
Capital Financing Report Outturn

Financial Year 2024/25

Committee considering report:	Executive
Date of Committee:	3 July 2025
Portfolio Member:	Councillor Iain Cottingham
Report Author:	Chris Dagnall
Forward Plan Ref:	EX4694

1 Purpose of the Report

The capital financing performance report provided to Members reports on the under or overspends against the Council's approved capital budget and proposed reprofiling of planned expenditure into subsequent financial years. This report presents the provisional outturn position for financial year 2024/25 and is subject to external audit scrutiny and review prior to finalisation.

2 Recommendations

2.1 Members are informed of:

- (a) The provisional outturn of £41.1 million against the 2024/25 capital programme of £59.2 million.
- (b) The impact of required capital financing on the Council's Capital Financing Requirement (CFR) and liability benchmark which identifies the Council as a long-term borrower of funding. (Appendix B).
- (c) £18.3m of planned expenditure to be reprofiled into financial year 2025/26 (Appendix A). (Slippage discussed in Asset and Capital Group 28.04.2025)
- (d) £1.6m of funding proposed to be brought forward from approved expenditure from financial year 2025/26 into financial year 2024/25 (Appendix A). (Slippage discussed in Asset and Capital Group 28.04.2025)
- (e) Members are informed of the following adjustments to the 2025/26 capital programme:
 - £150,000 of external funding for Bus Service Improvement plan,
 - £118,347 of external grant for Royal Berkshire Archives extension,

2.2 Members are asked to approve:

- £408k of additional Council funding relating to Social Care Case Management System, increasing the budget provision from £960k agreed as part of the 2025/26 capital programme, to £1.37 Million. The increase is required to fund additional technical consultancy support for implementation.
- £316k of external grant for the expansion of childcare and wraparound places,
- £2.3m of combined funding (£1.86 million external funds and £460k Council funding), for the Royal Berkshire Archives extension.

3 Implications and Impact Assessment

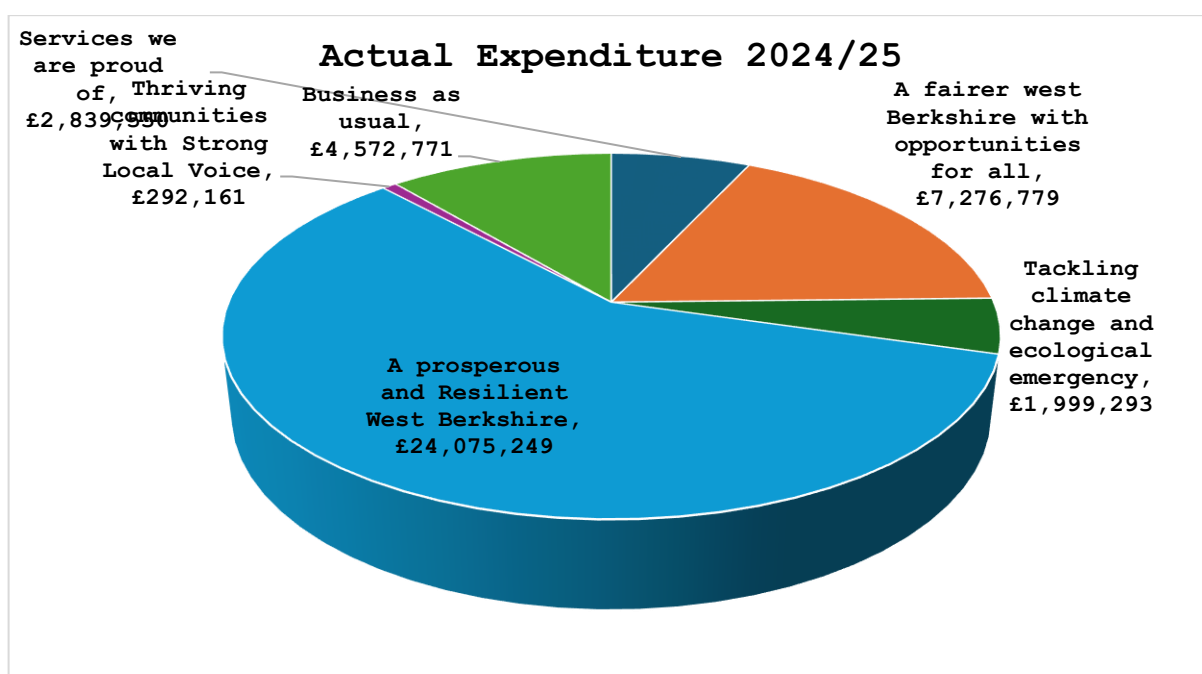
Implication	Commentary
Financial:	The outturn position is expenditure of £41.1 million has been incurred against a revised budget of £59.2 million, an overall underspend of £18.1 million. £18.4 million of future expenditure is proposed to be reprofiled into financial year 2025/26. £1.6 million of funding is proposed to be brought forward from financial year 2025/26 into financial year 2024/25.
Human Resource:	Not applicable
Legal:	The CIPFA Prudential Code requires the Council to consider capital and investment opportunities alongside overall organisational strategy and be mindful of the need to ensure that decision-making is made having sufficient regard to the long-term financing implications and associated risks. To demonstrate that Local Authorities have satisfied these objectives, the Code specifies several indicators but does not define specific indicative limits or ratios. Local Authorities can set their own limits and ratios, subject to controls in Section 4 of the Local Government Act 2003. The capital programme is a key driver of the Council's treasury management activities.
Risk Management:	The Council is exposed to inflationary cost pressures across the capital programme. Furthermore, any rise in PWLB borrowing rates resulting from increases in bank rates will result in inflated interest costs on any new borrowing undertaken. Such external risks are largely outside of the Council's ability to influence. However, the Council will seek appropriate advice from its engaged external treasury

	specialist to determine the optimum time and structure for any new borrowings undertaken			
Property:	Not applicable			
Policy:	Not applicable			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		

Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	Shannon Coleman-Slaughter (Service Director) Finance, Property and Procurement (Section 151 Officer)			

4 Executive Summary

- 4.1 The capital programme facilitates the delivery of key Council schemes focused on supporting the approved Council Strategy. At the close of the financial year 2024/25 £41.1 million of expenditure across capital schemes had been incurred:



- 4.2 As part of the outturn position £18.4 million of future planned expenditure is proposed to be reprofiled into financial year 2025/26. This is comprised of £8.7million of Council funded expenditure (i.e. to be financed through external borrowing) and £9.6 million of externally funded expenditure. A further £1.6 million of funding is proposed to be brought forward from financial year 2025/26 to fund project expenditure incurred in 2024/25 where projects are ahead of schedule.
- 4.3 In respect of financing the capital programme, the Council's total long-term and short term borrowing to fund capital spend was £267 million as at 31 March 2025. Bank Rate reductions of 0.25% occurred in August, November and February, bringing the headline rate down from 5.25% to 4.5%. PWLB rates are roughly 5.8%. Although capital is not directly chargeable to revenue, financing costs of capital are (the capital financing

requirement) charged to comprehensive Income and Expenditure Statement. The Council will need to address the risk of financing costs arising from any new external borrowing undertaken to support the delivery of intended capital works. The capital programme approved by Council Committee in Feb 2025 was set with the expectation of undertaking new external borrowing to support such delivery. The Council has sought to mitigate the associated risks via a strategy of undertaking a combination of long-term borrowing from PWLB financing, short-term borrowing and utilising existing cash balances. The Investment and Borrowing Strategy for financial year 2024/25 has taken account of these same underlying accounting concepts. The Council's current weighted average cost of borrowing is approximately 3.94%, and this is considerably lower than current borrowing rates.

5 Supporting Information

Background

- 5.1 Capital expenditure and its supporting financing have long-term financial consequences for the Council. Expenditure approval is therefore subject to both national regulatory and local policy frameworks.
- 5.2 The 2024/25 capital programme was agreed by Council in February 2024 with a gross expenditure budget of £53.8 million divided between externally funded expenditure of £28.3 million and £25.5 million of Council-funded spend. The repayment of principal sums and interest on loans used to fund capital expenditure are met from the revenue budget for capital financing and risk management.
- 5.3 £12.3 million was included in the capital programme for 2024/25, this amount carried forward from the 2023/24 capital programme. During financial year 2024/25, £12.4m has been reprofiled from 2024/25 (Q1 and Q2 only) into 2025/26, mainly because of increase in capital programme due to budgets brought forward from previous financial year (2023/24). Other additions/adjustments in the table on the following page are in respect of additional grant sums received, Section 106 amounts and Community Infrastructure Levy (CIL) allocations received either in-year or in relation to expenditure reprofiled in future financial years. At Q4 the revised capital programme budget totalled:

Descriptions	Amounts
	£m
Budget as approved by Council -March 2024	53.8
Carried forward from year 2023/24	12.3
Reprofiled (Q1 &Q2) into year 2025/26	(12.4)
Other additions/adjustments to the capital programme	5.5
Total	59.2

Background

- 5.4 At outturn total expenditure of £41.1 million was incurred against the approved capital programme of £59.2 million generating a £18.1 million underspend. From a directorate perspective the outturn position is as follows:

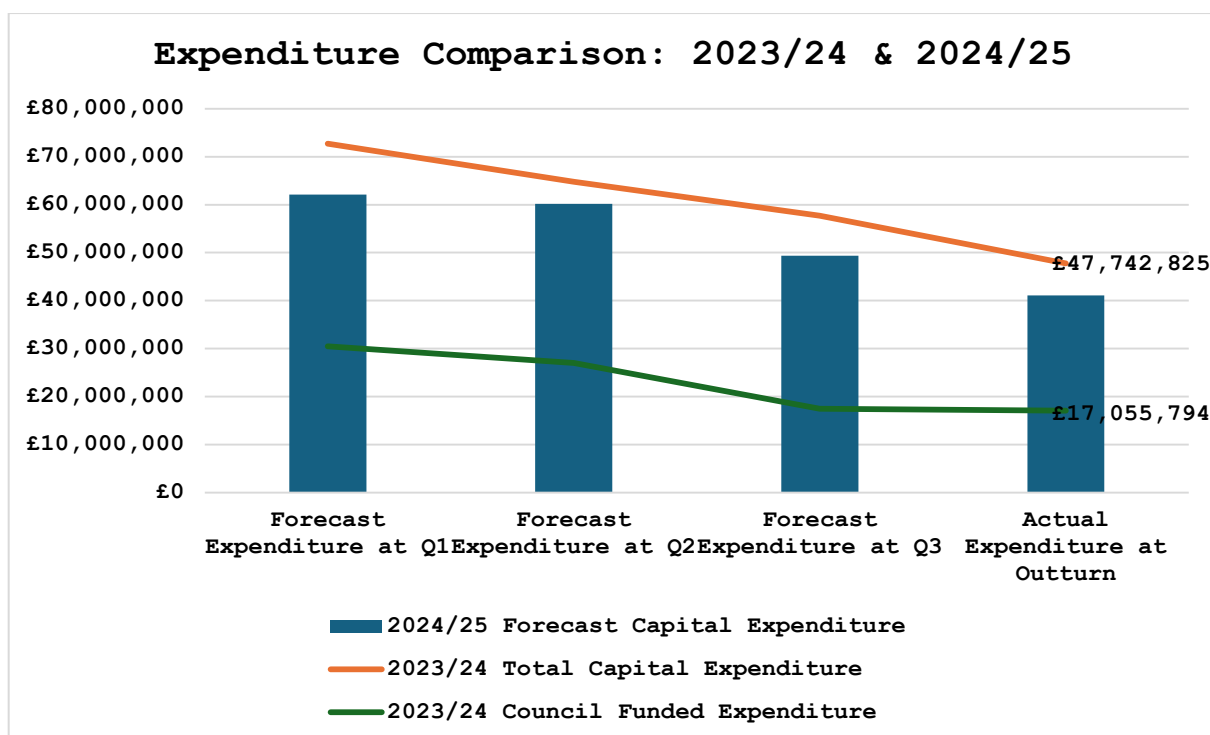
Capital Financing Report 2024/25 Outturn

Directorate	Budget	Actual	Variance	Carry Forward into 2025/ 26	Brought forward from 2025/ 26	Under/ (Over) spend
	£m	£m	£m	£m		£m
People	9.87	6.20	3.67	3.54	(0.21)	0.34
Place	42.68	30.20	12.48	13.19	(1.40)	0.69
Resources	6.63	4.66	1.98	1.62	0.00	0.35
Total	59.19	41.06	18.13	18.36	(1.60)	1.38

- 5.5 The Council invests heavily to ensure that West Berkshire remains an area that is prosperous, resilient and supportive of the most vulnerable residents. Key projects undertaken in-year include: -

Key projects 2024-25	Expenditure(Actual) million
Disabled Facilities Grant	1.28
Four Houses Corner	3.32
Temporary accommodation(Local Authority Housing fund)	1.20
Footway/ Active travel and other projects	2.91
Highway Improved Programme	6.61
Carriageway patching	1.35
Flood Risk Projects	1.47
Transport Services Fleet Upgrade	0.52
Bus Services Improvement Plan (BSIP)	0.66
Thatcham Memorial Fields FAS	1.49
Education Assets Project Management, Design & Delivery	3.13
Northcroft Leisure Centre (Dryside Refurbishment)	2.11
Occupational Therapy Equipment	0.98
Social Care Case Management System Replacement	0.26
Education Capital Enhancement Programme	1.26
Superfast Broadband Infrastructure	0.98
ICTInfrastructure Design & Delivery	3.15
Rural Business Capital Grants	0.29
Bond Riverside	0.44
Newbury Town Centre Masterplan	0.38
Others: Projects upto or below £250k	7.26
Total	41.06

Capital Financing Report 2024/25 Outturn



- 5.6 The 24/25 expenditure indicates an overall delivery of planned expenditure of 69.4% in comparison to the annual budget, whereas the actual outturn is recorded at 83.2% in comparison to forecast as at the Quarter 3. From a directorate and service level perspective the forecast position is as follows:

Directorate	Service	Budget	Forecast Q3	Actual	Actual Variance to Forecast Q3
		£m	£m	£m	£m
People	Adult Social Care	2.08	2.10	1.36	0.74
People	Children's Social Care	0.04	0.03	0.05	(0.02)
People	Education & SEND	7.75	6.58	4.79	1.79
Place	Development & Housing	7.81	7.23	7.09	0.14
Place	Community Services	9.70	4.67	3.43	1.24
Place	Environment	25.17	23.54	19.68	3.85
Resources	Finance, Property & Procurement	2.22	1.54	1.09	0.45
Resources	Strategy, ICT & Governance	4.42	3.63	3.56	0.07
Total		59.19	49.32	41.06	8.27

- 5.8 The capital programme is aligned to the approved Council Strategy (2023-2027, adopted in October 2023) and its key themes

Strategy Theme	Revised Budget	Actual Expenditure including Commitments
Services we are proud of	£4,093,680	£2,839,550
A fairer west Berkshire with opportunities for all	£15,075,470	£7,276,779
Tackling climate change and ecological emergency	£5,623,390	£1,999,293
A prosperous and Resilient West Berkshire	£28,419,240	£24,075,249
Thriving communities with Strong Local Voice	£181,070	£292,161
Total Planned and Actual Expenditure	£53,392,850	£36,483,032
Business as usual	£5,794,620	£4,572,771
	£59,187,470	£41,055,803

Proposals

- 5.9 At outturn £18.4 million of expenditure budget is proposed to be reprofiled into financial year 2025/26. As at the end of the financial year, £1.6 million of funding is proposed to be brought forward from approved expenditure from financial year 2025/26 into financial year 2024/25.

6 Conclusion

- 6.1 All capital expenditure must be financed. The Prudential Code requires authorities to look at capital and investment plans in the light of overall organisation strategy and resources to ensure that decisions are made with sufficient regard to the long-term financing implications and risks to the Council. A key indicator is the Council's Authorised Limit for external for debt, which was approved at Council on 28th February 2025, at £383.8 million for financial year. As well as the level of borrowing needed to fund capital expenditure, the Limit also allows for debt embedded in the Waste PFI contract up to a maximum of £8.9 million as at the end of March 2025). As at 31st March 2025, the Council's total level of long-term and Short-term borrowing to fund capital expenditure stood at £267 million (from the PWLB, splitting between £203m for long term and £64m short term).
- 6.2 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). At outturn the revised CFR is £310.3 million with a forecast to increase to £353.5 million during 2025/26.

- 6.3 Appendix B provides detail on the Council's CFR and liability benchmark.

7 Appendices

- 7.1 Appendix A –Summary of Financial Year 2024/25 Outturn position by Directorate and Key projects with slippage.
- 7.2 Appendix B – Capital Financing Requirement (CFR) and Liability Benchmark.

Subject to Call-In:

Yes: ☒ No: ☐

The item is due to be referred to Council for final approval ☐

Delays in implementation could have serious financial implications for the Council ☐

Delays in implementation could compromise the Council's position ☐

Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months ☐

Item is Urgent Key Decision ☐

Report is to note only ☐

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Appendix A

Summary of Financial Year 2024/25 Outturn position by Directorate:

Directorate	Service	Budget	Actual	Variance	Carry Forward into 2025/26	Brought forward from 2025/26	Underspend/(Overspends)
		£m	£m	£m	£m	£m	£m
People	Adult Social Care	2.08	1.36	0.72	0.62	0.00	0.10
People	Children's Social Care	0.04	0.05	(0.01)	0.00	0.00	(0.01)
People	Education & SEND	7.75	4.79	2.96	2.93	(0.21)	0.25
Place	Development & Housing	7.81	7.09	0.73	1.49	(1.21)	0.44
Place	Community Services	9.70	3.43	6.27	5.44	(0.00)	0.84
Place	Environment	25.17	19.68	5.48	6.26	(0.18)	(0.59)
Resources	Finance, Property & Procurement	2.22	1.09	1.12	0.62	0.00	0.51
Resources	Strategy, ICT & Governance	4.42	3.56	0.85	0.96	0.00	(0.10)
Total		59.19	41.06	18.13	18.31	(1.60)	1.43

Slippage is incurred across a multitude of projects; a table below provides detail on **key projects** being slipped. Slippage occurs for several reasons, such as delays in procurement, delays from external parties, resourcing issues and a number of projects where finalisation invoices and snagging are to be resolved.

Capital Scheme Name	Amount proposed for Carry forward
Thatcham Library - New Build	1,200,000
Newbury Rail Station Road Improvements	1,656,820
Solar PV Initiative	573,740
Renewable Energy Provision (Solar Farm)	412,700
Playing Pitch Strategy (Action Plan)	493,517
Northcroft Refurbishment	2,697,062
Padworth Solar Pv	699,510
Special Education Mental Health & Autism Spectrum Disorder Resourced Provision - Primary	214,210
The Castle School - Basic Need Expansion	1,427,770
Social Care Case Management System Replacement	247,711
Canal Bank Restoration	429,610
Procurement & Implementation Of New Financial Management System	250,000

Appendix B

Capital Financing Requirement (CFR) and Liability Benchmark

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2024/25 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Balance Sheet Summary	31/03/2025 Estimate £m
General Fund CFR	319.7
Less: Other Debt Liabilities (PFI and Other Lease Liability)	(9.4)
Loans CFR	310.3
External Borrowing	(267.2)
Internal Borrowing	43.0
Usable Reserves	41.7
Working Capital	18.6
Net Investments	17.3

To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as the table above, but that cash and investment balances are kept to a minimum level of £10 million at each year-end to maintain sufficient liquidity. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow. Councils are now required as part of in year reporting to publish the liability benchmark.

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Liability Benchmark	31.3.25 Estimate £000	31.3.26 Forecast £000	31.3.27 Forecast £000
Loans Capital Financing Requirement (CFR)	310,271	344,151	353,519
Less: Balance sheet resources	(60,335)	(47,835)	(32,835)
Net loans requirement	249,936	296,316	320,684
Plus: Liquidity allowance	10,000	10,000	10,000
Liability benchmark	259,936	306,316	330,684

