

Committee Report Summary Sheet

Report title: 2026/27 Capital Strategy and Capital Programme

Report to

**Cabinet
Council Meeting**

Tuesday, 10 February 2026
Thursday, 26 February 2026

Report of

Director of Finance – Section 151 Officer

Deputy Leader of the Council and Cabinet Member for Finance and Resources

1. Summary & Purpose of Report:

- 1.1 The report proposes the 2026/27 Capital Strategy and Capital Programme, which are written in accordance with the CIPFA Prudential Code.
- 1.2 The Capital Strategy provides a framework for the council's capital investment plans, ensuring effective planning, option appraisal, risk management, and governance processes. It is a high-level overview of capital investment offering members sufficient details to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.
- 1.3 The report includes the 2026/27 to 2028/29 Capital Programme and sets out the prudential indicators, which demonstrate that the council's capital investment plans are affordable, prudent, and sustainable. In addition, future plans in key areas of major capital investment have been included.

2. Summary of Recommendations:

2.1. The Council Meeting is recommended to approve:

- The Capital Strategy at appendix one; and,
- The 2026/27 to 2028/29 Capital Programme and the funding arrangements as described in the report and set out at appendix two.

3. Any Policy Implications:

3.1. Not applicable

4. Alternative options considered and rejected

4.1. Not applicable

5. Finance comments sign off provided by:

5.1. Jonathan Davies, Director of Finance – Section 151 Officer

6. Legal comments sign off provided by:

6.1. Vicki Bates, Assistant Director - Governance Monitoring Officer

7. Is Communications Team oversight needed (is there any risk to reputation for example or likely media coverage):

Yes

8. Is any part of the report confidential, - if so, confirm below that it has been agreed and signed off by the Monitoring Officer (Vicki Bates):

8.1. Not applicable

9. Is this a Key Decision and has it been included on the Cabinet Forward Plan – to be signed off by Monitoring Officer (Vicki Bates):

See link to definition of a Key Decision in the council's constitution
[Article 14 - Decision Making.pdf](#)

No – No need to complete the below

Yes – complete the below

Normal Route

- Item is a Key Decision
- Included in Forward Plan

Urgency Provisions

- General Exception Notice
- Special Urgency Notice

10. Urgent Decision: [Only complete if you have discussed with Democratic Services and they have confirmed it is an Urgent Decision]

This report should be considered as 'urgent business' and the decision exempted from 'call in' for the following reason:-

NOTE: Written consent for the decision to be treated as 'urgent business' must be obtained before the decision is taken.

11. One Stockport One Future – which priorities of One Stockport One Future does the report support:-

- Good jobs and homes
- The Best Place to Grow Up
- Best Health and Care
- Thriving Neighbourhoods / Live Well
- Clean Green Transport
- Fair & Inclusive
- Climate and Nature

12. Supporting documents

(a) Background Papers

Background papers are defined as those documents relating to the subject matter of the report that disclose any facts or matters on which, in the opinion of the proper officer, the report or an important part of the report is based; or have, in their opinion, been relied on to a material extent in preparing the report.

- (i) There are none

(b) List of Appendices to the report

- (i) The Capital Strategy
- (ii) Capital Programme 2026/27 to 2028/29 by Portfolio

Contact Officer

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Report title: 2026/27 Capital Strategy and Capital Programme

1. Summary and purpose of the Report:

- 1.1 The council has long-term, ambitious capital investment plans for the borough helping to regenerate the economy, create jobs and develop strong communities. Future capital investment plans are extensive and varied and the Capital Strategy and three-year capital programme will enable significant improvements to the council's infrastructure, deliver new housing and boost the local economy.
- 1.2 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities provides a framework for ensuring that capital investment is prudent, affordable and sustainable.
- 1.3 The CIPFA Prudential Code requires local authorities to produce a Capital Strategy each year. The purpose of the Capital Strategy is to drive the council's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management within the context of the sustainable, long-term delivery of services.
- 1.4 In addition, the Prudential Code requires local authorities to set a capital programme for the next year and following two years. The 2026/27 capital programme therefore includes schemes and resources for financial years 2026/27, 2027/28 and 2028/29.

2. Capital Plans and Council Priorities

- 2.1 The 2026/27 Capital Strategy and capital programme has been set to support the delivery of outcomes and outputs associated with the priorities of the council. Stockport Council is a key investor in our borough working alongside partners from the public, private and third sectors in a coordinated investment approach to achieve the ambitions set out in our key council strategies and plans. Our ambitious visions and plans for our borough are set out in One Stockport, One Future Plan.
- 2.2 The council's One Stockport, One Future Plan acknowledges the challenges faced and looks ahead over the next 15 years to ensure that Stockport is a place that is resilient to whatever changes and opportunities are presented in the future. It clearly demonstrates that Stockport is an ambitious place undergoing a spectacular transformation. Five fundamental themes have been identified as being long-term catalysts for change and ultimately reducing inequality in our borough over the next 15 years, and these are: Good Jobs and Homes, The Best Place to Grow Up, Best Health and Care, Thriving Neighbourhoods, and Clean, Green Transport. Each has a route map setting out how the vision for the next 15 years will be achieved and measures have been identified so that progress and success can be monitored.

- 2.3 The updated Council Plan for 2026-29, sets out the council's ambitions, priorities and delivery commitments for the next three years. The longer-term ambitions have been refreshed to align with the One Stockport, One Future Plan and is an ambitious strategy to improve the lives of everyone who lives, or spends time, in Stockport.
- 2.4 Implementing the capital strategy is key to achieving the council's ambitions, helping regenerate the borough by building homes, services and infrastructure, which will in turn grow the local economy, create jobs and develop strong communities.
- 2.5 Regeneration is a key driver in helping the council deliver Stockport's One Future vision to make the borough the best place to live a happy, healthy life in the UK. One Stockport, One Future sets out how partners across the borough will work together to achieve this through good jobs and homes, being the best place to grow up, thriving neighbourhoods. clean, green transport, and best health and care. Actively promoting growth in housing and businesses helps to address the housing shortage and financial sustainability in the borough. It provides significant financial and operational benefits, directly translating into higher, sustainable income streams supporting the council's medium term financial plan. Not having a proactive economic and regeneration strategy can lead to neglected town centres, boarded up high streets and an inability to attract new investment, creating a cycle of decline.
- 2.6 Capital investment in much needed housing for local people alongside key services and amenities, is helping to grow the town centre's existing population to continue to support vibrant and thriving high streets and existing businesses as well as encouraging others to set up and relocate to Stockport. The council's regeneration ambitions are helping to align projects with its key strategic goals. Capital investment is driving economic development that benefits all communities, supports local businesses and attracts investment to create quality jobs.
- 2.7 The Mayoral Development Corporation has been key to delivering the regeneration masterplan for Stockport Town Centre West. The expansion to include Stockport Town Centre East is ambitious, encouraging investment from both public and private sector. It aims to deliver a total of 8,000 new homes for Stockport equating to 4,000 homes for each part of the town centre.
- 2.8 Capital investment is helping meet its clean economic growth objectives through employment generation and by achieving high environmental performance. The council is committed to climate action and sustainability, and capital investment plans are embedding Stockport Climate Action Now priorities by promoting green infrastructure, energy efficiency and sustainable transport, which are helping to achieve carbon neutrality by 2038 in line with Greater Manchester targets. The asset management plan seeks to prioritise investment in the portfolio to maintain the estate, ensure that we have the right property in the right place, ensure that assets that are retained are fit for purpose, well maintained and support modern and efficient service delivery with minimal environmental impact.
- 2.9 The Medium-Term Financial Plan is a review of the council's revenue budget position, providing a framework for forecasting future resources based on known factors

affecting the council's financial position as well as incorporating local and national trends on budget pressures.

- 2.10 The Treasury Management Strategy includes the Annual Investment Strategy, Minimum Revenue Provision Policy and Prudential Indicators. This is a comprehensive strategy on the council's treasury management activities and clearly demonstrates the interdependent relationship between the council's capital expenditure plans and treasury management activities.

3. 2026/27 Capital Strategy

- 3.1 The Capital Strategy, which can be found at appendix one, underpins the council's capital investment plans and includes a key objective to deliver an annual capital programme. It outlines the planned programme of expenditure and financing, allowing member engagement, risk management and governance.
- 3.2 The Capital Strategy is part of the council's wider strategic framework, including alignment with priorities set out in the One Stockport, One Future and Council Plan. It takes a long-term view of capital investment, including debt, borrowing and Treasury Management linking in with the Treasury Management Strategy. It demonstrates that the council's capital investment plans have due regard to service objectives, stewardship of assets, value for money, prudence, sustainability and affordability.
- 3.3 Effective management of the council's available capital resources is fundamental to achieving its corporate priorities and realising its local and regional ambitions. The Capital Strategy provides a framework for optimising and managing the capital resources available to the council and the implications for future financial sustainability of the council. It sets out the principles, policies and elements underlying the management of capital resources, which are in line with and supplement those within the council's Medium-Term Financial Plan.
- 3.4 The Capital Strategy extends beyond the council's individual activities. Increased powers around commercialism have led to the council becoming increasingly complex, including the creation of subsidiary companies. It is vital that those tasked with governance fully understand the financial risks that the council is exposed to, including the residual risks and liabilities that it is subject to.
- 3.5 The Prudential Code sets out the requirements of the capital strategy, and these are as follows:
- The Capital Strategy must articulate effective planning, option appraisal, risk management and governance processes in relation to capital investment;
 - The Capital Strategy needs to include sufficient detail to allow Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured; and,
 - The Capital Strategy should give a high-level overview of how capital expenditure, capital financing, investments and treasury management activity contribute to the delivery of the council's plans and provision of services along

with an overview of how associated risk is managed and the implications for future financial sustainability.

- 3.6 In order to meet these requirements, the Capital Strategy will focus on the following key areas:
- **Capital Expenditure** – Provide an overview of governance processes for approval and monitoring of capital expenditure, provide a long-term view of the council's capital expenditure plans and an overview of its asset management planning, and provide details of any restrictions to borrowing or funding linked to these plans;
 - **Debt, Borrowing and Treasury Management** – Provide projections of the capital financing requirement (i.e. unfunded capital expenditure requiring external borrowing) and provide details of the required provision for repayment of debt over the life of the underlying asset (minimum revenue provision - MRP);
 - **Commercial Activity** – Provide details of the council's approach to commercial investment activities, including ensuring effective due diligence and risk appetite and the requirements for independent and expert advice;
 - **Knowledge and Skills** – Provide details of the knowledge and skills required both internally by officers and externally by external advisors; and,
 - **Affordability and Risk** – ensure that the Section 151 Officer reports explicitly on the deliverability, affordability and risks associated with the Capital Strategy.
- 3.7 A fundamental principle of the Capital Strategy is accountability. This will need to be promoted and demonstrated by officers and members throughout the capital investment and planning process and includes the use of effective monitoring and reporting mechanisms.
- 3.8 The Capital Strategy includes a comprehensive section on governance. This includes the approval process for capital investment decisions, setting out the roles and responsibilities of officers and members with respect to decision-making and subsequent monitoring of projects to ensure full accountability and stewardship for the capital investment decisions made.
- 3.9 The Director of Finance - Section 151 Officer reports that the council has complied with the Prudential Code and that the 2026/27 Capital Strategy demonstrates that the council's capital investment plans have due regard to service objectives, stewardship of assets, value for money, prudence, sustainability and affordability.

4. 2026/27 Capital Programme

- 4.1 Under CIPFA's Prudential Code, the council is required to set a capital programme for the next three years. Therefore, the 2026/27 capital programme includes schemes and resources for financial years 2026/27, 2027/28 and 2028/29. The programme contains schemes where funding is confirmed, the approval processes, as set out in appendix one, have been followed and are complete, and the expenditure profile has

been fully established. In addition, information about approved schemes that span beyond the three years is also included.

4.2 The 2025/26 capital programme set out in the Quarter 2+ Budget Monitoring Update forms the basis for the council proposed capital programme for 2026/27. The funding underpinning the capital programme comes from:

- Grant Funding – largely from Central Government and GMCA;
- Capital Receipts – from the sale and disposal of capital assets but also includes the repayments in relation to third party loans;
- External Contributions/Committed Sums – usually for a specific purpose, e.g. developer agreements;
- Revenue Contributions to Capital Outlay (RCCO) – resources from revenue budgets to fund specific capital expenditure; and,
- Prudential Borrowing – this enables to council to support capital investment by borrowing where there are no other sources of funding. Prudential Borrowing must be prudent, affordable and sustainable and there are two types:
 - Directly Funded Borrowing (DFB), which is financed from service cash limit budgets, e.g. invest to save capital expenditure; and,
 - Corporate Unsupported Borrowing (USB), which is funded from corporate resources and usually relates to essential capital expenditure where there are no other funding alternatives.

4.3 The 2026/27 three-year capital programme is £278.403m in total. The following table sets out the proposed 2026/27 to 2028/29 capital programme by portfolio and includes schemes that span 2029/30 and beyond.

Portfolio	2026/27	2027/28	2028/29	2029/30 Onwards
	£000	£000	£000	£000
Communities, Culture and Public Protection	8,428	292		
Economy, Regeneration and Skills	42,917			
Housing and Environment	31,049	49,534	29,297	294
Finance and Resources	35,184	9,179	8,106	3,546
Health, Wellbeing and Adult Social Care	132			
Parks, Highways and Transport Services	35,022	19,737	9,526	72
TOTAL	152,732	78,742	46,929	3,912

4.4 The Housing and Environment Portfolio's capital programme set out in the table above includes the HRA new housing development scheme, which was approved by Cabinet (Housing) Committee on 11 February 2026. This new scheme has added circa £57m to the capital programme over the next three years and is included in the 2026/27 capital programme.

4.5 As part of the 2025/26 budget setting process, the capital programme for 2026/27 was set at £56.168m. Since then, the programme has increased through the addition of new schemes together with the re-phasing of schemes from 2025/26, and it now stands at £152.732m. Further details of these changes by portfolio are set out in the table below.

Portfolio	Approved Programme Feb-25 £000	New and amended Schemes £000	Re-phasing and Virements £000	Proposed 2026/27 Programme £000
Communities, Culture and Public Protection	306		8,122	8,428
Economy, Regeneration and Skills	17,875	(3,421)	28,463	42,917
Housing and Environment	16,271	9,830	4,948	31,049
Finance and Resources	3,659	10,417	21,108	35,184
Health, Wellbeing and Adult Social Care			132	132
Parks, Highways and Transport Services	18,057	639	16,326	35,022
TOTAL	56,168	17,465	79,099	152,732

4.6 There have been a number of amendments to the 2026/27 capital programme since it was originally approved in February 2025. Overall, there is a net increase of £96.564m funding for the year but £79.099M of this is as a result of the re-phasing of schemes. There have been some new additions as well as reductions in schemes and the net increase is £17.465m. The following are the most significant changes to the 2026/27 programme since February 2025.

- £1.829m revenue funding (RCCO) has been added for Stockport Exchange Future Phases (Economy, Regeneration and Skills);
- £0.750m of directly funded borrowing has been added for Stockport 8 (Economy, Regeneration and Skills);
- £6m reduction in largely directly funded borrowing for Mayoral Development Corporation schemes (Economy, Regeneration and Skills);
- £13.220m of grant funding, capital receipts and commuted sums has been included for the HRA new housing development (Housing and Environment);
- £3.409m reduction in the Stockport Homes Affordable Homes schemes (Housing and Environment);
- £7.220m additional grant funding for School Estate schemes (Finance and Resources);
- £0.517m reduction in corporate unsupported borrowing for Asset Management Plan schemes (Finance and Resources);
- £3.713m of directly funding borrowing has been added for Stockport Crematorium; and,
- £0.639m grant funding allocated to Poynton Relief Road (Parks, Highways and Transport Services).

4.7 Capital schemes are regularly reviewed and the programme is adjusted accordingly. Since it was approved in February 2025, a net total of £79.099m in funds has been re-phased to the 2026/27 capital programme. The following are schemes where significant funds have been re-phased to the 2026/27 capital programme.

- £8.085m of largely capital receipts for Marple Community Hub (Communities, Culture and Public Protection);
- £6m of directly funded borrowing for Mayoral Development Corporation schemes (Economy, Regeneration and Skills);
- £11.550m in directly funded borrowing for Cheadle Eco Business Park (Economy, Regeneration and Skills);
- £10.833m of directly funded borrowing has been re-phased from 2025/26 for Weir Mill (Economy, Regeneration and Skills);
- £1.694m of directly funded borrowing for HRA capital schemes (Housing and Environment);
- £3m in loans to Stockport Homes for Affordable Housing (Housing and Environment);
- £14.909m in grant funding for Schools Estate schemes (Finance and Resources);
- £2.112m in corporate unsupported borrowing for Asset Management Plan schemes (Finance and Resources);
- £2.248m in directly funded borrowing for the Adswood Depot Development (Finance and Resources);
- £0.869m for the TLC Fleet Vehicle loan facility (Finance and Resources);
- £1m of directly funded borrowing for Stockport Crematorium (Finance and Resources); and,
- A total of £16.326m of largely grant funding for highways schemes, including £2.751m for SEMMMS Relief Road, £6.238m for A34 Major Road Network, £1.600m for Mayoral Walking and Cycling Challenge Fund Interchange, £1.576m for Active Travel Measures, £1m for Street Lighting Investment Programme and £2.400m for Cheadle Town (Parks, Highways and Transport Services).

4.8 Officers are continuing to review the capital programme, particularly the phasing of schemes, and the capital programme will be amended for any significant changes prior to the Budget Council meeting.

4.9 **Portfolio Programmes**

The 2026/27 to 2028/29 capital programme is set out in detail by portfolio at appendix two. The following paragraphs give a brief overview of significant schemes in the portfolio programmes for 2026/27.

4.10 **Communities, Culture and Public Protection**

The Communities, Culture and Public Protection Portfolio has a capital programme of £8.428m for 2026/27 and £8.391m of this is for the Marple Community Hub Scheme.

4.10.1 In April 2023, the council was awarded capital levelling-up funding to deliver a new active communities hub within Marple. Main construction works started in 2025, the scheme remains on track for delivery against its objectives and the scheme is due for completion in the second half of 2026.

4.11 Economy, Regeneration and Skills

4.11.1 Economy, Regeneration and Skills Portfolio has the largest capital programme for 2026/27, with planned expenditure of £42.917m.

4.11.2 The Economy, Regeneration and Skills Portfolio schemes include the following

- The £10.833m of directly funded borrowing re-phased from 2025/26 for the Weir Mill development makes up the 2026/27 development finance facility. This is a key strategic site within the Town Centre West area and the redevelopment works are nearing completion, with overall completion expected in March 2026;
- £9.024m of directly funded borrowing for the Academy of Living Well, which is the development of a 70-bed care facility at the former St Thomas' Hospital site; and,
- £18.811m of directly funded borrowing for Cheadle Eco Business Park, which will see the strategic redevelopment of new industrial space on council owned land.

4.12 Housing and Environment

4.12.1 There is £31.049m of capital funding in the Housing and Environment capital programme for 2026/27, most of which relates to HRA schemes.

4.12.2 HRA general capital schemes have planned capital investment of £16.659m, which is financed from revenue funding via the HRA Major Repairs Reserve (MRR).

4.12.3 There are four new HRA housing development schemes that were approved by Cabinet (Housing) Committee on 11 February 2026. The figures in the table at paragraph 4.3 include these new schemes to demonstrate clearly the planned level of capital investment in the borough. £13.949m of largely grant funding has been added to the 2026/27 capital programme for the new build schemes.

4.13 Finance and Resources

This Portfolio has a capital programme of £35.184m for 2026/27.

4.13.1 £21.923m of the 2026/27 capital programme relates to Schools Estate schemes, which is funded by capital grants. Capital project schemes in schools are aligned to the council's asset management plan to maintain schools and include projects relating to new roofs, rewire, boiler replacements and key health and safety compliance.

4.13.2 There is £13.261m for non-school estate capital schemes, which includes the following:

- £4.460m is for the Asset Management Plan, which aims to ensure that the council's asset base is fit for purpose and is in alignment with the council's strategic objectives and service delivery needs;

- £1.396m in loans to Totally Local Company for the fleet vehicle loan facility;
- £2.784m in directly funded borrowing for the redevelopment of Adswold Depot, which will serve as the council's main operational base for Totally Local Company and highways; and,
- £4.344m in directly funded borrowing for Stockport Crematorium, which is a large-scale scheme to address the condition issues with the buildings and equipment.

4.14 Parks, Highways and Transport Services

There is £35.022m in the 2026/27 capital programme, £34.682m of which relates to highways schemes and the remaining £0.340m for Schemes in Parks.

4.14.1 Within Highways, SEMMMS A6 to Manchester Airport Relief Road is a long-term scheme and there is £7.500m of capital grant investment due for 2025/26.

4.14.2 The A34 Major Road Network scheme is an improvement scheme along the A34 corridor between the A555 and A560. £16.868m of grant funding is allocated to this scheme in 2026/27.

4.14.3 There is £2.600m for the Cheadle Town scheme, which is for walking and cycling facilities in Cheadle Town Centre and a new railways station, as part of the Government's Towns Fund programme.

4.14.4 The remaining Highways schemes in 2026/27 include the following significant schemes:

- Merseyway Car Park Waterproofing - £1.067m of directly funded borrowing to waterproof the structure to extend the life of the multi-storey car park;
- Poynton Relief Road - £1.466m of grant funding towards the final stages of the scheme;
- Mayoral Walking and Cycling Challenge Fund – Interchange - £1.600m grant funding for works around Station Road, Mersey Square and the A6;
- Active Travel Measures - £1.576m of grant funding; and
- Street Lighting Investment programme, which has £1m of directly funded borrowing in 2024/25 to upgrade illuminated equipment using LED technology.

5. Future Capital Investment

5.1 The Capital Board provides oversight of the council's Capital Strategy and capital programme, including overseeing the council's capital investment and use for capital resources, ensuring the strategic fit of capital investments and use of capital resources to support the delivery of the council's ambitions and priorities ahead of proposals being presented to members for consideration and approval.

5.2 There are a number of capital schemes that are being developed, including projects progressing through the gateway stages and yet to be endorsed by Capital Board for approval. Once this stage has been reached, they will be presented to Cabinet for

consideration and approval. Further information about the future capital investment plans can be found in the Capital Strategy, appendix one to this report.

- 5.3 The highways network is a significant asset for the council, and it is managed utilising an asset management approach under the strategic direction of the Transportation Asset Management Plan. The council is progressing all aspects of highway maintenance through the annual capital maintenance funding devolved through Transport for Greater Manchester.
- 5.4 The highways capital programme includes schemes where funding has been approved and allocated. As and when highways grant funding is allocated to the council, officers will work with the Capital Board, members and consult with the Communities and Transport Scrutiny Committee to determine the schemes these future funding awards are to be allocated to.
- 5.5 A report to members on the Asset Management Plan was presented to Cabinet on 10 February 2026. The Asset Management Plan update sets out the funding requirements for the short to medium-term schedule of works on the operational estate. The additional funding required to support the necessary works will be added to the capital programme once approved and expenditure profile fully established.
- 5.6 HRA schemes make up a substantial part of the council's capital programme. The HRA Business Plan sets out the long-term strategic investment in the HRA but schemes are only included in the capital programme as and once they are committed to. The 2026/27 capital programme is based on the capital programme as reported to members as at Q2+ (30 November 2025), at which point there was a total of £52.179m in the longer-term programme for HRA general scheme.
- 5.7 The newly approved HRA new housing development will deliver 202 new homes in four new housing developments, London Road Extra Care, Romiley Liberal Club, Sunfield and Andrew Street phase 2. The scheme will add circa £57m to the capital programme over the next three years, which includes £24m of Homes England and Brownfield grant funding, and the schemes have been added to the 2026/27 capital programme to ensure that this substantial scheme is reflected.
- 5.8 Weir Mill is a large ongoing regeneration development with a total scheme cost of £69.652m, £10.833m of which remains and is in the 2026/27 capital programme. Structural issues within the mill buildings have delayed the scheme, with practical completion now scheduled for 31 March 2026. As a result, it is necessary to increase the current debt finance facility funding the scheme. The additional funding will be added to the capital programme once the necessary approval processes and expenditure profiles are complete.

6. Capital Resources

6.1 The resources available to fund the 2026/27 three-year capital programme are set out in the table below. In addition, resources approved for schemes that span 2029/30 and beyond are included.

Resources	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 Onwards £000
Capital Grants	71,724	34,279	9,486	32
Directly Funded Borrowing	50,778	25,126	6,579	3,546
Unsupported Borrowing	4,672	1,901	3,420	40
Capital Receipts	4,530	30	9,330	294
External Contributions	26			
Commuted Sums	2,214			
Revenue Contributions (RCCO)	4,439	2,693	3,029	
HRA funding from MRR	14,349	14,713	15,085	
TOTAL	152,732	78,742	46,929	3,912

6.2 Government grant funding traditionally makes up a large part of the funding of the three-year capital programme and 47% of the proposed three-year programme is funded from grants. Significant grant funded schemes include, Marple Community Hub, Cultural Development Fund, Schools Estates and Highways schemes.

6.3 Prudential borrowing (directly funded and corporate unsupported borrowing) makes up 36% of the resources funding the three-year capital programme. Prudential borrowing must be sustainable and affordable and should only be used when a demonstrable benefit can be gained from the investment. Prudential borrowing could be seen as a substitute for reductions in other resources and the council will continue to manage borrowing within the boundaries of the Prudential Code.

6.4 The borrowing costs for directly funded borrowing (DFB) schemes, including third party loans, are met from repayments from portfolio cash limits or by annual repayments where the scheme is external to the council. The DFB schemes in the 2026/27 three-year capital programme are set out in the table below.

Directly Funded Borrowing by Scheme	2026/27	2027/28	2028/29
	£000	£000	£000
<u><i>Economy, Regeneration and Housing</i></u>			
Weir Mill Development	10,833		
Mayoral Development Corporation	124		
Academy of Living Well	9,024		
Cheadle Eco Business Park	18,811		
Stockport 8	750		
<u><i>Housing and Environment</i></u>			
HRA - New Build Schemes		20,388	1,853
Affordable Homes (SHL loans)	197		
<u><i>Finance and Resources</i></u>			
TLC Fleet Vehicle Loan Facility	1,396	238	2,981
Adswood Depot Redevelopment	2,784		
Stockport Crematorium	4,344	2,500	1,745
<u><i>Parks, Highways and Transport Services</i></u>			
Town Centre Access Plan	448		
Merseyway Car Park Waterproofing	1,067		
Street Lighting Investment Programme	1,000		
TOTAL	50,778	25,126	6,579

6.5 The borrowing costs for unsupported prudential borrowing schemes (USB) are met corporately and accounted for within the Medium-Term Financial Plan process. The USB schemes included in the 2026/27 three-year capital programme are set out in the table below.

Corporate Unsupported Borrowing by Scheme	2025/26	2026/27	2027/28
	£000	£000	£000
<u><i>Finance and Resources</i></u>			
Asset Management Plan	4,632	1,861	3,380
<u><i>Parks, Highways and Transport Services</i></u>			
Schemes in Parks	40	40	40
TOTAL	4,672	1,901	3,420

6.6 Revenue funding, i.e. revenue contributions to capital outlay (RCCO) and HRA funding from the Major Repairs Reserve (MRR), is being used to finance £54.308m of capital expenditure in the 2026/27 three-year programme. Most of this, £52.179m, is

attributable to the HRA capital programme, with MRR providing £44.147m of this. The HRA is required to charge depreciation on its assets; this is an actual charge and is credited to the MRR. The funds in the MRR can then be used to lower the HRA Capital Financing Requirement or invest in capital expenditure.

7. Prudential Indicators

- 7.1 The Prudential Code requires Local Authorities to set prudential indicators with respect to their capital programme and borrowing position to ensure that its capital plans are affordable, prudent and sustainable.
- 7.2 The council is required to report on a number of prescribed prudential indicators to demonstrate that it is fulfilling these objectives. These indicators highlight how much of the council's revenue budget or HRA budget is being committed to servicing the prudential borrowing, i.e. the Ratio of Capital Financing Costs to Net Revenue Stream.
- 7.3 As well as the regulatory indicators, the council has developed a further set of local Prudential Indicators to support the scrutiny and monitoring of capital investment plans. These are included in the Capital Strategy, which can be found at appendix one.
- 7.4 The prudential indicators, based on current commitments, existing plans and the proposals in the 2026/27 to 2028/29 capital programme are set out in appendix one for approval.

8. Financial and Risk Assessment Considerations

- 8.1. The financial implications are outlined in the body of this report.

9. Legal Considerations

- 9.1. The proposals contained in the report are appropriate from a legal and statutory perspective. The decision is a Key Decision and has been included in the Forward Plan.

10. Human Resources Considerations

- 10.1. The Head of HR and Organisational Development has reviewed the report and confirms that all the proposals are appropriate from a Human Resources perspective.

11. Integrated Impact Assessment: [[Stockport Integrated Impact Assessment Template](#) [Confirm that you have used the IIA tool and set out the outcomes below that were provided as part of the IIA process]

11.1. No applicable impacts.

12. Conclusion:

12.1. The recommendations are set out in the Committee Report Summary Sheet.