



Joint Strategic Committee
12th September 2024

ADUR & WORTHING
COUNCILS

Key Decision : No

Ward(s) Affected: All

Joint 1st Quarter Capital Investment Programme & Projects Monitoring 2024/25

Report by the Director for Sustainability and Resources

EXECUTIVE SUMMARY

1. PURPOSE

1.1 This report updates the Committee on the progress made on the delivery of the 2024/25 Capital Investment Programme for Adur District Council and 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 Councils' revenue budget and capital budget. Quarterly monitoring of these indicators is a requirement of the prudential code.

1.2 The following appendices have been attached to this report:

Appendix 1: Capital Monitoring Summary for Both Councils

Appendix 2: Reprofiled Budgets for Both Councils

Appendix 3: Joint 1st Quarter Treasury Management Update 2024

2. RECOMMENDATIONS

2.1 The Joint Strategic Committee is asked to:

- i) To note the reprofiling of the Worthing Borough Council capital schemes as advised in paragraph 7.2.1 and appendix 2.
- ii) To approve the removal of the strategic property investment budget in paragraph 7.1.1 and use of settlement funding detailed in 7.2.2
- iii) To note the grant funding changes for the Disabled Facilities grant and Solar Panels set out in paragraphs 7.1.2, 7.1.3, 7.2.3, 7.2.4.
- iv) To note the first quarter treasury management update set out in appendix 3.

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 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. Moving forward a Major Projects Board will have oversight of the capital programme and a new budget management group for assets has been established to review capital expenditure requests before commitment to spend.

3.3 Full summaries of the progress of all the schemes in the 2024/25 Capital Investment Programmes are prepared each quarter.

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

4. Progression of the 2024/25 Capital Programme's - Quarter 1

4.1 This section of the report looks into the progression of the programme and highlights the current overview of the projects currently underway. By tracking this trajectory we can highlight issues with projects and be aware of schemes which require further support and monitoring. This information is supplied by project managers monthly, following updates on their expenditure from finance colleagues.

| Adur District Council | Number of schemes | Percentage % |
|---|--------------------------|---------------------|
| Schemes which have completed | 5 | 6% |
| Schemes which are progressing satisfactorily | 73 | 88% |
| Schemes where progress is being closely monitored | 5 | 6% |
| Schemes with significant challenges or financial issues | 0 | 0% |

| Worthing Borough Council | Number of schemes | Percentage % |
|---|--------------------------|---------------------|
| Schemes which have completed | 2 | 1.9% |
| Schemes which are progressing satisfactorily | 101 | 95.3% |
| Schemes where progress is being closely monitored | 1 | 0.9% |
| Schemes with significant challenges or financial issues | 2 | 1.9% |

A summary of the financial movements of the 2024/25 Capital Investment Programme is attached as Appendix 1 to this report.

4.2 **Capital Programme Review**

The report titled 'New Financial Strategy,' presented by the Director for Sustainability and Resources to the Joint Strategic Committee meeting on 17th July 2024, asked the committee to consider a recommendation to '[agree] to the change in the approach to developing the capital programme and the subsequent implications of this with respect to a smaller capital programme in the short term.' The report also detailed officers' intentions to plan capital and revenue spend through a more integrated approach, aligned with a continuation of prudent treasury planning for both councils. This will ensure that both councils align their capital decision-making with their long-term revenue capabilities, taking into account their respective aspirations and priorities.

Work on this new approach is progressing well, with much of the change expected to be reflected in the proposed capital strategy for 2025-26. As part of this shift, schemes that have not yet commenced are being actively reviewed to ensure a timely transition to the new strategy. Given the number of schemes and the complexity of the current programme, it is crucial to allow sufficient time for thorough assessment and consultation on each scheme. Ongoing reviews of resources, risks, and opportunities related to these projects are underway, with updates to members expected in subsequent reports.

5.0 **Schemes Progressing Well in the 2024/25 Capital Programme's - Quarter 1**

5.1. **Adur District Council**

5.1.1 South Street Housing

The South Street Housing project to deliver temporary accommodation is currently progressing well. Contractors are actively on site and making steady progress towards an anticipated completion date of February 2025. To date, the project remains on budget.

5.1.2 Buckingham Park

Planning has now been approved on this flagship project to invest in community assets in the heart of Shoreham. The next stage of the project will look to progress towards construction with the current facility offering public toilets, a cafe and changing rooms for many of Shoreham's community sports clubs.

5.1.3 Adur Homes

A series of works to improve our current housing stock are underway, with £3m of expenditure attributed towards schemes including; Fire Safety, Replacement Roofing, Void properties and Damp/Mould Remedials. The current commitment in 2024/25 for these works is £19m and the department is striving to convert this budget into tangible improvements for our residents.

5.14 Old Barn Way

Discussions are ongoing with the Football Foundation and the Russell Martin Foundation regarding the proposal to deliver a new football pitch and premises on the site. The Football Foundation have advised they are intending to prepare an offer letter for grant funding of £2.2m funding for the project with additional match funding from Adur District Council and Russell Martin Foundation for the balance of the project costs. The project is currently at the planning and design stage, with technical information being prepared and collated. All options will be considered, this will be presented to members to inform any decision prior to the progression of this project and any formal acceptance of the grant funding offer.

5.1.5 Completed Capital Projects;

- i) Buckingham Park Tennis Courts
- ii) LAHF Property Acquisitions
- iii) Wilmot Road Social Housing
- iv) Cemeteries Tractor Purchase
- v) Accessible Doors at Wadurs Leisure Centre

5.2 **Worthing Borough Council**

5.2.1 LAHF Property Acquisitions

The LAHF property project is designed to enable the council to purchase properties for the purpose of temporary housing in the area and has been partly-funded by a grant from the Local Authorities Housing Fund. Three purchases have been completed in quarter 1 and surveys have been conducted at a further three properties.

5.2.2 Completed Capital Projects;

- i) Church house Grounds Tennis Courts
- ii) Cemeteries Tractor Purchase

6.0 Challenges in the 2024/25 Capital Investment Programme:

6.1 There continues to be challenges to the delivery of a number of schemes due to a number of factors outside the councils' control, delays have been encountered as follows:

i) Quotes and tenders from contractors have continued to rise in the current climate, which has led to some decisions on funding certain projects. Despite inflation reducing in recent months, there is still a lag from when many projects were approved in previous years.

ii) Current resource allocation challenges have resulted in staff being overstretched, with certain projects receiving priority while others are temporarily deferred. This issue will be addressed through the review outlined in section 4.4

6.2 Adur District Council

6.2.1 Commerce Way Roofing and Showers

The works to replace the commerce way offices roofing have now been tendered, with all quotes coming back significantly over the current budget. Reactive works have been conducted to the flooring in the first quarter. This has enabled the capital budget intended for the flooring project to be utilised towards completion of the roof and avoid further delays to a project which can be heavily impacted by weather deterioration as we move towards the winter months. A virement of £100,000 was signed off.

The tender for the upgrade of the male showers also tendered slightly over the current budget, so a virement of £10,000 was signed over from the flooring scheme.

6.3 Worthing Borough Council

6.3.1 Worthing Integrated Care Centre

The project is nearing completion and is expected to become operational in Autumn 2024. Due to the complexities and delays associated with the large scale of the project, there will be an overspend on the project. Current indications show an expected overspend of £1.1m against the budget. With the current spend at £43m and £0.5m of commitments remaining. The ongoing net cost associated with the building, including capital financing, will be set out within the councils medium term financial strategy to reflect the commitment within the annual revenue budget.

6.3.2 Buckingham MSCP

This is another large project which has suffered from delays. Issues with fire safety have halted the project, these have now largely been remedied and the works are expected to be complete in the Autumn. Due to delays and issues, this budget is currently estimated to overspend by £0.85m with a current spend of £2.8m and commitments of £0.55m outstanding. The revenue impact of the closure is also evident in the shortfall in parking income, and whilst there has been some displacement of customers to other car parks in the town this is not mitigating the loss against the £330k income budget.

6.3.3 Grafton MSCP

The car park is due to have structural works completed to ensure it remains safe. Tenders have been received and the minimum viable works have come back over the current budget. As these works are essential and a health and

safety priority, a £70,000 virement has been signed over from the High Street MSCP project which has been able to identify more cost-effective designs for the soffit repairs it requires.

7.0 Issues for Consideration

7.1 Adur District Council

7.1.1 Strategic Property Investment Fund

The fund was originally added to the capital programme in 2018 with the aim to generate rental income for the council. This has since evolved, due to regulation changes, into a fund to invest in local properties in the area that provide community societal and economic benefit. The published fund in the capital programme was included to signify the council's intention to invest in the area and is wholly funded by prudential borrowing. However this fund originated from a time with completely different economic conditions, where council borrowing was at a low interest rate and had relatively low effect on the service budgets. Given the current financial constraints, it is not accurate or prudent to include a potential capital investment of £43m to the programme and this fund should be removed. This does not remove the council's intent to invest within the local area, but signals each proposal should be assessed based solely on its own merits rather than being shadowed by a seemingly accessible fund.

7.1.2 Grant Funding - Disabled Facilities Grant

The forecasted Disabled Facilities Grant did reflect the high volume of work that is processed by our team. The budget has been raised to £1,000,000 for the year. The works are funded by the Better Care fund, of which grants available in the period 2024/25 total £1,273,878.

7.1.3 Grant Funding - Solar Panels at Wadurs Leisure Centre

The council has been awarded grant funding from Sport England to install solar panels to the leisure site. The award funding of £90,173 has been added to the capital programme and a PID has been approved via directors after consultation with the executive member.

7.2 Worthing Borough Council

7.2.1 Budgets totalling £11,600,000 have been reprofiled to 2025/26 and future years where the project schedule has been updated and the schemes will complete following the completion of the 2024/25 period. A list of schemes reprofiled is attached as Appendix 2 to this report.

7.2.2 Settlement of Metal Fire Doors at MSCP sites

A settlement has been reached with a contractor who installed fire doors which are now not fit for purpose. The settlement of £33,435 will be added to the affected multi-storey car park budgets to enable metal fire doors to be installed. £23,800 will be added to the High Street MSCP project and £9,635 to the Buckingham Park MSCP project to carry out the works.

7.2.3 Grant Funding - Disabled Facilities Grant

The forecasted Disabled Facilities grant did reflect the high volume of work that is processed by our team. The budget has been raised to £1,800,000 for the year. The works are funded by the Better Care fund, of which grants available in the period 2024/25 total £2,516,597.

7.2.4 Grant Funding - Solar Panels at Splashpoint Leisure Centre

The council has been awarded grant funding from Sport England to install solar panels to the leisure site. The award funding of £87,858 has been added to the capital programme and a PID has been approved via directors after consultation with the executive member.

7.2.5 MSCP Pay Machines

A request was made to vire funds from the contingency budget for new pay machines at Buckingham Road, High Street and Grafton MSCPs. This is due to the high revenue cost of the current number plate recognition system which charges a greater amount per transaction. The new machines will be based on a pay and display model. The funds have been vired to the existing MSCP equipment budget which is running alongside the Buckingham Road MSCP redevelopment.

8.0 ENGAGEMENT AND COMMUNICATION

8.1 The purpose of this report is to communicate with stakeholders on the progress of Adur and Worthing Councils 2024/25 Capital Investment Programmes. Officers of the Council have been consulted on the progress of the schemes which they are responsible for delivering.

8.2 Specific schemes are subject to public consultation (e.g new playgrounds) to ensure that they meet community needs.

9.0 FINANCIAL IMPLICATIONS

9.1 There are no unbudgeted financial implications arising from this report as the Adur District Council and Worthing Borough Council 2024/25 Capital Investment Programme was approved by the Council in February 2024. 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.

10.0 LEGAL IMPLICATIONS

10.1 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.

10.2 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 2024/25 – 2025/26 Worthing Borough Council and Joint Committee.
- Capital Strategy 2024/27.

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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.

| CAPITAL MONITORING SUMMARY 2024/25 | | | | | | | | | 1st Quarter |
|---|---|--|--|--|--|--|---|--|--|
| Executive Portfolios | (1) Total ADC Scheme Budgets | (2) Previous Years' Spend | (3) 2024/25 Original Budget | (4) Net budget b/f from 2023/24 | (5) Approved Changes to Original Budget | (6) 2023/24 Budget Reprofiled (to) and from 2024/25 | (7) 2024/25 Current Budget | (8) 2024/25 Spend to Date | (9) Spend % of Current Budget |
| | £ | £ | £ | £ | £ | £ | £ | £ | |
| Adur Homes and Customer Services | 91,336,278 | 28,393,138 | 34,407,170 | 1,611,178 | 1,912,791.00 | | 37,931,139 | 6,380,840 | 16.82% |
| Environment and Leisure | 8,586,026 | 268,151 | 3,576,360 | 909,402 | 90,173.00 | - | 4,575,935 | 78,072 | 1.71% |
| Communities and Wellbeing | 741,339 | - | 588,650 | 64,689 | - | - | 653,339 | 28,712 | 4.39% |
| Regeneration and Strategic Planning | 6,853,159 | 4,454,279 | 1,621,270 | 603,450 | - | - | 2,224,720 | 34,009 | 1.53% |
| Resources | 5,334,293 | 1,835,800 | 45,996,670 | 247,636 | - 43,368,693.00 | - | 2,875,613 | 46,705 | 1.62% |
| TOTALS | 112,851,095 | 34,951,368 | 86,190,120 | 3,436,356 | (41,365,729) | - | 48,260,747 | 6,568,338 | 13.61% |

Financing of 2024/25 Programme:
Adur Homes Capital Programme:

| | |
|------------------------|---------------|
| Capital Receipts: | £'000 |
| Major Repairs Reserve: | 0 |
| Prudential Borrowing: | 5,947 |
| Government Grants: | 21,737 |
| | 549 |
| | <u>28,233</u> |

General Fund Capital Programme:

| | |
|------------------------------------|---------------|
| Prudential Borrowing: | £'000 |
| Capital Receipts: | 15,929 |
| Government Grants: | 921 |
| Revenue Reserves and Contributions | 1,667 |
| S106 Receipts | 58 |
| Other Contributions | 269 |
| | 1,184 |
| | <u>20,028</u> |

| CAPITAL MONITORING SUMMARY 2024/25 | | | | | | | | | 1st Quarter |
|---|---|--|--|--|--|--|---|--|--|
| Executive Portfolios | (1) Total WBC Scheme Budgets | (2) Previous Years' Spend | (3) 2024/25 Original Budget | (4) Net Budget b/f from 2023/24 | (5) Approved Changes to Original Budget | (6) 2024/25 Budget Reprofiled (to) and from 2025/26 | (7) 2024/25 Current Budget | (8) 2024/25 Spend to Date | (9) Spend % of Current Budget |
| | £ | £ | £ | £ | £ | £ | £ | £ | |
| Housing and Citizen Services | 19,660,214 | 385,096 | 5,344,820 | 7,634,800 | 2,609,418 | (3,300,000) | 12,289,038 | 1,317,997 | 10.72% |
| Safety, Equalities and Inclusion | 707,380 | 149,162 | 87,000 | 183,217 | - | | 270,217 | 63,933 | 23.66% |
| Communities, Culture & Leisure | 2,663,368 | 492,408 | 1,378,400 | 406,202 | 136,358 | | 1,920,960 | 3,808 | 0.20% |
| Environmental services | 8,735,227 | 7,148 | 765,497 | 1,419,282 | 25,000 | | 2,209,779 | 71,170 | 3.22% |
| Regeneration | 89,482,297 | 55,872,388 | 13,632,860 | 7,099,492 | 7,587,118 | (8,300,000) | 20,019,470 | 7,044,122 | 35.19% |
| Resources | 7,908,080 | 1,267,730 | 8,436,720 | 121,256 | (2,884,826) | | 5,673,150 | 42,944 | 0.76% |
| TOTALS | 129,156,566 | 58,173,932 | 29,645,297 | 16,864,248 | 7,473,068 | (11,600,000) | 42,382,613 | 8,543,975 | 20.16% |

Financing of 2024/25 Programme:

| | |
|-------------------------------------|---------------|
| | £'000 |
| Borrowing: | 24482 |
| Capital Receipts: | 923 |
| Revenue Contributions and Reserves: | 159 |
| Government Grants: | 9208 |
| S106 and CIL Receipts | 5486 |
| Other Contributions: | 2,125 |
| | <u>42,383</u> |



WORTHING BOROUGH
COUNCIL

WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

| Scheme | Reprofiled Budgets | Reason |
|---|--------------------|---|
| 1. Schemes in Progress where the completion has been delayed beyond March 2024 | | |
| N/A | | |
| 2. Schemes in Progress where the project schedule has changed | | |
| 5&7 High Street - Housing | 1,800,000 | Works are currently anticipated to complete April 2026. Budget reprofiled to reflect this. |
| Cycle Lane - George V to Sea Lane | 1,800,000 | £200K has been released for the initial stage of the project. The construction of the cycle lane is expected to begin in 2025/26. |
| Victoria Road - Housing | 1,500,000 | Works are currently anticipated to complete November 2025 . Budget reprofiled to reflect this. |
| Worthing Heat Network - Enabling Works Phase 1 (Corporate Buildings) | 3,000,000 | Works are currently anticipated to complete in 2025/26. Budget reprofiled to reflect this. |
| Worthing Heat Network - Enabling Works Phase 2 (Cultural buildings) | 3,500,000 | Works are currently anticipated to complete in 2025/26. Budget reprofiled to reflect this. |
| Total Reprofiled Budgets: | 11,600,000 | |
| Grants / Contributions Anticipated towards above schemes: | | |
| | | |
| Cycle Lane - CIL/S106 | 1,800,000 | |
| Homes England - 5&7 High Street | 600,000 | |
| Homes England - Victoria Road | 770,000 | |
| PSDS Grant - WHN Phase 1 | 3,000,000 | |
| PSDS Grant - WHN Phase 2 | 3,500,000 | |
| | | |
| | | |
| | | |
| Council Prudential Borrowing Budgets Reprofiled: | 1,930,000 | |

Appendix 3

1st Quarter Treasury Management Update 2025 Quarter ended 30th June 2024

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 and subsequently the Joint Strategic Committee. Much of this information will remain relevant for quarter one, however the following economic events are specific to Quarter one of the 2024/25 year:

- GDP growth flatlined at 0.0% m/m in April after 0.7% q/q growth in Q4 2023/24.
- CPI inflation fell from 2.3% in April to 2.0% in May, while core CPI inflation decreased from 3.9% to 3.5%.
- The Bank of England held interest rates steady at 5.25% in May and June.
- 10-year gilt yields rose to 4.35% in April, closing at 4.32% in May. This is a key yield which underpins the PWLB cost of borrowing for councils. As such this yield also, to some extent, dictates pricing in other borrowing markets available to both councils.

1.2 The UK economy showed resilience, with a slight stall in recovery as GDP growth was flat in April. Retail sales volumes rose by 2.9% in May, reversing April's decline. Rate cuts are expected to begin in the coming months, though are likely to be structured to deliver a slow and steady relaxation in interest rates. Markets remain

1.3 MPC Meetings During Quarter 1

1.3.1 9th of May 2024 - Hold

At the 9th May, the Bank of England's Monetary Policy Committee (MPC) maintained the Bank Rate at 5.25%.

1.3.2 20th of June 2023 - Hold

At the 20th of June meeting the MPC held rates again at 5.25%

Both holds reflected a split vote – seven members voting for hold in rates and two for a 25bps cut.

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 28th of May, sets the view that both short and long-dated interest rates are beginning to ease, as a series of rate cuts is anticipated from the bank of England.
- 2.2 It is expected that the increased domestic inflationary pressures which have driven markets to demand higher returns on fixed income instruments will continue to stabilise near the target rate of 2%. This will enable a steady reduction in the cost of new borrowing because 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 | 28.05.24 | | | | | | | | | | | |
|-------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 |
| BANK RATE | 5.25 | 5.00 | 4.50 | 4.00 | 3.50 | 3.25 | 3.25 | 3.25 | 3.25 | 3.00 | 3.00 | 3.00 |
| 3 month ave earnings | 5.30 | 5.00 | 4.50 | 4.00 | 3.50 | 3.30 | 3.30 | 3.30 | 3.30 | 3.00 | 3.00 | 3.00 |
| 6 month ave earnings | 5.30 | 4.90 | 4.40 | 3.90 | 3.50 | 3.30 | 3.30 | 3.30 | 3.30 | 3.10 | 3.10 | 3.20 |
| 12 month ave earnings | 5.10 | 4.80 | 4.30 | 3.80 | 3.50 | 3.40 | 3.40 | 3.40 | 3.40 | 3.20 | 3.30 | 3.40 |
| 5 yr PWLB | 4.90 | 4.70 | 4.50 | 4.30 | 4.10 | 4.00 | 3.90 | 3.90 | 3.90 | 3.90 | 3.90 | 3.80 |
| 10 yr PWLB | 5.00 | 4.80 | 4.60 | 4.40 | 4.30 | 4.10 | 4.10 | 4.10 | 4.00 | 4.00 | 4.00 | 3.90 |
| 25 yr PWLB | 5.30 | 5.20 | 5.00 | 4.80 | 4.70 | 4.50 | 4.50 | 4.40 | 4.40 | 4.40 | 4.30 | 4.30 |
| 50 yr PWLB | 5.10 | 5.00 | 4.80 | 4.60 | 4.50 | 4.30 | 4.30 | 4.20 | 4.20 | 4.20 | 4.10 | 4.10 |

3. Annual Investment Strategy

- 3.1 The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual investment Strategy, was approved by full Councils' on 20th of February 2024 (WBC) and 22nd of February 2024 (ADC). 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 each portfolio as at 30th June 2024.

Adur Portfolio position as at 30th June 2024:

| 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 | £10,000 | var | AAAmmf |
| Federated Investors MMF | n/a | n/a | £3,000,000 | var | AAAmmf |
| Invesco MMF | n/a | n/a | £10,000 | var | AAAmmf |
| Lloyds Call Account | n/a | n/a | £120,000 | 5.14% | AA |
| Close Brothers Limited | 09.08.22 | 09.08.24 | £1,000,000 | 3.20% | BB+ |
| Local Authority Property Fund | 27.04.17 | n/a | £3,000,000 | var | n/a |
| Boom Credit Union | 06.03.15 | n/a | £25,000 | n/a | n/a |
| Total | | | £7,175,000 | | |

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.

Worthing Portfolio position as at 30th June 2024:

| Counterparty | Issue Date | Maturity Date | Principal | Interest Rate | Long Term Rating |
|-------------------------------|------------|---------------|--------------------|---------------|------------------|
| Black Rock MMF | n/a | n/a | £890,000 | var | AAAmmf |
| CCLA MMF | n/a | n/a | £3,000,000 | var | AAAmmf |
| Federated Investors MMF | n/a | n/a | £3,000,000 | var | AAAmmf |
| Invesco MMF | n/a | n/a | £1,590,000 | var | AAAmmf |
| Lloyds Call Account | n/a | n/a | £755,000 | 5.14% | AA |
| Close Brothers Limited | 09.08.22 | 09.08.24 | £1,000,000 | 3.20% | BB+ |
| Local Authority Property Fund | 27.04.17 | n/a | £1,500,000 | var | n/a |
| Boom Credit Union | 06.03.15 | n/a | £25,000 | n/a | n/a |
| Adur District Council | 21.06.24 | 02.07.24 | £1,200,000 | 5.20% | n/a |
| Total | | | £12,960,000 | | |

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.

3.5 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 2024.

3.6 Prudential Indicators

During the quarter ended 30th June 2024 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 the Joint Audit and Governance Committee and subsequently the Joint Strategic Committee.

