

**CAPITAL STRATEGY 2014/17
REPORT BY THE DIRECTOR FOR DIGITAL AND RESOURCES**

1.0 SUMMARY

1.1 This report seeks the approval of the Council's Capital Strategy for 2014/17. The Strategy outlines the Council's approach to capital investment and how the Council ensures that capital investment is directed to the Council's Corporate Priorities. It also sets out the basis for prioritisation of capital bids included in the 3 Year Capital Investment Programme and the monitoring of the programme.

2.0 BACKGROUND

2.1 The two Councils agreed the first Joint Strategy in 2011 and this is reviewed annually to reflect changes in the Council's priorities and resources

2.2 In 2013/14 the Strategy was revised to reflect the impact of the proposed arrangements for ICT and confirmed the following resource allocations:

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual ring fence from available resources to fund capitalised planned maintenance schemes, in order to address the significant backlog in property maintenance.	75	150	225
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy.	280	420	700
Following the decision to join CenSus, £75,000 is set aside in 2013/14 to facilitate the creation of a new joint ICT service.	75	75	150
Essential replacement of ICT desk top and local network equipment in both Councils	50	50	100
Total resources earmarked for specific purposes	475	625	1,175

2.0 BACKGROUND

2.3 The budget strategy considered elsewhere on this agenda will confirm that the resources to be made available to fund new schemes will remain at £1.5m for Worthing Borough Council and £1m for Adur District Council for the next 3 - 5 years. These relatively low levels of investment have been agreed in light of the financial position of both councils over the next 5 years.

3.0 PROPOSALS

3.1 There are no major changes proposed to the Capital Strategy this year other than to align the financial thresholds for option appraisals with the limits contained in the financial regulations which were approved earlier in the year. However, the following changes to resource allocations are recommended:

- There has been significant slippage in building schemes and engineering schemes. Consequently, it is recommended to delete the allocation to building maintenance in 2014/15 and set the resources aside to fund the emerging 'digital strategy'. An 'IT position statement' is contained elsewhere on the agenda with fuller proposals to be presented to the Joint Strategic Committee later in the year on future investment needs.
- There are a significant number of vehicles purchased for the delivery of the joint services which are due for renewal in 2016/17. However, there are relatively few planned for replacement in 2015/16. Consequently, it is recommended that the amount set aside for partnership working is reduced to £500,000 from £700,000 for 2015/16.

If approved, the overall the allocations will be:

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Recommended set-aside to facilitate the delivery of the digital strategy.	90	135	225
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy.	200	300	500
Annual set-aside to replace essential IT infrastructure maintained by CenSus.	75	75	150
Essential replacement of ICT desk top equipment and local network equipment in both Councils.	50	50	100
Total resources earmarked for specific purposes	415	555	970

3.0 PROPOSALS

3.2 The top slicing of the programme in each year to ensure funding for key strategic issues such as the planned building maintenance programme, ICT and the partnership programmes will mean that, of the overall resources of available in 2012/13, the following resources will remain for other schemes:

- Adur District Council: £585,000
- Worthing Borough Council: £945,000

3.3 The proposed capital strategy is attached at Appendix 1. Appendix 2 gives details of the prioritisation model to be used in 2014/15 which is the same as that used last year.

4.0 LEGAL

4.1 Part 1 of the Local Government Act, 2003 sets out the framework for capital finance and expenditure

4.2 The Local Government (Capital Finance and Accounting) (England) Regulations 2003 provide more detailed requirements.

4.3 Section 111 of the Local Government Act, 1972 allows the Council to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.

5.0 FINANCIAL IMPLICATIONS

5.1 The Strategy sets out recommendations for financing the future Capital Investment Programme.

6.0 RECOMMENDATION

6.1 The Joint Strategic Committee is recommended to: -

- (i) Recommend to the Councils that the Capital Strategy 2014/17 be approved.**

Local Government Act 1972

Background Papers:

Capital Strategy 2013/16

Medium Term Financial Plan 2014/19 and Budget Strategy 2014/15

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SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

- 1.1 The Capital Strategy sets out the Council's policy on capital investment and ensures the efficient use of capital resources to support all of the Council Priorities.

2.0 SPECIFIC ACTION PLANS

- 2.1 Matter considered and no issues identified

3.0 SUSTAINABILITY ISSUES

- 3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES

- 4.1 Matter considered and no issues identified

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

- 5.1 Matter considered and no issues identified

6.0 HUMAN RIGHTS ISSUES

- 6.1 Matter considered and no issues identified

7.0 REPUTATION

- 7.1 Matter considered and no issues identified

8.0 CONSULTATIONS

- 8.1 Matter considered and no issues identified

9.0 RISK ASSESSMENT

- 9.1 Matter considered and no issues identified

10.0 HEALTH & SAFETY ISSUES

- 10.1 Matter considered and no issues identified

11.0 PROCUREMENT STRATEGY

- 11.1 Matter considered and no issues identified

12.0 PARTNERSHIP WORKING

- 12.1 The Strategy outlines the Council's approach to Partnership working and has been updated to reflect the effect of joint working between the two Councils and with other partners.

Adur &
Worthing
councils



**INVESTING IN ADUR
AND WORTHING
COUNCILS
CAPITAL STRATEGY
2014-2017**

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1. **INTRODUCTION**

1.1 This document sets out the Councils' Capital Strategy, which outlines the approach to capital investment and how the Councils ensure that capital investment is directed to the Corporate Priorities. It also shows how we work with partners to deliver schemes. The strategy outlines the basis for the prioritisation of all capital bids put forward for inclusion in the three-year programme, including Housing, and the monitoring and evaluation of the programme. The Capital Strategy is intrinsically linked to our Asset Management Plan as a substantial amount of capital expenditure is invested in the property assets held by the Councils.

1.2 **The Council's Vision and Corporate Plan**

In 2010 'Adur in Partnership' and 'Worthing Together', the Local Strategic Partnerships adopted an updated Sustainable Community Strategy 'Waves ahead'. This is a sixteen year plan, which will operate through to 2036 and help to deliver the vision for where the two areas want to be in twenty years' time and how some of this vision will be delivered.

1.3 The Corporate Plan focuses upon the areas of the Community Strategy to which the Council can and will contribute. The Councils revised the Corporate Priorities in 2011 and developed an updated common vision as follows:

Adur and Worthing Councils will radically challenge traditional ways of providing their services by:

- 1) Continuing to work together in partnership to deliver cost effective services whilst retaining separate identities.
- 2) Working more closely with and commissioning our communities, the voluntary sector, public organisations, business and commercial sectors to develop and deliver services.
- 3) Moving towards smaller and smarter local government.
- 4) Developing a culture of innovation and entrepreneurship.

1.4 In order to help deliver the Vision, the following objectives were agreed in 2013 as the Councils' strategic aims for the next five years:-

Priority One: Supporting and improving the local economy;

Priority Two: Protecting front line services;

Priority Three: A mixed economy of partnership working;

Priority Four: Ensuring value for money and low Council Tax.

1. **INTRODUCTION**

1.5 The recent paper by the Chief Executive 'Catching the Wave' further developed the strategic aims for the council by focussing down on three themes.

- Supporting our wealth generators
- Cultivating enterprising communities
- Becoming an adaptive council.

1.6 **Three Year Capital Investment Programme**

The main purpose of the Councils' Capital Investment Programme is to provide assets for the provision of services and to deliver the Corporate Priorities. It is prepared by considering resources available and then prioritising capital schemes in line with Corporate Objectives and other criteria. A summary of the current Capital Investment Programmes 2014/15 – 2016/17, including funding, is shown in Appendices 3, 4 and 5. Full details can be found on the Intranet and in the budget book.

1.7 Examples of where capital expenditure will help to deliver the Council's Strategic Aims over the next three years are:

1.8 **Affordable housing (Adur: £1,810,000, Worthing: £1,396.400)**

The Councils are committed to enabling affordable housing development for the residents of Adur and Worthing. With the changes to the Homes and Communities Agency's Affordable Housing Programme for 2012-15, including the introduction of the "affordable rent" regime and a considerable reduction in the subsidy per new affordable home from the HCA, the Councils need to review the use of their capital in terms of what kinds of schemes should be supported in future and why. This review will form part of the annual update of the Councils' joint Housing Strategy in 2014, by which time we are expecting further clarity on what the HCA's future grant programme will look like. There is an expectation that from 2015 there will be a "nil grant" programme except for exceptional circumstances, in which case it will be important for the Councils to have a view on how their own resources can be used, including the possibility of developing homes via Adur Homes.

1.9 **Adur and Worthing Services (Total: £5,047,930 split as follows: Adur share: £2,028,110 Worthing share: £3,019,820)**

The Council is currently providing shared services with Worthing Borough Council with a view to improving service standards and reducing the cost of services to residents. These include the investment in vehicles for street cleaning and refuse collection services, the investment in vehicles and equipment for the new joint grounds maintenance service, as well as the cost of renewing IT systems and equipment.

1.10 **Meeting the decent homes standard for residents of Adur Homes**

Adur District Council has committed to maintaining the decent homes standard. Overall the Council plans to invest £4.2m in the Council housing stock in 2014/15.

2. RESOURCE ALLOCATION

2.1 Prudential Capital System

The Government introduced the current system for the management of capital finance in 2004/05 contained in The Local Authorities (Capital Finance and Accounting) Regulations (2003), which became operative from 1st April 2004. The act sets out the financial power for local authorities to use unsupported prudential borrowing for capital investment provided that the Council can afford the revenue consequences of any proposed borrowing.

2.2 The key objectives of the prudential system are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. Under the regulations local authorities have been given the freedom to determine the amount of external borrowing they are prepared to undertake when considering their own capital spending and financing decisions.

2.3 The most significant change under the prudential system has been the initial determination of the limits of affordability for providing capital investment, taking into account the opportunity costs of alternative financing decisions.

2.4 Resources

At the outset of each Capital Investment Programme planning cycle, the level of resources available to fund the programme is reassessed in light of the most recent information. The current programme is then reviewed to establish the level of resources needed to fund the committed programme. This information is then used to establish the resources available to fund new schemes.

2.5 The current capital financing strategies is based on a mix of funding including capital receipts, capital grants, revenue contributions, use of reserves, specific one-off external contributions and Prudential Borrowing. The Capital Investment Programme Strategy assumes:

➤ For Adur District Council:

- A net overall addition to the general fund programme each year of £1.0m funded from a mix of Prudential Borrowing and capital receipts supplemented by S106 receipts and other grants and contributions.
- An annual HRA programme of £3.6m from 2014/15 onwards (index-linked). This is expected to be funded from the Major Repairs Reserve, prudential borrowing, revenue contributions, and any grants.

➤ For Worthing Borough Council:

- A net overall addition to the general fund programme each year of £1.5m funded from a mix of Prudential Borrowing and capital receipts supplemented by S106 receipts and other grants and contributions.

2. **RESOURCE ALLOCATION**

2.6 All capital receipts are used to fund the prioritised capital programme unless ring-fenced for a specific issues such as affordable housing and Shoreham Renaissance in Adur.

2.7 Of the total resources available, the following will be earmarked to fund specific council objectives:

	Adur District Council £'000	Worthing Borough Council £'000
Recommended set-aside to facilitate the delivery of the digital strategy.	106	119
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy.	200	300
Annual set-aside to replace essential IT infrastructure maintained by CenSus.	70.5	79.5
Essential replacement of ICT desk top equipment and local network equipment in both Councils.	47	53
Total resources earmarked for specific purposes	423.5	551.5

2.8 It is the both Councils' policy to maximise capital receipts through a review of existing property use. A rigorous approach has been adopted to the identification and disposal of surplus assets that are no longer required to meet the Corporate Priorities of the Councils. The Joint Property Management Group regularly considers the property portfolio and identifies property for sale. The Council views this as the most cost effective way to finance the capital programme. However, both Councils have a diminishing asset base and the sites remaining are some of the most difficult to sell.

2.9 Although the Councils have been able to fund some of its capital programme from capital receipts in recent years, asset sales are unlikely to be sufficient to fund the capital programme in the future. Therefore the Council will need to explore new sources of funding, particularly for major capital schemes. These could include extending the use of prudential borrowing, external funding from the various grant agencies including the national lottery distributors, S106 Agreements, Area Investment Framework funding and Private Finance Initiatives and Partnerships, including Public Private Partnerships Schemes. Examples of partnership funding are shown in 6.4.

2. **RESOURCE ALLOCATION**

2.10 **External Funding**

External funding is now an important source of finance for the Councils. With this in mind, the External Funding Manager (EFM) reviews the proposed programme for opportunities to bid for funding for schemes. In addition, the EFM also researches new funding streams to ensure that the Councils are aware of upcoming opportunities.

Overall, the aim of external funding is to ensure that the Councils can continue to improve or renew community facilities whilst alleviating the cost to the public purse.

2.11 **Invest to Save**

Both Councils have introduced an 'invest to save' scheme. This provides capacity within the Councils to generate efficiency savings. The Councils will consider capital proposals which produce revenue savings that exceed the cost of borrowing by at least 10% over the life of the investment. The cost of these schemes can be funded from prudential borrowing as the revenue costs of borrowing will be funded by the on-going revenue savings. These schemes can be approved at any time by the Joint Strategic Committee. Examples of projects include:

- energy efficiency schemes whereby the reduction in energy costs may be sufficient to repay the borrowing costs.
- the provision of Empty Homes grants to assist people to bring properties back into use, increasing council tax revenue and also attracting additional New Homes Bonus Funding. It may also reduce homelessness costs indirectly if we are able to ensure the property is let to ADC/WBC housing applicants.

Any such scheme is to be subject of a full option appraisal over the life of the asset, which should consider the whole life cost implications of the proposed investment and be considered by the Joint Strategic Committee as part of the approval to spend.

2.12 **Value for Money**

Getting value for money is a key priority for the Councils and the Capital Investment Programme should provide high quality, value for money public services. The Councils recognise that best value is based on whole life costs and therefore the on-going revenue implications of capital spend are identified when bids for capital resources are assessed and when schemes are approved; when a new capital project is proposed any impact on revenue expenditure is anticipated and costed. These revenue costs are used to inform the revenue budget planning process and are considered alongside other priorities in the revenue budget when the overall budget is set. Costs to be assessed include the opportunity cost of using the resources, the interest earnings foregone by utilising reserves and capital receipts, and any additional revenue costs or savings arising from the investment.

3. **PRIORITISATION**

- 3.1 In order to ensure that resources available for capital investment are used efficiently and effectively, all capital projects are prioritised in line with corporate objectives, priorities and other criteria using a prioritisation model, which is outlined in Appendix 2.
- 3.2 This is achieved by the submission of bids for capital resources for the next 3 years of the capital programme and the reserve list on a standard questionnaire. The bids are priority scored using the prioritisation model (Appendix 2) and collated by the Capital Working Group who prepare a summary presented in priority scored order, which is discussed with the Cabinet Members for Resources and the Adur Cabinet Member for Customer Services. The summary is then submitted to the Council Leadership Team for their consideration and comment. This process includes all elements of Capital Investment including Housing.
- 3.3 The resulting draft programme is then shared with leading Members of the controlling Group and a report drafted for approval by the Joint Strategic Committee who make the decision as to the final programme recommended to Councils, in relation to the resources available. This is then subject to the Council's consideration and approval.
- 3.4 Bids for additional resources will only be considered where they accord with the Capital Strategy, and where the authority has taken into account ongoing commitments and conformity with Strategic Objectives, Service Plans and other criteria in relation to its capital needs and other resources. Schemes which are considered for inclusion in the capital programme outside the annual bidding process are also "priority scored" to ensure that they meet the priority score which would include them in the capital programme for the relevant year.
- 3.5 Each year after the 3 year capital investment programme has been agreed by the Councils, the Capital Working Group reviews the prioritisation process. If necessary, the capital bidding documents and process are amended to ensure that corporate objectives and priorities, and the benefits and impact of schemes are adequately reflected in the prioritisation procedure.

3.6 **Option Appraisal**

Option Appraisal is an essential part of the prioritisation process and enables the Councils to make informed, transparent and consistent decisions about the capital projects to be taken forward.

The Council's current policy on Option Appraisals is as follows:

- (i) Individual projects costing under £150,000 – Officers are asked to consider other options (including capital and revenue implications) as part of the Capital Bid Submission.

3. **PRIORITISATION**

- (ii) Individual projects costing between £150,000 and £500,000 – Option Appraisals are completed in house by the project team. These should consider the whole life cost implications of the proposed investment and must be considered by the Joint Strategic Committee or Cabinet Member as part of the approval to spend process.
- (iii) Individual projects costing in excess of £500,000 – Option Appraisals are completed either using the in-house team or by using external consultants where appropriate. These should include the whole life cost of the proposals and will need to be ratified by the Joint Strategic Committee or Cabinet before giving approval to spend.

Grant programmes such as affordable housing and disabled facilities grant are excluded from the requirement to undertake detailed option appraisals.

3.7 **Scheme Approval**

Every year a draft 3 Year Capital Investment Programme is submitted to the Joint Strategic Committee in November/December and recommended to the Councils in December. The report identifies schemes where expenditure has been committed costing in excess of £100,000 necessitating approval as a Key Decision; schemes costing £100,000 or less where expenditure has been committed; and the future schemes for the three years under consideration. It also compares the revised outturn for the current year with the original estimate. Final amendments are made to reflect changes in timescales and cashflows, and to ensure the production of a balanced programme in accordance with the overall resources available for funding, prior to submission to the Budget Council Meeting in February each year.

- 3.8 Schemes costing £100,000 or more require a report to be prepared for the Joint Strategic Committee or Cabinet Member outlining details of the scheme and the capital and revenue implications. The Chief Financial Officer in consultation with the relevant Cabinet Member has delegated approval for schemes costing under £100,000. This is achieved by Officers responsible for capital projects completing a Project Initiation Document (P.I.D.), comprising of a Capital Bid Sheet, Project Plan and Project Estimate Form. The P.I.D. is then approved by the Chief Financial Officer and one other Head of Service who is a member of the Capital Working Group, subject to not signing schemes for which they are responsible. The P.I.D. is then sent to the Cabinet Member for confirmation of approval. No scheme can proceed without either an approved P.I.D. or an Approval Report.
- 3.9 The programme is updated each year in July as a result of the financial outturns following the closure of the previous year's accounts, which are reported to Members in the early summer. Any slippage or works completed ahead of schedule are quantified in budget terms, and approval is sought to make the necessary financial adjustments to the approved budget.

4. **FRAMEWORK FOR MANAGING, MONITORING AND EVALUATING THE CAPITAL PROGRAMME**

- 4.1 Detailed management, monitoring and review in terms of both the delivery of Service outcomes and Corporate Objectives and financial performance is the responsibility of the Capital Working Group, working in conjunction with Heads of Service. Quarterly progress reports incorporating any recommended variations to the Programme, financial monitoring reports and completed project evaluations are submitted to the Council's Leadership Team, and the Joint Strategic Committee. Any 'learning' arising from the monitoring/review process is used to inform the strategy on an ongoing basis. The Financial Regulations stipulate how the financial aspects of the capital programme and each capital scheme should be managed and the Capital Working Group ensures compliance with these requirements.

5. **CONSULTATION**

- 5.1 Both Councils are committed to consulting with the community, its partners and service users on the key issues affecting the quality of life within the area. It has always been important to ensure that resources and services are designed, delivered and improved to meet the changing needs and expectations of our community, our partners and our service users. To achieve this commitment the Council consults and involves the community on any major or controversial capital schemes and will make its policies, decisions and services more accessible to comment from residents, businesses, agencies and major partners. Examples of areas where recent consultation exercises have been completed include:

- Adur Street Scene environmental improvements
- Development of a new or improved playgrounds
- Shoreham Harbour regeneration
- Worthing Seafront Strategy regeneration schemes
- Adur Queensway regeneration
- Adur Ferry Road improvements

6. **PARTNERSHIP WORKING**

- 6.1 Both Councils recognise the importance of partnership working in delivering their own corporate priorities as well as those of many organisations, public and private and is actively developing partnership working, especially when it is considering capital expenditure to "add value" to all that it does. The Councils are aware that they do not work in isolation and that it must ensure that it looks outward to working with the community, its residents and partners, in order to identify and act on local priorities to improve the wellbeing of local communities. Tackling cross cutting issues, in particular, regeneration, community safety, social exclusion and sustainable development require a joined up approach across local authority service teams, other authorities and agencies, the private sector and also our voluntary sector partners.

6. **PARTNERSHIP WORKING**

6.2. The Councils have a history of working successfully together with other neighbouring Authorities on a range of activities including housing, coast protection and regeneration. The Councils continue to work closely with the Health bodies, Police and other organisations that can contribute to meeting its strategic objectives. In this regard, there has been a much closer working relationship forged with Health and Social Services to provide a more integrated service, especially in Housing.

6.4 Therefore, by working together in partnership with others the Councils seek to influence work to ensure that all opportunities are maximised to the full benefit of the residents of both areas, so that the Councils can be satisfied that they are maximising all funding opportunities and achieving efficiencies wherever possible.

6.5 The Councils have many partners with whom they currently work and the potential for many more. The following are some examples of the areas where work is currently being undertaken with other Councils and partners:

Adur/Horsham/Mid Sussex/Worthing	CenSus partnership which includes Revenues and Benefits and ICT Services.
Registered Providers (Housing Associations) and Homes and Communities Agency (and developers)	Affordable Housing Programme
West Sussex County Council	Community Strategy, Family Intervention Project, Help Points, Highway matters, Youth Homelessness Prevention
West Sussex County Council and Brighton and Hove City Council	Shoreham Harbour Regeneration Project and the City Deal bid.
West Sussex County Council, Sussex Police Authority, Probation and Health Authorities	Safer Communities Partnership
Worthing Primary Care Group	Local Health Improvement Programme, Wellbeing Hub
Various maritime authorities from Selsey Bill to Beachy Head	Coast Protection – Coastal Monitoring Project for the South Downs Coastal Group
Various maritime authorities from New Forest to Thames Estuary (in conjunction with New Forest and Canterbury)	Coast Protection – Strategic Coastal Monitoring Project for the South East Region

6. **PARTNERSHIP WORKING**

6.6 **Private Finance Initiatives / Public Private Partnerships (PFI/PPP)**

The Councils believe that if these options are available they will actively pursue any new areas in an attempt to add value to any capital expenditure or commitments.

7. **LINKS TO OTHER STRATEGIES AND PLANS**

- 7.1 The overall capital strategy stands above the more operational strategies that are needed for key services, such as Housing, Leisure, Environment, and other locally determined blocks of spending. The capital strategy does not sit in isolation but is informed by and informs other strategies. It provides a basis upon which other strategies can be developed and devised. The links between these strategies are extremely important.
- 7.2 The Councils have identified the following major Strategies and Plans which have been approved or developed; Corporate Plan, 'Catching the Wave', Asset Management Plan, Accommodation Strategy, Waves Ahead (Joint Community Strategy), Community Safety Strategy, Cultural Strategy, Economic Development Strategy, Housing Strategy, Information and Communications Technology (I.C.T.) Strategy, Leisure Strategy, Local Plan, Local Transport Plan, Local Waste Management Strategy, Procurement Strategy, Emergency Plan, Shoreline Management Plan, Surface Water Management Plan, Coast Defence Strategy, Public Realm and Seafront Strategy and Civic and Cultural Hub Strategy.
- 7.3 **Link to the Housing Strategy**

The Councils' Housing Strategies were last revised in 2012 as a result of significant changes to the housing "landscape" and there is now a joint Adur and Worthing Housing Strategy. It provides objectives for the way in which the Councils plan to meet the housing needs of the areas, including the financial resources required to deliver the Housing Strategy, and therefore informs the Capital Strategy of the funding required. Spatial strategy targets have been abolished. Core Strategies are being finalised, and Supporting People budgets for revenue funding for supported housing have been unringfenced and reduced. The Homes and Communities Agency budget for new developments for 2012-15 is more or less halved nationally, the new "affordable rent" regime has been introduced, along with flexible tenancies, and these factors together with the welfare reform measures being proposed and introduced and the continuing demand for affordable housing mean that such a review was timely. Schemes currently being built out or to be started by 2015 have been largely funded as "affordable rent" developments but there is uncertainty about what if any grant regime will exist post 2015. Viability concerns from developers have resulted in a reduction in the normal proportions of affordable housing on new schemes and what resources the Councils have to support future schemes may well become far more important post 2015. This includes any Council house building the authorities are able to consider. Once more detail is known about the HCA regime a more detailed look at how the Councils can or should support new schemes with its own resources can be taken.

7. LINKS TO OTHER STRATEGIES AND PLANS

7.4 Link to the Asset Management Plan

The capital strategy provides the policy framework for the operational work of asset management. Corporate asset management planning covers all the Councils' assets and should result in a realistic, costed 3 - 5 year programme linked to outputs. The authorities have developed performance measures in asset management, comparing these internally – between services and over time - and benchmarking performance against other authorities and the private sector where possible. The Asset Management Plan forms an important part of the Councils' Capital Strategy. The Joint Property Management Group has a remit, which includes preparing, revising and monitoring the Asset Management Plan in order that information can be obtained in accordance with the guidance.

7.5 Link to the ICT Strategy and Digital strategy

The developing ICT and Digital Strategies are critical links between the Council's Corporate Plans, Central Government Initiatives and Information Technology and are therefore an integral part of the Council's business planning process. However, future capital investment must take account of resources available for future funding and be seen to offer value for money, and is informed by the Capital Strategy.

8. PERFORMANCE MANAGEMENT AND MEASUREMENT

8.1 In addition to adopting the Property Performance Indicators as set out in the requirements for Asset Management Planning, the Council has developed a range of local performance measures to inform various aspects of the Councils' Capital Programme. The overall performance of the capital programme, including post-scheme evaluation of projects, is overseen by the Capital Working Group as detailed in Section 4.

9. REVISING THE CAPITAL STRATEGY

9.1 The Capital Strategy is reviewed annually; adapting to the review of the Councils' Strategic Objectives. It does not need to be overhauled annually so long as the existing documentation remains valid. However, the Councils review the allocation of its Capital Resources on an annual basis to ensure that its programme of investment is in line with the actual resources available to support its spending needs and priorities.

10. SUMMARY

10.1 The Councils will continue to prioritise its capital spending in line with their corporate priorities and other criteria, recognising that a commitment to partnership working remains a significant part in the Councils' overall approach. New and innovative ways of increasing capital finance will continue to be explored in the light of the new Prudential System for Capital Finance. The Councils will annually review their approach to capital expenditure having regard to outcomes of Service Reviews and Inspections, and any changes to the Corporate Plan.

CAPITAL PRIORITISATION MODEL

STAGE 1: INITIAL PRIORITISATION

(Choose ONLY 1 of the following criteria A – D - which your scheme most closely fits).

Category	Criteria	Points
A	Minimum works required to prevent the Council failing in its statutory duty (e.g. DDA)	20
A	Or There is a mandatory legal requirement to provide the service, the proposed scheme enables the service to be provided and that obligation cannot be met in any other way	20
B	Essential works are required to avoid serious long-term financial, operational or service consequences	15
B	Or There is a demonstrable, priority need to replace the asset/ service on an essentially like for like basis (save for improvements in technology) as the existing asset is at the end of its useful life	15
C	Other schemes, which meet the Councils priorities as laid out in Service Plans, Local Area Agreements, Community Strategy Priority Action Plans or the Councils' plans	10
D	There is an expectation by the Government that the Council should undertake a particular course although it may not be currently statutory and there is a likelihood of some form of sanction being applied against the Council if that expectation is not met.	5

STAGE 2: CRITERIA FOR ADDING / DEDUCTING ADDITIONAL POINTS

Category	Criteria
E	Council Priorities: Add 1 point for each point achieved from each priority (max. 14)

STAGE 2: CRITERIA FOR ADDING / DEDUCTING ADDITIONAL POINTS (continued)

Category	Criteria
<p>P1</p>	<p>Supporting and improving the local economy</p> <ol style="list-style-type: none"> 1) Promote and support projects and ideas that attract new and retain existing businesses, and generate investment in the area 2) Enable new homes to be built to help meet the housing needs of our communities 3) Support high quality developments
<p>P2</p>	<p>Protecting front line services</p> <ol style="list-style-type: none"> 1) Provide and develop customer driven cost effective services 2) Fulfil statutory obligations for delivery of front line services 3) Adopt more sustainable ways of delivering services
<p>P3</p>	<p>A mixed economy of partnership working</p> <ol style="list-style-type: none"> 1) Work actively together in partnership to deliver cost effective services whilst retaining separate identities and seek to extend partnerships with others 2) Work more closely with and commission our communities, the voluntary sector, public organisations, business and commercial sectors to: <ul style="list-style-type: none"> • Develop and deliver services • Reduce crime, fear of crime, antisocial behaviour and support the Early and Family Intervention projects • Deliver interventions that improve the health of our communities

STAGE 2: CRITERIA FOR ADDING / DEDUCTING ADDITIONAL POINTS (continued)

Category	Criteria
P4	<p>Ensuring value for money and low Council Tax</p> <ol style="list-style-type: none"> 1) Keep council tax increases low 2) Generate financial capital, increase income and seek external funding sources 3) Drive continual improvement and efficiencies in services particularly in procurement and contract management 4) Reduce costs through 'Digital by Default' – getting more transactions online to ensure access to services is straightforward and convenient to the customer
F	<p>Revenue Implications: Add Points – 1 point per £2,000</p> <ul style="list-style-type: none"> • Additional revenue income as measured over asset life, after payment of running costs OR • Projects result in a reduction in the revenue budget from date of completion • Any project whose annual saving exceeds the costs of borrowing over the life of the acquisition by 10% or more will gain automatic approval under invest to save principles, subject to approval by the Executive Head of Financial Services and ratification by JSC
G	<p>Deduct Points – 1 point per £2,000</p> <ul style="list-style-type: none"> • Additional annual operation costs OR • The project results in increased net revenue costs
H	<p>Condition Survey – Categories within our Asset Management Plan</p> <ol style="list-style-type: none"> 1) Good – Performing as intended and operating effectively (0 points) 2) Satisfactory – Performing as intended, but exhibiting minor deterioration (0 points)

STAGE 2: CRITERIA FOR ADDING/DEDUCTING ADDITIONAL POINTS (continued)


Category	Criteria
H	<p>Condition Survey – Categories within our Asset Management Plan (continued)</p> <p>3) Poor – Exhibiting major defects and/or not operating as intended (1 point)</p> <p>4) Bad – Life expired and/or serious risk of imminent failure (5 points) (The Condition must be agreed with Technical Services, Helen Buck or Bryan Curtis, before adding points). Finance will seek validation of any points awarded here</p>
I	<p>Equipment/Vehicle Condition Survey</p> <p>1) Good – Performing as intended and operating effectively (0 points)</p> <p>2) Satisfactory – Performing as intended, but exhibiting minor deterioration (0 points)</p> <p>3) Poor – Exhibiting major defects and/or not operating as intended (1 point)</p> <p>4) Bad – Life expired and/or serious risk of imminent failure and non-replacement will have serious operational consequences (5 points)</p>
J	<p>Equalities Impact Assessment - Add 5 points or 1 point</p> <p>Score 5 points where the objective of the scheme is to improve equalities e.g. DDA schemes, or score 1 point for schemes which contribute to equalities, e.g. access improvements</p> <p>1) How will the proposed project improve Equality and Diversity in the area?</p> <p>2) Who will benefit from this project? Is there likely to be a positive impact on specific equality groups (whether or not they are intended beneficiaries), and if so, how? Or is it clear at this stage that it will be equality “neutral”? i.e. will have no particular effect on any group.</p> <p>3) Is there likely to be an adverse impact on one or more equality groups as a result of this scheme? If so, who may be affected and why? Or is it clear at this stage that it will be equality “neutral”?</p> <p>4) Is the impact of the scheme – whether positive or negative – significant enough to warrant a more detailed assessment (Stage 2 – see guidance)? If not will there be monitoring and review to assess the impact over a period of time? Give reasons for your answer and any steps you are taking to address particular issues, including any consultation with staff or external groups/agencies</p>
K	<p>Improvement/Betterment - Add 1 point</p> <p>Improvement beyond essential requirement to existing services, work to improve the level of service where there is a proven need and demonstrable benefit. This includes results of Business Transformation or Service Reviews</p>


STAGE 2: CRITERIA FOR ADDING/DEDUCTING ADDITIONAL POINTS (continued)


Category	Criteria																
L	<p>Health & Safety (non statutory) – Points 0 - 5 Relating to Council property, the project is considered necessary for the health and safety of the Council’s employees or the general public and has been agreed with the Corporate Health & Safety Officer:</p> <p>No Risk - 0 points Low Risk - 1 point Medium Risk - 3 points High Risk - 5 points</p>																
M	<p>Risk Register If the scheme’s risks are on the Corporate Risk Register the points to be awarded are Very High Risk 5 points, High Risk 4 points, Medium Risk 3 points, and Low Risk 1 Point. Finance will seek validation of any points awarded here</p>																
N	<p>Partnership working – Add 5 points Projects that involve partnership working where the partner contributes to the completion of the scheme, rather than just benefits from the outcome. This could be funding, in-kind work or involvement in the design process which has a direct affect on the final project</p> <p>Examples would be community involvement, WSCC schemes, “Better Together” (Coastal West Sussex Partnership) and the police. Full details of all partners involved and their contribution to the scheme must be provided</p>																
O	<p>Match Funding / External Funding Utilisation of Council resources – the higher the percentage of funding expected from the Local authority, the less points can be awarded: This has an individual ranking Matrix – please see below:</p>																
	<table border="1"> <thead> <tr> <th data-bbox="145 1644 751 1711">External Funding % received</th> <th data-bbox="751 1644 1453 1711">Points to be added</th> </tr> </thead> <tbody> <tr> <td data-bbox="145 1711 751 1778">0.1% - 24%</td> <td data-bbox="751 1711 1453 1778">1</td> </tr> <tr> <td data-bbox="145 1778 751 1834">25% - 49%</td> <td data-bbox="751 1778 1453 1834">2</td> </tr> <tr> <td data-bbox="145 1834 751 1890">50% - 65%</td> <td data-bbox="751 1834 1453 1890">3</td> </tr> <tr> <td data-bbox="145 1890 751 1946">66% - 75%</td> <td data-bbox="751 1890 1453 1946">5</td> </tr> <tr> <td data-bbox="145 1946 751 2002">76% - 89%</td> <td data-bbox="751 1946 1453 2002">7</td> </tr> <tr> <td data-bbox="145 2002 751 2056">90% - 99%</td> <td data-bbox="751 2002 1453 2056">10</td> </tr> <tr> <td data-bbox="145 2056 751 2112">100%</td> <td data-bbox="751 2056 1453 2112">10 or Automatic Approval **</td> </tr> </tbody> </table>	External Funding % received	Points to be added	0.1% - 24%	1	25% - 49%	2	50% - 65%	3	66% - 75%	5	76% - 89%	7	90% - 99%	10	100%	10 or Automatic Approval **
External Funding % received	Points to be added																
0.1% - 24%	1																
25% - 49%	2																
50% - 65%	3																
66% - 75%	5																
76% - 89%	7																
90% - 99%	10																
100%	10 or Automatic Approval **																


STAGE 2: CRITERIA FOR ADDING/DEDUCTING ADDITIONAL POINTS (continued)

Category	Criteria
O**	Automatic approval is subject to the scheme contributing to the Council's aims, and future financial revenue implications being accommodated with the Council's overall revenue budget. All external funding must be confirmed by source before scheme is included in the Adur or Worthing Capital Investment Programme
P	Consultation – points to be determined by Members (up to 5 points in total) Projects that are important for community/political reasons following consultation

SUMMARY							
THREE YEAR CAPITAL INVESTMENT PROGRAMME							
	Total Estimate £	CAPITAL ESTIMATES				ANNUAL REVENUE COSTS	
		2014/2015 Estimate £	2015/2016 Estimate £	2016/2017 Estimate £	Future Years £	Interest Foregone/ Cost of Borrowing £	Net Other £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BUDGETS							
Cabinet Member for Customer Services	15,544,310	4,336,310	3,685,000	3,761,000	3,762,000	481,530	-
Cabinet Member for Environment	3,372,680	1,218,340	227,010	1,338,560	588,770	348,940	(14,490)
Cabinet Member for Health and Wellbeing	2,871,750	2,737,750	49,500	48,500	36,000	321,630	(539)
Cabinet Member for Regeneration	4,527,950	1,944,950	861,000	861,000	861,000	303,860	(56,000)
Cabinet Member for Resources	585,800	433,580	56,220	48,000	48,000	85,290	4,240
	26,902,490	10,670,930	4,878,730	6,057,060	5,295,770	1,541,250	(66,789)
FINANCING							
Capital Grants and Contributions							
Communities and Local Government		671,470	229,720	229,720	229,720		
Department for Climate and Energy Change		-	-	-	-		
Environment Agency		12,500	12,500	12,500			
Homes and Communities Agency		-	-	-	-		
S106 Contributions from Planning Agreements		497,000	-	-	-		
Other Contributions		317,850	-	-	-		
Prudential Borrowing		4,905,750	1,996,910	3,175,240	2,426,450		
Revenue Contributions and Reserves							
Revenue Contributions		44,750	36,000	36,000	36,000		
Revenue Reserves		3,849,010	2,481,000	2,481,000	2,481,000		
Usable Capital Receipts		372,600	122,600	122,600	122,600		
		10,670,930	4,878,730	6,057,060	5,295,770		

SUMMARY THREE YEAR CAPITAL INVESTMENT PROGRAMME							
 Column Reference (1)	Total Estimate £ (2)	CAPITAL ESTIMATES				ANNUAL REVENUE COSTS	
		2014/2015 Estimate £ (3)	2015/2016 Estimate £ (4)	2016/2017 Estimate £ (5)	Future Years £ (6)	Interest Foregone/ Cost of Borrowing £ (7)	Net Other £ (8)
BUDGETS							
Cabinet Member for Customer Services	5,910,200	1,505,200	1,501,000	1,474,000	1,430,000	323,560	(107,460)
Cabinet Member for Environment	7,172,490	3,278,210	884,330	2,246,940	763,010	1,426,290	(95,880)
Cabinet Member for Health and Wellbeing	253,190	135,690	39,500	39,500	38,500	28,260	-
Cabinet Member for Regeneration	450,000	381,500	34,500	34,000	-	39,110	(17,585)
Cabinet Member for Resources	1,280,060	885,170	136,890	130,000	128,000	449,300	41,223
	15,065,940	6,185,770	2,596,220	3,924,440	2,359,510	2,266,520	(179,702)
FINANCING							
Capital Grants and Contributions							
Communities and Local Government		436,720	436,720	436,720	436,720		
Environment Agency		17,500	17,500	17,500	-		
Homes and Communities Agency		-	-	-	-		
S106 Contributions from Planning Agreements		84,500	-	-	-		
Other Contributions		167,200	-	-	-		
Prudential Borrowing		4,737,850	948,000	2,798,220	1,250,790		
Revenue Contributions and Reserves							
Revenue Contributions		182,100	634,000	92,000	92,000		
Revenue Reserves		228,500	60,000	80,000	80,000		
Usable Capital Receipts							
General		331,400	500,000	500,000	500,000		
		6,185,770	2,596,220	3,924,440	2,359,510		

ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL PARTNERSHIP SCHEMES THREE YEAR CAPITAL INVESTMENT PROGRAMME						
	Scheme	CAPITAL ESTIMATES				
		Total Estimate £	2014/2015 Estimate £	2015/2016 Estimate £	2016/2017 Estimate £	Future Years £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	
<u>PARTNERSHIP SCHEMES</u>						
<i>Admin Buildings</i>						
	Commerce Way - Renewal of main office building roof covering	27,500	27,500	-	-	-
	Commerce Way - Vehicle Workshop replacement of roof including the provision of solar panels	253,000	253,000	-	-	-
<i>Environmental Health</i>						
	Replacement of 4 vehicles	39,500	15,500	24,000	-	-
<i>Grounds Maintenance</i>						
	Provision of a storage building with solar panels at Commerce Way for grounds maintenance vehicles and equipment	176,000	176,000	-	-	-
	Vehicle replacements - 2 small flat bed tippers	23,000	23,000	-	-	-
<i>Information and Communications Technology</i>						
	CenSus ICT Partnership Schemes	650,000	200,000	150,000	150,000	150,000
	Corporate ICT hardware and infrastructure replacement programme	434,400	134,400	100,000	100,000	100,000

ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL PARTNERSHIP SCHEMES THREE YEAR CAPITAL INVESTMENT PROGRAMME					
	Scheme	CAPITAL ESTIMATES			
		Total Estimate £	2014/2015 Estimate £	2015/2016 Estimate £	2016/2017 Estimate £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)
PARTNERSHIP SCHEMES (continued)					
Information and Communications Technology (continued)					
Financial Management System - Total licence extension, Total documents and document service facilities	46,310	35,200	11,110	-	-
Human Resources/Payroll Software - Renewal of licence	49,400	49,400	-	-	-
Refuse/Recycling Service					
Provision of wheeled bins	80,000	20,000	20,000	20,000	20,000
Vehicle Replacements	3,369,820	324,820	-	3,045,000	-
Street Cleansing					
Vehicle Replacements	139,000	31,000	45,000	63,000	-
Vehicle Workshop					
Upgrade of MOT equipment	30,000	30,000	-	-	-
TOTAL	5,317,930	1,319,820	350,110	3,378,000	270,000