

Mayor's Office for Policing and Crime – Capital Strategy 2025-26 to 2029-30

1. Introduction

- 1.1. The CIPFA Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which forms the foundation of the authority's long-term planning and delivery of its capital investment. These codes apply equally to Policing bodies. It sets the parameters for the capital programme, which will be updated each year and will help to ensure that capital resources are used efficiently to achieve the best possible outcomes within constrained budgets.
- 1.2. Authorities, including policing, continue to operate in an extremely challenging financial environment with prolonged government spending constraints and how capital resources are acquired, deployed and managed is a key part of the strategic response.
- 1.3. The capital strategy covers the period 2025-26 to 2029-30 and reflects the capital Zero Based Review undertaken in October 2025 and the adoption of internal rules to ensure the cost of borrowing remains within the limits MOPAC and the Met can afford to carry, and the Capital Programme is sustainable. The adoption of these rules has resulted in the need to re-balance capital financing towards revenue contributions, as reflected in the MTFP from 2027-28 and means that significant further capital spending is only possible if it releases cash.
- 1.4. The Prudential Code for Capital Finance in Local Authorities (The Code) sets a framework to ensure that the capital expenditure plans of local authorities are affordable, prudent, and sustainable. The Code which is published by the Chartered Institute of Public Finance (CIPFA), has legislative backing. As part of the prudential approach the code requires authorities to have in place the capital strategy. It says:
'In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes'.
- 1.5. This Strategy has been prepared in accordance with the Prudential Code 2021 to meet the following objectives and benefits:
 - Ensure capital investment is targeted towards strategic priorities and outcomes;
 - Capital investment complements revenue spend on services, are affordable and proportionate;
 - Stewardship of assets is properly considered in capital planning;
 - Capital investment is prudent, sustainable, affordable, provides value for money;
 - Capital projects are delivered on time and within budget;

- External borrowing and other long-term liabilities are within prudent and sustainable levels;
 - The risks associated with investments for service and commercial purposes are proportionate to our financial capacity; and
 - Treasury management and other investment decisions are in accordance with professional good practice.
- 1.6. MOPAC and the MPS will deliver its capital programme through effective and coherent processes for formulating the capital programme with clear criteria:
- To ensure that capital investment continues to be directed towards meeting corporate objectives;
 - For approving and amending the capital programme and the scrutinising decisions relating to capital planning, and;
 - For managing resources holistically to support spending priorities with regard to long term sustainability.

2. Context and Strategic Intentions

- 2.1. The Mayor's vision is for London to be the safest global city, by boosting police presence in neighbourhoods, tackling violence in all its forms, renewing focus on safeguarding vulnerable people and improving Londoners' confidence in the service provided. Achieving these goals involves transforming how the MPS operates at every level, operating with a more efficient establishment, whilst at the same time as meeting the rising volume and complexity of crime.
- 2.2. The strategy has been informed by the new Police and Crime Plan for London 2025-2029, which following consultation with more than 4,000 Londoners, partner organisations and community groups, was published in March 2025. The plan outlines how MOPAC, the MPS, and partner agencies will work together to make London a safer city. The key aims of the Plan are reducing violence and criminal exploitation, building safer, more confident communities, supporting and overseeing reform of the MPS and improving the criminal justice system and supporting victims.
- 2.3. Following the launch of the New Met for London Plan (NMfL) in 2023 to address issues raised by Baroness Casey and the findings from the HMICFRS PEEL inspection, the Commissioner published NMfL2 in December 2025. NMfL2 maintains the mission of More Trust, Less Crime and High Standards included in the initial plan whilst adding two new pillars, Putting Crime Fighting First, and Working in Partnerships. Supporting this ambition and addressing the acute challenges faced by the Metropolitan Police Service (hereafter 'MPS') has been considered as part of the development of the capital strategy.
- 2.4. In addition, the strategy has also taken account of other Mayoral priorities and ambitions including Net Zero Carbon and the delivery of 50 per cent affordable housing on sites that are disposed of across the GLA Group.

3. Capital Investment

- 3.1. The aim of capital investment is to ensure MOPAC and the MPS has the assets required to meet its objectives. This includes fulfilling statutory duties and pursuing

priorities set out in the NMfL2 Plan. Capital investment must be responsive to economic, legislative and demographic changes.

- 3.2. The process for prioritising projects in accordance with the corporate objectives is set out later in the strategy. Ensuring that the evaluation criteria reflect objectives is a key part of the prioritisation process.

4. Statutory Duties

- 4.1. It is essential that MOPAC and MPS statutory duties are met. This requires ongoing capital investment both to maintain existing assets and to meet changing needs. This statutory requirement is a key consideration in the prioritisation process.

4.2. The broad areas of investment are as follows:

- **Property Services:** In support of the estate strategy, investment will focus on providing a safe and efficient estate, with funding largely being spent on vital repairs and replacements to the building fabric, windows, internal heating, plumbing, and electrical systems at a number of frontline buildings across the estate and a very limited amount on forensics, electrification and co-location.
- **Fleet Services:** The majority of the proposed capital investment relates to the purchase of new vehicles (the Vehicle Replacement Programme) with smaller amounts spent on areas such as telematics and electric charging infrastructure.
- **Digital Data and Technology:** Investment is focused on maintaining and upgrading the core applications, devices, radios etc. supporting frontline policing, mobility tools, office IT services, Microsoft, email, etc. and the critical supporting platforms, networks, hosting and data centres
- **Counter Terrorism Policing HQ (CTPHQ):** investment in data, technology and transformational activity in support of the strategic priority of 'Protecting London from Terrorism'. Expenditure is matched by ring-fenced grants or third-party contributions.
- **Operations and Performance:** Includes funding to invest in covert policing, digital forensics, drones and to provide full body scanners within all 34 custody suits offering enhanced risk mitigation to staff and detainees in custody, and investment to upgrade the existing ANPR systems.
- **Transformation:** The majority of the budget will be invested in two projects. Command & Control, transforming the command and control services through the replacement of the Computer Aided Despatch system, Call Handling System and Integrated Communications Control System, and Met Business Services (MBS). The MBS investment will see significant improvement made to finance, human and resources and procurement systems and transactional services, and also the replacement for the existing Computer Aided Resource Management (CARM) system which deals with officer deployment functions.
- **Technology Investment Portfolio:** Investment on innovative technology to realise cashable efficiencies in the medium term through streamlining administrative processes and releasing officers and staff to frontline delivery. Detail of these proposals is currently being developed and is subject to business cases being approved.
- **MOPAC:** Investment needed to enable the relocation of MOPAC from Union Street to its new accommodation at Palestra.

5. Influences

Internal influences

- 5.1. **Reform (including New Met for London):** Following the launch of the New Met for London Plan (NMfL) in 2023 to address issues raised by Baroness Casey and the findings from the HMICFRS PEEL inspection, the Commissioner published NMfL2 in December 2025. NMfL2 maintains the mission of More Trust, Less Crime and High Standards included in the initial plan whilst adding two new pillars, Putting Crime Fighting First, and Working in Partnerships. The Capital Strategy and Programme reflects the Commissioner's requirements of the MPS to invest in the capabilities it

needs for operational policing. The capital strategy and programme may be further reviewed to ensure that it continues to meet operational requirements.

- 5.2. **Digital Data and Technology:** The MPS is committed to ensuring everyone has the data and technology they need to do their jobs, it is also key in enabling the MPS to drive productivity and improve performance. Citizens will be able to use a variety of digital channels to communicate with us, report crime and carry out routine transactions. The investment in maintaining the core IT estate, services and keeping the MPS up-to date with advances in technology is critical to providing front line officers and support staff with the technology they need to deliver the service to focus on what matters most to Londoners.
- 5.3. **Property Services:** A new Estates Strategy was published by MOPAC and the Met in December 2025. Delivery of the Strategy will require significant investment to achieve the vision which is focused on providing a safe and efficient estate, delivering the Met's mission of 'More Trust, Less Crime and High Standards', meeting the needs of communities and enabling officers and staff to perform effectively, as well as responding to changing legislation, particularly around environmental impacts. The total cost of delivering the Strategy is £2.4bn billion over the next 10 years but with limited capital funding available, the Met are making tough but necessary choices to deliver the highest priority activities with the available funding. The 2026-27 capital programme is therefore seeking approval for £425.5m from 2025/26 to 2029/30 for Property Services to keep buildings legally compliant, safe and secure, prepare for the electrification of the fleet ahead of legal deadlines and pursue co-location opportunities to place officers closer to their communities.
- 5.4. **Net Zero Carbon:** The Mayor has set an ambitious target of making London net zero carbon by 2030. In line with this aspiration and as set out in the Police and Crime Plan, the MPS intend to review their investment plans with an aim of accelerating the delivery of the three key areas in estates that have the most significant impact: power purchasing; replacement of fossil fuels to heat buildings as well as improving insulation; and roll-out of an electric car charging network.
- 5.5. **Fleet:** The MPS requires sufficient fleet to operate effectively. The Vehicle Replacement Programme is influenced by the changing needs of the organisation, and reflects emerging technological or environmental requirements, such as emerging electric vehicle technology and Net Zero Carbon. The MPS continue to pilot and develop plans for EV infrastructure but to achieve the full ambition will require additional funding/investment that is currently not available. There is a significant operational risk in the medium term if the decisions made by vehicle manufacturers mean MPS has to buy EVs as the infrastructure to achieve this is currently unfunded.

External influences

- 5.6. **Economic conditions:** The economic context is likely to be influenced by the recent Middle East conflict which has triggered a significant rise in global energy prices and has caused financial markets to price in higher levels of inflation in the near term, leading to expectations for higher short term and long-term interest rates (relative to forecasts in place before the conflict). Prevailing market conditions may also have an impact upon the MPS's ability to generate capital receipts via the disposal of surplus properties.

5.7. **Government/Mayoral priorities:** Changes in Government priorities, and legislation may influence the MPS's Capital Strategy and investment. Mayoral priorities have been taken into account in developing the capital programme. Of particular note are:

- The GLA Group commitment to doing all it can within its statutory powers to support a more unified, coherent and streamlined approach to housing delivery. This includes a commitment, following the Kerslake review, to 50 per cent affordable housing on all sites disposed of across the GLA group.
- Investment in reducing carbon emissions and Net Zero Carbon in response to the Mayor's ambitious target of making London net zero carbon by 2030. There is however a funding gap to achieve the Mayor's ambition and how this can be funded continues to be considered through work with the Greater London Authority.

5.8. **Pace of technological change:** Advances in technology can change public expectations of service and accessibility. This includes the technology that the MPS uses and increasing uses of advanced technology in criminality.

6. Policies and Funding

6.1. MOPAC and MPS comply with the CIPFA Code of Practice for Treasury Management in Public Services. All decisions by MOPAC about capital financing are taken in the context of the CIPFA Prudential Framework. The Framework provides authorities with borrowing flexibility, provided controls on affordability, sustainability and prudence are met.

6.2. Net borrowing over the medium term will only be for a capital purpose. Borrowing will be contained within the borrowing limits agreed by the Mayor of London for MOPAC, as indicated in the Treasury Management Strategy. The link to the 2026-27 strategy can be found here: **Link to be added**

6.3. The Local Government Act 2003 requires MOPAC to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision, issued in 2012. The MOPAC Group will make a minimum revenue provision in accordance with:

- The capital financing requirement method for any borrowing undertaken prior to 2008-09, and for all borrowing undertaken since that date supported through the revenue grant settlement.
- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. A review of the MRP policy will be carried out before the finalisation of the budget.

6.4. Based on the statutory responsibilities and local arrangements within which MOPAC operates in, all the assets, liabilities and reserves are recognised on the MOPAC Balance Sheet. This reflects the fact that MOPAC retains control over all assets

including those which are held, which are disposed and who has access to use the assets and therefore controls the long-term risk and rewards of ownership.

- 6.5. In line with the MOPAC Scheme of Delegation and Consent, the acquisition, disposal and maintenance of long-term assets are the responsibility of the Deputy Mayor for Policing and Crime (DMPC) through the MOPAC Capital Programme.

7. Approach

Definition of Capital Expenditure

- 7.1. Capital expenditure is spending on assets that will provide a benefit beyond the current financial year and is defined in financial statements as: 'Expenditure on the acquisition, creation or enhancement of fixed assets.'

Prioritisation Process

- 7.2. Capital schemes are prioritised based on the following:
- Schemes entirely funded by external grant with no impact on the revenue budget;
 - Approved projects that enable compliance with statutory or legal duties (e.g. Health and Safety);
 - Planned projects that enable compliance with legal and statutory duties (e.g. Health and Safety);
 - Schemes that support MOPAC and MPS priorities in particular NMfL2 including transformation and reform, and;
 - Other Schemes.
 - In evaluating project proposals, the following will be considered:
 - The whole life cost implications of the proposed scheme, including those arising from ongoing maintenance requirements, both capital and revenue;
 - How the investment will play a part in managing the medium to long term demand for services;
 - How the investment will be made to maximise the benefits across a range of priorities and objectives and support transformation and reform, and;
 - Ability to deliver so that projects are accepted into the programme can realistically be delivered in accordance with the timescales indicated by the phasing of the project within the multi-year programme.
- 7.3. The criteria and evaluation criteria will be reviewed on a regular basis.
- 7.4. Affordability within the wider MTFP is a key consideration. The most significant investment proposed from 2026-27 is for estates. A phased approach is proposed, and this will be linked to key deliverables and outcomes as defined in the future estate's strategy.
- 7.5. In updating the Capital Programme, the MPS followed the following process:
- Undertaking a Zero-Based Review of capital agreeing new internal rule for capital financing and holding a joint workshop with MOPAC.
 - Undertaking a further review of the capital programme in advance of the finalisation of the budget in March 2026 including work to risk assess and stress test the capital financing assumptions. A review of the anticipated capital receipts, both in terms of the expected values and timing, has been undertaken, and receipts are consistent with the planned programme of works.
 - Further work is required on the longer-term programme.

8. Governance

- 8.1. The capital programme, capital strategy and the treasury management strategy are intrinsic parts of a medium-term financial strategy, all of which require DMPC approval, and will form part of a suite of documents the DMPC will approve in March 2026, ensuring that the revenue implications of the capital programme are reflected in the revenue budget.
- 8.2. Where individual schemes are formally approved for acceptance into the capital programme, the capital budgets for the relevant financial years will also be deemed to have been approved. Amendments to the programme will require approval in accordance with the scheme of delegation. In exceptional circumstances a new scheme may need to be progressed outside the normal annual cycle and the decision to allow the scheme to be considered will be made by the DMPC.
- 8.3. All MPS capital investment follows a clearly defined governance process with review and approval by the Investment and Portfolio Group (IPG), MPS Executive Committee (ExCo) and MOPAC Investment Advisory and Monitoring meetings (IAM). Internal governance adopts the HMT Green Book and Better Business Cases guidance including the Five Business Case model through Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC) stages. As per Green Book guidance, an adjustment for optimism bias is included in the development of business cases.

Monitoring the Capital Programme

- 8.4. Both the MOPAC and MPS Chief Finance Officers are responsible for ensuring that there is an effective system for capital monitoring. This will ensure that capital investment is delivered on time and within allocated resources, whilst meeting the objectives and outcomes. Capital programme monitoring will be undertaken quarterly and reported to the MPS Management Board and Executive Committee. Oversight of the quarterly capital monitoring will be carried out by MOPAC and will be considered by the DMPC as part of the quarterly financial and performance monitoring reporting process.

Risk Management

- 8.5. The approach to risk management for the Capital Programme is in line with the wider MOPAC and MPS corporate approach, with risks managed at three levels (portfolio, programme and corporate). Overall risk management arrangements are audited on a yearly basis by the Directorate of Audit, Risk and Assurance. Portfolio risks are managed according to four major themes: complexity of delivery, commercial dependency, business change, and finance and resources.
- 8.6. Other risks to the Capital Programme include:
 - An over-estimation of, for example, the capacity, capabilities, and optimism of delivery of the programme;
 - Limited capacity for further borrowing. Future needs will be scrutinised closely by MOPAC and MPS in the context of cost, benefit and affordability, taking in to account the internal rules that will ensure the capital programme is sustainable in the longer term;

- Inflation, which may put pressure on capital budgets. Scenario planning around different levels of inflation is part of MPS strategic financial planning to help anticipate issues and risks and put in place suitable mitigations;
- Changes to interest rates which may affect capital financing costs. MOPAC works closely with the London Treasury to secure favourable long-term borrowing rates where possible, and
- Economic conditions, which may affect the ability to dispose of surplus assets or the amount of income generated by their sale.
- Overall medium term sustainability of the capital programme given the increasing impact of capital financing on revenue budgets, and the absence of a general capital grant from government.

9. Capital Programme

Proposed Capital Programme 2025-26 to 2029-30

- 9.1. The MOPAC Group Capital Programme is delivered and managed by the MPS with strategic oversight from MOPAC. Over the five-year period to 2029-30 the MPS estimates total capital expenditure of £1,457 million. The estimates for 2026-27 recognise the underspend from 2025-26, details of which are set out in the 2025-26 Q2 performance monitoring report.
- 9.2. The key areas of investment within the capital programme are detailed below.
- 9.3. **Property Services (£425.5 million)** which is made up of:
Investment in support of the estate strategy, focussing on providing a safe and efficient estate, with funding largely being spent on vital repairs and replacements to the building fabric, windows, internal heating, plumbing, and electrical systems at a number of frontline buildings across the estate and a very limited amount on forensics, electrification and co-location. Investment enables buildings to be kept open and safe in the short term. Funding provides for the short term only, MOPAC cannot afford to invest in the estate at the level needed to maintain it at its current size over the medium term.
- 9.4. **Fleet Services (£171.2 million)** which is made up of:
The majority of the proposed capital investment relates to the purchase of new vehicles (the Vehicle Replacement Programme) with smaller amounts spent on areas such as telematics and electric charging infrastructure.
- 9.5. **Digital Data and Technology (£329.1 million)** which is made up of:
- **Core IT Systems (£317.0m)** Investment is focused on maintaining and upgrading the core applications, devices, radios etc. supporting frontline policing, mobility tools, office IT services, Microsoft, email, etc. and the critical supporting platforms, networks, hosting and data centres
 - **Technology Investment Portfolio (£12.0m):** Technology Investment Portfolio: Investment on innovative technology to realise cashable efficiencies in the medium term through streamlining administrative processes and releasing officers and staff to frontline delivery. Detail of these proposals is currently being developed and is subject to business cases being approved.

- 9.6. **Counter Terrorism Policing HQ (CTPHQ) (£122.1 million):**
CTPHQ expenditure is matched by capital contributions and therefore does not have an impact on the MPS' overall financing requirement (and is therefore cost neutral to the MPS MTFP).
- 9.7. **Operations and Performance (£56.0 million)**
Funding to invest in covert policing, digital forensics, drones and to provide full body scanners within all 34 custody suits offering enhanced risk mitigation to staff and detainees in custody, and investment to upgrade the existing ANPR systems.
- 9.8. **Transformation (£291.6 million)** which is mainly made up of:
Investment in two projects. Command & Control, transforming the command and control services through the replacement of the Computer Aided Despatch system, Call Handling System and Integrated Communications Control System, and Met Business Services (MBS). The investment will see significant improvement made to finance, human and resources and procurement systems and transactional services, and also the replacement for the existing Computer Aided Resource Management (CARM) system which deals with officer deployment functions.
- 9.9. **Centrally Held (£60.0 million):** to cover future risks including inflation.
- 9.10. The programme also includes investment of £1.2m to enable MOPAC to relocate to new accommodation at Palestra and £0.4m in professionalism.
- 9.11. The breakdown of the proposed capital programme 2025-26 – 2029-30 is set out at Appendix A.

10. Sources of funding

- 10.1. Investment is governed by the Prudential Code for Capital Finance in Local Authorities (Prudential Code). The Prudential Code provides MOPAC with the regulatory framework within which it has discretion over the funding of capital expenditure and the level of borrowing it wishes to undertake to deliver capital plans and programmes.
- 10.2. The strategy is intended to maximise the financial resources available for investment in service provision and improvement within the NMfL ambition and the Mayoral priorities. At the same time, it seeks to ensure that all business cases have a robust self-sustainable financial model that deliver against priorities and its objectives.
- 10.3. The funding available to MOPAC consists of:
- Capital Receipts
 - Government and Contributions
 - Revenue Resources
 - Borrowing (which is the main basis of the capital programme).
- 10.4. The value of the proposed capital programme is £1,457 million between 2025-26 and 2029-30 and the forecast of resources to fund the capital programme over the 5 years is set out at Appendix B.

- 10.5. There is an increased dependency on borrowing to support the capital programme. The main reason for this is a reduction in capital receipts and other sources of funding. With no capital grant funding available from the government (other than that ringfenced for Counter-Terror Policing), pressures on the revenue budget to make substantial revenue contributions to capital, borrowing is becoming the main source of funding. This is not sustainable and the MPS are reaching the level that is felt affordable. There is therefore a need to rebalance capital financing towards revenue contributions. This is reflected in the MTFP from 2027-28 and means that further capital investment is only possible if it releases cash. Further work is needed on the affordability of the long programme.

Borrowing

- 10.6. MOPAC has discretion to undertake borrowing on capital schemes if the borrowing is deemed value for money and meets the following criteria as set out in the Prudential Code:
- Affordable;
 - Sustainable;
 - Prudent, and;
 - Proportionate for the size of the organisation.
- 10.7. Capital financing costs over this five-year period are shown in Appendix B.

20 Year Capital Requirement

- 10.8. This Capital Strategy forecasts capital investment requirements over the 20-year period to 2044-45. Total expenditure over 20 years is estimated at c£4,667 million with £1,457 million of expenditure over the five years of the published Capital Programme and a further £3,211 million between 2030-31 and 2044-45. Of the total expenditure, c£408.4million is in CTPHQ, which as noted earlier, is fully matched by funding.
- 10.9. There are many uncertainties over this longer time horizon on both the funding and expenditure side and expenditure plans are more robust over the initial five years. Beyond the initial five years, for now, it is assumed that capital expenditure will mostly be to invest in maintaining and improving the estate (physical and digital) and fleet replacement with £2.5 billion being spent on these areas for the period 2030/31-2044/45.
- 10.10. The full 20-year view is based on current price i.e., excluding inflation for the capital programmes, however inflationary risk is built into the capital programme and held centrally. Appendix A sets out expenditure for the first 5 years and the final 15 years grouped into five-year tranches.
- 10.11. Funding over the first five years is set out in Appendix B. Funding for the subsequent 15 years, shown in five-years tranches is also shown in Appendix B. All prices are current.

11. Treasury Management

- 11.1. The requirements to borrow is driven by prior year capital expenditure and future capital plans as outlined in the capital strategy. The method and timing of financing this borrowing requirement and managing the associated risks of these financing decisions are covered within MOPAC's treasury management strategy. This includes strategies to manage the overall level of debt and to manage the timing and profile that debt is repaid so no one year has large amounts of debt to be refinanced or repaid and that the balance of debt outstanding is appropriate for the forecast Capital Financing Requirement (CFR) which reduces over the useful life of the assets financed by borrowing.
- 11.2. MOPAC's current and forecast debt position and borrowing strategy are reported and approved within the annual Treasury Management Strategy (TMS) received by the DMPC prior to the financial year that it applies. The TMS sets several Prudential Indicators as prescribed by the CIPFA Treasury Management Code of Practice. These include a projection of capital expenditure, external debt and use of internal borrowing and MOPAC's overall borrowing requirement, which is known as the capital financing requirement (CFR). The Prudential Indicators include the operational boundary and the authorised limit for external debt which is a statutory limit determined under Section 3(1) of the Local Government Act 2003: *'A local authority shall determine and keep under review how much money it can afford to borrow'*.
- 11.3. The annual Treasury Management Strategy includes the policy for the repayment of debt known as the Minimum Revenue Provision (MRP). MOPAC adopts the principle of making revenue provision for the repayment of debt over the useful life of the assets being created/purchased that were financed by borrowing.

Prudential Indicators

- 11.4. Details of MOPAC's Prudential Indicators can be found within the Treasury Management Strategy 2026-27.

12. Revenue Implications of Capital Expenditure

- 12.1. The revenue implications of capital expenditure need to be considered both when:
- Determining overall size of the capital programme and how it is to be financed, particularly the amount of prudential borrowing to be undertaken, and;
 - Evaluating individual projects.
- 12.2. In addition, as part of the asset planning process the running costs of existing assets need to be considered to determine priorities for maintenance, enhancement, and replacement of assets and, accordingly, for the development of suitable capital investment proposals.
- 12.3. The key constraints on MOPAC's ability to fund capital expenditure is its ongoing revenue budget position. In considering how much capital investment it can afford, MOPAC will estimate the overall impact of future revenue budgets and exercise prudence to ensure that the level of capital investment is sustainable.

- 12.4. The MOPAC Chief Finance Officer will advise the DMPC on the overall size and financing of capital expenditure as part of the report to set the final budget in March each year asking to approve the role in multi-year capital programme. Decisions on the revenue budget and the capital programme will be taken at the same time to ensure they are joined up.
- 12.5. When individual project proposals are being evaluated, it is essential that the revenue implications are fully understood so that the aggregate revenue effective of projects accepted into the capital programme matches what is been assumed in determining the overall size of the programme and its funding.

Costs of Prudential Borrowing

- 12.6. Where MOPAC undertakes prudential borrowing, it incurs debt charges in the form of repayments of principal and interest payments which depends on the terms of the loan. As part of the treasury management function MOPAC takes out loans on the best terms available to meet its overall prudential borrowing requirements rather than loans related to specific projects. A common interest rate, reflecting the overall cost of borrowing and standard repayment periods, depending on the type of asset is therefore used to assess the financing costs on projects.

Feasibility Costs

- 12.7. The cost of developing a proposed capital project must be charged to revenue until it is assessed that there is a high degree of certainty that an economic benefit will flow from the new asset. Such costs are therefore chargeable to revenue where the project does not go ahead. Where the project does go ahead, any costs incurred in financial periods prior to the commencement of the project, for which the accounts have been closed, must also remain charged to revenue.
- 12.8. Such cost depends on the size and complexity of the proposed project and how far the proposal is developed before a decision is taken not to proceed. Increasing costs are committed at the following stages:
- Engagement of a project manager;
 - Engagement of a specialist external advisors;
 - Commissioning of a feasibility study;
 - Commissioning of further work in advance of a main procurement process, e.g. ground investigation, outline design, enabling works, and;
 - Commencement of main procurement process entering a contract.

Planned Expenditure 2025-26 to 2029-30

Programme Areas	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m	TOTAL £m
Estates	121.1	112.4	66.0	66.0	60.0	425.5
Fleet Operational	33.0	27.0	32.7	22.3	56.3	171.2
Technology	69.7	73.5	57.9	63.5	64.5	329.1
CTPHQ	21.0	37.3	30.4	16.2	17.2	122.1
Operational	10.0	13.9	9.7	12.4	10.0	56.0
Reform (transformation)	84.5	94.3	86.0	25.8	1.0	291.6
Centrally Held (Risks and Inflation)		0.0	18.1	17.6	24.3	60.0
MOPAC		1.2				1.2
Total	339.2	359.6	300.8	223.9	233.3	1,456.8

Planned Expenditure 2030-31 to 2044-45

	2030/31 - 2034/35 £m	2035/36 - 2039/40 £m	2040/41 - 2044/45 £m	Total £m
Estates	300.0	300.0	300.0	900.0
Fleet Operational	154.6	200.2	146.2	501.1
Technology	425.5	350.0	350.0	1,125.5
CTPHQ	94.6	95.9	95.9	286.4
Operational	61.4	54.8	60.4	176.5
Reform (Transformation)	9.1	107.1	105.4	221.6
Centrally Held (Risks and Inflation)				0.0
Total Programme Cost	1,045.2	1,108.0	1,057.9	3,211.0

Funding 2025-26 to 2028-29

Funding	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m	TOTAL £m
Capital Receipts	17.1	10.6	33.2	12.1	7.7	80.8
Third Party Contributions and Capital Grants	36.3	49.9	42.1	27.1	28.9	184.3
Unfunded	285.8	288.2	195.8	134.9	167.0	1,071.7
Revenue Contributions	0.0	10.9	29.7	49.7	29.7	120.0
Total Funding	339.2	359.6	300.8	223.9	233.3	1456.8

Funding 2030-31 to 2044-45

Funding	2030/31 - 2034/35 £m	2035/36 - 2039/40 £m	2040/41 - 2044/45 £m	TOTAL £m
Capital Receipts	3.0	3.0	1.8	7.8
Third Party Contributions and Capital Grants	178.8	185.0	181.1	544.8
Unfunded	715.0	771.5	726.6	2,213.1
Revenue Contributions	148.5	148.5	148.5	445.4
Total funding	1,045.2	1,108.0	1,057.9	3,211.0

Funding	2030/31 - 2034/35 £m	2035/36 - 2039/40 £m	2040/41 - 2044/45 £m	Total £m
Capital Receipts	3.0	3.0	1.8	7.8
Third Party Contributions and Capital Grants	178.8	185.0	181.1	544.8
Unfunded	715.0	771.5	726.6	2213.1
Revenue Contributions	148.5	148.5	148.5	445.4
Total funding	1,045.2	1,108.0	1,057.9	3,211.0

Treasury Management Budget 2025-26 to 2028-29

Treasury Management Budget	2025-26 Forecast	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Interest payable	41.5	52.3	58.3	58.5
Interest receivable	-18.7	-10.3	-10.3	-10.3
Minimum revenue provision for debt repayment	95.2	107.1	122.2	124.6
Total	118.0	149.2	170.3	172.9

