



Investing in our Places - Capital Programme 2024/25 to 2026/27

Report by the Director for Digital, Sustainability and Resources

Executive Summary

1. Purpose

1.1 This report recommends the investment programmes for Worthing Borough Council which supports both the strategic ambition of the Council and the vital regular investment toward the upkeep and improvement of our public assets.

1.2 Members are now asked to approve the new schemes for 2024/25. This report recommends:

- the schemes for inclusion in the overall Capital Investment Programmes for 2024/25; and
- an indicative list of schemes for 2025/26 which will be confirmed next year.

1.3 The report also informs the Cabinet of the resources available for future capital investment, and updates Members about the financing of the proposed programmes.

1.4 The following appendices have been attached to this report:

- (i) **Appendix 1** 2023/24 Budgets reprofiled to 2024/25 for scheme delivery in 2024/25;
- (ii) **Appendix 2** New schemes to be included in 2024/25 Capital Investment Programme including the share of the Joint Strategic Committee programme;
- (iii) **Appendix 3** Full Worthing Borough Council capital investment programme for 2023/24 - 2026/27

- (iv) **Appendix 4** Partnership capital investment programme for 2024/25 - 2026/27

2. Recommendations

2.1 The Cabinet is recommended to:

- (a) Consider the General Fund Capital Investment Programmes for 2024/25 and confirm the schemes to be included as detailed in Appendix 2 and 3.
- (b) Recommend the full programme detailed at Appendix 3 for approval by Council on the 20th February 2024.

3. Context

- 3.1 The development of the capital programme is guided by the Capital Strategy which outlines the level of resources available and sets the framework for the approval and delivery of the programme. The Adur and Worthing Capital Strategy 2024 - 27 was updated and agreed by the Joint Strategic Committee (JSC) on 11th July 2023. The financial impact of the proposed Capital Investment Programme was set out in the outline 5 year forecast included in the “Developing a revenue budget for 2024/25 in difficult economic conditions” report which was agreed by the Joint Strategic Committee on 11th July 2023.
- 3.2 The Capital and Budget Strategies set out the following:
- (a) A maximum level of funding available per year to fund new General Fund schemes was to be limited to £1.5m in 2024/25 and potentially beyond. 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.
 - (b) The Budget Strategy highlighted concerns about affordability in the medium term. Members of the Council were made aware that the number, age and condition of Council’s assets continue to be a cause for concern. The funding of the programmes is to consist of prudential borrowing, capital grants, revenue/reserve funding and capital receipts.

- (c) Additional capital expenditure will only be agreed where additional funding from capital grants, contributions, earmarked receipts, approved additional prudential borrowing or use of reserves has been secured.

3.3 The Capital Strategy agreed in July 2023 confirmed the approach to setting the capital investment programme. The strategy confirmed the following resource allocations for 2023/24:

- £700,000 set aside for partnership schemes principally to fund the planned vehicle and equipment replacements.
- £185,500 set aside for the delivery of the digital strategy.
- The Strategic Property Investment Fund to remain capped at an overall investment amount of £150m of which £5.9m remains. This can only be used to fund projects which support: the wellbeing; affordable housing development; and economic regeneration of the area.

3.4 As the July 2023 Capital Strategy explained, the top slicing of the capital programmes in each year to ensure funding for key strategic issues such as ICT and the other partnership programmes will mean that, of the overall resources available in 2024/25, only the £614,500 of resources would remain for other schemes.

4. Supporting the delivery of the Council's priorities

4.1 In 2024/25, Worthing Council will continue to work towards becoming the greenest, fairest coastal town in the UK. The golden threads of addressing the climate emergency and improving the wellbeing of communities marry up with the continuing feedback received from residents throughout the year, including big listen events and consultations, with a focus on:

- Keeping the borough clean, green and fair and ensuring that our streets, town centre and high streets continue to be cared for and are welcoming to everyone in our community.
- Developing a mixed model of housing to address all resident needs which reflects an ambition for much greater access to social housing.
- Further development of an ambitious programme of seafront and town centre regeneration.

4.2 In order to deliver these priorities, Appendices 1-4 reflect the Council's commitment to pursuing Capital Programme priorities that are fair, green and local. As part of this approach, the programme is also designed to ensure that

buildings and spaces are safe to use and that we make appropriate investments in our assets for the longer term.

4.3 It is important to remember that the Capital Programme runs ‘across’ financial years and projects are often phased to ensure that they can be funded and their implementation resourced over a longer time period. Accordingly, a number of projects referred to below have already begun or are scheduled to commence as a result of funding identified in the 2023/24 Capital Programme. Other projects listed (including the Heat Network and Colonnade House) are important elements of the Programme but do not require direct funding from the Capital Programme as they attract funding from other sources.

4.4 **Decarbonisation and the Worthing Heat Network**

4.4.1 The installation of energy efficient technologies across the Council’s buildings and its wider estate will make a vital contribution to the Council’s carbon reduction targets as well as delivering financial savings. The intention is that this work, which has begun with the larger buildings that form part of the corporate estate, will extend to include community buildings and assets across Worthing.

4.4.2 The Council is in the process of supporting the delivery of the Worthing Heat Network (a £9m+ project). This network will provide low carbon heating to public buildings in the area with the potential to expand and deliver within the area. The heat network will connect numerous council buildings such as the Town Hall, Portland House and the Connaught Theatre. With further external funding, it is also aiming to include Splashpoint, the Pavilion Theatre and the Museum.

4.5 **Digital strategy investments and cyber-security**

4.5.1 The Council plans to make a series of investments to enhance the Council's digital environment and deliver improvement in service delivery. The indicative programme of investments is set out in the table below:

	2023/24	2024/25	2025/26	2026/27
	Approved	Proposed	Indicative	Indicative
	£'000	£'000	£'000	£'000
Digital Cyber Security programme	41	101	60	60
Planning and building control document management system	42	80		
Cemeteries and Crematorium software		112		
Identity and Access Management	157	32		

Ultrafast Broadband Unallocated Digital Strategy Provision	53	1,325	50	50
	293	1,649	110	110

4.5.2 It is imperative that our communities are not placed at risk through an absence of up to date cyber-security. Our hardware and digital infrastructure will continue to be modernised to ensure resilience, reduce risks to business continuity and help mitigate against cyber security risks. The hardware budget also covers investment in our future data centre, which will have a significantly reduced footprint, and replacement equipment including laptops, PCs, and monitors used by staff.

4.6 Temporary and Emergency Accommodation (EA/TA)

4.6.1 Providing temporary and emergency accommodation to meet local people's needs remains a major priority for the Council. Each new scheme is the subject of a business case to help ensure that best consideration is achieved and the most appropriate accommodation is delivered. Capital expenditure to deliver this accommodation is likely to exceed £4m, financed largely through prudential borrowing.

4.7 Seafront and Promenade

4.7.1 Replacement timber structures, piles and decking are planned for Worthing Pier. Over the course of the year, consideration will also be given to the potential for a sponsorship scheme to support the Pier decking and help to ensure it remains safe and in the best possible condition.

4.7.2 A new automated sprinkler system will be installed for each of the buildings on the pier. This work is being delivered in phases (the infrastructure for an automated provision is already built into the Southern Pavilion following the recent upgrade and is ready to receive a water supply). In addition, a similar arrangement is proposed for the Central Pavilion and Pavilion Theatre & Denton Lounge, replacing the existing manual system in the latter as funds allow. A booster pump and housing will be installed, together with the necessary supply pipework and it is anticipated this work will be carried out in 2024/25.

4.7.3 A priority for 2024/25 is to use the basis of work that has been undertaken to understand the condition of Worthing Lido to inform the development of design options for consideration and consultation.

4.7.4 A number of lighting columns on the Promenade need to be replaced during 2024/25 and the fronts of the Beach House Park chalets will also be updated.

4.8 Cycle lane from George V Avenue to Sea Lane

4.8.1 New infrastructure to support safe cycling is high priority for the Council and this route has been identified as a high priority - it represents a vital ‘missing link’ in the National Cycle Network (Route 2) and has been reaffirmed as the key priority in the Local Cycling & Walking Infrastructure Plan as well as in the draft Infrastructure Investment Plan (IIP) 2023-2026 supported by the Community Infrastructure Levy (CIL). Funding from CIL Strategic Pot will be used to deliver the necessary design and feasibility work for the wider scheme cycle scheme and a delivery plan for full implementation will be worked up during the year.

4.9 Worthing’s public realm

4.9.1 A major improvement to Montague Place will transform the public realm in the town centre to provide a garden environment and a focus for community events, sustainable travel and a much improved connection to the promenade and the beach. ‘Montague Gardens’ will be funded using the CIL Strategic Pot.

4.9.2 CIL funds will also be used to support a programme of renewal in local shopping areas with a particular focus in 2024/25 on Tarring Road and Ham Road, including the installation of EV charging points. Subject to approval of the draft Infrastructure Investment Plan (IIP) 2023-2026

4.10 Parks, open spaces and play

4.10.1 Parks and open spaces make a vital contribution to local quality of life. The stewardship and management of these spaces represents an important opportunity to partner with local communities and to make progress toward our decarbonisation targets.

4.10.2 The 2024/25 programme includes the upgrade and refurbishment of equipment and surfacing at Gull Island (East Beach), Waterwise and Victoria Park play areas. The programme also includes provision for a general parks improvement programme, together with a play area improvement programme and to help the Council plan for the renewal of equipment and investment in new facilities.

	2023/24 Approved	2024/25 Proposed	2025/26 Indicative	2026/27 Indicative
Worthing	£'000	£'000	£'000	£'000

Play area improvements	253	113	50	50
General parks improvements	209	50	0	0
Brooklands	477	0	0	0
	939	163	50	50

4.10.3 The Council has already committed to investing into a full refurbishment of Homefield Park, and preparatory work has been undertaken with a full programme planned for 2024 using those monies identified in the 2023/24 capital programme which also supported provision of the new playground at Palatine Park and new facilities at Northbrook Recreation Ground.

4.10.4 Over £42,000 of section 106 funds have been received from development and are available to be spent on 'provision or improvement of a play area at Field Place'. The Council is also in dialogue with Southern Water about a potential contribution towards our parks and open spaces

4.11 **Chesswood Rainwater capture facility/ verge planting**

4.11.1 Specific provision has been made to activate the existing Chesswood rainwater capture facilities after a number of years out of use to assist allotment holders in particular: and a small fund is established to support the greening and planting of verges where the Council has responsibility for their care.

4.12 **Splashpoint**

4.12.1 The Council intends to replace the Ground Source Heat Pump at Splashpoint in partnership with the original contractors Morgan Sindall, utilising some of the original contingency funds retained for this project. The new ground source heat pumps will provide low carbon heat generation for the centre and users and unlike the original heat pumps, will provide sufficient output to heat the Pool.

4.12.2 The Capital Programme also makes provision for the upgrade of Splashpoint's fire dampers. Dampers or shutters are commonly used in heating and ventilation, and air ducts to prevent and isolate the spread of fire inside the ductwork through fire-resistance rated walls and floors.

4.13 **Cultural venues**

4.13.1 There are several initiatives currently underway to improve a number of Worthing's important cultural venues. Works are planned to upgrade the Connaught Theatre's roof. The windows at the Connaught and the Pavilion

Theatre are to be replaced. These improvements total £295k and were identified as part of the 2023/24 Capital Programme.

4.14 Colonnade House

4.14.1 Colonnade House makes a vital contribution to the local creative economy, providing important space for artists, makers, designers and innovators to collaborate and connect. A bid to the Arts Council (£464k) proposes a series of improvements designed to improve energy efficiency, including a new roof, upgraded heating and insulation and new windows.

4.15 Multi-Storey Car Park repairs

4.15.1 Structural repairs are required at the High Street and Grafton car parks. The Grafton works are for repairs needed to ensure that the car park is safe to use whilst it remains open. The repairs to the High Street car park will ensure that the car park remains operational and is in a good standard of repair prior to the installation of the district heat network facilities and further work to upgrade the facilities.

4.16 Worthing Crematorium

4.16.1 Improvements to the Memorial Garden and the Muntham Estate Walls (£250,000) will take place at the crematorium grounds to enhance the setting. The development of the memorial garden will provide additional plots whilst being sustainable and encouraging biodiversity.

4.17 Commerce Way

4.17.1 Refurbishment and renewal (£177k) is required at the Commerce Way to ensure a safe operational and working environment for our staff and to promote the efficient delivery of council services. Recent improvements have included upgraded shower and washroom facilities and further improvements to these facilities will be made in 2024/25. Flooring and roofing are further priorities and both are in need of repair.

4.18 Worthing Leisure Centre

Replacement foundations for the lighting columns (£84,400) on the all-weather pitches will be installed in the coming year to ensure access to the facilities continues throughout the year. Renewals to the pitches are expected to take place in future years, to maintain the quality of the facilities.

5. Resourcing the programme

- 5.1 There are two influences on the overall size of the capital programmes, namely:
- a) the level of available capital resources to fund the programmes;
 - b) the extent to which the revenue consequences of the programmes in terms of the cost of borrowing, lost investment income and any associated running costs can be accommodated within the revenue budget.

5.2 The financial position for Worthing Borough Council remains challenging over the next five years and the age and condition of our existing assets often needs to be reflected in our investment decisions. Where a strong business case can be made, invest-to-save schemes and capital investments which support our local communities will be funded through prudential borrowing.

5.3 The proposed programme assumes a phased use of the available prudential borrowing, capital receipts, and reserves. These are discussed in more detail below:

5.4 Usable Capital Receipts derived from the sale of assets

5.4.1 Usable capital receipts are generated through the sale of Council owned assets. The Council actively looks for opportunities to increase the available receipts. This forms part of our budget strategy as the generation of additional receipts will enable the Council to reduce the cost of financing the capital programme.

5.4.2 Whilst, the revenue implication of using any capital receipts is by no means as much as those incurred by borrowing, this is by no means a ‘free’ source of funding. The annual revenue costs of using £1m of capital receipts are as follows:-

	Year 1 £	Year 2 £
Interest at 4.5% (current average return on investments)	22,500	45,000

5.4.3 However, the use of these resources avoids the need to use more expensive forms of financing such as borrowing.

5.4.4 In the past capital receipts have been a major source of funding for the Council's capital programmes. Members will be aware that the Council now has only limited access to capital receipts as:

- a) The Council does not own many large tracts of land that can be easily disposed of when capital receipts are needed. Indeed, any such tracts of land may give the Council the opportunity to either directly or indirectly improve the supply of affordable housing. However the Council is actively reviewing its asset base with a view of disposing of surplus assets to support the delivery of the capital programme and reduce the overall cost of borrowing;
- b) There are very few other options for future disposals of operational assets, owned by either council, without service provision implications;
- c) Any benefits that might accrue from the sale of non-operational assets, such as the commercial properties, will be largely negated by the loss of significant rental and lease income. Consequently, the disposal of such assets can only be undertaken when there is a clear business case to justify such an action;

5.4.5 In addition, due to the pressure on the reserves, some of the receipts generated in the period 2016 - 2023 have been set aside to fund the costs associated with delivering the savings necessary to balance the revenue budget.

5.4.6 In light of the budget strategy and the limitations on generating additional capital receipts, the estimated balance of capital receipts to fund the 2024/25 and 2025/26 Capital Investment Programmes will be:

		Balance at 1st April £'000	* Receipts Generated £'000	Planned Use £'000	Balance at 31st March £'000
2024/25	General	35	20	(32)	23
	Ring-fenced - General Fund	2,891	200	(35)	3,056
	Total	2,926	220	(67)	3,079
2025/26	General Ring-fenced	23	20	(32)	9

	- General Fund	3,056	200	(89)	3,167
	Total	3,079	220	(121)	3,176

5.4.6 The lack of capital receipts as a source of funding is a problem for the Council. It is inevitable that the Council will need to borrow to sustain the capital programme with inevitable higher revenue consequences as a result until additional receipts are forthcoming.

5.5 Prudential Borrowing

5.5.1 The Prudential Code generally gives an unlimited ability to borrow, provided it is 'affordable, sustainable and prudent'. In practical terms the amount of the borrowing is inhibited by the impact of the associated revenue consequences on the revenue budget and, by extension, on council tax.

5.5.2 The annual revenue costs of each additional £1m of Prudential Code borrowing are estimated to be as follows:-

	Year 1 £	Year 2 £
Principal repayment based on the annuity method *	0	53,770
Interest at say 4.5%	22,500	45,000
Total costs	22,500	98,770

**The Council has a policy of repaying any debt over the life of the asset acquired. On average the assets funded will have a life of 15 years which is equivalent to a 8.9% revenue provision each year.*

MRP = Minimum Revenue Provision – the amount of loan that has to be repaid each year, notionally this is the amount set aside to repay debts which have accumulated to finance schemes.

5.6 Revenue Contributions and Reserves

5.6.1 The Council sets aside revenue resources through revenue contributions to capital, both to support capital improvement to the Crematorium and initiatives to bring empty properties back into use.

5.7 Capital Grants and other external funding

5.7.1 The following capital grants and other contributions are expected and have been taken into account within the overall resources for the 2024/25 capital programmes:

	£
Arts Council	464,000
Disabled Facilities Grant (Better Care Fund)	800,000
Community Infrastructure Levy	50,000
Department for Business, Energy and Industrial Strategy - Heat Network	983,000
Homes England	600,000
Public Sector Decarbonisation Schemes Fund	3,851,670

5.7.2 Disabled Facilities grants are mandatory and each Council has to approve all eligible grants. All approvals are for 12 months and works can be undertaken at any time in this period. Any unspent grant can be carried forward to future years to fund outstanding grant commitments at 31st March.

6. Draft Programmes

6.1 General Fund programme

6.1.1 The 2024/25 and 2025/26 draft General Fund programmes are attached at Appendix 2 and 3 which also includes the proposed changes to the 2023/24 programme. The indicative programmes have been prepared on the basis of the agreed guidelines and the estimated resources. Each scheme has been scored using the priority scoring system devised under the Capital Strategy, producing a balanced programme in accordance with the overall available funding. At this stage, the schemes recommended for inclusion 2025/26 are indicative only and will be reassessed next year.

6.1.2 Workshop sessions with portfolio holders have helped to inform the development of a capital programme that reflects the Council's priorities. Additional information is provided below on the proposed invest to save schemes and other issues which members should be aware of when considering the overall programme.

6.2 Invest to save schemes

6.2.1 The Council will consider 'invest to save' capital proposals which produce revenue savings that exceed the cost of borrowing by at least 10% over the life of the investment. The following schemes are included in the capital programme. Funding will be released on presentation of a business case to the Executive Member.

(i) Empty Properties

This scheme has been funded from New Homes Bonus. However, the future of the New Homes Bonus is uncertain and it may cease to be paid to the Council and is due to be fundamentally reformed. Consequently, this scheme will be funded in future from the repayment of empty property grants and loans. The effectiveness of the scheme is reviewed annually.

The Council will continue to build on the working relationship with the nominated private sector letting agent that we are currently in partnership with to manage our guaranteed rent scheme. There has been a growing number of empty home owners interested in the schemes and new approaches continue to be sought to promote the funding to Empty Property owners. Increasing the supply of private sector rental properties available at Local Housing Allowance levels remains a key objective.

Close working with our Legal Team to develop and finalise the Enforced Sales Procedure is nearing fruition which will allow us to proceed with the sale of three long term empty properties, we anticipate using this procedure on further properties in the future.

The Council will continue to focus on achieving the objectives set out in the Empty Property Strategy and working with partners in the charitable sector as well as individual empty property owners to increase the supply of affordable housing as these properties are let at social rents.

The success of this initiative will be monitored.

(ii) Strategic Property Investment Fund

The Council has committed to investing in commercial property and other income generating assets which support the Council's economic regeneration ambitions, carbon reduction initiatives or supports improvements to the supply of housing. The intention is to provide long

term assets that both support the delivery of the Council’s corporate strategy and produce a long term sustainable income for the Council which will fund the borrowing consequences of the investment and support the future aspirations of the Council. The investment in such property is governed by the Commercial Property Investment Strategy which was approved by the Joint Strategic Committee on the 30th March 2021.

To enable this objective to be met, as part of the Capital Strategy, the Council has set aside funding for a Strategic Property Investment Fund. Each investment should generate income which exceeds the potential borrowing costs associated with the purchase or development of the new property.

Whilst under the constitution, the Assistant Director of Regenerative Development has the delegated authority to purchase property provided that a budget exists; given the nature of these investments, each individual development proposal is the subject of a business case which is approved by the relevant Leader and Executive Member of Resources.

(iii) Temporary accommodation

The cost of temporary and emergency accommodation has been escalating. In response to this, the Council has created a budget to purchase temporary accommodation for residents who the Council has a duty to house temporarily. Each proposal is assessed for financial and operational viability before a business case is approved by the Executive Member.

(iv) Energy Efficiency / Carbon Reduction Schemes

Both Councils currently have provision within the capital programme for energy efficiency / carbon reduction schemes which produce savings to offset any potential borrowing costs.

	2023/24	2024/25	2025/26
	£'000	£'000	£'000
Carbon reduction - invest to save scheme	570,000	239,020	400,000

A report, elsewhere on the agenda, details the expected programme of work.

6.3 Overall

The following assumptions have been used in preparing the draft programmes:

- (a) Maximise use of external funding where possible.
- (b) Continuation of Specific Grant Aided Funding for Mandatory Disabled Facilities Grants.
- (c) The proposed Capital Programme and Reserve Lists include a number of the larger planned maintenance schemes. Only schemes which meet the criteria for capital funding are included.

6.4 The following tables are a summary of total resources used to fund the new schemes included in the draft programmes for 2024/25, 2025/26 and 2026/27.

Programme Year	Revenue Contributions and Reserves £	S106 and Community Infrastructure Levy £	Capital Grants and Contributions £	Usable Capital Receipts £	Borrowing £	TOTAL £
2024/25						
General Fund	197	50	6,816	67	21,933	29,063
2025/26						
General Fund	175	150	906	121	6,613	7,965
2026/27						
General Fund	175	150	906	32	8,113	9,377
TOTAL	547	350	8,628	220	36,659	46,405

6.5 Members will note that the total planned spending for 2024/25, 2025/26 and 2026/27 is £46,405,000. The table above indicates how this proposed programme will be financed.

7. Revenue Implications

7.1 The revenue implications (excluding the revenue impact of financing the Capital Investment Programme) of all the capital projects in the draft

programmes are shown in the last column of appendices 2 and 3. An assessment of the revenue implications of the planned programme has already been built into the Medium Term Financial Plan. This has already been recognised as a genuine expenditure within the overall revenue budget. There is, of course, no obligation to spend merely because resources are available. In considering the merits of any capital investment proposal, the opportunity cost of using the resources, the revenue cost associated with any borrowing and the interest earnings foregone by utilising capital receipts and reserves, require full consideration.

7.2 The full year revenue impact of financing the capital programme is shown below:-

Programme Year	Revenue Impact	Cumulative	Full-Year Impact in
	General Fund £	General Fund £	
2024/25	989,100	989,100	2025/26
2025/26	286,116	1,275,216	2026/27
2026/27	299,451	1,574,667	2027/28

The above figures do not include any other direct revenue implications, which could be either positive or negative, depending on the particular schemes. The draft programmes show the other ongoing annual running costs of servicing and maintaining the proposed schemes and savings generated from the capital investment which will be included within the revenue budget.

8. Prudential Indicators

8.1 The statutory framework for the Prudential System is set out in Chapter 1 of the Local Government Act 2003 and in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended. The framework incorporates four statutory codes. These are:

- The Prudential Code prepared by CIPFA
- The Treasury Management Code prepared by CIPFA

- The Statutory Guidance on Local Authority Investments prepared by MHCLG
- The Statutory Guidance on Minimum Revenue Provision prepared by DCLG

8.2 Part of the core process for the Prudential Code is for Members to set Prudential Indicators as detailed in the Prudential Code against which the performance of the Capital Investment Programme and Treasury Management can be measured and monitored throughout the year. These indicators will be calculated once the programme has been fixed and reported to the Executive and Council as part of the annual Revenue Budget report.

9. Engagement and Communication

9.1 The development of the programme is the subject of extensive internal consultation with Officers.

9.2 Members were consulted on the capital bids to be included in the draft programmes. Their comments are included in this report. The final recommendations for the capital programmes will be made to Worthing Borough Council on the 20th February 2024.

9.3 Individual programmes of work, for example the design of playgrounds, will be the subject of consultation with local communities where appropriate to ensure that they meet local needs.

10. Conclusion

10.1 The overall financial position of the Council dictates that there be only limited revenue resources allocated to fund the cost of financing the capital programme. Therefore, the overall increase to the core programme for 2024/25 remains relatively modest at £1.5m.

10.2 Consequently, the Council has insufficient capital resources available to meet all of the identified demands for capital investment for 2024/25, 2025/26, and 2026/27. Nevertheless, there has been a concerted effort to identify and prioritise those projects where delivery reflects the Council's stated priorities. Where schemes are unable to be delayed due to pressing maintenance requirements, these have been recommended for inclusion. However, some schemes must remain on the respective Reserve List.

- 10.3 An implication of the necessary restriction in capital investment will be the need for strict cost management when addressing the maintenance needs of the Council's assets. As addressed in 10.2 maintenance schemes deemed critical have been recommended. In 2024/25 and future years the Council will need to continue to critically analyse its needs both in terms of assets required to support service delivery, and its ability to meet the cost of maintenance needs across its estates.
- 10.4 The continuing constraints on the availability of capital resources in the medium to long term and the direct impact on the revenue budget leaves little room for manoeuvre. Work needs to commence now to ensure sufficient resources are available to the Council to provide adequate funds for financing the respective Capital Investment Programmes from 2025/26 onwards. In any event, the revenue consequences of spending scarce resources must always be borne in mind in judging the merits of any capital investment proposal.

11. Financial Implications

- 11.1 The detailed financial implications associated with the development of the budgets are detailed throughout the report.

12. Legal Implications

- 12.1 Part 1 of the Local Government Act, 2003 sets out the framework for capital finance and expenditure.
- 12.2 The Local Government (Capital Finance and Accounting) (England) Regulations 2003 provide more detailed requirements.
- 12.3 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.
- 12.4 The Local Government Act 2003, Sections 16(2)(b) and 20: Treatment of costs as capital expenditure allows the Council to use any capital receipts generated in 2022/23 - 2024/25 to fund revenue expenditure which will generate an on-going saving via a direction from the Secretary of State which was issued on 2nd August 2022 subject to a limitation on the type of departure costs which can be funded. Departure costs are restricted to statutory payments only, any enhancement must be funded from within the Council's revenue resources.

12.5 There are a range of legislative safeguards in place that help to prevent local authorities overcommitting themselves financially. These include a duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirements).

Local Government Act 1972

Background Papers

- CIPFA Prudential Code for Capital Finance in Local Government
- Investing for our future - Capital Strategy 2024/27 – Report to Joint Strategic Committee on 11th July 2023
- Developing a revenue budget for 2023/24 in difficult economic circumstances – Report to Joint Strategic Committee on 11th July 2023
- 2nd Capital Investment Programme and Projects Monitoring 2023/24 – Report to Adur Joint Strategic Sub-Committee on 7th December 2023

Officer Contact Details

Emma Thomas, Chief Financial Officer, 01903 221232,
emma.thomas@adur-worthing.gov.uk

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

Individual schemes within the three proposed capital programmes have been subjected to equalities impact assessment. Schemes which have a positive impact on equalities include:

- Affordable housing schemes – Schemes are targeted at the most vulnerable;
- Disability Discrimination Act - Works to improve accessibility of Council buildings;
- Disabled Facilities Grants – Improvements and adaptations to private housing to meet specific needs;
- Home Repair Assistance Grants – Grants to enable those in need to stay in their homes;
- Resurfacing of hard surfaces – Provides an improved surface for wheelchair users and other people with reduced mobility;
- Parks – Replacement of play area and outdoor fitness equipment which is designed to be more accessible and inclusive;
- ICT Hardware Replacement Programme – Provision of special keyboards and screens where required;
- Empty Property Grants – Increase the supply of affordable housing in the locality.
- Public Conveniences – Upgraded and new facilities include DDA improvements and facilities.

There will be no negative equalities and diversity outcomes arising from the proposed programmes.

SUSTAINABILITY AND RISK ASSESSMENT

2. SOCIAL

2.3 Community Safety Issues (Section 17)
Matter considered and no issues identified

2.4 Human Rights Issues
Matter considered and no issues identified

3. ENVIRONMENTAL

Matter considered and no issues identified

4. GOVERNANCE

Matter considered and no issues identified