CAPITAL STRATEGY 2019/20

East Sussex County Council

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1. Introduction & Background

Revision of Chartered Institute of Public Finance and Accountancy (CIPFA) Codes and Ministry of Housing, Communities and Local Government (MHCLG) Guidance

1.1 The framework in which treasury management operates was revised by the MHCLG and CIPFA during 2017/18, with full implementation expected by 2019/20. The changes were largely in response to a growing number of authorities increasing their use of non-financial investments (such as commercial property portfolios) to generate income in response to reducing resources to deliver their core services. The revised codes and guidance sought to increase transparency and to provide a single place to assess the proportionality of this activity in comparison to an authority's core services.

1.2 As part of this update, the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional document, a Capital Strategy, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.3 The purpose of the Capital Strategy is to drive the authority's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management in the context of the sustainable, long-term delivery of services.

1.4 The aim of this Capital Strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.5 This Capital Strategy is reported separately from the Treasury Management Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital Strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

1.6 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs, investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

1.7 Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to. If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital Strategy.

1.7 Guidance issued by Link Asset Services, our Treasury Management Advisors, summarises the requirements issued by CIPFA within the code. It is expected that the Capital Strategy will:

- Apply a long-term approach: 20-30 years;
- Explore external influence on Capital Strategy e.g. Local Enterprise Partnership;
- Examine Commercial activity/ambition;
- Determine implications of Investment Strategy;
- Ensure corporate plan priorities drive identified capital investment ambition;
- Examine available resources and capacity to deliver;
- Assess affordability against ambition and address any gap;
- Identify capital financing principles;
- Demonstrate integration with other strategies and plans;
- Produce a 10-year capital investment plan, with actions, timescale, outputs and outcomes;
- Capture risks and mitigating factors;
- Outline governance, monitoring processes and procedures.

1.9 East Sussex meets the requirements of this, with the exception of having a 10-year capital investment plan and the application of a 'significantly longer', long-term approach. It is currently considered that in the current financial climate it is not appropriate to have a 10 year programme. Rather that the programme period should (at least) cover the life of the medium term financial plan. The current programme which runs to 2022/23 does this. This will, however, be reviewed on an annual basis.

1.10 The Code requires that the strategy should form part of 'integrated revenue, capital and balance sheet planning'. For ESCC the Capital Programme has always been considered annually as part of the Reconciling Policy, Performance and Resources (RPPR) process, and this document provides a formal Capital Strategy for approval, which will be reviewed on an ongoing basis. In 2019/20, there will be further development of the strategy in line with the revised code.

2. The Capital Programme

2.1 Expenditure can be defined as capital expenditure when it results in the acquisition, construction or enhancement of an asset (e.g. land, buildings, roads, plant and equipment), that continues to benefit the Council for a period of more than one financial year. At East Sussex County Council (ESCC), projects can be capitalised if they meet the definition of capital expenditure and are over the current approved de minimus of £20,000. Any item below this limit is charged to revenue.

2.2 The Prudential Code requires that authorities demonstrate that they take capital expenditure and investment decisions in line with services objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainability and affordability

2.3 ESCC's Capital Strategy defines and outlines the Council's approach to capital investment and is fundamental to the Council's financial planning processes. It aims to ensure that:

- capital expenditure contributes to the achievement of the Council's strategic priorities;
- an affordable and sustainable capital programme is delivered;
- use of resources and value for money is maximised;

- a clear framework for making capital expenditure decisions is provided;
- a corporate approach to generating capital resources is established;
- access to sufficient long term assets to provide services are acquired and retained.

2.4 The Council's Capital Programme continues to focus on areas of core need relating to statutory or legislative requirements or that are cost neutral to the Council or enable access to further funds. Whilst each of the Capital Programmes represents core need, they also support and align to the Council's priority outcomes. Supporting narrative for each area can be found at Annex A. The areas of essential basic need are currently defined as:

- Schools Places (primary, secondary and special);
- Highways Structural Maintenance (including Bridge Strengthening, Street Lighting, Rights of Way and Bridge Replacement Programmes);
- Property Building Maintenance;
- ICT Strategy;
- Adult and Children's House Adaptations; and
- Libraries.

2.5 In addition to core need, there are a number of other areas of need that are assumed to be fully funded by respective funding sources; examples of these are the Local Enterprise Partnership and the Economic Intervention Fund.

2.6 A summary of the Capital Programme at February 2019 is set out in the table below:

CAPITAL CORE PROGRAMME GROSS 2018-23	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Total Revised Programme £'000
ASC - House Adaptations	5	193	989	400	400	**1,987**
Schools Basic Need	16,032	26,627	7,919	8,177	9,936	**68,691**
Capital Building Improvements	8,209	6,108	10,180	8,144	8,144	**40,785**
Libraries Basic Need	366	405	778	169	526	**2,244**
IT & Digital Strategy Implementation	2,472	4,480	3,794	2,305	2,550	**15,601**
House Adaptations for Disabled Children's Carers Homes	145	84	196	140	140	**705**
Highways Structural Maintenance	23,071	23,067	18,476	17,850	12,946	**95,410**
Bridge Assessment Strengthening	1,285	1,300	1,300	1,285	1,260	**6,430**
Street Lighting and Traffic Signals - life expired equipment	1,335	1,019	854	680	623	**4,511**
Rights of Way Surface Repairs and Bridge Replacement Programme	410	430	430	430	430	**2,130**
Other projects (from previous captial programme)	21,198	28,588	26,590	5,418	6,015	**87,809**
LEP projects	17,421	10,806	8,634	-	-	**36,861**
Total	**91,949**	**103,107**	**80,140**	**44,998**	**42,970**	**363,164**

2.7 As part of annual budget setting departments have taken the opportunity to re-profile their programmes and projects to reflect the best knowledge they hold to date. As a result, £15.5m has been re-profiled into 2019/20, with slippage from 2018/19 and as well as spend in advance from future years mainly on Schools Basic Need and Highways Structural Maintenance. With total expenditure in 2019/20 provisionally set at £122.6m, it has been recognised that there a risk of further slippage in the programme, particularly with reference to the level of slippage experienced in prior years. To mitigate this risk, an adjustment has been applied to projects considered at risk of slippage - on the basis of; projects with an assessed high risk of slippage reduced by 40% in year; and projects with an assessed medium risk of slippage reduced by 25% in year (the assessment was based on value, historic issues and slippage). This has moved £19.5m of expenditure, from 2019/20 into 2020/21 and work continues to re-profile this over future years as the future programme is developed. This gives a revised 2019/20 gross Capital Programme of £103.1m.

3. Capital Programme Funding

3.1 ESCC’s Capital Programme is funded from a range of sources including:

- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. This has revenue implications for the Council in the form of financing costs.
- **External Grants** – mainly grant allocations from central government departments including the Department for Education and the Department for Transport.
- **S106, Community Infrastructure Levy (CIL) and external contributions** – some projects within the Capital Programme are funded by contributions from private sector developers and partners. With the move from S106 to CIL, and the individual bidding processes of districts and boroughs, there is a risk that income to the Council from this source is reduced.
- **Revenue Funding** – The Council can use revenue resources to fund capital projects, where these have been approved. For the period 2019-22 there is no planned revenue contribution to capital outlay.
- **Capital Receipts** – The Council can generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council’s plans.
- **Capital Reserve** – When the 2018-23 programme was created, funding of £21m was set aside to support the 2018-23 programme.
- **New Homes Bonus** – This is currently used to support the capital programme in 2018/19.

3.2 The application of these funding sources to capital expenditure incurred during the year will be in the following order:

(a) Scheme specific income e.g. specific grants, s106 contributions
(b) Revenue funding, including the New Homes Bonus
(c) Capital reserve (if budgeted to be used in year)
(d) Non-specific grants
(e) Capital receipts
(f) Borrowing

3.3 The funding of the current Capital Programme is set out in the table below:

Funding Source	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Total Remaining £'000
Scheme specific funding	(31,630)	(32,045)	(22,193)	(4,353)	(3,409)	**(93,630)**
Restricted use						
New Homes Bonus	(1,231)	-	-	-	-	**(1,231)**
Other departmental revenue contributions	(850)	(850)	(655)	-	-	**(2,355)**
Contributions from Revenue Reserves set aside	(2,821)	(1,067)	-	-	-	**(3,888)**
Community Infrastructre Levy	-	(1,200)	-	-	-	**(1,200)**
Non Specific Grants	(27,149)	(36,504)	(18,016)	(17,413)	(26,413)	**(125,495)**
VPN Receipts	(620)	(1,503)	(399)	-	-	**(2,522)**
Flexible use						
Capital Receipts	(2,622)	(4,757)	(4,979)	(2,845)	(3,090)	**(18,293)**
Capital Reserves	(10,000)	(11,000)	-	-	-	**(21,000)**
Revenue Contributions	(4,000)	-	-	-	(4,000)	**(8,000)**
Borrowing (excluding contingency)	(11,026)	(14,181)	(33,898)	(20,387)	(6,058)	**(85,550)**
Subtotal non-scheme specific	**(60,319)**	**(71,062)**	**(57,947)**	**(40,645)**	**(39,561)**	**(269,534)**
Total funding	**(91,949)**	**(103,107)**	**(80,140)**	**(44,998)**	**(42,970)**	**(363,164)**

3.4 ESCC has a strategy of repaying debt and reducing its borrowing. Further savings from postponing the requirement to secure external borrowing with the effect of delaying the impact of debt servicing costs will, where possible, be used to reduce borrowing.

3.5 The Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset**.**

4. Governance Arrangements

4.1 The Council's constitution and financial regulations govern the capital programme as set out below:

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's constitution;
- Capital expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards;
- The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council and the prioritisation of funding. This is updated and approved by Full Council as part of the Council's State of the County report;
- All schemes are formally approved into the capital programme by following the process set out in the financial regulations;
- Projects will usually only be added to, or removed from, the Capital programme as part of the annual budget setting process or as part of State of the County. Any request outside of this processes would have to be approved by Cabinet;
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations;
- Each scheme must be under the control of a responsible person/project manager.

4.2 The Council has a Capital Strategic Asset Board, a cross-departmental group consisting of members from each service department, finance, property and procurement. This Board oversees the development and delivery of the Council's capital programme.

4.3 Departmental Capital Boards exist for the school basic need programme and related projects, Communities, Economy and Transport and Information, Technology and Digital.

4.4 In year, the Capital Programme is monitored and reported to the Corporate Management Team and then to Cabinet and Full Council, on a quarterly basis, as part of the Council's RPPR monitoring.

5. Strategic Management of assets and opportunities

5.1 The Capital Strategy links in with other Council Strategies and Programmes, including:

- Treasury Management Strategy
- Property Asset and Disposal Investment Strategy
- SPACES Programme
- Commercialisation Strategy
- Local Enterprise Partnerships

Further information about these is set out below.

5.2 Treasury Management Strategy

5.2 1 The Treasury Management Strategy sets out the Council's approach to the management of its treasury management activities. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of treasury management is to ensure that cash flow is adequately planned with cash being available when it is needed. Surplus monies are invested in lower risk counterparties or instruments, commensurate with the Council's risk appetite, providing adequate liquidity and considering investment return.

5.2 2 Another part of the treasury management service is the funding of the Council's Capital Programme. The capital programme provides a guide to longer cash flow planning to ensure that the Council can meet its capital investment requirement.

5.3 Property Asset and Disposal Investment Strategy

5.3.1 The key purpose of the Strategy is to deliver an ongoing net income stream to the Council with investment defined as allocating money in the expectation of some benefit in the future. This covers investment in legal interests in land or property assets which enable income streams, and which may include those arising through development opportunities.

5.3 2 The approved Strategy seeks to address key priorities that i) support the Council's financial resilience in the longer term, ii) support the Council in continuing to deliver its essential services to residents, and iii) act as a catalyst for improved economic outcomes for the County.

5.3.3 Aligned to these key priorities are several themes around optimising the current estate portfolio, challenging service utilisation, defining growth or locality based strategies, joining up public service delivery, managing a corporate landlord model, and integration of asset management activities with wider regeneration agendas.

5.3.4 The strategy looks at a combination of investment and development opportunities, with the Council making investments alone or in partnership with either authorities in their local administrative area or with a third party.

5.3.5 The emphasis remains on the optimisation of ESCC's existing asset base and a cautious approach to direct property investment for commercial return, which is identified as a distinct and separate second phase.

5.3.6 Investment schemes within this category will help to generate income and increase the diversification of the property asset base and expected to be self-funding through approved business cases.

5.3.7 Appropriate Governance arrangements are detailed in the Property Asset and Disposal Investment Strategy, with differentiation recognising the existing delegated powers held by the Chief Operating Officer and Chief Property Officer, and the proposal to establish an Asset Investment Board (AIB) to provide appropriate due diligence evaluation to any proposals for investment or disposal.

5.3.8 Officers in Property and Finance will provide advice on each proposal coming forward to the relevant decision making party. This advice will include how each investment proposal could be taken forward, including a consideration of the risks, how the opportunity is structured and financed. All investments will require a robust business case to ensure that the investment is affordable, sustainable and provides value for money. The governance process will be subject to periodic review to ensure that it is fit for purpose and supports the achievement of the desired outcomes for the strategy.

5.3.9 All decisions (by Chief Operating Officer, Chief Property Officer or by the Asset Investment Board), and the performance of investments will be subject to monitoring by the Audit Committee.

5.4 SPACES

5.4.1 The SPACES Programme is a well-established multi organisation partnership that has been delivering property and land co-location and collaboration projects across East Sussex and Brighton & Hove since 2011.

5.4.2 The partnership continues to evolve through both the engagement of additional organisations, notably in the Health and Education Sectors and recognition of where partner strategies align or complement each other and finding ways to work together creatively to meet these. The maturity of the partnership increases year on year and change readiness has improved to enable partners to look at more challenging projects.

5.4.3 The Partnership is working closely with the One Public Estate agenda, managed through the Local Government Association, with bids submitted for revenue support for a variety of collaborative capital projects and opportunities that will be supporting the County Councils' wider objectives.

5.5 Commercial Strategy

5.5.1 The Council's commercial strategy provides the framework and template for the Council's approach to considering the commercial opportunities that exist, or can be created, in order to drive value for residents and businesses.

5.5.2 The purpose of the strategy is to bring into one place our approach and signpost the numerous strategies and activities that have commercial principles and approaches in inherent in their focus or delivery.

5.5.3 For the Council, commercialisation is the use of innovative and entrepreneurial practices in pursuit of corporate objectives, to deliver a return. It is about 'driving value for residents and businesses in everything we do'.

5.5.4 The Council wants to deliver, fund and manage services in ways that promote value for money and deliver the best outcomes for our local residents, communities and businesses. It is important to us that our commercial ventures are focused on helping us to achieve our strategic priorities and deliver wider benefits to our residents, businesses and local communities, beyond purely a commercial return. Commercialisation will provide the framework, tools and ethos to enable the Council to achieve this and improve how it delivers services in the future.

5.6 Local Enterprise Partnerships

5.6.1 In March 2014, the South East Local Enterprise Partnerships (SE LEP), which comprises businesses, local authorities and education leaders across East Sussex, Essex, Kent, Medway, Southend and Thurrock, submitted their proposals to Government for a Growth Deal to drive economic expansion in the area over the 6 years up to 2021. Within this was a specific growth plan for East Sussex focussed around its three growth corridors – Newhaven, A22/A27 Eastbourne/South Wealden and the A21/A259 Bexhill/Hastings Growth Corridor.

5.6.2 The SE LEP's initial Growth Deal was agreed in July 2014 with an additional Growth Deal agreed in February 2015. Within East Sussex, over £70m of Local Growth Fund (LGF) money has been secured to date towards economic growth and infrastructure projects. In January 2017, the Government announced the outcome of the third round of Growth Deal submissions with the County Council securing a further £13.2m allocated to two major projects.

6. Risk Appetite

6.1 The Council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.

6.2 The Council is exposed to a range of risks including:

- Financial risks related to the investment of the Council's assets and cash flow, market volatility, currency etc.
- Macroeconomic risks related to the growth or decline of the local economy,
- interest rates, inflation and to a lesser degree, the wider national and global
- Credit and counterparty risks related to investments, loans to institutions
- and individuals and counterparties in business transactions.
- Operational risks related to operational exposures within its organisation, its
- counterparties, partners and commercial interests
- Strategic risks related to key initiatives undertaken by the Council such as
- significant purchases, new ventures, commercial interests and other areas of
- organisational change deemed necessary to help the Council meet its goals.
- Reputational risks related to the Council's dealings and interests, and the
- impact of adverse outcomes on the Council's reputation and public
- perception.
- Environmental and social risks related to the environmental and social
- impact of the Council's strategy and interests.
- Governance risks related to ensuring that prudence and careful consideration
- sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.

6.3 Managing the Council's risks is an area of significant focus for senior management and members, and the Council adopts an integrated view to the management and qualitative assessment of risk.

6.4 The Council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Council – through a range of mitigation strategies to the extent that it is cost-effective to do so.

7 Skills and Knowledge

7.1 The Capital Programme and Treasury Management Strategy are managed by a team of professionally qualified accountants with extensive Local Government Finance experience, who attend courses on a regular basis to keep abreast of new developments. The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities and is also a qualified accountant.

8 Further development of the Capital Strategy

8.1 Work will continue throughout 2019/20 to refine and develop the Council's Capital Strategy beyond 2022/23 within the context of the ongoing financial challenge.

Annex A

Areas of Core Need

1. Highways Programme

1.1 Maintenance of public highways and public rights of way across the county is a statutory requirement of the County Council under the Highways Act. ESCC has very clear obligations to maintain the public highway, and, therefore, without an adequate supporting capital maintenance budget the pressure on revenue budgets will undoubtedly increase and the Council will be at greater risk of third party claims for damages.

1.2 Road condition, and the ability to prevent the formation of potholes, has long been a priority for Members, and, in recent years, the focus of the Capital Maintenance Programme has been to improve the overall condition of the carriageway through programmes of preventative patching and carriageway resurfacing. The increase in capital investment from historical levels has now contained that rate of deterioration.

1.3 In 2013, Cabinet agreed that a level of capital maintenance of £15m per annum (at today's prices) would be required, over 10 years, in order to maintain the roads in a condition that reflected the Council's priorities, to stem the rate of deterioration and to maintain the current condition of the county's roads.

2. Schools Basic Need Programme

2.1 Ensuring the provision of sufficient school places is a statutory duty of the Council and needs to be funded. The requirement for school places in East Sussex is driven by housing growth, inward migration and increases in births.

2.2 To date, additional places have been provided in primary schools but the children in primary schools will need secondary school places as they move through the school system. In the period beyond 2018/19, ongoing primary school place pressure is expected in a number of areas due to major housing plans.

2.3 At secondary school level, higher intakes are expected from 2017/18 reflecting the earlier growth in primary schools coming through. There is some capacity in the secondary school estate to take the initial increase in numbers but there will be a requirement for additional school places in the secondary school estate from 2018/19.

2.4 There are a limited number of primary school places needed but these are mostly for new housing and have some S106 funding. There is significant pressure on special schools as the number of pupils with specialist needs is increasing. The provision of school places can be broken down into three programme areas primary, secondary and special schools.

2.5 The costs currently shown within the Programme do not include any land costs and are based on high level benchmark figures and, as such, work needs to be undertaken to validate and refine the costs for each school over the next 6-9 months. This will provide more accurate cash flows, greater cost certainty, clarity of the issues and the programme to achieve the required completion of works.

2.6 There are a number of issues to be considered as a result of the need to drive down costs including school expansions will not provide for reorganisation of the school, resolution of historical issues or additional scope above the basic need requirement that will be to a baseline specification.

2.7 Whilst the costs can be driven down, the impact of the Education White Paper and academisation need to be noted. As schools convert to academies, they cannot be directed to expand and are likely to object to the scope of works prior to agreeing expansion, leading to potential increased costs. As schools become academies, they will transfer from being a Council asset (subject to a 125 year lease) to the private sector; incurring a cost to the Council for no additional value.

2.8 A Free Schools Strategy has been developed that will reduce the costs to the Council of new schools. Free schools are being considered as there are a number of new build schools with land in all three of the programmes that could be pushed forward. Free schools are funded by the Education Funding Agency and, as such, will reduce the funding requirement of the Council. Whilst the grant for schools may be reduced as a result of the provision of a free school, as the programme is significantly underfunded, it will help to reduce the funding gap and be beneficial to the Council.

3. ICT Strategy Programme

3.1 The business has a fundamental dependency on a basic level of foundation infrastructure in order to be able to function. A substantive proportion of the ICT Strategic Investment bid is for operational activity, essential to keep working the foundation services that support the rest of the organisation.

3.2 Continued investment in provisioning operational services keeps the Council's technology tools up to date and working, to ensure that as an organisation, contractual support obligations are maintained and ESCC remains secure, resilient and compliant.

3.3 In order to stay ahead of business user expectation, investment in developing current systems is similarly fundamental. Failure to keep pace with technological evolvement will, in the short-term, paralyse the infrastructure, rendering it out of step with the organisation. The current development activity will become the future operational activity. Failure to build upon the technology investments already made will leave the Council ill-prepared for the future, compromising the ability of the infrastructure to support the business in achieving its goals, making it difficult to share business information securely with partners and access it more flexibly across traditional boundaries. Lack of foundation IT growth will inhibit other parts of the organisation from growing and transforming.

4. Property Building Maintenance Programme

4.1 The funding for maintenance covers schools and non-schools. For schools, the level of budget has been set at the level of the grant although this is lower than the level of funding needed to meet the condition backlog. The funding level is higher than in previous years when the capital grant was used for non-schools. This grant should now be used for schools or it will be at risk of reduction by the Department for Education in future years. In addition, the funding is insufficient for the total backlog of the non-schools estate and expenditure will be focused on the health and safety and critical works only. The risk of this is that as the estate deteriorates, there will be a funding pressure in the future due to not replacing items until they are life expired rather than through a programme of preventative works.

4.2 For non-schools, the corporate buildings costs include work related to legislation, statutory requirement, health and safety and urgent repair works. The money spent on capital will avoid higher running costs helping to reduce the cost of occupancy of corporate buildings.

4.3 Each year, the condition backlog will be reviewed again as condition surveys are updated (buildings come into and go out of the portfolio), new legislation is introduced and further essential requirements are identified. The figures that will be subject to change are those at the end of the programme (2021/22 and 2022/23).

5. Adults Social Care (ASC) and Children's Services Department (CSD) House Adaptations

5.1 For ASC and CSD, the only programme (other than school places) that will currently need funding from the 2018/19 to 2022/23 Programme is the housing adaptations programme. Although this is not a statutory duty, this investment enables individuals' assessed needs to be met whilst maintaining independence in their own homes (a key strategic objective), thereby reducing the potential for more costly revenue placements in specialist accommodation.

5.2 This allocation also enables close partnership working with the Borough and District Councils and access to Disabled Facilities Grants. As part of the development of the East Sussex Housing and Accommodation Strategy (including Borough and District Councils and Clinical Commissioning Groups) there may be a requirement for additional capital investment, which will be supported by a full business case.

6. Libraries

6.1 As part of 2018/19 budget setting, it was agreed at Cabinet that Libraries would form part of the basic need capital programme to maintain a certain level of service standards.