



Worthing Joint Strategic Sub-Committee  
12th September 2023

WORTHING BOROUGH  
COUNCIL

Key Decision : No

Ward(s) Affected: All

## **1st Quarter Capital Investment Programme & Projects Monitoring 2023/24**

**Report by the Director for Sustainability and Resources**

### **EXECUTIVE SUMMARY**

#### **1. PURPOSE**

1.1 This report updates the Sub-Committee on the progress made on the delivery of the 2023/24 Capital Investment Programme for Worthing Borough Council. The programme includes schemes which support the delivery of services by the Joint Services Committee.

1.2 Included within the report is information about the prudential indicators which provide a link between the Council's revenue budget and capital budget. Quarterly monitoring of these indicators is a new requirement introduced as part of the refreshed prudential code.

1.2 The following appendices have been attached to this report:

**Appendix 1:** Worthing Borough Council Capital Monitoring Summary

**Appendix 2:** Worthing Borough Council Reprofiled Budgets

**Appendix 3:** 1st Quarter Treasury Management Update 2023

## 2. RECOMMENDATIONS

2.1 The Worthing Sub Committee of the Joint Strategic Committee is asked to:

- i) To note the reprofiling of the Worthing Borough Council capital schemes as advised in paragraph 6.1 and appendix 2.
- ii) To note the use of the 2023/24 contingency budgets to fund the acquisition of second hand waste and cleansing vehicles as set out in paragraph 6.2.2.
- iii) To note the 1st Quarter Treasury Management Update 2023 as set out in appendix 3.
- iv) To approve the changes to the current schemes as set out in section 6.2 report.

## 3. CONTEXT

3.1 In accordance with the Council's Capital Strategy, the Capital Working Group oversees the implementation and progress of the Council's capital investment programmes. The Capital Working Group also ensures that capital schemes are approved within financial regulations.

3.2 The Capital Working Group meets regularly and monitors the programme's progress and finance, seeking to address any problems at an early stage in order for schemes to be completed within budget and timescales. Where problems are highlighted the Group considers possible remedies including virements between schemes, reprofiling of budgets between years and the withdrawal of schemes from the programme when schemes are unable to proceed. This could be due to resourcing problems, time delays or other factors beyond the Council's control.

3.3 Full summaries of the progress of all the schemes in the 2023/24 Capital Investment Programmes are prepared each quarter highlighting:

|  |              |
|--|--------------|
| Schemes with significant challenges                | <b>Red</b>   |
| Schemes where progress is being closely monitored  | <b>Amber</b> |
| Schemes progressing well                           | <b>Green</b> |
| Schemes where progress is beyond officers' control | #            |
| Schemes with financial issues                      | £            |
| Schemes where progress has improved                | ↑            |
| Schemes where progress has deteriorated            | ↓            |

3.4 Financial Regulations require officers to report each project on completion.

#### **4. PROGRESS OF THE WORTHING BOROUGH COUNCIL 2023/24 CAPITAL INVESTMENT PROGRAMME – June 2023**

4.1 There are 107 schemes in the 2023/24 current capital investment programme which are progressing as follows:

|  | Number of schemes | Percentage % |
|--|-------------------|--------------|
| Schemes which are progressing satisfactorily or have completed | 87                | 83.7%        |
| Schemes where progress is being closely monitored              | 17                | 16.3%        |
| Schemes with significant challenges or financial issues        | 0                 | 0            |

4.2 A summary of the financial movements of the 2023/24 Capital Investment Programme is attached as Appendix 2 to this report. A summary of the progress of all the schemes in the 2023/24 Capital Investment Programme is available from the Council's Intranet.

#### **5.0 SUCCESSES AND CHALLENGES IN THE WORTHING BOROUGH COUNCIL 2023/24 CAPITAL INVESTMENT PROGRAMME**

5.1. The following schemes are progressing well:

##### **5.1.1 Information and Communications Technology - Digital Programme (Partnership Scheme with Adur District Council)**

The following projects are progressing well:

- i) Ultrafast Network / Gigabit Project
- ii) Wifi Upgrade / Network Refresh
- iii) Storage Area Networks have been replaced
- iv) Data migration to the Cloud

##### **5.1.2 Heat Network**

Negotiations on the heat network are progressing well with construction due to commence in 2023/24.

##### **5.1.3 Brooklands Park**

Whilst this programme of works has been delayed, the project is now nearing final completion with the new car park installed and the cafe structure in place. The new childrens' playground was successfully delivered in the last period and is being used by the public with positive comments coming through.

#### **5.1.4 Temporary and Emergency Accommodation programme**

The contract for the delivery of units at Victoria Road is being procured. This scheme will deliver 11 new units of temporary accommodation. Construction is expected to start in 2023/24 with completion expected towards the end of 2024/25.

New units for Marine Parade are planned with the planning application due to be considered in the Autumn.

The team continues to examine the potential of NHS properties on Shelley Road and Heene Road to provide EA/TA, and is revisiting the planning consent at 5&7 High Street.

#### **5.2. Challenges in the 2023/24 Capital Investment Programme:**

5.2.1 There continues to be challenges to the delivery of a number of schemes due to a number of factors outside the Councils controls:

Delays have been encountered as follows:

- i) In obtaining quotes and estimates from suppliers.
- ii) Long lead in times for deliveries due to supply issues.
- iii) Significant inflation of costs within the construction industry

In addition there are staffing shortages in the Technical Services Department and projects have had to be prioritised and non urgent works may be deferred to 2024/25.

These issues have directly impacted on a number of projects which have required additional financial support which are set out below.

#### **5.2.2 Major projects - WICC**

There are ongoing contractual discussions regarding the cost of the project particularly in light of the delay caused by the redesign of the electricity substation and changes to the design of the car park. A further report will be presented to Committee in due course as discussions progress.

#### **5.2.3 Lead in times for new vehicles**

The lead in times for the purchase of new vehicles have been extending. Currently, orders are taking a minimum of 10 months to fulfil leading to challenges in operating the Councils fleet.

### **6. ISSUES FOR CONSIDERATION**

6.1 Budgets totalling £1,475,120 have been reprofiled to 2024/25 and future years where the original project plan has changed and the schemes are unable to complete in 2023/24. £2,616,610 has also been brought forward and reprofiled from 2024/25 due to progress within the heat network scheme. A list of schemes reprofiled is attached as Appendix 2 to this report.

6.2 The following amendments to the Worthing Borough Council 2023/24 Capital Investment Programme are recommended:

### 6.2.1 Improvements to Montague Street properties

Contained within the programme is a budget of £248,210 for the delivery of improvements to Council owned properties in Montague Street. Following improvements to the Grafton Car Park, the issues with water ingress have been resolved and it is recommended that this scheme is deleted from the programme and the resources added back to the contingency budget to help address a number of cost pressures in other areas.

### 6.2.2 Waste Services - urgent replacement of vehicles

Lead times for the purchase of new vehicles are very long at the moment. Despite ordering new vehicles at the start of the year, these new vehicles are unlikely to be delivered until towards the end of the year. Earlier in the year, three vehicles failed and were beyond economic repair; contingency budgets were used to fund replacement second-hand vehicles which ensure continuity of service. These vehicles will be used to bolster the reserve fleet once the new vehicles are delivered. This gives both council's greater resilience against future vehicle failures, particularly during this period of significant order delay. The cost of these vehicles was £100k split as follows between the two Councils:

- Adur - £36,000
- Worthing - £64,000

### 6.2.3 Replacement of key systems:

The costs associated with the replacement of two key systems has been reviewed and it has been identified that the costs have increased substantially since the bids were originally made to the capital programme.

#### 6.2.3.1 Burial and Crematorium system

Crematorium and cemeteries system now has an expected cost of £140,160 against an original budget of £102,560 and requires funding of £37,600.

The implementation of the system will enable the service to digitise maps of graves and improve the administration of the burial and crematorium service.

It is proposed to fund the additional cost from the contingency budgets held by both councils. The additional costs are split as follows:

- Adur District Council £7,560 (20%)
- Worthing Borough Council £30,080 (80%)

#### 6.2.3.2 Planning system

The Planning and Building Control Services have faced challenges due to the outdated and inflexible nature of the Uniform system. Poor integration with the Council's Document Management System (DMS), and the inability

to integrate with Google have also led to significant inefficiencies. For instance, saving a plan or email received in Gmail requires several steps, including opening Outlook, Office Connect, and saving to our DMS, often resulting in time-consuming downloads for each document. This process hampers productivity as staff cannot perform other tasks during this period.

To resolve some of these issues your Officers had explored the option of migrating to an embedded DMS provided by Idox and a cost of £95,040 was included in the current programme. However, after further investigation it was identified that this would have still left the inefficiencies of using an increasingly outdated Idox product with high maintenance costs. Alternatively by migrating to the new cloud based solution (being rolled out by Idox) there would be scope to unlock significant efficiency savings both in terms of staff time and on-going maintenance costs. It is expected that the implementation of the system will reduce the Council's annual costs by around £50,000.

However, the replacement planning and building control system would be a much larger project and now has an expected cost of £214,670 against a budget of £95,040 consequently additional resources of £119,630 are required. It is proposed to fund the additional resources from the contingency budgets of the Councils split as follows:

- Adur District Council £47,850 (40%)
- Worthing Borough Council £71,780 (60%)

#### **6.2.4 Changing Places Toilets - High Street Car Park**

The refurbishment of the public toilets at High Street Car Park is expected to cost the Council £435,000. This project will include a new Changing Places facility part-funded through grant of £100,000.

This is higher than the available approved budget for public convenience improvements of £310,900.

To enable this scheme to progress it is proposed that the following budget adjustments are approved:

- £13,460 from the Equalities Act improvement budget;
- £21,260 from the replacement wallgate unit which is expected to underspend; and
- £89,380 from the Montague Street property improvement budget which remains unused (see paragraph 6.2.1).

#### **6.2.5 Tarring Bowls Pavillion and Tennis Courts**

The Tarring bowls club needs more inclusive changing facilities as a significant proportion of the members are now female. In addition, to support accessible bowls and tennis at the neighbouring courts, there is a requirement to provide accessible toilet provision to supplement the male and female public conveniences which are adjacent to the bowls facility.

This will also benefit the local community and visitors to Church Green. In Parallel to this scheme there is provision for the resurfacing of the nearby Tennis Courts (£243,300). Lawn Tennis Association funding of £34,000 has also been secured to support the resurfacing of the neighbouring tennis courts. However, due to access constraints of the site, the extension works need to be progressed first to enable the court surfacing works to follow on and be delivered by the grant funding deadline.

Whilst there is allocated capital funding for refurbishment of the Pavillion changing facilities project (£150,000) plus a contribution from the bowls club of £6,500, this is insufficient to meet the cost of the overall project cost. It is therefore proposed to use £20,000 from the Equalities Act budget and a further £80,000 from the Asbestos budget to fund this project.

Given the urgency associated with the overall improvement works, the Chief Financial Officer approved the virement following consultation with the Cabinet Member.

#### **6.2.6 Support to opening doors landlords:**

To encourage landlords to enter into a longer term relationship with the Council, it is proposed that a small capital budget of £60,000 is created by diverting some of the funds made available for Registered Social Landlords which has an unallocated budget of £2,671,800. This will be used to provide capital grants to landlords to support the longer term provision of homelessness accommodation.

#### **6.2.7 Splashpoint Heat Pump**

Currently the Council has a budget of £300,000 for the replacement of the failed heat pump at Splashpoint Swimming Pool. This is assumed to be part funded through government funding of £100,000 and a bid is to be made to the Swimming Pool Support Fund to obtain funding for the new pumps. The Fund is due to open in the next few weeks for energy efficiency measures.

The Council has been negotiating with the firm who constructed the pool over issues such as the early failure of the heat pumps, and the firm have agreed to contribute £200,000 to the cost of any replacement.

The most recent cost estimates for the most energy efficient pumps indicate that they will cost £510,000. It is proposed that the budget be increased to £510,000 funded as follows:

- Contribution from construction firm £200,000
- Allocation from contingency fund £10,000

#### **6.2.8 Connaught Theatre Screen:**

There is an existing capital budget of £50k for screening to the air handling system installed during the pandemic. However, materials and parts (aligned to the current technical requirements) have increased and the costs of the screening have inflated by £25k. The screening was a planning condition of

the new air handling system. Following consultation with the Cabinet Member for Culture, the Chief Financial Officer approved the use of the contingency budget to fund this additional cost.

#### **6.2.9 Crematorium Cremator Computers**

The existing control system for the cremators is at the end of its useful life due to its antiquated operating system. The system is now unsupported. A new system needs to be introduced to eradicate the risk of system failure which would close the crematorium for an unknown duration. Funding of £15,900 has been allocated from the capital contingency fund.

### **7. ENGAGEMENT AND COMMUNICATION**

- 7.1 The purpose of this report is to communicate with stakeholders on the progress of the Worthing Borough Council 2023/24 Capital Investment Programmes. Officers of the Council have been consulted on the progress of the schemes which they are responsible for delivering.
- 7.2 Specific schemes are subject to public consultation (e.g new playgrounds) to ensure that they meet community needs.

### **8. FINANCIAL IMPLICATIONS**

- 8.1 There are no unbudgeted financial implications arising from this report as the Worthing Borough Council 2023/24 Capital Investment Programme was approved by the Council in February 2023. Subsequent changes have been reported to and approved by the Joint Strategic Committee or by Officers where a delegation exists. The issues considered in this report can be funded from within existing resources or through external funding.

### **9. LEGAL IMPLICATIONS**

- 9.1 Section 28 Local Government Act 2003, as amended by the Localism Act 2011, provides that where in relation to a financial year, a Local Authority has made the calculations required by section 43 Local Government Finance Act 1992, it must review them from time to time during the year. If it appears that there has been a deterioration in its financial position it must take such action, if any, as it considers is necessary to deal with the situation.
- 9.2 Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.



## **Background Papers**

- Capital Investment Programme 2022/23 – 2025/26 Worthing Borough Council and Joint Committee.
- Capital Strategy 2023/26.

### **Officer Contact Details:-**

Emma Thomas

Assistant Director for Finance

01903 221233

[emma.thomas@adur-worthing.gov.uk](mailto:emma.thomas@adur-worthing.gov.uk)

# **SUSTAINABILITY AND 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.

| <b>CAPITAL MONITORING SUMMARY 2023/24</b> |   |  |  |  |  |  |   |  | <b>1st Quarter</b>                                   |
|---|---|--|--|--|--|--|---|--|--|
| <b>Executive Portfolios</b>               | <b>(1)<br/>Total WBC<br/>Scheme<br/>Budgets</b> | <b>(2)<br/>Previous<br/>Years' Spend</b> | <b>(3)<br/>2023/24<br/>Original<br/>Budget</b> | <b>(4)<br/>Net Budget<br/>b/f from<br/>2022/23</b> | <b>(5)<br/>Approved<br/>Changes to<br/>Original Budget</b> | <b>(6)<br/>2023/24<br/>Budget<br/>Reprofiled to<br/>and (from)<br/>2024/25</b> | <b>(7)<br/>2023/24<br/>Current<br/>Budget</b> | <b>(8)<br/>2023/24<br/>Spend to<br/>Date</b> | <b>(9)<br/>Spend<br/>% of<br/>Current<br/>Budget</b> |
|   | <b>£</b>  | <b>£</b>                                 | <b>£</b>                                       | <b>£</b>   | <b>£</b>   | <b>£</b>   | <b>£</b>                                      | <b>£</b>                                     |  |
| Citizen Services                          | 15,397,660                                      | 1,430,887                                | 7,113,240                                      | 677,190  | 1,800,000  | 1,475,120  | 8,115,310                                     | 842,337                                      | 10.38%   |
| Climate Emergency                         | 14,325,960                                      | 633,715                                  | 592,000  | 334,610  | 2,402,590  | (2,616,610)  | 5,945,810                                     | 166,466                                      | 2.80%  |
| Community Wellbeing                       | 1,077,060                                       | 23,083                                   | 230,000  | 82,270   | 509,000  | -  | 821,270                                       | 20,240                                       | 2.46%  |
| Culture and Leisure                       | 2,103,790                                       | 217,141                                  | 1,137,310                                      | 170,580  | 135,000  | -  | 1,442,890                                     | 40,700                                       | 2.82%  |
| Environment                               | 6,831,000                                       | 2,293,236                                | 1,585,680                                      | 1,002,260  | (47,660)   | -  | 2,540,280                                     | 605,573                                      | 23.84%   |
| Regeneration                              | 63,154,600                                      | 26,353,565                               | 3,203,290                                      | 2,117,830  | 5,630,000  | -  | 10,951,120                                    | 1,365,968                                    | 12.47%   |
| Resources                                 | 94,198,410                                      | 26,607,073                               | 16,656,050                                     | 127,410  | (7,671,580)  | -  | 9,111,880                                     | 52,911                                       | 0.58%  |
| <b>TOTALS</b>                             | <b>197,088,480</b>                              | <b>57,558,700</b>                        | <b>30,517,570</b>                              | <b>4,512,150</b>                                   | <b>2,757,350</b>   | <b>(1,141,490)</b>   | <b>38,928,560</b>                             | <b>3,094,195</b>                             | <b>7.95%</b>   |

**Financing of 2023/24 Programme:**

|                                     |                      |
|-------------------------------------|----------------------|
|                                     | <b>£'000</b>         |
| Borrowing:                          | 25598                |
| Capital Receipts:                   | 958                  |
| Revenue Contributions and Reserves: | 295                  |
| Government Grants:                  | 7022                 |
| S106 and CIL Receipts               | 3366                 |
| Other Contributions:                | 1,690                |
|                                     | <b><u>38,929</u></b> |

**Capital Monitoring - Summary of Progress:**

|   |                   |
|---|-------------------|
| Schemes with significant challenges:                            | -                 |
| Schemes where progress is being closely monitored:              | 17                |
| Schemes which are progressing satisfactorily or have completed: | 87                |
| <b>Total Schemes:</b>   | <b><u>104</u></b> |



WORTHING BOROUGH  
COUNCIL

**WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

| Scheme  | Reprofiled Budgets | Reason   |
|---|--------------------|--|
| <b>1. Schemes in Progress where the completion has been delayed beyond March 2024</b>                               |                    |  |
| Opening Doors - Gratwicke Road  | 48,000             | Total budget of £60,000 reprofiled from the Affordable Housing Registered Social Landlord project. Project spread over 5 year at £12,000 per annum. Budget reprofiled in line with anticipated expenditure |
| Housing Development - Acquisition and development of emergency, interim or temporary accommodation for the homeless | 1,427,120          | Budget reprofiled due to lead times for new schemes.   |
| <b>2. Schemes in Progress where the project schedule has changed</b>  |                    |  |
| Worthing Heat Network   | -2,616,610         | Spend expected in 23/24 rather than initial estimate of 24/25. Budget reprofiled in line with anticipated expenditure.   |
| <b>Total Reprofiled Budgets:</b>  | <b>-1,141,490</b>  |  |

## Appendix 3

### 1st Quarter Treasury Management Update 2023 Quarter ended 30th June 2023

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

#### 1. Economic Backdrop

1.1 Members will be fully updated on the economic backdrop to the start of the financial year as part of the Joint Treasury Management Review to be presented at the Joint Audit and Governance Committee on 26th September 2023, and subsequently the Joint Strategic Committee on 3rd October 2023. Much of this information will remain relevant for quarter one, however the following economic events are specific to Quarter one of the 2023/24 year:

- CPI inflation fell from 10.1% to 8.7% in April, but remained at 8.7% in May, this was the highest of the G7 nations;
- Core CPI inflation rose in both April and May reaching a 31 year high of 7.1%;
- The labour market remained tight with 3 month year on year average earnings growth rising from 6.1% to 6.5% in April data;
- The Bank of England Base rate has risen a further 75 bps over the quarter from 4.25% to 5.00%;
- Gilt yields, an instrument which underpins PWLB borrowing costs for councils, are approaching the peaks of Autumn 2022. Largely caused by higher than anticipated core inflation figures.

1.2 The UK economy has continued to weather the pressures of rising inflation and the drag of increased interest rates, showing surprising resilience. The 0.2% month on month GDP rise in April will further raise hopes that the UK economy may avoid recession this calendar year.

#### 1.3 MPC Meetings During Quarter 1

##### 1.3.1 11th of May 2023 - 0.25% rise

At the 11th May, the Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate by 25 basis points to 4.50%.

##### 1.3.2 22nd of June 2023 - 0.50% rise

At the 22nd June meeting the MPC moved rates up a further 50 basis points to 5.00%.

Both increases reflected a split vote – seven members voting for an increase and two for none.

## 2. Interest Rate Forecast

2.1 The Council has appointed Link Group as treasury advisors and part of their service is to assist in formulating a view on interest rates. The latest forecast, made on the 26th of June, sets the view that both short and long-dated interest rates will be elevated for some while. This is in part due to Bank of England efforts to curtail inflation whilst faced with a stubbornly robust economy and strong labour market.

2.2 Below are the current and previous 2 versions of the Bank Rate and PWLB rate forecasts, note the upward revision between each PWLB forecast. This is representative of the continued surprise upsides in data releases and increased domestic inflationary pressures which have driven markets to demand higher returns on fixed income instruments. One such instrument is Government Gilts which have a direct impact on the cost of PWLB borrowing for local authorities.

| Link Group Interest Rate View 26.06.23 |        |        |        |        |        |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 |
| BANK RATE                              | 5.00   | 5.50   | 5.50   | 5.50   | 5.25   | 4.75   | 4.25   | 3.75   | 3.25   | 2.75   | 2.75   | 2.50   | 2.50   |
| 3 month ave earnings                   | 5.30   | 5.60   | 5.50   | 5.30   | 5.00   | 4.50   | 4.00   | 3.50   | 3.00   | 2.70   | 2.60   | 2.50   | 2.50   |
| 6 month ave earnings                   | 5.80   | 5.90   | 5.70   | 5.50   | 5.10   | 4.60   | 4.00   | 3.50   | 3.00   | 2.70   | 2.60   | 2.60   | 2.60   |
| 12 month ave earnings                  | 6.30   | 6.20   | 6.00   | 5.70   | 5.30   | 4.80   | 4.10   | 3.60   | 3.10   | 2.80   | 2.70   | 2.70   | 2.70   |
| 5 yr PWLB                              | 5.50   | 5.60   | 5.30   | 5.10   | 4.80   | 4.50   | 4.20   | 3.90   | 3.60   | 3.40   | 3.30   | 3.30   | 3.20   |
| 10 yr PWLB                             | 5.10   | 5.20   | 5.00   | 4.90   | 4.70   | 4.40   | 4.20   | 3.90   | 3.70   | 3.50   | 3.50   | 3.50   | 3.40   |
| 25 yr PWLB                             | 5.30   | 5.40   | 5.20   | 5.10   | 4.90   | 4.70   | 4.50   | 4.20   | 4.00   | 3.90   | 3.80   | 3.80   | 3.70   |
| 50 yr PWLB                             | 5.00   | 5.10   | 5.00   | 4.90   | 4.70   | 4.50   | 4.30   | 4.00   | 3.80   | 3.60   | 3.60   | 3.50   | 3.50   |

| Link Group Interest Rate View 24.05.23 |        |        |        |        |        |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 |
| BANK RATE                              | 4.75   | 5.00   | 5.00   | 4.75   | 4.50   | 4.00   | 3.50   | 3.25   | 2.75   | 2.50   | 2.50   | 2.50   | 2.50   |
| 3 month ave earnings                   | 4.80   | 5.00   | 5.00   | 4.80   | 4.50   | 4.00   | 3.50   | 3.30   | 2.80   | 2.50   | 2.50   | 2.50   | 2.50   |
| 6 month ave earnings                   | 5.10   | 5.20   | 5.10   | 4.90   | 4.50   | 3.90   | 3.40   | 3.20   | 2.90   | 2.60   | 2.60   | 2.60   | 2.60   |
| 12 month ave earnings                  | 5.40   | 5.40   | 5.30   | 5.00   | 4.50   | 3.90   | 3.40   | 3.20   | 2.90   | 2.70   | 2.70   | 2.70   | 2.70   |
| 5 yr PWLB                              | 5.00   | 5.00   | 5.00   | 4.80   | 4.50   | 4.10   | 3.70   | 3.50   | 3.30   | 3.20   | 3.20   | 3.10   | 3.10   |
| 10 yr PWLB                             | 5.00   | 5.00   | 5.00   | 4.80   | 4.40   | 4.10   | 3.80   | 3.60   | 3.50   | 3.40   | 3.30   | 3.30   | 3.30   |
| 25 yr PWLB                             | 5.30   | 5.30   | 5.20   | 5.10   | 4.80   | 4.50   | 4.20   | 4.00   | 3.80   | 3.70   | 3.60   | 3.60   | 3.60   |
| 50 yr PWLB                             | 5.10   | 5.10   | 5.00   | 4.90   | 4.60   | 4.30   | 4.00   | 3.80   | 3.60   | 3.50   | 3.40   | 3.40   | 3.40   |

| Link Group Interest Rate View 27.03.23 |        |        |        |        |        |        |        |        |        |        |        |        |  |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
|  | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 |  |
| BANK RATE                              | 4.50   | 4.50   | 4.25   | 4.00   | 3.50   | 3.25   | 3.00   | 2.75   | 2.75   | 2.50   | 2.50   | 2.50   |  |
| 3 month ave earnings                   | 4.50   | 4.50   | 4.30   | 4.00   | 3.50   | 3.30   | 3.00   | 2.80   | 2.80   | 2.50   | 2.50   | 2.50   |  |
| 6 month ave earnings                   | 4.50   | 4.40   | 4.20   | 3.90   | 3.40   | 3.20   | 2.90   | 2.80   | 2.80   | 2.60   | 2.60   | 2.60   |  |
| 12 month ave earnings                  | 4.50   | 4.40   | 4.20   | 3.80   | 3.30   | 3.10   | 2.70   | 2.70   | 2.70   | 2.70   | 2.70   | 2.70   |  |
| 5 yr PWLB                              | 4.10   | 4.10   | 3.90   | 3.80   | 3.70   | 3.60   | 3.50   | 3.40   | 3.30   | 3.20   | 3.20   | 3.10   |  |
| 10 yr PWLB                             | 4.20   | 4.20   | 4.00   | 3.90   | 3.80   | 3.70   | 3.50   | 3.50   | 3.40   | 3.30   | 3.30   | 3.20   |  |
| 25 yr PWLB                             | 4.60   | 4.50   | 4.40   | 4.20   | 4.10   | 4.00   | 3.80   | 3.70   | 3.60   | 3.50   | 3.50   | 3.40   |  |
| 50 yr PWLB                             | 4.30   | 4.20   | 4.10   | 3.90   | 3.80   | 3.70   | 3.50   | 3.50   | 3.30   | 3.20   | 3.20   | 3.10   |  |

## 3. Annual Investment Strategy

3.1 The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual investment Strategy, was approved by full Council on 21st of February 2023. In accordance with the CIPFA Treasury Management Code of Practice it sets both Councils investment priorities as being security of capital, liquidity and yield in that order.

### 3.2 Creditworthiness

There have been no changes in credit ratings for institutions which are considered significant during quarter one. However, officers continue to monitor rating agency releases and other subjective measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

### 3.3 Investment Counterparty Criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the operational requirements of the treasury management function.

### 3.4 Investment Balances

Below is a summary of the portfolio as at 30th June 2023. The portfolio balances have decreased during the quarter, this is a strategic decision, intended to extend gaps between when borrowing is needed, shielding the Council from elevated borrowing rates. Capital expenditure in the quarter has been financed by internal borrowing where possible meaning the cash balances of the council have been utilised in lieu of borrowing.

#### Portfolio position as at 30th June 2023:

| Counterparty                  | Issue Date | Maturity Date | Principal          | Interest Rate | Long Term Rating |
|-------------------------------|------------|---------------|--------------------|---------------|------------------|
| Black Rock MMF                | n/a        | n/a           | £10,000            | var           | AAAmmf           |
| CCLA MMF                      | n/a        | n/a           | £2,400,000         | var           | AAAmmf           |
| Federated Investors MMF       | n/a        | n/a           | £5,000             | var           | AAAmmf           |
| HSBC ESG MMF                  | n/a        | n/a           | £230,000           | var           | AAAmmf           |
| Invesco MMF                   | n/a        | n/a           | £5,000             | var           | AAAmmf           |
| Lloyds Call Account           | n/a        | n/a           | £3,205,000         | 4.90%         | AA               |
| PCC for Warwickshire          | 28.06.23   | 05.07.23      | £3,000,000         | 4.75%         | Gov              |
| Wakefield Metropolitan BC     | 21.06.23   | 07.07.23      | £2,000,000         | 4.85%         | Gov              |
| Debt Management Office        | 07.06.23   | 07.07.23      | £3,000,000         | 4.53%         | Gov              |
| Close Brothers Limited        | 05.01.23   | 03.01.25      | £1,000,000         | 4.70%         | A-               |
| Close Brothers Limited        | 19.05.23   | 20.11.23      | £2,000,000         | 5.00%         | A-               |
| Close Brothers Limited        | 08.09.22   | 11.09.23      | £1,000,000         | 3.90%         | A-               |
| Standard Chartered Bank       | 23.05.23   | 22.08.23      | £1,000,000         | 4.68%         | A+               |
| Standard Chartered Bank       | 31.05.23   | 31.08.23      | £1,000,000         | 4.82%         | A+               |
| Standard Chartered Bank       | 07.06.23   | 07.07.23      | £1,000,000         | 4.55%         | A+               |
| Local Authority Property Fund | 27.04.17   | n/a           | £1,500,000         | var           | n/a              |
| Boom Credit Union             | 06.03.15   | n/a           | £50,000            | n/a           | n/a              |
| <b>TOTAL</b>                  |            |               | <b>£22,405,000</b> |               |                  |

Note 1: Investments are given with "var" in the interest rate detail in order to indicate that they are variable rate investments the rate of which changes frequently.

Shorter term deals have been used regularly across the quarter to manage the liquidity limits set in the TMSS for Worthing.

### **3.4 Approved Limits**

The chief financial officer can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30th June 2023.

### **3.5 Prudential Indicators**

During the quarter ended 30th June 2023 there has been no material changes or reprofiling of the capital programme which give rise to a review of prudential indicators. Members will be updated in subsequent quarterly reports if material changes occur. In the meantime, members will be updated on the current and projected prudential indicators as part of the end of year Joint Treasury Management Review to be presented at Joint Audit and Governance Committee on 26th September 2023 and subsequently the Joint Strategic Committee on 3rd October 2023.