



ADUR & WORTHING COUNCILS

Joint Strategic Committee
11th July 2023

Key Decision [Yes/No]

Ward(s) Affected: All

Investing for our future - Capital Strategy 2024/27

Report by the Director for Sustainability & Resources

Executive Summary

1. Purpose

- 1.1 This report seeks the approval of the Councils' Capital Strategy for 2024/27. The Strategy outlines the Councils' approach to capital investment and how the Council ensures that capital investment is directed to both of the Council's priorities.
- 1.2 This year's strategy is set against an environment of high inflation and increasing interest rates which is having a significant impact on the Councils' finances and the affordability of the Councils' investment programmes. Whilst the programmes are inevitably constrained, the recommended approach focuses on the priorities identified by both councils around facilities that are recognised and valued by our communities.
- 1.3 The strategy also proposes a refreshed approach to the prioritisation approach putting delivery of both of the Councils' priorities at the heart of decision making process

2. Recommendations

- 2.1 The Joint Strategic Committee is asked to recommend to the Councils that the Capital Strategy 2024/27 be approved.

3. Context

3.1 The Councils have fixed assets (land, buildings, equipment and software) worth £471.4m as at 31st March 2022 which are used directly in the delivery of services and council priorities. The Councils' capital strategy details how the Councils approach investment in these assets and it is reviewed annually to reflect changes in each Council's priorities and resources.

3.2 It is a requirement of the Prudential Code that the Councils' have an annually approved capital strategy. The capital strategy brings together not only the capital expenditure policy and plans, but includes financing considerations in one comprehensive document. The requirements include:

- **The impact of the capital programme on debt and borrowing including:**

- A projection of external debt and use of internal borrowing to support capital expenditure
- Provision for the repayment of debt over the life of the underlying debt.
- Authorised limit and operational boundary for the following year.
- The authority's approach to treasury management including processes, due diligence and defining the authority's risk appetite.

- **Commercial activity**

The Councils' approach to commercial investment activities including processes ensuring effective due diligence and defining the authority's risk appetite in respect of these, including proportionality in respect of overall resources. Requirements for independent and expert advice and scrutiny arrangements.

For Adur and Worthing Councils, this specifically refers to the Strategic Property Investment Fund. Investment is now confined to those projects which support the delivery of economic regeneration, housing or wellbeing objectives.

- **Other long-term liabilities**

An overview of the governance process for approval, monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.

However, Adur and Worthing Councils do not have any significant exposure to this type of liability and so this is not addressed within the capital strategy.

- **Knowledge and skills**

A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's risk appetite.

3.3 In 2022/23 the following allocations were approved to fund key programmes of work in the development of the 2023/24 programme.

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual ring fence from available resources to fund essential capitalised planned maintenance schemes.	90	175	265
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy – to fund planned equipment and vehicle replacements	360	540	900
Recommended set-aside to facilitate the delivery of the digital strategy.	160	240	400
Essential replacement of ICT desktop equipment, minor software upgrades, and local network equipment in both Councils.	100	150	250
Total resources earmarked for specific purposes	710	1,105	1,815

3.3 The budget strategy considered elsewhere on this agenda that the resources to be made available to fund general schemes be:

- £1.5m for Worthing Borough Council which reflects the need to invest in important local facilities that play such an important role and that our communities expect us to look after and maintain. These include public toilets, playgrounds and the kit needed to keep our spaces clean and well presented. Emergent issues include the need to replace ageing plant and equipment in our main buildings with more sustainable options and to deal with asbestos.
- Adur District Council:
 - £1.0m for Adur District Council General Fund for 2023/24 onwards which reflects the need to invest in key local facilities; and

- £10.08m for the HRA Housing Investment Programme - General Investment Needs in 2023/24 and 2024/25 (excluding new developments which are considered separately)

The amounts recommended for the General Fund reflect concerns about affordability at a difficult financial time when interest rates are significantly higher than in previous years.

Within the HRA, there has been a significant review of the depreciation calculation which has released financial capacity to increase the amount allocated to the planned maintenance programme within the HRA Investment Programme, allowing the Council to address concerns of the Regulator of Social Housing about compliance, health and safety, and the ability to provide homes of a suitable standard.

4. Issues for consideration

- 4.1 Given the relatively low level of investment that the Councils can afford for 2024/25, it is proposed that the allocation of resources to key strategies be restricted to those items which affect the Councils' ability to provide services, namely vehicle and ICT infrastructure replacement needs.

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual Set aside from available capital resources to fund planned equipment and vehicle replacements essential for the delivery of services	400	700	1,100
Essential replacement of ICT desktop equipment, minor software upgrades, and local network equipment in both Councils.	100	150	250
Total resources earmarked for specific purposes	500	850	1,350

- 4.2 For 2023/24 the capital prioritisation matrix has been refreshed giving greater prominence to the Councils' priorities. These are set out under the headings of 'Our Plan' which in turns reflects the strategic priorities of both Councils.
- 4.3 The proposed capital strategy is attached at Appendix 1. Appendix 2 gives details of the prioritisation model to be used in 2023/24 which has been

updated to reflect the priorities outlined in 'Our Plan' which in turn reflect the strategic priorities of both Councils

5. Engagement and Communication

- 5.1 The purpose of this report is to communicate with stakeholders on the approach to be taken to developing the Capital Investment Programmes of both Councils. The overall process for developing the new programme has been considered by the Capital Working Group

6. Financial Implications

- 6.1 The Strategy sets out recommendations for financing the future Capital Investment Programme.
- 6.2 At this time interest rates are rising rapidly. In 2021/22 the Councils were able to borrow at 2%. Typically £1m of borrowing would have cost £20,000 at this rate. Today rates are over 5% increasing the annual cost to at least £50,000 per £1m borrowed.

7. Legal Implications

- 7.1 Part 1 of the Local Government Act, 2003 (as amended) sets out the framework for capital finance and expenditure and section 16 sets out the definition of capital expenditure.
- 7.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2012 (SI 2012/265) provide more detailed requirements.
- 7.3 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation
- 7.3 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.
- 7.4 In 2016 the Secretary of State issued guidance and a direction under s15(1)(a) of the Local Government Act 2003 (the Act) on the Flexible use of Capital Receipts, and subsequently issued a further direction under s16(2)(b) and s20 of the Act in March 2022. The current guidance and directions on the flexible use of capital receipts covers the period from 2016 up to financial year 2025/26.

- 7.5 The Government has published statutory guidance on local government investments issued under s15(1)(a) of the Local Government Act 2003. The new edition applies in England only and for accounting periods starting on or after 1st April 2018.
- 7.6 Section 123 Local Government Act 1972 places an obligation on local authorities to dispose of land for best consideration, which is not limited to the monetary purchase price, but may include other elements in the transaction, provided those have a quantifiable commercial or monetary value.

Joanne Lee

20/06/2023

Background Papers

Report to the Joint Strategic Committee on 11th October 2022: Investing for our future - Capital Strategy 2023/25

The Prudential Code for Capital Finance in Local Authorities (2021 edition) – Publication by the Chartered Institute of Public Finance and Accountancy

Report to the Joint Strategic Committee on 7th February 2023: Joint Treasury Management Strategy & Annual Investment Strategy 2023-24 to 2025-26

Report to the Joint Strategic Committee on 23rd March 2023: Annual Commercial Property Investment Strategy 2023/24

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Sustainability & Risk Assessment

1. ECONOMIC

- The capital programme prioritisation model awards points for capital project proposals that impact positively on the economic development of our places or the economic participation of our communities.

2. SOCIAL

2.1 Social Value

- The capital programme prioritisation model awards points for capital project proposals that impact positively on our communities.

2.2 Equality Issues

- The capital programme prioritisation model awards points for capital project proposals that address Equalities Act requirements and reduce inequalities.

3. Environmental

- The management, custodianship and protection of our natural resources are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programme.

4. Governance

- The Councils' priorities, specific action plans, strategies or policies are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- The Councils' reputation or relationship with our partners or community is taken into account when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- Resourcing, risk management (including health and safety) and the governance of either Council are fully considered during the preparation of the Councils' Capital Investment Programmes.



ADUR & WORTHING
COUNCILS

**INVESTING IN ADUR AND
WORTHING:
CAPITAL STRATEGY
2023-2026**

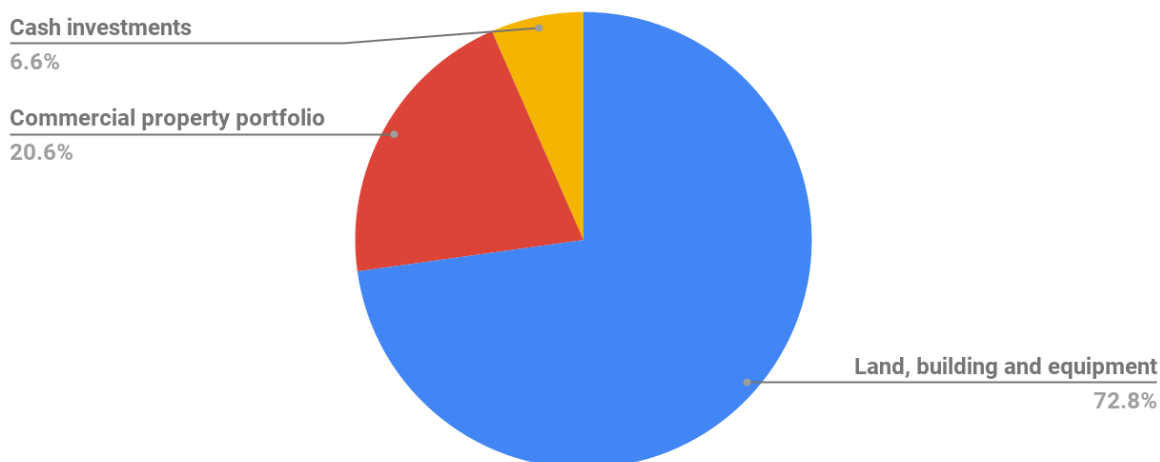
CONTENTS

SECTION		PAGE NO.
Section 1	Introduction	9-14
Section 2	Resource Allocation	15-25
Section 3	Setting the capital programme	25-28
Section 4	Framework for Managing, Monitoring and Evaluating the Capital Programme	28
Section 5	Consultation	28
Section 6	Partnership Working	29-30
Section 7	Links to Other Strategies and Plans	30-31
Section 8	Performance Management and Measurement	31
Section 9	Revising the Capital Strategy	31
Section 10	Skills and knowledge of staff	32
Section 11	Summary	32

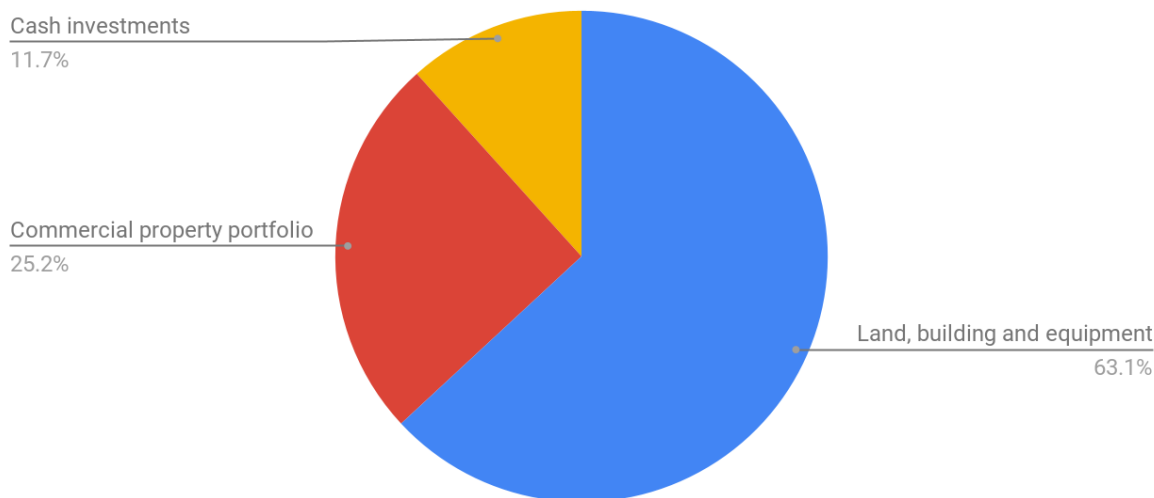
1.0 INTRODUCTION

- 1.1 Overall the Councils holds several different types of investment to support service delivery:

Adur District Council - Total investments of £353.4m



Worthing Borough Council - Total Investments of £256m



There are three interlinked strategies governing how the Council manages these investments and the associated risks:

- Capital strategy which outlines the Councils approach to investing in fixed assets such as land, buildings and equipment together with detailing how the proposed programme will be financed;
- Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy which details how the Council will manage the risks and opportunities associated with cash investments and borrowings. This was approved by both Councils in February 2022;
- Commercial Property Investment Strategy which deals with how the Council will manage the risks associated with the investment in and management of the Investment Property Portfolio. This strategy was last approved by both Councils in April 2023.

1.2 This document sets out the Councils' Capital Strategy, which outlines the approach to capital investment, how the Councils ensure that capital investment is directed to the Corporate Priorities and the implications of the financing strategy. 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 Plans as a substantial amount of capital expenditure is invested in the property assets held by the Councils.

1.3 The Council's Vision and Corporate Plan

The Corporate Plan (Our Plan) has recently been revised with a new set of missions beneath which there are a series of commitments. Our Plan is regularly reviewed in the light of the agreed councils' priorities. In addition, the Good Foundations objective ensures that our services have the tools needed to meet our objectives and deliver good services. Those which may have a direct impact on the capital strategy are summarised as follows:-

- **Thriving People:**
 - People are healthy, resilient and resourceful; they can access the right help when they need it
 - Everyone has a safe, secure and sustainable home
 - Everyone is able to enjoy a wide range of cultural, leisure and sporting opportunities.
- **Thriving Places:**
 - Places are designed for people and nature; they are clean, safe and feel looked after
 - People feel a sense of belonging to places and communities. They can influence how places change
 - Active travel is easy, with opportunities for walking, cycling and public transport
- **Thriving Environment:**
 - Action now achieves a fair transition to Net Zero Carbon by 2045
 - Resilience to climate change and increased biodiversity by restoring natural habitats
 - A circular economy is created, one that minimises waste and keeps materials in use
- **Thriving Economy**
 - An inclusive economy which provides people with skills and opportunities to secure good quality jobs
 - Ambitious, high-growth companies locate in Adur and Worthing and smaller independent businesses thrive
 - Economic growth regenerates places and high streets, helping communities to prosper
- **Good Foundations**
 - Investment in core and universal services.

1.4 Three Year Capital Investment Programme

The main purpose of the Councils' Capital Investment Programme is to support the delivery of the Councils' Priorities and to provide assets for the provision of services. 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 2022/23 – 2024/25, including funding, is shown in Appendices 3, 4 and 5. Full details can be found on the Intranet.

Examples of where capital expenditure will help to deliver the Council's strategic aims over the next three years are:

- i) **Delivery of the Digital and IT strategy (Total investment : £3,628,860 split as follows Adur: £1,677,870, Worthing: £1,960,990)**

In order to deliver the changes required by the new corporate strategy, Our Plan, further investment in digital technologies will be vital. Over the last period, investment has focused on renewing our core infrastructure, with a completely new network architecture now in the late stages of implementation, delivering new hardware in the local data centre, a modern secure "software defined" network architecture, and new WiFi 6 in our corporate buildings. Migration of systems to the cloud and away from the local data centre has also continued at a good pace, increasing the security and resilience of our IT operations overall.

Our small digital development team has continued to deliver excellent value, with a reputation for high quality work delivered at pace, not least during pandemic and post-pandemic periods, delivering many vital digital services to ensure residents and businesses were supported. These were not just online forms, but impressive back office systems supporting the processing and paying of the various grants and benefits. Other work has included a new "Business Hub" that is helping us provide joined up services to businesses, and a new Book Pay Notify system in use by the parks service, along with the development of "Citizen Hub" to drive more joined-up services to residents. However it is true that the development team has fairly limited capacity for "change work" given that they are also required to maintain, troubleshoot and constantly improve the wide range of existing systems.

Many opportunities remain for digitisation across our services, and a renewed focus and extra capacity has been released to

“super-charge” digital transformation given the budgetary challenges the organisation faces. Certain key parts of the organisation still rely on outdated “legacy” systems that were designed and built 15+ years ago. But there also remain many processes and systems around the edges of the large systems that need to be digitised - work that can be done quite quickly given additional capacity and with some additional technologies provided, such as Robotic Process Automation or AI.

A Rapid Improvement Programme is currently being delivered as part and will be reviewed as part of the upcoming service planning process. To support this work the Council has released additional funding via the capital programme using the capital flexibilities regime.

The service planning work will also identify the larger systems changes that are required, such as in housing and planning, and enable a 3 year change programme to be developed.

ii) **Affordable housing (Adur: £41,078,940, Worthing: £10,678,240)**

The Councils are committed to both enabling and directly developing affordable housing development for the residents of Adur and Worthing. The Housing Strategy agreed in 2020/21 outlined the challenges clearly for the Councils. The Councils are committed to working with social sector landlords to support the development of homes for rent that are safe, decent, and meet the needs of residents in Adur and Worthing.

Adur District Council can also develop new affordable homes via the Housing Revenue Account .

In Worthing the construction of new homes for those in need of temporary accommodation at Rowlands Road and Downview Pub have been completed with additional units identified for Victoria Road and Marine Place. Two new schemes are currently being investigated for Shelley Road and Heene Road.

In Adur District the redevelopment of Cecil Norris House has completed and the construction is nearly completed on the new homes at Albion Street which should be available in early summer 2023. The Ashcroft site has obtained planning permission for new homes and expects to be on site in 2024.

Adur District Council has also started a development programme on old garage sites, and approved new temporary and emergency dwellings at South Street Lancing.

A new Housing Strategy is being developed for adoption in 2024 and covering a three year period. As part of this we will be looking to develop new targets for the delivery of Affordable Housing and identify a small number of sites to kickstart a new programme across both councils.

iii) **Adur and Worthing Services (Total: £2,995,490 split as follows: Adur share: £1,118,020 Worthing share: £1,887,470)**

The two Councils provide shared services with a view to improving service standards and reducing the cost of services to residents. The Councils regularly invest in vehicles and equipment for the joint services replacing new vehicles with electric vehicles where possible to help deliver on the Councils' plan to be Carbon Neutral by 2030.

iv) **Maintaining Council Homes for residents of Adur Homes**

Adur District Council has committed to maintaining Council homes with planned investments ranging from fire safety improvements to new heating and energy efficiency schemes. The Council plans to invest £30m in the housing stock for the next three years (2023/24 - 2025/26) to ensure that the backlog in maintenance is addressed.

v) **Building a new medical centre in Worthing**

Worthing Borough Council is committed to delivering a 6,593 sq.m Integrated Health facility and 185 space multi-storey car park on the existing surface car park at Worthing Town Hall to improve health facilities for the residents. The new centre is due to complete in April 2024.

vi) **Investing in the Town Centres**

Worthing Borough Council has started a refurbishment programme of its main car parks to ensure that they are safe and pleasant to use for visitors to the Town Centre.

Both Councils continue to invest in the public realm within town centres. With significant projects planned at Southwick Square and in Worthing Town Centre in Montague Place. In order to facilitate Montague Place, £2.7m of Community Infrastructure Levy will be used to pay for the final works; these are due to begin in early 2024.

Both Councils also continue to undertake regular walkabouts of the town centres with key stakeholders, including West Sussex County Council, and address any outstanding capital issues, for example the introduction of new benches into Montague Street in Worthing.

2.0 RESOURCE ALLOCATION

2.1 Prudential Capital System

2.1.1 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.

2.1.2 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.

2.1.3 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.

2.1.4 Following changed requirements in the Prudential Code, the capital strategy has been expanded to include consideration not only of capital expenditure; but also capital investments and liabilities; and the link to treasury management. The intention is to bring together not only the capital expenditure policy and plans, but to include financing considerations in one comprehensive document. Additional requirements include:

- **The impact of the capital programme on debt and borrowing including:**
 - A projection of external debt and use of internal borrowing to support capital expenditure
 - Provision for the repayment of debt over the life of the underlying debt.
 - Authorised limit and operational boundary for the following year.
 - The authority's approach to treasury management including processes, due diligence and defining the authority's risk appetite.

- **Commercial activity**

The Council's approach to commercial investment activities including processes ensuring effective due diligence and defining the authority's risk appetite in respect of these, including proportionality in respect of

overall resources. Requirements for independent and expert advice and scrutiny arrangements.

For Adur and Worthing councils, the key commercial investment activity is the Strategic Property Investment Fund which funds the development and acquisition of commercial property to support our local economies or meet housing need. The Property Investment Strategy details the Councils approach to risk management which will be added to this strategy as an appendix to the strategy once approved.

- **Other long-term liabilities**

An overview of the governance process for approval, monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.

- **Knowledge and skills**

A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's risk appetite.

2.1.5 The Councils comply with all of the requirements of the Prudential Code (the Code) although this has not always been the case. The Councils have historically chosen to invest in Commercial Property with the long term strategic intention of generating a sustainable income for the Councils to replace that lost through the reductions to Government Funding to support service delivery. Since 2020/21 the focus of the acquisition and development programme has changed so that new proposals support the economic regeneration, sustainability plans, wellbeing or housing needs of our areas and so the Council now fully complies with the requirements of the code.

2.1.6 Under the Statutory Guidance on Investment, the Councils have been allowed to diverge from the Code provided that the Councils have an investment strategy for Commercial Property which details:

- Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and
- The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

This requirement is fulfilled by the Commercial Property Investment Strategy which is approved by the Councils.

2.2 Resources

2.2.1 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.

2.2.2 The current capital financing strategy 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 Council will always opt to use capital receipts and grants ahead of any borrowing if possible. The Capital Investment Programme Strategy assumes:

For Adur District Council:

- A net overall addition to the general fund programme of £1.0m funded from a mix of Prudential Borrowing and capital receipts supplemented by S106 receipts and other grants and contributions. This will be reviewed annually within the context of the Council's overall revenue budget to ensure that investment remains affordable.
- An annual HRA programme of £10.08m for 2024/25 and 2025/26 for capital maintenance. This is expected to be funded from the Major Repairs Reserve, capital receipts, prudential borrowing, revenue contributions, and any grants. This is allocated across individual schemes using information from the HRA asset management plan including any condition survey information.

In addition, the Council will progress a new build programme funded by a mixture of grants, borrowing, retained capital receipts which have been set-aside for replacement affordable housing and other capital receipts. Each new development is to be the subject of a financial appraisal.

- The Strategic Property Investment Fund is to be continued but with a renewed focus on propositions that support the economic regeneration, sustainability or housing needs of our areas. The fund is capped at £125m and it is not proposed to amend this limit.

This is to be used to procure or develop commercial property which will both support our local economy or meet local housing need and generate an income stream for the Councils for the future with an emphasis on maintaining the balanced portfolio approach to risk

management set out in the adopted Commercial Property Investment Strategy

Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% over the life of the investment unless the councils approve a lower return on investment to ensure affordability to the Council Tax payer. The approach to managing risk, the governance arrangements and appraising individual acquisitions is set out in the Commercial Property Investment Strategy.

Furthermore, if an investment is of particular strategic merit and/or of high quality and offering a long term secure tenancy; it was agreed that a lower yield would be accepted, with the proviso that the return should always exceed the cost of borrowing by at least 1%.

Funding can only be released with the approval of the Leader and the Cabinet Member for Resources who also has the ability to approve bringing forward additional budget from future years if suitable investment proposals are identified. The expected investment programme is detailed below:

	Actual 2016/17 - 2022/23 £'000	Estimate 2023/24 £'000	Estimate Future years £'000	Total £'000
Adur	81,511	-	43,489	125,000

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 which is supplemented by S106 receipts and other grants and contributions. This will be reviewed annually within the context of the Council's overall revenue budget to ensure that investment remains affordable.
- The Strategic Property Investment Fund is to be continued but with a renewed focus on propositions that support the economic regeneration, sustainability or housing needs of our area. The fund is capped at £125m and it is not proposed to amend this limit.

This is to be used to procure or develop commercial property which will both support our local economy or meet housing need and to generate an income stream for the Councils for the future with an emphasis on maintaining the balanced portfolio approach to risk management set out in the adopted Commercial Property Investment Strategy and working to identify more investment opportunities that contribute to the economic wellbeing of the areas.

Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% over the life of the investment unless the councils approve a lower return on investment to ensure affordability to the Council Tax payer. The approach to managing risk, the governance arrangements and appraising individual acquisitions is set out in the Commercial Property Investment Strategy.

Furthermore, if an investment is of particular strategic merit and/or of high quality and offering a long term secure tenancy; it was agreed that a lower yield would be accepted, with the proviso that the return should always exceed the cost of borrowing by at least 1%. Funding can only be released with the approval of the Leader and the Cabinet for Resources who also has the ability to approve bringing forward additional budget from future years if suitable investment proposals are identified. The expected Investment programme is detailed below:

	Actual 2016/17 - 2022/23 £'000	Estimate 2023/24 £'000	Estimate Future years £'000	Total £'000
Worthing	107,497	7,433*	10,070	125,000

* Expenditure on the Worthing Integrated Care Centre site and the purchase of associated properties.

2.2.3 Capital flexibilities

The Councils have the ability to use capital receipts to fund revenue expenditure provided that :

- The proposed expenditure will generate on-going savings
- The Council produces a strategy detailing the projects to be funded by the capital flexibilities and the level of saving generated by the initiative. This can be updated at any time.

To take advantage of this flexibility, up to one third of new capital receipts generated will be set-aside to fund initiatives which will result in a reduction in the cost of delivering services. Such receipts can only be used to deliver savings proposals identified as part of the budget setting process. The Joint Strategic Committee or the Cabinet Member of Resources can approve the in-year use of the receipts which will be reported to Council together with an updated strategy as part of the budget process.

The use of the capital flexibilities will enable the Councils to protect its earmarked reserves and build capacity to take forward initiatives which generate budget savings.

2.2.4 The remaining capital receipts are used to repay debt or fund the prioritised capital programme unless ring-fenced for a specific purpose such as the delivery of affordable housing and Shoreham Renaissance in Adur.

2.3 Of the total resources available, the following will be earmarked to fund specific council objectives in 2024/25:

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy – to fund planned equipment and vehicle replacements	400	700	1,100
Essential replacement of ICT desktop equipment, minor software upgrades, and local network equipment in both Councils.	100	150	250
Total resources earmarked for specific purposes	500	850	1,350

2.4 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 and cannot be redeveloped to generate the Councils long term income streams. The Councils view 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.

2.5 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 entirety of 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, Community Infrastructure Levy, Area Investment Framework funding and

Private Finance Initiatives and Partnerships, including Public Private Partnerships Schemes. Examples of partnership funding are shown in 6.4.

2.6 External Funding

External funding is now an important source of finance for the Councils. With this in mind, the Councils will research 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.

2.7 Invest to Save Scheme

Both Councils have an 'invest to save' scheme. This provides capacity within the Councils to approve capital schemes or other projects which generate efficiency savings. The Councils will consider capital proposals which produce revenue savings that exceed the cost of borrowing or any interest income lost by at least 10% over the life of the investment.

The cost of these schemes can be funded from:

- prudential borrowing;
- capital receipts (either to support capital initiatives or using the capital flexibility permissions to fund revenue projects); or
- Earmarked reserves

The revenue costs of funding the initiative 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.
- Investment in new temporary accommodation to reduce the cost of accommodating affected residents.
- Investment in renewable energy schemes to provide a carbon offset and to generate income for the Councils.

Any such scheme is to be the 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.

2.8 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.

2.9 Overall funding of the programme:

Details of the overall capital expenditure budgets and planned financing as approved by Council are attached as Appendices 3 and 4. These will be the subject of revision throughout the year as updated information regarding the likely profile of the spend becomes known.

The latest forecasts of the overall borrowing required to fund the capital programmes are as follows:

	2023/24	2024/25	2025/26	2024/25
	£'000	£'000	£'000	£'000
Adur District Council - General Fund				
Capital Financing Requirement as at 1st April	106,798	114,586	115,669	116,710
Current estimate of new borrowing:				
General Fund Programme	9,664	3,085	3,085	3,085
For new Commercial Activities	0	0	0	0
Less: Minimum Revenue Provision				
General Fund	-1,876	-2,002	-2,044	-2,145
Commercial Activities				
CFR as at 31st March	114,586	115,669	116,710	117,650
Actual General Fund Debt at start of year	101,531	111,195	114,280	116,710
Estimated Borrowing to be undertaken in year	9,664	3,085	2,430	940
Estimated borrowing as at 31st March	111,195	114,280	116,710	117,650
Estimated under borrowing (funded from internal resources)	3,391	1,389	0	0

	2023/24	2024/25	2025/26	2024/25
	£'000	£'000	£'000	£'000
<u>Adur District Council - HRA</u>				
Capital Financing Requirement as at 1st April	66,653	91,861	93,161	94,461
Current estimate of new borrowing:	25,208	1,300	1,300	1,300
CFR as at 31st March	91,861	93,161	94,461	95,761
Actual HRA Debt at start of year	66,774	91,982	93,282	94,582
Estimated Borrowing to be undertaken in year	25,208	1,300	1,300	1,300
Estimated borrowing as at 31st March	91,982	93,282	94,582	95,882
Estimated under borrowing (funded from internal resources)	-121	-121	-121	-121
<u>Adur District Council - Summary at 31st March</u>				
Total CFR	206,447	208,830	211,171	213,411
Total debt	203,177	207,562	211,292	213,532
Under / (over) borrowing	3,270	1,268	-121	-121

	2023/24	2024/25	2025/26	2024/25
	£'000	£'000	£'000	£'000
<u>Worthing Borough Council - General Fund</u>				
Capital Financing Requirement as at 1st April	206,400	229,155	230,310	232,916
Current estimate of new borrowing:				
General Fund Programme	24,796	3,754	5,398	3,500
For new Commercial Activities				
Less: Minimum Revenue Provision	-2,041	-2,599	-2,792	-2,980
CFR as at 31st March	229,155	230,310	232,916	233,436
Actual General Fund Debt at start of year	203,948	228,703	229,858	232,464
Estimated net borrowing to be undertaken in year	24,755	1,155	2,606	520
Estimated borrowing as at 31st March	228,703	229,858	232,464	232,984
Estimated under borrowing (funded from internal resources)	452	452	452	452

The planned borrowing is within the borrowing limits approved by the Councils in February 2023. These limits are refreshed annually in the light of the new approved capital programme and progress against this programme.

ADUR DISTRICT COUNCIL

Operational boundary £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt	258.0	260.0	258.0
Other long term liabilities	1.0	1.0	1.0
Total	259.0	261.0	259.0

WORTHING BOROUGH COUNCIL

Operational boundary £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt re Worthing Homes	10.0	10.0	10.0
Debt re GB Met	4.5	4.3	4.0
Other Debt	229.5	231.5	232.0
Other long term liabilities	1.0	1.0	1.0
Total	245.0	246.8	247.0

The revenue consequences of the planned borrowing are allowed for within the current General Fund revenue budget and the outline revenue budget forecast. The costs of borrowing are expected to increase over the next four years, however the borrowing either associated with the Strategic Property Investment Fund or any invest to save initiatives will be funded by increased income or reduced costs. This is illustrated in the table below:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Adur District Council*				
Total debt charges	4,935	4,995	5,151	5,244
Less:				
Income from Strategic Property Investment Fund	-4,261	-4,261	-4,261	-4,261
Net impact of capital programme	674	734	890	983

* This excludes the HRA borrowing which is factored into the 30-year business plan

<u>Worthing Borough Council</u>	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Total debt charges	5,419	6,779	7,362	7,582
Less:				
Income from Strategic Property Investment Fund	-5,785	-6,948	-6,948	-6,948
Net additional cost of capital programme	-366	-169	414	634

Full details of the Councils' borrowing strategy and associated prudential indicators can be found in the Councils' Treasury Management Strategy Statement which can be found on the Councils website.

3.0 SETTING THE CAPITAL PROGRAMME

3.1 The General Fund capital programme is set on an annual basis. Whilst scheme bids are submitted for each three year period, only the forthcoming year is approved with future years representing indicative programmes which are reviewed in the light of the resources available and any changes to the Council's priorities.

3.2 With respect to the programme for the HRA, this is developed using information from the condition surveys and (developing) asset management plan. To support the prioritisation of proposed schemes a matrix has been attached at appendix 3.

3.3 The development of the programme has four distinct phases:

Phase 1: Identification of potential schemes. (July)

Phase 2: Submission of bids for consideration (Early Autumn)

Phase 3: Assessment of the bids (September - November)

Phase 4: Proposal of the draft capital programme for member consideration (December)

3.4 Phase 1: Identification of potential schemes:

Potential schemes can be identified by a range of stakeholders in the capital programme: service planners, asset managers, or members. Where bids are identified by members, this should be communicated back to the associated service manager to ensure that the bidding documentation is completed.

3.5 **Phase 2: Submission of bids for consideration**

This is achieved by a 2 stage capital bidding process:

- Stage 1 will involve the submission of an outline business case for each scheme proposed. This will be the subject of an initial review to ensure that schemes have a realistic prospect of being included within the final programme and that proposals meet the strategic objectives of the Council. The initial bid list will be shared with the Corporate Leadership Team, Cabinet members and the Informal Cabinets for review.
- Stage 2 will include a full scored business case which will then be used to inform the draft programme for member consideration in December / January of each year. This is then subject to the Council's consideration and approval.

3.6 **Phase 3: Assessment of the bids (September - November)**

As described above, the assessment of the bids is a two stage process. Once a bid has been accepted for the second stage assessment, the bid is then scored using the Council's agreed prioritisation matrix. This is used to support the construction of a programme that both delivers the Councils priorities, but also targets spend at those schemes which provide the most benefit. The proposed prioritisation model is set out in Appendix 2.

3.7 Schemes which are considered for inclusion in the capital programme outside the annual bidding process should also be assessed to ensure that they support the delivery of the Council's priorities which would enable them to be considered for inclusion in the capital programme for the relevant year.

3.8 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 updated to ensure that corporate priorities are delivered, and the benefits and impact of schemes are adequately reflected in the prioritisation approach.

3.9 **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 £250,000 – Officers are asked to consider other options (including capital and revenue implications) as part of the Capital Bid Submission.
- (ii) Individual projects costing between £250,000 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 Executive 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 Executive 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.

3.10 **Scheme Approval**

Every year a draft 3 Year Capital Investment Programme is submitted to the Joint Strategic Committee in December for consideration and recommended to the Councils in December for approval. The report identifies schemes where expenditure has been committed costing in excess of £250,000 necessitating approval as a Key Decision; schemes costing £250,000 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.

- 3.10.1 Schemes costing £250,000 or more require a report to be prepared for the Joint Strategic Committee or Cabinet Member outlining details of the scheme, the procurement strategy and the capital and revenue implications.
- 3.10.2 The Chief Financial Officer in consultation with the relevant Executive Member has delegated approval for schemes costing under £250,000. This is achieved by Officers responsible for capital projects completing a Project Initiation Document (P.I.D.) Form. The P.I.D. is sent to the Cabinet Member(s) for comment within 3 days and is then approved electronically by the Assistant Director for Finance (Chief Financial Officer) and the Assistant Director, Head of Service or Director who is responsible for the scheme. No scheme can proceed without either an approved P.I.D. or an Approval Report.
- 3.11 The programme is updated each year in July/September 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.

3.12 Amendment to the capital programme

The Council's financial regulations set out the delegations to individual officers and members for virement within the capital programme. Any changes to the capital programme must be reported to the Joint Strategic Committee at the earliest opportunity for noting or approval.

4.0 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 Assistant Directors and the project managers.

4.2 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.

5.0 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 Councils consult and involve the community on any major or controversial capital schemes and will make its policies, decisions and services more accessible to comments from residents, businesses, agencies and major partners.

Examples of areas where recent consultation exercises have been completed include:

- Development of new or improved playgrounds
- Shoreham Harbour regeneration
- Proposals for the Lido

6.0 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. 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.
- 6.2. 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.
- 6.3 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.
- 6.4 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:

Registered Providers (Housing Associations), One Public Estate, Homes England and developers	Affordable Housing Programme and the provision of temporary accommodation
West Sussex County Council	Public realm improvements, Community Strategy, transport and highway matters.
West Sussex County Council and Brighton and Hove City Council	Shoreham Harbour Regeneration Project.
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
Shoreham Port Authority	Coast Protection – Brighton Marina to River Adur Flood and Coastal Erosion risk Management Strategy
West Sussex County Council	Better Care Fund – Provision of Disabled Facilities Grants
West Sussex Local Authorities	Provision and Management Agreement of a gypsy and traveller transit site.

7.0 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 which influence the development of the capital programme; 'Our Plan', Asset Management Plan, Accommodation Strategy, Community Safety Strategy, Cultural Strategy, Economic Development Strategy, Housing Strategy, Digital Strategy, Leisure Strategy, Local Transport Plan, Local Waste Management Strategy, Emergency Plan, Shoreline Management Plan, Surface Water Management Plan, Coast Defence Strategy, Public Realm, Fleet Strategy and the Seafront Strategy. The most critical strategies are listed below.

7.3 Link to the Housing Strategy

The joint Adur Worthing Housing Strategy was approved by the Joint Strategic Committee in March 2020. This detailed a new three year programme of action and was developed in the light of emerging housing policy.

7.4 Link to the Asset Management Plan

The capital strategy provides the policy framework for the investment needs arising from the operational work of asset management. Corporate asset management planning covers all the Councils' built assets. The current plan was approved in June 2020. The Asset Management Plan forms an important part of the Councils' Capital Strategy as it informs the investment requirement over the next 10 years.

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.

7.6 Link to the Commercial Property Investment Strategy

The Property Investment Strategy outlines the approach that the Council takes to investing in Commercial Property. It details how the investment is governed, how the councils will manage risk, and how the fund will be structured in the future.

8.0 PERFORMANCE MANAGEMENT AND MEASUREMENT

- 8.1 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.

Performance in delivering the capital programme programme will be reported to members four times a year.

9.0 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 resources available to support its spending needs and priorities.

10.0 SKILLS AND KNOWLEDGE OF STAFF

10.1 All staff involved in treasury management and property investment activities are professionally qualified. Staff have access to regular professional training to ensure skills are regularly updated. In addition, external advice is commissioned from advisors as appropriate. The council's current advisors are Link Asset consulting.

11.0 SUMMARY

11.1 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. The Councils will annually review their approach to capital expenditure having regard to outcomes of asset management reviews and any changes to the Corporate Plan.



ADUR & WORTHING
COUNCILS

CAPITAL PRIORITISATION MODEL FOR GENERAL FUND SCHEMES

Criteria for scoring points. A maximum of 85 points is available.

Bids that do not score any points under Category 1: ‘Fit with Council’s priorities’ cannot progress unless there is a statutory imperative to the scheme.

1. Fit with the Council’s priorities:

How does the scheme contribute to the achievement of the Councils’ priorities (Score 2 points for each sub-objective that the scheme contributes to with a maximum score of 30 points)

<p>Mission : Thriving Places</p> <ul style="list-style-type: none"> ● Places are designed for people and nature; they are clean, safe and feel looked after ● People feel a sense of belonging to places and communities; they can influence how places change ● Active travel is easy, with opportunities for walking, cycling and public transport. 	<p>Up to 6 points</p>
<p>Mission : Thriving People</p> <ul style="list-style-type: none"> ● People are healthy, resilient and resourceful; they can access the right help when they need it ● Everyone has a safe, secure and sustainable home ● Everyone is able to enjoy a wide range of cultural, leisure and sporting opportunities. 	<p>Up to 6 points</p>
<p>Mission : Thriving Environment</p> <ul style="list-style-type: none"> ● Action now achieves a fair transition to Net Zero Carbon by 2045 ● Resilience to climate change and increased biodiversity by restoring natural habitats ● A circular economy is created; one that minimises waste and keeps materials in use. 	<p>Up to 6 points</p>

<p>Mission : Thriving Economy</p> <ul style="list-style-type: none"> ● An inclusive economy which provides people with skills and opportunities to secure good quality jobs ● Ambitious, high growth companies locate in Adur and Worthing and smaller independent businesses thrive ● Economic growth regenerates places and high streets, helping communities to prosper 	Up to 6 points
<p>Our Foundations</p> <ul style="list-style-type: none"> ● Increase the range of modern digital services. ● Grow our commercial and traded income. ● Equipment and systems essential for the delivery of universal services. 	Up to 6 points

2. What is the reason for the bid (Maximum 20 points)

Ranking	Criteria	Points
1	Minimum works required to prevent the Council failing in its statutory duty (e.g. Equalities Act)	20
	<p>Or</p> <p>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 (e.g Environment Act)</p>	20
2	Essential works are required to avoid serious long-term financial, operational or service consequences	15
	<p>Or</p> <p>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.</p>	15

Ranking	Criteria	Points
3	Other schemes, which meet the Councils' priorities as laid out in the 'Our Plan', service plans, or other agreed plans of the Councils. Please specify which plan the scheme is supporting the delivering of.	10
4	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

3. Condition of the asset (maximum 5 points)

Asset condition: For built assets the information regarding the asset should come from the condition survey. This should be agreed with the Surveying or Engineering team.	Points
Good – Performing as intended and operating effectively.	0
Satisfactory – Performing as intended, but exhibiting minor deterioration	0
Poor – Exhibiting major defects and/or not operating as intended	1
Bad – Life expired and/or serious risk of imminent failure	5

4. Health and Safety

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:

	Points
No Risk	0
Low Risk	1
Medium risk	3
High Risk	5

5. Financial considerations

5a. Revenue consequences arising from investment (up to 10 points)

Add Points – 1 point per £10,000 net annual benefit up to 10 additional points

- Additional annual average 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 financing over the life of the acquisition by 10% or more will gain automatic approval under invest to save principles, subject to approval by the Chief Financial Officer and ratification by JSC.

Deduct Points – 1 point per £10,000 net annual cost up to 10 points.

- Additional annual operation costs **OR**
- The project results in increased net revenue costs.

5b. External funding attracted toward the scheme (up to 10 points)

The higher the percentage of funding expected from the an outside body, the more points awarded:

This has an individual ranking Matrix – please see below:

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 **

** 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 the funder before the scheme is included in the Adur or Worthing Capital Investment Programme.

6. Discretionary additional points (up to 5 points)

These points are to be determined by Members following a consultation exercise for projects that are important to the community.

CAPITAL PRIORITISATION MODEL FOR HRA MAJOR REPAIRS

Criteria for scoring points. A maximum of 40 points is available.

1. What is the reason for the proposal (Maximum 20 points)

Ranking	Criteria	Points
1	Minimum works required to prevent the Council failing in its statutory duty (e.g. Health and Safety regulations, compliance requirements)	20
	Or There is a mandatory legal requirement to improve the property, the proposed scheme enables the improvement to be made and that obligation cannot be met in any other way (e.g Fire Safety)	20
2	Essential works are required to avoid serious long-term financial, operational or service consequences	15
	Or There is a demonstrable, priority need to update the property 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
3	Other schemes, which support the delivery of the HRA business plan.	10
4	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

2. Condition of the asset (maximum 5 points)

Asset condition: For built assets the information regarding the asset should come from the condition survey.	Points
Good – Performing as intended and operating effectively.	0
Satisfactory – Performing as intended, but exhibiting minor deterioration	0
Poor – Exhibiting major defects and/or not operating as intended	5
Bad – Life expired and/or serious risk of imminent failure	10

3. Health and Safety

The project is considered necessary for the health and safety of the Residents, Council's employees or the general public and has been agreed with Adur Homes Health & Safety Officer and where appropriate and/or the Corporate Health & Safety Officer:

	Points
No Risk	0
Low Risk	1
Medium risk	5
High Risk	10