



ADUR & WORTHING  
COUNCILS

Cabinet  
2nd February 2023

Key Decision [Yes/No]

Ward(s) Affected: All

## Investing in our Places - Capital Programme 2023/24 to 2025/26

### Report by the Director for Digital, Sustainability and Resources

#### Executive Summary

#### 1. Purpose

1.1 This report recommends the investment programmes for Adur District Council which supports both the strategic ambition of the Council, and the vital regular investment toward the upkeep and improvement of our public assets and the delivery of services.

1.2 Members are now asked to approve the new schemes for 2023/24. This report recommends:

- the schemes for inclusion in the overall Capital Investment Programmes for 2023/24; and
- an indicative list of schemes for 2024/25 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)   | <b>Appendix 1</b> | 2022/23 Budgets reprofiled to 2023/24 for scheme delivery in 2023/24;  |
| (ii)  | <b>Appendix 2</b> | New schemes to be included in 2023/24 Capital Investment Programme including the share of the Joint Strategic Committee programme; |
| (iii) | <b>Appendix 3</b> | Full Adur District Council capital investment programme for 2022/23 - 2025/26  |

- |      |                   |  |
|------|-------------------|--|
| (iv) | <b>Appendix 4</b> | Partnership capital investment programme for 2023/24 - 2025/26 |
| (v)  | <b>Appendix 5</b> | Amendments and additions to the Reserve List of schemes        |

## 2. Recommendations

2.1 The Cabinet is recommended to:

- (a) Consider the General Fund Capital Investment Programmes for 2023/24 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 23rd February 2023;
- (c) Note the amendments and additions to the reserve lists as detailed in Appendix 5

## 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 2023 - 26 was updated and agreed by the Joint Strategic Committee (JSC) on 11th October 2022. 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 2023/24 against a backdrop of high inflation" report which was agreed by Joint Strategic Committee on 5th July 2022 and subsequently refreshed in the budget update report considered in December.

3.2 The Capital and Budget Strategies set out the following:

- (a) A maximum level of funding available per year for the next 5 years to fund new General Fund schemes was to be limited to £1.0m in 2023/24;

- (b) £5.6m was to be invested annually into the Housing Investment Programme which excludes any new developments which can be justified on a self-funding basis.
- (c) 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 October 2022 confirmed the approach to setting the capital investment programme. The strategy confirmed the following resource allocations for 2022/23:

- £360,000 set aside for partnership schemes principally to fund the planned vehicle replacements.
- £100,000 for essential IT replacement .
- £90,000 to be set aside for essential capital maintenance schemes.
- £160,000 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 £43m 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 October 2022 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 2023/24, only the £268,000 of resources would remain for other schemes.

#### **4. Supporting the delivery of the Council's priorities**

4.1 Included within the proposed programmes for 2023/24 - 2024/25 are a number of programmes of work which will deliver the Council's priorities as set out in 'Our Plan'. The paragraphs below highlight those schemes which are of significant importance in delivering our priorities over the next two years.

## 4.2 **Mission - Thriving People**

There are several schemes included within the programme which will support both improved housing and community facilities. Highlights include the following planned investments:

- Small Sites Programme (£13,979,910)  
Housing programme to replace old under-used garages to build new homes for the community over seven sites. 56 homes will be built as part of the council's house building commitments.
- Improvements to Council Homes (£3,654,900)  
The programme is part of the council's long term commitment to ensure dwellings to continue to accelerate the improvement of the quality of local homes. There is a significant and continued focus around our compliance and healthy and safety work, including asbestos management, electrical safety, lift servicing, fire safety, gas safety and inner rooms. We are also responding to the issues raised at the end of last year in Rochdale around our response to tenants and properties affected by damp and mould.
- Affordable housing - Grants to Registered Social Landlords (£2,069,800)  
As part of the council's ongoing commitment to improve the supply of affordable housing for local residents, this funding is available as grants to social landlords to provide low cost-high quality accommodation.
- Temporary and Emergency accommodation (£1,836,000)  
An unallocated budget is available to purchase land and buildings that could be used to provide high quality local temporary and emergency accommodation. Suitable sites within the Adur area are actively reviewed to ensure suitable developments can be identified and developed.
- Lancing Manor Leisure Centre (£497,730)  
The leisure centre requires renewal to continue to provide fitness and community services. Replacement cladding, glazing is included in the programme.
- Eastbrook Community Centre (£291,050)

Refurbishments and renewals are required for the centre to enhance it as a resource for local residents. Development of a new multi games room and fabric repairs are included in the works.

- Public Convenience improvement (£260,000)

A rolling programme of refurbishment for public conveniences. Works will improve the quality and accessibility in a number of locations, improving standards for residents and visitors to the area. This includes a new Changing Places facility at The Shoreham Centre (Adur Civic presence) subject to a more detailed technical assessment.

#### 4.3 Mission - Thriving Places.

The following investments are planned to project and improve our local areas:

- Shoreham Harbour Walls Project (£2,000,000)

Continuing development is being undertaken to protect Shoreham from potential flooding, using new sea defences and improved drainage for the areas most at threat

- Parks improvement programme

There are several initiatives currently underway to improve the parks and open spaces for residents. There are significant investments planned by the Council in these important local amenities over the next couple of years.

	2022/23 Approved	2023/24 Proposed	2024/25 Indicative	2025/26 Indicative
Adur	£'000	£'000	£'000	£'000
Play area improvements	237	80	80	80
General parks improvements	353	180	200	200
Buckingham Park Pavilion	0	172	0	0
	590	432	280	280

- Vehicular Incursion Prevention (£70,000)

Enhanced security and boundaries will be installed to prevent any unauthorised use of recreation grounds, helping to maintain and keep them in the condition our local residents expect.

#### 4.4 Mission - Thriving Environment

- Adur Homes Heating and Energy Efficiency schemes (£150K)  
Replacement heating will be provided to selected dwellings. Improvements include improved insulation and replacement of inefficient boilers. Work is being done to quantify the energy performance of current Adur Homes stock that will enable future bids to the Social Housing Decarbonisation Fund to be considered.

A new round of Public Sector Decarbonisation Scheme funding for corporate buildings is expected in Autumn 2023 and a bid will be submitted should the chance of success be considered high.

- Tree planting (Adur £25,720)  
Programme to remove and replace trees affected by Ash dieback to ensure a suitable stock.
- Vehicle replacement programme (£345,000)  
Smaller vehicles are being replaced with electric equivalent vehicles. At the moment a fleet strategy is being developed which will seek to identify the most carbon and cost effective solution to fully decarbonise the Council's fleet, including refuse and recycling collection vehicles. Most of the large fleet is due for replacement in 2026/27 giving some time for the technologies to develop and be tested before the Councils make a long term commitment. In the interim, second hand or adaptable vehicles will be acquired to ensure that the Council meets the objective of decarbonisation by 2030.

#### 4.5 **Mission - Thriving Economy**

The Council plans to invest in the town centres to provide welcoming places for our residents:

- Public Space improvements - The Council has embarked on a project to improve Southwick Square in 2022/23. At the Sub Joint Strategic Committee on 10th November 2022, Members agreed to work in partnership with West Sussex County Council (WSSCC) to invest £600k of Growth Deal monies to upgrade this area of public realm. The scheme will be tendered in January 2023 with the works planned to begin in Spring 2023. The scheme is due to complete in Autumn 2023. Further schemes in Adur are likely to come forward as part of the Growth Deal with WSSCC in 2023/24, notably likely investment into Lancing as part of a Levelling Up bid.

#### 4.6 **Good foundations**

Investments are planned to improve how we work across all of the services delivered by the Council:

- Hardware and infrastructure replacement programme (£77,550)  
Our hardware and 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.
- Commerce Way (£162,500)  
Refurbishment and renewals are required at the commerce way office to ensure staff can work in safe, suitable surroundings. Improvements to the office will show the council's commitment to staff wellbeing and provide the facilities required to provide services to the local community and businesses.
- Digital Cyber Security (£56,400)  
Purchases of new security software and training for staff to ensure information is protected from outside threats and meet with the council's commitments to Data Protection.
- Bereavement Services software (£20,510)  
Modernisation of bereavement services will replace existing paper files and implement new electronic software to improve staff efficiency and customer service.

#### 5. **Resourcing the programme:**

5.1 There are two influences on the overall size of the capital programmes, namely:

- (i) the level of available capital resources to fund the programmes;
- (ii) 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 Adur District Council remains challenging over the next five years. The need to invest in existing assets, as well as provide for partnership working and deliver significant projects set out in 'Our Plan', means the council will need to sustain relatively modest programmes as outlined in paragraph 3.2 for the foreseeable future. However, the programmes are under pressure due to the age and condition of many of our assets. Nevertheless, the need to increase the level of investment has to be balanced against the difficult financial position of the Council.
- 5.3 There is little change in the method of financing the programmes planned over the next 3 years. In addition, the council has approved a 'Strategic Property Investment Fund' which is an invest-to-save provision and specific investments which meet the criteria of the fund and support our local communities will be funded through prudential borrowing.
- 5.4 The proposed programme assumes a phased use of the available prudential borrowing, capital receipts, reserves and the Major Repairs Reserve for Adur Homes which is generated from the depreciation set aside on an annual basis. These are discussed in more detail below:

#### **5.5 Usable Capital Receipts derived from the sale of assets**

- 5.5.1 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.
- 5.5.2 In the past, the main source of capital receipts for Adur District Council has come from council housing sales which are used to support the HRA Investment Programmes. However, the sale of Adur Civic Centre will lead to a substantial capital receipt.
- 5.5.3 Adur has signed up to the DCLG agreement allowing 100% of Right to Buy (RTB) receipts to be retained to finance new affordable homes within the Adur area. However, the receipt can only provide 40% of the cost of any new build which means that the remaining 60% has to be financed from other sources including borrowing. The previous condition of being able to retain capital receipts arising from RTB sales was that they must be spent within a 3 year time limit, although this has been temporarily suspended in the light of the Covid 19 emergency. Receipts have to be returned if we cannot allocate the



receipts to any new homes. Properties may be built by Adur Homes or another Registered Provider. These receipts have been allocated to support the HRA development programme.

5.5.4 Other Housing Revenue Account property or land sales fall outside the requirements of RTB receipts and may be retained by Adur provided it is spent on affordable housing, regeneration or reducing the Housing Revenue Account debt.

5.5.5 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:-

	<b>Year 1 £</b>	<b>Year 2 £</b>
Interest at say 3.5% (current average return on investments)	<b>17,500</b>	<b>35,000</b>

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

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 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. There are some disposals which are currently taking place and which could be made available in time, but these are unlikely to meet all the investment needs of the Council in the immediate future;
- 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;

5.5.6 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.

5.5.7 In light of the budget strategy and the limitations on generating additional capital receipts, the estimated balance of capital receipts to fund the 2023/24 and 2024/25 Capital Investment Programmes will be:

<b>Adur District Council</b>		<b>Balance at 1<sup>st</sup> April £'000</b>	<b>* Receipts Generated £'000</b>	<b>Planned Use £'000</b>	<b>Balance at 31<sup>st</sup> March £'000</b>
<b>2023/24</b>	General	-	6,000	(6,000)	-
	Ring-fenced				
	- HRA	1,286	606	(1,000)	892
	- General Fund	221	66	(91)	196
	<b>Total</b>	<b>1,507</b>	<b>6,672</b>	<b>(7,091)</b>	<b>1,088</b>
<b>2024/25</b>	General	-	-	-	-
	Ring-fenced				
	- HRA	892	606	(400)	1,098
	- General Fund	196	11	(17)	190
	<b>Total</b>	<b>1,088</b>	<b>617</b>	<b>(417)</b>	<b>1,288</b>

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.

## 5.6 Prudential Borrowing

5.6.1 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 on council tax.

5.6.2 Since the removal of the debt cap for the Housing Revenue Account, the position for the HRA has been similar to the General Fund. The limitation on any future borrowing will be the affordability of the revenue consequences of the borrowing for the HRA.

5.6.3 Whilst, the HRA has the option to make a voluntary revenue provision (VRP) for the repayment of debt, at the moment, this option is not being exercised due to the financial position of the HRA. This will be reassessed once the HRA has addressed the current deficit. The repayment of debt can also be funded from the depreciation which is set aside into the Major Repairs Reserve (see 5.7.1 below).

5.6.4 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 3.5%	17,500	35,000
<b>Total costs</b>	<b>17,500</b>	<b>88,770</b>

\* 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.

## 5.7 Adur Housing Revenue Account - Major Repairs Reserve contribution

5.7.1 The Council is allowed to set-aside amounts into a Major Repairs Reserve, equivalent to at least the annual depreciation charge for the housing stock made to the Housing Revenue Account. This can be used to fund the repayment of debt or to finance new capital expenditure. The major repairs allowance calculation for 2023/24 is initially estimated at £4.4m which will be used to finance the capital programme.

5.7.2 New capital expenditure on housing will be financed from direct revenue contributions, capital receipts, the Major Repairs Reserve or from Prudential Borrowing. Any new borrowing will require amounts to be set aside from the Major Repairs Reserve for repayment of debt.

## 5.8 Revenue Contributions and Reserves

5.8.1 The HRA has a 'New Acquisition and Development' reserve specifically to fund initiatives to increase the supply of affordable housing.

## 5.9 Capital Grants and other external funding

5.9.1 The following capital grants and other contributions are expected and have been taken into account within the overall resources for the 2023/24 capital programmes:

### Adur District Council External Funding

	£
Disabled Facilities Grant (Better Care Fund)	375,000
Contribution from Worthing Borough Council towards improvements at Commerce Way	162,500

5.9.2 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

### General Fund Programme

6.1 The 2023/24 and 2024/25 draft General Fund programmes are attached at Appendix 2 and 3 which also includes the proposed changes to the 2022/23 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 2024/25 are indicative only and will be reassessed next year.

6.2 Members are asked to consider the proposed programmes. Members can remove schemes if they consider that they should not be supported at this time or add schemes which merit support provided that the overall programme remains affordable. 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.

### 6.3 **Invest to save schemes**

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 Head of Major Projects 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

The Council currently has a provision within the capital programme for energy efficiency / carbon reduction schemes which produce savings to offset any potential borrowing costs.

	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Adur	300,000	270,000	82,210	325,000
Worthing	300,000	270,000	239,020	400,000

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

#### 6.4 **Adur Housing Investment Programme**

6.4.1 The estimated resources available to fund the 2023/24 - 2026/27 HRA Investment Programme are sufficient to fund all the schemes detailed in Appendix 3.

6.4.2 The first priority for the programme is the safety of tenants and the continued maintenance of Council homes to address issues arising from the condition survey.

#### 6.5 **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.

6.6 The following tables are a summary of total resources used to fund the new schemes included in the draft programmes for 2023/24, 2024/25 and 2025/26.

<b>Programme Year</b>	<b>Revenue Contributions and Reserves £</b>	<b>Major Repairs Reserve £</b>	<b>Capital Grants and Contributions £</b>	<b>Usable Capital Receipts £</b>	<b>Borrowing £</b>	<b>TOTAL £</b>
<b>2023/24</b>						
General Fund	68,420	-	537,500	21,000	994,560	<b>1,621,480</b>
HRA	-	4,200,000	-	100,000	9,509,480	<b>13,809,480</b>
Total	68,420	4,200,000	537,500	121,000	10,504,040	<b>15,430,960</b>
<b>2024/25</b>						
General Fund	85,420	-	672,770	4,000	1,085,060	<b>1,847,250</b>
HRA	-	4,200,000	-	100,000	1,300,000	<b>5,600,000</b>
Total	85,420	4,200,000	672,770	104,000	2,385,060	<b>7,447,250</b>
<b>2025/26</b>						
General Fund	89,420	-	512,080	-	1,281,130	<b>1,882,630</b>
HRA	-	4,200,000	-	100,000	1,300,000	<b>5,600,000</b>
Total	89,420	4,200,000	512,080	100,000	2,581,130	<b>7,482,630</b>
<b>Overall total</b>						
General Fund	243,260	-	1,722,350	25,000	3,360,750	<b>5,351,360</b>
HRA	-	12,600,000	-	300,000	12,109,480	<b>25,009,480</b>
<b>TOTAL</b>	<b>243,260</b>	<b>12,600,000</b>	<b>1,722,3500</b>	<b>325,000</b>	<b>15,470,230</b>	<b>30,360,840</b>

6.7 Members will note that the total planned new spending for 2023/24, 2024/25 and 2025/26 is £30,360,840. 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:-

### Adur District Council

Programme Year	Revenue Impact		Cumulative		Full-Year Impact in
	General Fund £	HRA £	General Fund £	HRA £	
2023/24	124,060	1,182,676	124,060	1,182,676	2024/25
2024/25	134,687	164,700	258,748	1,347,376	2025/26
2025/26	158,860	164,700	417,608	1,512,076	2026/27

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 Cabinet and Council as part of the annual Revenue Budget report.

## **9.0 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 Adur District Council on the 7th February 2023.

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

## **10.0 Conclusion**

10.1 Due to the overall financial position of the Council, there are only limited revenue resources with which to fund the cost of financing the capital programme. Consequently the overall size of the core programme is relatively modest at £1m for Adur District Council and £5.6m for Adur Homes which this year has been increased to accommodate projects which need to be urgently progressed.

10.2 The Council has insufficient capital resources available to meet all of the identified demands for capital investment for 2023/24, 2024/25, and 2025/26. 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. This is a particular issue for the maintenance of our housing stock where there are several pressing problems that are being addressed with priority being given to fire safety and health and safety.

- 10.3 The implication of this restriction in capital investment is that some maintenance needs are not currently being met. The Council will need to continue to critically review their asset base over the coming years with a view to retaining a sustainable level of assets to support service delivery.
- 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 2024/25 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.
- 11.2 The final programme is marginally higher than the £1m approved as part of the capital strategy. The additional £15,560 can be accommodated within the revenue budget as detailed elsewhere on the agenda.

## **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.

## **Background Papers**

- CIPFA Prudential Code for Capital Finance in Local Government
- Capital Estimates 2023/24 – Working papers
- Investing for our future - Capital Strategy 2023/26 – Report to Joint Strategic Committee on
- Developing a revenue budget for 2023/24 against a backdrop of high inflation – Report to Joint Strategic Committee on 5<sup>th</sup> July 2022
- 2nd Capital Investment Programme and Projects Monitoring 2022/23 – Report to Adur Joint Strategic Sub-Committee on 6<sup>th</sup> December 2022
- Adur District Council - Housing Revenue Account Capital Programme 2019-2022 – Report to Joint Strategic Committee on 9<sup>th</sup> October 2018
- Improving supply of temporary accommodation - Report to Joint Strategic Committee on 13<sup>th</sup> September 2016
- Strategic Property Investment Fund 2021 - Annual Commercial Property Investment Strategy 2021/22 - Report to Joint Strategic Committee on 30<sup>th</sup> March 2021

## **Officer Contact Details**

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## 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