The criteria used to plan major works are in the table below:-

Component for Replacement	Leicester's Replacement Condition Criteria	Decent Homes Standard: Maximum Age
Bathroom	All properties to have a bathroom for life by 2036	30 - 40 years
Central Heating Boiler	Based on assessed condition	15 years (future life span of new boilers is expected to be on average 12 years)
Chimney	Based on assessed condition	50 years
Windows & Doors	Based on assessed condition	40 years
Electrics	Every 30 years	30 years
Kitchen	All properties to have an upgraded kitchen by 2036	20 - 30 years
Roof	Based on assessed condition	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition	80 years
Wall structure	Based on assessed condition	60 years

### 3. Financing Capital Expenditure

3.1 For at least the last decade, most capital expenditure of the Council has been financed as soon as it was spent (by using grants, capital receipts, revenue budgets or the capital fund). The Council only incurred spending which could not be financed in this way in strictly limited circumstances. Such spending is termed "prudential borrowing" as we are able to borrow money to pay for it. Due to the parlous financial position we are in, prudential borrowing is part of our Budget Strategy. Capital spending proposals will consequently only be approved in the light of the revenue implications.

Where prudential borrowing is used to finance the general fund capital programme, the Council may approve borrowing for specific schemes (e.g. where it will be repaid by a future sale arising as a consequence of the development). Borrowing may also be treated as a general unringfenced resource, in which case the Director of Finance will determine which schemes are to be financed by borrowing within the totality of the amount approved. This will take place at year end, when the accounts are prepared, and will reflect the impact of the borrowing on future revenue budgets. The Director of Finance may determine that not all the borrowing is required, or may determine that some should take place in a later year (for instance, if expenditure has slipped between years). Decisions taken on financing will not affect delivery of spending on approved schemes

3.2 The Council measures its capital financing requirement, which shows how much we would need to borrow if we borrowed for all un-financed capital spending (and no other purpose). This is shown in the table below:-

	2025/26	2026/27	2027/28	Later Years
	£m	£m	£m	£m
HRA	306	315	324	333
General Fund	351	341	331	326

(The table above excludes PFI schemes).

3.3 Projections of actual external debt are included in the treasury management strategy, which is elsewhere on your agenda.

#### 4. Debt Repayment

4.1 As stated above, in the past decade the Council has usually paid for capital spending as it is incurred. Prior to this however, the Government encouraged borrowing and money was made available in Revenue Support Grant each year to pay off the debt (much like someone paying someone else's mortgage payments). Now it no longer does so.

4.2 The Council makes charges to the general fund budget each year to repay debt incurred for previous years' capital spending. (In accordance with Government rules, no charge needs to be made to the Housing Revenue Account: we do, however, make charges for newly built and acquired property).

4.3 The general underlying principle is that the Council seeks to repay debt over the period for which taxpayers enjoy the benefit of the spending it financed.

4.4 Where borrowing pays for an asset, debt is repaid over the life of the asset.

4.5 Where borrowing pays for an investment, debt is repaid over the life of the Council's interest in the asset which has been financed (this may be the asset life or may be lower if the Council's interest is subject to time limits). Where borrowing funds a loan to a third party, repayment will never exceed the period of the loan.

4.6 Charges to revenue will be based on an equal instalment of principal, or set on an annuity basis, as the Director of Finance deems appropriate.

4.7 Debt repayment will normally commence in the year following the year in which the expenditure was incurred. However, in the case of expenditure relating to the construction of an asset, the charge will commence in the year after the asset becomes operational or the year after total expenditure on the scheme has been completed.

4.8 The following are the maximum asset lives which can be used:-

- (a) Land – 50 years;
- (b) Buildings – 50 years;
- (c) Infrastructure – 40 years;
- (d) Plant and equipment – 20 years;
- (e) Vehicles – 12 years.

4.9 Some investments governed by the treasury strategy may be accounted for as capital transactions. Should this require debt repayment charges, an appropriate time period will be employed.

4.10 Authority is given to the Director of Finance to voluntarily set aside sums for debt repayment, over and above the amounts determined in accordance with the above rules, where they believe the standard charge to be insufficient, or in order to reduce the future debt burden to the authority.

4.11 In circumstances where the investment strategy permits use of borrowing to support projects which achieve a return, the Director of Finance may adopt a different approach to debt repayment to reflect the financing costs of such schemes where permitted by Government guidance. The rules governing this are included in the investment strategy.

4.12 The ratio of financing costs to net revenue budget is estimated to be:-

	2025/26 %	2026/27 %	2027/28 %	Later Years %
HRA	9.3	10.8	11.9	11.9
General Fund	1.8	1.6	1.2	1.7

## 5. Commercial Activity

5.1 The Council has for many decades held commercial property through the corporate estate. It may decide to make further commercial investments in property or give loans to others to support commercial investment. Our approach is described in the investment strategy, which sets the following limitations:-

- (a) The Council will not make such investments primarily to generate income. Each investment will also benefit the Council's service objectives (most probably, in respect of economic regeneration and jobs). It may, however, invest to improve the financial and environmental performance of the corporate estate properties we currently hold;
- (b) The Council will not make investments outside of the Leicester, Leicestershire and Rutland area (or just beyond its periphery) except as described below;
- (c) There is one exception to (b) above, which is where the investment meets a service need other than economic regeneration. An example might be a joint investment, in collaboration with other local authorities; or investment in a consortium serving local government as a whole. In these cases, the location of the asset is not necessarily relevant.

5.2 Such investments will only take place (if they are of significant scale) after undertaking a formal appraisal, using external advisors if needs be. Nonetheless, as such investments also usually achieve social objectives, the Council is prepared to accept a lower return than a commercial funder might, and greater risk than it would in respect of its treasury management investments. Such risk will always be clearly described in decision reports (and decisions to make such investments will follow the normal rules in the Council's constitution).

- 5.3 Although the Council accepts that an element of risk is inevitable from commercial activity, it will not invest in schemes whereby (individually or collectively) it would not be able to afford the borrowing costs if they went wrong. As well as undertaking a formal appraisal of schemes of a significant scale, the Council will take into account what “headroom” it may have between the projected income and projected borrowing costs. In practice, our ability to carry out commercial activity is now limited by our revenue position.
- 5.4 In addition to the above, the Council’s treasury strategy may permit investments in property or commercial enterprises. Such investments may be to support environmental and socially responsible aims and are usually pooled with other bodies. For the purposes of the capital strategy, these are not regarded as commercial activities under this paragraph as the activity is carried out under the treasury strategy.

## 6. **Knowledge and Skills**

- 6.1 The Council employs a number of qualified surveyors and accountants as well as a specialist team for economic development who can collectively consider investment proposals. It also retains external treasury management consultants (Link). For proposed investments of a significant scale, the Council may employ external specialist consultants to assist its decision making.