

# Capital Strategy 2023/24 to 2043/44



## Document summary

With a scope of 20 years, the Capital Strategy 2023/24 to 2043/44 sets the framework in which the capital programme is planned and allows the Council to prioritise the use of resources to support the long-term priorities.

## Contents

1. Purpose of the Strategy.....	1
2. Technical Background.....	2
3. Reconciling Policy, Performance and Resources Framework.....	3
4. Principles.....	5
5. Funding.....	6
6. Environmental, Social and Governance (ESG) Considerations.....	8
7. Equalities Impact .....	8
8. Debt, Borrowing and Treasury Management.....	9
9. Commercial Activity .....	10
10. Governance .....	10
11. Risk .....	11
12. Skills and Knowledge .....	11
Appendix 1: Basic Need Definitions.....	12
Appendix 2: Business Case Guidance.....	15

## 1. Purpose of the Strategy

- 1.1 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 within the context of the sustainable, long-term delivery of services.

- 1.2 The Capital Strategy supports the Council Plan, which is our vision for a basic but decent level of service for East Sussex, in a difficult financial climate, set out under the following priority outcomes:
- Driving sustainable economic growth
  - Keeping vulnerable people safe
  - Helping people help themselves
  - Making best use of resources now and for the future
- 1.3 The Strategy prioritises investment in assets that support the objectives of the Council Plan.
- 1.4 The aim of this Capital Strategy is also to ensure that all elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

## 2. Technical Background

- 2.1 The Capital Strategy is framed within the following statute and guidance:

### Legislation

#### Local Government Act 2003

- Chapter 1:
  - 1.1 – Power to Borrow
  - 1.3 – Duty to determine affordable borrowing limit
  - 1.12 – Power to invest
  - 1.15 – Regard to guidance issued

### Professional Codes

#### CIPFA Professional Codes

- Prudential Code 2021
- Treasury Code of Practice 2021

### Guidance

#### Government and CIPFA guidance

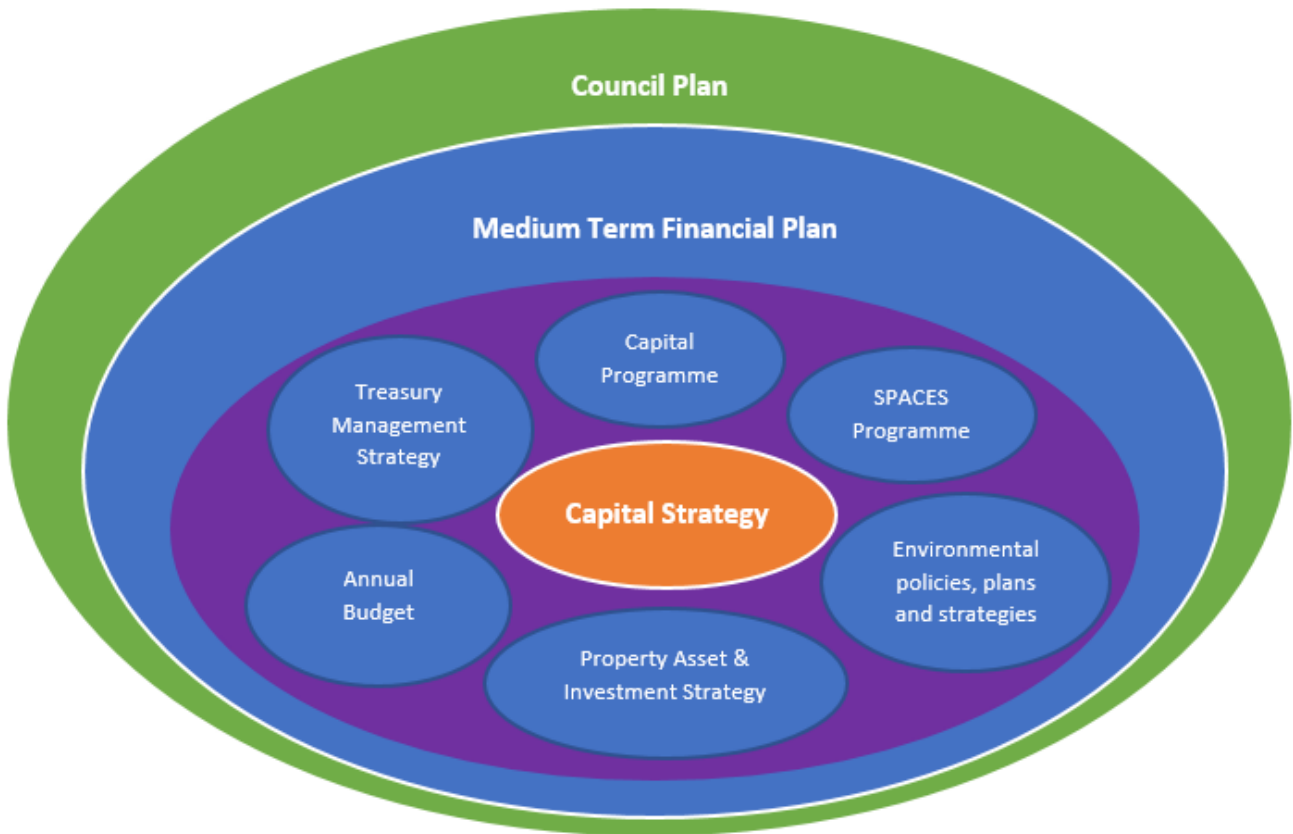
- Minimum Revenue Provision 2018
- Local Government Investments 2018

- 2.2 In response to a growing number of authorities increasing their use of non-financial investments (such as commercial property portfolios) to generate income to compensate for reducing resources supporting the delivery of their core services, the Prudential Code was updated in 2017. The revised code 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.
- 2.3 The Strategy is completed in line with best practice as outlined within the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2021 Treasury and Prudential Code, it:
- Applies a long-term approach.
  - Explores external influence on Capital Strategy e.g. Local Enterprise Partnership (LEP).
  - Examines Commercial activity/ambition.

- Determines implications of Treasury Management Strategy.
- Ensures Council Plan priorities drive capital investment.
- Examines available resources and capacity to deliver.
- Assesses 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; plus a 3-year funded programme in line with the Medium Term Financial Plan (MTFP).
- Identify risks and mitigation.
- Outline Governance, monitoring processes and procedures.

### 3. Reconciling Policy, Performance and Resources Framework

3.1 The Capital Strategy is an integrated part of the Council’s planning framework, Reconciling Policy, Performance and Resources (RPPR). It will have an impact on, and will be impacted by, the other strategies and documents both internally and externally: Internally this includes:



Name	Description
Council Plan	Sets ambitions and plans for each of the four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources and for the future.

Medium Term Financial Plan	The Medium Term Financial Plan covers up to the next three years, it is updated each year to encompass any economic or political impacts.
Capital Planned Programme	The programme sets out for the coming 10 years the programme of capital investment that supports delivery of the Council's priority outcomes updated each year to maintain the 10-year horizon.
Annual Budget	The annual budget details the intended revenue (current) expenditure for the next financial year, it allows the Council to set its Council Tax rate for that year. Including any impact from planned investment.
Treasury Management Strategy	Setting out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy.
Property Asset & Investment Strategy	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.
SPACES Programme (Strategic Property Asset Collaboration in East Sussex)	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.
Environmental policies, plans and strategies	The County Council agreed a Climate Emergency Action Plan in June 2020 and is also a partner in the Environment East Sussex Board, which has developed an Environment Strategy for East Sussex.
Capital Strategy	With a scope of 20 years, the strategy sets the framework in which the capital programme is planned and allows the Council to prioritise the use of its resources to support the long term priorities.

3.2 In addition to the internal framework there are a number of external organisations and partners who inform our capital strategies, these include, but are not limited to:

- South East Local Enterprise Partnership (*SELEP*);
- Coast to Capital Local Enterprise Partnership;
- District and Borough Councils via their Local Plans: There is a requirement for contribution receiving authorities to publish an annual 'Infrastructure Funding Statement' (IFS). Each authority IFS will improve provides transparency, increased accountability and promoted infrastructure delivery through publication of Section 106 (S106) and Community Infrastructure Levy (CIL) monies held, including details on allocations and spending. Districts and boroughs will also provide future spending priorities on infrastructure linked to their Local Plans with a statement on projects or types of infrastructure they intend will be funded by CIL. Providing the opportunity to actively bring processes together on monitoring, spending and promote delivery. The Council will continue to work in partnership with its districts and boroughs on infrastructure planning and delivery though the IFS and Local Plan reviews;
- Local Planning Authorities, such as District and Borough Councils and the South Downs National Park Authority may impose planning conditions to specific schemes.
- NHS Sussex Integrated Care Board;
- Brighton University;
- SPACES (*Strategic Property Asset Collaboration in East Sussex Programme*) is a partnership that includes East Sussex County Council (ESCC), all District and Borough Councils, Brighton & Hove City Council, three emergency services, representatives from the voluntary and community sector, NHS and some central government departments such as Probation Services, Job Centre Plus (Department for Work and Pensions - DWP) and Department for Transport (DfT).

- 3.3 The Council will actively seek opportunities to engage with other partner organisations to achieve positive outcomes for our residents, using all available forums to develop connections that can be utilised to achieve mutually beneficial approaches to deliver capital projects.

## 4. Principles

- 4.1 Capital expenditure can be defined as expenditure that 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.
- 4.2 The strategy sets the strategic direction for next 20 years and is supported by a 10 year planned programme. Published as a separate document, the Capital Programme will be updated annually through the RPPR process, to ensure that the Council continues to focus on the right priorities and is able to react to changes in circumstances.
- 4.3 The Prudential Code requires that authorities demonstrate that they make capital expenditure and investment decisions in line with services objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainable and affordable.
- 4.4 To ensure that the Council meets the requirements, it will:
- **Ensure capital expenditure contributes to the achievement of the Council's Priority Outcomes.** Capital is considered annually as part of the RPPR process, which underpins the financial planning process;
  - **Ensure investment decisions make best use of resources.** A capital and treasury model is in place to ensure that the impact of capital expenditure and use of resources is understood and a holistic view taken;
  - **Have a clear framework for making capital expenditure decisions.** Basic need provides a platform that **must** be funded. Other decisions require a business case that meet certain criteria to be approved (see Appendix B);
  - **Ensure a corporate approach to generating capital resources is established.** The approach to providing funding for capital is set out in section 5 of this strategy;
  - **Prioritise the implementation of key risk management tools.** Including prudential indicators as part of the Council's Treasury Management Policy and Strategy and follow the core principles of the codes;
  - **Have access to sufficient long-term assets to provide services.** The Council use statistical information, including population trends and housing development plans along with asset condition surveys and regular valuations of our assets to help plan long-term need.
- 4.5 **Basic Need** - The strategy focusses on the delivery of basic need for the Council to continue to deliver our services as efficiently as possible. Basic need for the purposes of the capital strategy is provided below, and further detail is provided in in Appendix A:
- **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 ICT is for for purpose for delivering modern council services in a digital era and protecting data.

- **Climate Change:** supporting the Council's aim of reaching carbon neutrality from our activities as soon as possible and in any event by 2050 in an appropriate and cost-efficient way.

4.6 **Investment Projects** - In addition to the basic need programme the Council will consider business cases where a clear payback, funding stream or future cost avoidance can be demonstrated. Any payback will reduce borrowing in the year it is received and contribute to the sustainability of the programme.

4.7 **Capital Loans** – Where loans to third parties that are being used to fund expenditure that is classed as capital in nature, the loans will be accounted for as capital expenditure and will therefore be approved as part of the capital programme. Capital loans to third parties will only be considered where there is an agreed terms of repayment, and repayments will be treated in accordance with the Council's Treasury Management Strategy.

## 5. Funding

5.1 The Councils Capital Programme is funded from a range of sources including:

- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allows 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, including Minimum Revenue Provision, which will be considered via the annual RPPR process.
- **External Grants for Specific Purposes** – these include grant allocations categorised for specific purposes to deliver specific schemes or outcomes. Where the Council is already funding a scheme or targeted outcome from council funding streams such as borrowing or capital receipts, then such grants will be used to reduce the use of council funding in the defined order outlined at 5.2.
- **External Grants for Non-Specific Purposes** – grant allocations for the delivery of the Council's capital plans (most often from government departments), that are categorised as non-specific. Any grants attracted are used to fund the approved Basic Need capital programme and reduce the Councils need to borrow.
- **Infrastructure Contributions (Section 106 and Community Infrastructure Levy) -**

S106 Contributions – some projects within the Capital Programme are funded by contributions from private sector developers. Where applicable we request contributions for infrastructure such as roads and transport, schools, libraries, household waste recycling centres and rights of way relating to development that has an impact in East Sussex.

Community Infrastructure Levy (CIL) - CIL is a standard charge on developments used to fund a wide range of infrastructure that is needed because of the development. The Charging Authorities (District & Borough Councils) are required to produce a CIL Charging Schedule, which sets out the rates of CIL to be charged on development, East Sussex County Council can then approach the Charging Authority to drawdown some or all of the CIL to fund infrastructure projects.

Infrastructure Contributions represents an important source of funding as it can act to facilitate leverage of additional external funding crucial to meet the County's infrastructure requirements. The capital strategy will seek to maximise the use of Infrastructure Contributions to fund basic need requirements and unfunded infrastructure schemes (via net nil variation), and for future planning purposes, the capital programme will include a reasonable funding target for future years. This target has an inherent risk of not being secured, and will therefore be reviewed annually for reasonableness and, if necessary, actions taken to reduce the target whilst not increasing the need to borrow.

- **Other External Contributions** - Other organisations and partners such as may from time to time make a contribution towards the delivery of a specific capital project. The same principles will apply as to External Grants for Specific Purposes (see above).
- **Reserves and Revenue Set Aside** – The Council can use revenue resources to fund capital projects, where these have been approved as part of the budget setting process or an approved business case. This includes specific reserves, payback from invest to save schemes and revenue contributions (CERA).
- **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. This funding source will be prioritised to fund assets with the shortest useful life, such as IT equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost.
- **Capital Reserve** – The Council has set aside funds in a reserve that can be drawn upon to fund capital schemes, however reserves can only be used once and therefore are a finite resource. The purpose of the Capital Reserve is to support the Council’s Capital Programme and to reduce the need to borrow. This funding source will be prioritised where possible and appropriate to fund assets with the shortest useful life, such as IT equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost.
- **New Homes Bonus** – New Homes Bonus is a (non-specific) revenue grant given by Central Government to Councils which is based on the number of homes build or brought back into habitation in the previous year and is payable for four years. New Homes Bonus can be used to fund revenue or capital expenditure. This will be decided annually through the RPPR process.

5.2 The application of these funding sources to capital expenditure incurred during the year will be applied in the following order where possible to minimise revenue implications:

- a. Scheme specific income e.g. specific grants, S106 contributions, Community Infrastructure Levy and Other External Contributions
- b. Reserves and Revenue set aside funding where agreed;
- c. Non-Specific grants
- d. New Homes Bonus
- e. Capital Receipts
- f. Capital reserve (dependant on allocations for any specific items of investment set aside for future years)
- g. Borrowing

5.3 **Leasing** - Lease obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks to the Council owning and delivering such assets itself.

5.4 **Flexible Use of Capital Receipts** – Capital receipts cannot usually be used to fund revenue costs under statutory guidance, however, in 2016 the government introduced a direction, that has since been extended, to enable local authorities to fund the revenue costs of transformation projects that generate ongoing revenue savings or reduce the cost of service delivery. This direction recommends that a council that intends to use this flexibility should produce a Flexible use of Capital Receipts Strategy setting out details of projects to be funded through flexible use of capital receipts prior to the start of each financial year. The Council does not intend to use this flexibility as it would limit the amount of funding available to fund



the Capital Programme or increase the level of borrowing which would have revenue implications for the Council.

## **6. Environmental, Social and Governance (ESG) Considerations**

- 6.1 Environmental, Social and Governance (ESG) considerations are relevant in capital decision making in order to support the Council's strategies. ESG requirements will need to be supported within the business case (see Section 4), and once approved, any capital items will enter the programme via the variation process.
- 6.2 In October 2019 the County Council declared a Climate Emergency and set a target of achieving carbon neutrality from its activities as soon as possible and in any event by 2050, in line with the new target for the UK agreed by Parliament in 2019. The County Council agreed a Climate Emergency Action Plan in June 2020. In accordance with the Climate Emergency Action Plan, where possible, officers will support these strategies through identifying a programme of energy efficient projects linked to capital programmes and embed low carbon outcomes in where appropriate in capital contracts.
- 6.3 To ensure that the costs and benefits of any potential projects is balanced with the social, economic and environmental implications of carbon reduction initiatives, the following should be considered.
- Energy efficiency measures should be considered at the start of any capital project and included in the whole project costs when establishing a business case;
  - Where possible, ESG schemes should be integrated within existing funded programmes, e.g. boiler replacement programme with carbon low carbon replacements as part of the capital building maintenance programme;
  - A whole building approach should include whole life costings which will range from shorter to longer term pay back periods, and it may be possible to use short term savings to subsidise longer term improvements.
  - Scheme Specific Funding, such as external grants and Section 106/CIL contributions should be considered and actively sought to fund projects. This should include lobbying of government departments to provide funding for low carbon measures, such as the Department of Education when funding new schools and major improvements.

## **7. Equalities Impact**

- 7.1 Following the introduction of the Equality Act 2010 ('the EA') a public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA; (b) advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 The protected characteristics set out in the EA are age, disability, race, pregnancy/ maternity, religion or belief, sex, gender reassignment, and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. When making decisions the County Council also considers other matters such as the impact of rurality, deprivation and being a carer.
- 7.3 This means that in setting the Capital Programme, the three equality aims set out above have to be considered as a relevant factor alongside financial constraints and all other relevant considerations. The EA does not require a specific template or format for this assessment



however, cases considering the public sector equality duty have held that an Equality Impact Assessment (EqIA) is the best way to demonstrate that the equalities impacts have been identified and considered.

- 7.4 Where a capital project is added to the Capital Programme, officers will demonstrate that the equalities impacts have been assessed and considered by carrying out an initial high level EqIA. This will identify whether a further EqIA is required if the proposal is agreed. Where EqIAs are in place for existing projects in the capital programme, these must be reviewed and refreshed annually as part of the RPPR process.

## **8. Debt, Borrowing and Treasury Management**

- 8.1 A requirement under the Chartered Institute for Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services is to prepare a Treasury Management Policy and Strategy setting out the Council's policies for managing investments and borrowing. The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 8.2 The Local Government Act 2003 permits local authorities to borrow to finance capital expenditure provided that the plans are affordable, prudent and sustainable in the long term. The Treasury Management Policy and Strategy and the Capital Programme identifies a borrowing need. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.
- 8.3 Under the Prudential Code and Treasury Management Code, the Council is required to set parameters around its borrowing and treasury activity, including an authorised borrowing limit for each year which cannot be breached. Additionally, when funding capital expenditure through borrowing, the Council is required to set aside a sum from revenue each year to repay the debt, known as the Minimum Revenue Provision (MRP).
- 8.4 To ensure the separation of the core treasury function under security, liquidity and yield principles (SLY), and the policy and commercialism investments usually driven by expenditure on an asset, the Capital Strategy is reported separately from the Treasury Management (TM) Strategy. Therefore, the debt related to the activity and the associated interest costs, payback period, Minimum Revenue Provision policy or for non-loan type investments, the cost against the current market value and the financial risks are part of the Treasury Management Policy and Strategy.
- 8.5 The proposed capital programme investment has consideration directly to the Treasury Management Strategy. A specific model developed for this purpose continues to be used and updated to remain current so that it remains responsive to any treasury management risks, such as interest rate volatility. Any borrowing required is within the limits set by the Treasury Management Strategy, which sets out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy.
- 8.6 The Treasury Management revenue budget currently holds capacity due to the following items, but it is anticipated that this capacity will diminish and cease over time as the need to borrow to finance the capital programme increases.
- Capacity is held for a capital programme risk provision (approved annually as part of the RPPR process).
  - Slippage in the capital programme will create temporary capacity in MRP budgets.

- The Treasury Management Strategy seeks to maximise return on investments (commensurate with the Council's risk appetite) and allow for an appropriate level of internal borrowing.

Subject to annual consideration as part of the Council monitoring process, any underspends within the Treasury Management revenue budget will be reinvested into the capital programme (managed through the Capital Reserve), to reduce the need to borrow and significantly increase the Treasury Management revenue budget in the future.

## 9. Commercial Activity

- 9.1 The Council's Property Asset Disposal and Investment Strategy was approved at Cabinet on 24 April 2018. 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, providing 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.

## 10. Governance

- 10.1 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 RPPR budget report sets the capital funding availability for the Council. This is updated and approved by Full Council as part of the Council's RPPR State of the County report;
  - All schemes are formally approved into the capital programme by following the process set out in the financial regulations;
  - With the exception of strategic projects supported by a business case, Basic Need will 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 process 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.
- 10.2 The Council has a Capital Strategic Asset Board (CSAB), a cross-departmental group consisting of officers from each service department, finance, property and procurement. CSAB oversees the development and delivery of the Council's capital programme.
- 10.3 Departmental Capital Boards/sub boards exist for the school basic need programme, Property Maintenance and related projects; Communities, Economy and Transport; and Information, Technology and Digital. There is also a CIL & Section 106 Working Group that reports to the CSAB.
- 10.4 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.
- 10.5 Governance arrangements, including risk management (see section 10), will be reviewed to ensure that it remains fit for purpose and is in line with best practice.

## 11. Risk

- 11.1 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.
- 11.2 The Council is exposed to a range of risks that could be triggered by local, national or global events resulting in, for example:
- 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, wider national and global economics.
  - A credit and counterparty risk 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 Priority Outcomes.
  - 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.
  - 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 that balance oversight and efficiency.
- 11.3 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.
- 11.4 The Council aims to minimise its exposure to unwanted risks – risks that are avoidable and which carry no commensurate reward for the Council – through a range of cost effective mitigation strategies.
- 11.5 To ensure that risks to the delivery of the capital programme, a structured framework of planning and monitoring is maintained as detailed in section 9, which is intended to identify those schemes at risk of non or late delivery.
- 11.6 The Council maintains a contingency at a corporate level, to mitigate possible risks arising from the capital programme. Control of this contingency is maintained by the CSAB, which operates within the normal governance arrangements (see section 9).
- 11.7 As part of capital planning, a number of potential projects or needs for additional funding maybe identified, these are added to a register of such schemes, with the risks and impacts analysed. The CASB will review these on a regular basis and commission further work as necessary to bring the business cases forward if risk is deemed to have developed to a point where further action is required.

## 12. Skills and Knowledge

- 12.1 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 activities and is a qualified accountant.

## **Appendix 1: Basic Need Definitions**

### **Place**

The overarching principle of “Place” is that the Council ensures that it is investing in its assets to meet future need. The areas of agreed investment are:

#### **Schools Basic Need Programme**

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 changes in birth rates.

The programme will recognise the potential need for additional primary school places in areas of new housing development together with the increase in secondary school places required for those children already at primary school, which reflects an historic increase in births.

### **Special Educational Needs and Disability (SEND) Place Planning**

Local authorities have a statutory duty to ensure there are sufficient good school places for all pupils, including for those with Special Educational Needs and Disabilities (SEND). Provision is an area of pressure for the Council, with forecasted growth in need over the capital programme period.

SEND requirements will be considered as basic need as part of school place planning, whilst also considering the implication of alternative provision (such as providing places within the independent sectors).

### **Economic Development including Place Shaping**

A Council's priority outcome is to drive sustainable growth. Working with our partners, the Council will include in its capital programme schemes that support this outcome.

The Council will consider, as part of the "Other Investments" outside of basic need, schemes that will provide long-term benefits and demonstrate payback of the initial investment.

### **House Adaptations**

House adaptations for both adults and children are an important element of allowing people to remain in their homes (District & Boroughs) or in accommodation, which meets their needs (County).

Working alongside our partners in Districts and Boroughs to ensure Disabled Funding Grant is utilised, along with our own resources, to provide the best outcomes for our residents.

### **Integrated Transport**

The integrated transport delivers the objectives of the County's Local Transport Plan, which is complemented five-year implementation plans, delivering priority schemes. The schemes to be delivered are only added to the capital programme when external grant or contributions have been secured.

### **Climate Change**

To achieve the Council's aim of reaching carbon net zero by 2050 at the latest in an appropriate and cost-efficient way, extensive works to decarbonise ESCC's estates operations will be necessary. The capital strategy will support an annual programme of energy efficiency projects linked to capital maintenance programmes, and consider the identification of additional resources required to meet actions identified in climate emergency plans, based on a robust process for identifying, prioritising and delivering projects.

### **Asset Condition**

The overarching principle of "Asset Condition" is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which allows the Council to deliver its Priority Outcomes, meeting any security and health and safety requirements. The areas include:

#### **Highways Structural Maintenance**

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 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.

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 capital strategy will support the basic need target of maintaining road condition at 4% (A Roads), 4% (B&C Roads), 14% (Unclassified) being in “red” condition, based on a method of survey and analysis prescribed by the Department for Transport.

We receive many requests to install physical features to prevent driving or parking in unsuitable places. All requests are assessed by the Road Safety team and will not be taken forward unless the location meets the criteria used by our scoring system.

If we can improve safety by making minor changes, this will be carried out as part of the highway’s maintenance programme. However, more complex improvements, such as traffic calming schemes, pedestrian crossings or cycle lanes are funded from our budget for transport improvements and undergo a strict scoring process.

To ensure that highways drainage is adequate to meet the needs of maintaining safe roads and, as the occurrence of extreme weather events increases, is able to cope with those events

### **Bridge Strengthening/Street Lighting/Traffic Signals**

As traffic continues to increase on our roads there is requirement for a programme of bridge strengthening and replacement to ensure they remain safe.

To ensure that street lighting is adequate and, as the existing stock comes to the end of its life, it is replaced with modern, energy efficient, technology that also addresses the issue of light pollution.

To ensure that the maintenance of traffic signals is adequate to meet the needs of maintaining safe roads and that meet the needs of all users.

### **Rights of Way**

Maintaining and protecting the public's right to use the 2000 miles (3,500km) of footpaths, bridleways and byways in East Sussex.

### **Real Bus Information**

Real Time Passenger Information (RTPI) has been introduced in East Sussex to help provide better, more reliable information about bus services. The County Council continues to work with neighbouring local authorities and bus operators to roll out the system, which enables live bus times (real time information) to be displayed on electronic RTPI signs installed at a number of major bus stops and also on the Traveline website, text messages and smartphone apps.

### **Building Maintenance - schools**

Work related to legislation, statutory requirement, health and safety and urgent repair work, as identified via the condition surveys and plans that ensure that schools are maintained at a minimum requirement, including the provision of temporary classrooms, plans based on birth rates and population projections are included in the Place section above.

### **Building Maintenance – non schools**

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.

### **Libraries**

To maintain libraries in a safe and suitable condition from which to deliver the outcomes of the Libraries Strategic Commissioning Strategy.

### **Energy Efficient Projects**

Where funding from Salix can be attracted that pays back the investment, these will be added to the capital programme.

### **IT&D Strategy Programme**

The overarching principle of the IT&D strategy is to ensure that our Information and Communications Technology (ICT) is fit for purpose for delivering modern council services in a digital era and protecting any data held.

The business has a dependent on a basic level of 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, services that support the rest of the organisation.

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.

In order to stay ahead of business user expectation, investment in developing current systems is fundamental. Failure to keep pace with technological development will, in the short-term, paralyse Council infrastructure. 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.

## **Appendix 2: Business Case Guidance**

- B1. The Council does not prescribe how a business case should be made but a template is available for services to use as necessary. There are also some basic principles.
- B2. The 5-Case Business Case model, as recommended by HM Treasury, sets out some basic questions that all business cases should answer.



### **The Strategic Case**

- **Is the proposal needed?**
  - Will it further the Council's objectives?
  - Is there a clear case for change?

### **The Economic Case**

- **Is it value for money?**
  - Have a range of options been considered?
  - Is it the best balance of cost, benefits and risk?

### **The Commercial Case**

- **Is it viable?**
  - Is there a supplier who can meet our need?
  - Can we secure a value for money deal?

### **The Financial Case**

- **Is it affordable?**
  - Are the costs affordable and realistic?
  - Is there funding available and is it supported?
  - Is there a clear payback?

### **The Management Case**

- **Is it achievable?**
  - Are we capable of delivering the project?
  - Do we have robust systems and processes in place?