

## Appendix 2 - Capital Programme Update

### 1 Background

1.1 As part of the Reconciling Policy Performance and Resources (RPPR) process the Capital Strategy and programme are reviewed annually to ensure that they support the Council's responsibilities and departmental service strategies. To manage investment to a sustainable level, the Capital Strategy focuses on the delivery of targeted basic need to support the council in the delivery of services as efficiently as possible, rather than rationing through prioritisation. This is in recognition that there are conflicting priorities but that a level of investment is needed across the council in order to deliver the council's services and react to changes in technology, economy and the environment. Basic need for the purpose of strategic capital planning is provided below: -

- Place: ensuring we can deliver services by planning for future need.
- Asset Condition: maintaining our assets to an agreed level.
- ICT Strategy: ensure that our Information and Communications Technology (ICT) is fit for purpose for delivering modern council services in a digital era and protecting data.
- Climate Change: tackling climate change has become part of ESCC core business, investment is required for the achievement of carbon neutrality.

1.2 At Full Council in February 2022 the target led basic need capital strategy of 20 years, supported by a 10-year planned capital programme was approved. The approved programme was further updated at State of the County in July 2022 to reflect the 2021/22 outturn, project and programme reprofiles and approved variations, revising the gross programme to £676.0m to 2031/32. For planning purposes, the first 3 years of the programme, to 2024/25 are considered approved. Whilst the remaining years are indicative to represent the longer term planning for capital investment.

### 2 Variations to the Current Approved Programme

2.1 The programme has been updated for approved variations since the State of the County in July 2022. These are summarised in the table below.

Table 1 - Capital Programme (gross) movements (£m)	Approved MTFP Programme			MTFP +1 Year	2026/27 to 2031/32	Total
	2022/23	2023/24	2024/25	2025/26		
Approved programme at State of the County 2022	95.588	82.720	83.761	76.649	337.329	676.047
Approved Variations (see 2.2)	(1.360)	2.307	3.990	0.231	-	5.168
<b>Total Revised Programme</b>	<b>94.228</b>	<b>85.027</b>	<b>87.751</b>	<b>76.880</b>	<b>337.329</b>	<b>681.215</b>

2.2 The approved variations to the programme relate to schemes totalling gross £5.168m (the profiling of which is currently under review) as follows:

- **Schools Delegated Capital Programme:** An increase to the programme of £0.656m to reflect latest schools plans for capital investment in year to be funded from specific grant and schools contributions.
- **Learning Disability Supporting Living Scheme:** A report to Adult Social Care Lead Member in March 2022 proposed capital investment of £6.421m to redevelop services for adults with learning disabilities at a number of properties, which will be funded from within existing Adult Social Care revenue budget and ringfenced grant funding, which has been held in anticipation of eligible social care transformational investment.
- **Getting Building Fund - Riding Sunbeams (Local Enterprise Partnership (LEP) Funded Project):** A reduction of £2.477m where the project has not met some pre-conditions originally set and funding has therefore been removed and withdrawn from

the capital programme following approval of the South East LEP (SELEP) Accountability Board.

- **Disability Children's Homes (Sorrel Drive):** As approved as part of the Q1 monitoring to Cabinet, design work has identified that an increased scope would deliver additional benefits including future cost avoidance relating to alternative provision. The revised cost has increased by £0.568m, of which £0.261m has been identified within Children's Services revenue budgets, and £0.307m from increased capital programme borrowing. This addition to the capital programme is recommended in accordance with the Capital Strategy via business case, demonstrating value for money when considering the cost of alternative provision and its potential ongoing impact on revenue budgets.

### 3 Conclusion and Next Steps

- 3.1 Work will be progressed as part of the RPPR process to extend the programme by a further year to maintain a 10-year planning horizon together with a review of programme profiles across years. The annual review of the Capital Strategy will also be completed to ensure continued links into, and in support of, the Council's other strategies.
- 3.2 A £7.5m risk provision was approved in February 2022 to mitigate against capital programme risks, representing circa 2% of the programme over the MTFP period. This risk provision is a permission to borrow for emerging risks and is managed through ensuring Treasury Management capacity rather than representing funds that are within the Council's accounts. There are several risks and uncertainties regarding the programme to 2025/26 and beyond which have necessitated holding a risk provision. Including increased uncertainties that exist within the construction industry in terms of supply chain issues and high-cost inflation which are likely to impact the delivery of schemes within the current budget. The capital programme includes an element of 'normal' inflation for ongoing, target-based, core programmes (as opposed to programmes that have cash limited envelopes) such as Highways at 3% annually, with any increases above this level that cannot be managed within the agreed budget, to be supported by the risk provision.
- 3.3 Any unmanageable risks which have a financial impact are required to be reported to Capital and Strategic Asset Board to be considered as part of the broader RPPR process. This will be done on a case by case basis, and in the context of the wider programme, and the fiscal and economic national position. As part of the RPPR process the adequacy of the risk provision will also be assessed.
- 3.4 Ahead of further announcements there are no updates to the overall funding position currently. As part of the RPPR process capital funding will be reviewed, and this will include estimates of developer contributions (Section 106 and Community Infrastructure Levy), capital receipts and any updates to formula grants following government announcements.
- 3.5 Annex 1 provides the capital programme updated for variations noted at section 2.

## Annex A – Detailed Capital Programme

Capital Programme (gross) (£m)	MTFP Programme			MTFP +1 Year	2026/27 to 2031/32	Total
	2022/23	2023/24	2024/25	2025/26		
<b>Adult Social Care:</b>						
House Adaptations	0.050	0.050	0.050	-	-	<b>0.150</b>
Learning Disability Support Living Scheme	0.200	2.000	3.990	0.231	-	<b>6.421</b>
Greenacres	0.144	-	-	-	-	<b>0.144</b>
<b>Adult Social Care Total</b>	<b>0.394</b>	<b>2.050</b>	<b>4.040</b>	<b>0.231</b>	-	<b>6.715</b>
<b>Business Services:</b>						
Salix Contract	0.350	0.350	0.350	0.350	2.100	<b>3.500</b>
Lansdowne Secure Unit – Phase 2	0.075	-	-	-	-	<b>0.075</b>
Special Educational Needs	1.600	1.589	-	-	-	<b>3.189</b>
Special Educational Needs – Grove Park / Beacon	2.579	5.000	6.000	5.000	0.600	<b>19.179</b>
Special Provision in Secondary Schools	0.120	-	-	-	-	<b>0.120</b>
Disability Children’s Homes	0.479	0.307	-	-	-	<b>0.786</b>
Westfield Land	0.721	-	-	-	-	<b>0.721</b>
Schools Basic Need	5.337	5.517	15.853	23.747	47.990	<b>98.444</b>
Capital Building Improvements (Schools)	5.179	4.182	4.182	4.182	25.092	<b>42.817</b>
Capital Building Improvements (Corporate)	3.439	4.520	4.520	4.520	27.120	<b>44.119</b>
IT & Digital Strategy Implementation	5.786	13.057	4.928	3.900	44.725	<b>72.396</b>
IT & Digital Strategy Implementation - MBOS	6.451	-	-	-	-	<b>6.451</b>
IT & Digital Strategy Implementation - Utilising Automation	0.024	-	-	-	-	<b>0.024</b>
<b>Business Services Total</b>	<b>32.140</b>	<b>34.522</b>	<b>35.833</b>	<b>41.699</b>	<b>147.627</b>	<b>291.821</b>
<b>Children’s Services</b>						
House Adaptations	0.050	0.050	0.050	-	-	<b>0.150</b>
School Delegated Capital	1.385	1.150	1.150	-	-	<b>3.685</b>
Conquest Centre Redevelopment	0.015	-	-	-	-	<b>0.015</b>
<b>Children’s Services Total</b>	<b>1.450</b>	<b>1.200</b>	<b>1.200</b>	-	-	<b>3.850</b>
<b>Communities, Economy &amp; Transport:</b>						
Broadband	0.911	2.757	2.757	-	-	<b>6.425</b>
Salix Solar Panels	0.077	-	-	-	-	<b>0.077</b>
Climate Emergency Works	2.090	1.516	5.922	-	-	<b>9.528</b>
Flood & Coastal Resilience Innovation Programme	0.250	-	-	-	-	<b>0.250</b>
Bexhill and Hastings Link Road	0.318	-	-	-	-	<b>0.318</b>
Bexhill and Hastings Link Road – Complementary Measures	0.167	0.060	-	-	-	<b>0.227</b>
Economic Intervention Fund – Grants	0.282	0.435	0.300	0.300	0.754	<b>2.071</b>
Economic Intervention Fund – Loans	0.497	0.500	0.500	0.473	-	<b>1.970</b>

Stalled Sites	0.055	0.120	0.104	-	-	<b>0.279</b>
Upgrading Empty Commercial Properties	-	0.007	-	-	-	<b>0.007</b>
Community Match Fund	0.100	0.380	-	-	-	<b>0.480</b>
Community Road Safety Interventions	0.250	0.250	0.250	-	-	<b>0.750</b>
Newhaven Port Access Road	0.189	0.020	0.776	-	-	<b>0.985</b>
Real Time Passenger Information	0.074	0.078	0.060	0.061		<b>0.273</b>
Queensway Depot Development	0.175	0.466	-	-	-	<b>0.641</b>
Hailsham HWRS	0.164	-	-	-	-	<b>0.164</b>
The Keep	0.132	0.096	0.026	-	0.823	<b>1.077</b>
Other Integrated Transport Schemes	3.144	5.440	5.209	4.024	17.843	<b>35.660</b>
Integrated Transport Schemes – A22 Corridor	0.200	-	-	-	-	<b>0.200</b>
Exeat Bridge Replacement	2.176	3.733	2.509	-	-	<b>8.418</b>
Emergency Active Travel Fund – Tranche 2	0.756	-	-	-	-	<b>0.756</b>
Libraries Basic Need	0.497	0.789	0.449	0.449	1.796	<b>3.980</b>
Peacehaven Library Refurbishment and Conversion	0.028	-	-	-	-	<b>0.028</b>
Libraries Targeted Support	0.211	-	-	-	-	<b>0.211</b>
Highways Structural Maintenance	21.186	21.147	21.688	22.246	146.158	<b>232.425</b>
Bridge Assessment Strengthening	3.022	3.708	1.775	3.025	12.494	<b>24.024</b>
Street Lighting and Traffic Signals	3.723	3.792	3.839	3.888	6.702	<b>21.944</b>
Street Lighting and Traffic Signals – Salix Scheme	0.650	-	-	-	-	<b>0.650</b>
Visually Better Roads	5.609	-	-	-	-	<b>5.609</b>
Rights of Way Surface Repairs and Bridges	0.565	0.565	0.514	0.484	3.132	<b>5.260</b>
<b>Communities, Economy &amp; Transport (LEP Funded Schemes):</b>						
Eastbourne Town Centre Phase 2	3.241	-	-	-	-	<b>3.241</b>
Eastbourne/South Wealden Walking & Cycling Package	2.351	-	-	-	-	<b>2.351</b>
Hailsham/Polegate/Eastbourne Movement & Access Corridor	0.550	0.409	-	-	-	<b>0.959</b>
Hastings & Bexhill Movement & Access Package	4.089	0.987	-	-	-	<b>5.076</b>
Skills for Rural Businesses Post-Brexit	0.915	-	-	-	-	<b>0.915</b>
Getting Building Fund – UTC Maritime and Sustainable Technology Hub	1.300	-	-	-	-	<b>1.300</b>
Getting Building Fund – Food Street	0.100	-	-	-	-	<b>0.100</b>
Getting Building Fund – Seven Sisters	0.200	-	-	-	-	<b>0.200</b>
<b>Communities, Economy &amp; Transport Total</b>	<b>60.244</b>	<b>47.255</b>	<b>46.678</b>	<b>34.950</b>	<b>189.702</b>	<b>378.829</b>
<b>Total Programme</b>	<b>94.228</b>	<b>85.027</b>	<b>87.751</b>	<b>76.880</b>	<b>337.329</b>	<b>681.215</b>