



ADUR & WORTHING C O U N C I L S

30 June 2017

Joint Strategic Committee

Date: 11 July 2017

Time: 6:30pm

Venue: Gordon Room, Town Hall, Worthing

Adur Executive: Councillors Neil Parkin (Leader), Angus Dunn (Deputy Leader), Carson Albury, Brian Boggis, Emma Evans and David Simmons

Worthing Executive: Councillors Daniel Humphreys (Leader), Kevin Jenkins (Deputy Leader), Diane Guest, Heather Mercer, Mark Nolan and Val Turner

Agenda

Part A

1. Declarations of Interest

Members and officers must declare any disclosable pecuniary interests in relation to any business on the agenda. Declarations should also be made at any stage such an interest becomes apparent during the meeting.

If in doubt contact the Legal or Democratic Services representative for this meeting.

2. Minutes

To approve the minutes of the Joint Strategic Committee meeting held on 6 June 2017, copies of which have been previously circulated.

3. Public Question Time

To receive any questions from members of the public.

4. Items Raised Under Urgency Provisions

To consider any items the Chairman of the meeting considers to be urgent.

5. Delivering *Platforms for our Places*: Mid-Year Report 2017

To consider a report from the Chief Executive and the Council Leadership Team, a copy is attached as item 5.

6. Revenue Outturn 2016/17

To consider a report from the Director for Digital & Resources, a copy is attached as item 6.

7. Capital and Projects Outturn for 2016/17

To consider a report from the Chief Financial Officer, a copy is attached as item 7.

8. Towards a Sustainable Future - Budget Strategy for the 2018/19 Budget

To consider a report from the Director for Digital & Resources, a copy is attached as item 8.

9. Investing in Service Delivery - Capital Strategy 2018/19 - 2020/21

To consider a report from the Director for Digital & Resources, a copy is attached as item 9.

10. Building the Councils' Investment Portfolios: An update and future direction for Strategic Investment

To consider a report from the Director for the Economy, a copy is attached as item 10.

11. Developing New Affordable homes for Adur Residents - Additional contribution to Worthing Homes

To consider a report from the Director for Communities, a copy is attached as item 11.

12. Enhancing our Recreational Facilities: Refurbishment of Homefield Park Tennis Courts

To consider a report from the Director for Communities, copies are attached as item 12.

13. Fulbeck Avenue Development Site

To consider a report from the Director for the Economy, copies are attached as item 13.

14. Exclusion of the Press and Public

In the opinion of the Proper Officer the press and public should be excluded from the meeting for consideration of the following item. Therefore the meeting is asked to consider passing the following resolution:

'that under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting from the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the paragraph of Part 3 of Schedule 12 A to the Act indicated against the item'

Part B - Not for Publication – Exempt Information Reports

15. Former Customer Housing Arrears - A New Approach

To consider a report from the Director for Communities, a copy is attached as item 15.

16. Shoreham Airport Lease

To consider a report from the Director for the Economy, a copy is attached as item 16.

Recording of this meeting

The Council will be voice recording the meeting, including public question time. The recording will be available on the Council's website as soon as practicable after the meeting. The Council will not be recording any discussions in Part B of the agenda (where the press and public have been excluded).

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The agenda and reports are available on the Councils website, please visit www.adur-worthing.gov.uk



Delivering *Platforms for our Places*: Mid-Year Report 2017

Report by the Chief Executive and Councils Leadership Team

1.0 Summary

- 1.1 This paper provides a short overview of progress against a range of commitments set out in *Platforms for our Places* over the first six months of the programme. It introduces our new commitment progress tracker and enables Joint Strategic Committee to have top level oversight over progress against all five Platforms.
- 1.2 Given their number, the progress of all commitments has not been set out in this report or the Progress Report at [Attachment A](#). Individual Executive Members will be aware of the detailed progress of commitments relevant to their portfolio.

2.0 Background

- 2.1 In December 2016 Adur and Worthing Councils adopted *Platforms for our Places* as the Councils' direction of travel for the next three years. As a result of Joint Strategic Committee report on *Platforms for our Places* (December 2016) the Joint Strategic Committee requested reports on a six-monthly basis on the progress being made on the commitments set out in *Platforms for our Places*.
- 2.2 *Platforms for our Places* builds on the need to explore and reset our relationship with our residents, recognising as Councils we cannot and should not do everything for everyone. However that we still have a role in providing the essential services for our residents, and work with partners to create 'platforms' upon which our communities can build happy, healthy, prosperous and connected places.
- 2.3 *Platforms for our Places* identifies five platforms that are underpinned by a series of commitments:
 - a) Our Financial Economies
 - b) Our Social Economies
 - c) Stewarding our Natural Resources
 - d) Services and Solutions for our Places
 - e) Leadership of our Places

3.0 Proposals

3.1 The Progress Report (Attachment A), provides an overview of the main highlights, challenges and future focus in the development of the five platforms identified in *Platforms for our Places*. The progress report also provides an overview of the current status of Platform commitments. In addition to the progress report, it may be helpful to draw out particular emerging issues further.

3.2 Major Projects

3.2.1 The development of key sites across Adur and Worthing are identified by the Councils as vital in developing our financial economy. We have seen significant development on the Adur Civic Centre site, with the building completely demolished by May 2017. We are now in Phase 2 with Architects appointed to develop options for the scheme. The Worthing Planning Committee granted permission for the Aquarena site, with the sale of land to the developer expected to be completed by July 2017 and work on site expected to commence shortly thereafter.

3.2.2 The Councils have been allocated in excess of £18 million in financial support through the LGF from our successful bids to the Coast to Capital Local Enterprise Partnership. The funding will enable the Councils to unlock key sites across Adur and Worthing. With this funding the Councils' are developing options for taking a more pro-active role in securing development that will help realise the economic potential of our places. Ongoing engagement between project managers, technical and building services, legal services and procurement teams; and an effective use of the Council limited resources is also required to deliver complex projects.

3.3 Improving our visitor and cultural economies

3.3.1 The Councils have strengthened and improved the visitor and cultural economies in Adur and Worthing. The Shoreham Farmers' Market was awarded Sussex Farmers' Market 2017 at the Sussex Food and Drink awards, while Adur's other markets go from strength to strength. In Worthing 'Discover Worthing' was launched to attract new and return visits to the town. The Councils also launched a summer events calendar demonstrating how the collaboration between the visitor economy and the Councils can enhance the offer for visitors to both areas.

3.3.2 Our cultural economies also play an important role in supporting our visitor economy and developing Adur and Worthing as a home of arts and culture for the benefit of the community and visitors alike. The Ropetackle Arts Centre successfully won their bid for funding from Arts Council England. This was aided by leveraging grant money from Adur District Council. The creative hub, Colonnade House, has established itself on the cultural landscape of Adur and Worthing and beyond. In six months of opening creative spaces and studios are nearly at 100 per cent occupancy and booking of ground floor exhibition space are secured well into 2018.

3.3.3 Worthing Theatres and Museum continue to develop its artistic and cultural programme. Worthing is now considered a leader in contemporary circus, through collaboration with key circus organisations. The second year of *Summer of Circus* builds on the success of its inaugural year in 2016. The Museum's *Isolation*

Chamber has received national coverage. A well developed programme with strong and innovative marketing have contributed to Worthing Theatres and Museum's improved year end financial position. At the end of 2016/17 the overspend was reduced from £120,000 to £25,000.

3.4 Improving Customer Service

3.4.1 A number of services across the Councils are focused on improving the customer experience. This is important in improving the efficiency of the service and commercial competitiveness, and maintaining the confidence of our communities. Improvements in customer service were delivered through the Councils' digital strategy, service transformation and improvement and collaboration with internal and external partners.

3.4.2 Improved telephony systems have provided greater customer insight and better call center performance. The average wait times for customers in February 2017 were a quarter of those recorded as recently as September 2016. Customer insight has informed service transformation projects including, Housing Repairs, Waste Services and Planning & Building Control. Customer Service and Digital are also working to improve the Councils' Complaints and Compliments digital platform to ensure it is an effective tool to manage, respond and learn from complaints and compliments received from residents.

3.4.3 **Adur Home Repairs:** A self-help digital solution is currently being developed for Adur Homes repairs. This sits within a wider project between Housing, Digital and Design and Building and Technical Services, who are working together to improve repairs and capital improvements across Adur Homes.

3.4.4 **Adur Revenue and Benefits:** Bringing Adur Revenue and Benefits in-house is intended to improve customer service, and collection rates for Council Tax and Business Rates. Revenue and Benefits are also in the position to use their relationship with other support services to refer customers. In the longer-term joint revenue and benefits services will see customer enhancement for Adur and Worthing residents, including on-line self-service.

3.4.5 **Clinical Waste:** A new digital platform has improved internal process and the customer journey for clinical waste, which is a key revenue generator within our waste services offer.

3.4.6 **Building Control and Planning:** Identifying similar customers and business process, a customer-focused online tool is being developed for Building Control and Planning Customers.

3.4.7 **Worthing Theatres:** An excellent programme and quality customer experience provided by fully trained staff has seen 40% of our ticket bookers attending four times or more, well exceeding the national standard of 24%.

3.5 Developing our organisation

3.5.1 In response to the Adur and Worthing Councils adoption of *Platforms for our Places*, conversations have commenced across the organisation on how we can best deliver the ambitious plan Elected Members have adopted. A series of workshops

were held for staff and managers, and constructive conversations are taking place among senior management about how we can work together more effectively to deliver the Councils' objectives.

3.5.2 In addition conversations have begun with staff about the development of a People Strategy. This work is about looking at what how our organisation can be at our best and what changes we need to make to get there.

3.6 Working with our Partners

3.6.1 Working with our Partners is a core aspect of *Platforms for our Places*. We continue to build our relationship with partners across our places and across Platforms. Already in this report there are examples of the Councils' working with public, private, and the community and voluntary sector to deliver commitments. However we do recognise that it is our public and community and voluntary sector partners are experiencing challenges with funding and capacity. This may be a result of competing service demands, or the effort required to redesign services that increases the skills, capabilities and resilience of our population. For example health and social care providers managing increasing service demand for older people, while still meeting the needs of children and young people. In some cases our public and community and voluntary sector partners are critical to realising the Councils' ambition, and therefore may place delivery at risk. Looking forward we are working to develop our community leadership and engagement, by creating principles and tools with our partners to redefine and reshape our offer to communities and enable proactive community leadership.

3.6.2 **Stewarding our Natural Resources:** We have had some real successes working with the Community to steward our green space and natural environment.

- a) Successful collaboration and ongoing partnership working with Allotment Self-Management;
- b) 43 groups across the District and Borough are engaged with the Green Space Partnership, co-chaired by The Conservation Volunteers;
- c) The establishment of a Sustainability Network with attendees from public, private and not-for-profit sector interest in collaborating and sharing to promote sustainability in our Places.

3.6.3 **Systems Leadership:** We continued our working with the Local Government Leadership Centre to develop our collective leadership capabilities. Working with young people and public and voluntary sector leaders we are developing a "What young people need to thrive" programme, centred on the building blocks needed for strong emotional wellbeing and resilience. We will be using this to influence and shape programmes across Adur and Worthing in ways to help grow these capabilities.

3.6.4 **Going Local:** Recognising the power that social and community solutions have to a person's health and wellness and the role that Councils play in promoting this. Our Going Local (social prescribing) programme (with the Coastal West Sussex Clinical Commissioning Group and West Sussex County Council), set up in November 2016 has now seen nearly 260 individuals, and provided the time and space to explore their real issues with them and connect them into services and community based solutions.

3.6.5 **New models to deliver Housing:** The first half of a £10 million loan facility to Worthing Homes has been advanced, enabling them to deliver additional social housing in Worthing. Further financial and legal due diligence work is undertaken to enable the next part to be released in December 2017. In Adur District Council, plans are being developed to deliver new homes on two sites at Albion Street at a Cecil Norris House; and work is being commissioned to review the potential of Adur Homes in-fill sites. This will provide valuable learning to Adur Homes, while contributing to the district's housing need.

4.0 Legal

4.1 Section 1 Localism Act 2011 provides for a general power of competence and empowers the Councils to do anything which individuals generally may do, in the UK or elsewhere, for a commercial purpose or without charge and for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.

4.2 Section 111 of the Local Government Act 1972 allows the Councils to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.

5.0 Financial implications

5.1 Financial implications will be addressed as part of the budget process.

6.0 Recommendation

6.1 Joint Strategic Committee are asked to:-

- a) Note progress made and challenges experienced during the first six months of the *Platforms for our Places* programme and emerging issues identified.
- b) Request a further update report to January 2018 Joint Strategic Committee.

Local Government Act 1972

Background Papers:

- *Platforms for our Places* (adopted by Adur District Council - 15 December 2016; adopted by Worthing Borough Council - 20 December 2016)
- "Platforms for our Places" - Unlocking the power of people, communities and our local geographies [Joint Strategic Committee Report - 6 December 2016 (Item 6)]

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Schedule of Other Matters

1.0 Council Priority

- 1.1 The report provides an overview of the progress made on the Councils' three-year plan - *Platforms for our Places*.

2.0 Specific Action Plans

- 2.1 A commitment is made in *Platforms for our Places* that members would be regularly informed about progress under the the plan.

3.0 Sustainability Issues

- 3.1 The report provides an overview of how the Councils are contributing to the economic, social and environmental sustainability of Adur and Worthing; and activities to improve the financial and organisational efficiency of the Councils.

4.0 Equality Issues

- 4.1 No specific equality issues are addressed in the report, however they are considered as part of the implementation of *Platforms for our Places*.

5.0 Community Safety Issues (Section 17)

- 5.1 No specific community safety issues are addressed in the report, however they are considered as part of the implementation of *Platforms for our Places* through specific commitments.

6.0 Human Rights Issues

- 6.1 No specific human rights issues are addressed in the report, however they are considered as part of the implementation of *Platforms for our Places*.

7.0 Reputation

- 7.1 The progress outlined in the report demonstrates Adur and Worthing Councils are taking active steps to promote our Places, and are successfully working with partners to help our places thrive.

8.0 Consultations

- 8.1 All service areas within the Councils contributed input to the development of this report.

9.0 Risk Assessment

- 9.1 Publication of the report provides residents an opportunity to be informed about the activities of the Councils. Community Engagement and partnership are important elements underpinning the delivery of *Platforms for our Places*. Risks to publish and

not to publish are both low, however there may be reputational impacts regarding transparency and engagement which should be considered if the Joint Strategic Committee does not agree to the recommendation.

10.0 Health & Safety Issues

10.1 Matter considered and no issues identified

11.0 Procurement Strategy

11.1 Matter considered and no issues identified

12.0 Partnership Working

12.1 As outlined in paragraph 3.6 partnership working forms an important part of realising the ambition set out in *Platforms for our Places*.

PLATFORMS FOR OUR PLACES

Progress on Commitments Report

January - June 2017

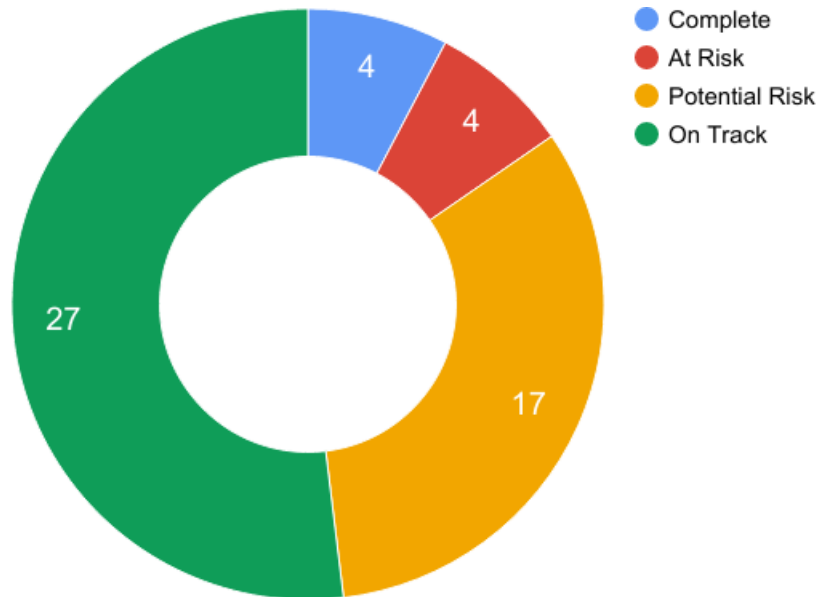
PLATFORMS
FOR OUR
PLACES



ADUR & WORTHING
COUNCILS



Commitment Progress Tracker



Overview

A number of significant commitments have been achieved in first six months. We secured £15.9m of Local Growth Funding for our major sites; attracted additional funding to demolish the former Adur Civic Centre; began a 'design and build' programme to deliver a major new office development on the site of the former Adur Civic Centre car park; and approved the Aquarena planning application. Work has begun in earnest on an Economic Strategy and a programme of improvement for the town centre and seafront. A new visitor economy agenda has been landed for Worthing, and the Adur Local Plan is currently out for re-consultation following the inspector's suggested changes.

Platform Highlights

1. **Secure Public Monies to leverage Private Sector**

Investment: A series of successful bids for Local Growth Funding (LGF) to pursue the development of a number of major projects in Adur and Worthing.

2. Gigabit broadband for Adur and Worthing: Working with West Sussex County Council we are making good progress, engaging Department of Culture, Media and Sport, with an open procurement planned in the Autumn to connect Adur & Worthing Councils sites in Phase I.

3. Aquarena: The first major Investment Prospectus Scheme to secure planning permission. Sale of land to the developer should be completed by July 2017, with work anticipated to start on site shortly thereafter.

4. Adur Civic Centre: Demolition of the former Civic Centre was completed before the end of May 2017 and a pre-let agreement signed for 24,000sq ft of office space on the former car park site.

5. Establish an upto date planning framework for Adur and Worthing: Examination in Public into the Adur Local Plan held in February 2017. Preliminary findings of the Inspector issued on May 2017 and overall strategy for balancing employment and housing growth and protecting the environment supported. The issues and options stages for a new Worthing Local Plan has been completed on time.

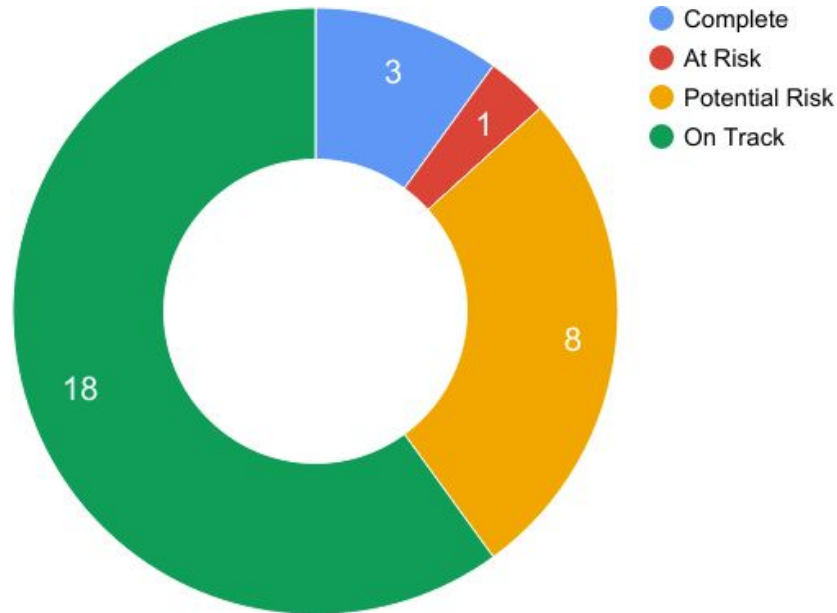
Challenges

1. **Securing the redevelopment of major projects:** Finding innovative ways to unlocking sites purchased for inflated sums by third parties at price that make the scheme's viability chanelleging.
2. **Bringing forward those sites with viability and infrastructure challenges.**

Future Focus

1. **Completing an Economic Strategy for Adur and Worthing:**
A clear direction and set of priorities for our future, supported by our partners.
2. **Seafront Investment Plan:** Establishing a shared vision for the seafront that improves access to the seafront, incorporates proposals to enhance the promenade and seafront infrastructure.
3. **New Visitor Branding and Website:** Development of contemporary visitor branding in partnership with industry and stakeholders to re-position Worthing and inspire and attract repeat and new visitors.
4. **Improving our regulatory work:** Improving systems and services to speed up business and taxi license applications and working with businesses to improve our services.
5. **Major Projects:** Developing options for taking a more pro-active role in securing development that will help realise the economic potential of our places.

Commitment Progress Tracker



Overview

The delivery of commitments are on track with strong progress in all areas. We have invested significant time and energy into understanding the detailed housing needs of our residents, whether they be tenants in Adur or those seeking assistance with Homelessness in Worthing. In June we will launch a digital package for housing register applicants. Our ‘Wise Regulation Framework’ supports local residents and businesses and is now embedded in how we work and strong partnerships have been established to deliver our Wellbeing & Public Health Delivery Plans. On a daily basis our Environment teams supports and develops our social economies through their successful community engagement programme.

Platform Highlights

- Housing:** Completion of the Adur & Worthing Housing Strategy ‘Housing Matters’. We have moved forward our customer facing digital solutions across both Housing Solutions and Adur Homes.
- Environment:** The Green Space Partnership continues to grow with 43 groups across the District and Borough now part of this approach. In partnership with the The Conversation Volunteers we have had a successful Growing Community bid of £650,000 in to support engagement and activities with communities in our most deprived areas.
- Communities:** Created our new Intelligence Framework, using data and insights about A&W communities to understand needs and assets, enabling us to target our front line resources to where they are most needed.
- Systems Leadership:** Working with the Local Government Leadership Centre and public and voluntary sector leaders and young people themselves, we are developing a “What young people need to thrive” programme.

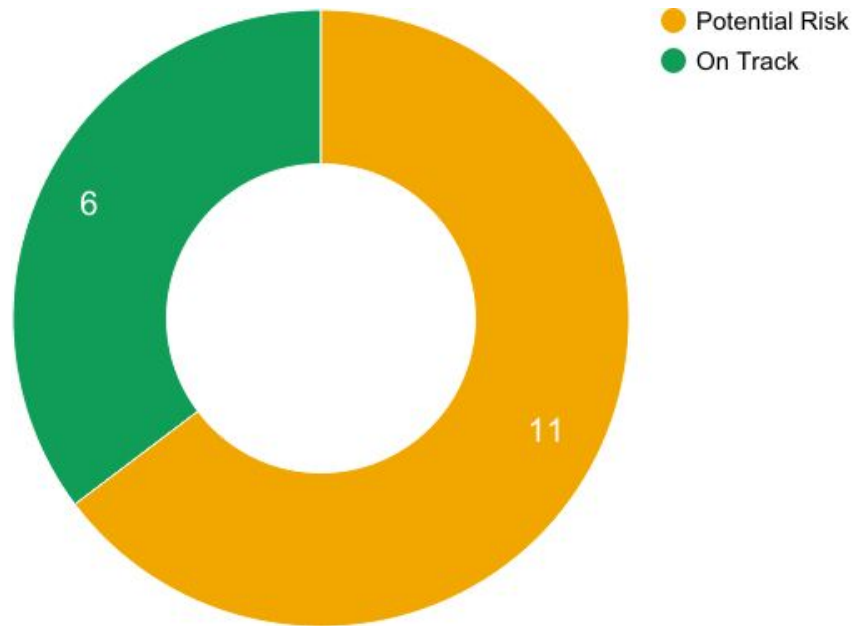
Challenges

- Homelessness:** Continuing high levels of demand by those who are homeless or at risk of homelessness continues to impact on delivering our commitments.
- Partner Capacity:** The challenging environment for statutory and non-statutory partners critical to delivering some of our ambitions, puts at risk some of commitments.

Future Focuses

1. **Community Leadership & Engagement:** redefining and reshaping our offer to our communities and enabling proactive community leadership
2. Increasing **our supply of homes and temporary accommodation.**
3. Exploring **new models of delivering housing in Adur.**
4. **Delivering key Environmental projects:** Brooklands lake; Conservation Volunteers; Maintaining and Improving our beaches and parks.

Commitment Progress Tracker



Overview

- Our strategic approach to sustainability is now stronger, with a dedicated network of officers to drive improvements, including an internal training programme
- Our work to lead communities, includes co-chairing the Green Space Partnership and launching a new network for sustainability professionals.
- We are delivering tangible improvements through projects like Housing of Multiple Occupation recycling, solar panel installation on Portland House, Improvements Brooklands and the HiyaCar pilot.

Platform Highlights

1. **Renewable Energy:** Solar panels installed on Portland House, saving over 4 tonnes of CO2 to date and approx £500 on energy bills per month. Options for Shoreham Centre are being assessed.
2. **Sustainability Network:** Attended by representatives from Worthing Homes, Southern Water, Future Proof and Low Carbon Europe among others to explore collaboration opportunities.
3. **Sharing Economy - Council Fleet:** Launching of “HiyaCar” pilot in June 2017, a staff car sharing scheme for business travel.
4. **Green Spaces:** £88,000 refurbishment of Hamble Recreation Ground play area, including a seed planting event.
5. **Recycling:** National Award for increasing recycling in Households of Multiple Occupation, with County and District partners.

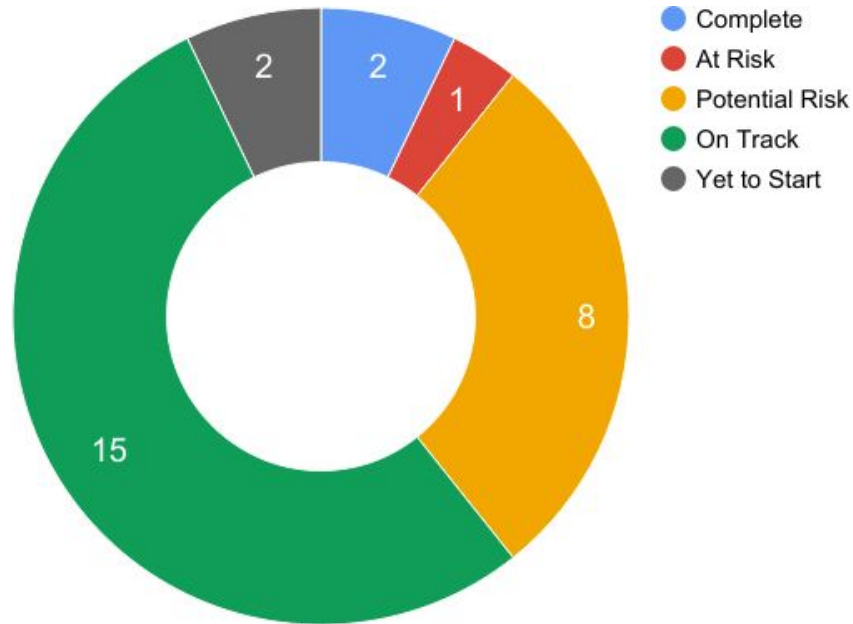
Challenges

1. **Brooklands Lake:** A significant project involving dredging and environmental improvements involving ongoing consultation work with the community.

Future Focus

1. **Highdown 50:** Commemorating Worthing Borough Council’s custodianship of a botanic collection of national significance.
2. **Carbon Reduction Plan:** To drive energy efficiency, carbon reduction and financial savings.
3. **Transport:** Development of further business and community travel options, including potential Hiycar expansion to local companies.
4. **Waste Reduction:** Programme to reduce waste production through a customer behaviour change programme.

Commitment Progress Tracker



Overview

The Councils and its officers are taking steps to improve the customer experience and efficiency of the Councils' services. This includes employment of technology and digital services to improve service access and reduce waiting times, and a £4 million investment in our Waste Service fleet. We are also transforming our services in response to emerging priorities and opportunities. Returning Adur Revenue and Benefits in-house, and restructuring our Place and Investment teams are designed to better respond to the needs of our communities and places. We have also developed service redesign principles and are using data to better adapt respond to residents' needs.

Platform Highlights

- Commercial Income:** Continued strong performance overall for our income generating services.
- Delivering new revenue streams:** Acquisitions made through the Strategic Property Investment Fund anticipated to deliver additional revenue of £543,000 against a target of £420,000.
- Digital solutions:** Improved capacity and delivery from the digital programme, with Housing, Planning and Building Control among the services undertaking digital transformation this year.
- Call Centre Performance:** Average wait times for call have dropped to under two minutes from eight minutes in Sept 2016.
- Financial Position - Culture:** Strong programming, including a record year for Panto and the introduction of a cultural exemption on ticket sales VAT, all helped to deliver a significant year end improvement. At 2016/17 year end overspread was reduced from £120,000 to £25,000.
- Engaging Communications:** A new strategy focused on messages that are sharper, clearer that are reaching target audiences.

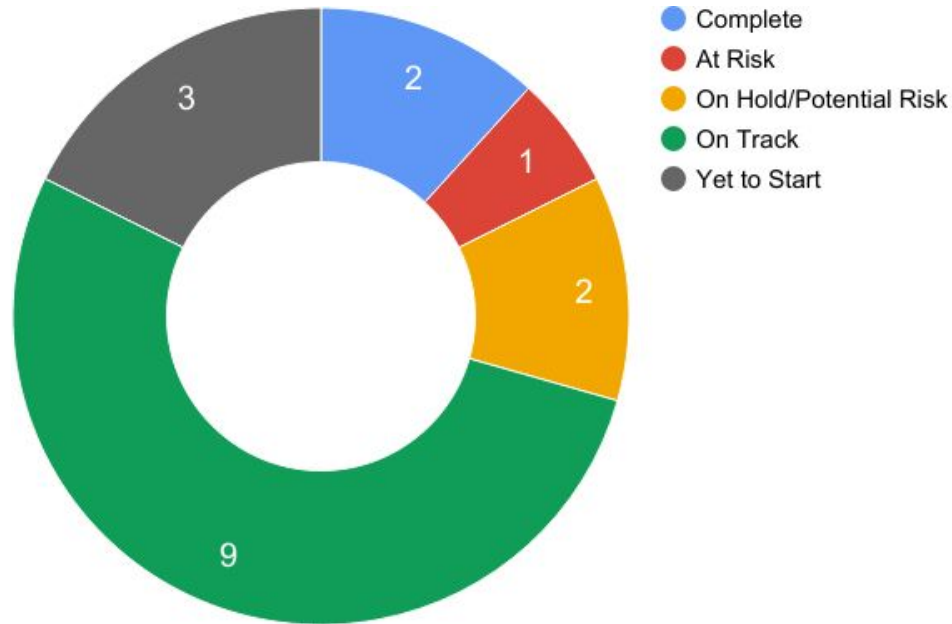
Challenges

- Partner Capacity:** Services are encountering partners with constraints due to availability of resources, competing commitments or the alignment of priorities with our partners, in particular to our public and not-for-profit partners.
- Population increase:** Increasing property numbers in Adur and Worthing requires a review of services, for example waste collection rounds.

Future Focus

1. **Commercialisation:** Ensuring we maximise income generation through growing and extending chargeable services, as well as creating new business opportunities.
2. **People Strategy:** Identifying actions to support our staff and improve the organisation to be the best we can.
3. **Adur Revenue & Benefits:** Providing a joint in-house revenue and benefits service on track for implementation by October 2017.

Commitment Tracker



Overview

The Councils continue to build strong relationships with our community and place leaders to make our places to thrive. We have seen particular successes through developing networks and partnership to assist in stewarding our natural resources, and improve the health and wellbeing of our communities. Place Leaders through their partnerships and networks are taking a more prominent role in our places. The Councils will continue to work with place leaders to build their capacity, and improve our understanding of our places through better data and engagement.

Platform Highlights

- Growth Deal:** Signing an agreement with West Sussex County Council to secure funding and work effectively to deliver projects to support the economic development of our places.
- Greater Brighton Economic Board:** The respective chairmanships of the Adur and Worthing Councils Leaders over the past two years has seen the Economic Board establish itself as a legitimate voice for the Greater Brighton City Region.
- Forging Partnerships for our Places:** Building our relationships with the National Health Service and newly established Greater Brighton Metropolitan College to identify place-based solutions for our Communities.
- Place based health and wellbeing:** Over 260 people were supported through our social prescribing programme 'Going Local' delivered with the Coastal West Sussex Clinical Commissioning Group and the West Sussex County Council.

Challenges

- Partner Capacity:** Services are encountering partners with constraints due to availability of resources, competing commitments or the alignment of priorities with our partners, in particular to our public and not-for-profit partners.

Future Focuses

- Developing our community leadership and engagement:** Creating principles and tools with our partners to redefine and

reshape our offer to communities and enable proactive community leadership.

2. **Engaging Place Leaders:** Reviewing the Local Strategic Partnership to ensure it remains an effective forum for places leaders to engage and discuss key issues affecting Adur and Worthing.
3. **Developing our understanding of our Places:** Drawing together data to better understanding of the economic, social and environmental factors that make up Adur and Worthing.



REVENUE OUTTURN 2016/17

REPORT BY SARAH GOBEY, CHIEF FINANCIAL OFFICER

1.0 SUMMARY

- 1.1 This report outlines the revenue financial monitoring position for the end of the 2016/17 financial year for Joint Strategic Committee, Adur District and Worthing Borough Councils. At the time of publication of this report, the Statement of Accounts are still to be audited. Any changes that emerge as the audit proceeds will be reported to members later in the year.
- 1.2 Information is also provided in respect of earmarked reserves for the 2 constituent authorities. The 2016/17 capital outturn is reported separately elsewhere on the agenda.
- 1.3 The Joint Strategic Committee is asked to agree and recommend to Adur District and Worthing Borough Councils:-
- The proposals for dealing with any net underspend or overspend on the revenue accounts by making transfers to various reserves; and
 - The carry forward of certain revenue budgets to allow projects to be completed in 2017/18.
- 1.4 The following appendices have been attached to this report:
- (i) **Appendix 1** (a) Joint Summary of 2016/17 Outturn
 - (ii) **Appendix 2** (a) Adur District Council - Summary of 2016/17 Outturn
(b) Adur District Council - Use of Earmarked Reserves
 - (iii) **Appendix 3** (a) Worthing Borough Council - Summary of 2016/17 Outturn
(b) Worthing Borough Council - Use of Earmarked Reserves
 - (iv) **Appendix 4** HRA Summary

2.0 BACKGROUND

- 2.1 Local authorities have a statutory duty under the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends in expenditure or shortfalls in income emerge. If monitoring establishes that the budgetary situation has deteriorated, authorities are required to take such action as they consider necessary. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or the authority might decide to take no action but to finance the shortfall from reserves.

2.0 BACKGROUND

- 2.2 The monitoring of the revenue budgets has been reported to the Joint Strategic Committee three times during the year. The last monitoring report was considered by the Committee on 7th March 2017.
- 2.3 The Joint Strategic Committee (JSC) budgets are held separately and operate as holding accounts. They represent pooled budgets of Adur and Worthing Councils. All expenditure and income in the joint budgets are recharged back to the respective authorities. This means that the net expenditure is fully allocated out to the two councils and the overall position for the Joint Strategic Committee will be zero. An over or underspend reported in the Joint will be incorporated into the individual councils accounts via the allocation process.
- 2.4 Each joint service is allocated out to the councils on an individual basis using an appropriate allocation for that service. Overall, Worthing's share of the joint outturn is approximately 60.0% and Adur's share is 40.0%.

3.0 REVENUE OUTTURN OVERVIEW

- 3.1 The final revenue outturns reported for Q4 are as follows:-

Summary of 4th Budget Monitoring Report			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2016/17	21,609	9,780	14,039
Actual Outturn	22,002	9,699	13,184
Actual Over/ (Underspend)	392	(81)	(854)
Over/(Underspend) Percentage	1.8%	-0.8%	-6.1%

As highlighted earlier in this report, the Joint under/overspends are transferred to Adur and Worthing Councils in line with their allocated share. The reported variances in Adur and Worthing in the table above include the total share transferred from the Joint Shared Services.

- 3.2 The Summary Outturn for each body is reported in **Appendices 1 - 3**. The joint budgets are presented by service block. It is not possible to show them by Council portfolios as the portfolios in Adur and Worthing are no longer harmonised.

3.0 REVENUE OUTTURN OVERVIEW

3.3 The headline budget variations across both the councils and joint shared services are:-

- A reduction in the levy payable as part of the Business Rate Retention Scheme;
- Interest on borrowing and reduction in Minimum Revenue Provision;
- Income from Strategic Property Investments;
- Increasing caseload which increased the spend on temporary and emergency accommodation within the Homelessness budget;
- Development Control income shortfalls;
- Interim management arrangements for Fishersgate Community Centre;
- Crematorium income was lower than expected;
- Waste & Recycling & Cleansing services had higher vehicle costs;

3.4 The third quarter monitoring report was presented to Joint Strategic Committee on 7th March 2017. Since this time the financial position has changed as follows:

Comparison of 3rd budget monitoring report & 4th budget monitoring report			
	Joint	Adur	Worthing
	£'000	£'000	£'000
Over/(Under)spends reported at Quarter 3	(235)	22	(458)
Over/(Under)spends reported at Quarter 4	382	(81)	(854)
Difference	617	(103)	(396)

3.5 The significant variations that impact on the final outturn from quarter 3 to quarter 4 were:-

Significant Variations from 3rd budget monitoring report & 4th budget monitoring report			
	Quarter 3	Quarter 4	Movement
	£'000	£'000	£'000
JOINT			
Waste Services - Increased vehicle maintenance costs due to delay in delivery of new fleet, plus an overspend on Agency costs to cover long term sickness to continue smooth running of service. The expected increase in income which would have offset the additional spend was not as significant as expected.	33	267	234
Underspend on salaries budgets was lower than expected	(394)	(239)	154

3.0 REVENUE OUTTURN OVERVIEW

Significant Variations from 3rd budget monitoring report & 4th budget monitoring report			
	Quarter 3	Quarter 4	Movement
	£'000	£'000	£'000
JOINT			
Severance payments funded by the constituent Councils	-	133	133
Homelessness - Continuing increases in Temporary Accommodation applications requiring temporary staffing being employed to handle the demand	109	27	(82)
WORTHING			
Waste - Increased Trade waste disposal costs plus a proportion of vehicle repair costs and Agency costs recharged from the joint service. Income was anticipated to exceed the budget to offset these costs	-	104	104
Homelessness - Continuing increases in Temporary Accommodation applications	70	278	208
Development Management - further downturn in income offset by the use of Planning Delivery Grant	120	47	(73)
Building control & Land charges - Further deterioration of income	62	94	32
Crematorium and cemeteries - Underachievement of memorial income and increased costs relating to medical referee charges	34	65	31
Parking Services - Additional income achieved from the Car Parks	(8)	(158)	(150)
Theatres - Increased pantomime sales and film attendance offset underachievement of income from catering and live events in the first nine months	99	25	(74)
Additional income from Strategic Property Investments plus additional income relating to backdated rent review for the Guildbourne Centre	(19)	(299)	(280)

3.0 REVENUE OUTTURN OVERVIEW

Significant Variations from 3rd budget monitoring report & 4th budget monitoring report			
	Quarter 3	Quarter 4	Movement
	£'000	£'000	£'000
WORTHING			
Revenues and Benefits - Income from overpayments exceeded the budget , but was offset by increased postage costs and an overstated grant budget no longer received	(240)	(69)	171
Overpayment provision written back to Revenue as the cost of any income written off during the year is charged directly to revenue and not against provision	-	(536)	(536)
ADUR			
Revenues and Benefits - Impact from 2015/16 housing benefit subsidy qualification highlighted in the quarter 3 report as a risk and now confirmed (145k), under-achieved income from overpayments, and a minor Census overspend.	-	173	173
Homelessness - Continuing increases in Temporary Accommodation applications	123	118	(5)
Development Management - further downturn in income offset by the use of Planning Delivery Grant	(30)	42	72
Building control & Land charges - Further deterioration of income	20	54	34
Parking Services - New parking fees wef February 2017 improved the forecast from last period	174	134	(40)
Civic Centre Income - Income for hiring out for filming and other rental income not achieved	-	143	143
Waste - Increased Trade waste disposal costs plus a proportion of vehicle repair costs and Agency costs recharged from the joint service. Income was anticipated to exceed the budget to offset these costs	-	72	72
Business Rate retention scheme and other grants - Reduced levy payment and additional ad-hoc grants.	-	(322)	(322)
Overpayment provision written back to Revenue as the cost of any income written off during the year is charged directly to revenue and not against provision	-	(422)	(422)

3.0 REVENUE OUTTURN OVERVIEW

3.6 As the table above shows, there needs to be a continued focus on improving financial management. As part of this process, the current MTFP includes a number of key financial health indicators, which are:

- Continue to maintain a General Fund balance at a minimum balance of 6% and a maximum of 10% of the General Fund Net Revenue Budget. (This will measure overall financial health).
- Revenue outturn to be within 2% of the Total Budget Requirement. (This will measure accuracy of budget preparation).
- Revenue outturn for Total Executive Member and Joint Strategic Committee Requirements to be within 1% of the estimate of Total Executive Member Requirements contained in the quarter 3 monitoring report. (This will measure accuracy of budget monitoring).

Overall the revenue monitoring has largely met the target of 2% for Adur and the Joint account. Whilst the target Worthing was not met, this was largely due to the proactive measures the Council took including the success of the commercial property portfolio and a change to accounting practice with respect to overpayments. There is a continued need for an improvement in reporting of individual services and more focus on budget monitoring with particular emphasis on high-risk areas.

For the past four years, the Councils have undertaken review of revenue base budgets and this exercise contributed to the savings required to meet the budget requirement between 2012/13 and 2017/18. We intend to carry out a similar exercise for the 2018/19 budget to ensure that any on-going variance are properly reflected in future years budgets.

4.0 REVENUE 2016/17 OUTTURN

4.1 The following table details the major variances for the year:

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
NET TRADING				
Parking	(59)	134	(158)	WORTHING: Income from surface car parking has exceeded budget ADUR: Delay in new income stream, following review of parking charges. New charges were introduced Feb 2017
Theatres			25	Increased pantomime sales and film attendance offset underachievement of income from catering and live events in the first nine months
Total Net Trading	(59)	134	(132)	

4.0 REVENUE 2016/17 OUTTURN

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
INCOME:				
Strategic Property Investment Fund			(299)	Additional income received from property rents. Mainly from backdated rent review for Guildbourne Centre from sept 2009 (149k), the impact of town centre investments, and other rent increases.
Development Management - Fee Income	(79)	42	47	Worthing Development management fee income - shortfall offset by vacancy savings and use of Planning Devlivery Grant
Building Control & Land charges	(10)	54	94	Building Control Income, which is derived from fees set on a cost recovery basis was below target at year end. Strategies are in place for next year to ensure that the service meets the 2017/18 targets. Land charges ICT budgets are overspend by 20K due to the implementation of new Arcus system which required the dual running of old and new systems
Revenues & Benefits		173	(69)	ADUR - Impact from 2015/16 housing benefit subsidy qualification (145k), under achievement in overpayments recovery together with a minor Census overspend. WORTHING - Net Additional income from the recovery of housing benefits overpayments above budgeted (180k) offset by and an increase overstated income budget for grant no longer received and increased postage costs.

4.0 REVENUE 2016/17 OUTTURN

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
INCOME:				
Overpayments Provision		(422)	(536)	Overpayments provision drawn down from the Balance Sheet as the costs if write offs are contained in year and provision is not required
Civic Centre income		143		Income from projected hirings of the Civic Centre not achieved
Total Income	(89)	(10)	(762)	
COSTS:				
Communications	11			Final salary costs are higher than budgeted for
Business & Technical Services	44			Overspend on building maintenance
Environment - Bereavement Services			65	Mainly due to the underachievement of memorial income budget and Essential Medical Referee surcharge for the signing of crem papers
Environment - Grounds Maintenance	(54)	(43)		Worthing Arborist costs, partially offset by coast protection income. Adur - rental income overachieving, including backdated rent for telecoms mast
Waste Services	267	72	104	Overspend on Agency staff covering Long Term Sickness & Waste vehicle maintenance repairs to ageing fleet. Plus income overstated WSCC recycling payment budget. Trade Waste tipping charges increased over that budgeted.
Growth			27	Costs attributed to the Grand Avenue public enquiry which was not budgeted for in 2016/17 by Worthing Borough Council.

4.0 REVENUE 2016/17 OUTTURN

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
COSTS:				
Homelessness	27	118	278	Joint - Overspend due to new Housing staff structure, resulting in several regradings. Significant use of agency staff to provide the increasing demand of the service. Adur - Increased emergency accommodation to meet demand. Worthing - Increased emergency accommodation to meet demand - For this year only, £250k is being met through existing grants
Telephony	120	48	72	Overspend on Telephony - as old systems contracts are cancelled, this should mitigate any further overspend. An investigation into BT / Gamma are currently being undertaken.
Finance	-	(225)	(386)	Net savings due to changes in interest rates, impact of the final 2015/16 capital programme, and the new MRP policy.
Wellbeing	(40)	112		Security and other costs associated with Fishersgate Community Centre whilst the centre has remained empty. A new occupant is has been sought.
Overprovision for pay award	(204)	(82)	(122)	Original budget contained an allowance for a 2% pay award, but 1% agreed
Staff costs	131	52	78	Overspend on salary costs not reported elsewhere
Severance Payments	133			Severance costs funded by the constituent Councils reserves
Business Rates and Grants		(322)	-	Reduced levy payment to the Government and additional ad hoc grants received during the year.

4.0 REVENUE 2016/17 OUTTURN

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
COSTS:				
Other	95	64	(75)	
Total costs	529	(205)	40	
Total Variance	382	(81)	(854)	
Share of joint services allocated 40:60 to Councils and Included within the variances shown in Adur & Worthing columns				

Details of other less significant variations and outturn are available on request from the finance team.

4.2 As highlighted earlier in this report, any JSC over/underspend is transferred to Adur and Worthing Councils in line with their allocated share. The reported underspends in Adur and Worthing Councils in the table above includes the total share transferred from the JSC.

4.3 There are a number of key issues listed above which require a more detailed explanation. These are listed below.

4.4 Vacancy savings

4.4.1 There is an allowance for staff vacancy savings in both authorities' budgets for 2016/17 (Adur £245,450 and Worthing £514,700). There is no savings target included in the Joint Committee budget.

4.4.2 The salaries underspend in the Joint Committee represents an expected contribution to Adur and Worthing's vacancy savings. The Joint Strategic Committee outturn underspend for salaries is £402,000.

4.5 Worthing Theatres

Theatres financial performance against the approved budget has improved significantly over the past four years.

2013/14	2014/15	2015/16	2016/17
£'000	£'000	£'000	£'000
484	184	120	25

This is the result of good event programming and proactive marketing with several key factors supporting the success:

4.0 REVENUE 2016/17 OUTTURN

4.5 Worthing Theatres

- Improved income from the pantomime resulting from increased ticket sales and the impact of an increased return on ticket sales from the VAT cultural exemption (£68,000)
- Increased net income from film attendance (£20,000)
- Successful audience development with 39% of customers attending for the first time this year and 40% of customers attending four times or more during the year.
- Whilst catering net profit improved year on year, overall there was a shortfall against the budget of (£103,000)

4.6 Housing Management

The increased spend on providing emergency and temporary accommodation reflects rising demand across the South East, including Adur and Worthing, changes to service delivery and the lack of housing supply for those needing affordable accommodation.

Emergency accommodation (EA) is where we place individuals / families that meet certain initial criteria whilst we fully assess our duty to house the household. Investigation of this duty should take 33 days, at which time if we accept a full housing duty, the household is moved into long term temporary accommodation (TA). The household will then be added to the housing register, assigned a 'banding' and is able to bid for suitable properties that become available.

Due to increasing and sustained demand, resources to complete assessments have at times been inadequate, leading to longer time frames at this early stage in the process.

As emergency accommodation is often costlier than long term temporary accommodation this has increased the financial burden. Timescales for assessments have been reduced dramatically in recent months. Additionally working in partnership with other teams and agencies, the Housing Solutions team has been able to refocus some resource into supporting families at risk of homelessness to retain tenancies and prevent homelessness, thus reducing some of the demand for a full assessment.

Across the South East there is competing demand between local authorities for both emergency and temporary accommodation, the latter often being leased private sector accommodation. As a consequence prices in some areas (e.g. Worthing) are being pushed beyond the reach of the Councils and the supply of suitable emergency and temporary accommodation within the Borough is reduced. In March 2017 the Housing Solutions Team hosted a private sector landlord's event in order to establish how we can better meet our joint needs. Nonetheless, at the present time the Councils continue to be faced with placing some clients in costly budget accommodation hotel chains when no other suitable options are available.

4.0 REVENUE 2016/17 OUTTURN

4.6 Housing Management

In response to this, the Councils have adopted a new strategy for sourcing both temporary and emergency accommodation as agreed at the Joint Strategic Committee in September 2017. The Councils' committed to investing £3m in emergency temporary accommodation to reduce the need to rely on expensive private sector provision as a solution.

Since this time the Councils have successfully procured a number of temporary accommodation units which is improving the position. These additional units are newly refurbished good quality accommodation in the local area. Officers are continuing to actively appraise a number of other potential property purchases that will allow the Councils to directly provide high quality emergency accommodation at rates much lower than the private sector.

Numbers are increasing despite the Council's best efforts in obtaining accommodation and therefore costs are increasing.

4.7 Environment

Cemeteries and Crematorium – There is an overall income shortfall of £65,000. This was primarily as a result a shortfall in Memorial income which was lower than expected with a shortfall.

4.8 Wellbeing

Fishersgate Community Centre is in the heart of a community with varied and diverse needs. The work that has taken place over the last two years to restore the Fishersgate Community Centre and return it to a facility that can be used for and by the communities of Fishersgate, is reflective of the commitment of the Council to enabling this Community to thrive.

The complex process was initiated following the emergence of a range of concerns, the most pressing being around compliance with safeguarding duties by the former landlord.

Additional unplanned costs have been incurred to: gain access to the building; secure the building using an SIA approved company; procure specialist legal advice and complete fire and electrical remedies to meet building and Health and Safety requirements.

Restoring the building to a fit state for use was a significant undertaking given that what was discovered once the building was secured was a space that was unfit for community use. Costs continue to be incurred while the Council is managing the building in this interim phase, however the overspend is largely offset by salary savings.

4.0 REVENUE 2016/17 OUTTURN

4.8 Wellbeing

The long term plan for the centre is being developed with a cross team project group and with the Fishersgate community. The aim is to secure a new charity to run the centre in 2017. Already local groups are beginning to utilise the centre and the appointment of a part time co-ordinator will allow for the growth in usage as well as the beginning of a revenue stream to cover costs.

4.9 Waste and Cleansing section

Agency costs, which have increased due to the higher minimum wage, are being incurred to cover long term sickness. The use of agency staff is being managed, however pay costs are overspent by £87,000. The expenditure is necessary to enable the smooth running of the service. In addition there are increased vehicle maintenance costs of £66,000, as there was a delay in the delivery of the new fleet. Disposal costs increased more than the budgeted expected increase.

The 2016/17 budget includes additional income generation and expenditure reduction of £543,000. To put this in context, although it is showing an overspend, the service is now providing to a larger number of customers, due to new housing developments, which has required them to make on-going internal efficiencies.

4.10 Worthing Revenues and Benefits

There was additional income from overpayments following a change in how the Council identifies overpayments. This is due to improvements in the real time reporting between the Council, Department of Work and Pensions (DWP) and Her Majesties Revenues and Customs (HMRC). This was offset by identification of an grant income budget no longer received and an overspend in postage costs.

4.11 Adur Revenues & Benefits (Census)

Adur Revenues and Benefits (Census) have had some issues regarding the Housing Benefit subsidy claims. This relates the incorrect assessment of benefit and the restatement of LA Error overpayments which has resulted in subsidy being claimed in excess of entitlement. This has resulted in repayment of the 2015/16 subsidy of £145,000. In addition, the Census contract had an overspend of £41,200.

4.12 External Borrowing Costs, Investments and Minimum Revenue Provision

There are favourable variances for both Adur and Worthing. For both Councils the MRP costs were lower than the budget due to slippage in the capital programmes and the change in the MRP calculation method approved by Worthing Council at its meeting on 19 July 2016 and by Adur Council at its meeting on 21 July 2016. Adur had a favourable variance of £267,000 and Worthing had a favourable variance of £350,000.

4.0 REVENUE 2016/17 OUTTURN

4.12 External Borrowing Costs, Investments and Minimum Revenue Provision

Investment returns were below budget for both Councils because of the prevailing low interest rates in the market.

In addition, for Worthing, officers are taking advantage of the stability in interest rates to arrange some short term rather than long term borrowing, resulting in reduced costs from lower interest rates and reduced provision for repayment of debt, giving a net favourable variance of £116,000.

However most of Adur's borrowing is at long term fixed rates, so does not benefit from the currently available rates, resulting in a net adverse General Fund variance of £42,000.

Both Councils are also fixing longer term borrowing with the PWLB to fund the purchase of properties, as approved in their budgets. The planned loan from Worthing Borough Council to Worthing Homes did not take place until April 2017, consequently the arrangement fee and interest of £79,000 was not receivable in 2016/17.

4.13 Telephony

The Central Telephony budget shows an overspend of £120,000 for 2016/17. As old systems contracts are cancelled, this should mitigate any further overspend. An investigation into BT/Gamma has been completed and a few lines still remain and will result in savings in the future.

4.14 Car Parks

Adur

As part of the budget setting process in 2016/17 a target of £150,000 was put forward to be delivered through a formal parking review in Adur. The detailed review was completed and recommendations approved by the Executive Member, which was followed by the statutory consultation process. The process was completed in January 2017 and the revised charges came into force in February 2017. Due the nature of the review and the consultation requirements it was not possible to implement the revisions any earlier. As a result there is a shortfall of £94,000. The income target is expected to be met in the coming financial year and this will be monitored closely.

The Adur On street service is £63,000 less than budgeted. The income is made up entirely of Fixed Penalty Notices (FPNs). Due to improved compliance with parking restrictions in most of the area PCN income is decreasing. However there are some areas where levels of enforcement can be improved by repainting yellow lines. Following negotiated action by the Director with the parking services team, the County Council has agreed to fund the repainting of these areas to a value of £50,000. The work will be completed this financial year which will ensure high levels of compliance in these areas as well.

Worthing

The Worthing car parks achieved excess income over that budgeted by £149,000. This is mainly due to income from surface car parks.

4.0 REVENUE 2016/17 OUTTURN

4.15 Development Management

Worthing Development Management income is lower than budget despite a recent major application being submitted for an additional 260 dwellings at West Durrington. Unfortunately, there were no other major applications likely to be submitted before the end of the year and therefore a year end shortfall of £110,000. This under-achievement of income will be partly offset by vacancy savings and use of Planning Delivery Grant carried over from previous years.

Adur Development Management fee income is underachieved by £42,000, This under-achievement of income will be partly offset by vacancy savings and use of Planning Delivery Grant carried over from previous years.

4.16 Building Control & Land Charges

Building Control Income, which is derived from fees which are set on a cost recovery basis, has not met its income budget by £79,000 (Worthing £61,000, Adur £18,000). Growth targets and strategies are in place for next year to ensure the level of income improves.

Land charges ICT budgets overspent by £20,000 due to the implementation of new Arcus system and the requirement for dual running of old and new systems. There was also an underachievement of income of £22,000 in Adur.

4.17 Strategic Property Investments

Additional income was received from Worthing property rents. Mainly from a backdated rent review for the Guildbourne Centre from September 2009 (£149,000), the impact of new investments in town centre properties and other rent reviews.

5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)

5.1 Adur Homes is held within a ring fenced Housing Revenue Account, which is shown in Appendix 4. Whilst overall the HRA contained net expenditure within budget, there were some significant variances as detailed below:

5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)

5.2 The variances for the year comprise of the following headline figures:-

	(Under)/ Overspends £'000
Variations in income and running costs:	
Overspend on Pay, Grading & Consultancy	111
Reduction in provision for bad debts	(126)
Reduced cost of Special Services partly transferred to General Management	(244)
Overspend on Building Maintenance, Repairs & Voids	427
Reduced cost from Corporate & Democratic Core	(31)
Reduction in rents, rates and taxes	(33)
Reduced cost of central allocations	(9)
Increase in income from Non Dwelling Rents & Leaseholders	(36)
Shortfall in rental income due to closure of Cecil Norris House, the Albion Street Hostels and sales of properties.	7
Total variation in running costs	66
Variations in treasury management and capital costs:	
Increase in interest costs	2
Reduction in depreciation (used to fund the capital programme)	(67)
Additional interest receipts	(4)
Increased contribution to the capital programme	3
Total variation in treasury management and capital costs	(66)
TOTAL	-

5.3 Proposed contributions to HRA Reserves

It is proposed that the following contribution to the HRA Reserves is made for as set out in the following table.

PROPOSED CARRY FORWARD OF HRA UNSPENT BUDGETS and CONTRIBUTION TO HRA RESERVES		
		£'000
Contributions to Reserves		
Contribution to New Development and Acquisition reserve		306

5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)

- 5.4 The proposed contribution of £306,000 to the New Development and Acquisition Reserve is in keeping with the budgeted amount included in the HRA budget strategy for setting aside resources specifically to increase capacity for the supply of affordable housing in future years. This transfer will increase the New Homes Development Reserve to £1.86m.
- 5.4 The HRA Reserve stood at £2.074m at 31st March 2017. This balance is deemed to be sufficient.

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.1 Recommended Carry Forwards of Unspent Budget

Any unspent funds are placed into reserves at the year end. Budgets in respect of the following items remain unspent at 31st March 2017 and are required to complete existing initiatives in 2017/18. The focus for carry forward proposals this year is on existing commitments or other essential items rather than bids for new initiatives. This is to build capacity in the reserves to protect the Councils' interests for the next two years. It is recommended that these amounts are carried forward to 2017/18 and funded from the respective Capacity Issues Reserves. The Committee may wish to consider how these items contribute to the Councils' priorities when approving the carry forwards.

There are no recommended carry forwards for the Joint Committee. The following are recommended for carry forward for Adur District Council and Worthing Borough Council:

Proposed Carry Forward of Unspent Budgets within Adur District Council	
Community Wellbeing - This has been allocated by the Adur Grants Panel towards the cost of employing a caretaker at the Fishersgate Centre	£ 8,000
TOTAL FOR ADUR DISTRICT COUNCIL	8,000

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.1 Recommended Carry Forwards of Unspent Budgets

Proposed Carry Forward of Unspent Budgets within Worthing Borough Council	
	£
Economic Regeneration - Income from Concessions funds, received during the current financial year from seafront concessions, to be used to implement improvements to the seafront and adjacent areas during 2017/18 (in line with the emerging Seafront Investment Plan)	10,850
Community Wellbeing - At JSC in January it was agreed that 16/17's funding would be carried forward to provide a £20,000 pot of funding (this includes 17/18 funding) towards the Going Local Grants programme, which will provide funding to voluntary organisations to deliver services that contribute towards the Going Local Programme.	10,000
Major Projects - Complex long-term project which is progressing, alongside purchase of further properties (expected to complete summer 2017) which would complete site assembly. Relates to ongoing investments around the Grafton site.	61,310
Economic Regeneration - To be spend to complete final works to the Splash Pad in the Gap	7,810
TOTAL FOR WORTHING BOROUGH COUNCIL	89,970

6.2 Recommended Carry Forwards of 2016/17 Approvals to Use Reserves

The following unspent items were approved for 2016/17 and were planned to be funded from reserves. It is recommended that these approvals to utilise reserves are carried forward from 2016/17 to 2017/18. ***No transfer to reserves is required as the funds have been previously set aside.***

Worthing Borough Council - Proposed Carry Forwards (not yet spent and previously approved) - Existing Reserves	
	£'000
Planning Policy: The Council has committed to a full review of the Core Strategy and the progression of a new Local Plan. The need to update the evidence base (often using specialist consultants) is the main cost to the service linked to this review. Some key studies (housing, employment and landscape) are already in place but additional studies (retail, transport, infrastructure, viability etc) are required to inform the drafting of the new plan. The transport study represents the most expensive element and a full study (involving the development of a transport model) could cost in excess of £60k. The hope is that WBC may be able to utilise the transport model being developed for Highways England and this would reduce this cost significantly. However, at this stage, there is no certainty that this will be available in time to inform the Worthing plan. Therefore, this carry forward is required to ensure that there is sufficient budget in place to fund studies that are essential to inform the new Local Plan.	38,590
TOTAL FOR WORTHING BOROUGH COUNCIL	38,590

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.3 Movements and Use of Reserves

As part of the 2016/17 final accounts process, officers have identified amounts that are recommended for transfer to reserves for specific purposes or planned as part of the budget process, as detailed below.

For 2016/17, both authorities drew down on reserves to fund redundancy costs. A detailed breakdown of the reserve positions is included in **Appendix 2b** for Adur and **Appendix 3b** for Worthing.

Adur District Council:

TRANSFERS TO GENERAL FUND EARMARKED RESERVES AND PROVISIONS 2016/17				
Budgeted/Committed reserves:	contributions	to/from	£	£
• Reduction in Grants Carried Forward			(46,945)	
• Budgeted contribution to Reserves			14,700	
• Self-insurance charges and proposed contributions			30,700	(1,545)
Contribution to reserves from 2016/17 underspend:			8,000	
Carry Forward requests to Capacity Issues Reserve (see para. 6.1)				
General Fund underspend transferred to reserves			72,854	80,854
TOTAL RECOMMENDED NET CONTRIBUTIONS TO RESERVES FOR ADUR DISTRICT COUNCIL				79,309

If all the proposals in the above table are adopted, Adur District Council's General Fund Working Balance will remain at £408,171 which, at 4.2% of net expenditure of £9.699m is below the range of 6%-10% set by the Council. In addition the Council would retain earmarked revenue reserves of £562,000 (excluding revenue grants reserve), an increase of £24,000 over 31st March, 2016. The full listing of earmarked reserves is attached as **Appendix 2b**. In order to rationalise Adur's Earmarked Reserves and increase flexibility in their use, it is proposed to consolidate the New Technology Fund (£22,300) and the Health & Safety Fund (£32,545) into the Capacity Issues Reserve.

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.3 Movements and Use of Reserves

Worthing Borough Council:

TRANSFERS TO GENERAL FUND EARMARKED RESERVES AND PROVISIONS 2016/17		
	£	£
Budgeted/Committed contributions to/from reserves		
• Reduction in Grants Carried Forward	(323,032)	
• Transfer from Theatre Levy Reserve	(6,639)	
• Self-insurance charges and proposed contributions	30,700	(298,971)
Contribution to reserves from 2016/17 underspend:		
Carry Forward requests to Capacity Issues Reserve (see para. 6.1)	89,970	
General Fund underspend transferred to reserves	764,439	854,409
TOTAL RECOMMENDED NET CONTRIBUTIONS TO RESERVES FOR WORTHING		555,438

If all the proposals in the above table are adopted, Worthing Borough Council will maintain its General Fund Working Balance at £843,625 which, at 6.4% of net expenditure of £13.184m, is within the range of 6%-8% set by the Council. In addition the Council would retain earmarked revenue reserves of £1.947m (excluding revenue grants reserve), an increase of £0.664m over 31st March, 2016. The full listing of earmarked reserves is attached as **Appendix 3b**.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2016/17 AND DEBT POSITION

MRP Requirement for 2016/17

- 7.1 The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 require the councils to make a prudent provision within the accounts for repayment of debt. This provision is called the Minimum Revenue Provision (MRP) and is charged to revenue expenditure.
- 7.2 The revised MRP policy for both Adur District Council and Worthing Borough Council for making the MRP determination for 2015/16 and subsequent years was considered by the Joint Strategic Committee at its meeting of 2nd June 2016 and was recommended for approval by Worthing Council at its meeting on 19th July 2016 and by Adur Council at its meeting on 21st July 2016.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2016/17 AND DEBT POSITION

MRP Requirement for 2016/17

7.3 Advice from both the Councils' treasury advisers and auditors has indicated that the MRP policy can be reviewed provided that the following criteria are met:

- i) the Councils must make a revenue provision each year for the repayment of debt;
- ii) the provision must be prudent.

7.4 It was agreed that: firstly for any debt associated with unfunded capital expenditure incurred before 1st April 2008, the MRP will be set aside in equal instalments over the life of the associated debt. This is a change from the previous policy of calculating the MRP based on 4% of the Non-Housing Capital Financing Requirement (CFR) at the closing balance of the previous financial year. The CFR is a prescribed calculation which is used to measure the Councils' underlying need to borrow to finance all capital expenditure. This does not apply to Worthing Borough Council which had no debt as at 1st April 2008. Secondly, for both Councils' non-HRA capital expenditure financed through borrowing (excluding loans to RSLs) after 1st April 2008, the MRP will be calculated as the annual amount required to repay borrowing using the Annuity Method over the life of the assets acquired, although the option remains to use additional revenue contributions or capital receipts to repay debt earlier. Where a building is being constructed, the MRP will be set aside once the building is completed.

7.5 The revised MRP policy will ensure that by the time debts are due to be repaid sufficient funds will have been set aside.

7.6 As MRP is applied in the year after which capital expenditure is funded from borrowing, the MRP for 2016/17 relates to borrowing incurred up to and including 31st March, 2016.

7.7 By applying the approved methodologies, described in paragraph 7.4, the following MRP determinations have been provided for in the 2016/17 accounts:

- For Adur District Council: £2,606,055 (£889,148 for General Fund, £1,716,907 for HRA)
- For Worthing Borough Council : £976,560

Debt Position at 31 March 2017

7.8 In recognition of the introduction of the HRA Self-Financing regime, the Councils' joint treasury management policy also includes a requirement to account separately for General Fund and HRA debt in accordance with the "two pool approach" recommended by CIPFA within the Treasury Management Code of Practice. This approach apportioned historic debt at 31 March 2012 between HRA and General Fund in accordance with the Code guidance, and requires new borrowing from 1 April 2012 onwards to be attributed to either General Fund or HRA according to the purpose for which it is obtained.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2016/17 AND DEBT POSITION

Debt Position at 31 March 2017

7.9 For Adur Council the separation of General Fund and HRA debt facilitates a comparison with the corresponding underlying need to borrow (the Capital Financing Requirement) i.e. capital expenditure not financed from internal resources. The purpose of the comparison is to enable General Fund and HRA treasury management decisions to be taken independently of each other, and in an equitable and transparent manner.

7.10 Accordingly, there follows a comparison of the respective debt outturn positions compared to the CFR for each Council, albeit that as Worthing does not have an HRA it therefore does not operate a two pool approach.

CFR v Debt Position at 31 March 2017	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Actual Long Term Debt 01/04/16	12,974,264	61,294,086	74,268,350	13,135,876
New Long Term Debt Raised in year	2,000,000	0	2,000,000	4,000,000
Long Term Debt Repaid in Year	(7,133)	(1,708,914)	(1,716,047)	(5,798,709)
Actual Long Term Debt 31/03/17	14,967,131	59,585,172	74,552,303	11,337,167

CFR v Long Term Debt Position at 31 March 2017	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Capital Financing Requirement (CFR)	14,909,455	60,102,737	75,012,192	22,384,465
(Over) / Under Borrowing	(57,676)	517,565	459,889	11,047,298
HRA Debt Limit	N/A	68,912,000	68,912,000	N/A
HRA Borrowing Headroom (Debt Limit – Actual Debt)	N/A	9,326,828	N/A	N/A

7.11 In addition to the amounts reported in the Table above, Worthing also held temporary borrowing of £11m at 31st March 2017 which will mature fully by 10th July 2017. This will most likely be refinanced as new temporary borrowing as the existing loans mature, pending the receipt of the sale proceeds for the Aquarena site. Adur did not hold any temporary borrowing at 31st March 2017.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2016/17 AND DEBT POSITION

Debt Position at 31 March 2017

- 7.12 For Adur Council the General Fund is over-borrowed by approximately £58,000 which is due to borrowing in advance for the 2017/18 capital programme to take advantage of very low PWLB interest rates. The HRA is under-borrowed by £0.5m. This position largely reflects the opening position at 1st April 2012 arising from the application of the two pool split, where-in the CIPFA methodology assumed the HRA was fully borrowed at the level of its CFR, so that any under or over borrowing at that time was fully attributed to the General Fund.
- 7.13 The HRA under borrowed position is largely due to the HRA share of accumulated debt repaid since 1st April 2012.
- 7.14 Worthing is under-borrowed by over £11m based on long term borrowing, which reflects the cumulative impact over a number of years of consistently using internal borrowing and short term borrowing as a cheaper source of funding capital investment. This has been a prudent measure in the climate of historically low interest rates to reduce the “cost of carry” (i.e. the difference between the interest charged on new borrowing compared to the interest foregone on cash balances used to fund capital expenditure that would otherwise have been invested). However £4m of Public Works Loan Board loans have been taken out in 2016/17 to take advantage of low fixed interest rates over the medium term.

8.0 CONCLUSION

- 8.1 The overall underspends for Worthing and Adur are most welcome at this time to help the Councils manage the challenging financial climate which they are currently grappling with.
- 8.2 This has been an extremely difficult year financially, with new emerging cost pressures. However the Councils have successfully managed to address some significant issues in year.

9.0 RECOMMENDATIONS

9.1 The Joint Strategic Committee is asked to:

- (a) note the report and outturn position for the Joint, Adur and Worthing Budgets proposed use of reserves; and**

9.0 RECOMMENDATIONS

9.2 The Joint Strategic Committee is asked to recommend that Adur District Council, at its Council meeting on 20th July, 2017 and Worthing Borough Council at its Council meeting on 18th July 2017:-

- (a) NOTE the overall final outturn for 2016/17;
- (b) AGREE the net carry over of revenue budget to 2017/18 where the original approval for 2016/17 was not utilised which will be funded from the Capacity Issues Reserve as set out in paragraph 6.2 (General Fund) totalling:-

Worthing Borough Council	£38,590
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- (c) APPROVE the net appropriation to General Fund reserves in the year as detailed in paragraph 6.3 totalling:

Adur District Council	£80,854
Worthing Borough Council	£854,409

- (d) AGREE the net carry over of revenue budget to 2017/18 funded from reserves as detailed in paragraph 6.1:

Adur District Council	£8,000
Worthing Borough Council	£89,970

- (e) APPROVE the consolidation into Adur's Capacity Issues Reserve of the Health & Safety Fund (£32,545) and the New Technology Fund (£22,300) in 2017/18.

- (f) APPROVE a contribution for Adur District Council from the HRA to the Adur Housing New Development and Acquisition Reserve of £306,000; Paragraph 5.3.

Local Government Act 1972

Background Papers:

Reports to the Joint Overview and Scrutiny and Joint Strategic Committee

Revenue Budget 2016/17 Joint, Adur and Worthing

3rd Monitoring Revenue and Capital Reports Joint Strategic Committee, Adur District Councils and Worthing Borough Council – Report to the Joint Strategic Committee dated 7th March 2017

Accounts and Audit Regulations 2015

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SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

This report deals with the whole of the Joint Committees revenue expenditure and as such contributes both Council's objectives

- To protect and enhance priority services.
- To promote a clean and green environment.

2.0 SPECIFIC ACTION PLANS

2.1 The Medium Term Financial Plan

3.0 SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES

4.1 Matter considered and no issues identified

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues identified

6.0 HUMAN RIGHTS ISSUES

6.1 Matter considered and no issues identified

7.0 REPUTATION

7.1 Matter considered and no issues identified

8.0 CONSULTATIONS

8.1 Matter considered and no issues identified

9.0 RISK ASSESSMENT

9.1 Matter considered and no issues identified

10.0 HEALTH and SAFETY ISSUES

10.1 Matter considered and no issues identified

11.0 PROCUREMENT STRATEGY


11.1 Matter considered and no issues identified

12.0 PARTNERSHIP WORKING

12.1 This report contains details of the outturn for the Adur and Worthing Partnership.


12.2 Contained within accounts of both Councils is the relevant share of the Adur and Worthing Partnership arrangements.

2016/17 FINAL REVENUE OUTTURN JOINT SUMMARY

 ADUR & WORTHING COUNCILS	ORIGINAL ESTIMATE 2016/17	CURRENT ESTIMATE 2016/17	OUTTURN 2016/17	(UNDER)/ OVERSPEND 2016/17
	£	£	£	£
Chief Executive	414,360	427,920	478,034	50,114
Director for Communities	5,918,310	6,043,408	6,131,010	87,602
Director for Customer Services	6,675,630	6,654,858	7,047,779	392,922
Director for Digital & Resources	8,597,500	8,765,518	9,052,013	286,496
Director for the Economy Grants Reserves	3,277,990	3,271,528	3,134,641	(136,886)
TOTAL SERVICES	24,883,790	25,163,230	25,843,477	680,247
ALLOCATION OF COSTS				
Recharged to other joint services	(3,103,170)	(3,553,900)	(3,841,653)	(287,753)
	21,780,620	21,609,330	22,001,824	392,494
Adur District Council	(8,673,420)	(8,630,550)	(8,807,759)	(177,209)
Worthing Borough Council	(13,107,200)	(12,978,780)	(13,194,065)	(215,285)
TOTAL SERVICE BLOCK ALLOCATIONS	(21,780,620)	(21,609,330)	(22,001,824)	(392,494)



**CIVIC BUDGET 2016-2017
Summary of Final Revenue Outturn**

CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2016/17	CURRENT ESTIMATE 2016/17	OUTTURN 2016/17	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>CM for Environment</i>	3,276,530	3,256,180	3,377,064	(79,761)	1,031,527	(830,883)
<i>CM for Health & Wellbeing</i>	981,680	990,930	1,887,014	49,078	193,449	653,556
<i>CM for Customer Services</i>	569,950	597,453	157,004	(283)	(4,760)	(435,406)
<i>Leader</i>	707,780	707,780	832,440	22,435	163,201	(60,976)
<i>CM for Regeneration</i>	2,161,150	2,270,150	3,439,520	76,392	35,655	1,057,323
<i>CM for Resources</i>	2,396,440	2,356,510	2,331,642	(111,126)	(164,411)	250,669
<i>Support Service Holding Accounts</i>	253,300	295,170	(0)	522,255	(1,254,661)	437,236
<i>Budget vired to HRA</i>						-
Total Cabinet Members	10,346,830	10,474,173	12,024,683	478,990	-	1,071,520
<i>Credit Back Depreciation</i>	(1,776,510)	(1,776,510)	(1,295,885)	(478,990)	-	959,615
<i>Minimum Revenue Provision</i>	1,181,290	1,156,240	889,148	-	-	(267,092)
<i>Additional Non Ring Fenced Grants</i>			538,342	-	-	538,342
<i>Financial Instrument Adjustment</i>	-	-	2,163	-	-	2,163
	9,751,610	9,853,903	12,158,452	-	-	2,304,549
Transfer to/from reserves:						
<i>Transfer from reserves to fund specific expenditure</i>	28,700	(73,593)	(2,458,996)	-	-	(2,385,403)
Net Underspend/(Overspend) Funded From Reserves			80,854	-	-	80,854
TOTAL BUDGET REQUIREMENT BEFORE EXTERNAL SUPPORT FROM GOVERNMENT	9,780,310	9,780,310	9,780,310	-	-	(0)

 ADUR DISTRICT COUNCIL Earmarked Revenue Reserve Accounts	Opening Balance 2016/17	Estimated Decrease 2016/17	Estimated Increase 2016/17	Projected Closing Balance 2016/17
Capacity Issues Fund including General Fund Carry Forward Reserve - Project Manager for CENSUS review (8/10/15 JSC/042/15-16) - Redundancy costs - Budgeted contribution to/from revenue Underspend for 2016-17	121,763	(18,683) (4,447)	14,700 80,854	194,187
Insurance Fund	181,621	(31,471)	30,700	180,850
New Technology Fund	22,300			22,300
Local Plan (Adur) and PDG	44,419	(44,419)		0
Health & Safety	32,545			32,545
Investment Propert Maint Fund -Revenue Maint Prog	40,947			
- Fishersgate Community Centre fencing (7/7/15 JSC/017/15-16)		(2,560)		38,387
Grants & Contributions held in reserves	472,816	(148,003)	101,058	425,872
Election Reserve	7,880			7,880
Special & Other Emergency Reserve	86,103			86,103
Projected Underspend/ (Overspend) (Reserve to be identified at outturn) - added to Capacity Issues Reserve above				-
General Fund Reserve	408,171			408,171
TOTALS	1,418,565	(249,583)	227,312	1,396,295

CIVIC BUDGET 2016/2017
Summary of Final Revenue Outturn

CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2016/17	CURRENT ESTIMATE 2016/17	OUTTURN 2016/17	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
<i>Leader</i>	£ 996,520	£ 996,520	£ 1,017,009	58,456	6,183	(44,150)
<i>CM for the Environment</i>	3,112,780	3,255,630	(203,703)	174,384	1,573,242	(5,206,959)
<i>CM for Health & Wellbeing</i>	1,356,440	1,356,520	1,423,761	84,077	324,537	(341,373)
<i>CM for Customer Services</i>	4,445,300	4,564,540	1,261,569	(214,016)	264,887	(3,353,842)
<i>CM for Regeneration</i>	2,563,190	2,750,990	2,690,618	51,194	32,777	(144,344)
<i>CM for Resources</i>	3,204,750	2,853,590	2,774,677	194,864	(239,555)	(34,221)
<i>Holding Accounts</i>	237,900	359,600	0	(535,750)	(1,962,071)	2,138,221
Total Cabinet Member	15,916,880	16,137,390	8,963,930	(186,791)	0	(6,986,668)
<i>Credit Back Depreciation</i>	(3,272,280)	(3,272,280)	(3,129,800)	186,791		(44,311)
<i>Minimum Revenue Provision</i>	1,307,770	1,326,130	976,560			(349,570)
<i>Additional Non Ring Fenced Grants</i>	0	0	(94,908)			(94,908)
	13,952,370	14,191,240	6,715,782	0		(7,475,458)
Transfer to/from reserves:						
<i>Transfer from reserves to fund specific expenditure</i>	86,250	(152,620)	6,468,426			6,621,046
Net Underspend Transferred to Reserves			854,412			854,412
Total Budget requirement before External Support from Government	14,038,620	14,038,620	14,038,620	0		(0)

 WORTHING BOROUGH COUNCIL Earmarked Revenue Reserve Accounts	Opening Balance 2016/17	Decrease 2016/17	Increase 2016/17	Projected Closing Balance 2016/17
	£	£	£	£
Capacity Issue Reserve	455,039			
- Invest to save schemes (Theatres) (26/07/12 JSC/035/12-13) *C		(3,740)		
- Money Tree participatory budget (22/7/14 JSC/028/14-15)		(1,071)		
- Project Manager for CENSUS review (8/10/15 JSC/042/15-16)		(6,430)		
- Redundancy		(86,886)		
Expenditure funded from approved carry forwards from 2015/16				
- Worthing carry forwards agreed JSC 13 July 2016		(33,456)		
- Budgeted contribution to/from revenue			-	
Underspend for 2016-17			854,412	1,177,868
Insurance Reserve	391,732	(33,483)	30,700	388,949
Joint Health Promotion Reserve	9,910	0		9,910
Leisure Lottery & Other Partnerships *C	77,766	(600)		77,166
Museum reserve	114,012			114,012
Theatre Ticket Levy	70,460	(63,545)	56,906	63,821
Planning Delivery Grant	49,055	(49,055)		0
Special & Other Emergency Reserve	41,827			41,827
Grants & Contributions	897,323	(424,420)	101,388	574,291
Capital Expenditure Reserve *C	73,158			73,158
Projected Underspend/ (Overspend) (Reserve to be identified at outturn). - moved to Capacity Issues Reserve above			0	0
General Fund Working Balance	843,625			843,625
TOTAL	3,023,908	(702,686)	1,043,406	3,364,627

* Capital

ADUR HOMES HOUSING REVENUE ACCOUNT

	BUDGET 2016/17	OUTTURN 2016/17	VARIANCE 2016/17
	£	£	£
EXPENDITURE			
General Management	3,032,520	3,103,439	70,919
Special Services	812,770	568,677	-244,093
Rent, Rates, Taxes & Other Charges	44,400	11,843	-32,557
Repairs & Maintenance	2,659,880	3,087,033	427,153
Bad/Doubtful Debt	50,000	-76,488	-126,488
Contribution to reserves for refurbishment and new build	2,028,000	2,030,871	2,871
Capital Financing Costs			
Depreciation and revenue contribution to capital	2,409,030	2,341,694	-67,336
Interest charges	2,322,240	2,323,973	1,733
TOTAL EXPENDITURE	13,358,840	13,391,042	32,202
INCOME			
Dwelling Rents	-12,246,470	-12,239,028	7,442
Non-Dwelling Rents	-550,790	-508,224	42,566
Heating Charges	-74,820	-64,921	9,899
Leaseholder's Service Charges	-163,200	-289,177	-125,977
Other Service Charges	-295,560	-258,161	37,399
Interest Received	-28,000	-31,531	-3,531
TOTAL INCOME	(13,358,840)	(13,391,042)	(32,202)
NET (SURPLUS)/DEFICIENCY - TRANSFER TO/FROM HRA GENERAL RESERVE	0	0	0



CAPITAL AND PROJECTS OUTTURN FOR 2016/17

REPORT BY SARAH GOBEY, CHIEF FINANCIAL OFFICER

1.0 SUMMARY

1.1 This report outlines the financial monitoring position for the end of the 2016/17 financial year for capital schemes included in the capital programmes of the Joint Strategic Committee, Adur and Worthing Councils. At the time of writing, the Statement of Accounts were still being finalised. Any changes that emerge as work proceeds on the Statement of Accounts will be reported to members later in the year.

1.2 Information is also provided on the progress of the Digital Programme which forms part of the capital programme.

1.3 The Joint Strategic Committee is asked to agree and recommend to Adur and Worthing Councils:-

- the carrying forward of certain capital budgets to allow projects to be completed in 2017/18.
- the financing of the 2016/17 Capital Investment Programmes.
- the utilisation of capital receipts to finance the 2016/17 Capital Investment Programmes.

2.0 BACKGROUND

2.1 The monitoring of capital budgets has been reported to the Joint Strategic Committee three times during the year.

2.2 In accordance with the Councils' Capital Strategy, the Joint Capital Working Group oversees the implementation and progress of both Councils' Capital Investment Programmes.

2.3 Full summaries of the outturn of all the schemes in the 2016/17 Capital Investment Programmes are available from the Councils' Joint Intranet and highlight:

Schemes not progressing satisfactorily	Red
Schemes where progress is being closely monitored	Amber
Schemes progressing well	Green
Schemes where progress is beyond officers' control	▣
Schemes with financial issues	£
Schemes where progress has improved	▲
Schemes where progress has deteriorated	▼

3.0 DIGITAL PROJECTS UPDATE

- 3.1 Digital and Design has been undertaking significant work to design and transform services for Housing Repairs and Housing Solutions. These services are being redesigned through a process of user-centred co-design, which ensures that the digital solution we develop meet the needs of the service users as closely as possible, as such the process has been robustly managed. These applications will be delivered through our MatsSoft Low Code platform, offering resilient and scalable cloud-based services to the Council. The MatsSoft solution has also been used to deliver a new social prescribing toolset for Wellbeing, *Going Local* enables GP surgeries and other bodies to connect their service users with solutions to aid their general wellbeing, reducing their need to engage with NHS services.


In addition, work has started with our partners Arcus Global on the delivery of a new Land Charges application within our Salesforce platform, which will be joined in September by the Planning and Building control applications. In addition to these customer facing solutions, the digital programme is also delivering a range of improved services on the MatSoft platform, including a new annual leave system.

- 3.2 The project to replace our financial management system is progressing with a delivery date of November 2017, although due to supplier resource issues this project may be delayed. We are actively managing the supplier closely in respect of this issue.
- 3.3 The project to bring Adur Revenue and Benefits services back into the Council's direct operation has commenced. This project not only involves significant technical input from members of the Council's Digital and Revs and Bens teams, but also requires support from 2 key suppliers (Capita and Northgate) to ensure systems and data are ready for use by the 1st week of October.
- 3.4 This summer sees a number of accommodation moves, the main outcome from these are the co-location of a number of customer service functions into Portland House. This being the case, the Contact Centre will be moving to Portland House, and additional space will be made available to accommodate the 23 additional staff that the Revenues and Benefits in-housing requires. IT Operations are heavily involved in the planning and execution of this work.
- 3.5 The Infrastructure as a Service project kicked off in January, and at the beginning of June we selected our Managed Service Provider to help us with the migration of data centre services to secure public cloud services operated by Amazon and Microsoft. The *CenSus Cloud* project aims to move the systems we host in the Worthing data centre to off-site hosting, improving resilience and flexibility in the future. At the time of writing the CenSus partners (Adur, Worthing, Mid-Sussex and Horsham) are working with a specialist project manager and the managed service provider, to design the new service and plan migrations. It is expected that the first migrations will take place in September.

4.0 ADUR CAPITAL OUTTURN - ALL PORTFOLIOS

- 4.1 The capital investment programme for all Adur Portfolios was originally estimated at £16,878,480. Subsequent approvals and reprofiling of budgets to and from 2017/18 produced a total current budget of £8,008,140.
- 4.2 Actual expenditure in the year totalled £5,028,649, a decrease of £2,979,491 on the current estimate, comprising of a net carry forward of £2,843,690 and a net underspend of £135,801. Individual Portfolio expenditure was as follows:


4.0 ADUR CAPITAL OUTTURN - ALL PORTFOLIOS

 ADUR DISTRICT COUNCIL PORTFOLIOS	Current Estimate £	Actual Outturn £
General Fund Other Services:		
C.M. for Environment	1,498,650	790,972
C.M. for Health and Well-Being	32,600	22,488
C.M. for Customer Services		
- General Fund	855,220	343,943
- Adur Homes Capital Investment Prog'me	4,339,910	2,825,393
C.M. for Regeneration	356,050	224,578
C.M. for Resources	925,710	821,275
TOTAL	8,008,140	5,028,649

4.3 The Major scheme variations are listed in **Appendix 1** of this report. Of the £2.8m carry forwards requested within the report:

- £1.5m relates to the Adur Homes investment programme. The majority of these works are in progress or out to tender.
- £250,000 relates to a payment to Worthing Homes for affordable homes for Adur residents. The original scheme was delayed due to planning issues. This payment has now been made for family homes on the old Southlands Hospital sites

4.4 Adur capital expenditure in 2016/17 was financed as follows:-

 ADUR DISTRICT COUNCIL PORTFOLIOS	£	£
General Fund Schemes Financing:		
Government Grants	911,965	
Prudential Borrowing	795,959	
Capital Receipts	220,684	
S106 Contributions	127,000	
Other Contributions	82,640	
Revenue Contributions / Reserves	65,008	
TOTAL GENERAL FUND CAPITAL FINANCED		2,203,256
Adur Homes Capital Investment Programme Financing:		
Major Repairs Reserve	2,370,174	
Capital Receipts	427,368	
Grants	20,000	
Acquisition and Development Reserve	7,850	
TOTAL ADUR HOMES CAPITAL FINANCED		2,825,392
TOTAL OVERALL CAPITAL FINANCED		5,028,648

4.0 ADUR CAPITAL OUTTURN - ALL PORTFOLIOS

4.5 The Joint Strategic Committee is asked to recommend that Adur District Council Council approve the overall financing of the capital programme of the 2016/17 capital programme, and the utilisation of £648,052 usable capital receipts in the funding of the 2016/17 capital programme.

4.6 The remaining usable capital receipts held at 31st March, 2017 totalled £3,424,371. To be utilised as follows:

• Shoreham Renaissance	£412,303
• Affordable Housing (LASHG)	£140,476
• Housing Revenue Account – Capital Investment	£2,843,503
• Housing Renewal Grants	£6,464
• Empty Property Grants	£21,625

4.7 Proceeds from sale of assets in 2016/17 are analysed in **Appendix 3**.

4.8 Approval is requested to carry over to 2017/18 and bring forward from 2017/18 certain budgets where spending patterns have changed since the 3rd Quarter Monitoring, as detailed in **Appendix 1**.

	Carried Forward To 2017/18 £
Executive Member Environment	545,160
Executive Member for Customer Services	
- General Fund	415,390
- Adur Homes Capital Investment Programme	1,514,510
Executive Member for Health and Wellbeing	11,260
Executive Member for Regeneration	159,380
Executive Member for Resources	239,390
TOTAL CARRIED FORWARD TO 2017/18	2,885,090

	Brought Forward to 2016/17 £
Executive Member for Environment	10,440
Executive Member for Regeneration	13,500
Executive Member for Resources	17,460
TOTAL BROUGHT FORWARD TO 2016/17	41,400
NET CARRIED FORWARD TO 2017/18	2,843,690

4.9 The reasons for the carry forward requests in the capital investment programme have been analysed in **Appendix 1**.

4.0 ADUR CAPITAL OUTTURN - ALL PORTFOLIOS

4.10 In addition to the carry forward of existing budgets to finish approved projects in 2016/17, permission is also sought to carry forward funding from the 2016/17 Capital Investment Programme overall underspend for the following:

4.11 Replacement of Two 3.5 Tonne Litter Collection Street Cleansing Vehicles 2017/18

The 2017/18 Adur District Council Capital Investment Programme includes a budget of £25,216 for the replacement of two 3.5 tonne litter collection vehicles and quotes are currently being obtained. However, it would be preferable to replace these vehicles with plastic bodied versions as they do not suffer from premature corrosion issues that affect metal bodied vehicles. This is particularly relevant to the Council's vehicles which are prone to early onset of rust due to our salty seaside climate. In addition the maintenance and repair cost of welding patches over rust is significantly less on the plastic body versions.

The preferred plastic body replacement vehicles come at a cost premium and the total estimated joint cost for the 2 vehicles is £82,000, an increase of £18,000 on the current budget. Adur District Council's share of the overspend is £7,092 and could be funded from the overall underspend on the 2016/17 Capital Investment Programme.

4.12 Replacement of One Ride on Mower

The 2017/18 Adur Capital Investment Programmes includes a budget of £15,200 for the replacement of a ride on mower for use by the Parks Department. Quotes have been obtained and the total joint cost to replace this vehicle is £55,500. The original joint budget of £38,000 was based on an out of date cost estimate for the replacement. Adur District Council's share of the overspend is £6,900 and could be funded from the overall underspend on the 2016/17 Capital Investment Programme.

4.13 Cemeteries – Replacement of Stolen Mechanical Excavator

One of the cemeteries mechanical excavators has been stolen and is essential for the continuance of burials due to the nature of solid chalk found across Adur District Council's and Worthing Borough Council's cemeteries. An insurance claim will be submitted, but as the vehicle was purchased second hand from the cemeteries contractor in 2012 the insurance value is not expected to exceed £5,000 and will be used to offset the cost of a new vehicle.

It is proposed to procure a replacement mechanical excavator at an estimated cost of £22,000, which may be offset by the insurance claim. The replacement vehicle will be joint funded by Adur District Council and Worthing Borough Council on a 55%/45% basis. Adur District Council's share of the cost will be £12,100 and it is proposed to fund the new excavator from the overall underspend.

4.0 ADUR CAPITAL OUTTURN - ALL PORTFOLIOS

4.14 Creation of an unallocated budget for future schemes and contingency for overspends

Every year there are a number of occasions when high priority capital expenditure is identified which cannot wait for the approval of the Capital Investment Programme for the following year.

As the Council has an underspend in 2016/17, it is recommended that a provision of £60,000 is carried forward to 2017/18 for the funding of urgent capital schemes or for additional works required to capital schemes already in the 2017/18 Capital Investment Programme. These projects/additional works would still be subject to the approval of the Joint Strategic Committee.

4.15 The following existing schemes have been identified as having financial issues at 31st March 2016:

4.15.1 Buckingham Park – Contribution to the Rugby Club towards a replacement pavilion

The December 2014 Joint Strategic Committee agreed in principle a contribution of £150,000 from S106 receipts to be used as match funding to help secure Rugby Football Union funding towards a replacement of the pavilion at Buckingham Park. A further £22,000 Council resources was added to this contribution.

Planning permission has been approved but there is a funding shortfall of £253,000. Meetings have been held with the Rugby Club and it has been agreed that the Council will review whether to continue to commit the funding in March 2018, dependent on the Rugby Club's success in securing the additional resources needed to bridge the funding gap.

4.15.2 Shoreham Community Centre – Extension for civic presence in Adur

The scheme completed in 2015/16 and an overspend of £150,000 was reported in the 2015/16 capital outturn report and funded from underspends in the overall 2015/16 capital investment programme. The main cause of the overspend was the discovery of asbestos, which cost £309,000 to remove, together with changes and additions to the scheme specification.

The final account was agreed in 2016/17 and a further overspend of £117,496 was revealed. This overspend is in addition to the £150,000 overspend reported and funded from the 2015/16 capital investment programme, and can be accommodated within the overall 2016/17 capital investment programme underspend.

4.16 In addition to the above schemes, the following schemes have been identified as not progressing satisfactorily:

4.0 ADUR CAPITAL OUTTURN - ALL PORTFOLIOS

4.16.1 Enhancements to Lower Beach Road (Riverside) Car Park and Ferry Road Environmental Improvements

This project was initially delayed by West Sussex County Council (WSSCC) Traffic Regulation Orders (TROs), which have now been agreed and also scheme agreements with WSSCC. As a result of the delays the scheme had to be re-tendered as the previous tenders exceeded the 90 day deadline. This resulted in additional funding of £47,000 being allocated to the Lower Beach Road Car Park scheme.

The scheme eventually commenced on site in September 2016, but works have now been suspended to allow the Environment Agency's Tidal Walls Coastal Protection Scheme workers access to the rear of the Waterside Inn. The EA's current CPW programme of works should enable a possible restart on site at the end of the summer 2017.

5.0 HRA RIGHT TO BUY (RTB) CAPITAL RECEIPTS

5.1 In 2016/17, 10 properties were sold which generated an overall receipt of £1.1m. The financial impact is detailed below:-

BREAKDOWN OF ALLOCATION OF IN YEAR RTB RECEIPTS	£
Capital receipts passed to DCLG as part of pooling arrangement	568,496
Administration costs deducted from the capital receipts	13,000
Retained by the HRA	519,504
TOTAL CAPITAL RECEIPTS	1,101,000

5.2 As at the 31st March 2017 the Council held £2.844m of RTB receipts analysed as follows:


ANALYSIS OF RIGHT TO BUY RECEIPTS	£
Capital receipts which can be used for any purpose	1,336,644
Capital receipts which are to be used for new affordable dwellings*	1,506,858
TOTAL CAPITAL RECEIPTS AS AT 31ST MARCH 2017	2,843,502

* These receipts must be spent on the delivery of new affordable home. Only 30% of the cost of any new build can be financed from these receipts, and they must be spent in a three year time frame.

6.0 WORTHING CAPITAL OUTTURN - ALL PORTFOLIOS

6.1 The Worthing capital investment programme for all Portfolios was originally estimated at £22,379,260. Subsequent approvals and reprofiling of budgets to and from 2017/18 produced a total current budget of £13,212,610.

6.2 Actual expenditure in the year totalled £5,636,954 a reduction of £7,575,656 on the revised estimate, comprising of a net carry forward of £7,326,420 and a net underspend of £254,236. Individual Portfolio expenditure was as follows:

 WORTHING BOROUGH COUNCIL	PORTFOLIOS	Revised Estimate £	Actual Outturn £
General Fund Other Services:			
E.M. for Customer Services			
- Housing		1,141,920	762,556
- Other Schemes		212,410	181,506
E.M. for Environment		1,986,690	1,075,982
E.M. for Health and Well-Being		33,280	11,607
E.M. for Regeneration		3,747,850	3,346,537
E.M. for Resources		6,090,460	258,766
TOTAL AS PER CURRENT BUDGET		13,212,610	5,636,954

6.3 Major scheme variations are listed in **Appendix 2**. However three schemes in particular contributed to a significant proportion to the carry forward request:

- The first tranche of the loan to Worthing Homes (£5,000,000) completed on the 20th April just after the year end;
- The solar panel on Portland House (£359,500) was slightly delayed and completed in early April 2017.
- The balance on the Strategic Property Investment Fund (£342,750) was used to part-fund the purchase of two properties which completed in early May.

6.4 Worthing capital expenditure in 2016/17 was financed as follows:-

	£	£
Usable Capital Receipts		
- Housing	27,437	
- Other General Fund	1,095,438	
		1,122,875
Prudential Borrowing		
S106 Contributions	277,757	
Government Grants	3,969,474	
Other Contributions	82,000	
Revenue Contributions	184,848	
		4,514,079
TOTAL CAPITAL FINANCED		5,636,954

6.0 WORTHING CAPITAL OUTTURN - ALL PORTFOLIOS

- 6.5 The Joint Strategic Committee is asked to recommend that the Council approve the overall financing of the capital programme and the utilisation of £1,122,875 usable capital receipts in the funding of the 2016/17 capital programme.
- 6.6 Approval is requested to carry over to 2017/18 and bring forward from 2017/18 certain budgeted expenditure where spending patterns have changed since the 3rd Quarter Monitoring, as detailed in **Appendix 2**.

	Carried Forward To 2017/18 £
Executive Member Environment	754,940
Executive Member for Customer Services	343,040
Executive Member for Health and Wellbeing	21,670
Executive Member for Regeneration	375,090
Executive Member for Resources	5,831,680
TOTAL CARRIED FORWARD TO 2017/18	7,326,420

	Brought Forward to 2016/17 £
Executive Member for Environment	2,400
Executive Member for Regeneration	2,600
TOTAL BROUGHT FORWARD TO 2016/17	5,000
NET CARRY OVER TO 2017/18	7,321,420

- 6.7 The reasons for the slippage in the capital investment programme have been analysed in **Appendix 2**.
- 6.8 In addition to the carry forward of existing budgets to finish approved projects in 2017/18, permission is also sought to carry forward funding from the overall 2016/17 Capital Investment Programme underspend for the following:
- 6.9 **Replacement of Two 3.5 Tonne Litter Collection Street Cleansing Vehicles 2017/18**

The 2017/18 Worthing Borough Council Capital Investment Programme includes a budget of £38,784 for the replacement of two 3.5 tonne litter collection vehicles and quotes are currently being obtained. However, it would be preferable to replace these vehicles with plastic bodied versions as they do not suffer from premature corrosion issues that affect metal bodied vehicles. This is particularly relevant to the Council's vehicles which are prone to early onset of rust due to our salty seaside climate. In addition the maintenance and repair cost of welding patches over rust is significantly less on the plastic body versions.

6.0 WORTHING CAPITAL OUTTURN - ALL PORTFOLIOS

6.9 Replacement of Two 3.5 Tonne Litter Collection Street Cleansing Vehicles 2017/18

The preferred plastic body replacement vehicles come at a cost premium and the total estimated cost for the 2 vehicles is £82,000, an increase of £18,000 on the current budget. Worthing Borough Council's share of the overspend is £10,908 and could be funded from the overall underspend on the 2016/17 Capital Investment Programme.

6.10 Replacement of One Ride on Mower

The 2017/18 Worthing Borough Council Capital Investment Programme includes a budget of £22,800 for the replacement of a ride on mower for use by the Parks Department. Quotes have been obtained and the total joint cost to replace this vehicle is £55,500. The original joint budget of £38,000 was based on an out of date cost estimate for the replacement. Worthing Borough Council's share of the overspend is £10,500 and could be funded from the overall underspend on the 2016/17 Capital Investment Programme.

6.11 Cemeteries – Replacement of Stolen Mechanical Excavator

One of the cemeteries mechanical excavators has been stolen and is essential for the continuance of burials due to the nature of solid chalk found across Adur District Council's and Worthing Borough Council's cemeteries. An insurance claim will be submitted, but as the vehicle was purchased second hand from the cemeteries contractor in 2012 the insurance value is not expected to exceed £5,000 and will be used to offset the cost of a new vehicle.

It is proposed to procure a replacement mechanical excavator at an estimated cost of £22,000, which may be offset by the insurance claim. The replacement vehicle will be joint funded by Adur District Council and Worthing Borough Council on a 55%/45% basis. Worthing Borough Council's share of the cost is £9,900 and it is proposed to fund the new excavator from the overall underspend.

6.12 Homefield Park – Tennis Court Extensions

A report has been submitted elsewhere on this Agenda to request the transfer of the capital budget for the provision of a Multi Use Games Area at Homefield to a new capital scheme to upgrade/extend the tennis courts. Unfortunately the current budget of £199,610 is not sufficient to undertake these capital works due to the sub space needing replacement and an additional £50,000 is required. This could be funded from underspends in the overall 2016/17 Capital Investment Programme

6.13 Refurbishment of Pavilion Theatre Toilets

The Pavilion auditorium toilets are in desperate need for refurbishment with the last actual refurbishment believed to have been in the 1970s. The facilities are in extremely poor condition with many of the fixtures and fittings having been replaced multiple times over the years, regular emergency maintenance and call-outs are required just to keep the facilities operational.

6.0 WORTHING CAPITAL OUTTURN - ALL PORTFOLIOS

6.13 Refurbishment of Pavilion Theatre Toilets

The poor condition of the cubicles is very poor caused by fittings and fixtures being removed and replaced leaving bare wood/chipboard. The tiling is cracked and broken and the general overall condition has raised health and hygiene concerns which is compounded by the poor/low lighting levels in both the Gents and Ladies toilets in the auditorium. The air extraction system is poor and often the smell is very unpleasant and overpowering especially in the gents.

The Ladies facilities are very limited, including the Pavilion Café there are a total of eight cubicles. During full capacity events a female audience of up to 550 will require the facilities during a 20 minute interval or the shorter breaks between artists at Music/DJ style events. There is a greater requirement on the facilities during Pantomime when children make up a large part of the audience.

There are issues with the condition /effectiveness of the plumbing and water pressure which especially affects the flushing capability/functionality. In the last year the Pavilion Auditorium and Café have required the use of contracted drainage clearance companies on approximately 15 occasions. When we have to take a cubicle 'out of use' the situation becomes even worse.

The current facilities are totally inadequate and a poor reflection on Worthing Theatres and Museums with a negative effect on the reputation of the Council as a whole. We receive many complaints from our customers and patrons about the condition of the facilities, many of whom have said they would not return due to the condition of the toilets.

It is proposed to reconsider the space and layout design of the Pavilion auditorium Ladies toilets with a possible increase in the number of cubicles. Improving the facilities for all will hugely improve the Customer Experience, possible return visits and Worthing Theatres and the Councils reputation as a service that cares about its customers/patrons experience listening to their comments and needs. This would have a very positive effect on ticket sales and secondary income streams such as bar/catering sales.

The 2017/18 Capital Investment Programme includes a budget provision of £60,000, funded £50,000 from the Theatres Restoration Levy and £10,000 from Corporate Sponsorship. The scheme is currently being appraised by Technical Services but is likely to cost in excess of the current budget of £60,000 and it is requested that a provision is carried forward from 2016/17 underspends to top up the funding.

6.14 Creation of an unallocated budget for future schemes and contingency for overspends

Every year there are a number of occasions when high priority capital expenditure is identified which cannot wait for the approval of the Capital Investment Programme for the following year. In addition the following scheme is currently being assessed to ascertain the scope of the works required and further funding may be required.

6.0 WORTHING CAPITAL OUTTURN - ALL PORTFOLIOS

6.14 Creation of an unallocated budget for future schemes and contingency for overspends

- i) **Worthing Town Hall removal or management of asbestos in roof space –**
Safe working zones have been completed in the main town hall and also sampling of ceilings to simulate maintenance activities. Meetings are currently in progress with consultants regarding the extent of the works required which will ascertain the total cost of the required works. Initial estimates advise that an additional £50,000 may be required either to remove or contain the asbestos.

As the Council has a underspend in 2016/17, it is recommended that a provision £60,000 is carried forward to 2017/18 for the funding of urgent capital schemes or for additional works required to capital schemes already in the 2017/18 Capital Investment Programme. These projects/additional works would still be subject to the approval of the Joint Strategic Committee.

6.15 The following scheme has been identified as having financial issues at 31st March 2017:

6.16 Crematorium Driveway Works i) Upgrade of ICT Connection; ii) Repairs to gas main; iii) Driveway resurfacing

The ICT cabling and gas pipe repairs have completed. Additional funding has been approved for the driveway resurfacing which is programmed in 2017/18. Unfortunately, the existing gas main is very close to the driveway surface and will require protection while the driveway is resurfaced. It is estimated that this will cost an additional £20,000. This further overspend can be accommodated within the overall 2016/17 capital investment programme underspend.

6.17 In addition to the above schemes with financial issues the following scheme has been identified as not progressing satisfactorily:

6.18 Durrington Cemetery Extension to provide additional burial spaces

The scheme was initially delayed by consultations between the Environment Agency and Southern Water regarding the acceptability of additional burial spaces, and the need for continuous ground water monitoring due to possible water contamination. The scheme has been further delayed by the need for planning permission which will include conditions from both the EA and Southern Water.

An off-site ground water monitoring well was installed in October 2016 and a tree and ecological survey was completed in December 2016. However, the ecological survey advised that the grassland area was not included in the Worthing Borough Council Core Strategy as a Local Wildlife Site and it is also a Habitat of Principle importance under the NERC Act 2006. This status affords the area a certain amount of protection. The ecological report also advised that further ecological surveys of the site need to be carried out to establish its current ecological value. These will be undertaken in the summer of 2017, and if no issues are found planning permission will then be submitted.

6.0 WORTHING CAPITAL OUTTURN - ALL PORTFOLIOS

6.19 The remaining usable capital receipts held at 31st March, 2016 totalled £5,098,640. To be utilised as follows:

- Ring-fenced for Coast Protection £88,800
- Ring-fenced for Affordable Housing (RTB Clawback Receipts) £4,349,749
- Ring-fenced for Empty Property grants and loans. £5,599
- Ring-fenced for Discretionary Housing Renovation Assistance. £4,442
- Ring-fenced for the replacement of the Par 3 Club House in Brooklands Park £142,342
- Ring-fenced to fund revenue costs £507,708

6.20 The balance on the General Fund Capital Expenditure Reserve at 31st March, 2017 is £73,158.

6.21 Proceeds from the sale of assets in 2016/17 are analysed in **Appendix 4**.

7.0 CONCLUSION

7.1 **Adur District Council** – There was an overall underspend on the 2016/17 Capital Investment Programme of £89,690. However, overspends in the 2017/18 Capital Investment Programme have been identified and it is recommended that all underspends are carried forward to 2017/18 to fund these overspends as detailed in section 4 of the report (paragraphs 4.10, 4.11, 4.12, and 4.13), and also as a contingency for other scheme overspends

7.2 **Worthing Borough Council** - There was an overall underspend on the 2016/17 Capital Investment Programme. However, overspends in the 2017/18 Capital Investment Programme have been identified and it is recommended that all underspends are carried forward to 2017/18 to fund these overspends as detailed in section 6 of the report (paragraphs 6.8, 6.9, 6.10, 6.11, 6.12 and 6.13), and also as a contingency for any other scheme overspends.

7.3 Both Councils have incurred considerable in year reprofiling of 2016/17 capital budgets to 2017/18 and unexpected year end slippage has also been requested. The 2016/17 major variations from current budget and the reasons for the year end slippage are analysed in Appendices 1 and 2. This reflects the inherent difficulty in accurately budgeting for capital schemes where, due to the complex nature of capital acquisitions and enhancements, a number of factors can affect the timing and outturn of those schemes.

7.4 However, the capital strategy report elsewhere on the agenda recommends a changed approach to the development of the capital programme which will may improve the profiling of the budgets in future.

8.0 RECOMMENDATIONS

8.1 The Joint Strategic Committee is asked to:

- (a) note the report and outturn position for the Adur and Worthing Capital Budgets.**

8.2 The Joint Strategic Committee is asked to recommend that Adur District Council, at its Council meeting on 20th July, 2017 and Worthing Borough Council at its Council meeting on 18th July 2017:-

- (a) NOTE the overall capital final outturn for 2016/17;**
- (b) AGREE the net carry over of General Fund Capital underspends for Adur District Council as detailed in section 4 of the report (paragraphs 4.8, 4.10, 4.11, 4.12, 4.13, 4.14) and for Worthing Borough Council as detailed in section 6 of the report (paragraphs 6.6, 6.8, 6.9, 6.10, 6.11, 6.12, 6.13 and 6.14).**
- (c) APPROVE the financing of the Capital Investment Programmes, including the use of capital receipts as set out in paragraphs 4.4 and 4.5, 6.4, 6.5.**
- (d) Note the use of S106 receipts to fund the 2016/17 Capital Investment Programme, as previously approved, set out in paragraph 4.4 and 6.4.**

Local Government Act 1972

Background Papers:

Reports to the Joint Overview and Scrutiny and Joint Strategic Committee

Capital Budget 2015/16 Joint, Adur and Worthing

3rd Monitoring Capital Report Joint Strategic Committee, Adur District Councils and Worthing Borough Council

Accounts and Audit Regulations 2011

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SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

This report deals with the whole of the Joint Committees revenue expenditure and as such contributes to the Councils' objectives

2.0 SPECIFIC ACTION PLANS

2.1 The Medium Term Financial Plan

3.0 SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES

4.1 Matter considered and no issues identified

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues identified

6.0 HUMAN RIGHTS ISSUES

6.1 Matter considered and no issues identified

7.0 REPUTATION

7.1 Matter considered and no issues identified

8.0 CONSULTATIONS

8.1 Matter considered and no issues identified

9.0 RISK ASSESSMENT

9.1 Matter considered and no issues identified

10.0 HEALTH and SAFETY ISSUES

10.1 Matter considered and no issues identified

11.0 PROCUREMENT STRATEGY

11.1 Matter considered and no issues identified

12.0 PARTNERSHIP WORKING

12.1 This report contains details of the outturn for the Adur and Worthing Partnership.

12.2 Contained within accounts of both Councils is the relevant share of the Adur and Worthing Partnership arrangements.

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR CUSTOMER SERVICES Adur Homes Capital Investment Programme Carryforward was incurred on the following elements of the programme: i) External works. Works at Bushby Court and Beachcroft Court to replace doors, porches and screens commenced in 2016/17 and will continue in 2017/18. ii) Kitchen and Bathroom Improvement Programme. The contract was awarded to BSW and work commenced in September 2016. Works have been progressing well and will continue in 2017/18. iii) Environmental Improvements - Discussions are in progress with residents regarding the location of bin stores at various locations. Works to be implemented 2017/18. iv) Fire Safety Order Work - Fire doors and ancillary works at various locations out to tender for works in 2017/18. v) Central heating installations - Major contract works completed 2016/17. Three small contracts to be completed in 2017/18.	(1,514,518)	1,514,510			1,514,510				1,514,510

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR CUSTOMER SERVICES (Continued) Adur Homes Capital Investment Programme (Continued) vi) Stock Condition Survey - Pilot surveys for the Council's stock condition have been completed and the remainder of the stock surveys commenced in 2016/17 and will continue in 2017/18. This will provide an informed programme of works. vii) Asbestos Testing - Gap analysis completed. Recommendations to be undertaken in 2017/18. viii) New affordable housing programme - Cecil Norris House demolition and rebuild. Demolition June 2017, planning permission October 2017 and start on site November 2017. Albion Street - officers are working with the developer to finalise a viable scheme and submit planning permission, which is estimated June 2017. ix) Sheltered Accommodation Community Alarm Systems. The tender is awaiting approval, which will be followed by installation into sheltered accommodation.									

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR CUSTOMER SERVICES (Continued)									
Housing									
<i>Affordable Housing - Grant to Worthing Homes Ham Road Development</i>	(250,000)	250,000	250,000						250,000
Unfortunately planning permission for the development was not approved and the scheme will not be proceeding. Other schemes being considered.									
<i>Disabled Facilities Grants</i>	(144,187)	87,160	87,160						87,160
These grants are mandatory and the Council has to approve all eligible grants. All approvals are for 12 months and works can be undertaken at any time in this period. The Council was allocated an increased DCLG Better Care Grant of £511,693 which can be used to fund grant allocations in 2016/17 and also any outstanding commitments at year end. The outstanding commitment at 31st March 2017 was £87,158 and carry forward is requested to fund these commitments.									
<i>Empty Property Grants and Loans</i>	(25,323)	25,320			25,320				25,320
Works are on-going and carry forward is requested for the following:									

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR CUSTOMER SERVICES (Continued) Housing (Continued) Empty Property Grants and Loans (Continued) i) Works on a joint project with the YMCA completed early in 2017/18. This has created 4 units of affordable accommodation for the Housing Options Team. ii) An enforced property sale is now in the final stages; the property has been sold STC with completion estimated early 2017/18. Home Repair Assistance Grants This scheme is demand led and grant approvals are for 3-12 months and can be taken up at any time in this period. The budget was increased to meet an expected demand for urgent works over the winter period. However, the mild winter did not result in the expected number of grants being made. Carry forward is requested to fund outstanding grant commitments carried forward to 2017/18.	(51,922)	15,510	15,510						15,510

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR CUSTOMER SERVICES (Continued) Information and Communications Technology Contribution to CenSus Partnership Schemes 2016/17 Schemes i) RedHat Linux Server Upgrade - Complete. ii) Replace Net App SAN - Complete. Carry forward requested for the following schemes which did not complete as anticipated in 2016/17: iii) Firewall Upgrade - Currently in progress. iv) Logrhythm Implementation - Currently in progress. v) Service Desk System Replacement - Now complete.	(37,397)	37,400			37,400				37,400
Miscellaneous Minor Variations	(2,448)								
TOTAL - Customer Services	(2,025,795)	1,929,900	352,670	-	1,577,230	-	-	-	1,929,900
Budget C/f to 2017/18	1,929,900								
Budget B/f from 2017/18	-								
Net (Underspend)/Overspend	(95,895)								

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT Allotments <i>Williams Road Allotments - Resurfacing of paths and shed improvements</i> Works completed in 2016/17 and the resurfacing works were not as extensive as originally budgeted, resulting in an underspend.	(10,020)								
Car Parks <i>Lower Beach (Riverside) enhancements</i> The scheme was originally delayed by WSCC Traffic Regulation Orders and agreements with WSCC. As a result of the delays the scheme had to be re-tendered, as the previous tenders exceeded the 90 day deadline, and additional funding of £47,000 had to be allocated to this scheme. The scheme eventually commenced on site September 2016. However, works have now been suspended on site to allow the Environment Agency's Tidal Walls Coastal Protection Scheme workers access to the rear of the Waterside Inn. The EA's current CPW programme of works should enable possible restart on site at the end of summer 2017.	(162,406)	162,410	162,410						162,410

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued)									
Lancing Leisure Centre Car Park Extension Planning permission has been granted subject to conditions for i) Design for the disposal of surface water and details of external lighting ii) Drainage testing. The drainage testing has been delayed due to weather and inconclusive results. Nesting birds were encountered during tree/shrub clearance preventing full removal. Recent changes to the brief have caused further delays in the design and tendering process. The scheme is to be tendered asap for a revised build in the summer period, subject to the nesting birds situation being resolved.	(59,106)	59,110	59,110						59,110
Parks and Open Spaces Contribution to Lancing Parish Council for the provision of a skateboard park on Lancing Beach Project to be delivered by Lancing Parish Council and supervised by the Council's Engineers. The works have commenced on site and are anticipated to complete June 2017.	(100,000)	100,000	100,000						100,000

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued) Parks and Open Spaces (Continued) Southwick Recreation Ground - Refurbishment of hard surfaces Scheme initially delayed by discussions with the MS Day Care Centre regarding suitable dates for the work, as the Day Centre requires vehicular access 7 days a week. Scheme further delayed by higher priority schemes. Scheme design to be completed, tendered and delivered in 2017/18.	(32,500)	32,500			32,500				32,500
Refuse / Recycling Vehicle Fleet Replacement The placement of the order was delayed awaiting the award of the contract to the chosen supplier and only one vehicle was anticipated to be delivered in 2016/17. Unfortunately the delivery of this vehicle slipped to April 2017. All other vehicles are anticipated to be delivered by July 2017. An underspend has arisen on the contract from competitive tendering and the replacement of one vehicle with an ex demonstration vehicle.	(136,350)	29,600			29,600				29,600

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued) Southwick Leisure Centre Renewal of flat roof The works were initially delayed by the need to avoid the winter period for replacing the roof and by the discovery of asbestos which increased the estimated costs. Additional funding has been approved and the contract has been sent to the contractors for works in 2017/18.	(89,724)	89,720				89,720			89,720
Street Cleansing Replacement of 3 vehicles The compact sweeper was delivered in 2016/17. The other 2 vehicles were delayed by the supplier having problems sourcing parts for the build, and were eventually delivered in May 2017.	(24,945)	24,940		24,940					24,940

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued) Street Lighting Enhancements to WSCC lighting in Conservation Areas or near Heritage Sites The scheme has been delayed by confirmation from WSCC of the areas included in their PFI. Following liaison with SSE, the WSCC contractor, regarding the WSCC PFI contract inclusions and further discussions with the planning department, quotations for Southdown Road, St Julians Road, John Street, Church Street, and Middle Street are awaited. Scheme delivery expected in 2017/18.	(29,000)	29,000	29,000						29,000

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued)									
Street Scene									
Environmental Improvements Following a change in budget holder the delivery of street scene improvements is under review. A new structure is being established for delivering capital projects to ensure greater involvement from Cabinet Members and community groups in the conception and delivery. This includes the setting up of new Capital Project East and West Groups whose focus will be to deliver positive economic impact and public realm improvements.	(12,684)	12,680			12,680				12,680
Miscellaneous Minor Variations	(50,942)	(5,240)			5,200			(10,440)	(5,240)
TOTAL - Environment	(707,678)	534,720	350,520	24,940	79,980	89,720	-	(10,440)	534,720
Budget C/f to 2017/18	545,160								
Budget B/f from 2017/18	(10,440)								
Net (Underspend)/Overspend	(172,958)								

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR HEALTH AND WELLBEING									
Miscellaneous Minor Variations	(10,112)	11,260	8,960		2,300				11,260
TOTAL - Health & Well-Being	(10,112)	11,260	8,960	-	2,300	-	-	-	11,260
Budget C/f to 2017/18	11,260								
Budget B/f from 2017/18	-								
Net (Underspend)/Overspend	1,148								

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR REGENERATION Coast Protection Works Shoreham Harbour Walls Project i) Coastal Defence Study, Design and Advice £72,000: Preliminary works commenced in 2016/17 and will continue through 2017/18. ii) Coastal Defence Works £1.2m: Works to take place after the relocation of the Sussex Yacht Club. Estimated timescale - start 2018/19 with completion anticipated September 2019. iii) Grant to Sussex Yacht Club for the relocation of their club house £3.5m: Preliminary works have commenced and the Council has paid an advance compensation payment. Building construction works will be ongoing through 2017/18 with the main grant being made in 2018/19.	(103,910)	103,910			103,910				103,910

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR REGENERATION (Continued)									
Coast Protection Works <i>Adur Beach Management Plan - Rivers Arun to Adur</i> Preliminary study to advise the works required over the next 4 years. Works commenced in 2015/16 and are estimated to complete July 2017.	(24,979)	24,980			24,980				24,980
Cultural Projects <i>Shoreham Air Crash Memorial</i> The Joint Strategic Committee April 2017 approved the creation of a lasting memorial for the Shoreham Air Crash. Works commenced in advance of budget profile.	13,500	(13,500)					(13,500)		(13,500)
Regeneration <i>Ferry Road Improvements</i> Works on site complete. The final account has still to be agreed and carry forward is requested as a contingency for any variations or for any further works.	(30,487)	30,490			30,490				30,490

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR REGENERATION (Continued)									
Miscellaneous Minor Variations	14,403								
TOTAL - Regeneration	(131,472)	145,880	-	-	159,380	-	(13,500)	-	145,880
Budget C/f to 2017/18	159,380								
Budget B/f from 2017/18	(13,500)								
Net (Underspend)/Overspend	14,408								

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR RESOURCES Equipment <i>New Microphone System for Meetings</i> Replacement microphone system approved by the Joint Strategic Committee in March 2017. However, an opportunity arose to purchase a second hand system, which was funded from the revenue budget as the cost was below the capital threshold. The second hand system is only a temporary solution and the system will need to be replaced in approximately 3 years. Budget to be reprofiled to 2019/20.	(14,100)	14,100			14,100				14,100

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR RESOURCES (Continued) Information and Communications Technology Corporate Asset System Parts of the system are currently being developed, incurring employee costs. However, progress on the project has been hindered by the scale of other priorities in the programme, notably the Housing Digital Programme of Works. Progress has been made in the brief and scope of the project, including a number of applications and services closely linked to the asset management solution including the housing stock condition survey and asbestos management. Further discovery work continues with additional resources being brought in to help support progression. Solution decisions still to be made and work is likely to continue throughout 2017/18.	(36,785)	36,780			36,780				36,780

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR RESOURCES (Continued) Information and Communications Technology (Continued) Financial Information System Key user training is progressing. The Solution Design Document is currently being written which determines changes to the out of box solution to meet our requirements. Discussions are still taking place with stakeholders and work is progressing on the new structure of the accounts. System due to go live November 2017.	(106,690)	106,690			106,690				106,690
Properties Adur Civic Centre - Demolition and Redevelopment Phase 1 North Adur Civic Centre demolition completed 1st June 2017. Main works contract for the Adur Civic Centre Redevelopment "Phase 1 North" being negotiated.	17,459	(17,460)						(17,460)	(17,460)

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR RESOURCES (Continued) Properties (Continued) Condition Surveys Consultants have prepared a brief and meetings are to be held with officers regarding surveys to be undertaken in 2017/18.	(11,000)	11,000			11,000				11,000
Shoreham Community Centre - Extension to building to provide a civic presence in Shoreham The scheme completed in 2015/16 and an overspend of £150,000 was reported in the 2015/16 capital outturn report and funded from underspends in the overall 2015/16 capital programme. The main cause of the overspend was the discovery of asbestos which cost £309,000 to remove. The final account was agreed in 2016/17 and a further overspend of £117,496 was revealed. This overspend is in addition to the £150,000 overspend reported and funded from the 2015/16 Capital Investment Programme, and can be accommodated within the overall 2016/17 Capital Investment Programme underspend.	117,496								

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/2017 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works completed in advance of budget profile £	6 Budget B/F from 2017/2018 for 2016/ 2017 works £	7 TOTAL £
CABINET MEMBER FOR RESOURCES (Continued)									
Properties (Continued)									
Shoreham Community Centre - Provision of solar panels	(55,000)	55,000			55,000				55,000
The March Joint Strategic Committee approved the installation of solar panels on the Shoreham Community Centre. Installation is anticipated August 2017.									
Miscellaneous Minor Variations	(15,816)	15,820			15,820				15,820
TOTAL - Resources	(104,435)	221,930	-	-	239,390	-	-	(17,460)	221,930
Budget C/f to 2017/18	239,390								
Budget B/f from 2017/18	(17,460)								
Net (Underspend)/Overspend	117,495								
TOTALS - ALL CABINETS	(2,979,491)	2,843,690	712,150	24,940	2,058,280	89,720	(13,500)	(27,900)	2,843,690
Budget C/f to 2017/18	2,885,090								
Budget B/f from 2017/18	(41,400)								
Net (Underspend)/Overspend	(135,801)								

* Internal delays can result from a number of factors, e.g. re-prioritisation of work priorities due to the emergence of new priority schemes.

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTFURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR CUSTOMER SERVICES Housing Disabled Facilities Grants These grants are mandatory and the Council has to approve all eligible grants. All approvals are for 12 months and works can be undertaken at any time in this period. The Council received an increased Better Care Fund Allocation of £986,915 for 2016/17 which can be used to fund grant allocations in 2016/17 and also any outstanding commitments at year end. The outstanding commitment at 31 March 2017 was £410,718 and it is requested that the remaining budget is carried forward to fund these commitments.	(177,919)	177,920	177,920						177,920
Empty Property Grants and Loans to bring empty properties back into use Works on-going. Carry forward requested for: i) A project with the YMCA, which will provide 12 units of accommodation and full nomination rights for the Council, is anticipated to complete September 2017.	(123,363)	123,360			123,360				123,360

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR CUSTOMER SERVICES (Continued) Housing (Continued) Empty Property Grants and Loans to bring empty properties back into use (Continued) ii) A Worthing Churches Homeless Project property scheme costing £50,000 completed in May 2017, creating 10 units of accommodation for the Housing Options Team. iii) A further 5 units of accommodation are forecasted for 2017/18 requiring financial assistance of £25,000. Home Repair Assistance Grants The scheme is demand led; grant approvals are for 3 - 12 months and can be taken up at any time in this period. The outstanding commitment at 31 March 2017 was £25,573 and carry forward is requested to fund these commitments.	(78,083)	25,570	25,570						25,570

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under- spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
Theatres Connaught Theatre - Refurbishment of backstage toilet The Joint Strategic Committee March 2017 approved the inclusion of these works in the 2016/17 Capital Investment Programme as the toilets were unusable and studio performers had to walk through the auditorium and use the public toilets. Works are currently in progress, anticipated to complete July 2017.	(15,680)	15,680						15,680	15,680
Miscellaneous Minor Variations	(15,224)	510			510				510
TOTAL - Customer Services	(410,268)	343,040	203,490	-	123,870	-	-	15,680	343,040
Budget C/f to 2017/18	343,040								
Budget B/f from 2017/18	-								
Net (Underspend)/Overspend	(67,228)								

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT Car Parks <i>Multi Storey Car Parks - Structural repairs</i> Expenditure priorities agreed and approved by the Joint Strategic Committee 4th April 2017. Small remedial works commenced in 2016/17 and will be continued in 2017/18. Other major works out to tender.	(48,974)	48,970			48,970				48,970
Car Parks <i>Multi Storey Car Parks - Renewal of CCTV</i> Liaison in progress with Hastings District Council regarding their CCTV schemes to ascertain if this is a viable option. Tender in draft form. Works anticipated in 2017/18.	(83,110)	83,110			83,110				83,110

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTFURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued) Crematorium Driveway works: i) ICT cabling ii) Gas pipe repairs iii) Driveway resurfacing <p>The ICT cabling works and gas pipe repairs have completed. Additional funding has been approved for the driveway resurfacing which is programmed in 2017/18. Unfortunately, the existing gas main is very close to the driveway surface and will require protection while the driveway is resurfaced. It is estimated that this will cost an additional £20,000. This further overspend can be accommodated within the overall 2016/17 capital programme underspend.</p>	(143,160)	163,160			143,160	20,000			163,160
Provision of a car parking surface for the overflow car park <p>The works completed November 2016. The underspend arose from competitive tendering.</p>	(16,558)								

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued)									
Highways									
<i>Replacement of existing boundary signs on main entry routes into Worthing</i>	(42,000)	42,000			42,000				42,000
The scheme was initially delayed by decisions regarding corporate branding, and has been further delayed by the departure of the officer over-seeing the project. Designs are being reconsidered and it is anticipated that the new boundary signs will be installed in 2017/18.									
Parks and Open Spaces									
<i>Goring Recreation Ground renewal of a high level fence</i>	(13,953)								
The works completed June 2016 and were not as extensive as indicated by the original estimates, resulting in an underspend.									
Play Area Improvements									
<i>Hill Barn / Rotary Recreation Ground</i>	(16,672)	16,670			16,670				16,670
Tender appraisal and consultation recently completed. Project awaiting final scheme adjustments by Parks prior to award of the contract. Scheme anticipated on site late July 2017.									

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued) Public Conveniences Improvement works to Buckingham Road Site and Durrington Cemetery Site Buckingham Road site refurbishment completed in 2016/17. Durrington Cemetery site refurbishment works have commenced on site and are anticipated to complete July 2017.	(18,249)	18,250			18,250				18,250
Refuse/Recycling Refuse / Recycling Fleet Replacement The placement of the order was delayed awaiting the award of the contract to the chosen supplier and only one vehicle was anticipated to be delivered in 2016/17. Unfortunately the delivery of this vehicle slipped to April 2017. All other vehicles are anticipated to be delivered by July 2017. An underspend has arisen on the contract from competitive tendering and the replacement of one vehicle with an ex demonstration vehicle.	(188,670)	69,100			69,100				69,100

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued) Street Cleansing Replacement of 3 vehicles The compact sweeper was delivered in 2016/17. The other 2 vehicles were delayed by the supplier having problems sourcing parts for the build, and were eventually delivered in May 2017.	(38,357)	38,360		38,360					38,360
Street Lighting Enhancements to WSCC lighting in Conservation Areas or near Heritage Sites Works to be undertaken by WSCC's contractor SSE and the works were originally delayed whilst waiting quotes for the work from SSE. However, the sites have now been agreed and are now scheduled in SSE's works programme. The lighting is currently being manufactured.	(30,000)	30,000	30,000						30,000

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued) Worthing Leisure Centre Fire Alarm replacement The project has been delayed by the need to work around the replacement of the Worthing Leisure Centre service pipework. Additional funding had to be approved to fund the contract delay and out of normal hours working. Works are currently on site and are anticipated to complete June 2017.	(68,220)	68,220			68,220				68,220
Renewal of main hall flooring Replacement of the main hall flooring completed in 2016/17. Responsibility for the requested ancillary works, including lighting, décor and doors, is being discussed with the South Downs Leisure Trust prior to commencement.	(39,348)	39,350			39,350				39,350
Renewal of glazing The commencement of the works was delayed by other capital works in the building. Works are now due to commence in June 2017 and complete August 2017.	(39,806)	39,810			39,810				39,810

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR THE ENVIRONMENT (Continued)									
<i>Replacement of service pipework</i> Initial estimates for the work were limited to the taking down of ceilings mainly to corridors, the café and crèche area. However, when the works commenced on site it was found that it would be necessary to take down and reinstate ceilings in an additional 10 rooms. In addition further problems were highlighted with the pipes, valves and controls which required an updated and energy efficient hot and cold water system. The works were suspended while additional resources were requested. However, the additional funding was approved on estimates and the actual quotes for the work required an additional £50,000. The further additional funding was approved in March 2017 and the works have now recommenced and are estimated to complete in June 2017.	(74,122)	74,120				74,120			74,120
Miscellaneous Minor Variations	(49,510)	21,420	9,320		12,100				21,420
TOTAL - Environment	(910,708)	752,540	39,320	38,360	580,740	94,120	-	-	752,540
Budget C/f to 2017/18	754,940								
Budget B/f from 2017/18	(2,400)								
Net (Underspend)/Overspend	(158,168)								

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR HEALTH AND WELLBEING									
Disability Discrimination act Improvements Additional transmitters for the Theatres hearing loops upgrade purchased. Discussions on-going with Building Control regarding other priorities.	(11,590)	11,590	11,590						11,590
Public Health Asbestos removal from the Town Hall roof space Safe working zone works completed in the main Town Hall and also sampling of ceilings to simulate maintenance activities. Meetings in progress with the consultants regarding the extent of the works required which will ascertain the total cost of the scheme. This will be followed by the approval request to proceed with the scheme.	(10,083)	10,080			10,080				10,080
TOTAL - Health, Safety & Well-Being	(21,673)	21,670	11,590	-	10,080	-	-	-	21,670
Budget C/f to 2017/18	21,670								
Budget B/f from 2017/18	-								
Net (Underspend)/Overspend	(3)								

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTFURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR REGENERATION Coast Protection Works Rivers Arun to Adur Beach Management Plan - Preliminary Study Contribution to a preliminary study to advise the works required over the next 4 years. Works commenced in 2015/16 and are estimated to complete July 2017.	(16,994)	16,990			16,990				16,990
Foreshore Worthing Sculpture Trail Plinths (Installation of 8 plinths to facilitate a changeable sculpture trail which will enable exhibitions in the public realm) The plinths require further consideration and investigation and it has been decided that this scheme will be removed from the Capital Investment Programme. A capital bid will be submitted in future years if the scheme is to proceed.	(39,630)								

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR REGENERATION (Continued)									
Strategic Property Investments Acquisitions of property	(342,749)	342,750			342,750				342,750
The Council completed the following property purchases in 2016/17:									
1. 85-91 Montague Street									
2. 81-83 Montague Street									
Carry forward of the remaining 2016/17 budget is requested to part fund the following purchases which completed early in 2017/18:									
1. 73-79 Montague Street.									
2. Union Place Car Park.									
Miscellaneous Minor Variations	(1,940)	12,750			12,750				12,750
TOTAL - Regeneration	(401,312)	372,490	-	-	372,490	-	-	-	372,490
Budget C/f to 2017/18	375,090								
Budget B/f from 2017/18	(2,600)								
Net (Underspend)/Overspend	(28,822)								

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR RESOURCES									
Equipment									
<i>New Microphone System for Meetings</i> Replacement microphone system approved by the Joint Strategic Committee in March 2017. However, an opportunity arose to purchase a second hand system, which was funded from the revenue budget as the cost was below the capital threshold. The second hand system is only a temporary solution and the system will need to be replaced in approximately 3 years. Budget to be reprofiled to 2019/20.	(15,900)	15,900					15,900		15,900
Information and Communications									
Technology									
<i>Corporate Asset System</i> Parts of the system are currently being developed, incurring employee costs. However, progress on the project has been hindered by the scale of other priorities in the programme, notably the Housing Digital Programme of Works. Progress has been made in the brief and scope of the project, including a number of applications and services closely linked to the asset management solution including the housing stock condition survey and asbestos management.	(14,700)	14,700			14,700				14,700

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTFURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR RESOURCES (Continued) Information and Communications Technology (Continued) Corporate Asset System (Continued) Further discovery work continues with additional resources being brought in to help support progression. Solution decisions still to be made and work will is likely to continue throughout 2017/18. Contribution to CenSus Partnership Schemes 2016/17 Projects i) RedHat Linux Server Upgrade - Complete. ii) Replace Net App SAN - Complete. Carry forward requested for the following schemes which did not complete as anticipated in 2016/17: iii) Firewall Upgrade - Currently in progress. iv) Logrhythm Implementation - Currently in progress. v) Service Desk System Replacement - Now complete.	(37,397)	37,400			37,400				37,400

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR RESOURCES (Continued) Information and Communications Technology (Continued) Corporate hardware/infrastructure replacement programme 2016/17 Projects i) RedHat Linux upgrade Adur /Worthing Revenues and Benefits - Complete ii) RedHat Linux upgrade LLPG - Complete. iii) Renewal of Intend Portal - Complete. iv) SAN replacement - Complete. Carry forward is requested for the following schemes which did not complete as anticipated in 2016/17: i) Relocation of Customer Services ICT infrastructure to Portland House. Works have commenced and will continue in 2017/18. ii) Upgrade of Capita Payments System which is currently in progress.	(15,707)	15,700			15,700				15,700

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR RESOURCES (Continued) Information and Communications Technology (Continued) Financial Information System - Replacement Key user training is progressing. The Solution Design Document is currently being written which determines changes to the out of box solution to meet our requirements. Discussions are still taking place with stakeholders and work is progressing on the new structure of the accounts.	(120,310)	120,310			120,310				120,310
Loans Loan to Worthing Homes to finance social housing within the Borough of Worthing The Council agreed a loan to Worthing Homes for £10m. The first tranche of the loan was expected to be paid in 2016/17, but did not complete until 20th April 2017.	(5,000,000)	5,000,000	5,000,000						5,000,000

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR RESOURCES (Continued)									
Properties									
85-91 Montague Street - Major repairs to the building Some external investigation works completed in 2016/17. Report to be prepared on the findings prior to compiling a tender package for the works.	(243,475)	243,470			243,470				243,470
Condition Surveys Consultants have prepared a brief and meetings are to be held with officers regarding surveys to be undertaken in 2017/18.	(17,804)	17,800			17,800				17,800
Solar Renewable Energy Projects The June 2015 Joint Strategic Committee recommended committing all council properties to a solar deployment programme. Installation of solar panels on the roof of Portland House was completed April 2017. Officers are liaising with Carillion (the contractor) regarding the feasibility of solar panels on other Council buildings.	(359,500)	359,500			359,500				359,500

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2016/17
CAPITAL OUTFURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2016/17 (Under- spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Works reprofiled to future years £	6 Schemes added to Capital Programme in 2016/17 £	7 TOTAL £
CABINET MEMBER FOR RESOURCES (Continued)									
Miscellaneous Minor Variations	(6,901)	6,900			6,900				6,900
TOTAL - Resources	(5,831,694)	5,831,680	5,000,000	-	815,780	-	15,900	-	5,831,680
Budget C/f to 2017/18	5,831,680								
Budget B/f from 2017/18	-								
Net (Underspend)/Overspend	(14)								
TOTALS - ALL CABINETS	(7,575,656)	7,321,420	5,254,400	38,360	1,902,960	94,120	15,900	15,680	7,321,420
Budget C/f to 2017/18	7,326,420								
Budget B/f from 2017/18	(5,000)								
Net (Underspend)/Overspend	(254,236)								

* Internal delays can result from a number of factors, e.g. re-prioritisation of work priorities due to the emergence of new priority schemes.



ADUR DISTRICT
COUNCIL

FINAL ACCOUNTS 2016/17		
Analysis of Capital Receipts		
	£	£
A. GENERAL FUND		
1. Grant Repayments:		
Housing Renewal Grants	6,464	
Empty Property Grants	18,161	
		24,625
B. HOUSING REVENUE ACCOUNT		
1. Council House Sales:		
Houses and Flats	1,088,000	
2. Loan Repayments:		
Council House Mortgages	651	
3. Less Pooling Requirement	(568,496)	520,155
TOTAL CAPITAL RECEIPTS		544,780



WORTHING BOROUGH
COUNCIL

FINAL ACCOUNTS 2016/17

Analysis of Capital Receipts

	£	£
A. GENERAL FUND		
1. Sales of Land and Other Assets*:		
Guildbourne Centre (Flat Lease Extensions)	8,165	
Knightsbridge House (Flat Lease Extension)	18,675	
Land adjacent to 2 The Waterfront	40,000	
Sea Place Overage Payments	1,567,502	
		1,634,342
B. HOUSING RECEIPTS (RINGFENCED)		
2. Worthing Homes:		
Right to Buy Receipts	210,886	
3. Loan Repayments:		
Council House Mortgages	158	
4. Housing Grant Repayments:		
Housing Renewal Assistance	4,442	
Empty Property Assistance	1,903	
		217,389
TOTAL CAPITAL RECEIPTS		1,851,731

***Sale of Land and Other Assets:**

The Council has exchanged contracts for the sale of the Aquarena and the sale is expected to complete in 2017/18.



**TOWARDS A SUSTAINABLE FUTURE - BUDGET STRATEGY FOR THE 2018/19 BUDGET
REPORT BY DIRECTOR FOR DIGITAL AND RESOURCES**

1.0 SUMMARY

- 1.1 There has been a fundamental shift in how local Councils are funded, Adur and Worthing Councils have responded to the challenge of reducing Government support by promoting economic regeneration, investing in property, growing our commercial offer, and through business efficiency from the digitisation agendas. Despite the inevitable challenges bought by reducing resources, the Councils have continued to maintain good core services across the board and have a clear focus on customer service excellence.
- 1.2 This report aims to set out the Councils will continue to address the changing financial climate over the next 10 years, outlining the revenue forecast and setting out our strategic response, creating the conditions to be self-financing by 2020/21. With the detailed budget proposals for 2018/19 coming forward to Joint Strategic Committee in December, this reports sets out the broader context for the detailed work that will be undertaken over the intervening months.
- 1.3 As set out in the following pages, the Councils will be increasingly reliant on council tax income, business rate income, and our own income generating services. Our Councils have a good track record in innovation, working creatively in partnership, transforming our digital capabilities and putting the customer at the heart of our services, so that we have capacity to do far more than just 'survive'. Our new strategy, 'Platforms for our Places' approved by the Councils in February sets out how we can play an even greater role in helping to shape the future of our places.
- 1.4 The 5 'Platforms' that will provide the direction for all our work over the next 3 years are:
- Our Financial Economies
 - Our Social Economies
 - Stewarding our Natural Resources
 - Services and Solutions for our places
 - Leadership of our Places

Platforms for our Places takes forward several of the *Surf's Up* themes and adds Stewardship of Natural Resources and Leadership of our Places to create the 5 platforms identified as essential for happy, healthy, prosperous, innovative, dynamic and sustainable communities, able to thrive independently of the State over the medium and longer term.

1.0 SUMMARY

- 1.5 Over the summer and autumn, the Operational Leaders Group (Heads of Service) will be working with the Councils Leadership Team to expand our strategic programme of work to deliver against the financial targets which are mapped out in this report. This programme will be presented to Joint Strategic Committee for approval in December 2017 as part of the development of the 2018/19 budget.

2.0 BACKGROUND

- 2.1 Members will be aware that both Councils have successfully managed to maintain a balanced budget over the recent years despite the considerable financial challenges presented by the withdrawal of Government funding. The Councils have successfully kept Council Tax increases to an absolute minimum over the past few years, opting to freeze or reduce the Council tax when possible.
- 2.2 However, the financial pressure continues. Revenue support grant will disappear next year, the new conditions attached to New Homes Bonus will mean that this will reduce as a resource in future, and the councils expect a reduction in the level of retained business rates from 2020/21 onwards. Local Government funding has changed considerably over the last 6 years, and the pace of change is set to continue with the proposed changes to the business rates system.
- 2.3 The recent election will inevitably have an impact on the finances of the public sector and we await the Budget in the Autumn with interest.
- 2.4 Members are being asked to consider the 2018/19 strategy at an early point in the year to enable the Councils to plan ahead. There are clear advantages in this approach, not least because it gives members and officers a good understanding of the overall financial position of the Council as well as giving sufficient time to consider how the challenges identified will be met.

3.0 FINANCIAL CONTEXT

3.1 National context and external factors

Since 2010, the Councils have seen a considerable reduction in the level of funding from Government. However the Settlement of 2016/17 provided some certainty over the level of funding that the Councils can expect in the short term. Contained within the 2016/17 settlement were indicative grant allocations for the four year period 2016/17 – 2019/20. Councils were able to secure this level of funding by submitting a four year efficiency plan. The Councils efficiency plan was accepted last year, which gives us certainty for the next two years (assuming that there is no further election). However the indicative grant allocations show that the Councils will see no immediate easing of the financial pressures and from 2018/19 the Councils will receive no or very limited Revenue Support Grant.

The recent election has introduced a further degree of uncertainty over the funding for Local Government, particularly the long awaited reform of business rates and the funding formulae for Local Government.

3.0 FINANCIAL CONTEXT

The recent Queen’s speech made no reference to the Local Government Finance Bill which contained the legislation required to reform Business Rates. Consequently, these reforms are likely to be significantly delayed. The Fair Funding review however is likely to progress as this does not require any change to legislation.

3.2 How Council funding from taxation is changing:

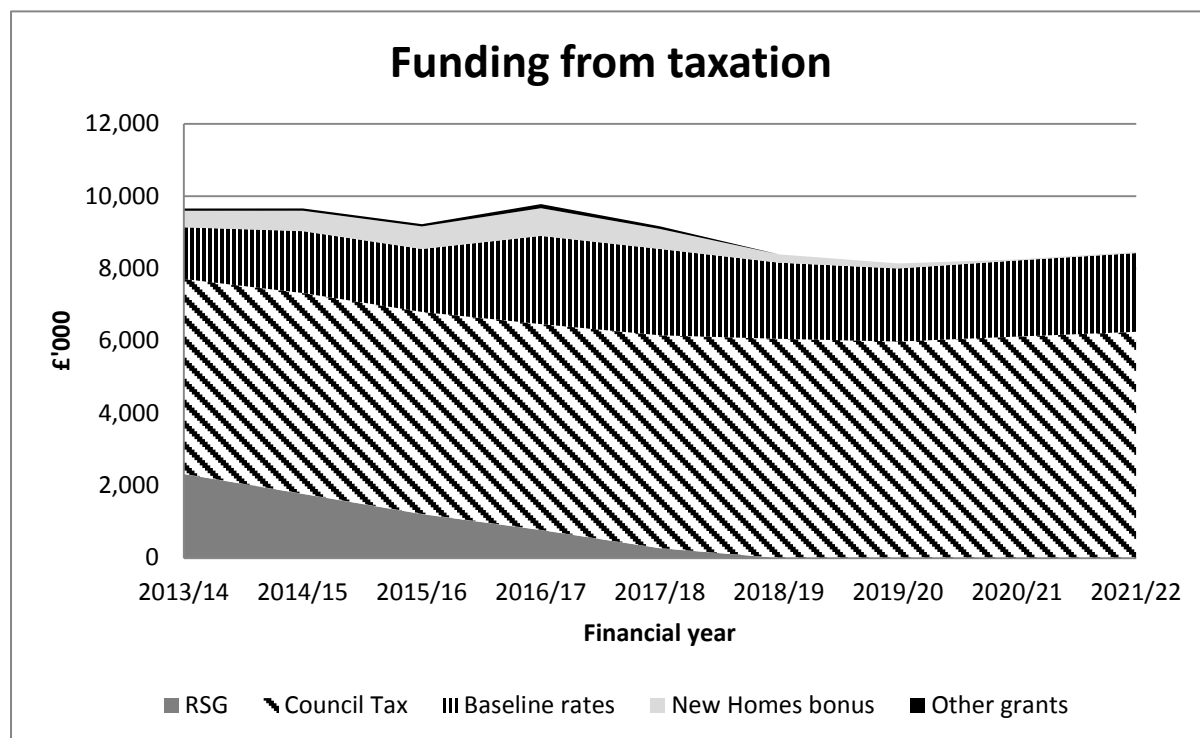
The Local Government Finance landscape has changed profoundly over the last few years due to three factors:

- The introduction of Business Rate Retention Scheme which is due to be reformed again.
- Localising Council Tax Support (Council Tax Benefit)
- The continuing reduction in all Government grants

From 2018/19, the Councils will receive three distinct funding streams from taxation which are discussed more fully later in the report:

- Business Rates;
- New Homes Bonus; and
- Council Tax

Revenue Support Grant will cease as a funding source for the Councils and the underlying make-up of funding to the Councils continues to change rapidly with increasing proportions coming from Council Tax and the Business Rate Retention Scheme. New Homes Bonus has been substantially reduced and will at some point be phased out.



(Note: Using Adur District Council as an example)

3.0 FINANCIAL CONTEXT

3.2 How Council funding from taxation is changing:

These changes to local government funding have influenced how the Councils view both the building of new homes and the creation of new employment space. The Councils are taking an increasingly proactive role in stimulating the local economy, whether this is through the provision of office space to attract high quality employers or through working with business to facilitate the development of sites within the areas to stimulate the economy. The increasing importance of economic development to the Council is reflected in the priorities set out in 'Platforms for our Places'.

3.2.1 Revenue Support Grant

Revenue support grant will virtually cease as a funding stream for both Councils by 2018/19.

3.2.2 Baseline Funding and Business Rates Retention

The Business Rates Retention Scheme which allows councils to retain a small element (20%) of any growth in business rate income over a 'baseline'. The forecasting of business rate income is again difficult this year due to two factors which are discussed in more detail below:

- i) The impact of the appeals arising from the national business rate revaluation in 2017/18.
- ii) The potential further reform of the business rate system with Local Government retaining the full income from Business Rates by the end of the current Parliament.

The forecasts are based on the current business rate system. There are three aspects of this scheme which will influence the amount of business rate retained and so the Councils' budget in the medium term:

1. The 'Tariff':

Whilst the Councils are entitled to retain 40% of all business rate income, they are obliged to pay over a substantial element of retained business rates to the Government – the Tariff. This is set to increase well above inflation over the next two years as part of the last Comprehensive Spending Review.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
ADUR	£'000 4,641	£'000 4,790	£'000 4,961	£'000 5,060	£'000 5,161	£'000 5,264
Annual increase						
- Amount		149	171	99	101	103
- Percentage		3.21%	3.57%	2.00%	2.00%	2.00%
WORTHING	£'000 9,540	£'000 9,847	£'000 10,197	£'000 10,401	£'000 10,609	£'000 10,822
Annual increase						
- Amount		307	350	204	208	213
- Percentage		3.22%	3.55%	2.00%	2.00%	2.01%

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.2 Baseline Funding and Business Rates Retention

Once the Revenue Support Grant has been withdrawn, the only mechanism that the Government has to redistribute or reduce local government funding is via the Business Rate retention scheme using the tariff. Consequently, it is expected that Government will then reduce the amount of business rate income retained locally, with the Councils keeping a diminishing share of the business rate income.

2. Target income from Business Rates (Baseline funding):

Every year the Councils are set a target by Government of how much business rates to collect. If this target is exceeded, the Council can keep 20% of the additional income. If there is a shortfall, then the Councils will have to make up 40% of the difference, although the maximum loss of income is limited to 7.5% of baseline funding.

The Councils have developed a five year model for business rate income which underpins the medium term financial plan. This includes the impact of larger developments currently being built and any new charitable reliefs being awarded. A summary of the expected additional business rates is detailed below:

	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23
ADUR	£'000	£'000	£'000	£'000	£'000	£'000
Baseline funding	1,650	1,703	1,764	1,799	1,835	1,872
Retained surplus rates	736	365	582	597	611	622
Business rate income retained locally	2,386	2,068	2,346	2,396	2,446	2,494
Net business rate income	17,563	18,193	18,580	18,966	19,350	19,732
Percentage retained locally	13.59%	11.37%	12.63%	12.63%	12.64%	12.64%
WORTHING						
Baseline funding	2,514	2,594	2,688	2,741	2,796	2,852
Retained surplus rates	506	682	608	625	640	650
Business rate income retained locally	3,020	3,276	3,296	3,366	3,436	3,502
Net business rate income	31,133	32,644	33,338	34,030	34,719	35,405
Percentage retained locally	9.70%	10.04%	9.89%	9.89%	9.90%	9.89%

Further details can be found in **Appendix 4**.

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.2 Baseline Funding and Business Rates Retention

2. Target income from Business Rates (Baseline funding):

Members should be aware that there is significant volatility around aspects of the system, such as appeals, which make it difficult to forecast income with accuracy. This is particularly true of 2017/18 when there was a revaluation which generally leads to an increase in the level of appeals.

In addition, the local NHS trusts are claiming mandatory business rate relief. This is the subject of a national dispute. Whilst this will not significantly affect Adur District Council, Worthing Borough Council has several substantial claims amounting to a potential loss of income of to the Council £719,000.

One of the features of the new system is that the Councils determine how much Business Rate income that they are entitled to from the Collection Fund at the outset of the new financial year. Once set, this total cannot be changed irrespective of any changes to the net business rate income within the year. Any surplus or deficit, due to the business rate income, will be adjusted for in future years. This is similar to how Council Tax is treated. For Adur District Council, there was a significant revaluation of the power station late in 2016/17 backdated to 2013 which means that there was a deficit at the end of the 2016/17 financial year which will have to be recouped in 2018/19.

It is intended to refine the forecast of the business rate income over the coming months and to project forward the impact of new developments where planning permission has been granted but building has not yet started. There are a number of developments in progress which will ultimately benefit the Councils. These include:

- The Parcellforce site in Adur – Expected completion date is June 2017.
- New Monks Farm site in Adur – A planning application is expected later in the year. The proposal includes a new IKEA store which should be constructed over the next 2 – 3 years and will potentially benefit Adur in 2020.
- Union Place in Worthing – The development will take 3 – 4 years to complete once planning permission has been granted.
- Teville Gate in Worthing – A planning application is expected by the end of the year. The development will take 3 – 4 years to complete once planning permission has been granted.

Clearly, if the business rate income improves in 2017/18, then the surplus could be used to support the budget in 2018/19. An update to the likely surplus or deficit will be undertaken later in the year.

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.2 Baseline Funding and Business Rates Retention

3. Reform of the business rate system

The Chancellor announced the reform of the business rate system in the Autumn Statement 2015 which took the form of two separate initiatives:

- 100% retention of business rate income by Local Government
- Fair Funding Review which considered how business rates would be distributed across the Country in future.

Since that time there have been three consultations on the proposed new system. Two last Autumn and the most recent was earlier this year.

However, the recent Queen's Speech made no reference to the legislation necessary to reform business rates. The initial proposals which were contained within the Local Government Finance Bill had already been delayed due to the General Election. Consequently, the implementation date is likely to be deferred until 2020/21 at the earliest and it may be deferred indefinitely. However, the Fairer Funding Review which influences how much business rates income the Councils can retain can continue without any changes to legislation although again this is unlikely to be implemented until 2020/21.

It is difficult to see how the Councils will benefit from these reforms. Firstly, the current system is highly redistributive with both Councils keeping relatively small proportions of the overall business rate income. The Government intends to review the redistribution of business rates (Fair Funding Review) and there remains a risk that the Councils will end up contributing a greater proportion to the treasury for redistribution elsewhere particularly in light of the pressures on Adult Social Care funding. Secondly, the Chancellor has made it clear that local government will assume financial responsibility for a number of activities which had previously been funded by central government. For example housing benefit administration is proposed to become locally funded.

For the purposes of planning, it is assumed that the change will be largely neutral – we will be no better or worse off. But it is evident from the recent consultations that the Councils are unlikely to keep all of the current growth from business rates and that we should expect to see a reduction of at least 50% in the surplus that the Councils will be able to retain once the system is reset.

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.3 New Homes Bonus

The Coalition Government introduced the New Homes Bonus (NHB) in 2011/12 which is specifically targeted at rewarding increases in the Council Tax base and dealing with empty properties. The scheme has been recently reformed. Grant is now paid over 4 years rather than 6. In addition, a national baseline for housing growth of 0.4% has been introduced; growth below this level will not qualify for grant. For Adur and Worthing, this means a substantial number of houses will need to be completed each year before any grant will be awarded (102 in Adur or 181 in Worthing).

Consequently, the grant will now only benefit those Councils which have the capacity to build a significant number of new homes, and Adur, in particular, will struggle to build sufficient homes to qualify for any grant.

The current forecast is based on an estimate of the new homes to be built in the next 3 years. At present the forecast assumes that the grant will eventually be phased out as part of the next Comprehensive Spending Review.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Adur	553	228	142	27	26	-
Worthing	1,599	1,514	1,484	1,488	1,220	860

The Government had intended to consult on some further amendments to the scheme during the Summer of 2017. It was proposed that from 2018/19 the Government would withhold payments from authorities not supporting housing growth whether this is through the absence of a local plan or by not granting planning permission (which is subsequently granted on appeal). However in light of the recent election, such changes may be delayed.

3.2.4 Council Tax

Council Tax is now the Councils' major source of income. By 2018/19 it will be over 70% of the total general income received by Adur District Council and 66% of the income received by Worthing Borough Council. Consequently, there is an ever increasing strategic significance to the annual debate of how much to increase the Council Tax by.

The Councils have kept to a minimum increases over the past several years, opting to freeze or reduce Council Tax where possible whilst government support for such initiatives was available. 2017/18 was the first year that the Councils opted to raise Council Tax since 2011/12.

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.4 Council Tax

The Councils are well aware of the long term consequences of these decisions. Looking ahead the decision whether or not to increase Council Tax will have inevitable consequences for the Councils

ADUR DISTRICT COUNCIL	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Council Tax income if Council Tax is increased by 2.0% each year	5,980	6,114	6,251	6,391	6,535
Council Tax income if Council Tax is frozen each year	5,862	5,876	5,891	5,905	6,037
Income foregone	118	238	360	486	498

WORTHING BOROUGH COUNCIL	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Council Tax income if Council Tax is increased by 2.0% each year	8,702	8,912	9,126	9,346	9,571
Council Tax income if Council Tax is frozen each year	8,532	8,566	8,600	8,635	8,669
Income foregone	170	346	526	711	902

Clearly the loss of income will have an impact on the budget shortfall which would add to the level of savings required for the future.

However, the decision whether to freeze Council Tax is a finely balanced one. The Council has a policy of keeping Council Tax low and the cost of freezing council tax in any particular year is fairly low, but the cumulative impact is growing. Therefore the Councils are faced with the dilemma of increasing Council Tax or finding additional savings to support a Council Tax freeze. This is particularly pertinent in 2018/19 when the Councils have to find savings of over £3.2m

The budget consultations, over the last couple of years, indicate that the local communities were increasingly supportive of a Council Tax increase, when the following question was asked:

... would you prefer?

	Overall
A small increase which will help the Councils to protect priority services	63.2% (64.1% in 2015/16)
To freeze Council Tax for the fourth year in a row and cut services	36.3% (35.9% in 2015/16)
Not answered	0.5%

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.4 Council Tax

Finally, Members are reminded that there is a referendum limit. The limit announced last year was the higher of 2% or £5.00 per Band D property. At this time we do not know the referendum limit for 2017/18 but it is unlikely to be higher. A 2% increase would be equivalent to £5.65 per Band D property in Adur and £4.49 per Band D property in Worthing.

So, even if the Councils were minded to increase Council Tax, there is an imposed limit on the actual increase that the Councils can make. Members should be aware that a 1% change in Council Tax is equivalent to £57,340 in Adur and £85,320 in Worthing for 2018/19.

The current outline forecasts assume that the Councils will set the following increases over the next 5 years:

2018/19	2019/20	2020/21	2021/22	2022/23
2.0%	2.0%	2.0%	2.0%	2.0%

However in recognition of the difficult financial position that many local residents experience this can be reduced if sufficient savings are found.

3.3 Reserves Position:

Both Councils have a clear policy to maintain balances at a minimum level of 6% and a maximum level of 10% of net expenditure. The level of General Fund working balance as at the 1st April 2017 is estimated to be:

	Adur	Worthing
	£'000	£'000
Working balance	407	844
Net budget	9,166	13,468
Percentage held	4.4%	6.3%

With the overspend in 2014/15 and 2015/16, Adur District Council has fallen below the target level of reserves, consequently the first call on any underspend in future years will be sufficient funding to top the working balance back up to the minimum level of 6%.

In addition to the General Fund reserves, the Councils can access other major reserves to help smooth the impact of Council Tax increases and levels of savings necessary:

3.0 FINANCIAL CONTEXT

3.3 Reserves Position:

- The Capacity Issues Fund which was set up to help the Council cope with a range of cost pressures including cushioning the impact of the recession and to fund one-off initiatives (both Adur District Council and Worthing Borough Council);
- The Special and Other Emergency Expenditure Reserve which was set up to fund any strategic or one-off expenditure that may arise (both Adur District Council and Worthing Borough Council).

Assuming that no further withdrawals are approved from these reserves, it is estimated that the balance available to support the budget will be:

	Adur District Council		Worthing Borough Council	
	Balance as at 31-Mar-17	Uncommitted resources*	Balance as at 31-Mar-17	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	194	151	1,178	800
Special and other emergency expenditure reserve	86	86	42	42
TOTAL	280	237	1,220	842

* This allows for approvals to use the resources from 2017/18 onwards including the funding of carry forwards. It does not allow for any contributions to reserves arising from underspend.

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.1 The Councils have a number of key financial issues that need to be addressed over the coming 5 years. Most of these were highlighted in the revenue budget report presented to Members earlier this year, and arise not from increasing service levels or delivering new services, but simply from maintaining current services. The most significant of these impacts are detailed below:

4.2 Pay and Prices

4.2.1 The largest source of immediate cost pressure comes from inflation. General inflation is currently at 2.9% (CPI) which is above the target 2% set by the Bank of England. The Bank of England expects inflation to continue to stay above the threshold in 2017/18 and 2018/19 and gradually move back towards the 2% target rate by 2020. 2% was allowed in the 2017/18 budget round.

The following pay and price inflation allowances have been built into the 5-year forecast which reflects the forecast provided by the Bank of England:

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.2 Pay and Prices

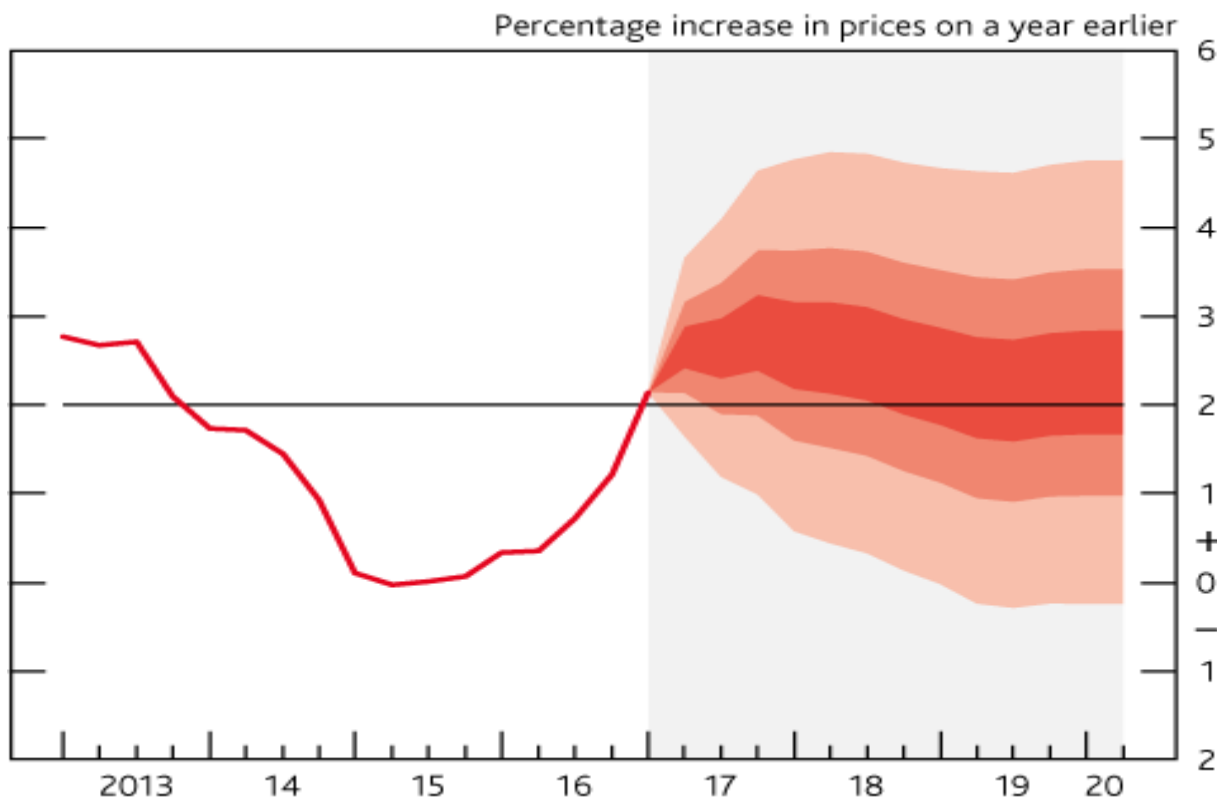
	2018/19	2019/20	2020/21	2021/22	2022/23
	%	%	%	%	%
Pay*	2	2	2	2	2
Supplies and Services	2.5	2.2	2	2	2
Income	2.5	2.2	2	2	2

* An additional allowance for increments has been included in each of the budgets as follows:

Adur	Worthing	Joint Strategic Committee
£'000	£'000	£'000
10	80	375

Increment costs have increased in recent years due to the impact of re-gradings and moving staff to the single pay structure. This is reassessed annually.

Forecast year on year inflation (CPI) by the Bank of England as at May 2017.



Source: Bank of England inflation reports

Overall net pay and price inflation is expected to add to the base budget in 2017/18 which will aggregate up until 2021/22 as follows:

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.2 Pay and Prices

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Adur*	324	644	961	1,265	1,572
Worthing*	533	1,064	1,592	2,099	2,607
Note:					
Joint Services	677	1,450	2,212	2,948	3,691
* (included above)					

Income is assumed to increase by 2.5% in 2017/18 which will help to offset the inflationary pressures.

It is difficult to be certain about inflation at this early point in the year. A 1% difference in the inflation assumptions is equivalent to:

	Adur	Worthing	Joint
	£'000	£'000	£'000
Pay	3	37	216
Supplies and Services	50	110	54
Income	-55	-125	-63
Total	-2	22	207
Share of joint inflation	83	124	-207
OVERALL TOTAL	81	146	-

4.3 Pension Costs

The pension fund was revalued in 2016/17. The last revaluation was in 2013/14. The overall funding of the pension fund has improved over the last three years as follows:

	As at 31 st March 2013		As at 31 st March 2016	
	Surplus / Deficit (-)	Funding level %	Surplus / Deficit (-)	Funding level %
Adur	-24,115	65	-24,496	67
Worthing	-32,128	56	-29,223	60
Joint Services	0	100	7,649	112

Within the 2017/18 budget the Councils had assumed that the pension costs would increase by an average of 1% whilst the cash contributions towards the deficit would remain stable, however the overall contributions have changed as follows:

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.3 Pension Costs

2017/18	Expected		Actual		Overall Financial impact
	%	Deficit contribution £'000	%	Deficit contribution £'000	£'000
Adur*	21.7	+ 990	17.9	+1,122	-33
Worthing*	20.1	+1,939	17.0	+1,865	-212
Note: Joint Services *	21.7	0	21.1	0	-102

* (included in the financial impact above)

4.4 Impact of the Capital Programme

The General Fund capital programmes are currently funded through a combination of prudential borrowing and capital receipts supplemented by specific grants and contributions. The five year forecast assumes a programme of £1.0m per year for Adur District Council and £2.0m for Worthing Borough Council. This reflects concerns about affordability in the medium term balanced with the need to invest to maintain the Councils asset stock.

In addition, within the capital strategy, Adur District Council has allocated £5.2m to the Housing Investment Programme for general maintenance of the Adur Homes stock which is reflected in the 30 year investment business plan.

Each £1m of borrowing is estimated to cost £10,000 in the first year and £78,000 the year after, although the cost is dependent on the prevailing rate of interest and the life of the asset acquired. (Based on a 2.0% interest cost and 15 year asset life)

4.5 Interest rates

The bank interest rates have remained low for some time at 0.25% and are unlike to rise until 2019. These will influence the returns that the Council is likely to get on any investments. There is considerable uncertainty at the moment about interest rates and our treasury advisors indicate that they will stay low for a longer period of time. Built into the 5 year forecasts are the following assumptions regarding average investment yields:

	2018/19	2019/20	2020/21	2021/22	2022/23
Average interest yield	0.90%	0.90%	1.00%	1.25%	1.50%

Each 0.5% change in interest rates is equivalent to £50,000 (based on £10,000,000 investments).

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.7 Funding for temporary accommodation – Flexible Homelessness Support Grant

Prior to 2017/18 the Council received an additional £60.00 management fee per week per household for people housed in emergency and temporary accommodation via housing benefit payments. From the 1st April, this was replaced by a new Flexible Homelessness Support grant. The allocations for 2017/18 and 2018/19 have already been made and it is clear from the ministerial statement that a further tranche of funding will be made available for 2019/20. However, the future of this funding is uncertain and it may well be wrapped up in the 'Fairer Funding Review' which is likely to take effect from the 1st April 2020. For the purposes of the outline forecast we have assumed that the grant will cease from 2020/21.

The grants awarded to the Councils for 2017/18 are as follows:

- Adur District Council £183,950
- Worthing Borough Council £119,710

The grant was calculated using information on homelessness caseload from 2015/16. Unfortunately since that time, Worthing in particular has seen significant growth in homeless numbers and consequently there is now an estimated shortfall between the funding that would have been generated from housing benefit payments and the new grant of £75,000 within the Worthing budget. This together with other pressures associated with caseload will mean that at least a further £100,000 needs to be allowed for within the Worthing budget.

4.8 2020 recycling targets:

By 2020, the County will need to recycle 50% of all waste which is a statutory target enshrined in UK legislation. Currently across West Sussex, 45.4% of all waste is recycled. A consultant's report jointly commissioned by all West Sussex Councils from Ricardos analysed the recyclable waste to identify what still remains within the residual waste and could be collected to improve the recycling rates.

This report indicates that to achieve the 50% target, the Councils would have to extend the type of recyclable materials collected and collect food waste separately. The proposal to introduce food waste collection is under active discussion by IAWG. Food waste is the largest segment of recyclable residual waste currently not collected. The cost of maintaining weekly residual waste collections and collecting food waste weekly is likely to be substantial (in the region of £1m per year).

In addition the Adur and Worthing service is actively assessing the potential impact of reducing the quality of our recyclate in order to improve tonnage of recycling collected. The service is also actively engaged in behavioural change activities to understand how we can encourage resident to recycle a higher quantity of waste.

It is unclear what will happen if the Council fails to meet the target, under EU legislation, if any member state failed to meet the target, then a fine would be imposed. Following the EU referendum, this fine is unlikely to be levied, nevertheless the UK remains committed to meeting the 50% target.

For the purposes of planning, £1m growth has been allowed from 2020 onwards. This will be refined as the options for meeting the targets become clearer.

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.9 Impact of increasing housing numbers on the Waste and Recycling service:

The Councils have seen a significant increase in housing numbers over the past 5 years as follows:

Number of dwellings as per taxbase	2017/18	2012/13	Increase	%
Adur	28,183	27,613	570	2.1
Worthing	49,841	48,058	1,783	3.7

To date the Councils have accommodated within the existing waste and recycling rounds, but a tipping point has been reached and it is now necessary to invest in an additional waste and recycling round for the Councils to ensure that the Councils can accommodate future known growth in housing numbers. The cost of an additional round per year is estimated to be £254,000 broken down as follows:

	£'000
Employees	174
Vehicle running costs	35
Borrowing costs for two new vehicles	46
	255

As the housing growth is more within the Worthing area than the Adur area, at the same time the cost allocation of waste and recycling has been reassessed which leads to a small change in the percentage allocation from 36.4 (Adur) / 63.6 (Worthing) to 36.12 (Adur) / 63.88 (Worthing).

4.10 Councils' Budget and Shortfall:

4.10.1 A summary of the position for 2018/19 is therefore:

	Adur	Worthing
	£'000	£'000
Main cost pressures:		
Increase in Council Tax in excess of the likely inflationary pressures	193	329
Changes in Government Funding:		
Reduction in Revenue Support Grant and other grants	722	705
Change in income from business rates	68	-257
Overall change in Government Funding	790	448
Balance carried forward	983	777

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.10 Councils' Budget and Shortfall:

	Adur	Worthing
	£'000	£'000
Balance brought forward	983	777
Other items:		
Net impact of the capital programme	208	401
Impact of changes to interest rates and investment strategy	-35	-32
Impact of pension fund valuation	-33	-212
Reinstatement of Elections budget	43	76
Changes to the funding of emergency accommodation and the impact of increasing demand	0	100
Additional waste and recycling round	91	164
Reduced income from parking notices	65	0
Impact of fall out of SDLT pensions	0	-18
Reduction in income from planning fees	0	50
Provision for new growth items	60	80
Removal of surplus on collection fund	34	9
Contingency	70	90
Overall savings to be met from a combination of increased income from commercial activities, the digital strategy, and other savings initiatives.	1,486	1,485

Note: This breakdown of the cost pressures is given at the early point in the financial year; consequently a contingency amount has been added for unidentified items and known budget risks. This will be stripped out as the year progresses.

4.10.2 The overall estimated budget shortfall for both Councils is expected to increase for the next five years is as follows:

	2018/19	2019/20	2020/21	2021/22	2022/23
ADUR*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,486	1,848	3,120	3,357	3,824
Annual shortfall	1,486	362	1,272	237	467
Total net budget	8,526	8,602	8,376	8,558	8,718
Annual savings as a percentage of overall net budget (%)	17.43%	4.21%	15.19%	2.76%	5.35%

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.10 Councils' Budget and Shortfall:

	2018/19	2019/20	2020/21	2021/22	2022/23
WORTHING*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,485	2,301	3,957	4,463	5,303
Annual shortfall	1,485	816	1,656	506	840
Total net budget	13,215	13,308	12,763	12,811	12,868
Annual savings as a percentage of overall net budget (%)	11.24%	6.13%	12.98%	3.95%	6.52%

	2018/19	2019/20	2020/21	2021/22	2022/23
JOINT SERVICES**	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	2,022	2,887	4,979	5,515	6,458
Annual shortfall	2,022	865	2,092	536	943
Total net budget	20,350	20,757	19,926	20,125	19,924
Annual savings as a percentage of overall net budget (%)	9.90%	4.20%	10.50%	2.70%	4.70%

* Both the forecast for Adur District Council and Worthing Borough Council include the respective share of the cost of the Joint Strategic Committee.

** The overall income to the joint committee has been reduced in line with the average reduction for the constituent councils.

The full 5-year outline forecasts are shown at **Appendix 2**.

4.10.3 It is important to note that, at this early point in the year, the figures are indicative only and will certainly be changed as the year progresses. It is intended to present an updated picture in the autumn.

4.11 Budget risks

In addition to the issues quantified above, there is also three other key risk that Members should be aware of:

i) Pay inflation

The local government unions' have today submitted formally a pay claim for 2018/19 for 5%. Our budget assumption is currently that pay will increase by 2%.

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.11 Budget risks

ii) Impact of Universal Credit and the new Homelessness Reduction Act on the cost of the housing solutions service and legal services

The new Act places additional responsibilities on local authorities which may increase demand for homeless assessments and temporary accommodation. These new duties include:

- An extension of the period during which an authority should treat someone as threatened with homelessness from 28 to 56 days, and increases of the action an authority should take when someone applies for assistance having been served with a section 8 (1) or section 21 (2) notice.
- A new duty to prevent homelessness for all eligible applicants threatened with homelessness, regardless of priority need.
- A new duty to relieve homelessness for all eligible homeless applicants, regardless of priority need.
- A new duty on public services to notify a local authority if they come into contact with someone they think may be homeless or at risk of becoming homeless.

The Councils are still awaiting a timescale for implementation, central government guidance, and to establish whether there will be additional funding for these new burdens. However, the new requirements may well impact on both caseload and the time taken to address each case.

In addition, the extension of Universal Credit to Adur and Worthing may increase the risk of homelessness, principally due to the time it takes to receive a payment which typically takes between 5 – 8 weeks.

iii) Impact of competition on commercial income

Some of the Councils commercial services have local competitors and so future income streams may be vulnerable. This is particularly true with the Crematorium where a number of local funeral directors now provide their own Chapels.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2018/19 AND BEYOND

5.1 The Councils will need to identify significant savings or deliver income growth over the next 5 - 10 years to balance the budget; this is without building any additional capacity to deliver new or improved services. The Councils reshaped the budget strategy last year, with new explicit strands of work designed to balance the budget and support the Councils priorities. The focus has been to increase income generation and reduce the savings to be delivered from cost savings – nevertheless each year efficiency savings will still need to be found, especially in 2018/19 and potentially 2020/21.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2018/19 AND BEYOND

5.2 This programme will continue to be shaped over the coming months by the Strategic Boards. The current targets for the main agreed programme of work are:

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Strategic Property Fund	963	409	514	359	410	2,655
Commercial income growth	600	600	600	600	600	3,000
Digital Programme	200	200	200	0	0	600

5.2 The Councils will need to identify options to meet the budget shortfall for 2018/19 and beyond. The process follows the four stages:

1. Directors are responsible for identifying proposals to meet a significant proportion of the savings targets to be considered by Council Leadership Team.
2. The “Budget Review Group” (joint cabinets) will consider the proposals to meet the 2018/19 budget shortfall which fit with the Councils’ priorities.
3. Consideration by Joint Overview and Scrutiny Committee of the options put forward with a view to commenting on the proposed savings than impact on the Worthing Borough Council budget. Joint Overview and Scrutiny Committee can also add to the list of proposed savings with additional options as considered appropriate.
4. Consideration by Joint Strategic Committee of which of the savings are to be used to fund the budget shortfall.

A flowchart with outline timescales for the 2018/19 budget is attached at **Appendix 1**.

5.3 There are several strands to the budget strategy which are explored in more detail below.

1. The Major Projects Board leads on delivering projects to increase employment space and additional housing;
2. The Customer and Commercial Programme Board leads on the delivery of the income growth from commercial services and seeks to improve the customer experience.
3. The Digital Programme Board leads on the delivery of the Digital Strategy and ensure that the benefits are realised from this programme of work;
4. The Strategic Asset Management Board leads on delivering the income growth associated with the Strategic Property Investment Fund

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2018/19 AND BEYOND

5.4 These strands of work reflect the priorities identified as part of 'Platforms for our Places', as follows:

Platform 1: Our Financial Economies

The Councils will:

- i) Provide strategic support to the business sectors to drive growth across Adur and Worthing thereby facilitating the creation of more employment and retail space thereby increasing business rates income.
- ii) Invest in and deliver major projects and key infrastructure to increase employment space and new homes
- iii) Use the Council's Strategic Property Investment Fund to delivery new revenue streams and support investment projects. This will be achieved through the following strands of work:
 - a) The Council will look for development opportunities for owned land. For example both Councils own land which could be developed in partnership to provide accommodation or commercial property which could be rented out to generate an income stream which potentially could exceed that generated through investment of any sale proceeds. Adur District Council has recently approved in principle the construction of a new office building.
 - b) The Councils will look for the opportunity to acquire or develop new commercial properties. To facilitate this, within the capital strategy, it is proposed to increase the amount of funding released per year and seek opportunities that will generate a return of between 2% and 3% after allowing for any financing costs. It should be appreciated that actual spend in any given year will be dependent on successfully identifying properties to purchase. An element of the additional income from 2019/20 will be set aside each year to help fund the impact of any future void properties

Per Council	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Capital budget released	25,000	25,000	25,000	15,000	15,000
Expected cumulative return (after debt charges and allowance for voids)	216	416	666	866	1,116

- iv) Promote initiatives to increase employment and reduce the burden on the public purse associated with benefits and poverty.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2017/18 AND BEYOND

Platform 2: Our Social Economies

The Councils will:

- i) provide and enable the delivery of new homes across Adur and Worthing. The delivery of new homes will increase Council Tax income and lever in any government reward grant (e.g. New Homes Bonus). On average each new home built (Band C) will generate £239.60 for Adur District Council and £199.68 for Worthing Borough Council in Council Tax income. There are a significant number of potential developments being considered by both Councils.
- ii) Encourage social innovation, social financing and supporting community and social entrepreneurs to create and deliver solutions that work for our places. This will include:
 - a. Extension of Community self-management of facilities such as sports sites and allotments;
 - b. Extension of the TCV project to involve communities in volunteering and conservation

Platform 3: Stewarding our Natural Resources

The Councils will:

- i) Deliver solar panels on our corporate buildings and reduce, in the longer term, our energy costs.
- ii) Engage with our communities to promote and support the zero to landfill objective thereby minimising the costs associated with meeting the 2020 recycling targets.

Platform 4: Services and Solutions for our places

The Councils will identify and maximise the financial return on our services to support the Council's budgetary position by:

- a. Implementing the Digital Strategy:

The Councils have embarked on a radical digital transformation programme as approved by the Joint Strategic Programme on the 2nd December 2014. The report proposed a programme of work designed to lever in significant savings which the Council has continued to roll-out. Recently The Councils have agreed to deliver further savings by the move to cloud hosting with our CenSus partners.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2017/18 AND BEYOND

	2018/19	2019/20	2020/21	2021/22 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	-
Cumulative impact	200	400	600	600

b. Identify options for commercialisation across all Directorates:

There are two elements to this area of work:

- Existing fee earning services will be reviewed:
 - Services which either have fees set by central government or can only break-even by statute will be reviewed to ensure that income is sufficient to cover costs. This includes Land Charges, Building Control and Development Management.
 - Services which have an agreed public subsidy (e.g. theatres) will be reviewed to ensure that the net cost of the service can be contained within the agreed subsidy and that the subsidy is reduced over time.
 - Services which operate on a commercial basis will be encouraged to maximise profit margins where possible.
- The Councils will look for new income generating opportunities.

A target increase in income from commercial activities has been agreed. It is expected that this strand of work will generate an additional £600k per annum which, if achieved, will be a substantial contribution to resolving the budget shortfall.

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

c. Procurement

The Councils will continue to identify opportunities to lever in further procurement savings by implementing a category management approach to procurement with partners, working with other organisations to pool both specialist procurement resources and aggregate contracts to deliver value for money. The clear intention is to identify potential 'procurement savings' within existing budgets where possible thereby protecting front-line services.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2017/18 AND BEYOND

e. Base budget review

The Councils will undertake a base budget review to ensure that the budgets are as accurate as possible and strip out any unneeded provisions.

5.5 The Councils currently have uncommitted reserves of:

	£'000
Adur	237
Worthing	842

So, there remains a limited option to use some reserves to smooth the impact of the savings required. However, any use of reserves can only be regarded as a short-term and non-sustainable solution and should have due regard to the level of reserves available. At this point of time in the budget cycle, it is not proposed to use reserves to balance the budget for 2018/19, but to set challenging targets for savings. This will be revisited in the autumn when the options for savings emerge and the Councils have a clearer understanding of the financial challenges ahead.

5.6 To ensure that the savings offered later in the year reflect the Councils' priorities, all the proposals which affect Worthing will also be presented to the Joint Overview and Scrutiny Committee for consideration and comment.

6.0 2019/20 AND BEYOND

6.1 The budget projections for 2018/19 to 2022/23 are also shown in **Appendix 2**. It is clear that many of the cost pressures identified in 2018/19 will continue on for the coming years and that there is a continuing need to make significant savings.

	2018/19	2019/20	2020/21	2021/22	2022/23
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	1,486	1,848	3,120	3,357	3,824
Savings required each year	1,486	362	1,272	237	467
Worthing Borough Council					
Estimated cumulative savings required to balance the budget	1,485	2,301	3,957	4,463	5,303
Savings required each year	1,485	816	1,656	506	840

6.0 2018/19 AND BEYOND

6.2 It is an inherent feature of the budget strategy that officers will continue to be asked to identify annual “cashable” efficiency and procurement savings to help meet the budget gap and to protect priority services. However, the focus of the new strategy is to meet a significant proportion of the challenge through income generation by:

- i) Building new homes and increasing income from Council Tax.
- ii) Increasing business rates through the development of new employment spaces.
- iii) Increasing income from commercial activity;
- iv) Investing in property using the Strategic Property Investment Fund.

6.3 This strategy will have long term benefits. Shown at Appendix 3 is a 10 year forecast which considers whether the current strategy will result in a more sustainable budget for the future based on known cost pressures. Whilst 2018/19 is very challenging, if the Councils are successful in delivering the strategy detailed above, the financial issues faced in the future should be manageable with one exception, 2020/21 when the Councils may have to invest in new waste and recycling methodology to meet the targets set out in the 2020

6.4 Challenging times are ahead, however if the Council focus on delivering the strategy and continue to target limited resources on priorities, then we are in a good position to respond to the inevitable budget shortfalls.

7.0 HOUSING REVENUE ACCOUNT

7.1 The Housing Revenue Account (HRA) has a 30-year financial plan which was included in the rent setting report considered in February this year. It is not intended to replicate those financial projections within this report but update the forecast later once the asset management plan has been refreshed. However, like the General Fund, the HRA is facing some significant challenges, not least the expected 1% rent reduction and the potential impact of the ‘sale of higher value properties’.

7.2 Nevertheless, the HRA will be subject to the same budget process and strategy as outlined below.

8.0 CONSULTATION

8.1 The budget consultation this year will be undertaken over the autumn. The final form of the consultation is not yet decided.

8.2 The Adur Consultative Forum (tenants’ forum) will be consulted on regarding any proposed changes to the HRA.

9.0 BUDGET STRATEGY FOR THE 2018/19 BUDGET

9.1 A detailed budget strategy now needs to be agreed, to underpin the preparation of the budget throughout the coming months and to reflect the discussion outlined above. The following are recommended as principles to be used in the preparation of the 2018/19 revenue and capital budgets:

9.2 Revenue Budget Strategy

- The Councils aim to be self-sufficient by 2020/21 and reliant only on income from fees and charges, commercial rents, Council Tax and Business Rates
- The Councils will aim to keep Council Tax increases to a minimum;
- The Councils will seek to increase income from business rates and council tax by facilitating the creation of new homes and employment space.
- Growth in expenditure is to be restricted to unavoidable expenditure to satisfy the delivery of the Councils' Key Priorities and other legislative requirements. The key items of growth identified to date have been included in the outline 5-year forecast;
- Any other growth to be accompanied by proposals for equivalent ongoing savings and not to be funded from reserves;
- Income is to be increased in line with the inflationary pressures upon the Councils (2.5%) or such higher increase as the individual markets can bear;
- Expenditure is to be increased by: 2% for pay (plus an allowance has been made for increments which are a contractual commitment) and 2.5% for all other expenditure (except for inflation arising from contractual indexation provisions and energy for which an appropriate provision is to be made);
- The Council aims to set a balanced budget. Any proposed use of reserves is to have regard to the adequacy of such reserves and any such policy must be sustainable in the longer term. In addition, the Council aims not to have any planned call upon the General Fund Working Balance;
- Officers are to identify 'cashable' efficiency savings, options for reducing non-priority services, and undertake a critical review of income.

9.3 Capital Investment Programme

- The maximum level of funding to be made available per year for the next 5 years to fund new General Fund schemes as follows:

Adur District Council: £1m core funding (plus £3.6m for the Housing Investment Programme)

Worthing Borough Council: £2.0m core funding.

9.0 BUDGET STRATEGY FOR THE 2018/19 BUDGET

9.3 Capital Investment Programme

The funding of the programme is to be comprised of prudential borrowing and capital receipts. This reflects concerns about affordability; however members need to be aware that the number, age and condition of the Councils' assets continue to be a cause for concern and that the programmes may need to be increased if any unavoidable expenditure that cannot be accommodated within the programme is identified.

- Additional capital expenditure to be only agreed where additional funding from capital grants, contributions, earmarked receipts, approved additional prudential borrowing or use of reserves has been secured.

10.0 LEGAL IMPLICATIONS

10.1 The Council is required to set a robust budget under the Local Government Act 2003. This report is the first step towards the Council achieving this aim for the 2018/19 budget.

11.0 CONCLUSIONS

11.1 As usual the budget is characterised by uncertainty with a recent election. Whilst the financial challenges continue, the budget strategy embarked upon last year will help the Councils meet these challenges head on. The need to limit Council Tax increases coupled with a continued reduction in Government support means that the Councils will have to focus on generating significant additional income for the next few years or be faced with the unpalatable prospect of reducing services to the public.

11.2 The new Platforms for our Places strategy builds on 'Catching the Wave' and is helping Adur and Worthing Councils play a vital place-shaping role in our communities. By focusing on our financial economies, social economies, natural resources, services and solutions and leadership, the Councils are fulfilling their civic roles as well as helping to secure their own future to help maintain key services. Increases in employment and business growth directly affect Councils' income through increased Council Tax take and Business Rate growth, underlining the importance of the growth agenda which is central to our strategy.

11.3 Our ambitious programme to improve our customer services and digitise our services will ultimately drive out efficiencies. And as we take opportunities to procure and commission more effectively and generate income from more of our services, we will increasingly be able to meet the financial challenge as central government grants and our share of business rate income is reduced.

12.0 RECOMMENDATIONS

12.1 Joint Strategic Committee is recommended to:

- (a) Note the report and the outline 5-year forecasts in Appendix 2;
- (b) Approve the proposed budget process as set out in section 8 of the report;
- (c) Recommend to the Councils to approve the Budget Strategy for 2018/19 outlined in Section 9 of the report.

12.2 The Joint Overview and Scrutiny Committee is asked to note the content of the report.

Local Government Act 1972

Background Papers:

Report to Adur District Council Cabinet 7th February 2017 - Estimates 2017/18 and setting of 2017/18 Council Tax

Report to Worthing Borough Council Cabinet 6th February 2017 - Estimates 2017/18 and setting of 2017/18 Council Tax

Report to Joint Strategic Committee 11th July 2017 – Final Revenue Outturn for Joint, Adur and Worthing 2016/17.

Budget Statement 2015 – Report from HM Treasury

Budget Statement 2017 – Report from HM Treasury

Report to Joint Strategic Committee 2nd December 2014 – Investing in New Technology: The Springboard to Excellent Customer Experience and Business Efficiency.

Report to the Joint Strategic Committee 6th December 2017 – “Platforms for our Places” – Unlocking the power of people, communities and our local geographies.

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SCHEDULE OF OTHER MATTERS

1. COUNCIL PRIORITY

1.1 The budget underpins the achievement of all of the Councils' priorities.

2. SPECIFIC ACTION PLANS

2.1 The report sets the targets for the achievement of a balanced budget for 2017/18

3. SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4. EQUALITY ISSUES

4.1 Matter considered and no issues identified

5. COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues identified

6. HUMAN RIGHTS ISSUES

6.1 Matter considered and no issues identified

7. REPUTATION

7.1 Matter considered and no issues identified

8. CONSULTATIONS

8.1 Matter considered and no issues identified

9. RISK ASSESSMENT

9.1 Matter considered and no issues identified

10. HEALTH and SAFETY ISSUES

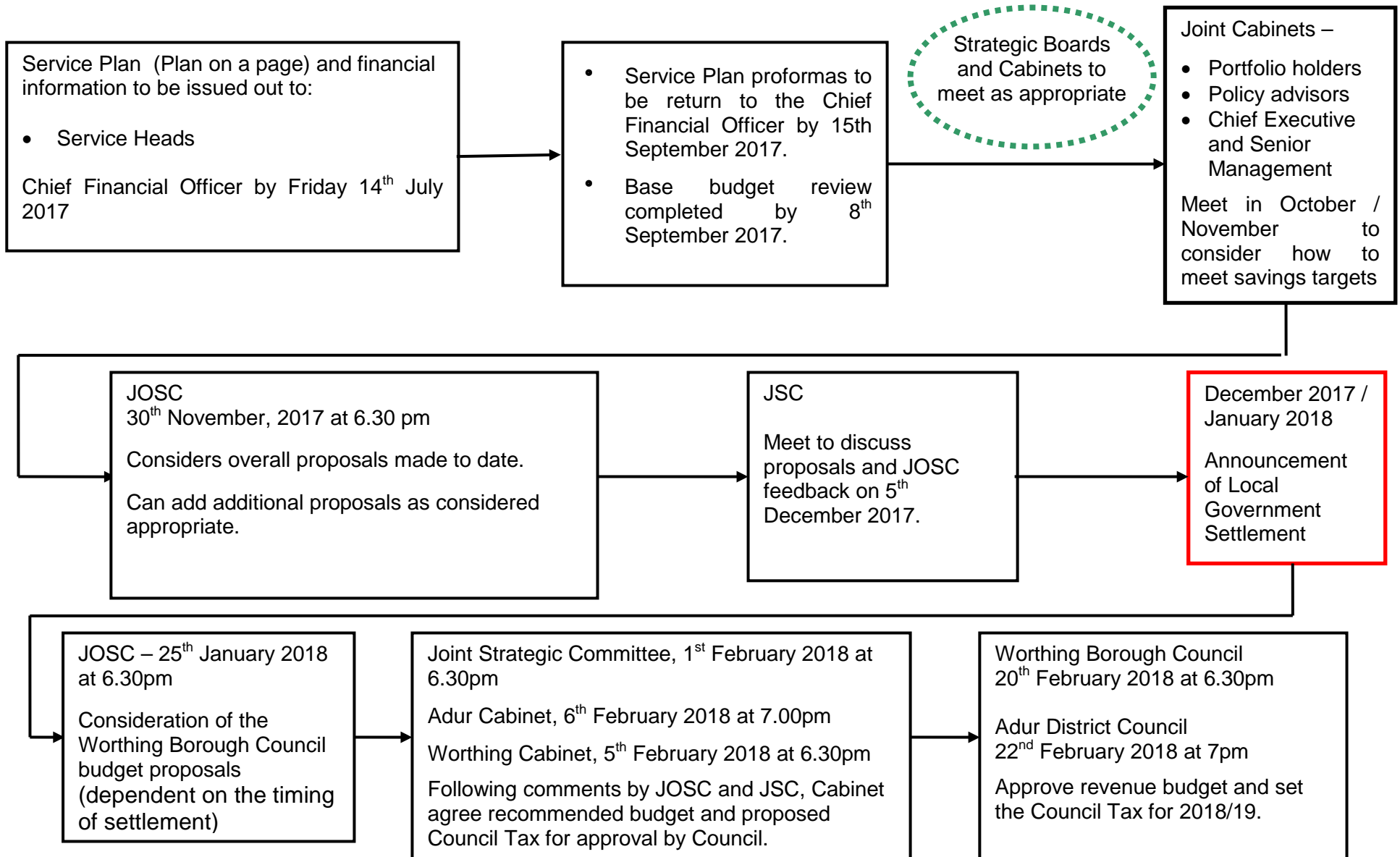
10.1 Matter considered and no issues identified

11. PROCUREMENT STRATEGY

11.1 Matter considered and no issues identified

12. PARTNERSHIP WORKING

12.1 The costs associated with the Councils' partnership arrangements are an inherent part of the Council's budget.



ADUR DISTRICT COUNCIL - APPENDIX 2						
Revenue Budget Summary Statement 2017/18 - 2022/23						
	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	9,166	9,166	9,166	9,166	9,166	9,166
Annual Inflation						
Estimated inflation		324	644	961	1,265	1,572
One -off / non-recurring items						
Local Elections (held every other year)		43	(25)	45	(26)	47
Committed Growth						
Impact of Pension contribution changes		(33)	(30)	(31)	(32)	(33)
Loss of Housing Benefit Administration Grant		53	-	-	-	-
Impact of new arrangements for funding homelessness		-	-	184	184	184
Reduction in PCN income		65	65	65	65	65
New 2020 recycling targets		-	200	400	400	400
Additional waste and recycling round		91	91	91	91	91
Contingency		70	140	210	280	350
Impact of capital programme						
Financing costs		208	133	297	397	559
Additional income						
Investment income		(35)	(34)	(52)	(95)	(140)
Reopening of Riverside Car Park		-	(20)	(20)	(20)	(20)
Approved Growth items						
Provision for new growth items		60	120	180	240	300
Total Cabinet Member Requirements	9,166	10,012	10,450	11,496	11,915	12,541
Total Cabinet Member Requirements B/fwd	9,166	10,012	10,450	11,496	11,915	12,541
Baseline funding	1,650	1,703	1,764	1,799	1,835	1,872
Add: Retained additional business rates	405	615	582	299	305	311
Add: Share of previous year's surplus / (deficit)	331					
Adjusted Baseline funding	2,386	2,318	2,346	2,098	2,140	2,182
Revenue Support Grant	271	-	-	-	-	-
Council Tax						
Adjusted Council Tax income	5,849	5,980	6,114	6,251	6,391	6,535
Other grants						
Transitional Grant	73	-	-	-	-	-
New homes bonus (2013/14 - 2018/19)	244	-	-	-	-	-
New homes bonus (2014/15 - 2019/20)	107	-	-	-	-	-
New homes bonus (2015/16 - 2020/21)	86	86	-	-	-	-
New homes bonus (2016/17 - 2019/20)	115	115	115	-	-	-
New homes bonus (2017/18 - 2020/21)	1	1	1	1	-	-
New homes bonus (2018/19- 2021/22)	-	26	26	26	26	-
Total NHB	553	228	142	27	26	-
Collection fund surplus/deficit (-)	34	-	-	-	-	-
Total other grants and contributions	660	228	142	27	26	-
Total Income from Grants and Taxation	9,166	8,526	8,602	8,376	8,558	8,717

ADUR DISTRICT COUNCIL - APPENDIX 2 Revenue Budget Summary Statement 2017/18 - 2022/23						
Net Spending to be Financed from Taxation	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
(Surplus) / Shortfall in Resources	-	1,486	1,848	3,120	3,357	3,824
Contribution to (-) / Use of Reserves to Capacity issues reserve	-	-	-	-	-	-
Total Income from Reserves	-	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,486	1,848	3,120	3,357	3,824
Initiatives in progress:						
Strategic Property Investment Fund						
Recent Acquisitions		77	77	77	77	77
Future property purchases		216	516	816	1,066	1,366
Proposed increase to 2017/18 programme		200	200	200	200	200
New office block		-	-	55	55	55
Provision for future voids			(100)	(150)	(200)	(250)
Commercial activities and commissioning						
Commercial and Property Board		180	360	540	720	900
Efficiency Measures						
Digital strategy		80	160	240	240	240
Restructures and service plan savings not included above						
Recommissioning of Revenue and Benefits service		17	17	17	17	17
Annual reduction in ACL fees		10	20	30	40	50
Total future initiatives identified		780	1,250	1,825	2,215	2,655
Cumulative savings still to be found/ (surplus)		706	598	1,295	1,142	1,169
Annual savings still to be found		706	(108)	697	(153)	27
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Average annual increase (Band D property)		£5.65	£5.76	£5.88	£5.99	£6.11
Average weekly increase (Band D property)		£0.11	£0.11	£0.11	£0.12	£0.12

WORTHING BOROUGH COUNCIL - APPENDIX 2
Revenue Budget Summary Statement 2017/18 - 2022/23

	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	13,468	13,468	13,468	13,468	13,468	13,468
(a) Annual Inflation						
Estimated inflation		533	1,064	1,592	2,099	2,607
(b) One -off / non-recurring items						
Local Elections (not held once every four years)		76	78	80	(50)	83
(c) Committed Growth / Cost reductions						
Impact of Pension Fund Triennial valuation		(212)	(272)	(275)	(281)	(287)
Impact of pension valuation for SDLT - Fall out of pension costs.		(18)	(36)	(54)	(72)	(72)
Additional waste and recycling round		164	164	164	164	164
Impact of new arrangements for funding homelessness		100	100	220	220	220
Planning income shortfall		50	50	50	50	50
New 2020 recycling targets		-	300	600	600	600
Contingency		80	160	240	320	400
(d) Impact of capital programme						
Financing costs - General Programme		401	397	433	512	660
(e) Additional income						
Investment income		(32)	(44)	(68)	(116)	(173)
(f) Approved Growth items						
Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	13,468	14,700	15,609	16,720	17,274	18,170
Baseline funding	2,514	2,595	2,687	2,741	2,796	2,852
Add: Net retained additional business rates	506	682	607	312	319	325
Add: Share of surplus /deficit (-)	-					
Adjusted Baseline funding	3,020	3,277	3,294	3,053	3,115	3,177
Revenue Support Grant	453	8	-	-	-	-
Council Tax income						
Adjusted Council Tax income	8,498	8,702	8,912	9,126	9,346	9,571
Transitional Grant	100	-	-	-	-	-
New homes bonus (2013/14 - 2018/19)	220	-	-	-	-	-
New homes bonus (2014/15 - 2019/20)	170	-	-	-	-	-
New homes bonus (2015/16 - 2020/21)	246	246	-	-	-	-
New homes bonus (2016/17 -2019/20)	518	518	518	-	-	-
New homes bonus (2017/18 - 2020/21)	234	234	234	234	-	-
New homes bonus (2018/19- 2021/22)	-	230	230	230	230	-
New homes bonus (2019/20 - 2022/23)	-	-	120	120	120	120
Total New Homes Bonus	1,388	1,228	1,102	584	350	120
Collection fund surplus/deficit (-)	9	-	-	-	-	-
Total other grants and contributions	1,497	1,228	1,102	584	350	120
Total Income from Taxation	13,468	13,215	13,308	12,763	12,811	12,868

WORTHING BOROUGH COUNCIL - APPENDIX 2						
Revenue Budget Summary Statement 2017/18 - 2022/23						
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,485	2,301	3,957	4,463	5,303
CLT - Strategic Initiatives to balance the budget						
Strategic Property Investment Fund						
Recent Acquisitions		54	63	72	81	91
Future property purchases		216	516	766	966	1,166
Proposed increase to 2017/18 programme		200	200	200	200	200
Provision for future voids		-	(100)	(150)	(200)	(250)
Commercial activities and commissioning						
Commercial and Customer Board		420	840	1,260	1,680	2,100
Efficiency Measures						
Digital Strategy Board		120	240	360	360	360
Restructures and service plan savings not included above						
Development of temporary accommodation supply (15 units of 1/2 bed)		-	-	59	118	118
Potential annual reduction in SDLT fees		-	75	75	75	75
		1,010	1,834	2,642	3,280	3,860
Cumulative savings still to be found		475	467	1,315	1,183	1,443
Annual savings still to be found		475	(8)	848	(132)	260

JOINT STRATEGIC COMMITTEE - APPENDIX 2						
Revenue Budget Summary Statement 2017/18 - 2022/23						
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	24,495	24,495	24,495	24,495	24,495	24,495
Budgets transferred in from Adur and Worthing Councils						
(a) Annual Inflation						
Estimated inflation		677	1,450	2,212	2,948	3,691
(b) Committed Growth						
Impact of Pension contribution increase		(53)	(54)	(55)	(56)	(57)
New 2020 recycling targets		-	500	1,000	1,000	1,000
Additional waste and recycling round		255	255	255	255	255
Contingency		100	100	100	100	100
Total Budget Requirements	24,495	25,474	26,746	28,007	28,742	29,484
Less: Recharges within the Joint Strategic Committee	(3,751)	(3,102)	(3,102)	(3,102)	(3,102)	(3,102)
Net cost to be reallocated to the Councils	20,744	22,372	23,644	24,905	25,640	26,382
Adur District Council	8,464	8,303	8,469	8,130	8,211	8,129
Worthing Borough Council	12,280	12,047	12,288	11,796	11,914	11,795
Total income for services provided to the constituent councils	20,744	20,350	20,757	19,926	20,125	19,924
(Surplus) / Shortfall in Resources	-	2,022	2,887	4,979	5,515	6,458
CLT - Strategic Initiatives to balance the budget						
Commercial activities and commissioning						
Commercial and Customer Board		150	150	150	150	150
Efficiency Measures						
Digital Strategy Board		200	400	600	600	600
Total savings identified		350	550	750	750	750
Savings still to be found/ (surplus)		1,672	2,337	4,229	4,765	5,708
Savings required in each year		2,022	865	2,092	536	943

APPENDIX 3

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Base										
Adur District Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	9,166	9,166	9,166	9,166	9,166	9,166	9,166	9,166	9,166	9,166	9,166
Inflation		324	644	961	1,265	1,572	1,876	2,176	2,475	2,773	3,070
Impact of capital programme		208	133	297	397	559	682	686	786	912	1,083
Net growth		314	507	1,072	1,087	1,244	1,116	1,320	1,373	1,580	1,631
Net expenditure funded by taxation	9,166	10,012	10,450	11,496	11,915	12,541	12,840	13,348	13,800	14,431	14,950
Income from taxation											
Revenue support grant	271	0	0	0	0	0	0	0	0	0	0
Business rates	2,386	2,318	2,346	2,098	2,140	2,182	2,225	2,272	2,319	2,365	2,411
Council Tax	5,883	5,980	6,114	6,251	6,391	6,535	6,681	6,831	6,984	7,141	7,301
Other grants	626	228	142	27	26	0	0	0	0	0	0
Total income from taxation	9,166	8,526	8,602	8,376	8,558	8,717	8,906	9,103	9,303	9,506	9,712
Cumulative budget shortfall	0	1,486	1,848	3,120	3,357	3,824	3,934	4,245	4,497	4,925	5,238
Budget strategy initiatives											
Investment in commercial property		493	693	998	1,198	1,448	1,598	1,748	1,938	2,088	2,238
Development of commercial income		180	360	540	720	900	1,080	1,260	1,440	1,620	1,800
Impact of digital strategy		80	160	240	240	240	240	240	240	240	240
Other initiatives in place		27	37	47	57	67	77	87	97	107	117
Total savings initiatives identified		780	1,250	1,825	2,215	2,655	2,995	3,335	3,715	4,055	4,395
Remaining savings to be identified		706	598	1,295	1,142	1,169	939	910	782	870	843
Savings per year to be identified		706	-108	697	-153	26	-230	-29	-128	88	-28

APPENDIX 3

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Base										
Worthing Borough Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	13,468	13,468	13,468	13,468	13,468	13,468	13,468	13,468	13,468	13,468	13,468
Inflation		533	1,064	1,592	2,099	2,607	3,108	3,602	4,091	4,577	5,059
Impact of capital programme		401	397	433	512	660	836	938	1,042	1,194	1,418
Net growth		298	680	1,227	1,195	1,435	1,511	1,677	1,701	2,009	2,175
Net expenditure funded by taxation	13,468	14,700	15,609	16,720	17,274	18,170	18,923	19,685	20,302	21,248	22,120
Income from taxation											
Revenue support grant	453	8	0	0	0	0	0	0	0	0	0
Business rates	3,020	3,277	3,294	3,053	3,115	3,177	3,238	3,307	3,375	3,443	3,511
Council Tax	8,507	8,702	8,912	9,126	9,346	9,571	9,802	10,038	10,279	10,527	10780
Other grants	1,488	1,228	1,102	584	350	120	0	0	0	0	0
Total income from taxation	13,468	13,215	13,308	12,763	12,811	12,868	13,040	13,345	13,654	13,970	14,291
Cumulative budget shortfall	0	1,485	2,301	3,957	4,463	5,303	5,884	6,341	6,649	7,278	7,829
Budget strategy initiatives											
Investment in commercial property	31.65%	470	679	888	1,047	1,207	1,367	1,528	1,688	1,849	2,011
Development of commercial income		420	840	1,260	1,680	2,100	2,520	2,940	3,360	3,780	4,200
Impact of digital strategy		120	240	360	360	360	360	360	360	360	360
Other initiatives in place		0	75	134	193	193	193	193	193	193	193
Total savings initiatives identified		1,010	1,834	2,642	3,280	3,860	4,440	5,021	5,601	6,182	6,764
Remaining savings to be identified		475	467	1,315	1,183	1,443	1,444	1,320	1,048	1,096	1,065
Savings per year to be identified		475	-8	848	-132	260	1	-124	-272	49	-31

APPENDIX 3

		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Overall		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Overall budget shortfall											
Adur		1,486	1,848	3,120	3,357	3,824	3,934	4,245	4,497	4,925	5,238
Worthing		1,485	2,301	3,957	4,463	5,303	5,884	6,341	6,649	7,278	7,829
Total		2,971	4,149	7,077	7,820	9,126	9,817	10,586	11,146	12,203	13,067
Budget strategy initiatives											
Investment in commercial property		963	1,372	1,886	2,245	2,655	2,965	3,276	3,626	3,937	4,249
Development of commercial income		600	1,200	1,800	2,400	3,000	3,600	4,200	4,800	5,400	6,000
Impact of digital strategy		200	400	600	600	600	600	600	600	600	600
Other initiatives in place		27	112	181	250	260	270	280	290	300	310
Total budget strategy initiatives		1,790	3,084	4,467	5,495	6,515	7,435	8,356	9,316	10,237	11,159
Remaining cumulative savings to be identified		1,181	1,065	2,610	2,325	2,611	2,382	2,230	1,830	1,966	1,908
Annual savings still to be identified		1,181	-116	1,545	-285	286	-229	-153	-400	137	-59

BUSINESS RATE FORECAST					
	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Adur District Council					
Total business rate income	22,631	23,107	23,584	24,060	24,536
Less: Business rate reliefs awarded	-3,334	-3,401	-3,469	-3,538	-3,609
Net business rate income	19,297	19,706	20,115	20,522	20,927
Less:					
Write offs	-41	-42	-43	-44	-45
Appeals	-970	-990	-1,010	-1,030	-1,050
Net income	18,286	18,674	19,062	19,448	19,832
Less: Share of income paid to Council for administration costs	-93	-94	-96	-98	-100
Net income for purpose of income share calculation	18,193	18,580	18,966	19,350	19,732
Council share of income (40%)	7,277	7,432	7,586	7,740	7,893
Less: Tariff	-4,790	-4,961	-5,060	-5,161	-5,264
Retained business rates	2,487	2,471	2,526	2,579	2,629
Add : S151 grants paid directly to the General Fund	446	455	465	474	483
Total income eligible for levy/safety net calculation	2,933	2,926	2,991	3,053	3,112
Baseline funding	-1,703	-1,764	-1,799	-1,835	-1,872
Surplus/(deficit) business rates	1,230	1,162	1,192	1,218	1,240
Less: Levy @ 50%	-615	-580	-595	-609	-620
Retained additional business rates	615	582	597	609	620
Reduction in retained business rates as part of fair funding review			-298	-304	-310
Estimated surplus/deficit (-)	615	582	299	305	310

APPENDIX 4

BUSINESS RATE FORECAST					
	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Worthing Borough Council					
Total business rate income	39,299	40,127	40,954	41,781	42,609
Less: Business rate reliefs awarded	-5,701	-5,815	-5,931	-6,049	-6,170
Net business rate income	33,598	34,312	35,023	35,732	36,439
Less:					
Write offs	-68	-70	-71	-72	-74
Appeals	-750	-765	-780	-796	-812
Net income	32,780	33,477	34,172	34,864	35,553
Less: Share of income paid to Council for administration costs	-136	-139	-142	-145	-148
Net income for purpose of income share calculation	32,644	33,338	34,030	34,719	35,405
Council share of income (40%)	13,058	13,335	13,612	13,888	14,162
Less: Tariff	-9,847	-10,197	-10,401	-10,609	-10,822
Retained business rates	3,211	3,138	3,211	3,279	3,340
Add : S151 grants paid directly to the General Fund	749	764	779	795	811
Total income eligible for levy / safety net calculation	3,960	3,902	3,990	4,074	4,151
Baseline funding	-2,594	-2,688	-2,741	-2,796	-2,852
Surplus/(deficit) business rates	1,366	1,214	1,249	1,278	1,299
Less: Levy @ 50%	-684	-607	-624	-638	-649
Retained additional business rates	682	607	625	640	650
Reduction in retained business rates as part of fair funding review	0	0	-313	-320	-325
Estimated surplus / deficit (-)	682	607	312	319	325



INVESTING IN SERVICE DELIVERY - CAPITAL STRATEGY 2018/21

REPORT BY THE CHIEF FINANCIAL OFFICER

1.0 SUMMARY

1.1 This report seeks the approval of the Council's Capital Strategy for 2018/21. The Strategy outlines the Council's approach to capital investment and how the Council ensures that capital investment is directed to the Council's Priorities. It also sets out the basis for prioritisation of capital bids included in the 3 Year Capital Investment Programme and the monitoring of the programme.

2.0 BACKGROUND

- 2.1 The Councils capital strategy reviewed annually to reflect changes in the Council's priorities and resources
- 2.2 In 2016/17 the Strategy was revised to reflect the ICT investment strategy and partnership working and confirmed the following resource allocations:

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual ring fence from available resources to fund essential capitalised planned maintenance schemes.	75	150	225
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy	180	270	450
Recommended set-aside to facilitate the delivery of the digital strategy.	106	119	225
Essential replacement of ICT desk top equipment, minor software upgrades, and local network equipment in both Councils.	47	53	100

2.0 BACKGROUND

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual set-aside to replace essential IT infrastructure maintained by CenSus.	50	50	100
Total resources earmarked for specific purposes	458	642	1,100

2.3 The budget strategy considered elsewhere on this agenda will confirm that the resources to be made available to fund general schemes will be:

- £2.0m for Worthing Borough Council for the next 3 years. This was increased last year from £1.5m and reflects the increasing need to invest in the Council's assets particularly since the Council assumed maintenance responsibility for the car parks; and
- £1m for Adur District Council General Fund for the next 3 - 5 years and £5.2m for the HRA Housing Investment Programme (excluding new developments which are considered separately)

The allocations will be reviewed next year in the light of the corporate building condition survey which is currently being undertaken. These relatively low levels of investment have been agreed in light of the financial position of both councils over the next 5 years.

3.0 PROPOSALS

3.1 The changes proposed to the Capital Programme process and the Capital Strategy this year are detailed below:

3.1.1 Capital Programme Process:

It is proposed that this year a firm two year programme is set to enable better programming of schemes and to ensure cost effective procurement is undertaken. This will mean that schemes which are approved this year for 2019/20 will not need to be reconsidered next year.

To simplify the process for officers, there will be a two stage process bidding process:

- Stage 1 will involve an outline business case for each scheme proposed. This will be the subject of an initial review to ensure that schemes have a realistic prospect of being included within the final programme and that proposals meet the strategic objectives of the Council. The initial bid list will be shared with the Corporate Leadership Team and Executive Members for review.

3.0 PROPOSALS

3.1.1 Capital Programme Process:

- Stage 2 will include a full scored business case which will then be used to produce the draft programme for member consideration in December 2017.

3.1.2 Strategic Property Investment Fund:

It is recommended that the Councils increase the potential spend on the 'Strategic Property Investment Fund' to £25m per year per Council. The intention is to identify opportunities to procure or develop commercial property which will generate a sustainable income stream for the Councils for the future and potentially provide social and economic benefits. This is an important element of the budget strategy which will contribute to around 30% of the savings target in each financial year.

Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% within two years (1% if the property is of strategic importance). The actual spend in each year will depend upon identifying suitable investment opportunities.

3.1.4 Increased allocation for the annual HRA programme:

A condition survey on Adur Homes housing stock was undertaken in 2016/17. In light of the outcome of this survey, which revealed that there is a need to increase the level of investment in the stock to address high priority repairs, it is recommended that the size of the programme be increased from £4.7m to £5.2m for 2018/19. It is intended to progressively increase the capital programme over the next 5 years to build financial capacity to address the outcome of the condition survey.

3.2 Resource allocations for 2018/19 and 2019/20:

The following resource allocations to key corporate strategies are recommended for 2018/19 and 2019/20:

- The continuation of the set-aside for building maintenance which is used to address the backlog maintenance identified within the planned maintenance programme and asset management plan.
- Resources are proposed to be set aside to fund the 'digital strategy' and key investments required into replacement IT infrastructure and equipment.
- Sufficient resources need to be set-aside for the Adur and Worthing partnership to fund the replacement of essential vehicles planned in 2018/19.

If approved, the overall the allocations will be:

3.0 PROPOSALS

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual ring fence from available resources to fund essential capitalised planned maintenance schemes.	75	150	225
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy – to fund planned vehicle replacements	260	390	650
Recommended set-aside to facilitate the delivery of the digital strategy.	106	119	225
Essential replacement of ICT desk top equipment, minor software upgrades, and local network equipment in both Councils.	70	80	150
	511	739	1,250

3.5 The top slicing of the General Fund programme in each year to ensure funding for key strategic issues such as the planned building maintenance programme, ICT and the partnership programmes will mean that, of the overall resources of available in 2018/19 and 2019/20, the following resources will remain for other schemes:

- Adur District Council: £489,000
- Worthing Borough Council: £1,261,000

3.6 The proposed capital strategy is attached at Appendix 1. Appendix 2 gives details of the prioritisation model to be used in 2017/18 which has been updated to reflect the priorities outlined in 'Platforms for our Places'.

4.0 LEGAL

4.1 Part 1 of the Local Government Act, 2003 sets out the framework for capital finance and expenditure

4.2 The Local Government (Capital Finance and Accounting) (England) Regulations 2003 provide more detailed requirements.

4.3 Section 111 of the Local Government Act, 1972 allows the Council to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.

4.4 The statutory guidance on the flexible use of capital receipts is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003.

5.0 FINANCIAL IMPLICATIONS

5.1 The Strategy sets out recommendations for financing the future Capital Investment Programme.

6.0 RECOMMENDATION

6.1 The Joint Strategic Committee is recommended to: -

- (i) Recommend to the Councils that the Capital Strategy 2018/21 be approved.**

Local Government Act 1972

Background Papers:

Report to the Joint Strategic Committee on 13th July 2016:

Capital Strategy 2016/19

Report to the Joint Strategic Committee on 13th September 2016:

Outline forecast 2017/18 to 2021/22 and budget strategy

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SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

1.1 The Capital Strategy sets out the Council's policy on capital investment and ensures the efficient use of capital resources to support all of the Council Priorities.

2.0 SPECIFIC ACTION PLANS

2.1 Matter considered and no issues identified

3.0 SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES

4.1 Matter considered and no issues identified

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues identified

6.0 HUMAN RIGHTS ISSUES

6.1 Matter considered and no issues identified

7.0 REPUTATION

7.1 Matter considered and no issues identified

8.0 CONSULTATIONS

8.1 Matter considered and no issues identified

9.0 RISK ASSESSMENT

9.1 Matter considered and no issues identified

10.0 HEALTH & SAFETY ISSUES

10.1 Matter considered and no issues identified

11.0 PROCUREMENT STRATEGY

11.1 Matter considered and no issues identified

12.0 PARTNERSHIP WORKING

12.1 The Strategy outlines the Council's approach to Partnership working and has been updated to reflect the effect of joint working between the two Councils and with other partners.



ADUR & WORTHING
COUNCILS

**INVESTING IN ADUR
AND WORTHING
COUNCILS
CAPITAL STRATEGY
2018-2021**

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1.0 INTRODUCTION

1.1 This document sets out the Councils' Capital Strategy, which outlines the approach to capital investment and how the Councils ensure that capital investment is directed to the Corporate Priorities. It also shows how we work with partners to deliver schemes. The strategy outlines the basis for the prioritisation of all capital bids put forward for inclusion in the three-year programme, including Housing, and the monitoring and evaluation of the programme. The Capital Strategy is intrinsically linked to our Asset Management Plan as a substantial amount of capital expenditure is invested in the property assets held by the Councils.

1.2 The Council's Vision and Corporate Plan

In 2010 'Adur in Partnership' and 'Worthing Together', the Local Strategic Partnerships adopted an updated Sustainable Community Strategy 'Waves ahead'. This is a sixteen year plan, which will operate through to 2036 and help to deliver the vision for where the two areas want to be in twenty years' time and how some of this vision will be delivered.

1.3 The Corporate Plan focuses upon the areas of the Community Strategy to which the Council can and will contribute. The Councils current Corporate Priorities are detailed in 'Platforms for our Places' which captured the Councils vision for the next 3 years.

1.4 In order to help deliver the Vision, the following five 'Platforms' were agreed in 2017. Each Platform has a series of commitments for the next three years. Those which may have a direct impact on the capital strategy are summarised as follows:-

- Platform 1: Our Financial Economies
 - Support our business sectors in providing growth
 - Use the Councils' Strategic Property Investment Fund to deliver new revenue streams and support investment projects.
 -
 - Investment in and delivery of Major Projects and key infrastructure.
- Platform 2: Our Social Economies
 - Providing and enabling the delivery of new homes across Adur and Worthing
 -
 - Promoting the good physical and mental health of our communities
- Platform 3: Stewarding our Natural Resources
 - Improve environmental resilience in Adur and Worthing
 -
 - Provide infrastructure for environmental resilience
 -
- Platform 4: Services and Solutions for our places
 - Identify and maximising financial return on our services to support the Council's budgetary position
- Platform 5: Leadership of our Places

1.0 INTRODUCTION

Further details of all of the priorities and how these will be achieved are included in a programme of work called 'Platforms for our Places' which can be found on the internet at <https://www.adur-worthing.gov.uk/media/media,142449,en.pdf>.

1.6 Three Year Capital Investment Programme

The main purpose of the Councils' Capital Investment Programme is to provide assets for the provision of services and to deliver the Corporate Priorities. It is prepared by considering resources available and then prioritising capital schemes in line with Corporate Objectives and other criteria. A summary of the current Capital Investment Programmes 2017/18 – 2019/20, including funding, is shown in Appendices 3, 4 and 5. Full details can be found on the Intranet and in the budget book.

1.6 Examples of where capital expenditure will help to deliver the Council's Strategic Aims over the next three years are:

1.7 Delivery of the Digital and IT strategy (Total: £914,000 split as follows Adur: £442,000 Worthing: £472,000)

The Councils are committed to improving how services are delivered to the public. The Councils believe that good robust strategy and systems that are easily accessible by the public ensure that the Councils provide efficient services.

1.8 Affordable housing (Adur: £1,810,000, Worthing: £1,568,900 Total: £3,378,900)

The Councils are committed to enabling affordable housing development for the residents of Adur and Worthing. The new Housing Strategy agreed earlier this year outlined the challenges clearly for the Council clearly. The Council is committed to working with social sector landlords to support the development of homes for rent that are safe, decent, and meet the needs of residents in Adur and Worthing.

1.9 Adur and Worthing Services (Total: £5,780,000 split as follows: Adur share: £2,132,110 Worthing share: £3,647,890)

The two Councils provide shared services with a view to improving service standards and reducing the cost of services to residents. Recent investments include a new vehicle fleet for street cleaning and refuse collection services at a cost of £4.2m. The Councils regularly invest in vehicles and equipment for the joint services.

1.10 Maintaining Council Homes for residents of Adur Homes

Adur District Council has committed to maintaining Council homes with planned investments ranging from fire safety improvements to new kitchens and bathrooms. Overall the Council plans to invest £4.7m in the Council housing stock in 2017/18.

2.0 RESOURCE ALLOCATION

2.1 Prudential Capital System

The Government introduced the current system for the management of capital finance in 2004/05 contained in The Local Authorities (Capital Finance and Accounting) Regulations (2003), which became operative from 1st April 2004. The act sets out the financial power for local authorities to use unsupported prudential borrowing for capital investment provided that the Council can afford the revenue consequences of any proposed borrowing.

2.2 The key objectives of the prudential system are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. Under the regulations local authorities have been given the freedom to determine the amount of external borrowing they are prepared to undertake when considering their own capital spending and financing decisions.

2.3 The most significant change under the prudential system has been the initial determination of the limits of affordability for providing capital investment, taking into account the opportunity costs of alternative financing decisions.

2.4 Resources

At the outset of each Capital Investment Programme planning cycle, the level of resources available to fund the programme is reassessed in light of the most recent information. The current programme is then reviewed to establish the level of resources needed to fund the committed programme. This information is then used to establish the resources available to fund new schemes.

2.5 The current capital financing strategy is based on a mix of funding including capital receipts, capital grants, revenue contributions, use of reserves, specific one-off external contributions and Prudential Borrowing. The Capital Investment Programme Strategy assumes:

➤ For Adur District Council:

- A net overall addition to the general fund programme each year of £1.0m funded from a mix of Prudential Borrowing and capital receipts supplemented by S106 receipts and other grants and contributions.
- An annual HRA programme of £5.2m from 2018/19 onwards (index-linked) for capital maintenance. This is expected to be funded from the Major Repairs Reserve, prudential borrowing, revenue contributions, and any grants. In addition, the Council will progress a new build programme funded by a mixture of borrowing and retained capital receipts which have been set-aside for replacement affordable housing.
- The Strategic Property Investment Fund is to be continued. This is to be used to procure or develop commercial property which will generate an income stream for the Councils for the future. Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% over the life of the investment.

2.0 **RESOURCE ALLOCATION**

➤ **For Adur District Council:**

Furthermore, if an investment is of particular strategic merit and/or of high quality and offering a long term secure tenancy; it was agreed that a lower yield would be accepted, with the proviso that the return should always exceed the cost of borrowing by at least 1%. It is proposed that each Council invests up to £25m per year. Funding can only be released with the approval of the Leader and the Executive Member for Resources.

➤ **For Worthing Borough Council:**

- A net overall addition to the general fund programme each year of £2.0m funded from a mix of Prudential Borrowing and capital receipts supplemented by S106 receipts and other grants and contributions.
- The Strategic Property Investment Fund is to be continued. This is to be used to procure or develop commercial property which will generate an income stream for the Councils for the future. Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% over the life of the investment.

Furthermore, if an investment is of particular strategic merit and/or of high quality and offering a long term secure tenancy; it was agreed that a lower yield would be accepted, with the proviso that the return should always exceed the cost of borrowing by at least 1%. It is proposed that each Council invests up to £25m per year. Funding can only be released with the approval of the Leader and the Executive Member for Resources.

- 2.6 One third of new capital receipts generated in 2016/17 – 2018/19 will be set-aside to fund revenue costs which will result in a reduction in the cost of delivering services. Such receipts can only be used in accordance with the Flexible use of Capital Receipts Strategy.
- 2.7 The remaining capital receipts are used to fund the prioritised capital programme unless ring-fenced for a specific purpose such as the delivery of affordable housing, the repayment of the debt associated with construction of Splashpoint Swimming Pool, and Shoreham Renaissance in Adur.
- 2.8 Of the total resources available, the following will be earmarked to fund specific council objectives:

2.0 RESOURCE ALLOCATION

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual ring fence from available resources to fund essential capitalised planned maintenance schemes.	75	150	225
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy – to fund planned vehicle replacements	260	390	650
Recommended set-aside to facilitate the delivery of the digital strategy.	106	119	225
Essential replacement of ICT desk top equipment, minor software upgrades, and local network equipment in both Councils.	70	80	150
Total resources earmarked for specific purposes	511	739	1,250

2.9 It is the both Councils' policy to maximise capital receipts through a review of existing property use. A rigorous approach has been adopted to the identification and disposal of surplus assets that are no longer required to meet the Corporate Priorities of the Councils and cannot be redeveloped to generate the Councils long term income streams. The Strategic Asset Management Board regularly considers the property portfolio and identifies property for sale. The Council views this as the most cost effective way to finance the capital programme. However, both Councils have a diminishing asset base and the sites remaining are some of the most difficult to sell.

2.10 Although the Councils have been able to fund some of its capital programme from capital receipts in recent years, asset sales are unlikely to be sufficient to fund the capital programme in the future. Therefore the Council will need to explore new sources of funding, particularly for major capital schemes. These could include extending the use of prudential borrowing, external funding from the various grant agencies including the national lottery distributors, S106 Agreements, Area Investment Framework funding and Private Finance Initiatives and Partnerships, including Public Private Partnerships Schemes. Examples of partnership funding are shown in 6.4.

2.11 **External Funding**

External funding is now an important source of finance for the Councils. With this in mind, the Councils will research new funding streams to ensure that the Councils are aware of upcoming opportunities.

Overall, the aim of external funding is to ensure that the Councils can continue to improve or renew community facilities whilst alleviating the cost to the public purse.

2.0 RESOURCE ALLOCATION

2.12 Invest to Save

Both Councils have introduced an 'invest to save' scheme. This provides capacity within the Councils to generate efficiency savings. The Councils will consider capital proposals which produce revenue savings that exceed the cost of borrowing by at least 10% over the life of the investment. The cost of these schemes can be funded from prudential borrowing as the revenue costs of borrowing will be funded by the on-going revenue savings. These schemes can be approved at any time by the Joint Strategic Committee. Examples of projects include:

- energy efficiency schemes whereby the reduction in energy costs may be sufficient to repay the borrowing costs.
- the provision of Empty Homes grants to assist people to bring properties back into use, increasing council tax revenue and also attracting additional New Homes Bonus Funding. It may also reduce homelessness costs indirectly if we are able to ensure the property is let to ADC/WBC housing applicants.
- Investment in new temporary accommodation to reduce the cost of accommodating affected residents.

Any such scheme is to be subject of a full option appraisal over the life of the asset, which should consider the whole life cost implications of the proposed investment and be considered by the Joint Strategic Committee as part of the approval to spend.

2.13 Value for Money

Getting value for money is a key priority for the Councils and the Capital Investment Programme should provide high quality, value for money public services. The Councils recognise that best value is based on whole life costs and therefore the on-going revenue implications of capital spend are identified when bids for capital resources are assessed and when schemes are approved; when a new capital project is proposed any impact on revenue expenditure is anticipated and costed. These revenue costs are used to inform the revenue budget planning process and are considered alongside other priorities in the revenue budget when the overall budget is set. Costs to be assessed include the opportunity cost of using the resources, the interest earnings foregone by utilising reserves and capital receipts, and any additional revenue costs or savings arising from the investment.

3.0 PRIORITISATION

- 3.1 In order to ensure that resources available for capital investment are used efficiently and effectively, all capital projects are prioritised in line with corporate objectives, priorities and other criteria using a prioritisation model, which is outlined in Appendix 2.

3.0 PRIORITISATION

3.2 This is achieved by a 2 stage capital bidding process:

- Stage 1 will involve an outline business case for each scheme proposed. This will be the subject of an initial review to ensure that schemes have a realistic prospect of being included within the final programme and that proposals meet the strategic objectives of the Council. The initial bid list will be shared with the Corporate Leadership Team and Executives members for review.
- Stage 2 will include a full scored business case which will then be used to produce the draft programme for member consideration in December 2017. This is then subject to the Council's consideration and approval.

3.3 Bids for additional resources will only be considered where they accord with the Capital Strategy, and where the authority has taken into account ongoing commitments and conformity with Strategic Objectives, Service Plans and other criteria in relation to its capital needs and other resources. Schemes which are considered for inclusion in the capital programme outside the annual bidding process are also "priority scored" to ensure that they meet the priority score which would include them in the capital programme for the relevant year.

3.4 Each year after the 3 year capital investment programme has been agreed by the Councils, the Capital Working Group reviews the prioritisation process. If necessary, the capital bidding documents and process are amended to ensure that corporate objectives and priorities, and the benefits and impact of schemes are adequately reflected in the prioritisation procedure.

3.5 Option Appraisal

Option Appraisal is an essential part of the prioritisation process and enables the Councils to make informed, transparent and consistent decisions about the capital projects to be taken forward.

The Council's current policy on Option Appraisals is as follows:

- (i) Individual projects costing under £250,000 – Officers are asked to consider other options (including capital and revenue implications) as part of the Capital Bid Submission.
- (ii) Individual projects costing between £250,000 and £500,000 – Option Appraisals are completed in house by the project team. These should consider the whole life cost implications of the proposed investment and must be considered by the Joint Strategic Committee or Executive Member as part of the approval to spend process.
- (iii) Individual projects costing in excess of £500,000 – Option Appraisals are completed either using the in-house team or by using external consultants where appropriate. These should include the whole life cost of the proposals and will need to be ratified by the Joint Strategic Committee or Executive before giving approval to spend.

3.0 PRIORITISATION

3.5 Option Appraisal

Grant programmes such as affordable housing and disabled facilities grant are excluded from the requirement to undertake detailed option appraisals.

3.6 Scheme Approval

Every year a draft 3 Year Capital Investment Programme is submitted to the Joint Strategic Committee in November/December and recommended to the Councils in December. The report identifies schemes where expenditure has been committed costing in excess of £250,000 necessitating approval as a Key Decision; schemes costing £250,000 or less where expenditure has been committed; and the future schemes for the three years under consideration. It also compares the revised outturn for the current year with the original estimate. Final amendments are made to reflect changes in timescales and cashflows, and to ensure the production of a balanced programme in accordance with the overall resources available for funding, prior to submission to the Budget Council Meeting in February each year.

3.7 Schemes costing £250,000 or more require a report to be prepared for the Joint Strategic Committee or Executive Member outlining details of the scheme, the method of procurement and the capital and revenue implications. The Chief Financial Officer in consultation with the relevant Executive Member has delegated approval for schemes costing under £250,000. This is achieved by Officers responsible for capital projects completing a Project Initiation Document (P.I.D.), comprising of a Capital Bid Sheet, Project Plan and Project Estimate Form. The P.I.D. is sent to the Executive Member(s) for comment with 3 days and is then approved electronically by the Chief Financial Officer and the Head of Service/Director who is responsible for the scheme. No scheme can proceed without either an approved P.I.D. or an Approval Report.

3.8 The programme is updated each year in July as a result of the financial outturns following the closure of the previous year's accounts, which are reported to Members in the early summer. Any slippage or works completed ahead of schedule are quantified in budget terms, and approval is sought to make the necessary financial adjustments to the approved budget.

4.0 FRAMEWORK FOR MANAGING, MONITORING AND EVALUATING THE CAPITAL PROGRAMME

4.1 Detailed management, monitoring and review in terms of both the delivery of Service outcomes and Corporate Objectives and financial performance is the responsibility of the Capital Working Group, working in conjunction with Heads of Service. Quarterly progress reports incorporating any recommended variations to the Programme, financial monitoring reports and completed project evaluations are submitted to the Council's Leadership Team, and the Joint Strategic Committee. Any 'learning' arising from the monitoring/review process is used to inform the strategy on an ongoing basis. The Financial Regulations stipulate how the financial aspects of the capital programme and each capital scheme should be managed and the Capital Working Group ensures compliance with these requirements.

5.0 CONSULTATION

5.1 Both Councils are committed to consulting with the community, its partners and service users on the key issues affecting the quality of life within the area. It has always been important to ensure that resources and services are designed, delivered and improved to meet the changing needs and expectations of our community, our partners and our service users. To achieve this commitment the Council consults and involves the community on any major or controversial capital schemes and will make its policies, decisions and services more accessible to comment from residents, businesses, agencies and major partners. Examples of areas where recent consultation exercises have been completed include:

- Development of new or improved playgrounds
- Shoreham Harbour regeneration
- Worthing Seafront Strategy regeneration schemes
- Adur Queensway regeneration
- Adur Ferry Road improvements

6.0 PARTNERSHIP WORKING

6.1 Both Councils recognise the importance of partnership working in delivering their own corporate priorities as well as those of many organisations, public and private and is actively developing partnership working, especially when it is considering capital expenditure to “add value” to all that it does. The Councils are aware that they do not work in isolation and that it must ensure that it looks outward to working with the community, its residents and partners, in order to identify and act on local priorities to improve the wellbeing of local communities. Tackling cross cutting issues, in particular, regeneration, community safety, social exclusion and sustainable development require a joined up approach across local authority service teams, other authorities and agencies, the private sector and also our voluntary sector partners.

6.2. The Councils have a history of working successfully together with other neighbouring Authorities on a range of activities including housing, coast protection and regeneration. The Councils continue to work closely with the Health bodies, Police and other organisations that can contribute to meeting its strategic objectives. In this regard, there has been a much closer working relationship forged with Health and Social Services to provide a more integrated service, especially in Housing.

6.3 Therefore, by working together in partnership with others the Councils seek to influence work to ensure that all opportunities are maximised to the full benefit of the residents of both areas, so that the Councils can be satisfied that they are maximising all funding opportunities and achieving efficiencies wherever possible.

6.0 PARTNERSHIP WORKING

6.4 The Councils have many partners with whom they currently work and the potential for many more. The following are some examples of the areas where work is currently being undertaken with other Councils and partners:

Adur/Horsham/Mid Sussex/Worthing	CenSus partnership which includes Revenues and Benefits and ICT Services.
Registered Providers (Housing Associations) and Homes and Communities Agency (and developers)	Affordable Housing Programme and the provision of temporary accommodation
West Sussex County Council	Community Strategy, Family Intervention Project, Help Points, Highway matters, Youth Homelessness Prevention
West Sussex County Council and Brighton and Hove City Council	Shoreham Harbour Regeneration Project and the City Deal bid.
West Sussex County Council, Sussex Police Authority, Probation and Health Authorities	Safer Communities Partnership
Worthing Primary Care Group	Local Health Improvement Programme, Wellbeing Hub
Various maritime authorities from Selsey Bill to Beachy Head	Coast Protection – Coastal Monitoring Project for the South Downs Coastal Group
Various maritime authorities from New Forest to Thames Estuary (in conjunction with New Forest and Canterbury)	Coast Protection – Strategic Coastal Monitoring Project for the South East Region
Shoreham Port Authority	Coast Protection – Brighton Marina to River Adur Flood and Coastal Erosion risk Management Strategy
West Sussex County Council	Better Care Fund – Provision of Disabled Facilities Grants
West Sussex Local Authorities	Provision and Management Agreement of a gypsy and traveller transit site

6.0 PARTNERSHIP WORKING

6.6 Private Finance Initiatives / Public Private Partnerships (PFI/PPP)

The Councils believe that if these options are available they will actively pursue any new areas in an attempt to add value to any capital expenditure or commitments.

7.0 LINKS TO OTHER STRATEGIES AND PLANS

7.1 The overall capital strategy stands above the more operational strategies that are needed for key services, such as Housing, Leisure, Environment, and other locally determined blocks of spending. The capital strategy does not sit in isolation but is informed by and informs other strategies. It provides a basis upon which other strategies can be developed and devised. The links between these strategies are extremely important.

7.2 The Councils have identified the following major Strategies and Plans which have been approved or developed; 'Platforms for our Places', Asset Management Plan, Accommodation Strategy, Waves Ahead (Joint Community Strategy), Community Safety Strategy, Cultural Strategy, Economic Development Strategy, Housing Strategy, Information and Communications Technology (I.C.T.) Strategy, Leisure Strategy, Local Plan, Local Transport Plan, Local Waste Management Strategy, Procurement Strategy, Emergency Plan, Shoreline Management Plan, Surface Water Management Plan, Coast Defence Strategy, Public Realm and Seafront Strategy and Civic and Cultural Hub Strategy.

7.3 Link to the Housing Strategy

The joint Adur Worthing Housing Strategy was approved by the Joint Strategic Committee in March 2017. This detailed a new three year programme of action and was developed in the light of emerging housing policy.

7.4 Link to the Asset Management Plan

The capital strategy provides the policy framework for the operational work of asset management. Corporate asset management planning covers all the Councils' assets and should result in a realistic, costed 3 - 5 year programme linked to outputs. The current Asset Management Plan is due for a complete refresh during 2017/18. The Asset Management Plan forms an important part of the Councils' Capital Strategy as it informs the investment requirement over the next 10 years.

7.5 Link to the ICT Strategy and Digital strategy

The developing ICT and Digital Strategies are critical links between the Council's Corporate Plans, Central Government Initiatives and Information Technology and are therefore an integral part of the Council's business planning process. However, future capital investment must take account of resources available for future funding and be seen to offer value for money, and is informed by the Capital Strategy.

8.0 PERFORMANCE MANAGEMENT AND MEASUREMENT

8.1 In addition to adopting the Property Performance Indicators as set out in the requirements for Asset Management Planning, the Council has developed a range of local performance measures to inform various aspects of the Councils' Capital Programme. The overall performance of the capital programme, including post-scheme evaluation of projects, is overseen by the Capital Working Group as detailed in Section 4.

9.0 REVISING THE CAPITAL STRATEGY

9.1 The Capital Strategy is reviewed annually; adapting to the review of the Councils' strategic objectives. It does not need to be overhauled annually so long as the existing documentation remains valid. However, the Councils review the allocation of its Capital Resources on an annual basis to ensure that its programme of investment is in line with the actual resources available to support its spending needs and priorities.

10.0 SUMMARY

10.1 The Councils will continue to prioritise its capital spending in line with their corporate priorities and other criteria, recognising that a commitment to partnership working remains a significant part in the Councils' overall approach. The Councils will annually review their approach to capital expenditure having regard to outcomes of asset management reviews and any changes to the Corporate Plan.



ADUR & WORTHING COUNCILS

CAPITAL PRIORITISATION MODEL

Criteria for scoring points

Category	Criteria
A	<p>Revenue Implications</p> <p>Add Points – 1 point per £2,000</p> <ul style="list-style-type: none"> • Additional revenue income as measured over asset life, after payment of running costs OR • Projects result in a reduction in the revenue budget from date of completion. • Any project whose annual saving exceeds the costs of borrowing over the life of the acquisition by 10% or more will gain automatic approval under invest to save principles, subject to approval by the Chief Financial Officer and ratification by JSC.
B	<p>Deduct Points – 1 point per £2,000</p> <ul style="list-style-type: none"> • Additional annual operation costs OR • The project results in increased net revenue costs.
C	<p>Building Condition Survey</p> <ol style="list-style-type: none"> 1) Good – Performing as intended and operating effectively (0 points). 2) Satisfactory – Performing as intended, but exhibiting minor deterioration (0 points). 3) Poor – Exhibiting major defects and/or not operating as intended (1 point). 4) Bad – Life expired and/or serious risk of imminent failure (5 points) <p>(The Condition must be agreed with Derek Magee, Technical Services, before adding points). Finance will seek validation of any points awarded here.</p>


Category	Criteria
D	<p>Equipment/Vehicle Condition Survey</p> <ol style="list-style-type: none"> 1) Good – Performing as intended and operating effectively (0 points). 2) Satisfactory – Performing as intended, but exhibiting minor deterioration (0 points). 3) Poor – Exhibiting major defects and/or not operating as intended (1 point). 4) Bad – Life expired and/or serious risk of imminent failure and non-replacement will have serious operational consequences (5 points).
E	<p>Equalities Impact Assessment - Add 5 points or 1 point</p> <p>Score 5 points where the objective of the scheme is to improve equalities e.g. DDA schemes, or score 1 point for schemes which contribute to equalities, e.g. access improvements.</p> <ol style="list-style-type: none"> 1) How will the proposed project improve Equality and Diversity in the area? 2) Who will benefit from this project? Is there likely to be a positive impact on specific equality groups (whether or not they are intended beneficiaries), and if so, how? Or is it clear at this stage that it will be equality “neutral”? i.e. will have no particular effect on any group. 3) Is there likely to be an adverse impact on one or more equality groups as a result of this scheme? If so, who may be affected and why? Or is it clear at this stage that it will be equality “neutral”? 4) Is the impact of the scheme – whether positive or negative – significant enough to warrant a more detailed assessment (Stage 2 – see guidance)? If not will there be monitoring and review to assess the impact over a period of time? Give reasons for your answer and any steps you are taking to address particular issues, including any consultation with staff or external groups/agencies.
F	<p>Improvement/Betterment - Add 1 point</p> <p>Improvement beyond essential requirement to existing services, work to improve the level of service where there is a proven need and demonstrable benefit. This includes results of Business Transformation or Service Reviews.</p>
G	<p>Health & Safety (non statutory) – Points 0 - 5</p> <p>The project is considered necessary for the health and safety of the Council’s employees or the general public and has been agreed with the Corporate Health & Safety Officer:</p> <ul style="list-style-type: none"> No Risk - 0 points Low Risk - 1 point Medium Risk - 3 points High Risk - 5 points


Category	Criteria																
H	<p>Risk Register If the scheme's risks are on the Corporate Risk Register the points to be awarded are High Risk 5 points, Medium Risk 3 points, and Low Risk 1 Point. Finance will seek validation of any points awarded here.</p>																
I	<p>Partnership working – Add 5 points Projects that involve partnership working where the partner contributes to the completion of the scheme, rather than just benefits from the outcome. This could be funding, in-kind work or involvement in the design process which has a direct affect on the final project.</p> <p>Examples would be community involvement, WSCC schemes, "Better Together" (Coastal West Sussex Partnership) and the police. Full details of all partners involved and their contribution to the scheme must be provided.</p>																
J	<p>Match Funding / External Funding Utilisation of Council resources. The higher the percentage of funding expected from the Local authority, the less points can be awarded: This has an individual ranking Matrix – please see below:</p>																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="145 1200 751 1267" style="text-align: center;">External Funding % received</th> <th data-bbox="751 1200 1453 1267" style="text-align: center;">Points to be added</th> </tr> </thead> <tbody> <tr> <td data-bbox="145 1267 751 1346" style="text-align: center;">0.1% - 24%</td> <td data-bbox="751 1267 1453 1346" style="text-align: center;">1</td> </tr> <tr> <td data-bbox="145 1346 751 1384" style="text-align: center;">25% - 49%</td> <td data-bbox="751 1346 1453 1384" style="text-align: center;">2</td> </tr> <tr> <td data-bbox="145 1384 751 1422" style="text-align: center;">50% - 65%</td> <td data-bbox="751 1384 1453 1422" style="text-align: center;">3</td> </tr> <tr> <td data-bbox="145 1422 751 1460" style="text-align: center;">66% - 75%</td> <td data-bbox="751 1422 1453 1460" style="text-align: center;">5</td> </tr> <tr> <td data-bbox="145 1460 751 1498" style="text-align: center;">76% - 89%</td> <td data-bbox="751 1460 1453 1498" style="text-align: center;">7</td> </tr> <tr> <td data-bbox="145 1498 751 1536" style="text-align: center;">90% - 99%</td> <td data-bbox="751 1498 1453 1536" style="text-align: center;">10</td> </tr> <tr> <td data-bbox="145 1536 751 1615" style="text-align: center;">100%</td> <td data-bbox="751 1536 1453 1615" style="text-align: center;">10 or Automatic Approval **</td> </tr> </tbody> </table>	External Funding % received	Points to be added	0.1% - 24%	1	25% - 49%	2	50% - 65%	3	66% - 75%	5	76% - 89%	7	90% - 99%	10	100%	10 or Automatic Approval **
External Funding % received	Points to be added																
0.1% - 24%	1																
25% - 49%	2																
50% - 65%	3																
66% - 75%	5																
76% - 89%	7																
90% - 99%	10																
100%	10 or Automatic Approval **																
**	<p>Automatic approval is subject to the scheme contributing to the Council's aims, and future financial revenue implications being accommodated with the Council's overall revenue budget. All external funding must be confirmed by source before scheme is included in the Adur or Worthing Capital Investment Programme.</p>																
K	<p>Consultation – points to be determined by Members (up to 5 points in total) Projects that are important for community/political reasons following consultation.</p>																

COUNCIL PRIORITIES


Category	Criteria	Points
L	Minimum works required to prevent the Council failing in its statutory duty (e.g. DDA)	20
	Or There is a mandatory legal requirement to provide the service, the proposed scheme enables the service to be provided and that obligation cannot be met in any other way	20
M	Essential works are required to avoid serious long-term financial, operational or service consequences	15
	Or There is a demonstrable, priority need to replace the asset/ service on an essentially like for like basis (save for improvements in technology) as the existing asset is at the end of its useful life	15
N	Other schemes, which meet the Councils priorities as laid out in the Platforms for our Places, Service Plans, Local Area Agreements, Community Strategy Priority Action Plans or the Councils' plans	10
O	There is an expectation by the Government that the Council should undertake a particular course although it may not be currently statutory and there is a likelihood of some form of sanction being applied against the Council if that expectation is not met.	5
P	Council Priorities (Platforms):	
P1	Platform 1 - Our Financial Economies 1.1) Projects to regenerate and activate places. 1.2) Creating and leveraging opportunities for investment. 1.3) Developing partnership with business sector and identify supports. 1.4) Developing our learning and skills ecosystem.	

Category	Criteria
P2	<p>Platform 2 – Our Social Economies</p> <p>2.1) Responding to communities’ needs in particular housing.</p> <p>2.2) Encouraging social financing and social innovation.</p> <p>2.3) Promoting the health and safety of our places.</p> <p>2.4) Exploring place-based health solutions.</p>
P3	<p>Platform 3 – Stewarding our Natural Resources</p> <p>3.1) Developing the environmental resilience of communities, business and infrastructure.</p> <p>3.2) Engaging the community and business in stewarding our environment.</p> <p>3.3) Developing the environment’s role in health and wellbeing.</p>
P4	<p>Platform 4 – Services and Solutions for our Places</p> <p>4.1) Using customer insight to develop more customer-centred services.</p> <p>4.2) Utilising the expertise in our communities.</p> <p>4.3) Responding to regulatory change and competition.</p>
P5	<p>Platform 5 – Leadership of our Places</p> <p>5.1) Developing strong partnerships and the capacity of our place leaders.</p> <p>5.2) Working with partners to maintain and manage platforms.</p> <p>5.3) Utilising place data and intelligence.</p> <p>5.4) Promoting Adur and Worthing.</p>

SUMMARY THREE YEAR CAPITAL INVESTMENT PROGRAMME							
 ADUR DISTRICT COUNCIL	Total Estimate £					ANNUAL REVENUE COSTS	
		2017/2018 Estimate £	2018/2019 Estimate £	2019/2020 Estimate £	Future Years £	Interest Foregone/ Cost of Borrowing £	Net Other £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BUDGETS							
Executive Member for Customer Services	27,238,810	9,017,160	6,046,550	6,087,550	6,087,550	372,840	(56,000)
Executive Member for Environment	4,108,820	3,047,670	370,120	224,120	466,910	490,950	-
Executive Member for Health and Wellbeing	272,200	219,800	16,800	17,800	17,800	30,580	-
Executive Member for Regeneration	3,825,770	2,950,500	837,770	12,500	25,000	1,000	-
Executive Member for Resources	51,495,000	10,750,000	20,647,000	10,049,000	10,049,000	5,612,210	-
	86,940,600	25,985,130	27,918,240	16,390,970	16,646,260	6,507,580	(56,000)
FINANCING							
Capital Grants and Contributions							
Communities and Local Government		3,200,000	1,130,270	305,000	305,000		
Environment Agency		55,500	12,500	12,500	25,000		
S106 Contributions from Planning Agreements		877,000	-	-	-		
Prudential Borrowing		15,145,570	21,612,000	10,910,000	11,152,790		
Revenue Contributions and Reserves							
Revenue Contributions		70,970	57,470	57,470	57,470		
Revenue Reserves		5,895,610	4,500,000	4,500,000	4,500,000		
Usable Capital Receipts		740,480	606,000	606,000	606,000		
		25,985,130	27,918,240	16,390,970	16,646,260		

SUMMARY THREE YEAR CAPITAL INVESTMENT PROGRAMME							
 WORTHING BOROUGH COUNCIL						ANNUAL REVENUE COSTS	
	Total Estimate £	2017/2018 Estimate £	2018/2019 Estimate £	2019/2020 Estimate £	Future Years £	Interest Foregone/ Cost of Borrowing £	Net Other £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BUDGETS							
Executive Member for Customer Services	7,761,000	3,411,000	1,450,000	1,450,000	1,450,000	240,460	(100,000)
Executive Member for Environment	9,566,520	6,355,110	1,402,680	1,013,260	795,470	888,790	-
Executive Member for Health and Wellbeing	250,200	199,800	16,800	16,800	16,800	29,130	-
Executive Member for Regeneration	916,720	409,720	235,500	235,500	36,000	314,880	(17,585)
Executive Member for Resources	49,210,500	18,902,000	10,152,500	10,078,000	10,078,000	5,679,010	-
	67,704,940	29,277,630	13,257,480	12,793,560	12,376,270	7,152,270	(117,585)
FINANCING							
Capital Grants and Contributions							
Communities and Local Government		650,000	650,000	650,000	650,000		
Environment Agency		17,500	17,500	17,500	35,000		
S106 Contributions from Planning Agreements		273,400	106,400	106,400	106,400		
Other Contributions		-	18,300	-	-		
Prudential Borrowing		27,594,900	11,776,200	11,330,580	10,895,790		
Revenue Contributions and Reserves							
Revenue Contributions		139,080	139,080	139,080	139,080		
Revenue Reserves		93,500	50,000	50,000	50,000		
Usable Capital Receipts		509,250	500,000	500,000	500,000		
		29,277,630	13,257,480	12,793,560	12,376,270		

**ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL PARTNERSHIP SCHEMES
THREE YEAR CAPITAL INVESTMENT PROGRAMME**

 ADUR & WORTHING COUNCILS	Total Estimate £ (2)	2017/2018 Estimate £	2018/2019 Estimate £	2019/2020 Estimate £	Future Years £
		(3)	(4)	(5)	(6)
Column Reference (1)	(2)	(3)	(4)	(5)	(6)
<u>PARTNERSHIP SCHEMES</u>					
<i>Environmental Health</i>					
Replacement of 2 vehicles	70,000	-	25,000	-	45,000
<i>Grounds Maintenance</i>					
Provision of a storage building with solar panels at Commerce Way for grounds maintenance vehicles and equipment	250,000	250,000	-	-	-
Vehicle replacements	1,019,000	108,500	345,500	147,000	418,000
<i>Information and Communications Technology</i>					
Corporate Asset Management System	48,000	48,000	-	-	-
CenSus ICT Partnership Schemes	250,000	100,000	50,000	50,000	50,000
Corporate ICT hardware and infrastructure replacement programme	400,000	100,000	100,000	100,000	100,000
Digital Strategy General Provision to facilitate delivery of the digital strategy	225,000	225,000	-	-	-
Financial Management System - Total licence extension, Total documents and document service facilities	165,000	165,000	-	-	-
<i>Refuse/Recycling Service</i>					
Provision of wheeled bins	200,000	50,000	50,000	50,000	50,000
Vehicle Replacements	4,548,000	4,030,000	182,500	83,000	252,500
<i>Street Cleansing / Clinical Waste / Trade</i>					
Vehicle Replacements	1,103,000	264,500	234,000	210,000	394,500



Building the Councils' Investment Portfolios: An update and future direction for Strategic Investment Fund

Report by the Director for the Economy

1.0 Summary

- 1.1 The purpose of this report is to provide Members with a progress report on the use of the Strategic Property Investment Fund and the associated financial, economic and social benefits.
- 1.2 Consideration is given to the opportunities presented by further judicious investment in commercial property and the rationale for extending the borrowing ceiling by a further £15m per authority from 2017/18.

2.0 Background

- 2.1 At its meeting on 7th July 2015, the Joint Strategic Committee approved the establishment of a Strategic Property Fund, with the aim of identifying opportunities to acquire or develop commercial property to help generate a future income stream for the Councils and support delivery of services. The Fund, which has formed part of the Councils' Capital Investment Programme since 2016/17 initially comprised a £2m contribution from each Council, with a commitment to increase to £5m per authority per annum from 2017/18.
- 2.2 Since that time approval has been sought to increase contributions to £5m per Council in 2016/17 and £10m per authority per annum from 2017/18. In 2016/17, a further one-off contribution of £1.5m was approved by Worthing Borough Council to enable the purchase of a strategic site.
- 2.3 Following the decision to establish a Strategic Property Fund, a report was taken to the February 2016 meeting of the Joint Strategic Committee, where approval was given to a number of guiding principles and key criteria to inform the development of a Joint Investment Strategy and the use of the Strategic Property Fund.

- 2.4 The criteria set out reflect the aims of the Strategy, ie to generate additional revenue streams through the acquisition of additional (primarily commercial) property assets, develop a balanced property portfolio, and take a proactive approach to management of the portfolio, in order to optimise returns and manage risk.
- 2.5 One of the key criteria approved at the February meeting was the requirement for acquisitions to generate a yield of between 7.5% and 8.5%. This was based on an expectation that the costs of borrowing would be in the region of 5.5% and therefore generate an actual return to the Councils of between 2-3%.
- 2.6 Following changes to interest rates and the policy for repayment of debt, approval was subsequently given by the Joint Strategic Committee at its meeting on 13th September 2016 to revise the wording associated with the yield criterion, so as to require investments to
- “...give sufficient rental income to provide a return of investment of at least 2% over the cost of any associated borrowing”¹. Furthermore, if an investment is of particular strategic merit and/or of high quality and offering a long term secure tenancy; it was agreed that a lower yield would be accepted, with the proviso that the return should always exceed the cost of borrowing by at least 1%.

3.0 Strategic Property Fund - Current Position

- 3.1 Since the introduction of the Strategic Property Fund, four commercial property purchases have been completed on behalf of Worthing Borough Council, amounting to an investment of approximately £13.1m. A purchase on behalf of Adur District Council has also been completed, with a total investment cost of £11.93m.
- 3.2 It is important to note that whilst strategic investments generate income to help fund delivery of Council services, they can also act as a catalyst for regeneration, helping to bring forward key development sites and lever in additional public and private sector investment. This is reflected in the purchases to date.
- 3.3 After borrowing costs, the 2017/18 expected net initial return (after borrowing costs) from investments made to date is £543,000. This is set against a current revenue target of £420,000, indicating the potential for above target growth of 29% in the current financial year.
- 3.4 There is clearly potential to further increase the returns available to the Councils through continued judicious investment in commercial property acquisitions. Therefore, given the opportunity this provides to help deliver a balanced budget in 2018/19 and beyond, it is recommended that the Councils each contribute a further £15m to the Strategic Property Fund from 2017/18.

¹ JSC 13th September 2016, Item 6, para 6.2

4.0 Legal

- 4.1 Part 1 of the Local Government Act 2003 sets out the framework for capital finance and expenditure and the Local Government (Capital Finance and Accounting) (England) Regulations 2003 include more detailed requirements.
- 4.2 Section 111 of the Local Government Act 1972 allows the Councils to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.
- 4.3 Section 1 Localism Act 2011 provides for the general power of competence and empowers Local Authorities to do anything which generally individuals may do, in the UK or otherwise, for a commercial purpose or otherwise and for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.
- 4.4 Paragraph 3.14.3 of the Councils' Scheme of Officer Delegations give authority to the Head of Place and Investment to acquire land in connection with the Council's functions, in consultation with the Leader and Executive Member for Resources and the Chief Financial Officer.

5.0 Financial implications

- 5.1 The budget strategy approved last year recommended the investment in good quality commercial property to produce additional income for the Councils for the future. This was part of a combined strategy to ensure that the Council would meet the financial challenges ahead with a mix of:

- Investment in commercial property;
- Generation of additional income from commercial activities each year;
- Investment in a new digital strategy to generate business efficiencies;

With this in mind, the Councils released £10m capital funding per year per Council as part of 2017/20 Capital Strategy. The 2018/21 Capital Strategy elsewhere on the agenda recommends that this be increased to £25m per year.

- 5.2 The proposed budget strategy elsewhere on the agenda demonstrates the value of the continued investment in commercial property. It is expected that overall the income generated via the developing portfolio will contribute a significant percentage of the savings required over the next 5 years:

	2018/19	2019/20	2020/21	2021/22	2022/23
Overall budget shortfall	£'000	£'000	£'000	£'000	£'000
Adur	1,486	1,848	3,120	3,357	3,824
Worthing	1,485	2,301	3,957	4,463	5,303
Total cumulative savings	2,971	4,149	7,077	7,820	9,126

required

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Expected income from the investment in commercial property	963	1,372	1,886	2,245	2,655
Investment income as a percentage of savings targets	32.41%	33.07%	26.65%	28.71%	29.09%

5.3 Whilst the income from the commercial property investment makes a valuable contribution to the budget shortfall, the risks associated with holding property need to be managed. Consequently it is recommended that an element of income is held back from the anticipated gains to create a 'voids provision' so that any loss of income associated with temporarily empty properties can be managed. This is detailed within the budget strategy report but it is suggested that voids provision be built up over the next few year as follows:

	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Adur	100	150	200	250
Worthing	100	150	200	250

5.4 Of the budgets released to date, only a proportion remains unspent as follows:

	Adur District Council		Worthing Borough Council	
	2016/17	2017/18	2016/17	2017/18
	£	£	£	£
Grafton site purchase*			1,500,000	
Agreed as part of the capital budget	2,000,000	10,000,000	2,000,000	10,000,000
Approved amendment in year**	3,000,000		3,000,000	
Carried forward from previous year		5,000,000		3,027,918
	5,000,000	15,000,000	6,500,000	13,027,918
Purchase made in year		-11,630,000	-3,472,082	-9,639,699
Budget remaining	5,000,000	3,370,000	3,027,918	3,388,219

* Agreed by Joint Strategic Committee on 3rd December 2015

** Agreed by Joint Strategic Committee on 13th July 2016

- 5.5 Releasing additional funding in 2017/18 will provide the Councils with the opportunity to purchase additional properties as they come on the market, generating an in-year saving and ensuring that the Council deliver on the commitments for the 2018/19 budget.
- 5.6 Members are reminded that the purchases will be funded from prudential borrowing and that each £1m borrowed will cost the Council £36,170 each year based on a 2% interest rate and a 40 year asset life.

6.0 Recommendations

- 6.1 It is recommended that:
- (a) the Joint Strategic Committee note the success of the Strategic Property Fund to date, and the above target income stream secured for 2017/18;
 - (b) the Joint Strategic Committee recommends to each Council to approve an additional allocation of £15m to the Strategic Property Investment Fund from 2017/18.

Local Government Act 1972

Background Papers:

JSC Report, Capital Strategy 2015-18, 7.7.15

JSC Report, Strategic Property Investment Fund - Investment Strategy, 2.2.16

JSC Report, 1st Capital Monitoring Report and Outline Forecast & Budget Strategy, 3.9.16

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Schedule of Other Matters

1.0 Council Priority

- 1.1 Contributes to Platforms for our Places, in particular Financial Economies and Services & Solutions

2.0 Specific Action Plans

- 2.1 Commitment 1.4 - Use the Councils' Strategy Property Investment Fund to deliver new revenue streams and support investment Projects
Commitment 1.6 - Investment in and delivery of Major Projects and key infrastructure
Commitment 4.3 - Continue to develop financial strategy to ensure that the Councils are self-funding by 2020, through investment, income generation and efficiency initiatives

3.0 Sustainability Issues

- 3.1 Matter considered and no issues identified

4.0 Equality Issues

- 4.1 Matter considered and no issues identified

5.0 Community Safety Issues (Section 17)

- 5.1 Matter considered and no issues identified

6.0 Human Rights Issues

- 6.1 Matter considered and no issues identified.

7.0 Reputation

- 7.1 Potential to enhance the Councils' reputation by demonstrating proactive approach to managing financial risk and minimising potential negative impact on public services.

8.0 Consultations

- 8.1 Consultation has taken place with senior Members and Officers

9.0 Risk Assessment

- 9.1 Each acquisition is subject to rigorous financial appraisal and due diligence processes in line with the agreed principles and criteria for the Investment Strategy.
- 9.2 To help manage and spread risk across all commercial property assets, an Asset Portfolio Manager is being appointed. This post will support the development of a

diversified portfolio and ensure a robust approach is taken to the acquisition, management and disposal of commercial assets; including the optimisation of returns and management of risk.

- 9.2 Wise investment in commercial property provides an additional revenue stream for the Councils to help mitigate the potential negative impacts arising from changes to Government funding for local authorities.

10.0 Health & Safety Issues

- 10.1 Matter considered and no issues identified

11.0 Procurement Strategy

- 11.1 Matter considered and no issues identified

12.0 Partnership Working

- 12.1 Matter considered and no issues identified



Developing New Affordable homes for Adur Residents - Additional contribution to Worthing Homes

Report by the Director for Communities

1.0 Summary

1.1 There is an acute need for new affordable housing in Adur District. Adur District Council has Right to Buy (RTB) capital receipts that can be used to support the development of new affordable housing. This report recommends the Council uses a further £379,602 of these receipts to support the development of new homes on the Southlands hospital site in partnership with Worthing Homes. The Council would have 100% nomination rights for Adur residents for these properties.

2.0 Background

2.1 Prior to 2012/13, the Council was only entitled to retain 25% of any receipt from a Right to Buy sale of a Council dwelling, the remainder of the receipts were paid to DCLG. However, following the changes to the Housing Subsidy regime, a new protocol was introduced whereby the Council could retain a far higher proportion of receipts provided that these additional receipts are used to fund affordable housing. DCLG rules stipulate that these RTB receipts must be spent on the reprovision of affordable housing. The receipts must contribute to no more than 30% of the overall cost of the housing. If the receipts are not spent within a three year time frame then the money must be returned to DCLG with interest.

2.2 The Council has RTB receipts which need to be committed in 2017 comprising £46,583 of receipts which have to be committed by the end of September 2017 and £333,019 by the end of December 2017 making a total of £379,602. If these receipts are not committed by the due date they will have to be returned to DCLG.

2.3 The Council has approached a local Registered Provider (Worthing Homes) to discuss the options. Given that 70% of the total cost of any development using these receipts, must be met by a source other than the Right to Buy receipts it is important that any partner used to deliver the new homes has the ability to secure any additional funding needed to make the new homes viable.

- 2.1 Worthing Homes are part of the new development at Southlands Hospital in Shoreham. There are a small number of three and four bedroom houses which are currently identified for shared ownership however there is little if any demand for larger family houses for shared ownership from those in existing Adur Homes properties, those who are homeless or in housing need on the Housing Register.
- 2.5 The RTB receipts referred to above together with the RTB receipts of £372,828 previously agreed by the Leader in June 2017 will be provided to Worthing Homes as a grant. The Council's funding means that a total of at least five of these properties can be converted into much needed rented homes. The proposal In total, using all the receipts, is to provide a minimum of two, four bedroom rented homes and three, three bedroom rented homes.
- 2.6 It has been agreed with Worthing Homes that 100% nomination rights to these properties will be for Adur residents in exchange for the Council's support using RTB receipts.
- 2.7 Under the RTB agreement, the Council can only fund up to 30% of any development. These are large family homes, Worthing homes will also contribute capital funding and the remainder will be covered via the rental income. If agreed, this scheme represents an effective use of the receipts for the Council.

3.0 Proposals

- 3.1 Adur Council agrees to commit £379,602 of RTB receipts (£46,583 plus £333,019) to Worthing Homes for the development of further affordable, rented, family homes in Shoreham.
- 3.2 In return Adur Council receives 100% nomination rights to the new homes for residents of Adur.

4.0 Legal

- 4.1 The Council has an agreement with the Secretary of State for Communities and Local Government under section 11(6) of the Local Government Act 2003. This agreement enables the Council to retain previously pooled Right To Buy receipts provided that these receipts are used to fund social housing. The Council can only fund up to 30% of any proposed development costs using the retained receipts.
- 4.2 A deed of variation to the section 106 agreement for the development will be required to reflect the change from shared ownership provision on the site to additional affordable rented homes. Approval will be sought from Adur Council to achieve this. A funding agreement will also be required to secure the nomination rights.

5.0 Financial implications

5.1 As at 31st March 2017, the Council held set aside capital receipts for replacement affordable housing of £1,507,000. The Council has a three year window in which to use these receipts to fund the delivery of additional affordable homes. Under the terms of our agreement with DCLG, at the end of each quarter receipts not used have to be returned to government with interest.

5.2 For 2017/18 the amount of receipts which could potentially be returned to government are:

	1-for-1 replacement receipts £
Q1	372,828
Q2	46,583
Q3	333,019
Q4	70,075
	<hr/>
	822,505
	<hr/>

5.3 To ensure that these are used for the benefit for Adur Residents, an allocation of £372,828 towards family accommodation has already been approved. The first £250,000 was allocated from the existing affordable housing budget by the Executive Member for Customer Service on 13th March 2017 with a further £122,828 funded by retained capital receipts being approved by the Leaders on 16th June 2017.

5.4 This additional contribution will increase the total grant to Worthing Homes to £752,430 and will ensure that all of the receipts generated up to 30th December will be used to the benefit of Adur residents rather than being returned to DCLG.

5.5 It is expected that the residual amount of £70,075 will be used to fund developments with the Housing Revenue Account

6.0 Recommendation

6.1 That JSC recommends to Adur District Council the further release of £379,602 of the retained RTB receipts to enable grant funding to Worthing Homes for the provision of further family homes as set out above and amends the current 'Affordable Housing Grant - Worthing Homes' capital budget to £753,430.

Local Government Act 1972

Background Papers:

Report to the Executive Member of Customer Services dated 3rd March 2017 - Developing New Affordable Homes for Adur Residents

Report of the Leaders dated 16th June 2017 - Developing New Affordable Homes for Adur Residents

DCLG Funding Agreement

Reinvigorating Right to Buy and One for One Replacement - guidance from DCLG

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Schedule of Other Matters

[To be completed on all reports. If no issues are identified under a heading then it should read "Matter considered and no issues identified."]

1.0 Council Priority

1.1 [Set out which of the Council's priorities the proposal meets and how.]

2.0 Specific Action Plans

2.1 (A) [Set out the specific outcomes from the Corporate Plan the proposal is aimed at achieving and how]
(B) [Set out any specific government target the proposal is aimed to achieve]

3.0 Sustainability Issues

3.1 [Details of any sustainability issues, checklist to be completed and submitted to Community Wellbeing]

4.0 Equality Issues

4.1 [Details of any equality issues or how the proposal improves the current position]

5.0 Community Safety Issues (Section 17)

5.1 [Details of how the proposal helps reduce crime and disorder and to meet the Council's duty regards crime and disorder reduction targets]

6.0 Human Rights Issues

6.1 [Does the proposal impinge on anyone's human rights and if so how is it justified under the Human Rights Act? Human rights include:
Right to a fair trial, respect for family life, private life, home and correspondence, freedom of thought, expression, assembly and association and protection and quiet enjoyment of property and possessions. Also ask, is the action proportionate to the anticipated response or outcome?]

7.0 Reputation

7.1 [Is the proposal likely to have an impact on the reputation of the Council(s)]

8.0 Consultations

8.1 (A) [Details of relevant internal (staff UNISON etc) and external (including Stakeholder Groups; etc.) consultation]
(B) Include how have you used the feedback from the consultation in this proposal

9.0 Risk Assessment

9.1 [Details of risks of doing or not doing? Are there insurance or public liability issues? Is there a statutory duty on the Council to do what is proposed and what are the consequences of not doing it? Highlight if this report meets an element in the corporate business continuity plan]

10.0 Health & Safety Issues

10.1 [Details of any health and safety issues]

11.0 Procurement Strategy

11.1 [Confirm that the report complies with the Procurement Strategy or explain why the Strategy had not been complied with. Include how your recommendation meets the strategy making reference to Best Value principles if necessary]

12.0 Partnership Working

12.1 [Detail any partnership working the report/proposal seeks to promote]



Enhancing our Recreational Facilities: Refurbishment of Homefield Park Tennis Courts

Report by the Director for Communities

1.0 Summary

- 1.1 The purpose of this report is to ask the Joint Strategic Committee to reallocate the remaining £200,000 capital funding included in the 2016/17 Capital Investment Programme for Homefield Park to now refurbish the existing 6 tennis courts at Homefield Park.
- 1.2 This is a change from the original planned scheme of converting 4 of the 6 tennis courts at the park into a Multi Use Games Area (MUGA), that the capital funding was originally allocated for.
- 1.3 It is also requested that JSC also approves allocating a further £50,000 of available 2017/18 capital underspend to the project as the cost to refurbish all 6 tennis courts has been estimated at £250,000, including professional fees.

2.0 Background

- 2.1 The 6 asphalt tennis courts at Homefield Park were installed in 1994, with the courts being colour coated and minor repairs being undertaken from 2007/10 at a rate of two courts per year.
- 2.2 The court's present condition has been assessed as substandard by both Engineers of the Technical Services section and independently recently by a Consultant commissioned by the Lawn Tennis Association (LTA). Since 2014, the courts due to their poor condition have been closed for public use.
- 2.3 In 2016, a bid was submitted and subsequently approved by JSC to Worthing Borough Council's 2016/17 capital funded programme for £205,000 including Technical Service fees to convert 4 of the 6 tennis courts at Homefield Park into a Multi Use Games Area (MUGA) facility with a 3G surface.

- 2.4 The proposal was that the day to day management of the MUGA facility would be carried out by the local junior football club Worthing Town FC, in partnership with the Council.
- 2.5 Since the initial discussions, the football club has confirmed that they were withdrawing from the project as their committee had changed key personnel and the Management Board wanted to concentrate their efforts on their existing location - Palatine Park.
- 2.6 The medium term proposal for the remaining two courts was to seek external funding opportunities to fund the tennis courts being upgraded and retained for tennis use.
- 2.7 Recent discussions with initially Sport England and subsequently in more detail with the LTA regarding the Worthing Borough Councils tennis facilities in general, has led to a review of the original proposal. The LTA has demonstrated using a data modelling exercise, that presently there is both current and latent demand in central and east Worthing within a radius of between 1km and 2.5km of the park. Consequently their view is, that if good quality courts were provided and well maintained, they would be well used.
- 2.8 Included in the cost estimate, is the installation of the Club Spark remote access booking management system, which is endorsed by the LTA. This will enable the Council to manage the court's use effectively, and also to generate an income stream which can be used to offset the ongoing maintenance costs, as well as being able to allocate some provision for local free community use in off-peak hours.
- 2.9 The LTA have also confirmed that they are also on the verge of announcing a new major funding initiative this summer for investment into tennis facilities nationwide that will require partnership funding. Officers have confirmed with the LTA that the allocation of capital funds to this project by the Council, could be defined as match/partnership funding if the Council decides to submit a bid to the LTA to improve other tennis court facilities it provides across the Borough.
- 2.10 It must also be noted that the LTA objected to Sport England over the change of use of these courts from an asphalt surface to a 3G surface, as a 3G surface is not a suitable surface for tennis play.

3.0 Proposals

- 3.1 It is proposed to carry out a full refurbishment of the tennis courts at Homefield Park, to LTA standards. If maintained correctly this will give the tennis court facility a life expectancy of 10 plus years.
- 3.2 It is proposed that the refurbishment also includes the installation of the LTA supported Club Spark booking remote access system, including access gate and technology to maximise the potential usage of the courts.

3.3 It is also proposed that the Executive Member for Environment (Worthing) and Head of Environment continue to engage with the Friends of Homefield Park, Ward Elected Members and the local community to provide a platform for increased community participation of the tennis courts.

4.0 Legal

4.1 Section 19 Local Government (Miscellaneous Provisions) Act 1976 allow the Council to provide recreational facilities as it thinks fit and that includes the power to provide buildings, facilities, equipment, supplies and assistance of any kind, either without charge or on such payment as the authority thinks fit.

4.2 Section 111 of the Local Government Act 1972 allows the Council to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.

5.0 Financial implications

5.1 The scheme has been estimated at £250,000, including professional fees.

5.2 It is proposed that this scheme is funded through the Capital Investment Programme, utilising £200,000, funded £144,000 from S106 receipts and the remainder from capital resources, previously allocated to another Homefield Park project, plus £50,000 available from 2016/17 Capital Investment Programme underspends carried forward to 2017/18.

6.0 Recommendation

6.1 The Joint Strategic Committee is requested to:

- i) Approve the refurbishment of the 6 tennis courts at Homefield Park, using funding from the 2016/17 Capital Investment Programme carried forward to 2017/18.
- ii) Amend the 2017/18 Capital Investment programme to include this revised scheme.

**Local Government Act 1972
Background Papers:**

None

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Schedule of Other Matters

1.0 Council Priority

- 1.1 This proposal supports the Council's on-going commitment to the health and wellbeing of its community and the development of our sports strategy, as outlined in Platform for our Places.

2.0 Specific Action Plans

- 2.1 Matter considered and no issues identified.

3.0 Sustainability Issues

- 3.1 Matter considered and no issues identified.

4.0 Equality Issues

- 4.1 The provision of tennis courts at Homefield Park will be open and accessible to all members of our community.

5.0 Community Safety Issues (Section 17)

- 5.1 Matter considered and no issues identified.

6.0 Human Rights Issues

- 6.1 Matter considered and no issues identified.

7.0 Reputation

- 7.1 The re-opening of the tennis courts will help to contribute to the Council providing a range of sporting activities in their neighbourhood.

8.0 Consultations

- 8.1 Discussions have taken place with the Lawn Tennis Association. The discussions have helped to shape this proposal.

- 8.2 It is proposed to hold further discussions with the Friends of Homefield Park and other interested stakeholders on how increased participation can be delivered.

9.0 Risk Assessment

- 9.1 If the courts are not refurbished, they will need to remain closed and unavailable for public use. There will also be the need to carry out any required on-going repairs to keep the facility secure and in a safe condition.

10.0 Health & Safety Issues

10.1 As 9 above.

11.0 Procurement Strategy

11.1 Matter considered and no issues identified.

12.0 Partnership Working

12.1 This report supports the relationship being developed between the Council(s) and the Lawn Tennis Association on tennis provision across both Councils.



Fulbeck Avenue Development Site

Report by the Director for the Economy

1.0 Summary

- 1.1 This report sets out a proposed approach to develop new homes on Worthing Borough Council owned land at Fulbeck Avenue, Northbrook for market sale and affordable housing.
- 1.2 The report requests the necessary authority and funding to prepare and submit an outline planning application for the proposed housing.

2.0 Background

- 2.1 The Worthing Housing Study published in June 2015 provides an assessment of the objectively assessed housing needs (OAN) in the Borough. Using demographic projections and population forecasting the study concluded that the full OAN for housing in Worthing in the Plan period up to 2033 is 12,720 dwellings which equates to 636 dwellings per annum. If it were possible to deliver in full, this would represent more than a 20% increase in the number of dwellings in the Borough within a 20 year period. Provision for housing needs in the Plan can be less than the OAN but this is only possible if the Council is able to provide evidence to show how the adverse effects would significantly outweigh the benefits.
- 2.2 In acknowledgement of these housing pressures, the Joint Strategic Committee agreed at its meeting on 4th of April 2017 to support the principle of development coming forward on the two edge of town sites that lie within the existing built up area in advance of the Local Plan. Land at Fulbeck Avenue is one of these sites.
- 2.3 The Council own the freehold of the Fulbeck Avenue site which occupies a prime development location in the western part of the town. The Council is continuously looking to identify opportunities to develop its own sites and assets to maximise revenue benefit and or/capital receipts. Initial analysis of the site indicates that it may be able to accommodate approximately 45 homes with associated public open space, parking and roadways (however this would be subject to a full site appraisal).2.4As such, bringing forward the site for a housing development would meet the Council's financial objectives and contribute towards bringing forward much needed new homes within the town.

3.0 Proposals & Next Steps

- 3.1 The proposed development project will have three phases.
- 3.2 Stage 1 comprises proof of viability. Comprehensive investigations will be undertaken into the viability of the development including 1) Valuation advice from residential agents 2) Quantity Surveying advice on the construction cost for the scheme and 3) Intrusive investigations into the ground conditions on the site. Results of these investigations will inform us as to whether our assumptions on the suitability of the site are robust.
- 3.3 Stage 2 - Based on the initial investigations the appointment of necessary consultants to prepare and support an outline planning application for a residential development of the site. This phase will culminate in the submission and determination of a planning application. The initial estimated costs for this phase of the project are set out in the Part 2 report of this agenda.
- 3.4 Stage 3 - Should the proposed development receive outline planning permission, then the Council would look to appoint suitable professionals to dispose of the site for best consideration.
- 3.5 The development risk for this site is considered small and outweighed by the additional capital receipt and/or revenue benefits anticipated.

4.0 Alternative Options

- 4.1 There are 2 options for the development of this site within the scope of this project.
- 4.2 Option 1 - The Council design a scheme to achieve full planning permission, secure fixed and tendered construction costs, and develop out the scheme itself. This is the most financially attractive development option creating a larger capital receipt but will have a significant capital costs. The Council would have to bear all of the planning and construction risks of the project. **This is not the recommended option.**
- 4.4 Option 2 - The Council secures outline planning permission. The site is marketed for disposal with the benefit of outline planning permission and site surveys. This option would create a lesser capital receipt for the Council but at a significantly reduced cost. The Council could at the end of the development purchase back the affordable units or work with a Registered Provider (RP) to deliver specific affordable housing that meets the greatest need. **This is the recommended option.**

5.0 Legal

- 5.1 The Council has general powers of competence under Section 1 Localism Act 2011 to undertake any activity which an individual with full capacity may undertake. This includes improving service provision and the quality of life in identified regeneration areas by developing the Council's own land.

- 5.2 However, the Council must show that its commercial activity would benefit its area and the residents, and that the profit generated by such an activity is only ancillary to the general benefit to the residents. If profit is the main driver, then a special purpose company must be created for that purpose.
- 5.3 The scheme in this case would clearly generate direct economic and social benefits to the Borough by providing additional housing for residents to buy (or rent) and creating local jobs. The profit the Council would generate is therefore ancillary, which means that the Council has the capacity to develop the land itself.
- 5.4 S123 of the Local Government Act 1972 requires Local Authorities to seek best consideration when disposing of land. The Council will demonstrate how it meets the requirements of S123 ensuring best value is achieved through a marketing process and detailed research into sales values and construction costs.

6.0 Financial implications

- 6.1 The cost of undertaking the feasibility work and initial planning application is estimated to be £167,000. It is proposed that this be funded from the Worthing Borough Council Affordable Housing capital budget which currently has an unallocated balance of £568,900 as the intention will be to facilitate the delivery of increased Affordable Housing for the benefit of Worthing residents..

7.0 Recommendations

- 7.1 The Joint Strategic Committee is asked to recommend to Worthing Borough Council that a budget virement of £167,000 be approved as set out in paragraph 6.1.
- 7.2 The Joint Strategic Committee approves that:
- (i) The Head of Planning and Development, in consultation with the Leader of Worthing Borough Council (with responsibility for Property and Asset Management), be authorised to make the necessary professional consultancy appointments (in accordance with procurement regulations and contract standing orders) to prepare and complete a residential development project, comprising approximately 45 residential units and all costs associated with the project not exceeding the budget set out in the exempt information at Part 2 of this Agenda;
 - (ii) The Head of Planning and Development, in consultation with the Worthing Borough Council Leader (with responsibility for Property and Asset Management), be authorised to make an outline planning application for housing on the site and to enter into any required planning obligations pursuant to any planning permission granted;
 - (iii) Following a suitable marketing exercise, the Head of Planning and Development, in consultation with the Leader of Worthing Borough Council (with responsibility for Property and Asset Management), be authorised to agree the sale and transfer terms of the development site.

- (vi) Worthing Borough Council to make an allocation in the Capital Programme to fund this development project based upon the costs set out in in the exempt information at Part 2 of this Agenda.

Local Government Act 1972

Background Papers:

- Joint Strategic Committee 4 April 2017 Agenda Item 7 “Worthing Local Plan - Update and Proposed Spatial Strategy”
- Worthing Borough Council - Strategic Housing Land Availability Assessment (SHLAA) Update, December 2016

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Schedule of Other Matters

1.0 Council Priority

- 1.1 Commitment 1.4- Use the Council's land and buildings to support our financial and social economies
- 1.2 Commitment - 1.7.2 W Prepare a new Worthing Local Plan, setting out the key locations for growth and development

2.0 Specific Action Plans

- 2.1 Matter considered – no specific issues identified.

3.0 Sustainability Issues

- 3.1 Matter considered – no specific issues identified. The proposed development will have to meet all national and local planning policy and building regulations regarding sustainability.

4.0 Equality Issues

- 4.1 Matter considered – no specific issues identified.

5.0 Community Safety Issues (Section 17)

- 5.1 Community safety will be considered as part of the Design and Access Statement to support the proposal and Sussex Police will be consulted through the application process.

6.0 Human Rights Issues

- 6.1 Matter considered – no specific issues identified.

7.0 Reputation

- 7.1 The development of new good quality housing will meet the spatial needs of the borough and will have a positive impact on the reputation of the Council.

8.0 Consultations

- 8.1 Development management colleagues have been consulted on the proposals informally. Significant public consultation took place to support the preparation of the Worthing Local Plan which was in favour of bringing this site forward for housing.

(B) The Head of Legal Services and Monitoring Officer, and Chief Finance Officer have been consulted on the contents of this report.

9.0 Risk Assessment

- 9.1 The development risk for achieving an outline consent and then disposing of the site is considered small and outweighed by the additional capital receipt anticipated.

10.0 Health & Safety Issues

- 10.1 Matter considered and no issues identified.

11.0 Procurement Strategy

- 11.1 No immediate issues as a result of this report. The project will involve a number of professional appointments which will need to comply with the Council's procurement standing orders.

12.0 Partnership Working

- 12.1 The Government's Duty to Co-operate places a requirement on Local Planning Authorities to work with neighbouring authorities to address strategic issues. Work to address this need is on-going and will continue as the Plan is advanced. The proposed development will contribute to this Partnership Working by demonstrating that the Council is doing everything it can to bring forward development in Worthing.