West Sussex Capital Strategy 2024-2029

1. Purpose

1.1. The West Sussex Capital Strategy drives the Council’s strategic capital investment ambition to support the sustainable long-term delivery of services. The Strategy supports delivery of the Council Plan, the Council’s vision for the county and its commitment to the communities of West Sussex. The Strategy is part of a suite of strategic financial management approaches that inform the Medium-Term Financial Strategy (MTFS).

1.2. The Capital Strategy is informed by the Council’s Asset Management Strategy which collates services’ asset requirements and integrates them with corporate asset management objectives. These demand-led objectives help shape decisions of the County Council about the priorities for the Capital Programme, their scale and value. The Capital Programme is approved annually in February by County Council as part of the Annual Budget setting process.

1.3. The Capital Strategy sets the framework for the identification, development and delivery of capital projects across all services. It supports and informs the control environment for delivering and reporting projects.

1.4. The Capital Strategy conforms with the Local Government Act 2003, which sets out the power to borrow, affordable borrowing limits and the power to invest and complies with relevant guidance. It is also informed by the CIPFA Prudential Code 2021, the Treasury Code of Practice and associated guidance. In line with best practice set out in the Prudential and Treasury Codes, it:

- applies a long-term approach
- explores external influence on the Capital Strategy
- examines commercial activity/ambition
- notes the implications of the Treasury Management Strategy
- ensures Council Plan priorities drive capital investment
- examines available resources and capacity to deliver
- assesses affordability against ambition and addresses any gap
- identifies capital financing principles
- demonstrates integration with other strategies and plans
- supports a 5-year capital investment plan, with actions, timescale, outputs and outcomes plus a five-year funded programme in line with the Medium-Term Financial Strategy
- identifies risks and mitigations
- outlines capital governance, monitoring, processes and procedures.

1.5. CIPFA published the updated Treasury Management and Prudential Codes on 20 December 2021 and stated that revisions need to be included in the reporting framework from the 2023/24 financial year.

1.6. The updated Treasury Management Code requires all investments and investment income (both treasury and non-treasury) to be attributed and reported to one of the following three purposes:

- **Treasury Management**: Investments arising from the County Council's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.
- **Service Delivery**: Investments held primarily and directly for the delivery of public services including, schools and education, local transport infrastructure and the environment. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project or otherwise incidental to the primary purpose".
- **Commercial Return**: Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to the County Council's financial capacity, that being that "plausible losses" could be absorbed in budgets or earmarked reserves without unmanageable detriment to local services. Furthermore, the updated Codes emphasise that a local authority must not borrow to invest solely for financial return.

1.7. The investment in the capital programme 2024-2029 is for service delivery purposes. The plans and aims of various external organisations and partners help inform the Council's Capital Strategy, including district and borough councils via local plans and partnerships and funding bodies, including government departments and devolved funding bodies. The Capital Strategy brings together the demand for capital investment and the available funding to enable the Council to set out its plan to fund the development and delivery of its priorities over the medium term through the five-year Capital Programme.

1.8. The Financial Management Code was introduced in 2019 and sets out that councils are required to plan and manage the use of council assets, in-particular infrastructure assets because this is vital in delivering council priorities and being financially resilient. In line with the Financial Management (FM) code, the review of the strategy and programme continues to move towards establishing a longer term strategy horizon, including consideration of schemes in the pre-pipeline and the timescales of the schemes coming forward.

2. Principles

2.1. Capital expenditure is expenditure that results in the acquisition, construction or enhancement of an asset for a period of more than one financial year. Assets can include land, buildings, roads, plant and equipment. Spending on projects can be capitalised if it meets the definition of capital expenditure. The investment ensures that the Council holds the assets it requires to enable delivery of its statutory services and to fulfil its legal functions. It acts as an important lever to deliver change in the County to meet changing needs. Capital Expenditure can also support the increasingly challenging revenue position where schemes enable income generation through economic development for the County Council or bring about reduced cost.

2.2. The Capital Strategy sets the direction for the foreseeable future and informs the five-year Capital Programme. The Capital Programme is reviewed and updated annually to ensure it remains focused on the County Council's priorities as set out in the Council Plan, that it addresses our routine maintenance and health and safety requirements and allows us to react to changes in circumstances or need.

2.3. The key principles of the Capital Strategy are:

- Capital expenditure enables the achievement of the County Council's priority outcomes as set out in the Council Plan
- Business intelligence data drives long-term asset planning to meet the needs of services
- Maintenance of assets is vital to the integrity of the County Council's approach to asset management and capital planning
- Capital investment decisions are made within a clear governance framework ensuring value for money

2.4. Individual projects are considered based on the extent to which they contribute towards the Council Plan priorities. Projects are assessed via business cases demonstrating they will deliver benefits derived from the Council's priorities and the extent to which they affect ongoing revenue costs to the County Council.

2.5. Projects that deliver Council Plan objectives and where the revenue benefits exceed the total cost of delivery, including financing costs, are funded from the Invest to Save/Future Economic Developments line in the programme. Section 7 sets out further details.

3. Capital Programme Objectives and Priorities

3.1. The Council Plan sets out the Council's vision and priority areas for the county. Individual Service Business Plans at departmental and directorate level identify objectives for each service to deliver the Council Plan priorities for their area of responsibility. Directorate-owned Asset Management Strategies set out the asset requirements to deliver those objectives.

3.2. The Programme includes the following areas of asset management and because these are considered to meet the essential corporate requirements of the Council, there is a simplified approach requiring an outline business case for Director approval:

- Corporate Estate maintenance – including the corporate and service-operated estate
- Schools maintenance – across the Local Authority maintained school estate
- Highway maintenance – including network condition-based repairs, upgrade and replacement of signals and signage and structural maintenance

- Fleet – investment in the Council's vehicles including Fire and Rescue, Highways and Transport and Social Care vehicles
- Energy efficiency projects – where income generated pays for the investment
- IT investment - so the Council can deliver modern and compliant services

3.3. Other projects require a business case which must include details of how the projects deliver Council Plan objectives, set against the technical project deliverables (such as time and benefits) and the financial impact to the Council. Where the Council receives external funding to meet strategic demands and objectives (including provision of school places and highways improvements to meet increased demographic and development demand), this reduces or even eliminates the capital costs of projects required of the Council but the need for a business case remains to support the investment decision and the prioritisation of delivery resources. Financial considerations should include:

- Cost Avoidance – projects that offset the costs of increasing service demand, including the cost of project development and delivery with a clear net revenue payback
- Strategic Investments - with a longer-term payback that is usually required including the benefits of growth deals
- Borrowing costs – where external funding is not received, the cost of borrowing is included to indicate the full cost of project delivery
- The ability of the project to generate capital receipts

3.4. Other projects include Highway major projects, funded from external grants and developer contributions and the provision of new school places and the creation of special school places, where increased in-county or in-house capacity reduces requirements for more costly independent placements.

3.5. Invest to Save and Future Economic Developments projects are projects where the revenue benefits are projected to exceed the total cost of their delivery, including development, operational and financing costs.

3.6. The County Council entered into a Joint Venture Partnership with Lovell Partnerships Limited (now established as Kinsted LLP) during 2021 in order to manage surplus assets held by the County Council and support the delivery of its priorities. West Sussex is a 50% partner in the LLP with this interest secured through its Wholly Owned Company, Edes Estate. The objectives of Kinsted LLP include:

- To support Edes Estate in achieving its objectives and the Council in achieving its key priorities for the period to 2026 as set out in the Council Plan, particularly a sustainable and prosperous economy and making best use of resources
- In line with the underlying theme of protecting our environment, deliver the developments to a high quality that are appropriate to agreed design and sustainability standards, including electric vehicle charging points, air source heat pumps, feature porches and composite windows

- To respond to demand by delivering housing to boost the local economy in a timely manner on sites that may otherwise not be commercially viable

3.7. Kinsted LLP will prepare business cases for the development of the 10 parcels of land currently optioned to the Joint Venture and any parcels which may be optioned in future. They will be reviewed by reference to the aims and requirements of the Partnership Agreement and in accordance with the approved governance arrangements underpinning the Joint Venture.

3.8. The County Council's initial capital commitment is the land value whilst Lovell's is the additional work to secure planning consent. In some cases, additional funding may be required to ensure viability against the requirements of the partnership.

3.9. The requirement for additional funds would be met in the form of a loan from one of the partners, the County Council having the first choice whether to provide a loan, although the Partnership Agreement assumes that both parties will take an equal share.

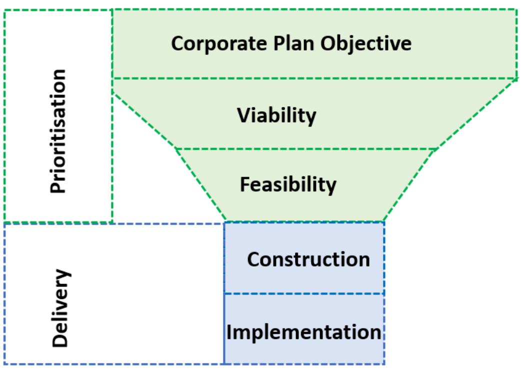
3.10. The Capital Programme provides funding of up to £5m towards the County Council's commitment to the Joint Venture as set out in the Partnership Agreement. The exact timing and amount of the actual draw down required will be impacted by the time taken to reach planning consent and the completion of the business cases for each site. The business plan for Edes Estate is currently being prepared and any impact on the Capital Programme will be considered as part of the 2025/26 programme.

4. Governance Arrangements for Capital Investment

4.1. The core maintenance programmes (see section 3.2) are approved via an Outline Business Case led by service asset condition survey data. Agreed condition scoring methodologies define an on-going programme of activity designed to maintain an overall standard for each type of asset. A list of proposed works is presented each year, with delivery, changes and reactive budgets delegated to the relevant Director.

4.2. Other proposed projects included in the Capital Programme are progressed through the capital programme governance framework.

4.3. Each project is brought through a standard gateway process characterised by the following stages:



4.4. As proposals are developed, a detailed Full Business Case is produced to demonstrate cost/ benefit of the project and seek approval for funding and implementation.

4.5. Where required, revenue funding to assess scheme viability is allocated against Outline Business Case proposals to test emerging projects and further feasibility funding is subject to senior officer approval of shortlisted or preferred options also against an Outline Business Case. When additional funds are required following approval of a proposal these are dealt with through change requests subject to the same governance process.

4.6. The Scheme of Delegation explains how authority is allocated between members and officers and how this can be decided in cases of uncertainty. It sets out the authority of Directors and explains the roles of the statutory officers. The Scheme of Delegation applies to the Capital Programme as to other decisions. Cabinet members or the relevant Director/Assistant Director will take most capital project decisions about schemes in the Programme. The Director of Place Services and the Assistant Director (Property and Assets) will also take decisions not linked to a specific service project and in relation to corporate schemes.

4.7. To ensure control over the capital funds of the Council and its commitments within the Capital Programme and also to give assurance to decision makers the following system of governance applies to the Capital Programme and is supported by a Capital Programme office under the Assistant Director (Property and Assets).

- **Capital Project Hubs** chaired by the relevant Director consider Strategic Outline Business Cases, Full Business Cases and change requests for onward approval relevant to their business area. These hubs cover Highways and Transport, Assets and Schools. They provide service and corporate expert advice on how to develop and resource a scheme.

- **The Capital and Assets Board** comprises the Cabinet Member for Finance, Directors of Place Services, Law and Assurance, Finance and Support Services and Assistant Director (Property and Assets) and all Hub Chairs. Other specialist officers attend to advise. It maintains oversight of the whole programme and gives assurance for business cases and change requests coming from the Hubs to enable the relevant decision maker to sign off the decision as per the Scheme of Delegation. Approvals will be in line with the Constitution and Scheme of Delegation.

4.8. The overall programme approach is reviewed and approved by the County Council each year at its budget setting meeting and the Financial Regulations (Financial Regulation B, paragraphs 2.2 – 2.4) set out the associated governance arrangements.

4.9. Options appraisals are based on the HM Treasury Green Book five-case business case model, adapted to meet local requirements[1]. All business cases

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[1] HM Treasury's Green Book Five-Case Model, is as follows:
Strategic – there is a robust "case for change" which meets corporate objectives
Economic – the scheme delivers value for money
Financial – the scheme is affordable within capital and revenue resources

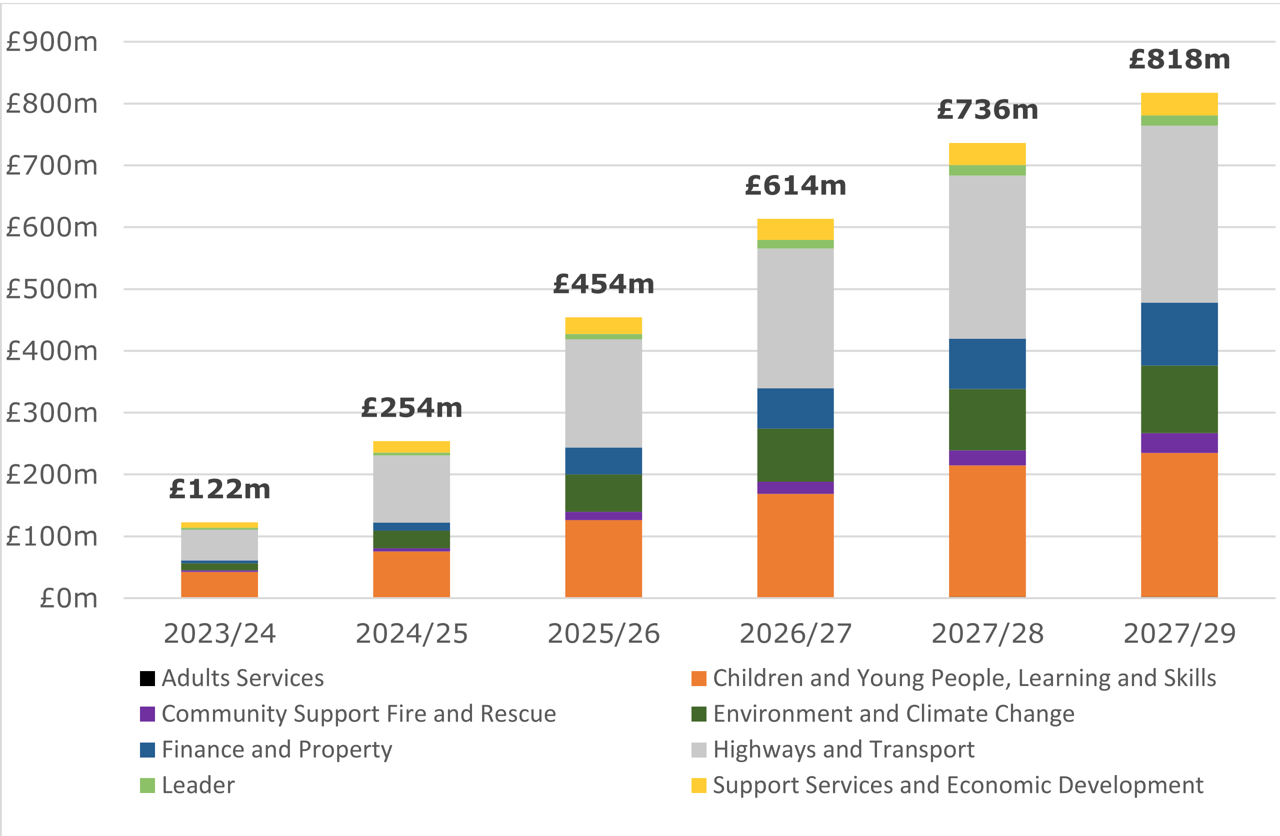
and project changes are reviewed at the officer Capital Programme Board meetings before being recommended to the relevant decision-maker for approval.

4.10. The Capital Programme is monitored as part of the Performance and Resources Report and developed to support and monitor delivery of the Council Plan. The quarterly reports are presented to the Cabinet and to scrutiny committees. The report is also published in the members' Bulletin and linked to the Members' Information Network database. Oversight of programme performance management is part of the core business of the Executive Leadership Team and the Cabinet. These forums and individual scrutiny committees may also consider individual projects to monitor outcomes.

5. Capital Programme expenditure and funding

5.1. The total value of schemes in the 2024/25—2028/29 Capital Programme is £695.3m. Figure 1 analyses the Capital Programme by Cabinet Portfolio; Appendix A gives further details and shows the main areas of investment are – highways and transport, learning and skills and the operational estate.

Figure 1: Capital programme expenditure 2023/24 to 2028/29 and subsequent years



5.2. Capital expenditure may be financed from a range of corporate and external resources. Corporate resources include capital receipts, revenue contributions,

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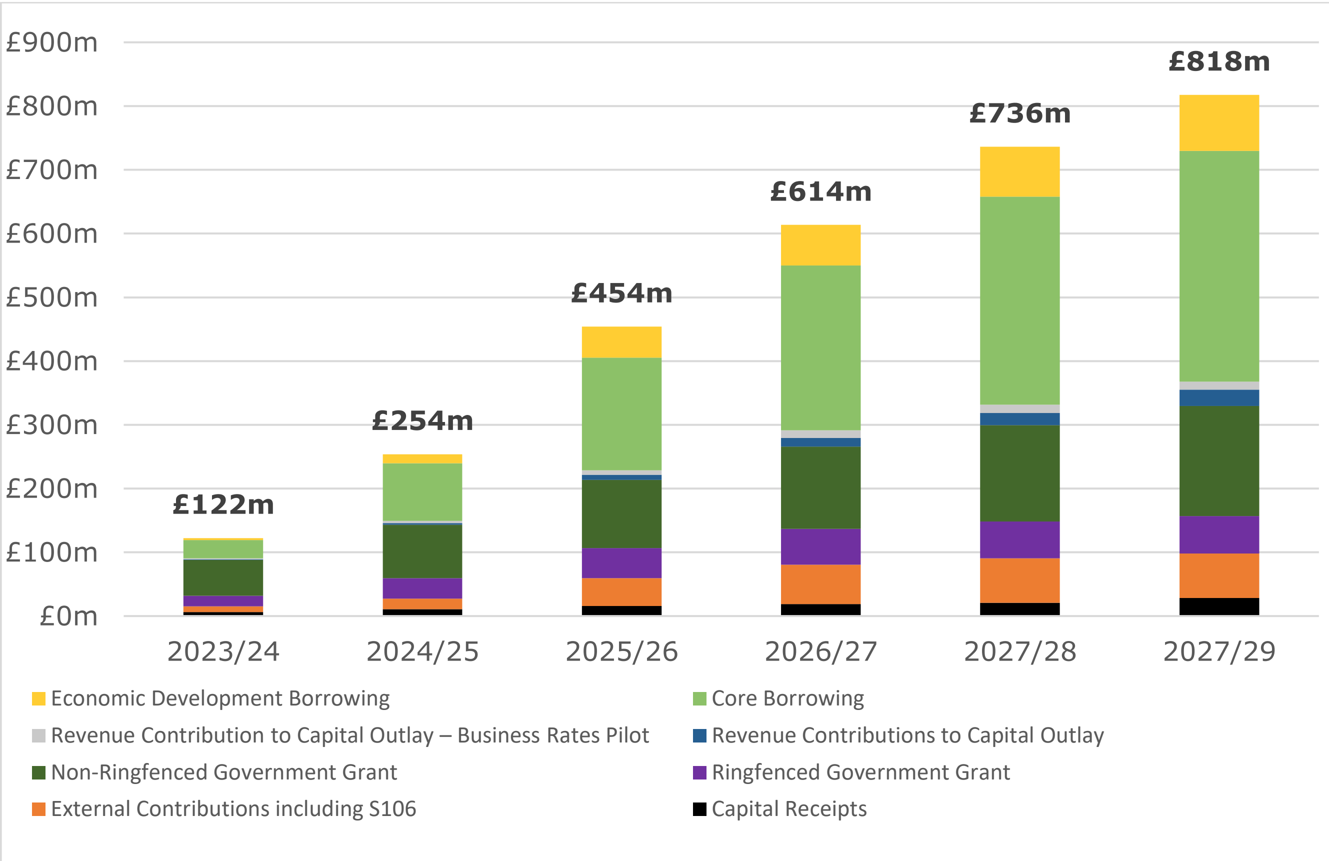
Commercial – procurement arrangements and any deal structure have been considered
Management –ensuring strong arrangements for the set-up and delivery of the project

reserves and corporate borrowing. External sources include Government grants and private sector contributions such as developer contributions. External resources can come with limitations on their use such as ring-fenced grants or conditions applying to the application of s106 funds. The programme reflects capital spending plans at the date when the County Council formally approves the 2024/25 Budget and Medium Term Financial Strategy (MTFS). During the year additional funding (for instance, capital grants or developer contributions) may become available and will be added to the programme. The assumption is the spend is aligned with the value of the grant or provision and creates no further changes to or pressures on the financial position.

5.3. The assumed funding profile for the programme for the period 2024/25 to 2028/29 is shown in Figure 2. The borrowing figures are split between core capital programme and Economic Development projects. Core borrowing covers the whole of the capital programme excluding Economic Development.

Figure 2: Capital programme funding 2023/24 to 2028/29 and subsequent years



5.4. Capital plans, outlined in Appendix A, show a total borrowing requirement of £72.8m is required to finance the Council's capital expenditure plans in 2024/25.

5.5. The revenue impact (capital financing cost as a percentage of net revenue streams) of the recommended borrowing strategy for the Council's Capital Programme (excluding Economic Development schemes, PFI and finance leases) is outlined below in Table 1. As part of the capital financing cost, the Council has to make an annual contribution from revenue called Minimum

Revenue Provision (MRP) to reflect the expenditure. Appendix B sets out the Council's MRP Statement for 2024/25.

Table 1: Revenue impact of the Capital Programme borrowing strategy (excluding Economic Development schemes, PFI and finance leases)

	2024/245 Estimate £m	**2025/26 Estimate £m**	**2026/27 Estimate £m**	**2027/28 Estimate £m**	**2028/29 Estimate £m**
Net Revenue Expenditure	761.4	759.0	762.0	765.0	768.1
Capital Programme Financing Charges					
- MRP	13.8	14.9	15.9	17.5	19.0
- Interest	17.4	27.0	29.1	31.8	31.0
Total	31.2	41.9	45.0	49.3	50.0
% Ratio	4.1%	5.5%	5.9%	6.4%	6.5%

5.6. The implications of the Capital Programme outlined in paragraphs 5.1 to 5.4 in terms of the Council's Authorised Borrowing Limit and Operational Boundary are detailed in the Treasury Management Strategy Statement which is set out in Annex 2(b) of the main budget report.

5.7. The Council has considered long term capital planning and the implications this will have on both the level of borrowing and the revenue budget. As at 31 March 2024 the Council has external loans with the Public Works Loans Board (PWLB) totalling £461.3m, with a maturity profile which stretches out to 2069. Appendix C sets out the Council's borrowing profile to 2074 and assumes that from 2029/30 onwards the Council has an annual core programme borrowing requirement of £20m.

5.8. Within the Economic Developments borrowing figures, the borrowing need gradually reduces over the period to 2072, due to both the application of capital receipts generated by some of the Economic Development projects, along with the application of the annual MRP contribution. Additionally, some projects generate revenue returns to reduce the associated revenue borrowing costs, as set out in Table 2 below.

5.9. The Council will be required to externally borrow for the capital programme in 2025/26. Additionally, based on the forecast DSG deficit as set out in the DfE DSG Deficit Management Plan, cash reserves previously funding the County Council's internal borrowing will be fully utilised from 2026/27 in funding future DSG deficits (as set out in the DSG Deficit Management Plan). From 2026/27 therefore, no internal borrowing for the County Council's capital programme is available until such time that a funding solution for the ongoing DSG deficit is agreed. This is also illustrated graphically in Appendix D.

5.10. Relevant Prudential Indicators for 2024/25 to 2028/29 are set out in Annex 2(c) of the main budget report, including the commercial investment indicators.

6. Non-Treasury Investments (Economic Development)

6.1. The Council's capital investment plans include a set of Service Delivery non-treasury investments (which includes Economic Development projects). These will generate economic benefit to the county and a revenue return to the Council, which will meet the Council Plan objectives. The Council's Economic Development projects are only agreed when supported by approved business cases and subject to Members obtaining appropriate assurance regarding the security of capital sums involved. Performance and Finance Scrutiny Committee undertakes appropriate scrutiny.

6.2. Examples of the Council's non-treasury, Economic Development, investments include (but are not limited to) the following:

- Working in partnership with other councils to improve energy efficiency and reducing energy costs for the local residents and small to medium-sized businesses in Sussex (including solar farms and solar panel installations)
- Third party loans and investments made for service purposes, in connection with the Council's Joint Venture Partnership or as part of broader economic benefits or Council Plan priority outcomes
- Corporate estate improvements – including major development projects at Broadbridge Heath Park development and Horsham Enterprise Park
- Use of surplus land as an investment in the JV partnership

6.3. Business cases for all schemes set out the economic or regeneration benefits for the community, together with the funding arrangements and all associated revenue costs (for instance the cost of borrowing) applicable to the schemes. Business cases demonstrate the ongoing stewardship, sustainability, affordability and benefits of any proposed project. Funding arrangements may include (but are not limited to) the following:

- Corporate borrowing when evidenced that any income return will first cover all associated revenue (capital financing) costs
- Share capital in companies associated with the project(s)
- Capital receipts generated by the project(s)

6.4. The Council acts prudently investing in Economic Development projects, including a rigorous evaluation of potential opportunities and risks against the principles outlined above in 6.3. As a minimum, the Council discloses the assessment of Economic Developments and the associated capital financing costs over the life cycle of the MTFS but also as assessed over the longer-term (as set out in the Prudential Indicators – Annex 2(c) within the main budget report).

6.5. The Council's Economic Development projects are forecast to achieve a contribution net of capital financing costs (MRP and interest) of £0.5m in 2024/25 as shown in Table 2.

Table 2: Financial performance of Commercial and Economic Development projects 2024/25

Commercial and Economic Development scheme type	Investment to date (i) £m	Capital financing costs £m	Forecast income £m	Net contribution £m
Investment properties	27.558	1.262	0.580	-0.682
Tangmere solar farm	9.750	n/a	0.795	0.795
All other solar & battery storage projects	24.656	1.328	1.694	0.366
Total	61.694	2.590	3.069	0.479

(i) As per the County Council's 2022/23 unaudited Balance Sheet (Gross Book Value); plus forecast Capital Expenditure (Your Energy Sussex projects) in 2023/24.

7. Loans to Third Parties

7.1. The Council may consider some loan investments that fall into the non-treasury investment category and as such, will be part of the Council's capital programme. These are not treasury type investments, rather they are Service Delivery policy investments (defined in 1.6 above) and the funding will be spent on capital projects.

7.2. There will be instances where the Council may wish to provide a loan in 2024/25, including:

- loans to the Council's Joint Venture (JV) Partnership (Kinsted LLP) with Lovell Partnerships Limited or Edes Estates, the County Council's wholly owned company. Any loan made to the joint venture would be in line with the JV Partnership Agreement;
- loans to other third parties with which the County Council has a shared interest linked to the Council Plan priorities or legal responsibilities and where the nature of spend for which the loan is required is of a capital nature. These will be subject to consideration by the Director of Finance and Support Services.

7.3. Non-Treasury Regeneration investments will be funded through borrowing and will either utilise the Council's cash balances (internal borrowing) or impact on the Council's external borrowing.

7.4. The value of loans to a specific third party at any one time will be limited to £25m and this will be subject to the Council's approval of business cases for each site.

7.5. Such loans will be considered when all of the following criteria are satisfied:

- The loan is towards expenditure which would, if incurred by the Council, be capital expenditure;

- The purpose for which the loan is given is consistent with the Council's corporate/strategic objectives and priorities in line with the Council Plan;
- Due diligence is carried out that confirms the Council's legal powers to make the loan, and that assesses the risk of loss over the loan term;
- A formal loan agreement is put in place which stipulates the loan period, repayment terms and loan rate; (which will be set at a level that seeks to mitigate any perceived risks of a loss being charged to the General Fund and takes appropriate account of Subsidy Control Rules).

7.6. The Council's Financial Regulations will be refreshed during 2024 to include loans to third parties and all loans must comply with the Financial Regulations. The approval limits for loans are:

- For loan amounts funded from the approved capital programme in line with an approved business case, authority is delegated to the Section 151 Officer to authorise where there is no adverse impact on Council Policy or service delivery. Decisions taken by the Section 151 Officer will be published in the Members' Bulletin and will not be subject to additional governance or publication;
- For any loan amounts in excess of the approved capital programme, County Council will need to approve any change to the capital programme required to enable such a loan to be approved as part of the usual capital programme governance as described in Section 4.

8. Flexible Use of Capital Receipts Strategy 2023/24 & 2024/25

8.1 Since 2019/20, the Council has approved the flexibility to apply capital receipts to fund transformation projects as enabled by the Secretary of State's Direction and outlined in the Government's Statutory Guidance on the flexible use of capital receipts. Extension of the flexibility until 2030 was announced in the provisional settlement in December 2023. A call for views was launched on 18 December on a set of options with respect to capital flexibilities and borrowing to support invest-to-save activity and more flexibilities to use capitalisation without the requirement to approach Government.

8.2 The Statutory Guidance published in April 2022 details that authorities must update their Flexible Use of Capital Receipts Strategy during the given year if their initial plan changes and requires additional capitalisation of expenditure. Copies of each Flexible Use of Capital Receipts Strategy must also be sent to the Secretary of State. Appendix E provides an update on the Capital Receipts Flexibility Strategy for 2023/24 that was agreed by County Council in February 2023. Any use will be determined as part of the year end outturn position.

8.3 For 2024/25, the Council may propose to use the flexibility to fund up to £10.0m of qualifying transformation expenditure. Potential qualifying expenditure is currently funded through the revenue budget or reserves such as the service transformation reserve. Should availability of suitable, qualifying projects and funding allow, the Council will consider specific projects to be funded through flexible use of capital receipts. Approval will be in accordance with the scheme of delegation and capital programme governance and will be reported through the Performance and Resources Report (PRR). Details of proposals are set out in Appendix F. In addition, the Government's Statutory

Guidance requires that an update on the previous year's project status is reported and this is also set out in Appendix F.

8.4 The Council's flexible use of capital receipts to fund transformation projects will continue to be subject to development and approval of robust business cases. The business cases will demonstrate that the initiative will transform services, generate future savings or reduce future costs, and the costs being funded are implementation or set up costs and not on-going operational costs.

9. Risk Management

9.1 Preparation, financing and delivery of a multi-year capital programme involves a series of risks. Operational risk management is undertaken proportionately across the range of individual projects and programmes in the wider capital programme. There is a £10m corporate contingency within the programme to cover overall uncertainty and volatility around the capital programme with specific regards to economic conditions, availability of labour and increasing costs of materials and broader inflation effects. Table 4 sets out the Capital Strategy risks and their mitigations.

Table 1: Capital programme risks and mitigations

Key Risk	Mitigations
Schemes taken forward do not support Council Plan objectives	• Service Strategies and Asset Management Strategy aligned with Council Plan • Member engagement in Capital Strategy development and prioritising programme. • Member input, prioritisation and scrutiny ahead of County Council approval
High priority scheme not reflected in plans	• Yearly review of priorities with all Members • Governance allows changes to priorities in-year
Availability of feasibility and other revenue funding constrains approved capital plans	• Availability of Feasibility Reserve • Outline Business Cases to include feasibility funding requirement • Future programmes to be funded on basis of capital and revenue requirements
Schemes' total costs are above budget	• Comprehensive viability/ feasibility studies undertaken before capital estimates are included in the funded programme • Budgets managed by SRO and programme sponsors within defined programmes • Change requests subject to governance control
Lack of capacity prevents timely delivery of schemes	• Use of multi-disciplinary consultancy (MDC) for professional services • Monthly highlight reports for timely identification and resolution of resource issues
Unaffordability of financing costs in revenue budget	• Preparation of Treasury Management Strategy • MTFS budgets reflect ongoing revenue costs of capital programme

Key Risk	Mitigations
Economic Development schemes fail to generate an adequate revenue return	• Rigorous evaluation and scrutiny of business cases before making investments • Regular monitoring of income against costs
Expiry of time limited S106 contributions	• Monitoring system in place to ensure contributions are spent within time period
Spending is not in line with grant conditions (e.g. Local Growth Fund)	• Monitoring of spending against agreed profiles and grant conditions • Negotiation with grant-awarding bodies where conditions may not be met
Interest rate volatility regarding borrowing	• Regular monitoring of interest rates • Use of external advisors
Impact of shortage of supply of goods and labour on costs and timelines	• Regular monitoring of projects • Creation of an additional contingency line to deal with inflation
External market volatility and other external impact on delivery and financing	• Regular monitoring and awareness
Impact of water neutrality on planning and developments	• Regular monitoring and awareness as projects are developed

10. Knowledge and Training

10.1 The Capital Programme Office provides advice and support to programme and project managers on an ongoing basis.

10.2 The Council uses professional advisory services as necessary in the preparation and delivery of its capital programme. For example, these include:

- Atkins Realis (formerly Faithfull + Gould) (multi-disciplinary consultant)
- WSP (highways and public realm consultant)
- Savills (property advisory services)
- Montagu Evans (valuers)
- Link (treasury management advisor)

10.3 The capital strategy and programme are closely aligned to the Treasury Management Strategy and CIPFA's Treasury Management Code of Practice which requires that staff with responsibility for treasury management and property investment receive adequate training. Staff undertake regular professional training to ensure their skills are kept up to date. Future training needs are periodically reviewed as part of staff appraisals and personal development plans. Training options for officers include professional qualifications from CIPFA and other appropriate organisations; attendance at workshops and seminars run by the Council's appointed treasury management advisor; and on the job training.

Appendices

Appendix A – Capital Programme Portfolio Pages

Appendix B – Minimum Revenue Provision (MRP) Statement 2024/25

Appendix C - Illustrative External Debt/Internal Borrowing Projections

Appendix D – Graphical Illustration of Debt Projections to March 2074

Appendix E – Flexible Use of Capital Receipts 2023/24

Appendix F – Flexible Use of Capital Receipts 2024/25