



CAPITAL STRATEGY 2026/27- 2029/30

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CAPITAL STRATEGY

CONTENTS

- 1. Introduction 3
 - 1.1 Aim 3
 - 1.2 Overview 3
- Strategic Approach 4
 - 2.1 Regulatory Background 4
 - Capital Strategy Development 4
 - Capital Finance 4
 - Transparency 4
 - 2.2 Corporate Strategy 4
 - 2.3 Capital Strategy Main Principles 4
 - Reporting 4
 - Approval 5
 - Budget Management 5
 - 2.4 Capital Programme 6
 - 2.5 Long-term Investment Needs 6
 - 2.6 Management of Risks 6
 - 2.7 Focus area -town centre regeneration 7
- 3. Operational Approach 10
 - 3.1 Skills and Knowledge 10
 - 3.2 Planning and Monitoring 10
 - 3.3 Project Appraisal 11
 - Current Process 11
 - 3.4 Investments – Capital Loans 12
 - 3.5 Continuation Programmes 12
 - 3.6 Procurement 13
 - 3.7 Financing 13
 - Treasury Management Strategy 13

Financing Considerations.....	14
Financing of unplanned capital spend.....	14
3.8 Revenue Charges	14
Revenue Implications.....	14
MRP	15
NCoB	15
4. Project Completion	15
4.1 Project Completion	15
4.2 Financial Completion	16
4.3 Learning Points	16
5. Sales and Disposals.....	16
5.1 Land and Property	16
5.2 Other Assets.....	17
Appendix A: Continuation Programmes.....	19
Other Approved Capital Schemes for 2026/27	20
Appendix B: Reference Documents	20

1. INTRODUCTION

1.1 AIM

The overall aim of the Capital Strategy is to support delivery of the Corporate Strategy priorities and ensure support for the delivery of the Council's core functions.

The Capital Strategy for Rugby Borough Council provides a high-level overview of how capital expenditure, financing and treasury management activity supports the Council's Corporate Strategy for 2025-2035 and beyond. It sets out the principles to determine priorities for our capital investments, risks, monitoring and financing.

1.2 OVERVIEW

The Capital Strategy applies to a detailed four-year medium term financial plan (MTFP) to align with the revenue MTFP. The strategy is also applied to longer term capital horizon planning up to thirty years. This strategy will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.

This strategy document is not intended to repeat information held in other strategy and policy documents. References are made throughout this document, and a list of the reference documents is included in Appendix B.

Reference is made throughout the document to a Medium-Term Financial Strategy Group (formally budget working group) or Programme Board. These are strategic boards with delegated authority to carry out the activities described in this Capital Strategy.

This Capital Strategy will play a key role in ensuring that we build for the future and ensure long-term resilient economic growth and transformational change for the borough.

Information about the Rugby area is included in the Rugby Local Plan (adopted in 2019). To provide some context for this Capital Strategy, the area of Rugby covers:

- An area of 138 square miles within Warwickshire
- 41 parishes with over 114,400 residents
- Growth in the numbers of people over the age of 65
- A deprivation index value of 222 (in the Indices of Multiple Deprivation 2019) Rugby is ranked 222 out of 317 Local Authorities, no.1 being most deprived, 317 the least total of 57 designated Local Sites of which 3 are Local Geological Sites and 54 Local Wildlife Sites (as at 2016)
- 19 Conservation Areas, 6 Grade 1 Listed Buildings, 30 Grade II* Listed Buildings and 460 Grade II Listed Buildings. Spread throughout the Borough are 26 Scheduled Monuments and 5 Registered Gardens (as at 2018)

Rugby Borough Council also manages a housing stock in the region of 3,510 dwellings (January 2026).

STRATEGIC APPROACH

2.1 REGULATORY BACKGROUND

CAPITAL STRATEGY DEVELOPMENT

Rugby Borough Council's Capital Strategy has been developed in line with the Capital Strategy Guidance produced by CIPFA in 2021. The Capital Strategy will be reviewed annually to ensure it is kept up to date and references to other strategies and policies are accurately reflected.

CAPITAL FINANCE

Local authorities are required by regulation to have regard to the Prudential Code for Capital Finance in Local Authorities (2021). The Code requires that all Councils should have a capital investment strategy which aligns capital delivery plans to their organisational objectives, as well as demonstrating sound financial management and prudent borrowing.

TRANSPARENCY

Rugby Borough Council operates within the Local Government Transparency Code (2015) which requires local authorities in England to publish information related to specific themes. These include expenditure over £500, purchase orders over £5,000, local land assets and social housing asset value, all of which are relevant to capital expenditure and investments.

2.2 CORPORATE STRATEGY

This Capital Strategy aligns with the Corporate Strategy and Medium-Term Financial Strategy. It is also closely linked to the Treasury Management Strategy to ensure capital expenditure is affordable and appropriately funded.

The medium-term capital strategy and long-term horizon planning will also consider the Local Development Plan (2019) for Rugby which outlines the type of place we aspire to be in the future and provides a framework that will manage change and growth until 2031.

2.3 CAPITAL STRATEGY MAIN PRINCIPLES

The capital programme will be developed and maintained through the following principles:

REPORTING

- Annual reporting of the four-year medium term financial plan for the capital programme. This annual report will not introduce new capital expenditure but will forecast the expenditure for existing approved schemes and projects along with the planned financing of that expenditure.
- There will be a presentation to the Medium-Term Financial Strategy Group of the anticipated thirty year horizon planning for capital expenditure, how it fits with corporate strategy and an outline of the potential financing options. This is not a fixed plan and is expected to change over time to reflect the completion of current projects and changes in the corporate approach and financing.

- Annual reporting of capital outturn, reprofiling, savings and pressures, and the impact on the current and future programme.
- Quarterly reporting for quarters 1, 2 and 3 on performance against budget, forecast, variances and impact on future year budgets.
- Monthly exception reporting between the quarters will be presented to Leadership Team, the portfolio holder for Finance Performance, Legal and Governance as well as the Chair and Vice Chair of Scrutiny.

APPROVAL

- All new proposals for capital expenditure will undergo a rigorous capital appraisal and must be presented as a business case with proposed financing. All new proposals, up to £75,000 will require Cabinet approval. Those over £75,000 will require Council approval. Where the expenditure is a new project, appraisals must follow the relevant Project Management arrangements.
- Where an approved project has not commenced within two financial years. The scheme must be brought back, for reapproval, to the appropriate committee with revised costings and revenue implications.
- All proposals for additional financing on existing programmes will require Cabinet approval and must include a summary business case and proposed financing.
- The capital programme will be flexible to allow the movement of expenditure and financing across years without needing recourse to further member approval. Movement across years will be subject to any financing restrictions imposed on the Council e.g. capital grant funding restricted to a single financial year. Movement across years will also be subject to approval from the Chief Officer-Finance and Performance. This will ensure adequate cash availability in terms of the timing of expenditure and allow investments to be maximized and/or other schemes to be accelerated or slipped.
- At each financial year end, financing of the capital expenditure will be reviewed to ensure optimum use of the overall resources available to the Council. Any changes will be determined by the Chief Officer-Finance and Performance. Additional member approval is not specifically required. Details will be reported to Cabinet in the Council's financial outturn report.
- Continuation Programmes that are not project based e.g. annual budgets for IT development or vehicle purchase, will be reviewed every two years. The current list of continuation programmes is included in Appendix A. See also the Continuation Programmes section of this strategy for further details. In summary, these reviews will need to consider:
 - a. past spending patterns and the effectiveness on services
 - b. how the expenditure supports the relevant corporate plans
 - c. whether changes could be implemented to reduce costs, increase effectiveness or better meet the Council's corporate strategy

BUDGET MANAGEMENT

- All capital expenditure and projects must have a designated budget manager who is accountable for the approved budget and delivery of the programme.
- Where projects/capital expenditure has been identified but financing is not available, an outline business case will need to be developed. This will then be held on an 'unapproved capital proposals' register and allocated a priority rating in accordance with pre-determined criteria. This register will be managed by the Medium-Term Financial Strategy Group. As financing is

identified, schemes will be selected on a priority basis to proceed with a full business case for approval.

- Prioritisation and acceleration of schemes on the 'unapproved capital proposals' register will be the responsibility of the Budget Working Group/ Programme Board.

2.4 CAPITAL PROGRAMME

Rugby Borough Council will have a single Capital Programme covering both General Fund and HRA Projects. This will provide an overview of the capital expenditure and investment for Rugby.

Within the overall programme, the General Fund and HRA elements will have specifically identified financing to enable those elements to be reported on separately. The Capital Programme will be included in the annual budget setting and rent setting reports for information. Annual approval will not be required for the Capital Programme as any additions and adjustments will be managed and approved as outlined elsewhere within this strategy. New proposals and additional expenditure will require separate Cabinet approval.

The Capital Programme is a dynamic document and is not included as part of this strategy. A snapshot of the Capital Programme and financing will be reported each quarter and included in the quarterly financial monitoring reports.

2.5 LONG-TERM INVESTMENT NEEDS

Rugby Borough Council will continue to develop the long-term investment needs for the area, and this will inform the thirty year horizon planning. This long term view is informed by:

- Consultation and engagement with businesses and residents,
- The Rugby Regeneration Strategy which sets out a vision for the future, setting out guiding principles for redevelopment and several 'big idea' projects which have a vital role to play in revitalising the town centre.
- The Council's Local Development Plan which includes Rugby's spatial vision for a prosperous town with a strong economy, including the development of sustainable housing, employment, leisure facilities and public transport. The Plan also includes a commitment to protect natural species present in the Borough by improving habitats and to meet the challenges of climate change.

2.6 MANAGEMENT OF RISKS

The resilience of the capital programme depends on the longer-term planning and a joined up Corporate Strategy across the different strategies and plans. It also depends on strong financial planning, project appraisals, funding sources and other available resources.

Risks beyond the control of the Council (such as criminal acts, environmental risks, political risks and health crises) will be considered for each project during the planning phase. If external events raise risks for the Council, this will be managed through the usual risk management processes.

The Council is exposed to a range of risks that may impact on the capital programme and these include:

- Financial risks related to the investment of the Council's assets

- Macroeconomic risks related to the growth or decline of the economy. Local as well as national or global. Interest rates, inflation, continuing impact of Brexit, etc.
- Credit risks related to investments and loans to other institutions
- Reputational risks related to the Council's actions
- Environmental and social risks
- Governance risks related to ensuring that the Council has the correct level of oversight and scrutiny
- Changes in Government policy

The Council's Risk Management Strategy sets out the governance framework for managing risk. framework. The Strategic and Operational Risk Registers consider the risks around capital investment, including the areas outlined above. Detailed risks for each project will be considered on a case-by-case basis and documented and managed using project risk registers. The strategic risk register informs the medium term and horizon planning for capital.

2.7 FOCUS AREA - TOWN CENTRE REGENERATION

The 2026/27 capital strategy will place a strengthened emphasis on town centre regeneration, reflecting the Council's priority to revitalise Rugby town centre, increase footfall, and improve dwell time for the benefit of residents, businesses, investors, and visitors. This approach is set against a national backdrop of profound structural change in traditional town centres, where declining retail markets and shifting consumer behaviour are driving widespread vacancy, reduced footfall, and the erosion of local identity.

Across the UK, national retailers are consolidating into prime shopping destinations, retail parks, and online platforms. This trend is leaving behind significant volumes of obsolete floorspace within purpose-built shopping centres and high streets. As a result, many town centres are struggling to sustain the commercial activity required to support a vibrant local economy. Rugby is not immune to these pressures. As a result, many town centres are struggling to sustain the commercial activity required to support a vibrant local economy. Rugby is not immune to these pressures.

There has been external funding available, however, these grants are typically one-off, project specific opportunities. Increasingly, local authorities must take a proactive enabling role: acquiring key assets, unlocking stalled sites, coordinating partners, facilitating delivery, and shaping the conditions for public and private investment and making interventions.

Rugby Borough Council has long recognised the need to counter national trends by actively reshaping the future of its town centre. This commitment is reflected in the:

- Corporate Strategy (2024)
- Rugby Regeneration Strategy (2022)
- Rugby Town Centre Delivery Strategy (2024)

Together, these strategies set out a long-term programme of interventions aimed at creating a more resilient, diverse, and vibrant town centre. A consistent theme across all three is the need for direct physical intervention and public sector leadership to deliver transformational change. This will require a programme of interventions aimed at creating a more resilient, diverse, and vibrant town centre.

Strategic Priority Assets

A cornerstone of the Council's approach is securing control of key town centre assets that have the potential either to unlock regeneration or to act as barriers to progress. Two assets are currently identified as strategic priorities:

- **Rugby Central Shopping Centre**
- **Brotherhood House**

These sites offer significant opportunities to support redevelopment, increase footfall, diversify the town centre offer, and catalyse further investment. Rugby Central is recognised as pivotal to delivering the scale of change required.

The Case for Intervention: Rugby Central

The Rugby Regeneration Strategy (2022) identifies Rugby Central as a major catalyst site whose redevelopment would have a substantial impact on the wider town centre. Its outdated format, fragmented frontage, and high levels of vacancy mean it now acts as a structural barrier to regeneration.

The Rugby Town Centre Delivery Strategy (2024) reinforces this assessment, ranking Rugby Central as the only opportunity site with high catalytic impact. This conclusion has been endorsed by the Member Town Centre Regeneration Working Group.

Professional advice indicates that, without intervention, the asset will continue to deteriorate, undermining the vitality of the town centre. Acquisition would allow the Council to safeguard a strategically important site, prevent further market failure, and lead a comprehensive mixed use redevelopment programme. This includes a managed reduction in traditional retail floor space and the introduction of new uses that broaden the town centre offer this is demonstrated through the proposed Phase 1 redevelopment of Northway Mall.

The opportunity to intervene is time sensitive, with a narrow window for the Council to secure control, protect its strategic interests, and shape long-term regeneration outcomes.

Town Centre Work Programme

Delivery of the town centre regeneration agenda is supported by an eleven workstream programme, covering:

- Built environment improvements
- Public realm enhancements
- Meanwhile uses
- Cultural and tourism initiatives
- Strategic asset planning
- Engagement and place-making activity

These workstreams are interdependent and collectively provide the evidence base required to support future capital decision making.

Key projects include:

- Development of a Town Centre Delivery Plan
- Preparation of a long-term town centre investment plan, setting out priorities and next steps
- Creation of a cultural quarter (initially through a planning brief)
- Expansion of the events programme, including the Love Rugby festival
- Measures to enhance tourism
- Public realm upgrades
- Enhancements to St Andrew’s Church and Gardens
- Improvements to the Rugby Outdoor Market

As individual schemes progress to delivery, further funding drawdowns will be submitted through the Council’s established governance processes.

Strategic Fit and Capital Justification

Intervention in key assets—particularly Rugby Central—aligns directly with the Council’s strategic objectives and represents a financially justified action within the wider Capital Strategy. Securing control of pivotal assets will:

- safeguard the long-term economic health of the town centre
- unlock future mixed use redevelopment opportunities
- increase footfall and economic activity
- support inclusive access and connectivity
- attract additional public and private investment
- create a town centre that is fit for future generations-term economic health of the town centre-use redevelopment opportunities

The Council’s capital approach is therefore centred on strategic asset intervention, placemaking, and long-term regeneration, ensuring that Rugby town centre remains resilient and economically vibrant in the face of national change making, and long-term regeneration, ensuring that Rugby town centre remains resilient and economically vibrant in the face of national change.

Best Value Duty and Public Interest Considerations

The Council must demonstrate that the proposed acquisition satisfies the statutory Best Value duty under Section 3 of the Local Government Act 1999. This requires evidence that the decision achieves economy, efficiency, and effectiveness when compared with alternative uses of resources.

Value for Money

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014, the Council must also ensure that proper arrangements are in place for securing value for money. External auditors will expect to see rigorous scrutiny of any acquisition, including procedural compliance, long-term financial implications, and consideration of risk exposure.-term financial implications, and consideration of risk exposure.

Prudential Framework

All local authority investment decisions must comply with the CIPFA Prudential Code and Treasury Management Code. These frameworks require decisions to be:

- affordable
- prudent

- sustainable
- proportionate

and supported by appropriate governance and risk management.

Any capital scheme the Council undertakes must comply with the policies set out in the Council's combined Capital and Treasury Management Strategy.

Local Government Reorganisation and Section 24 Direction

In advance of Local Government Reorganisation (LGR), a **Section 24 Direction** will be issued. This will affect items on the capital programme. A Section 24 Direction:

- restricts councils being abolished from entering into contracts, disposals, or financial commitments above specified thresholds without consent from the shadow or continuing authority
- typically applies to:
 - land disposals over £0.100m
 - revenue or capital contracts above £1m, or with variable payment terms
- ensures outgoing councils do not fetter the new unitary authority's future financial position
- uses General Consents to allow routine business to continue and Specific Consents for exceptional decisions

Before commencing any largescale town centre scheme, the implications of the Section 24 Direction must be carefully considered, as it may limit the Council's ability to deliver new investment.

3. OPERATIONAL APPROACH

3.1 SKILLS AND KNOWLEDGE

Management of an effective capital programme requires managers with the appropriate level of skills and expertise. To ensure this is in place, the Financial Services Team will:

- Employ suitably qualified and knowledgeable team members to co-ordinate the overall capital programme and financing, support the monitoring of progress across the schemes, highlight variances and prepare the relevant consolidated reports.
- Provide financial support to budget managers in preparing project appraisals and business cases for new projects.
- Provide an annual training event for budget managers to ensure they are aware of their responsibilities and have the skills to carry them out.
- Ensure one-off training is provided to any new budget managers. This may be carried out by the Financial Services Team or existing budget managers who will be able to also impart their experiences.

3.2 PLANNING AND MONITORING

The Financial Services Team is responsible for coordinating, managing and maintaining the overall capital programme and financing. Individual capital schemes and purchases are the responsibility of the designated budget manager. The planning process is as follows:

1. Initially, each month, all capital budget managers will receive an expenditure report for their existing approved scheme(s) showing the agreed annual profile of spend, expenditure against budget for the year and, for projects, expenditure to date since the start of the project.
2. Training has been provided to budget managers, they are expected to run their own reports from the finance system and monitor their expenditure monthly. Budget managers will be provided with guidance on their responsibilities. Support will be provided by the relevant Finance Business Partner.
3. Budget managers are expected to review their monthly report in conjunction with their Finance Business Partner and where appropriate, provide a revised forecast and/or profile of expenditure for the year and/or the remaining life of the project.
4. It is important that delays or acceleration of a project is clearly distinguished from savings or pressures. Reprofiling a budget does not require member approval but needs to be highlighted as early as possible with the relevant Finance Business Partner for cash management purposes.
5. The default funding for additional pressures will be the relevant revenue budget and will require member approval. Budget managers will need to identify equivalent savings elsewhere or alternative funding.
6. The revised forecast will feed back into the next iteration of the report and expenditure will be monitored regularly. If the expenditure remains within the approved envelope of spend for that scheme or project, and any financing criteria continues to be met, no further action will be required.
7. Budget managers are responsible for providing all forecast information to their Finance Business Partners in accordance with the quarterly reporting timetable to ensure it can be included in the quarterly dashboards that are provided to budget managers, Directors and Cabinet.
8. Where budget managers are forecasting project savings or pressures, this will be included in the quarterly financial report to Cabinet along with an up to date snapshot of the capital programme. Budget managers are responsible for providing explanations for the overall variances and the impact on services. Where additional spending is forecast on existing projects, refer to the section above Capital Strategy Main Principles (Approvals). The Financial Services Team is responsible for ensuring that the overall Council financing requirements are appropriately adjusted.
9. Each quarter, the Financial Services Team will prepare a snapshot of the full capital programme and financing schedule for the four year medium term financial plan. Annually, this will also include a ten year longer term outline plan and financing in addition to information on the direction of travel for the 30 year horizon plan. This will ensure the availability of up to date information for decision making purposes.
10. Where additional financing is available, the quarterly Cabinet report will include options to accelerate potential projects from the reserve list in priority order. A priority rating will be provided following consideration of the outline business case, and this will be managed by the Budget Working Group.
11. Where unexpected variances mean that more resource than expected will need to be used, the quarterly report will include options to defer projects and schemes where possible.

3.3 PROJECT APPRAISAL

CURRENT PROCESS

The current process for including projects in the Capital Programme requires a report to be presented to Cabinet/Council. The report should include:

- Project details
- The reason for the request including evidence to support the business case
- How it delivers on the Corporate Strategy
- Demonstration of best value/value for money
- Financial implications, both capital and revenue and how the project is to be funded
- Implications of not approving the project

Prior to the report being presented to members, the financial implications need to be reviewed by the Financial Services Team and be appraised by the Medium Term Financial Strategy Group.

3.4 INVESTMENTS – CAPITAL LOANS

The Council can lend money in limited circumstances to support local public services and stimulate local economic growth. This is expected to be relatively infrequent, and all such proposals will be assessed in terms of risk. The Council will use external advisors if felt appropriate by the Chief Officer- Finance and Performance. All loans will be subject to a contract agreed by Chief Officer-Legal and Governance and must be approved by full Council.

To limit risk the current limit on the outstanding exposure is set at £20m. A loss allowance will be provided for in accordance with accounting policy.

All capital loans will be included in the Council's Capital Programme and financing must be identified as with other capital projects and procurement. All repayments of capital loans will be treated as capital receipts. Where financing of the capital loan was from borrowing, those capital receipts will be prioritised for the repayment of the Council's debt.

Further details for loans and other investments, including property investments, are included in the Treasury Management Strategy.

3.5 CONTINUATION PROGRAMMES

This is where the Council has an annual programme of capital expenditure that is not a specific project or scheme. The current approved continuation programmes are included in Appendix A with the current annual budget levels. Whilst there are current budget differences across years, it is anticipated that this stabilises to a consistent annual value.

This list is subject to review every two years, as mentioned in the principles section above. This will be reviewed throughout the financial year, so any changes are implemented prior to the budget setting process. The review will be presented as a report to the Medium Term Financial Strategy Group with changes highlighted for approval. For each of the continuation programmes, the review will include:

1. A brief outline of what the programme is for and how it supports the corporate strategy
2. The relevant Portfolio, Chief Officer and budget manager
3. The annual budget and any external financing that offsets the cost to Rugby BC
4. How it will be financed and whether it is General Fund or HRA
5. Last three year's expenditure and what the impact on services was
6. Alternative options, the potential to reduce costs, increase effectiveness or better meet the Council's strategy

The review will be coordinated by the Financial Services Team and the programme information will be provided by the budget managers. The review would recommend any proposed changes to the annual budget value which would come into effect from the following financial year. The approved, revised values will then be included in the capital programme presented in the budget and rent setting reports.

The budget values may be reprofiled to future years or accelerated, subject to the Council's cash requirements. This does not require member approval but will be reported to Cabinet through the quarterly Finance and Performance report. The overall total may not be increased without specific Cabinet approval.

3.6 PROCUREMENT

Any procurement exercise should start with the early engagement of the Procurement Team to ensure compliance with current legislation and Contract Standing Orders. Procurement can advise on the most suitable route to market to attaining value for money and compliance.

Link to Sharepoint guidance documents

[Procurement Toolkit](#)

3.7 FINANCING

In any report or review of the capital programme or schemes, it must be clear how that expenditure will be financed and what revenue implications there will be. Financing will be included at the point the proposal is approved, following the relevant project appraisal process. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing or leasing).

TREASURY MANAGEMENT STRATEGY

The Council's capital expenditure plans are the key driver of treasury management activity and the two documents are closely related. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

- **Capital Financing Requirement (CFR)** – This is the total capital expenditure which is not paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and is the underlying borrowing need. Any capital expenditure which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
- **Minimum Revenue Provision (MRP)** – This is the statutory annual revenue charge which charges the economic consumption of capital assets to revenue as they are used. It broadly reduces the indebtedness in line with each asset's life.
- **Voluntary Revenue Provision (VRP)** – This is like MRP but is voluntary. Currently Rugby BC do not make any VRP, but this will be kept under review.
- **Depreciation** – There is no requirement for the HRA to make MRP but there is a requirement for depreciation to be charged. This is done in line with accounting policy.
- **Financing of capital expenditure** – Financing of capital expenditure can come from revenue, reserves, external grant funding, capital receipts or borrowing. All borrowing will be managed in accordance with the Treasury Management Strategy. Most borrowing is arranged to support overall cash requirements rather than specific capital projects although there may be exceptions.

FINANCING CONSIDERATIONS

- External financing such as grant funding is likely to have specific requirements and obligations that the Council must meet. Before accepting such funding, the Council must be confident of meeting those obligations. If those obligations include the provision of matched funding, the financing of the matched funding must be identified prior to the bid for grant funding being submitted. Such requirements and obligations will form part of the ongoing project monitoring by the budget manager.
- The Council's current de-minimis level for capital expenditure is £10,000. Even if the expenditure meets all the other definitions for capital expenditure, it will be charged to revenue if it is under that value.
- Joint ventures and partnership arrangements must be thoroughly appraised prior to being entered into and, if required by the Chief Officer–Finance and Performance, external advice must be sought. This must be part of the overall project appraisal and in accordance with guidance from the Capital Programme Board.
- Leasing guidance is provided by the Treasury function in the Financial Services Team. All proposals that include any lease agreements must be agreed with the Financial Services Team to ensure the financial implications are thoroughly assessed and accounting implications determined in accordance with IFRS16.
- As a general default, all unringfenced funding will be pooled to support the overall capital programme. There will be specific exceptions from this such as HRA financing, restricted grant funding and other specific obligations that need to be managed. Use of capital receipts to fund capital expenditure will be determined based on Treasury management advice and is also subject to the relevant regulations regarding the application of capital receipts (e.g. limits on the use of RTB receipts for new builds).
- Section 106 monies come from developer contributions through the planning system. Most have restrictions on use defined in the agreements. Where this is not the case, the monies should be used to support existing Council priorities and commitments and be allocated in line with Council's capital scheme priorities.
- Revenue contributions can either be made during the year, e.g. a capital purchase funded from a revenue budget, or revenue contributions made be added to a reserve each year for later use.

FINANCING OF UNPLANNED CAPITAL SPEND

There may be occasions where unplanned capital expenditure occurs (e.g. emergencies, necessary purchases with prices increases that tip over the £10,000 revenue de minimis, etc.). Each case must be brought to the attention of the Chief Officer–Finance and Performance as soon as possible and approved through an urgent decision.

3.8 REVENUE CHARGES

REVENUE IMPLICATIONS

During the project appraisal process, any revenue implications will need to be identified so they can be included in the revenue medium term financial plans (i.e. General Fund or Housing Revenue Account). These are likely to include the following:

- Ongoing revenue implications of maintaining the asset. For example, the ongoing maintenance of a new apartment block.
- Impact on other future service budgets. For example, a new apartment block may increase cost of grounds maintenance, housing benefit subsidy, etc.
- The minimum revenue provision (MRP). An estimate of the MRP should be made during the appraisal process.
- Where depreciation is charged, that should be calculated during the appraisal process
- The impact on the net cost of borrowing (NCoB) and the debt cap
- Revenue budget availability and coverage
- Cash flow implications
- Implications of accounting rules (e.g. for projects that include leasing)
- Tax implications
- External revenue funding – timing, value and any obligations

MRP

Briefly, this is an amount charged to revenue to pay off the capital spend funded from borrowing. It is calculated according to the capital financing requirement (CFR) so only relates to borrowing and debt. If capital expenditure is funded from revenue or grant funding, this does not increase the MRP. This applies only to the general fund capital expenditure and is in place of a depreciation charge. See the Treasury Management Strategy for further details.

NCOB

The net cost of borrowing is calculated by the Financial Services Team. In summary, it represents investment income and interest received less interest on borrowing and some reserves. It is not a revenue implication, but capital expenditure funded from borrowing will impact on this calculation and the overall financial cost to the Council.

4. PROJECT COMPLETION

4.1 PROJECT COMPLETION

Practical completion of a project occurs when (for example) the build is complete, and the asset is in use. At that point, a completion report should be compiled by the Project Manager to include:

- Has the project met the desired objective(s)?
- Will the outcomes be different to those originally planned?
- Financial report of actuals compared to budget and variances, with changes explained.
- What could have been done better?
- What worked well?
- What points can usefully help other projects?
- What is the outstanding retention, timescale and conditions?

As mentioned in the Project Appraisal section above, developments are underway to improve project management processes and that may impact on the requirements outlined here.

4.2 FINANCIAL COMPLETION

This is when the last payment/financial transaction occurs on the capital project and is often the payment of the last retention. Once in operation, there may be ongoing revenue costs, but these will form part of the annual revenue budget.

On financial completion, the total project spend should be recorded and the project closed on the capital programme. This will be noted in the next quarterly report.

4.3 LEARNING POINTS

Learning points from capital schemes may be varied but they should be noted along with actions and a responsible person. They may include actions such as:

- Changes to the risk register
- Changes to processes
- Changes to the responsible person
- Changes in reporting
- Changes in the timing of decision making
- Seeking new funding opportunities and/or partnership arrangements

The Learning Points Register should be maintained and monitored quarterly by the Financial Services Team. Once the action has been taken, the outcome should be noted. It does not require reporting to members as it is an internal management process.

5. SALES AND DISPOSALS

An asset will be identified as surplus to requirements and suitable for disposal if, in its current condition, it does not meet any of the corporate objectives outlined in the policy and strategy documents listed in Appendix B. Information will need to be provided as to why the asset cannot be brought to a condition where it could otherwise meet Council objectives.

Assets to be considered for disposal will be identified through periodic review of the Asset Register.

Authorisation of disposals will be in accordance with the Council's constitution.

In the lead up to Local Government Reorganisation, consideration will be given to ensure that any disposals are not in breach of the Structural Changes Order/Section 24 Direction.

5.1 LAND AND PROPERTY

The Council has a general power of disposal of land, contained in Section 123 of the Local Government Act 1972. Local authorities are not permitted to dispose of land for a consideration which is less than the best which is reasonably obtainable, unless they first obtain consent from the Secretary of State.

It will need to be established whether there are any legal constraints, such as restrictions on land that would prevent disposal. All negotiations for disposals should be advised by a suitably qualified property professional, preferably a member of the Royal Institution of Chartered Surveyors. This will include the production of Market Appraisals to demonstrate best consideration where appropriate.

The Council will aim to maximise its capital receipts, where possible, by enhancing the land prior to disposal; for example, by obtaining planning permission if this would result in a reasonable uplift in capital receipt after costs are considered.

A business case will be drafted and follow the appropriate governance arrangements. A communication plan will also be considered to ensure residents and other stakeholders are aware of the Councils plans for site disposal when appropriate. The Local Government Act 1972 and Town and Country Planning Act 1990 require a public consultation by placing advertising its intentions to dispose of public open space. Any objections will need to be considered prior to any final decisions on disposal.

Land asset disposal, if being considered, must be undertaken in accordance with Government guidance published by the Department for Levelling Up, Housing and Communities. Guidance published in 2016 by the Department for Communities and Local Government can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/508307/160316_Land_disposal_guidance.pdf

The Council will dispose of land and property assets by:

- Tender (Formal / Informal): by advertising and inviting sealed bids
- Private Treaty: In the case of limited interest, a marketing exercise would still need to be completed.
- Public Auction: If appropriate a reserve price will be set.

5.2 OTHER ASSETS

Disposal of assets other than land and property is expected to be minimal. This would include, for example, vehicles, plant and operational equipment. Any assets identified for disposal will require a business case to be drafted and follow the appropriate governance arrangements.

Officers must take into consideration all legislative requirements before undertaking any disposal. These include, but are not limited to:

- The WEEE (Waste Electrical & Electronic Equipment) Regulations
- Health and Safety considerations:
 - Equipment which may be contaminated with hazardous substances must be cleaned appropriately before being disposed of and a signed decontamination statement provided contact the Health & Safety Office.
- Any internal policy guidance on the disposal of IT equipment

The Council will dispose of other assets by:

- Tender (Formal / Informal): by advertising and inviting sealed bids
- Private Sale: In the case of limited interest, a marketing exercise would still need to be completed.
- Public Auction: If appropriate a reserve price will be set.

Where public disposal options are unsuccessful, consideration may be given to employee offers. This would need to be subject to any health and safety issues.

Gifting to charity may be considered if other options have been exhausted. This will be subject to health and safety considerations and assessment of any financial or legal risks and implications.

Scrapped, obsolete and damaged assets may be disposed of as waste. Evidence of their state must be retained for audit purposes and the Financial Services Team must be informed so the asset is removed from the asset register and the relevant accounting entries completed.

Damaged, destroyed, lost or stolen assets must be communicated to the Financial Services Team for insurance and accounting purposes. In appropriate circumstances a police report must be made. These assets will need to be removed from the asset register and the relevant accounting entries completed.

APPENDIX A: CONTINUATION PROGRAMMES

This is a list of the capital continuation programmes and the value of the annual budget.

Reprofiling may occur in accordance with the approval processes described in the capital strategy. The overall total spend cannot be increased without further Cabinet approval.

Programme	2026/27	2027/28	2028/29	2029/30
	£000s	£000s	£000s	£000s
General Fund				
ICT Refresh Programme	222	222	222	222
Digitalisation and Development Programme	45	45	45	45
Disabled Facilities Grants*	900	900	900	900
Vehicle Replacement	357	357	357	357
Waste Bins	88	88	88	88
Open Spaces Refurbishment – Leisure Facilities	150	150	150	150
Open Spaces Refurbishment – Safety Improvements	50	50	50	50
Memorial Safety	30	30	30	30
Housing Revenue Account				
Improvements and Capitalised Repairs**	4,373	4,373	4,373	4,373
Housing Management System	30	30	30	30
Disabled Adaptations	250	250	250	250
Lifeline Renewal Programme	30	30	30	30
Purchase of Council Homes	1,685	1,685	1,685	1,685

* Dependent on external funding – but proposed to rise to £0.900m based on 2025/26 allocations

** As included in the HRA capital programme. The ongoing annual value to be reviewed.

OTHER APPROVED CAPITAL SCHEMES FOR 2026/27

Other approved capital schemes for 2026/27

For further details, portfolio and funding information, please refer to the capital programme.

Scheme	2026/27 £000	2027/28 £000
Carbon Management Plan - Wave 3	8,764	8,816
Garage Management Plan	178	
Shop Fronts scheme	233	

APPENDIX B: REFERENCE DOCUMENTS

This is a list of other documents to be read in conjunction with the Capital Strategy

Corporate Strategy 2025-35	The Council's overriding strategy
Property Acquisition and Disposal Policy	Policy for delivering, increasing, managing and maintaining the supply of quality affordable housing.
Housing Strategy 2022-2024	Strategy for the provision of social housing for the borough.
Local Plan 2011-2031 (adopted in 2019)	The Council's policies and proposals to support the development of the Borough through to 2031
Medium Term Financial Plan (MTFP)	The financial plan for the Council for revenue and capital spending
Procurement Toolkit	Guidance on the appropriate procurement routes for expenditure
Risk Management Strategy	The Council's Risk Management Strategy sets out the governance framework for managing risk
Rugby Regeneration Strategy	The Council's vision for the future, setting out guiding principles for redevelopment and revitalising the town centre
Treasury Management Strategy	Capital financing and general treasury management