



# ADUR & WORTHING COUNCILS

2 July 2018

## Joint Strategic Committee

**Date:** 10 July 2018

**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), Edward Crouch, Heather Mercer, Elizabeth Sparkes 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 5 June 2018, 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. Platforms for our Places : 6 month Progress Report (January to June 2018)**

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

**6. Mid Term Review and Refresh of *Platforms for our Places* Commitments**

To consider a report from the Chief Executive, a copy is attached as item 6.

**7. Financial Performance 2017/18**

**(A) Capital and Projects Outturn**

To consider a report from the Director for Digital & Resources, a copy is attached as item 7A.

**(B) Revenue Outturn**

To consider a report from the Director for Digital & Resources, a copy is attached as item 7B.

**8. Achieving Financial Sustainability - Budget Strategy for 2019/20 and beyond**

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

**9. Investing for the future - our Capital Strategy 2019/22**

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

**10. Commercial Property Investment Strategy**

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

**11. Building Adur & Worthing's Digital Future - Beyond Gigabit**

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

**12. Keeping the Communities of Adur & Worthing Safe**

To consider a report from the Director for Communities, a copy is attached as item 12.

**13. Delivery of new homes through the Housing Revenue Account**

To consider a report from the Director for Communities, a copy is attached as item 13.

**14. Supporting our Residents - Operational Management of Adur Homes**

To consider a report from the Director for Communities, a copy is attached as item 14.

**15. Use of s106 Funding to help provide a cover for the outdoor swimming pool at Globe School**

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

**16. Durrington Cemetery - Extending Capacity**

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

**17. Worthing Theatres & Museum Strategic Future Options**

To consider a report from the Director for the Economy, a copy is attached as item 17.

**Part B - Not for Publication – Exempt Information Reports**

None.

**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](http://www.adur-worthing.gov.uk)



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 5  
Worthing Council  
17 July 2018  
Adur Council  
19 July 2018

Key Decision No  
Ward(s) All

## Platforms for our Places : 6 month Progress Report (January to June 2018)

### Report by the Chief Executive

#### Executive Summary

##### 1. Purpose

- 1.1 This is the third 6 monthly report on the Implementation of *Platforms for our Places*, and (along with the 6 month Progress Report at Attachment A) provides Joint Strategic Committee with an update on progress made and challenges experienced during the period January to June 2018.
- 1.2 As the Committee will see, there continues to be good progress on a number of the commitments made by the Councils. Building on the previous 6 monthly update report, JSC will note a number of the commitments are now complete, many have progressed further with only one currently showing “red” (or stuck). A sister report on this JSC agenda takes this 18 month state of progress and refreshes the approach, making suggestions on a refined set of commitments for the next 18 months.
- 1.3 The report provides the opportunity for JSC to report to both Full Councils and Joint Overview & Scrutiny Committees on progress.

##### 2. Recommendations

- 2.1 Note the progress made and challenges experienced in the implementation of *Platforms for our Places* over the period January to June 2018.
- 2.2 Request a further update report in January 2019 detailing progress over the next 6 month period.
- 2.3 Agree to refer this report to Joint Overview & Scrutiny Committee for their consideration.

### 3. Context

- 3.1 In December 2016 Adur and Worthing Councils adopted *Platforms for our Places* as the Councils' direction of travel for the next three years. Joint Strategic Committee requested updating reports (on a six-monthly basis) on the progress being made on the commitments set out in the document.
- 3.2 *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. Our role as Councils (as well as providing great services and vital safety nets) is to create and maintain 5 essential platforms upon which our communities can build happy, healthy, prosperous and connected places.
- 3.3 *Platforms for our Places* identifies five platforms namely:
- 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
- with each platform underpinned by a series of commitments.
- 3.4 The January 2018 report to Joint Strategic Committee highlighted emerging issues from the first six months of implementation including:
- a) progress on major projects
  - b) improving our visitor and cultural economies
  - c) improving customer service
  - d) developing our organisation, and
  - e) working with partners
- 3.5 All previous 6-monthly update reports to Joint Strategic Committee have also been considered by Joint Overview and Scrutiny Committee (JOSC). JOSC has commented in the past that the analysis by platform was helpful and asked for a particular highlight on any "red" commitments.

- 3.6 For the purposes of tracking the commitments in Attachment A a ‘traffic light’ system has been adopted:

<b>Status Indicators</b>	<b>Status Definition</b>
Blue	Completed.
Green	In progress: on track and on time.
Amber	In progress : but delays anticipated or minor issues to be resolved (no apparent “show stoppers” identified)
Red	Significant difficulties in implementation.
Grey	Yet to start

#### **4. Issues for consideration**

4.1 The Progress Report ([Attachment A](#)), provides an overview of the main highlights, challenges and future focus in the development of the five platforms over the last 6 months. The progress report also provides an overview of the current status of Platform commitments. Overall, of the 143 commitments : 17 are completed, 74 “green”, 51 “amber” 1 “red” and 0 “grey”.

4.2 Whilst detailed platform highlights and challenges are drawn out in the attachment there is some particularly notable progress to update on over the last 6 months. The Committee will note progress on prominent commitments including:

##### **4.2.1 Platform 1 : Our Financial Economies**

- Demolition of Teville Gate car park and the substantive redevelopment of “Station Square”
- The acquisition of Union Place and the decision to enter a Land Pooling Agreement with London and Continental Railways to bring forward a viable development on the site.
- Commencing on-site in Ham Road, Shoreham of a new Adur District Council funded office block to secure a major local employer in the District over the long term.
- Agreement reached with West Sussex County Council on an outline business case for investment in Worthing Town Centre Public Realm

- Announcement of County-wide contract with City Fibre to bring Ultrafast dark fibre connectivity to Worthing, Shoreham and the wider County of West Sussex.

#### 4.2.2 *Platform 2 : Our Social Economies*

- Significant progress in seeking to meet the supply side demands of temporary and emergency accommodation.
- “Going Local” social prescribing project continuing to grow in scale and impact.
- Launching the discovery phase of “one good friend” project aimed at supporting young people’s mental health and emotional resilience.
- Adopting a new Public Health Strategy for Adur & Worthing “Start Well, Live Well, Age Well” to focus investment and interventions.

#### 4.2.3 *Platform 3 : Stewarding our Natural Resources*

- Restoration of Brooklands Lake, supported by a thriving “Friends of” group to help design a master plan for the future of the park.
- Installation of new electric vehicle charging points across Adur and Worthing
- Work on enhancing bathing water quality
- Successful trialling of waste minimisation and recycling awareness programmes in Findon Valley.

#### 4.2.4 *Platform 4 : Services and Solutions*

- Housing Repairs App in Adur Homes launched, transforming service delivery and improving outcomes.
- Establishing and mainstreaming the use of service design approaches in work in Revenues and Benefits, Customer Services.
- Digital self service work progressing well in a variety of strands of waste services
- Good progress on delivering against at £750,000 per annum saving from procurement and contract management.
- Recognition of our digital agenda in the Municipal Journal Awards 2018.



#### 4.2.5 *Platform 5 : Leadership of our Places*

- Running of comprehensive set of elections in May 2018, induction programme and development for all new councillors underway.
- Taking our Systems Leadership and Service Design capacity into work across public service agencies, including in the areas of preventing homelessness and young people thriving.
- Adur and Worthing Councils are regarded as valued and influential partners by West Sussex County Council, Greater Brighton, our local NHS and public health bodies and a range of businesses and community and voluntary sector leaders and organisations.

#### 4.3 Hitting the half-way point

At the end of June 2018 we reached the 18 month period in the 3 year *Platforms for our Places* programme. Overall your officers assessment is that good progress is being made and the platforms approach (and the commitments referred to) have provided a helpful focus for work, investment and partnership activity. As will be seen from the attachment a number of commitments are now completed and a number of others are so far progressed that it is reasonable to expect their completion in the next 6 month period. It was always intended that *Platforms for our Places* would be a dynamic document (not one set in stone that was unable to adapt or change to new needs or opportunities over the 3 year period). Over the last few months analysis has been undertaken of what, if any, changes are required to the existing commitments, and what new commitments can helpfully be added (replacing those that have now been completed). A sister paper on this agenda sets out for Committee a series of proposals to refresh the commitments in *Platforms for our Places*.

#### 4.4 At Risk Commitments

In response to Joint Overview & Scrutiny's specific requests that Joint Strategic Committee should note any "red" commitments, there is only one such commitment as at June 2018 (a reduction from 7 in the report considered by JSC in July 2017).

4.5 The "red" commitment relates to the development of the Stagecoach site in Worthing (1.6.15). Over the last 6 months discussions with key land owning stakeholders have progressed helpfully if slowly. That being said it still appears that insufficient progress towards completion has been made to record this as anything other than a "red".

## 5. Engagement and Communication

- 5.1 As outlined in the Progress Report, engagement with our communities and partners is critical to realise our objectives and deliver the individual commitments outlined in *Platforms for our Places*. It remains an important area of focus for Officers as we move into the second half of the *Platforms for our Places* programme.

## 6. Financial Implications

- 6.1 There are no unbudgeted financial implications to this report. Specific commitments that have capital or revenue consequences are individually assessed as part of the decision making process. The setting of a draft budget for both Councils for 2018/19 was undertaken with the *Platforms for our Places* commitments in mind and, as will be seen from other reports on this JSC agenda, are consistent with the revenue budget and capital strategies.

## Legal Implications

- 7.1 There are no specific legal implications relevant to this report. The legal implications relevant to any individual commitment are reported in the usual decision making process.

## Background Papers

- ["Platforms for our Places" unlocking the power of people, communities and our local geographies](#) - adopted by Adur District Council - 15 December 2016; adopted by Worthing Borough Council - 20 December 2016
- [Delivering Platforms for our Places: Mid-Year Report 2017](#) and [Appendix](#) - Joint Strategic Report - 11 July 2017 (Item 5)
- [Delivering Platforms for our Places: Progress Report June - December 2017](#) - Joint Strategic Committee (Item 5) - 9th January 2018

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## **Sustainability & Risk Assessment**

### **1. Economic**

1.1 Developing our financial economies is one of five platforms for development in *Platforms for our Places*. The Progress Report ([Attachment A](#)) provides an overview and highlights on how the Councils are working to develop this platform.

### **2. Social**

#### **2.1 Social Value**

2.1.1 Developing our social economies is one of five platforms for development in *Platforms for our Places*. The Progress Report ([Attachment A](#)) provides an overview and highlights on how the Councils are working to develop this platform.

2.1.2 A particular focus of *Platforms for our Places* is how to build capacity within our communities and community partners to enable them to shape and lead our places, while at the same time ensure the Councils provide a robust 'safety net' for vulnerable members of our communities.

#### **2.2 Equality Issues**

2.2.1 *Platforms for our Places* objectives including building the capacity of our communities and engaging with them to find solutions that ensure our services (and interventions) are designed to meet specific needs.

#### **2.3 Community Safety Issues (Section 17)**

2.3.1 There are specific commitments in *Platforms for our Places* which relate to promote our communities as safe places. Delivery of these commitments are in progress.

#### **2.4 Human Rights Issues**

2.4.1 Through the implementation of *Platforms for our Places* the Councils are seeking solutions with our partners to enable our residents, communities and places to thrive.

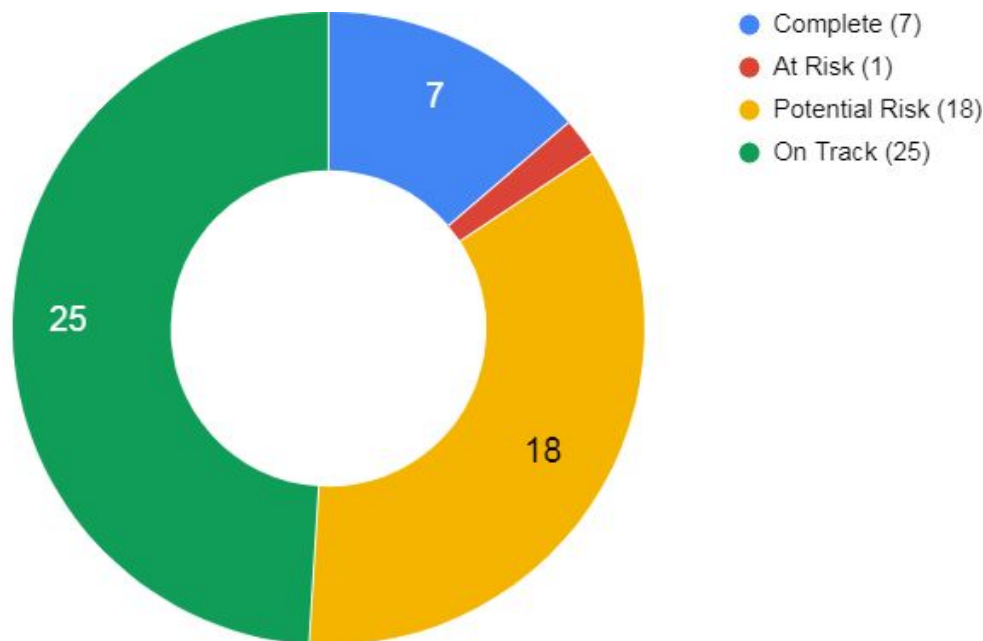
### **3. Environmental**

- 3.1 Developing the Councils and communities role in stewarding our natural resources is one of five platforms for development in *Platforms for our Places*. The Progress Report ([Attachment A](#)) provides an overview and highlights on how the Councils are working to develop this platform.

### **4. Governance**

- 4.1 This report provides Joint Strategic Committee an overview of the progress being made to implement *Platforms for our Places*, the Councils' three-year plan to enable our places to thrive.
- 4.2 The presentation of this report and proposed recommendations to refer it to Joint Overview and Scrutiny Committee ensure that officers are accountable in delivering elected member's ambitions for our places.
- 4.3 Working with local and sub-regional partners is a critical element in delivering *Platforms for our Places*. It will remain an important area of focus for Officers

## Commitment Tracker



## Overview : last 6 months

The Councils are making significant contributions to drive the development of our financial economies. We have met significant milestones on main development sites across Adur and Worthing, including the commencement of the office block on the old Adur Civic Car Park site, the demolishing of the Teville Gate Car Park and the announcement of a partnership to develop Union Place. The development of our

place will be a key focus going forward with planning applications expected on major development proposals, pursuing the development of Colonnade House and the Worthing Museum, and looking how we can leverage development opportunities for the benefit for the whole of the community.

## Platform Highlights : last 6 months

- Significant Movement on Major Sites:** Having secured an important agreement with the freeholder, work has begun and then very quickly accelerated on the demolition of the Teville Gate building in Worthing; commencement on site of the development of the new office premises at Adur Civic Centre Car Park; and purchased Union Place development site from developers using LEP grant funding.
- Major Applications Approved:** There has been a significant increase in planning applications for Adur and Worthing and major development proposals.
  - In Adur, 540 dwellings at Free Wharf, Shoreham Harbour and 14 new industrial units at Ladybee Marina.
  - In Worthing the conversion/new build of 16 apartments at The Kingsway Hotel, 75 bed care home at The Priory in Tarring, temporary accommodation at 22 Lyndhurst Road (a partnership scheme between Roffey Homes, Worthing Churches and the Council) and 14 affordable apartments for Worthing Homes at Church House, Tarring.
- Gigabit Network Construction:** A contract was awarded to Cityfibre in May 2018 for the construction of full fibre networks in 9 West Sussex towns, which Adur & Worthing initiated and led. Construction of the networks in Worthing, Lancing and Shoreham is expected to commence in September 2018 and be completed in March 2019. This will connect county and district

buildings in phase 1 at ultrafast speeds. A national business voucher scheme and a further opportunity to bid for funds for schools and CCTV, will see the network expanding over the next 3 years, including we anticipate to homes and businesses on commercial terms.

4. **A vibrant cultural offer:** Over the 6 month period Worthing Theatres have had 11 Sold Out Shows, and our current ticket sales for pantomime 2018/19 Aladdin has increased 17%, representing a 26% increase in income from last year. Adur District Council has provided support to the Shoreham Wordfest, and the Adur Coastal Community Team (CCT) and cultural economy plan, continues to operate, bringing together a range of business partners and community representatives
5. **Improving Worthing Town Centre:** work on Worthing Town Centre public realm has accelerated with the Outline Business Case approved, through WSCC, which enables design fees to be released. The agreed preferences for initial design and development are Portland Road and South Street (north/south); design work will begin in June '18 for the first phase.
6. **Adur Markets:** Adur markets are operating successfully and continual improvements to the programme has seen income further increase. Lancing Market was relaunched (on North Road) and additional Communication support has provided greater exposure.

## Challenges

1. **Further Changes to the Planning System:** The consultation on changes to the National Planning Policy Framework highlights some significant changes in planning policy. These suggested changes will require careful monitoring and review to determine how (if at all) they may impact on Local Planning Authorities' powers.

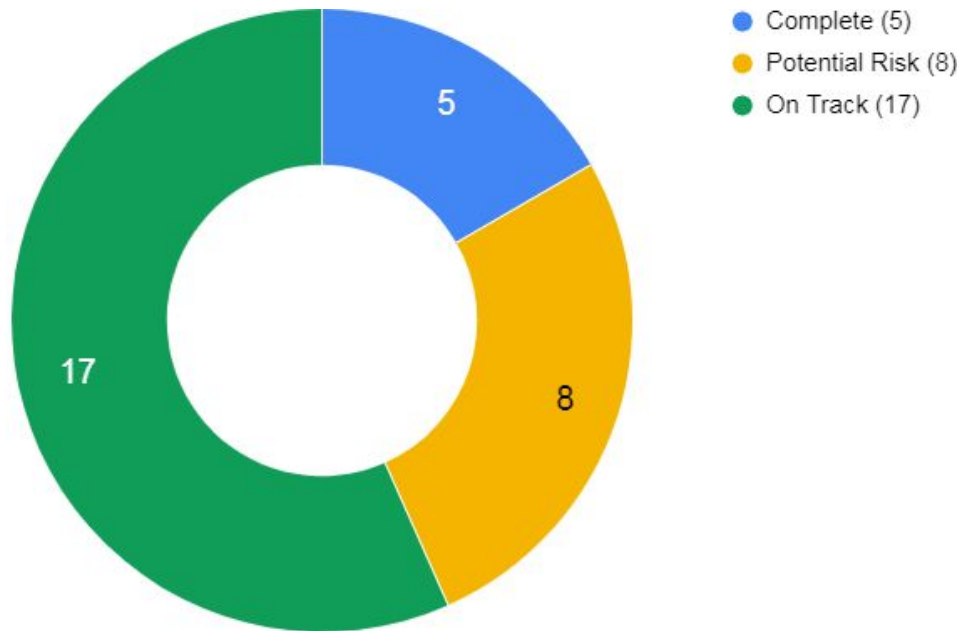
## Future Focuses

1. **Worthing Local Plan:** The work continues on the Worthing Local Plan and key evidence studies have been completed in relation to Transport, Green Space Designation and landscape assessments. These studies will provide the foundation for the next round of public consultation in the Autumn. The Council needs to resolve what level of housing and employment the Borough can deliver balancing future housing and employment needs with the environment and ensuring appropriate infrastructure is in place.
2. **Community Infrastructure Levy (CIL):** Ensure that CIL Governance arrangements are in place and work progresses on the Infrastructure Business Plan (IBP) which needs to be in place to prioritise future CIL spend.
3. **Development Management:** The focus will be determining key strategic planning applications for development at New Monks Farm, Shoreham Airport, West Sompting and Teville Gate.
4. **Development of Worthing Museum:** We have completed the large scale HLF funding bid and are now focused on an ACE bid to work on a project with Greater Brighton MET students alongside the establishment of the Costume Research Centre. This work will make the museum collection nationally significant, offering an innovative approach for access to the collections and working practices of regional museums.
5. **Development of Colonnade House:** Colonnade House continues to grow with gallery space booked up until March 2019, 90% occupancy and the delivery of highly successful projects, such as Scratchpad and Films on the Gallery Wall. Work is ongoing with the Adur & Worthing Trust to explore opportunities to extend the space as a creative digital hub, sufficient to create the economies of scale needed for the project to become totally self-funding. ERDF funding is being explored to support that transition.

- 6. Development of Public WiFi:** As part of the gigabit project, options are being developed for a public wifi scheme that would create free to access ultrafast “digital zones” in our town centres, supporting businesses, freelancers, retailers, residents and visitors.

The “red” Commitment relates to Commitment 1.6.15 (Stagecoach Site, Worthing) the potential remains for a mixed use development on the seafront site currently used as a bus cleaning depot by Stagecoach. Progress has not been as rapid as hoped due to the difficulty in finding a viable alternative site for the essential operations of the company. Dialogue with Stagecoach remains positive and viability of one alternative site in particular is being explored in detail.

## Commitment Tracker



### Overview : last 6 months

Supporting Communities to be resilient, supporting our system partners in health and the voluntary sector to work more closely, and planning for changes in legislation and policy have all been key areas of focus. In April the Homelessness Reduction Act was implemented and our focus on building resilience has been on prevention, whether this be preventing homelessness, ill health or enabling our communities to be able to deal with the challenges of a changing and digital world. Our Housing Solutions

teams are leading phase 2 of the multi-agency Homelessness Prevention Project, with early wins in upskilling partner colleagues, creating data sharing avenues and identifying sources of information that will help us to better support our communities. In addition to this, a new service has been commissioned to support “Going Local” (social prescribing) clients with housing and debt management needs.

### Platform Highlights : last 6 months

1. **Homelessness** - In April 2018 in Worthing Churches Homelessness Project opened a 38 bed supported accommodation facility with significant financial support from both Councils enabling us to better support the vulnerable homeless.
2. **Temporary and Emergency Accommodation:** We have secured an additional 44 self-contained properties and 6 single rooms for emergency accommodation; are progressing 14 self-contained properties and a further 5 rooms and have secured 5 properties for longer term temporary accommodation and are in the process of securing 3 more.
3. **Wellbeing and Prevention** - In March 2018 the Councils’ adopted a new *Public Health Strategy - Start Well, Live Well, Age Well*.
4. We launched the discovery phase of ‘*OneGoodFriend*’ a project aimed at supporting our Young People with mental health issues, in partnership with Worthing High School, WSCC and CGL - we will be pulling together the outputs of this phase in July 2018
5. During this period “*Going Local*,” our Social Prescribing project, has supported 197 clients and for those and made 356 referrals onto other services, supported by our digital app.
6. **Welfare Reform** a short film has been produced by the Wellbeing Team to increase awareness of the roll out of Universal Credit in July. [A&W UC Video](#)



7. **Supporting residents in their homes** - We are working in partnership with Local Authorities across West Sussex to help people stay independent and safe in their homes, and trialling new approaches to make it easier for residents to get adaptations to their homes more quickly
8. **Adur Homes Housing Repairs:** We are improving the repairs and maintenance service for our tenants, recruited a tenant engagement officer and are robustly managing our contracts with our suppliers. In the year up to April 2018, urgent repairs were at 96.9%, emergency repairs were at 97.8% and routine repairs were at 100%. In June 2018, will be launching an online application for tenants and leaseholders to report and book their own repairs.
9. **Former Housing Debt** - since investing in a new post to chase former arrears excellent progress has been made, In April 2018 we exceeded our target collecting £10, 400 of former housing debt against a target of £5, 800
10. **Engaging Our Communities:** Wellbeing and Community Safety team members together with organisations as diverse as our churches and the fire service, led multi-agency Resident Involvement Zones in two of the Communities and Wellbeing priority areas (Heene/Central and Churchill wards) to gain a better understanding of those communities' needs and aspirations.
11. The **Growing Communities Project** - delivered in partnership with Conservation Volunteers, has successfully completed the 1st year of a 3 year Big Lottery Funded project to engage communities in using outside spaces focussed specifically on Eastbrook and Northbrook wards.

## Challenges

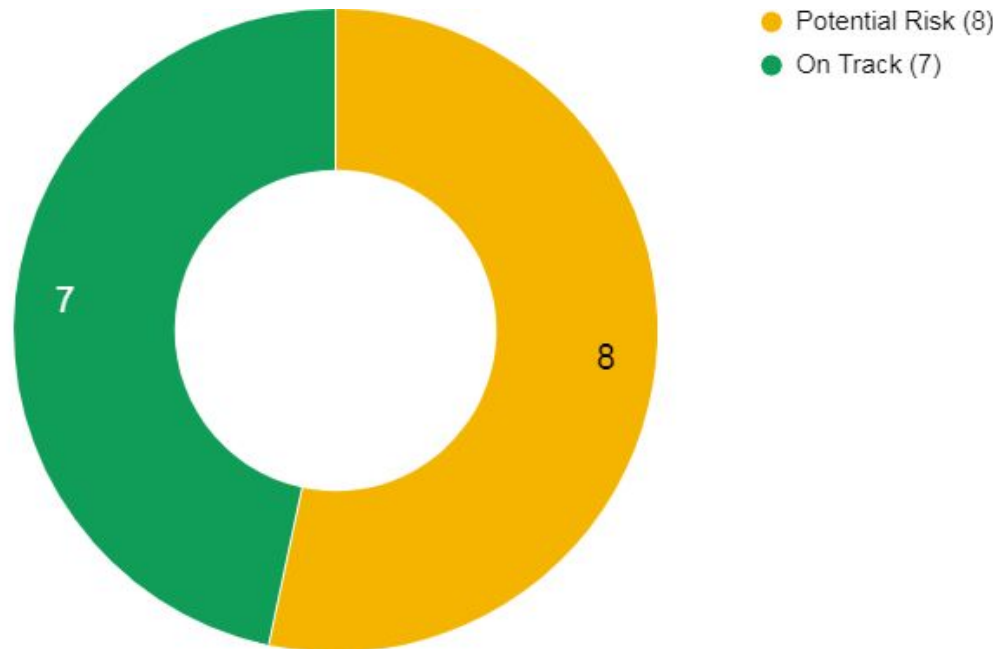
1. The implementation of the **Homelessness Reduction Act** will continue to be a focus as the full impact of the changes is likely to be incremental. At the same time the team are implementing a new IT package that will provide the end to end service that we and our communities will benefit from.
2. **Adur Homes Rent Arrears:** We need to continue to improve our rent arrears collection as this income is vital to us being able to deliver our services. The continuing downward pressure on rent levels through the annual 1% rent reduction is having a major impact on our budget for our services.
3. **Funding for externally funded posts:** Several posts in the Communities and Wellbeing are reliant on external funding which is reducing/coming to an end. Officers are researching alternative funding sources to ensure that services can be continued. Within this period the team have managed to gain new external funding to extend Going Local (our Social Prescribing project) for a further 2 years and a contribution towards the East Worthing Grub Club.

## Future Focus

1. **Commemorating World War I** - Services across the Councils are working to support and develop specific commemorations to mark the end of the first World War.
2. Developing approaches to encouraging **Social Innovation** through the Piloting of an Community Innovation Network
3. Supporting our **Local Community Networks** to grow and deliver the first phase of the Young People and Mental Health project - *OneGoodFriend*
4. Developing a project that explores ways of reducing **Loneliness and Social Isolation** across the ages

5. Supporting and developing our multi-agency approach to **Preventing Homelessness**
6. Taking forward our development plans to build **new Council homes for Adur**
7. Implementing our new self service model for reporting and monitoring progress for **Housing Repairs in Adur Homes**
8. **Bereavement Services** - securing the safety and future of many of our treasured memorials, and starting a range of capital works at Worthing Crematorium to support communities that use it.

## Commitment Tracker



### Overview : last 6 months

The Councils are continuing to invest in our natural assets for the benefits of our communities into the future. We have seen a major restoration of Brooklands Lake supported by a thriving “Friends of” group, and are now looking closely at the broader development of the park.

The councils are active in working to improve cycling and walking and have installed 8 new electric vehicle charging points in 2018.

We are starting work on revitalising and reconnecting the community and visitors with Highdown Gardens to enhance their experience of this nationally significant collection. In our parks we are ‘letting the wild flowers grow’ as we work with the community to sow and promote the role wildflowers play in Adur and Worthing’s biodiversity. We have also see our community increasingly aware the role of waste and recycling through our education efforts and an increase in requests to support beach clean ups.

We are also developing a raft of internal initiatives, from reducing single use plastics, reducing energy consumption and developing a staff travel plan and supporting infrastructure.

### Platform Highlights : last 6 months

1. **Brooklands Park:** The restoration of the lake is now complete, supported by a thriving Friends of Group. We have held a series of well attended public meetings to keep the community informed, and are progressing a masterplan for the future development of the park.
2. **Investment in our Natural Heritage:** Secured a HLF development phase project grant of £96,500 (in addition to £30,000 section 106 capital funding) towards the development of a £1m project to secure a sustainable future for Highdown Gardens and improve infrastructure and visitor service facilities of the gardens.
3. **Electric Vehicle Charging Points:** In early 2018, we installed 8 new electric vehicle charging points across Adur & Worthing and have recently submitted a bid to Highways England for two rapid charging points (Splashpoint and Lancing Leisure Centre).

4. **“Where the wildflowers grow”:** Building on our annual wildflower seed drift programme, this year we have planted over 7000m<sup>2</sup> across 29 sites across Adur and Worthing. We have offered opportunities for community seed sowings at 10 of these sites, and developed an interactive website highlighting locations and importance of wildflowers.
5. **Community Awareness on Waste:** A waste minimisation and recycling awareness project has been completed in Findon Valley. The results gained are being used to influence service delivery and to help shape further educational projects. We are also working with Sompting Big Local to deliver a local project aimed at increasing recycling and waste minimisation.

With the TV series Blue Planet 2 raising the awareness of the effect of plastics in our oceans there was a significant increase in the local community requesting to borrow equipment to facilitate community beach cleans in their local area. We have invested in extra equipment to meet this increased demand.

6. **Air Quality Monitoring:** Adur’s Air Quality Monitoring Station has been installed and is now measuring levels of Nitrogen Dioxide in Shoreham High Street with results available on the Sussex Air website. Officers have also contributed to the West Sussex Air Quality Plan.
7. **Bathing Enhancement Project:** Worthing Council is leading the multi-agency project to improve the water quality on Worthing Beach and were again awarded a Seaside Award for Worthing beach in 2018.

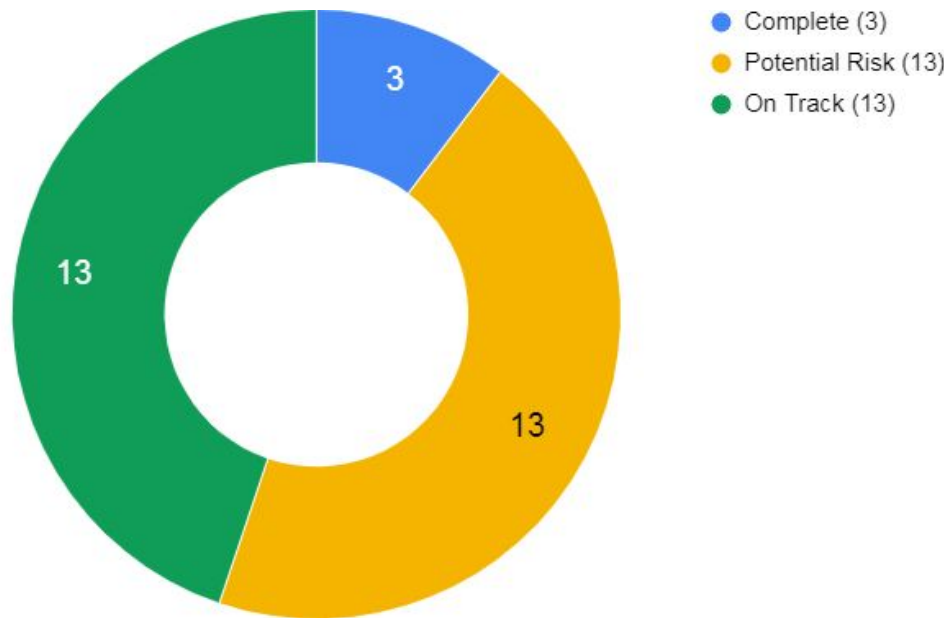
## Challenges

1. **Improving Recycling Rates:** We have a national target by 2020 to achieve a 50% recycling rate. Despite all efforts our current rate is around 37%. The message this year is waste minimisation using a range of tools, such as Social Media and direct contact with residents.
2. **Solar Panels:** Progress was stalled with the demise of Carillion, and although the councils were not exposed to that risk, it created a hiatus while we sought an alternative provider. We are finalising a new contract with a new supplier and a programme of PV installations is being developed.

## Future Focuses

1. **Energy use:** We are working with the West Sussex County Council’s energy team to conduct a detailed audit and build an ‘invest to save’ case for a transformation to our energy use, helping deliver against carbon reduction targets.
2. **Recognition for our Green Spaces:** We have submitted five Green Flag award applications (to include our first in Adur District) and await the outcomes.
3. **Brooklands Park Masterplan:** Masterplan commissioned for Brooklands Park, the next phase will be public consultation on the plans when complete.
4. **Continuing to invest in our Natural Heritage:** completion of phase 1 of the Highdown HLF project - Highdown Gardens - Stern’s Chalk Garden (propagation in action) in order to successfully submit to stage 2.
5. **Staff travel plan:** We are working with Sustrans to develop a staff travel plan and provide the required facilities to encourage alternatives to car usage.

## Commitment Tracker



### Overview : last 6 months

The Councils have continued to develop services (and our own staff) to meet resident need and manage our financial resources effectively. We have consciously moved away from talking about “customer services” to placing residents at the heart of service design and this has reflected in our improved service offer in areas such as housing and our current work in waste and environmental services. We have had some significant challenges in our customer contact centre (a combination of staff absences and peak

times of the calendar year) which we are addressing and have learned from for future years. We have begun investing in our managers to lead better conversations with staff, in the promotion of staff wellbeing and in building a better set of data about our workforce needs and medium term projections. We are developing a much better understanding of our built resources to enable us to make much stronger decisions about how we use our assets and our investment portfolios.

### Platform Highlights : last 6 months

1. **Digital:** Our ability to design and build our own digital apps makes our councils national leaders, reflected in a commendation in the MJ awards 2018. The housing repairs app (Adur Homes) is transforming service delivery, and the housing triage/register service (both Councils) helped the housing solutions team radically improve service levels. Internal apps are supporting better management of complaints, audits, FOIs and annual leave requests and satisfaction levels are high.
2. **SameRoom service design:** The preventing homelessness project phase 1 achieved high levels of participation from partner agencies, and the phase 2 design work is helping shift the system towards preventative services. A further project on loneliness is planned with NHS partners, and SameRoom is also supporting Revenues and Benefits and Customer Services teams to review and redesign their operating practices.
3. **Financial planning:** The Councils’ financial strategy has successfully delivered. With a balanced approach to property investment, commercial income and digital efficiency, we have seen financial targets met and exceeded.

4. **Procurement savings:** We are on track to deliver £750k p.a. savings over three years, with significant contracts work delivering savings and wider social benefits.
5. **Organisational Development & HR:** Real progress has been made with a range of initiatives implemented. Our I-I process has been completely overhauled and all managers are receiving high quality training to help improve the quality of leadership support. A raft of policies have been reviewed and roadshow training delivered. Chichester College was recently awarded the contract to deliver our Leadership & Management apprenticeship scheme, which is also being taken up by partner organisations in our areas.

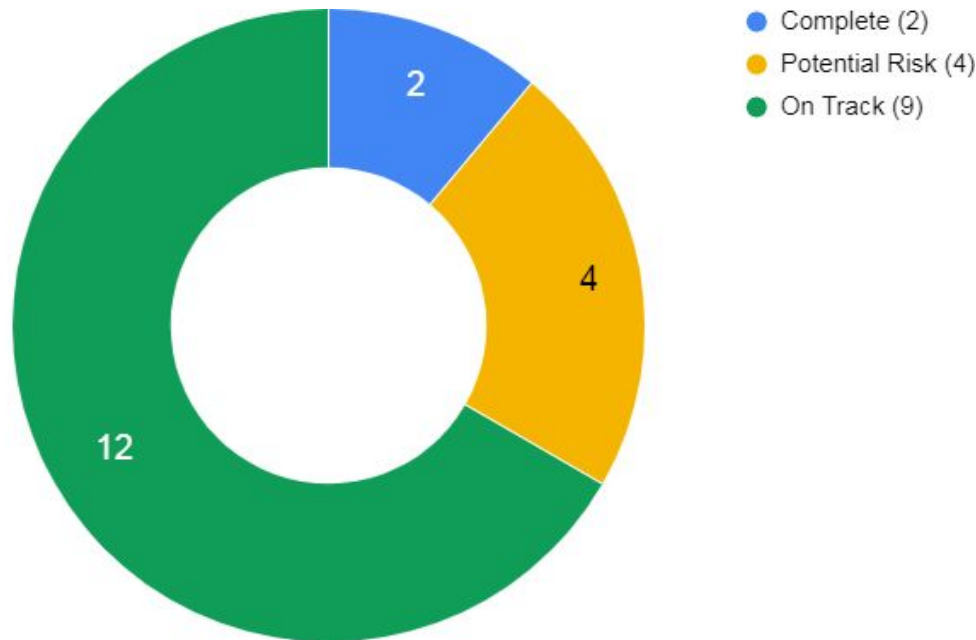
## Challenges

1. **Contact centre demand:** There is currently a high level of demand in the contact centre which needs to be addressed medium term by delivering more self service options to customers. Housing solutions and housing repairs digital solutions are now live and positively impacting and will be followed during 2018 by more self service options in Waste and Revenues and Benefits, both high demand areas.
2. **Data analysis:** Improvements are needed in our use of data and analytical methods to help us better understand issues and opportunities. For example, a project is planned to improve our analysis of Revenues and Benefits data to enhance our ability to identify issues early and support residents before their financial circumstances worsen.
3. **Asset Maintenance:** The programme of capital works required for corporate buildings and housing stocks is significant

## Future Focuses

1. **Commercial development:** Income growth is vital for the councils financial health going forward. Alongside property investment, growth in our income generating services is critical. Through our exemplar project in Waste Services, we will develop a novel marketing approach which helps identify and capture market opportunities; which we will then roll out to other areas. Our new approach to business planning will provide services with the support to create new opportunities for income generation.
2. **Digital Self Service:** In order to be able to provide high quality telephone and face to face services, it is essential that we deliver digital self service in high demand areas, specifically Waste and Revenues and Benefits. This is a key focus during 2018, and good progress is being made.
3. **Enabling “Platforms”:** Our resource teams are strongly committed to enabling the ambitions of our commitments. Our future focus will be on developing highly capable cross-functional teams able to support projects effectively and quickly, delivering enabling advice and securing specialist external support where needed.
4. **Open data and new technologies:** With our digital platform approach we have the opportunity to lead the way in publishing open data. The benefits of open data include providing real time feedback to residents on service performance, and also, allowing partner organisations and third party developers to use our data within their applications. Our focus in the next 12 months will be to develop methods to make our data available which will demonstrate the efficiencies that can come from this approach.

## Commitment Tracker



### Overview : last 6 months

As Councils we do not have a monopoly on leadership within our places, and it is our ambition to support the development of leaders across the networks and systems of Adur and Worthing to ensure leadership is active and shared. Over this period we have actively promoted Systems Leadership projects with our community and health systems; developed a new members induction

programme to those newly elected in May 2018 and we are seeking to develop our internal leadership capabilities through the use of Apprenticeships (and the levy fund) for managers.

### Platform Highlights : last 6 months

1. **Member development and induction:** The elections on 3 May resulted in the Councils welcoming 14 new councillors. Following the co-design work on Member induction, all of these have been introduced to the organisation and the team have received positive feedback about this process. Additionally, we have worked with the LGA to deliver bespoke training for all members on Community Leadership and Public Health agendas. The new Mayor of Worthing and the Chair of Adur have also been welcomed at Annual Councils and Civic ceremonies and inducted into their new roles.
2. **Systems Leadership** following successful projects that brought together diverse groups of leaders to explore 'What Young People Need to Thrive' and how we assist those with mental health issues in Housing need, we have expanded our Systems Leadership approach to a wider network of health, community and statutory professionals in Worthing as part of the *Local Community Network* development. This training resulted in the 'OneGoodFriend' project focussed on young people and mental health and has enabled better networks to support the development of the proposals for the Town Hall Health Hub.
3. **'SameRoom'** - The Preventing Homelessness multi-agency project has been a demonstration in how to enable and foster leadership across agencies and sectors. The design labs working on pathways to prevent homelessness are led by colleagues from different agencies, with a steering group comprised of A&W, Health and WSCC leaders.

- 4. Digital Leadership:** Adur & Worthing Councils led Gigabit West Sussex, the first project to receive funding from the DCMS Local Full Fibre Network fund, and now the benchmark nationally. We have a growing reputation nationally for digital transformation and has been invited on to a national MHCLG digital steering group.
- 5. Engaging with our Communities:** The Councils have led multi-agency Resident Involvement Zones in two of the Communities and Wellbeing priority areas (Heene/Central and Churchill wards) to gain a better understanding of those communities' needs and aspirations.

and St Barnabas House, which will help build better relationships and understanding between senior leaders locally.

## Future Focuses

- 1. Local Strategic Partnership:** The LSP is formed of a group of leaders keen to enable and develop our places and networks and who are committed to continual evolution. We have recently agreed to move to a new approach of two conferences per annum, which we will be developing in the months ahead.
- 2. Promoting Innovation** - As outlined in our Social Economies Platform we plan to pilot a Community Innovation Network in late 2018
- 3. Systems leadership** - evaluation of recent projects and consideration of how to use the approach moving forward.
- 4. Digital leadership:** We will continue to develop and broaden our digital strategy, with a focus on digital place-making at a time when privacy and trust are paramount, and opportunities to support retail, culture and tourism must be taken.
- 5. Place-based Leadership & Management Apprenticeship:** A number of staff have opted to study the Level 5 ILM Diploma in Leadership and Management through our partnership contract with Chichester College. This training cohort will also include managers from Coastal West Sussex CCG





## ADUR & WORTHING COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 6  
Worthing Council  
17 July 2018  
Adur Council  
19 July 2018

Key Decision No

Ward(s) All:

### Mid Term Review and Refresh of *Platforms for our Places* Commitments

#### Report by the Chief Executive

#### Executive Summary

##### 1. Purpose

1.1 In late 2016 Joint Strategic Committee and the Councils of both Adur District and Worthing Borough approved *Platforms for our Places* as a 3 year programme of activity. Rather than rehearse in detail the thinking at that time the background papers to this report include a link to the approach approved in December 2016.

1.2 At the end of June 2018 we reached the half-way point in the programme. Both Councils have been clear that whilst a focussed medium term programme of activity was desirable, setting it in stone was less so. At the Joint Strategic Committee in January 2018 it was agreed to consider the full suite of commitments and look at how they needed to be amended, refreshed or added to in order to continue to build the Platforms desired over the next 18 months. The intent behind this was that as Councils we should remain adaptive to the requirements of the communities we serve and quick to grasp new opportunities that present themselves.

1.3 As the sister paper on this agenda points out, at the 18 month point good progress has been made and both the platforms approach and the concept of using a focussed set of commitments are proving valuable.

1.4 There are at present around 140 commitments (and the number will not change dramatically post refresh) but all of the existing commitments have been the subject of analysis. Whilst there are some suggested new additions, some changes to existing commitments and some nuancing or recognition of changes of circumstance, broadly this paper proposes a refreshed set of commitments that build on what has gone before.

## **2. Recommendations**

- 2.1 Joint Strategic Committee is recommended to consider and approve the proposed refreshed set of commitments for *Platforms for our Places* to guide the Councils work from July 2018 through to December 2019.
- 2.2 Joint Strategic Committee to recommend to both Councils the acceptance of the proposed refreshed commitments for their approval and incorporation.
- 2.3 That Worthing Borough Council at its meeting on 17 July 2018 considers the proposed refreshed commitments set out in this report and incorporates them into that Council's suite of policies.
- 2.4 That Adur District Council at its meeting on 19 July 2018 considers the proposed refreshed commitments set out in this report and incorporates them into that Council's suite of policies.
- 2.5 That Joint Strategic Committee recommends to Joint Overview and Scrutiny Committee that it considers this report (together with the sister report on the agenda on the 6 month progress update) at a meeting in Autumn 2018.

## **3. Context**

- 3.1 In December 2016 this Committee approved "*Platforms for our Places*" as its 3 year programme. The background papers to this report include the JSC paper (subsequently approved by both Councils the same month) that set out the context and rationale.

3.2 In short, the intent was that “*Platforms for our Places*” should be an evolutionary step on from “*Surf’s Up*” which had covered the previous 2 years direction of travel for our places. “*Surf’s Up*” was more geared to building capacities and capabilities within the operation, resourcing and decision making of both Councils with some external facing activity. “*Platforms for our Places*” was consciously a step on, focussing much more on developing the critical platforms external to the Councils and working with a wide variety of essential stakeholders.

3.3 The approach recognised that both Councils needed to meet some significant challenges and some significant needs. Good universal service provision and the maintenance of strong and effective safety nets for those requiring them were given. The Councils were clear they could not and should not attempt to be “all things to all people”. Therefore the approach suggested the creation and maintenance of 5 key platforms namely:-

- Our Financial Economies
- Our Social Economies
- Stewarding our Natural Resources
- Services and Solutions for our Places
- Leadership of our Places

Underpinning each of the platforms was a series of commitments for the Councils. By commitments we meant serious statements of intent. Most (if not all) of those commitments required active engagement and working with a variety of external partners to create, sustain or further develop those platforms.

3.4 The intention of both Councils at the time was to set an ambitious agenda, rather than simply hunkering down and trying to survive through challenging financial times. The intention was to meet the challenges with real ambition and, by building on some of the core strengths and assets that we had, to create more or new social value for our communities. Whilst perhaps now looking back from 18 months on, the scale and scope of those ambitions are familiar, it is perhaps worth reflecting at the time just how significant they appeared and potentially at times how daunting. For the most part the Councils, key partners and communities have come together well to progress our Platforms agenda and to make things happen.

- 3.5 It is also perhaps worth remembering that these 140 commitments are not “everything that we do”. Whilst progressing our Platforms agenda, we have continued to provide a full portfolio of universal services to the communities we serve. At times this has been challenging, particularly in some of those demand led areas where we have seen a considerable increase in need (e.g. housing and homelessness).
- 3.6 Elsewhere on this agenda is a paper that details progress over the last 6 months against our commitments. In January 2018 this Committee tasked officers to review those existing commitments, analyse new areas of need and new opportunities and in conversation with a variety of stakeholders and partners to bring forward proposals to refresh the commitments for consideration by this Committee and both Full Councils.
- 3.7 Over the last 3 months this work has progressed with a review of each of the commitments, analysis of those that have completed (what has gone well and what lessons can we learn?), an analysis of new data and new needs (as well as identifying new opportunities) and then a synthesis into a set of proposed refreshed commitments set out in this paper.
- 3.8 The Appendix to this document forms that proposed refreshed set of commitments to guide us through the next 18 months. Members will note that the commitments are structured in a similar form to before with a brief headline, a top level set of activities and projects, an identified lead responsibility and key stakeholders that will need to be involved and at least an outline timescale or milestone. It will be appreciated that given the scope of these commitments the document can not be wholly comprehensive, however behind each of the commitments there is (or will be) a set of planning and operational arrangements to progress them.
- 3.9 Whilst it will not be helpful to comment in this covering report on each of the 140 plus commitments it might be worth stepping back and taking stock of some of the emerging themes that as officers we notice in putting this work together. Our sense is that the overall approach has served the Councils and their communities well; that we have made good progress and we recognise that this is a demanding set of asks of our people, our partners, our systems, our relationships and our resources. Not everything is likely to progress exactly as we plan or in the timescales that we set out. We have however got better at

analysing where and why we get stuck and designing that learning back into future activities.

3.10 As will be seen we have worked with a wide range of partners across the public, private, community and voluntary sector landscape. Adur and Worthing are places where collaboration can be very powerful and where there is a good appetite for joint working. That does not necessarily mean it is always easy and there will at times be some challenging conversations between partners. Overall we remain very encouraged by the ability of our system to work together well.

3.11 Turning to a brief top level overview of each of the 5 platforms:-

3.11.1 Our Financial Economies - Broadly the refreshed set of commitments seeks to update on a number of the major projects and how we seize new opportunities presented by an ultrafast broadband network. It seeks to take forward the skills agenda and, building on recent progress with WSCC on investment, develops our thinking on public realm, seafront offer, cultural economy and how we partner better with the business community.

3.11.2 Our Social Economies - the refresh has enabled us to build on the strategy development work on housing and homelessness, to put the agenda into clearer focus. It remains the case that housing demand and homelessness remain our greatest social challenge at this time. It also enables us to develop further our thinking on the role of social innovation in our social economies and how increasingly we partner with the NHS and others around health, wellbeing and prevention agendas

3.11.3 Stewardship of our Natural Resources - this was the platform that was probably least developed 18 months ago and where much of the activity since has focussed on growing our internal capacity to take forward the agenda. 18 months on, the refreshed set of commitments provides a clearer set of building blocks in the areas of energy use, air quality, waste reduction, smart infrastructure and bringing together some of our health and wellbeing agendas with our natural resource assets in a different way.

3.11.4 Services and Solutions - 18 month ago the commitments contained a number of “getting our act sorted out” activities to create the capacity for our Councils to innovate and deliver. A number of these activities have been completed and are now paying dividends as part of our core DNA. The refreshed commitments focus on financial sustainability, our approaches to digital and design in creating a strong new service offer, our commercial services, and how we use our land and property assets to support and enable other platforms.

3.11.5 Leadership of Place - The refreshed commitments suggest how we might be clearer about promoting our places, how we develop a brand, how we confidently lead on emergency planning and civil contingencies, how we continue to develop partner relationships and how we re-set our Local Strategic Partnership to create a valuable network across our communities. We also refer to what is likely to become the increasingly important issue of public and open use of data for social benefits.

3.12 And finally ....

Your officers believe that the proposed refreshed commitments are comprehensive, retain the ambitions set out 18 months ago and are deliverable. If approved by JSC and Full Councils they will be slotted into *Platforms for our Places*, the underlying budget strategies and financial and service planning taking place over the late summer and early Autumn 2018.

#### **4. Engagement and Communication**

4.1 The development of the commitments 18 months ago and the subsequent refresh has been the subject of a range of discussion, engagement and activities to draw out “soft data” from partners and communities that we serve over a significant period of time. Some commitments have themselves been (or will be) the subject of specific formal consultation, either with the public at large or with key stakeholders, funders or regulators.

## 5. Financial Implications

- 5.1 There are no specific unbudgeted financial implications arising from this report.
- 5.2 However as a key strategic document for the Councils the approach and the commitments are clearly taken into account in the development of both our revenue and capital budgets. The commitments are considered in both the medium term financial plan and capital strategy to maximise our chances of success. Annual budget setting for both Councils is undertaken with *Platforms for our Places* commitments in mind.

## 6. Legal Implications

- 6.1 There are no specific legal implications relevant to this report. The legal implications relating to any individual commitments are picked up as part of their development and any necessary formal decision making required.

### Background Papers

- ["Platforms for our Places" unlocking the power of people, communities and our local geographies](#) - adopted by Adur District Council 15 December 2016, adopted by Worthing Borough Council 20 December 2016
- [Delivering Platforms for our Places: Progress Report June - December 2017](#) - Joint Strategic Committee 9 January 2018
- *Platforms for our Places 6 months Progress Report (January to June 2018)* - Joint Strategic Committee 10 July 2018

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## **Sustainability & Risk Assessment**

### **1. Economic**

- 1.1 Developing our financial economies is one of five platforms for development in *Platforms for our Places*.

### **2. Social**

#### **2.1 Social Value**

2.1.1 Developing our social economies is one of five platforms for development in *Platforms for our Places*. The Progress Report elsewhere on this agenda provides an overview and highlights on how the Councils are working to develop this platform.

2.1.2 A particular focus of *Platforms for our Places* is how to build capacity within our communities and community partners to enable them to shape and lead our places, while at the same time ensure the Councils provide a robust 'safety net' for vulnerable members of our communities.

#### **2.2 Equality Issues**

2.2.1 *Platforms for our Places* objectives including building the capacity of our communities and engaging with them to find solutions that ensure our services (and interventions) are designed to meet specific needs and redress disadvantage.

#### **2.3 Community Safety Issues (Section 17)**

2.3.1 There are specific commitments in *Platforms for our Places* which relate to promote our communities as safe places. Delivery of these commitments are in progress.

#### **2.4 Human Rights Issues**

2.4.1 Through the implementation of *Platforms for our Places* the Councils are seeking solutions with our partners to enable our residents, communities and places to thrive.



### **3. Environmental**

- 3.1 Developing the Councils and communities role in stewarding our natural resources is one of five platforms for development in *Platforms for our Places*.

### **4. Governance**

- 4.1 This report provides Joint Strategic Committee with a set of proposed refreshed commitments *Platforms for our Places*, the Councils' three-year plan to enable our places to thrive.
- 4.2 The presentation of this report and proposed recommendations to refer it to Full Councils and Joint Overview and Scrutiny Committee ensures that officers are accountable in delivering elected Member's ambitions for our places.
- 4.3 Working with local and sub-regional partners is a critical element in delivering *Platforms for our Places*. It will remain an important area of focus for officers.



## Analysis Platforms for our Places Mid-Term Refresh

Proposed Commitment	Nature of Change	What has changed
<b>1.1 Driving growth in the business sectors across Adur and Worthing.</b>	Refreshed	The activities under this commitment have been updated to reflect the priorities identified in the Adur and Worthing Economic Strategy adopted by the Councils in January 2018, and the priority of both Councils to develop our digital infrastructure and economies.
<b>1.2 Enhance our role as a “trusted partner” for local business</b>	Refreshed	The minor amendment reflects the adoption of the Adur and Worthing Economic Strategy adopted by the Council in January 2018.
<b>1.3 Ensure that we deliver agreed funding programmes secured through Local Growth Fund monies via the LEP, and maintain and develop our capacity to bid for public monies and leverage private sector investment into Adur and Worthing</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment.
<b>1.4 To champion the development of a learning and skills ecosystem that enables economic growth and support local businesses.</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment. Commitment 1.10 merged with this commitment.
<b>1.5 Investment in and delivery of Major Projects and key infrastructure</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment
<b>1.6 Establish an up to date planning framework to guide future development and ensure the provision of appropriate supporting infrastructure.</b>	Amended	Updated to reflect the current progress of the projects identified under this commitment. In particular in the context of the development of the Adur Local Plan and preparation of the Worthing Local Plan.
<b>1.7 Enable delivery of a series of Locality Projects which are vital to the wellbeing of our communities and strengthen our financial economy</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment

## Analysis Platforms for our Places Mid-Term Refresh

Proposed Commitment	Nature of Change	What has changed
<b>1.8 Creating places that businesses wish to invest in and sustain</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment
<b>1.9 Promote an adoptive and creative approach to delivering spaces needed to meet the demands of startups and growing businesses in Adur and Worthing</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment
<b>1.10 Support for creative partnerships and proposals that enhance the cultural offer of our places</b>	New	Renewed Commitments to reflected new ambitions and strategic direction for the development of Worthing Cultural Offer.
<b>1.11 Present options for the future direction of Worthing Theatres and Museum to identify a way forward that will ensure that culture continues to develop and thrive in Worthing</b>	New	

## Removed Commitments

Proposed Commitment	Nature of Change	What has changed
<b>1.4 Use the Councils' land and buildings to support our financial and social economies</b>	Moved	Moved to Platform 4: Services and Solutions
<b>1.10 Supporting the development of the skills and experience necessary to support local business</b>	Merged	Renewed Commitments to reflected new ambitions and strategic direction for the development of Worthing Cultural Offer.
<b>1.11 Providing a regulatory environment and services that enable and support economic activities; Wise Regulation: regulating market activities with the right balance between public protection and interest and encouraging productive economic activities.</b>	Business as Usual	Activities identified under this commitment have been completed or absorbed into service's core activities.

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
<b>I.1 Driving growth in the business sectors across Adur and Worthing.</b>	I.1.1 Ensure Adur and Worthing are strategically positioned in major policy and decision making that affects our long term economic interests. This will include being key players and proactive shapers of agendas in: a) The Greater Brighton Economic Board (and a range of Boards and Sub Groups relating to the functional economic area of Greater Brighton) b) West Sussex Wide Enterprise/Investment issues c) Coastal West Sussex Business Partnership and ensuring the voice of business along the coastal strip is well framed and well heard in key decision making d) Maintain strong relationship with the Coast To Capital Local Economic Partnership and a variety of other strategic funders at the regional and national level.	Director for the Economy	Adur and Worthing Business Partnership, Chamber of Commerce, Coastal West Sussex Business Partnership a range of other public and private sector bodies and employers	Autumn 2019 - Input into Economic Strategy consultation, especially in relation to the Strategic Economic Plan.  Ongoing - maintain a horizon scan of all relevant opportunities to ensure the Council's long term interest is included (e.g. Local Industrial Strategy).
	I.1.2 Implement the core objectives of the Adur and Worthing Economic Strategy influencing regional approaches to the national industrial strategy. a) Superconnected Worthing b) Adur Applied Technologies Centre c) Technology Futures: skills for innovation	Head of Place and Economy	Including: Adur and Worthing Business Partnership, Chamber of Commerce, WSCC, Coast to Capital, potential investors, policy bodies, business and employer bodies	Autumn 2018 - Key projects identified, and implementing, for all elements.  January 2019 - Annual impact review of Economic Strategy starting
	I.1.3 Ensure sound evidenced based understanding of structure and scale of existing economies and real opportunities for growth and diversification.	Head of Place and Economy	Including: Adur and Worthing Business Partnership, Chamber of Commerce, WSCC, Coast to Capital, potential investors, policy bodies, business and employer bodies	December 2018 - Economic data analysed and refreshed by, including data extracted from ONS and CENSUS. Findings will inform work programme and partner working, especially through Adur and Worthing Business.
	I.1.4 Implement gigabit infrastructure in Adur and Worthing through the Gigabit West Sussex project, connecting up our buildings in phase one	Director for Digital & Resources  Head of Place & Economy	West Sussex County Council Cityfibre Chamber of Commerce Town Centre Initiative Local businesses	May 2018 - Contract Award  September 2018 - DCMS Wave 3 funding bid for additional sites  September 2018-Feb 2019 - Build
	I.1.5 Promote the take up of gigabit vouchers by local businesses, thereby extending the gigabit infrastructure into business parks and industrial estates	Director for Digital & Resources  Head of Place & Economy	West Sussex County Council	From July 2018 - Promotion campaign  December 2019
	I.1.6 Assess the business case, delivery and funding options for Public WiFi networks in Worthing and Shoreham town centres, providing trusted municipal WiFi to create "ultrafast zones" serving businesses, freelancers, shoppers and visitors and providing free access WiFi for town events.	Director for Digital & Resources  Head of Place & Economy		July 2018 - Initial business case  July 2019 - Target installation (following gigabit installation)

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	1.1.7 Develop a DCMS Wave 3 funding bid for additional fibre infrastructure to connect schools, CCTV and create “5G infill” fibre access points, making Worthing and Shoreham 5G ready and fit for the digital future of our towns	Director for Digital & Resources  Head of Place and Economy	West Sussex County Council	July 2018 - Commission consultant support with WSCC  Sept 2018 - Submit Wave 3 bid  Mar-June 2019 - Build phase
<b>1.2 Enhance our role as a “trusted partner” for local business</b>	1.2.1 Review the 6 core objectives to support growth priorities set out in the Adur and Worthing Business Partnership Action Plan.	Head of Place and Economy	Adur & Worthing Business Partnership, Chamber of Commerce, Coast to Capital LEP, regional & national economic development agencies and employer bodies	July 2018 - Annual review of Adur and Worthing Business Partnership Action Plan
<b>1.3 Ensure that we deliver agreed funding programmes secured through Local Growth Fund monies via the LEP, and maintain and develop our capacity to bid for public monies and leverage private sector investment into Adur and Worthing</b>	1.3.1 Secure public investment via successful bids to funds including to the Local Growth Fund to deliver: a) Teville Gate House (a new innovation centre and hotel) (WORTHING) b) Union Place (mixed use redevelopment of the site including housing, retail and leisure) (WORTHING) c) Decoy Farm (decontamination and remediation of the land and road improvements) (WORTHING) d) New Monks Farm (a new junction on the A27) (ADUR) e) Offices and mixed use development on the Civic Centre. (ADUR)	Head of Major Projects and Investment  Head of Planning and Development	Coast to Capital Local Economic Partnership Greater Brighton Economic Board, Department for Communities and Local Government (and other relevant Government departments), West Sussex County Council	Annual spending programme agreed with Coast to Capital LEP and the Accountable Body (WSCC)
	1.3.2 Work in partnership with the LEP to secure additional Local Growth funding to implement flood defence solution for the Sussex Yacht Club site (and any other projects) to support the delivery of a comprehensive flood defence solution for the Western Harbour Arm. (ADUR)	Head of Planning and Development  Head of Major Projects and Investment	Local Economic Partnership	Summer 2018 - Planning applications for replacement Yacht Club and flood defence to be submitted.  September 2018 - Business Case submitted to Environment Agency for Grant in Aid funding.
	1.3.3 Identify target and monitor progress of high quality bids to other funds supporting platform building (e.g. Coastal Communities Fund, Arts Council, Heritage Lottery etc.).	Head of Place and Economy	All relevant national funders and key local partners	Ongoing - Identification and Monitoring log established in 2017
	1.3.4 Ensure Adur and Worthing are well placed in the shop window to attract inward investment: a) Develop inward investment website b) Ensure we are well positioned in devolution bids to attract private sector inward investment capital c) Develop the Worthing Town Centre Prospectus approach (building on successful key national events bringing investors and potential sites together) (WORTHING) d) Continue to make personal contacts with national/international investment sector to keep Adur and Worthing “on the investment radar”	Head of Place and Economy	National and international investment markets and key local businesses	February 2019 - Attend SiteMatch in to continue to put Adur & Worthing on the developer radar  Ongoing - engage in West Sussex County Council and Greater Brighton Economic Brighton conversation to ensure Adur & Worthing gains a higher profile and traction.

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	1.3.4 Make effective use of s106 development contributions and Community Infrastructure Levy (CIL) and other public/private sector investment to deliver high quality public realm and seafront improvements (WORTHING).	Head of Planning and Development	WSCC, private sector, key town centre redevelopment schemes (Worthing).	Ongoing  Recent examples include the granting of planning permission for the redevelopment of the former Aquarena. Permission was granted for a new seafront cafe/restaurant, basement public car parking to support the adjacent Splashpoint and CIL funding to enhance the seafront.
	1.3.5 Deliver projects with our local partnership to support the development of our creative industries including the redevelopment of the Colonnade House Digital Hub redevelopment of Worthing Museum & Art Gallery. (WORTHING)	Head of Place and Economy  Head of Culture	Adur and Worthing Arts Trust, Local Businesses, Coast to Capital, Heritage Lottery Fund	Summer 2018 - Develop and submit a Heritage Lottery Fund bid to support the redevelopment of the Museum. If successful begin detailed project planning from September 2018 and begin work on site September 2019  Autumn 2018 - Support YTKO (lead partner) to develop and submit a European Regional Development Fund bid to support the delivery of a Digital Hub.
<b>1.4 To champion the development of a learning and skills ecosystem that enables economic growth and support local businesses.</b>	1.4.1 Increase the number of quality apprenticeships available, utilising brokerage models and apprenticeship levy opportunities with local and subregional partners	Head of Place and Economy.  Head of Planning and Development  Head of HR	GBEB, Colleges, SFA, CWS, Adur & Worthing Business Partnership, Employability Network, Coast to Capital Local Enterprise Partnership.	July 2018 - Apprenticeship Fair to be delivered, in partnership with GB Met and Adur and Worthing Business Partnership.  Autumn 2018 - Employment & Skills Action Plan in place  Ongoing use of s106 agreements -Encourage developers through s106 agreements to offer apprenticeships and use local labour force. Ensure that Council led developments provide apprenticeship opportunities.
	1.4.2 Work with employers and partners to exploit skills led growth and productivity gains through the use of digital technologies.	Head of Place and Economy  Director for Digital and Resources	AWBP, CWS/Visitor Economy Network, Adur & Worthing Business Partnership, WSCC	Autumn 2018 - Employment & Skills Action Plan in place  December 2018 - Working group to be established through Adur and Worthing Business Partnership to build on the work of Gigabit and explore the impacts of fibre connectivity on business function.
	1.4.3 Work with partners to inspire young people and promote pathways for employment and learning	Head of Place and Economy	Sussex Learning Network, WSCC, CWS, Adur & Worthing Business Partnership, Employability Network	Autumn 2018 - Employment & Skills Action Plan in place

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
<b>1.5 Investment in and delivery of Major Projects and key infrastructure</b>	1.5.1 (a) CIVIC CENTRE SITE PHASE I (ADUR) Build programme to deliver up to 30,000 sqm of lettable office accommodation on the car park site north of Ham Road.	Head of Major Projects and Investment	Pre-let agreement with Focus Group	Spring 2018 - Construction commenced Summer 2018 - Foundations were laid Autumn 2018 - Topping out expected Spring 2019 - Due to be completed and occupied by Focus Group.
	1.5.2 (b) CIVIC CENTRE SITE PHASE II (ADUR) - deliver a major redevelopment scheme on the main site to provide new homes and incorporate improvements to the public realm.	Head of Planning and Development Head of Major Projects and Investment	Potential development partner or sale to developer	Autumn 2018 - marketing of the site. Sale or development agreement secured 2019 2020/21 - Commence work on site.
	1.5.3 DEVELOPMENT OF SHOREHAM HARBOUR (ADUR) Redevelopment of the Western Harbour Arm to deliver sustainable new communities (broad location for 1,100 new dwellings). Including delivery of a District Heat Network and concentration of Port activities in the Eastern Harbour Arm.	Head of Planning and Development	Shoreham Port, Coast to Capital Local Economic Partnership West Sussex County Council and Brighton and Hove City Council	Autumn 2018 - Expected start for development at Free Wharf. Adjacent sites likely to come forward following adoption of Local Plan and Joint Area Action Plan (JAAP) 2018. District Heat Network Feasibility work due to be completed end of 2018.
	1.5.4 ADUR TIDAL WALLS (ADUR) Work in partnership to deliver major improvements to tidal defences. Capitalise on potential funding opportunities to secure early delivery of priority defences.	Head of Planning and Development	Coast to Capital Local Economic Partnership, West Sussex County Council	Completed 2019
	1.5.5 TEVILLE GATE (WORTHING) a) Enable delivery of a mixed use scheme which maximises the potential of the site including circa 400 new homes b) Secure redevelopment of Teville Gate House.	Head of Planning and Development Head of Major Projects and Investment	Site owner, development partner, Local Economic Partnership, West Sussex County Council	Summer 2018 - Demolition of car park and adjacent buildings complete, August 2018 - Planning application for 'main site' submitted. December 2018 - Secure redevelopment of Teville Gate House.
	1.5.6 UNION PLACE (WORTHING) Enable delivery of a viable mixed use scheme (likely to include leisure, retail and housing).	Head of Major Projects and Investment	Land pooling partner, C2C LEP and development partner/developer	Autumn 2018 - Land Pooling Agreement with partner organisation finalised. October 2018 - Joint work to assess viability of a mixed use scheme commenced Mid - 2019 - Development partner/developer selected



Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	<p><b>1.5.7 GRAFTON CAR PARK SITE (WORTHING)</b> Utilise Council's interests in the site to create a viable development proposition and build joint venture capacity to develop</p>	<p>Head of Major Projects and Investment</p>	<p>Development partner, West Sussex County Council</p>	<p>Autumn 2018 - Ongoing work on development strategy and resolving issue in advance of marketing.  December 2018 - clear development strategy with milestones agreed by JSC</p>
	<p><b>1.5.8 DECOY FARM (WORTHING)</b> Secure Local Growth Funding to remediate the site to secure private sector investment necessary to deliver new employment opportunities, and First phase of investigative work to determine site conditions</p>	<p>Head of Major Projects and Investment</p>	<p>Local Economic Partnership and potential development partners</p>	<p>Summer 2018 - ongoing work to identify and resolve development strategy, land remediation and transport issues.  Autumn 2018 - full business case submitted to Coast to Capital Local Enterprise Partnership to draw down funding.  Spring 2019 - submission of outline planning application for B-class led development scheme.</p>
	<p><b>1.5.9 SQUARENA (WORTHING)</b> Planning application approved for 141 dwellings, commercial floor space, public car parking and new seafront café and public realm.</p>	<p>Head of Planning and Development</p>	<p>Roffey Homes</p>	<p>Summer 2018 - Buildings demolished and piling and sub-structure completed.  Completion by 2021</p>
	<p><b>1.5.10 WORTHING CIVIC CENTRE SITE (WORTHING)</b> Partner with local health providers to deliver a hub facility consistent with new models of health provision. Investigate options for housing, office or increased parking on the remainder of the site.</p>	<p>Head of Planning and Development  Head of Major Projects and Investment</p>	<p>One Public Estate Development partner(s), Health sector partners, West Sussex County Council</p>	<p>NHS Business Case Approvals - Autumn 2018  Planning application submitted by end 2018.  Construction to commence in mid - 2019</p>
	<p><b>1.5.11 WORTHING TOWN CENTRE PARKING STRATEGY (WORTHING)</b> Agree a new Parking Strategy for Worthing Town Centre that supports the delivery of major investment projects, to unlock value in key sites, and to support the town centre as a leading shopping and visitor destination.</p>	<p>Head of Major Projects and Investment  Head of Planning and Development  Head of Customer and Digital Services</p>	<p>West Sussex County Council</p>	<p>September 2018 - Parking Strategy agreed</p>

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
<b>1.6 Establish an up to date planning framework to guide future development and ensure the provision of appropriate supporting infrastructure.</b>	1.6.1 Implementation of Adur Local Plan	Head of Planning and Development	Infrastructure providers, local landowners/developers and the local community.	14 December 2017 - Adur Local Plan adopted.  2018/19 - Implementation of Local Development Scheme, which includes the preparation of supporting planning documents such as Sustainability, Infrastructure Contributions and Employment protection guidance.  Ongoing - Deliver key strategic sites in accordance with the Plan including New Monks Farm, West Sompting and Shoreham Harbour.
	1.6.2 Prepare new Worthing Local Plan	Head of Planning & Development	Infrastructure providers, local landowners/developers and the local community.	Autumn 2018 - Consultation on preferred Options.  The Plan will seek to guide future development on key strategic sites and ensure appropriate supporting infrastructure. Key issues to address is the level of new development the town can accommodate given the lack of land and a significant demand for housing, employment and community facilities.  2019 - Submission and adoption 2019.
<b>1.7 Enable delivery of a series of Locality Projects which are vital to the wellbeing of our communities and strengthen our financial economy</b>	1.7.1 SEAFRONT INVESTMENT PLAN (WORTHING) Explore investment options to deliver against the Seafront Investment Plan (including investigating the economic potential of promenade improvements to accommodate seafront attractions)	Head of Place and Economy  Head of Major Projects and Investment.  Head of Environmental Services	Developers and WSCC	Autumn 2018 - Planning applications for beach shelter redevelopment  Mid-2020 - Completion of Phase I beach shelter redevelopment  Summer 2018 - expected announcement on funding for public realm development with detailed design for South Street, incorporating connections to the seafront.  March/April 2019 - release Denton Shelter as a leisure use to the market
	1.7.2 BEACH GREEN, SHOREHAM (ADUR) Secure the redevelopment of the existing toilet block with an appropriate and high quality building/café offer. Re-market the site and work in partnership with the development team to secure a high quality design.	Head of Major Projects and Investment  Head of Planning and Development	Development Partner, West Sussex County Council	Summer 2018 - Agreements with development partner completed.  Completion by 2020
	1.7.3 WORTHING PUBLIC REALM (WORTHING) Work with WSCC to secure investment to design and deliver a phased approach to improve public realm at identified priority locations in the Worthing town centre.	Head of Place and Economy	WSCC and TCI	November/December 2019 - South Street / Portland Road as the first phase of the overall Worthing Public Realm Improvements.

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	1.7.4 PUBLIC TOILET IMPROVEMENT PROGRAMME Develop an enhanced investment programme for our public toilets, providing better quality facilities for our residents and visitors.	Environmental Services Head of Business and Technical Services		December 2018-Improvement programme plan
<b>1.8 Creating places that businesses wish to invest in and sustain</b>	1.8.1 Develop a place brand for Worthing and engage key partners to maximise uptake and use, and promote Worthing to relevant markets. (WORTHING)	Head of Communications	Wide variety of public service partners and use of small local SMEs to develop	October 2018-roadmap to brand essence and next steps of brand development.
	1.8.2 Develop a Town Centre and Seafront plan (WORTHING). As part of Coastal Community Team status, to enable delivery of a coordinated approach to regeneration, visitor economy and place marketing.	Head of Place and Economy Head of Environment	WSCC, Development partners, Local business, Transport providers	Autumn 2018 - Develop a strategy for a coordinated approach to and improving Worthing Town Centre. Capture the development premium and social benefits to delivery high quality well-designed public realm and a consistently high quality experience.  Ensure that there is sufficient flexibility to adapt to a new role for town centres and capitalise on opportunities that arise.
	1.8.3 (a) Help to create the right conditions for the growth of a 'night-time' economy using a combination of programmed activities; an improved public realm; and an enabling approach to regulation. As part of development annual programme of events, work with our partners to deliver specific events which 'extend the day'.	Head of Place and Economy Head of Wellbeing	Town Centre initiative, local business chambers, tourism sector, arts, culture and creative sectors, local communities, business and West Sussex County Council	Autumn 2018 - Purple Flag Accreditation  Ongoing - Supported through the Purple Flag Accreditation process, through partnership working, explore place making and new events to extend the day.
	1.8.3 (b) Secure Purple Flag accreditation for excellence in managing the evening and night time economy and in recognition of entertaining, safe, diverse and enjoyable nights out.	Head of Place and Economy Head of Wellbeing	TCI, WSCC, Worthing Hospitality Federation, Worthing Neighbourhood Watch, Stagecoach and business.	Autumn 2018 - Purple Flag Accreditation to be submitted. Accreditation to be refreshed annually (once accreditation is achieved).
	1.8.4 Add new events to a year round calendar of events that attract interest and visitors to our places.	Head of Place and Economy	Town Centre initiative, local business chambers, tourism sector, arts, culture and creative sectors, local communities, business and West Sussex County Council	Ongoing  Autumn 2018 - New events being investigated for delivery.  July 2018 - Worthing Pride.
	1.8.5 Developing our visitor economy. Working jointly with key partners to implement: a) Better marketing of the visitor economy propositions to key demographic groups across Coastal West Sussex b) Using data/intelligence to build better pictures of assets and investment required in changing visitor economy markets c) Investigate potential for business tourism.	Head of Place and Economy	Range of private sector partners, Coastal West Sussex Business Partnership, West Sussex County Council, Arun District Council, Chichester District Council and Tourism South East	June 2018 - Visitor Guide refreshed and distributed  July 2018 - Walk it Worthing, Crumbs City Trail and Greeters (new Tourism projects) on the ground.  June 2019 - Implementing work identified in the Visitor Economy Action Plan

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	<p>I.8.6 Support creative/maker sector by building on creative work space at Colonnade House and seeking opportunities to grow the sector.</p> <p>Develop a complementary Digital Hub in 5-7 High Street to provide space for digital/creative businesses. Ensure that this project complements the Gigabit programme and the delivery of a series of Digital Hubs across Coast to Capital.</p>	Head of Place and Economy	WSSC, Arts Council England, YTKO, Adur and Worthing Arts Trust	Autumn 2018 - Support YTKO (lead partner) to develop and submit a European Regional Development Fund bid to support the delivery of a Digital Hub -
<b>1.9 Promote an adoptive and creative approach to delivering spaces needed to meet the demands of startups and growing businesses in Adur and Worthing</b>	I.9.1 Complete an assessment of our own buildings to establish opportunities for workspace that supports open innovation and collaborative workstyles	Head of Place and Economy  Head of Major Projects & Investment		Review complete by December 2018
<b>1.10 Support for creative partnerships and proposals that enhance the cultural offer of our places</b>	I.10.1 Let the Light In - Redevelop Worthing Museum and Art Gallery to create a contemporary offer of national significance for the enjoyment of our local community and to support historians, filmmakers, fashion houses and students from across the country.	Head of Culture	Arts Council England, Heritage Lottery Fund Trusts and foundations sponsorship	<p>June 2018 - Heritage Lottery bid submitted.</p> <p>September 2018 - Stage One planning / development year begins</p> <p>Autumn 2018 - Planning application submitted</p> <p>June 2019 - Stage Two funding bid submitted</p> <p>September 2019 - Delivery begins</p> <p>Late Autumn 2020 - Complete project</p>
	I.10.2 Prepare a deliverable and costed 'masterplan' for the Pavilion Theatre to include both a balcony and multifunction seating to allow the space to be used creatively and improve the customer experience.	Head of Culture		By November 2018
	I.10.3 Establish nationally significant Costume Research Centre with a funded apprentice to support curatorial team	Head of Culture	Arts Council England	By December 2018
	I.10.4 Apply for funding to install an exhibition celebrating Worthing Town with a series of linked free events	Head of Culture	Heritage Lottery Funding and Arts Council England	By December 2019
<b>1.11 Present options for the future direction of Worthing Theatres and Museum to identify a way forward that will ensure that culture continues to develop and thrive in Worthing</b>	I.11.1 Consider the options to enable culture to continue to build on its success, further developing the benefits to our local communities and playing a key role in place making. Produce a report outlining options, proposing a direction and outlining the process and timescales.	Head of Culture	Arts Council	<p>July 2018 - First report to JSC</p> <p>December 2018 - Second report to JSC</p>

## Platforms for our Places Mid-Term Refresh

Proposed Commitment	Nature of Change	What has changed
<b>2.1 Preventing homelessness and delivering the <i>Homelessness reduction Act</i></b>	New	This commitment reflects the Councils renewed focus as outlined in our Housing Strategies to address homelessness in our communities due to the significant increase in homelessness and the implications of the <i>Homelessness Reduction Act</i> on our services. This in-part replaces commitment 2.2.
<b>2.2 Enabling and increasing the number of affordable and suitable homes in our communities</b>	New	This commitment reflects the Councils renewed focus to addressing the housing needs within our communities, as outlined in our Housing Strategies. This in-part replaces commitment 2.2.
<b>2.3 Supporting and sustaining Adur District Council Housing Service (HRA) as a successful and efficient business</b>	New	This commitment reflects the Adur District Councils efforts to improve the maintenance of its housing stock and quality of service to our tenants. This in-part replaces commitment 2.2.
<b>2.4 Providing a Platform to encourage social innovation, social financing and supporting community and social entrepreneurs to create and deliver solutions that work for our places</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment.
<b>2.6 Promoting the good physical and mental health of our communities</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment.
<b>2.7 Promotion of our communities as safe places</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment.
<b>2.8 Playing our part in the reshaping of place based health services. Ensuring that our knowledge and understanding of communities is reflected in NHS/County Council joint work on improving NHS Services (and public health preventative work)</b>	Refreshed	Updated to reflect our current progress of the projects identified under this commitment. Further activities are reflected in Platform Five - Leadership of our Places (Commitment 5.5).

## Platforms for our Places Mid-Term Refresh

### Removed Commitments

Commitment	Nature of Change	What has changed
<p><b>2.1 Better understand our communities by gathering the data and intelligence understanding aspirations, opportunities and untapped assets as well as knowing where real and significant need lies. Ensuring that data and intelligence is shared better to support outcomes and long term community resilience.</b></p>	<p>Moved</p>	<p>This commitment has been completed. The Councils ongoing approach to data and engagement with our partners is reflected in Platform 5: Leadership of our Places.</p>
<p><b>2.2 Providing and enabling homes across Adur and Worthing.</b></p>	<p>Replaced</p>	<p>This commitment has been replaced by commitments 2.1, 2.2 and 2.3 to better reflect the Councils' approach to housing.</p>

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
<b>2.1 Preventing homelessness and delivering the Homelessness Reduction Act</b>	2.2.1 Create two accessible and integrated multi-agency homelessness prevention approaches (pathways) for families and individuals, including care leavers and looked after children using the SameRoom service design approach	Head of Housing	WSSCC, Coastal West Sussex CCG, Community Works, Worthing Churches Homeless Project	September 2018 - Phase 2 Design work completed and move onto deliverables
	2.3.2 Supporting the county wide project to support households to remain safely in their homes through better and faster provision of grants and home improvements.	Head of Housing	WSSCC, West Sussex District & Boroughs	September 2018 - Review of project
<b>2.2 Enabling and increasing the number of affordable and suitable homes in our communities</b>	2.3.1 Deliver the Adur District Council (HRA) development programme	Head of Housing		December 2018 - New Development Manager appointed - Albion Street development commenced.
	2.3.2 Engage with developers and registered social landlords to ensure the maximisation of affordable homes in our places	Head of Housing Head of Planning		Ongoing
	2.3.3 Review and update our strategic and operational approaches to the sourcing of temporary and emergency accommodation to reflect the changing need demand and supply of homes	Head of Housing		September 2018 - Update strategy <a href="#">Additional information</a>
<b>2.3 Supporting and sustaining Adur District Council Housing Service (HRA) as a successful and efficient business</b>	2.1.1 Ongoing development of the rolling 30 year business plan. Reviewing costs and overheads, recharges and other budgets	Head of Housing Head of Finance		December 2018 - Annual rent and service charge reviews
	2.1.2 Ongoing assessment and review of property and capital investment	Head of Housing		March 2019 - 10-20% stock assessed annually review
	2.1.3 Improving income collection and operational delivery	Head of Housing		Ongoing
<b>2.4 Providing a Platform to encourage social innovation, social financing and supporting community and social entrepreneurs to create and deliver solutions that work for our places</b>	2.4.1 Agree core principles of engagement and community involvement in design and delivery of the Councils work.	Director for Communities	Community Works, West Sussex County Council, Communities	December 2018
	2.4.2 Encourage and support people and organisations in our places to develop opportunities for social innovation and social financing.	Director for Communities	Community Works	September 2018 - Social Innovation Network to begin pilot September 2018 Social financing training with Community Works
	2.4.3 Ensure strong delivery and capture of key learning from SameRoom co-production and co-design projects, and ensure we are providing the right forums to facilitate social innovation and working with partners.	Director for Communities Director for Digital & Resources	A variety of community, voluntary and commercial partners involved	July 2018 SameRoom review completed September 2018 - The Conservation Volunteers Year One review December 2018 - Going Local Two year evaluation

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	2.4.4 Working with the community of Shoreham and bereaved families to create a permanent memorial to commemorate Shoreham Airshow tragedy of August 2015	Director for Economy	Wide variety of stakeholders	September 2018
<b>2.5 Provide a platform to develop resilient communities, targeting resources across our place on the most vulnerable and those struggling families requiring limited assistance to stay afloat</b>	2.5.1 To encourage and empower the most vulnerable in our community to create community-based networks, reduce isolation and achieve their best outcomes.	Head of Wellbeing	Community Works, DWP, WSCC	September 2018 - Loneliness and social isolation discovery project started
	2.5.2 Develop relationships and pathways that enable our communities to benefit from the regeneration of our places and promote both financial and volunteering contributions from key economic stakeholders	Head of Wellbeing Head of Major Projects and Investment Head of Planning and Development Head of Place and Economy	Community Works, Department of Work & Pensions, WSCC, Adur and Worthing Business Partnership, other infrastructure providers	September 2018 - Clear agreement on how development specific proposals will be surfaced, supporting place shaping initiatives.  June 2019 - Adur District Councils to start a review of its Supplementary Planning Document for s106 Development Contributions in 2018/19 and this will review contributions for health and wellbeing.  June 2019 -Worthing Borough Council will be preparing a Infrastructure Business Plan setting out the priorities for spending CIL.  Ongoing - identify opportunities to deliver education and apprenticeship opportunities through the Councils Major Projects programme.  Ongoing - through AWBP, help facilitate relationships and opportunities as they arise.
	2.5.3 Ongoing development of volunteering opportunities for staff and our communities that enable skills and needs to be matched.	Head of Wellbeing Head of Human Resources Head of Place and Economy	Community Works A&W Business Partnership	December 2018 - First set of proposals for Staff, CVS and Business.
	2.5.4 Increase awareness by promoting support for those who are struggling to cope, in particular those affected by the Welfare Reform and financial inclusion	Head of Wellbeing	Welfare Reform Partnerships Community Works, DWP, WSCC	September 2018 - Review post Universal Credit roll out
	2.5.5 Develop assessment/triage tools and data analysis capability in Revenues & Benefits to assist with advice and guidance to clients. Provide data for the early identification of problems shared with housing and other related services to enhance holistic support.	Head of Revenues and Benefits Director for Digital & Resources	Housing Services, Worthing Homes, WSCC	July 2018 - Develop options for external specialist support and software



Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	2.5.5 Continue to support the Integrated Prevention and Earliest Help (IPEH) Service identify gaps and increase capacity for children and families that need support	Head of Wellbeing	WSCC	March 2019 - Annual review
	2.5.6 Identify funding opportunities to support the sustainability of services to promote community resilience, health and wellbeing.	Head of Wellbeing	CCG, WSCC, Head of Place & Economy	Ongoing
<b>2.6 Promoting the good physical and mental health of our communities</b>	2.6.1 Continue to address the wider determinants of health in our localities through programmes like; <ul style="list-style-type: none"> <li>• Preventing Homelessness project</li> <li>• Going Local,</li> <li>• GoodGym and</li> <li>• Wellbeing Hubs</li> <li>• Promoting local involvement and co-production of solutions between communities and partners.</li> </ul>	Head of Wellbeing	West Sussex County Council, Coastal Commissioning Group, Public Health, Guildcare, Police	September 2018 - Communities and Wellbeing Refresh of Intelligence Framework March 2019 - Annual Review of Public Health Strategy March 2019 - Review of the Wellbeing Hubs
	2.6.2 Promote better mental health in our communities through delivering the Mental Health Challenge Action Plan and sign up to the Time to Change employers' pledge.	Director for Communities	Adur and Worthing Health and Wellbeing Partnership	March 2019
	2.6.3 Promote the mental wellbeing of our Young People through the delivery of the 'OneGoodFriend' project and communication Campaign - supporting our young people talk to someone about issues as they arise and address mental health issues early.	Head of Wellbeing Head of Communications Director for Communities	NHS, WSCC, Worthing High School, CGL	July 2018 - Synthesis Workshop Autumn 2018 - Campaign to promote 'OneGoodFriend' Autumn 2018 - outcomes from Synthesis workshop implemented
	2.6.4 Work with Coastal Care to ensure the development of all NHS and Social Care partners to integrate services that address health and social care needs through Local Community Networks in Adur and Worthing	Head of Wellbeing Director of Communities	NHS, West Sussex County Council	Ongoing
	2.6.5 Promote and support our Local Community Networks with particular focus on the prevention principles of Start Well, Live Well, Age Well.	Head of Wellbeing	WSCC, CCG, Coastal Care, Community Works, Guild Care, MIND and other voluntary sector organisations	Autumn 2018 - Implementation of outputs from OneGoodFriend discovery phase (see 2.6.3) March 2019 – Annual review of Public Health Strategy
	2.6.6 Develop our Public Health and Sports and Activities strategies for Adur and Worthing that not only improves the quality and availability of sports facilities but which improves health and inequalities across Adur and Worthing	Head of Wellbeing Head of Environmental Services	South Downs Leisure, Impulse Leisure Sports bodies and associations	April 2019
	2.6.7 Investigate opportunities to work in partnership with wellbeing to develop arts projects focused on health and wellbeing. Phase one focused on dementia, phase two on teenage mums and phase three on bonding opportunities for dad's and their children.	Head of Culture Head of Wellbeing	Guild Care, IPEH, WSCC	April 2019

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
<b>2.7 Promotion of our communities as safe places</b>	2.7.1 Prioritise safeguarding and early help across the Councils and communities by ensuring our services and policies are effective at identifying and tackling issues to keep individuals and families safe.	Dir Communities Head of Wellbeing	West Sussex Children's Safeguarding Board, West Sussex Adults Safeguarding Board	September 2018 - Self assessments for the West Sussex Boards undertaken every two years
	2.7.2 Develop and deliver projects to support and enforce the prevention and reduction in antisocial behaviour and address, with partners, emerging crime types such as county lines, cuckooing and cyber crime.	Head of Wellbeing Head of Environmental Services	Adur and Worthing Safer Communities' Partnership	Ongoing
	2.7.3 Reduce the risk of alcohol and drug related harm. Support the development of our night time economy by creating safer places.	Head of Place and Economy Head of Wellbeing	West Sussex Public Health, Adur and Worthing Health and Wellbeing Partnership, Coastal Commissioning Group	Autumn 2018 - Purple Flag Accreditation
<b>2.8 Playing our part in the reshaping of place based health services. Ensuring that our knowledge and understanding of communities is reflected in NHS/County Council joint work on improving NHS Services (and public health preventative work)</b>	2.8.1 Work with Coastal Care to ensure the development of all NHS and Social Care partners in integrated services	Chief Executive Director for Communities	CCG, Coastal, WSCC	Ongoing
	2.8.2 Represent the interests of District and Borough (and Place based health systems) in strategic conversation and decision making at Coastal Cabinet as part of the sustainability and transformation plans and longer term redesign of health and public health across the Coastal West Sussex Footprint.	Chief Executive Director for Communities Head of Wellbeing	All Coastal Cabinet partners	Ongoing

## Platforms for our Places Mid-Term Refresh

The Councils have made significant efforts to fostering the stewardship of natural resources among staff and our communities. The appointment of a Strategic Sustainability Manager has helped the Councils make significant developments in promote and embed sustainability into our thinking. Many of the new commitments reflects the next stage in the Councils strategic approach to sustainability.

Proposed Commitment	Nature of Change	What has changed
<b>3.1 Reduce emissions and shift to clean energy across the councils' estate</b>	New	This commitment reflects the next stage in the Councils improving our environmental resilience as an organisation (Commitment 3.1) and our infrastructure (Commitment 3.3)
<b>3.2 Promote sustainable travel and tackle air quality</b>	New	This commitment reflects the renewed community interest in air quality, and the Councils efforts to promote active transport and investigate new transport technologies, such electric vehicles.
<b>3.3 Reduce waste and support the circular economy, partnering with communities and businesses</b>	New	This commitment draws out activities and projects identified in Commitment 3.2 to highlight the importance of waste reduction with our places.
<b>3.4 Support delivery of smart infrastructure and clean growth in Adur and Worthing</b>	New	This commitment draws attention to sustainability within our built environment, and the role that digital infrastructure can play to improve the management of our natural resources.
<b>3.5 Develop the role of communities in stewarding our natural resources</b>	Refreshed	This commitment has been updated to reflect our activities and projects to engage our community in the stewarding of our natural resources.
<b>3.4 Use our natural environment to promote health and wellbeing in our communities, economy and places</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment.
<b>3.5 Improve our sustainability performance across the Councils' services and staff</b>	New	The activities and projects are refreshed to reflect current activities and projects, building on activities identified in Commitment 3.1

## Platforms for our Places Mid-Term Refresh

### Removed Commitments

Commitment	Nature of Change	What has changed
<b>3.1 Improve environmental resilience in Adur and Worthing</b>	Replaced	The activities and project in this commitment are associated with the Councils staff and services. Revised versions of these activities and projects are reflected in new commitments.
<b>3.3 Infrastructure for environmental resilience</b>	Replaced	The activities and projects are reflected in new commitments.

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
<b>3.1 Reduce emissions and shift to clean energy across the councils' estate</b>	3.1.1 Develop detailed understanding of the Councils' energy, water use and associated carbon emissions, and working with the West Sussex County energy team, produce an invest to save energy strategy	Strategic Sustainability Manager  Head of Business and Technical Services	Team Energy, West Sussex County Council	June 2019 - Establish our carbon baseline and develop a Carbon Reduction Plan
	3.3.2 Retrofit built infrastructure to improve environmental efficiency across corporate buildings and social housing stock.	Head of Business and Technical Services  Head of Housing  Strategic Sustainability Manager	BEIS (Salix funding) National Grid & Affordable Warmth Solutions (Warm Homes Funding)	Programme of works over next 3 years
	3.1.3 Deliver further clean, renewable energy on council buildings and sites. Develop a programme of solar photovoltaic installations.	Director Digital & Resources  Strategic Sustainability Manager	West Sussex County Council	December 2019 - Solar panels installed at the Shoreham Centre
<b>3.2 Work to deliver sustainable travel initiatives and infrastructure, tackling air quality</b>	3.2.1 Develop an Adur & Worthing Councils Staff Travel Plan, promoting active travel, cycling, walking, public transport use and car sharing. Support staff to adopt these forms of transport for commuting and business travel, and share our learning with other local organisations.	Director Digital & Resources	West Sussex County Council, Sustrans, Public Transport providers	April 2019
	3.2.2 Help deliver the West Sussex Air Quality Action Plan agreed in June 2018 by promoting active travel, cleaner fuels, cleaner fleets (in house and in taxis) and the use of electric/hybrid vehicles as set out below.	Head of Wellbeing	WSCC, Ds & Bs Sussex Air Partnerships	From July 2018
	3.2.3 Improve cycling and walking infrastructure across Adur and Worthing and connectivity with neighbouring areas.	Director of Communities  Head of Place and Economy  Head of Planning and Development  Strategic Sustainability Manager	Walking & Cycling Action Group, West Sussex County Council, Sustrans, local cycling and walking groups	June 2019 - Develop a Local Cycling and Walking Infrastructure Plan
	3.2.4 Transition to cleaner fuels for council fleet and vehicle rentals through e.g. hybrid and electric vehicles.	Head of Environmental Services  Strategic Sustainability Manager	Car Rental Provider (Enterprise)	December 2019 - Develop a migration plan

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	3.2.5 Promote and deliver electric vehicle charging across Adur & Worthing, working with partners and businesses to leverage government and other funding.	Strategic Sustainability Manager Director of Communities Head of Digital and Customer Service	Highways England, Office for Low Emission Vehicles (OLEV), West Sussex County Council, Local Businesses	December 2018 - Next phase charging sites plan December 2019 - Plan delivered
<b>3.3 Reduce waste and support the circular economy, partnering with communities and businesses</b>	3.3.1 Develop mechanisms to improve measurement and incentivisation of recycling and circular use of waste resources within Inter Authority Waste Group and Department for Community and Local Government.	Head of Environmental Services	Strategic Waste Officers Group for West Sussex, Registered Social Landlords and community groups	November 2018
	3.3.2 Using learning from our Findon Valley and Sompting Big Local projects to engage with our communities to promote and support to improve recycling rates in line with Government Targets.	Head of Environmental Services	Strategic Waste Officers Group for West Sussex	December 2018
	3.3.3 Reduce use of single use plastics, by launching the Refill water bottle campaign, including publishing a map of public drinking water sites, and introducing related initiatives to radically reduce council use of single use plastics.	Strategic Sustainability Manager Head of Business and Technical Services	Worthing Climate Action Network, Transition Town Worthing, Marine Conservation Society, West Sussex County Council, Southern Water.	December 2018 - Deliver council contribution to national Refill campaign December 2018 - Develop wider plan on single use plastics reduction.
<b>3.4 Support delivery of smart infrastructure and clean growth in Adur and Worthing</b>	3.4.1 Ensure delivery of environmental sustainability through planning processes, developing innovative approaches to delivering more sustainable development while balancing the imperative to build.	Head of Planning and Development Strategic Sustainability Manager	Developers, Planning Sector	Autumn 2018 (WORTHING) - Worthing Local Plan consultation. Ongoing (ADUR) - implementation of policies adopted with The Adur Plan
	3.4.2 Ensure continuing effectiveness of Building Control advisory service on sustainable design in the built environment and extending influence across the business and domestic network.	Head of Planning and Development		Autumn 2018 (WORTHING) - Worthing Local Plan consultation. Ongoing (ADUR) - implementation of policies adopted with The Adur Plan
	3.4.3 Explore and promote opportunities for the use of smart technologies in sustainability such as smart metering, smart energy solutions, environmental sensor technology and smart transport solutions	Director Digital & Resources	West Sussex County Council, Business partners	December 2018 - Identify a first experimental project
<b>3.5 Develop the role of communities in stewarding our natural resources</b>	3.5.1 Promote Adur and Worthing as a sustainable place. Work with local communities, businesses and experts to identify opportunities to improve the environmental stewardship and sustainability of Adur and Worthing.	Strategic Sustainability Manager	Local community, business, public and academic sector partners.	December 2019 - Adur & Worthing Sustainability Conference Sustainability Prospectus for Adur and Worthing

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	3.5.2 Develop new collaborative and integrated models of management of our parks, public spaces and biodiversity, and engagement of our community	Head of Environmental Services	The Conservation Volunteers, Head of Wellbeing	September 2018 - Completion of review and evaluation
	3.5.3 Improve Worthing’s Bathing Water Quality through the implementation of an enhancement programme.	Head of Wellbeing	Head of Environment Services, Southern Water Environment Agency	January 2019 - Completion of Major Works May-September 2019 - measures in place for the 2020 Bathing Season
<b>3.4 Use our natural environment to promote health and wellbeing in our communities, economy and places</b>	3.4.1 Support the Growing Communities Project, to empower our communities to gain health and wellbeing outcomes from our natural environment.	Head of Wellbeing	Community Works, The Conservation Volunteers, Green Spaces Partnership	June 2020
	3.4.2 Supporting the development of our public realm, green spaces and natural environment, including accessing the South Downs National Park to promote and enhance our visitor economy and wellbeing within the Community.	Head of Place and Economy Head of Wellbeing Head of Environmental Services Head of Housing Head of Planning and Development	South Downs National Park Authority, West Sussex County Council	Ongoing
<b>3.5 Improve our sustainability performance across the Councils’ services and staff</b>	3.5.1 Strengthen our internal sustainability performance, supporting and extending good practice through council spend and across the directorates.	Strategic Sustainability Manager Head of Finance	Contractors	August 2018 - Establish regular reviews
	3.5.2 Mainstream sustainability across council policy, services and behaviour through personal development, learning and volunteering opportunities	Strategic Sustainability Manager Head of Human Resources	Business partners, Sussex Wildlife Trust,	August 2018 - Establish a programme of continuous personal development sessions for staff





## Platforms for our Places Mid-Term Refresh

Proposed Commitment	Nature of Change	What has changed
<b>4.1 Drive significant service redesign of council services using SameRoom service design methods and digital platform technologies, including the provision of new multi-agency services.</b>	New	This commitment has been added to reflect the Councils significant investment in digital transformation and digital-led service redesign.
<b>4.2 Exceed annual £600,000 income growth targets in support of the councils' medium term financial plan, through better market research and a step change in marketing strategies, and creation of new business initiatives</b>	Amended	This commitment has been amended to build on ambition set out in Commitment 4.3, with activities and projects to reflect this.
<b>4.3 Use the Councils' land and buildings to support our financial and social economies, and support the Councils' financial sustainability.</b>	Moved	This commitment has been moved from Platform 1: Our Financial Economies (Commitment 1.4) to reflect the cross-cutting nature of its outcomes, and the management of the Councils assets more appropriate to Platform 4.
<b>4.4 Developing and improving our core capabilities, processes and skills to ensure delivery of our ambitions across our Platforms strategy</b>	Amended	This commitment has is amendment of Commitment 4.6 with activities and projects to reflect the significant work that has been undertaken and emerging priorities.
<b>4.5 Develop a communications service that champions the places, people, councils and projects of Adur and Worthing creatively, professionally and cost effectively</b>	Refreshed	Updated to reflect the current progress of the projects identified under this commitment.

## Platforms for our Places Mid-Term Refresh

### Commitments Removed

Proposed Commitment	Nature of Change	What has changed
<b>4.1 Design customer-centered service which enable customers to get what they need to thrive</b>	Business as Usual	This commitment has been incorporated into the Business as Usual activities focusing on customer-centred approaches to service redesign and review.
<b>4.2 Develop customer intelligence and insight function to drive the design of customer-centred services.</b>	Business as Usual	The customer intelligence and insight function has been established, and information is fed back to services. It continues to be reflected in Activity 4.1.3.
<b>4.4 Regulatory change and competition for core services</b>	Business as Usual	The issued raised in this commitment are being addressed through our business planning processes and developing the council commercial capacity.
<b>4.5 Utilising the expertise with our Communities</b>	Moved	The activities and projects have been reflected in Commitment 4.1 and Commitment 2.4 (Platform 2: Our Social Economies)

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
<b>4.1 Drive significant service redesign of council services using SameRoom service design methods and digital platform technologies, including the provision of new multi-agency services.</b>	4.1.1 Continue to develop our SameRoom service design offer to help address local system challenges including young people and mental health, homelessness and loneliness & isolation, and providing digital prototypes & products where required	Director Digital & Resources	WSSCC, Coastal West Sussex CCG	September 2018 - Preventing Homelessness Design September 2018 - Loneliness project kick off October 2018 - Branding and public blog
	4.1.2 Develop mobile first, end-to end digital services that people prefer to use, redesigning whole service models using SameRoom methods, putting citizen needs at the centre, increasing customer satisfaction, driving out inefficiency and reducing call demand	Director Digital & Resources	Ministry for Housing, Communities and Local Government	September 2018 - Housing repairs November 2018 - Waste phase 2 self service March 2019 - Revenues & benefits self service
	4.1.3 Improve our data analysis, customer research and feedback methods to build clear insight into citizen experience and service performance	Head of Customer & Digital Services	West Sussex County Council Data Insight Team, Ministry for Housing, Communities and Local Government, Open Data Institute	December 2018 - Improvements in service data March 2019 - Real-time service performance
	4.1.4 Run experiments with new technologies such as interactive voice control, robotics and sensor technologies to create new digital options when redesigning services	Head of Customer & Digital Services  Director Digital & Resources	Amazon, Google, Cityfibre, Brighton & Hove City Council	September 2018 - Live test of voice-controlled ordering in clinical waste  September 2018 - Demonstration from Brighton & Hove City Council on sensor technology in social housing
<b>4.2 Exceed annual £600,000 income growth targets in support of the councils' medium term financial plan, through better market research and a step change in marketing strategies, and creation of new business initiatives</b>	4.2.1 Develop an improvement model for income growth that can be tested and rolled-out, through an exemplar project in waste & recycling, testing methods for business model development, planning, branding and marketing	Director for Digital & Resources  Head of Environmental Services		July 2018 - Waste exemplar (garden and trade waste) start  September 2018 - Develop invest to save proposition for digital marketing post
	4.2.2 Identify new opportunities for income growth through new business model canvas workshops as part of a revised service planning process, creating invest to save business cases for assessment	Director for Digital & Resources  Chief Financial Officer		June/July 2018 - Workshops
	4.2.3 Deliver savings from procurement (£750,000 target over 2017-2020) through spend analysis and category management, ensuring opportunities for social and environmental value creation are given proper consideration to deliver against our overall platforms strategy	Director for Digital and Resources		2017/18 - £200,000 in savings achieved in  By March 2020 - £750,000 in savings achieved
<b>4.3 Use the Councils' land and buildings to support our financial and social economies, and support the Councils' financial sustainability.</b>	4.3.1 Undertake a thorough examination of our property holdings in Adur and Worthing and other partners – prioritise opportunities for new homes, businesses and revenues.	Head of Major Projects and Investment		Autumn 2019 - Publish comprehensive Asset Management Plan

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	4.3.2 Use the Councils' Strategic Property Investment Fund to deliver new revenue streams and support investment projects.	Head of Major Projects and Investment		Spring 2018 and onwards - Annual progress report September 2018 - Estates digital application December 2018 - Compliance digital application
<b>4.4 Developing and improving our core capabilities, processes and skills to ensure delivery of our ambitions across our Platforms strategy</b>	4.3.1 Launch a leadership & management apprenticeship offer accessible to partner agencies, within a new organisation-wide learning offer using action learning and peer to peer methods, supplemented by high quality external training and facilitation	Dir for Digital & Resources Head of Human Resources	Coastal West Sussex CCG and St Barnabas House Hospice	September 2018 - First leadership & management cohort
	4.3.2 Develop our cross-functional teams by creating enabling project management and governance approaches for major projects, property investment, commercial development and service redesign, providing enabling internal support resources and using external specialists when they are needed	Director for Digital and Resources Chief Financial Officer Head of Legal Services Head of Major Projects and Investment		September 2018 - Project management and governance framework and guidance
	4.3.3 Provide high quality digital productivity tools including a smartphone refresh and Google Team Drive (with large scale file migration)	Head of Customer and Digital Services		June 2018 - Smartphone refresh completed October 2018 - New telephony managed service provider Oct 2018 March 2019 - Full deployment of Google Team Drive
	4.3.4 Deliver a centralised, comprehensive contracts register, and provide training to contract managers across the organisation, with appropriate checks and challenges and including training on driving social and environmental value from contracts	Chief Financial Officer Director Digital & Resources		September 2018 and regular training thereafter
	4.3.5 Reviewing our debt management arrangements, to ensure effective and efficient operations, and that recovery is appropriate to circumstances, sensitively handled and joined up	Director Digital & Resources Head of Revenue & Benefits Chief Financial Officer	Department of Work and Pensions, Citizens Advice Bureau/Financial Inclusion Group, Customer and Commercial Board	December 2018

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	4.3.6 Ensure GDPR compliance by delivering improvements against a comprehensive action plan and using dedicated resources. Harness the opportunity provided by the new General Data Protection Regulations (GDPR), putting privacy and trust at the centre of our relationship with citizens.	Head of Customer and Digital Services		September 2018 - GDPR training to all staff by  August/September 2018 - GDPR training to members  August/September 2018 - Comprehensive action plan is being delivered  July 2018 - Update report to Joint Governance Committee
<b>4.5 Develop a communications service that champions the places, people, councils and projects of Adur and Worthing creatively, professionally and cost effectively</b>	4.4.1 Continue to develop an effective agency model, providing a sustainable and high quality strategic communication service to internally and externally clients.	Head of Communications	Heads of Service, community and public sector partners	December 2018 - next phase of agency development
	4.4.2 Promote and protect the Councils' brand and reputation in all forms and in all media, and ensuring that Council is a reliable and trusted source of information to our Communities.	Head of Communications	Heads of Service, local, regional and sector press and media	Ongoing
	4.4.3. Continue to develop social media as an appropriate, effective communications channel..	Head of Communications	Heads of Service, community and public sector partners	Ongoing



## Platforms for our Places Mid-Term Refresh

Proposed Commitment	Nature of Change	What has changed
<b>5.1 Promote Adur and Worthing for maximum benefits of our financial and social economies and support the creation and effective use of the other Platforms</b>	Amended	This commitment has been amended to reflect the current activities and projects and a refreshed approach to Commitment 5.1.
<b>5.2 Leadership of emergency planning and civil contingencies</b>	New	This new commitment has been added to reflect renewed efforts of the Councils efforts to strengthen emergency planning and civil contingencies.
<b>5.3 Develop and sustain strong personal and organisational relationships to support Platforms for our Places and the effective delivery of commitments and future activity. Ensure the necessary relationships of influence are in place</b>	Amended	This commitment has been amended to reflect the current activities and projects and a refreshed approach to Commitment 5.2.
<b>5.4 Transition current Local Strategic Partnership approach from quarterly formal meetings of organisations to a genuine network of community leaders focussed around two conferences a year</b>	New	The new commitment has been added to reflect a new approach to strategic partnership in Adur and Worthing, which was recently supported at the Local Strategic Partnerships Executive Board meeting in May 2018.
<b>5.5 Adur and Worthing Councils play a strong leadership role in the development of health, public health, social care and wellbeing of our communities</b>	New	This new commitment reflects the significant efforts the Councils are now making to engage with health partners to find place-based solutions for our communities health.
<b>5.6 Promote sharing of best data, best practice and best innovation and learning across our place leaders</b>	Amended	This is an expansion of Commitment 5.3 to reflect the range of sources of intelligence to inform the develop of our places and leading to better outcomes for our communities.

## Platforms for our Places Mid-Term Refresh

Proposed Commitment	Nature of Change	What has changed
<b>5.7 Promoting representative and participative democracy in our communities</b>	Amended	This is a revision of Commitment 5.4 and reflects the current approach to developing leadership in our places.

## Commitments Removed

Commitment	Nature of Change	What has changed
<b>5.5 Maintaining and managing the Platforms and their use</b>	Business as Usual	The Councils 'platforms approach' has been incorporated into our strategic thinking. We will continue to look for opportunities to promote and engage staff and our partners in the development of Platforms.



Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
<b>5.1 Promote Adur and Worthing for maximum benefits of our financial and social economies and support the creation and effective use of the other Platforms</b>	5.1.1 Develop a place brand for Worthing and engage key partners to maximise uptake and use. Identify how the place brand complements other existing brands and partners. (WORTHING)	Head of Communications	Wide variety of public service partners and use of small local SMEs to develop	October 2018-roadmap to brand essence and next steps of brand development.
	5.1.2 Oversee and manage the reputation of our places and seek to align messages with key partners.	Head of Communications	Variety of partners dependent upon the issue	Ongoing
	5.1.3 Promote Adur and Worthing Councils and key partner activity and initiatives where it supports the development of the five Platforms or the delivery of commitments, including encouraging behavioural change to achieve outcomes desired	Head of Communications All HoS	Variety of partners dependent upon the issue	Ongoing
	5.1.4 Develop networks, skills and influencing potential across our local community and voluntary sector ensuring we hear the voice of the community	Director for Communities	WSCC, Community Works, CVS organisations	Ongoing  Autumn 2018 - Community Innovation Network piloted
<b>5.2 Leadership of emergency planning and civil contingencies</b>	5.2.1 Ensure Adur and Worthing Councils own civil contingency and emergency planning activity is well planned and resourced. Technology and training support provided to all relevant staff	Director of Digital & Resources  Head of Business and Technical Services	Wide variety of Category I and Category II responders	June 2018 - IT Disaster Recovery Test (power failure in the Town Hall)  October 2018 - Training to managers (senior leadership training completed) by  March 2019 - Scenario training (done annually)
	5.2.2 Ensure strong relationships with pan-Sussex Civil Contingencies groups, best fit of our activity with theirs, shared understanding of planning and operational imperatives etc.	Director of Digital & Resources  Head of Business and Technical Services	Wide variety of Category I and Category II responders	Maintain regular coordination and planning meetings and Pan Sussex training events  Include testing of mutual aid arrangements in scenario training
	5.2.3 Participate in the design, development and rolling out of scenario planning and other training exercises, both in Adur and Worthing and at a pan-Sussex level to ensure good understanding of cross agency roles and responsibilities in civil contingency activity	Director of Digital & Resources  Head of Business and Technical Services	Wide variety of Category I and Category II responders	Maintain regular coordination and planning meetings and Pan Sussex training events  Include testing of mutual aid arrangements in scenario training
<b>5.3 Develop and sustain strong personal and organisational relationships to support Platforms for our Places and the effective delivery of commitments and future activity. Ensure the necessary relationships of influence are in place</b>	5.3.1 Ensure positive working relationships at a local and regional level including: <ul style="list-style-type: none"> <li>Greater Brighton Economic Board</li> <li>West Sussex County Council and Districts and Boroughs</li> <li>Community Works, and the wider Community and Voluntary Sector</li> <li>Housing Partners</li> <li>Criminal Justice &amp; Community Safety Partners</li> <li>Coast to Capital LEP</li> <li>Various NHS bodies</li> </ul>	Chief Executive  Directors and Elected Members  Chief Executive's Policy Advisor	Significant number of partners	Senior staff and Members had a number of key relationships in formal and informal settings.  From January 2019 - Annual Review of reach and quality of relationships with actions arising starting.

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	5.3.2 Ensure strong working relationships with a wide variety of national partners including (but not limited to): <ul style="list-style-type: none"> <li>Central Government</li> <li>Local Government Association and New Local Government Network</li> <li>Potential funders and investment partners</li> <li>Social innovators who could bring value to our places</li> </ul>	Chief Executive, Directors and Elected Members Chief Executive's Policy Advisor	A significant number of partners	July 2018 - Review and refresh September 2018 - Director of Digital & Resources to join the MHCLG digital steering group July 2018 - Join the New Local Government Network and participate in events and masterclasses helping gain learning from elsewhere
<b>5.4 Transition current Local Strategic Partnership approach from quarterly formal meetings of organisations to a genuine network of community leaders focussed around two conferences a year</b>	5.4.1 Develop a clearer role for the Local Partnership network that supports, creates and maintains these networks and their activity	Director for Communities All Directors	All existing LSP "conference" partners and beyond	November 2018 - Delivering two conferences per calendar year. Establish Chairs Services for LSP sub group leads Stronger information flows across the network December 2019 - Sustainability Conference
	5.4.2 Continue to support the Business, Health and Wellbeing and Safer Communities' partnerships, and build the capability of the networks to develop and deliver what's needed in their themed areas	Director for Communities All Directors	All existing LSP "conference" partners and beyond	Summer 2018 - Social Innovation network to be piloted by
	5.4.3 Support the Community, Voluntary and Social Enterprise Sector to become leaders of and participants in a stronger social innovation agenda	Director for Communities All Directors	All existing LSP "conference" partners and beyond	Autumn 2018 - Community Innovation network piloted Waves Ahead Conference planning to be inclusive of wider networks
<b>5.5 Adur and Worthing Councils play a strong leadership role in the development of health, public health, social care and wellbeing of our communities</b>	5.5.1 Elected Members remain involved with the development of the Health & Social Care agenda as it develops in Adur and Worthing	Director for Communities, Chief Executive, Leaders, Cabinet Members and JOCS Members	Wide variety of NHS/WSCC/ CVS partners	Ongoing
	5.5.2 Adur and Worthing Councils continue to encourage shared leadership across sectors on common agendas through secondments, conferencing, involvement in working parties and design thinking	Director for Communities Director for Digital & Resources	Wide variety of NHS/WSCC/ CVS partners	September 2018 - Review of shared and systems leadership approaches June 2018 - Director for Digital & Resources speaking at Connected Britain July 2018 - "Enhancing Housing Services 2018" October 2018 - Local Gov Strategy Forum
	5.5.3 Ensure Adur & Worthing Councils play a role in shaping the future of NHS provision, either via an Accountable Care Partnership, the Sustainability and Transformation Plans and through locality based Community Health Solutions	Chief Executive and Director for Communities	Wide variety of NHS/WSCC/ CVS partners	

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	5.5.4 Develop and sign off the 'Wellspring' pilot bringing NHS, County Council and Adur & Worthing Councils together to focus significant public health issues.	Director for Communities	Wide variety of NHS/WSCC/ CVS partners	September 2018 - Initial project commencing
	5.5.5 Continue to participate at the West Sussex Health & Wellbeing Board and ensure the views of our Councils are heard in the Strategic Commissioning Agenda.	Chief Executive	Wide variety of NHS/WSCC/ CVS partners	Ongoing
	5.5.6 Ensure that our Health & Wellbeing partnership has a strong strategic approach and is well linked into the Wellbeing & Resilience activity across West Sussex	Director for Communities (Executive Members)	Head of Wellbeing Wide variety of NHS/WSCC/ CVS partners	September 2018 - Health & Wellbeing Partnership Workshop to further develop Activities Strategy
	5.5.7 Unblock health care issues and support innovation where we can using our land or resources. (e.g. Worthing Town Hall car park Multi-Disciplinary Health Hub and Shoreham Pond Road)	Director for the Economy and Director for Communities	Wide variety of NHS/WSCC/ CVS partners	Ongoing
<b>5.6 Promote sharing of best data, best practice and best innovation and learning across our place leaders</b>	5.6.1 Continue to grow our Systems Leadership capacity (working with LGA and a variety of local partners) using the evaluation of the success of our first two tranches of work. Identify and share learning as well as how SL approaches can be disseminated across new networks (e.g. the Local Community Networks within the NHS)	Director for Communities	NHS and wide range of LSP and CVS partners	October 2018 - Review of Systems Leadership activity by
	5.6.2 Work with WSCC to agree "top 10" collaboration issues, drawn from the West Sussex Plan and our Platforms for our Places commitments. These to be worked up into a "Place Agreement" and be the subject of focussed collaborative work over the longer term	Chief Executive All Directors	WSCC	By September 2018
	5.6.3 Continue to champion the design and delivery of a range of impactful social innovation projects and ideas. Such as: <ul style="list-style-type: none"> <li>• Social Prescribing, ("Going Local");</li> <li>• Supporting our Young People to Thrive;</li> <li>• 'Growing Communities' in partnership with TCV promoting holistic prevention and community engagement and</li> </ul> Ensure that learning gained these projects are shared across key public service, voluntary and other partners	Director for Communities	Wide range (especially CVSE) including LSP	Autumn 2018 - Formal review of named social innovation projects  Going Local digital application rolling out to two further sites in Chichester and Arun July 2018.
	5.6.4 Continue to grow our SameRoom service design offer to provide specialist facilitation, user research and digital design support to system level change projects	Director for Digital & Resources	NHS and wide range of LSP and CVS partners	October 2018 - SameRoom brand and blog
	5.6.5 Create a new form of modern public service apprenticeship (managerial level) working to incorporate a range of our new capabilities to create a new locally based offer for levy paying public service employers and beyond (see 4.3.1 also)	Director for Digital & Resources	Chichester College Coastal West Sussex CCG St Barnabas House Potentially all significant public service employers (and beyond)	July 2018 - First cohort commencing

Commitment	Activities & Projects	Lead Responsibility	Partner Involvement	Timescales/Milestones
	5.6.6 Continue to develop the use of our digital platform to join up front line service delivery, particularly to further develop the Going Local and Service Directory apps, within Adur & Worthing and beyond	Director for Digital & Resources	WSCC, NHS	July 2018- Going Local digital application rolling out to two further sites in Chichester and Arun.
	5.6.7 Sign the Ministry for Housing, Communities and Local Government Local Digital Declaration and for the Director of Digital & Resources to join the national steering group	Director for Digital & Resources	Ministry for Housing, Communities and Local Government Other local authorities	July 2018 - Declaration signed September 2018 - Steering Group launched
	5.6.8 Develop open data and "API" (machine readable data publishing) strategies with Ministry for Housing, Communities and Local Government and Open Data Institute. Launch the WSCC community insight tool.	Director for Digital & Resources	WSCC, Ministry for Housing, Communities and Local Government, Open Data Institute	September 2018 - Launch Community Insight tool  March 2019 - Develop open data standards approach and "API" strategy with Ministry for Housing, Communities and Local Government and Open Data Institute  March 2019 - First real-time data publishing
<b>5.7 Promoting representative and participative democracy in our communities</b>	5.7.1 Ensure all elected Members in Adur and Worthing have the opportunity to access development activity, critical information and are well inducted into their roles to make informed decisions and carry out their role as leader in their Places.	Director for Communities	N/A	June 2018
	5.7.2 Design and deliver programmes specifically geared to developing the capacity of the Community, Voluntary and Social Enterprise sector to develop skills, confidence and networks on social innovation, responding to commissioning opportunities and moving to scale with social finance	Director for Communities	Community Works and all CVSE partners	Summer 2018 - Social Innovation network pilot
	5.7.3 Where the inevitable contested issues arise (or lead to active conflict) the Leaders of Place will facilitate resolution/determination of issues and attempt to maintain the quality and integrity of the underlying community relationships (and the platforms themselves)	All Leaders of Place (primarily via institutional and democratic leadership)	Potentially any partner depending upon the issue	As and when required



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 7A

Key Decision [Yes/No]

Ward(s) Affected:

**Financial Performance 2017/18 - Capital and Projects Outturn**

**Report by the Director for the Director for Digital & Resources**

**Executive Summary**

**1. Purpose**

1.1 This report outlines the financial monitoring position for the end of the 2017/18 financial year for capital schemes included in the capital programmes of the Joint Strategic Committee, Adur District Council and Worthing Borough Council.

1.2 Information is also provided in respect of capital receipts for the 2 constituent authorities.

1.3 The following appendices have been attached to this report:

- Appendix 1:** Adur District Council Major Variations Summary
- Appendix 2:** Worthing Borough Council Major Variations Summary
- Appendix 3:** Adur District Council Sale Proceeds
- Appendix 4:** Worthing Borough Council Sale Proceeds

**2. Recommendations**

2.1 The Joint Strategic Committee is asked:

- i) Note the outturn position for 2017/18

- ii) To **recommend** that Adur District Council at its Council meeting on 19<sup>th</sup> July 2018:
  - (a) Note the overall capital final outturn for 2017/18.
  - (b) Agree the net carry over of General Fund Capital underspends for Adur District Council as detailed in paragraph 5.3.
  - (c) Approve the financing of the Adur District Council 2017/18 Capital Investment Programme, including the use of capital receipts as set out in paragraphs 5.1 and 5.2.
  - (d) Approve the amendment and addition of new schemes funded from underspend as summarised in paragraph 5.6
  
- iii) To **recommend** that Worthing Borough Council at its Council meeting on 17<sup>th</sup> July 2018:
  - (a) Note the overall capital final outturn for 2017/18.
  - (b) Agree the net carry over of General Fund Capital underspends for Worthing Borough Council as detailed in paragraph 5.7
  - (c) Approve the financing of the Worthing Borough Council 2017/18 Capital Investment Programme, including the use of capital receipts as set out in paragraphs 5.9 and 5.10.
  - (d) Approve the amendment and addition of new schemes funded from underspend as summarised in paragraph 5.11

### 3. CONTEXT

- 3.1 The monitoring of capital budgets has been reported to the Joint Strategic Committee three times during the year.
- 3.2 In accordance with the Councils' Capital Strategy, the Joint Capital Working Group oversees the development, implementation and progress of both Councils' Capital Investment Programmes.
- 3.3 Full summaries of the outturn of all the schemes in the 2017/18 Capital Investment Programmes are available from the Councils' Joint Intranet and highlight:

Schemes not progressing satisfactorily or where there are financial issues	<b>Red</b>
Schemes where progress is being closely monitored	<b>Amber</b>
Schemes progressing well	<b>Green</b>
Schemes where progress is beyond officers' control	▣
Schemes with financial issues	£
Schemes where progress has improved	↑
Schemes where progress has deteriorated	↓

#### 4. 2017/18 Outturn

4.1 Overall performance against the programme can be summarised as follows:

Capital Outturn - Summary of Progress:	Adur	Worthing	Status
Schemes where the Councils have experienced significant challenges or where financial issues have been identified	6	7	Red
Schemes where progress is being closely monitored	23	29	Amber
Schemes progressing well	10	8	Green
Schemes completed	20	32	
Total Schemes:	59	76	

#### 4.2 Successes and challenges in the 2017/18 programme

4.2.1 There has been a number of significant schemes delivered this year, with real and visible impact across our area.

Overall the programme has been delivered successfully this year with less than 10% of schemes presenting any significant issues. Highlights include:

##### **Joint schemes:**

- i) Purchase of a new fleet of refuse and recycling vehicles.
- ii) Grants for disabled adaptations were awarded to 56 households in Adur and 96 households in Worthing.
- iii) Both Councils invested in new commercial property to provide sustainable income for the future.

##### **Adur District Council schemes:**

- iv) The demolition of the old Adur Civic Centre was completed which will facilitate the development of the site and saved Adur District Council £160,000 in business rates a year and £50k in associated running costs.
- v) The construction of a new office block started on the old civic Centre car park site. This will provide 25,000 sq m of new office accommodation to provide high quality employment space in the local area.
- vi) Improvements to 230 Council Homes comprising the replacement/refurbishment of 209 kitchens and 169 bathrooms and 43 separate WC's for tenants.

### **Worthing Borough Council schemes:**

- vii) The Brooklands Lake dredging and replanting started on site and completed early in 2018. This project saw the removal of 19,000 tonnes of silt from the lake.
- viii) The demolition of Teville Gate car park started which will improve the site and facilitate the future redevelopment of the area.
- ix) The old police station site at Union Place was acquired. This will support the redevelopment of the site. The acquisition was largely funded by grant from the Growth Fund
- x) Structural repairs and improvements to the multi storey car parks are underway. The lifts at Buckingham Street car park were replaced in 2017/18 and the lighting was replaced in Buckingham and High Street car parks.
- xi) A loan was completed to Worthing Homes to support the delivery of new affordable housing in the area.

4.2.2 However, there were some challenges faced by the Councils. The following schemes have been identified as having financial issues at 31<sup>st</sup> March 2018:

i) **Adur District Council - Enhancements to Lower Beach Road (Riverside) Car Park**

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 and 90% of the works have completed and the car park is open, but the remaining works have been suspended to accommodate access for the Environment Agency's Tidal Walls Coastal Protection Scheme to the rear of the Waterside Inn. The EA's current CPW programme of works should enable a possible restart on site in September 2018.

The outstanding works will be organised after the EA scheme has completed and are estimated to cost £85,000. There will also be additional planting costs. An overspend of £65,000 is forecast on the scheme, which can be accommodated from the 2017/18 overall capital programme underspend.



ii) **Worthing Borough Council Town Hall - Removal of asbestos from roof space**

An estimated overspend of £100,000 has previously been reported and funding was allocated from underspends in the overall 2017/18 Capital Investment Programme.

Meetings have been held with consultants regarding the extent of the works and the estimated cost of the work is now £353,400, a shortfall of £128,500 on the current budget.

A separate report is to be submitted to the Joint Strategic Committee identifying the additional funding required.

iii) **Durrington Cemetery Extension to provide additional burial spaces**

The Council's existing burial spaces are anticipated to be fully used by December 2018. The provision of additional burial spaces has been delayed by the need to obtain tree / ecological surveys and the installation of an off-site monitoring groundwater well.

The off-site groundwater well has been installed and the tree and ecological surveys have been completed. Planning permission was approved May 2018 and a consultant has been engaged to carry out the final design and contract documentation.

The extension was originally to be undertaken in 2 phases with the current budget of £300,000 sufficient for Phase 1. However, outcomes from the ground water and ecological surveys require the full scheme to be constructed at one time.

The enlarged scheme is estimated to require additional resources of circa £600,000 to complete the additional burial spaces and site depot modifications. A separate report is to be submitted to the Joint Strategic Committee to request the additional funding required.

4.2.3 In addition to the above schemes which have financial issues the following schemes have provided challenges:

i) **Acquisition of Emergency Interim or Temporary Accommodation for the homeless (Invest to Save Scheme)**

The 3 Year Capital Investment Programme includes a budgets for the purchase of new temporary and emergency accommodation of £1,200,000 for Adur District Council and £1,800,000 for Worthing

Borough Council. The Councils completed a contribution of £90,000 to a Worthing Churches Homeless Project to refurbish 22 Lyndhurst Road into 37/38 units of short stay accommodation (£30,060 from Adur District Council and £59,940 from Worthing Borough Council).

The Councils will have nomination rights to 18 of these units which will reduce the use of B&B accommodation.

Officers are actively seeking other properties but it is proving difficult to find suitable sites. However, the leasing of properties continues to be successful with additional properties having been leased this year to meet new demand.

ii) **Replacement of Financial Management System**

Implementation has been paused due to system performance issues and required functionality being promised in later software issues. Robust contract management meetings have been held with the supplier and further analysis of the company's ability to deliver is underway, with payments withheld.

The contract with the existing supplier is being extended again at a licence cost of £25,000 which will need to be charged to the project in 2018/19. All of the remaining budget will need to be carried forward to 2018/19 to fund consultancy costs to complete the project implementation.

A meeting was held on 6th June 2018 with the new supplier to determine a way forward and to agree timescales for project completion.

iii) **Replacement of Land Charges / Planning / Building Control System**

There are implementation issues in this project, despite close and robust project and contract management with the third party software supplier. The company has had resourcing issues relating to skill levels and continuity, and insufficient progress has been made with configuration and deployment.

The new system is currently being reviewed for viability and consideration of whether to continue with the implementation. Payments are being withheld.

iv) **Grants to Registered Social Landlords for the provision of affordable housing**

Officers are in constant discussion with Registered Social Landlords regarding possible contributions to housing developments. However, it has proved difficult to identify developments to fund.

Only one grant was completed In 2017/18, a grant of £372,828 to Worthing Homes by Adur District Council for the purchase of new affordable rent homes being delivered at Southlands Hospital.

**4.3 Adur District Council Capital Outturn – All Portfolios**

4.3.1 The capital investment programme for all Adur Portfolios was originally estimated at £25,985,130. Subsequent approvals and reprofiling of budgets to and from 2018/19 produced a total current budget of £20,384,640.

4.3.2 Actual expenditure in the year totalled £20,300,474, a decrease of £84,166 on the current estimate, comprising of a net brought forward from 2018/19 of £12,060 and a net underspend of £96,226. Individual Portfolio expenditure was as follows:

	<b>Current Estimate £</b>	<b>Actual Outturn £</b>
<b>General Fund and Housing Revenue Account:</b>		
E.M. for Environment	2,607,920	2,300,451
E.M. for Health and Well-Being	86,140	7,640
E.M. for Customer Services		
- General Fund	956,370	885,176
- Housing (HRA) Investment Programme	3,626,910	2,936,728
E.M. for Regeneration	12,670,610	13,934,781
E.M. for Resources	436,690	235,698
<b>TOTAL</b>	<b>20,384,640</b>	<b>20,300,474</b>

4.3.3 The major scheme variations are listed in Appendix 1 of this report.

4.3.4 The remaining usable capital receipts held at 31st March, 2018 totalled £2,787,532. To be utilised as follows:

• Ring-fenced Shoreham Renaissance Funds	£237,268
• Ring-fenced for Affordable Housing (LASHG)	£140,476
• Housing Revenue Account – Capital Investment	£2,332,675
• Ring-fenced for Housing Renewal Grants	£6,663
• Ring-fenced for Empty Property Grants	£25,825
• Ring-fenced for the Flexible Use of Capital Receipts	£44,625

4.3.5 Proceeds from sale of assets in 2017/18 are analysed in Appendix 3.

#### 4.3.6 HRA Right to Buy Capital Receipts

2012/13 was the first year of the significant increase in discount for tenants introduced by the government as part of re-invigorating 'Right To Buy' (RTB). In 2017/18, 8 properties were sold. The financial impact is detailed below:-

<b>Analysis of movement in RTB receipts</b>	<b>£'000</b>	<b>£'000</b>
Balance brought forward as at 31st March		2,844
Receipts generated in year	767	
Less: Administration costs deducted from the capital receipts	-11	
Capital receipts passed to MHCLG as part of pooling arrangement	-268	
Net receipts generated in year	488	
Use of receipts to finance the capital programme	-402	
Retained capital receipts repaid to MHCLG	-597	
Reduction in receipts retained by the HRA		-511
<b>Balance carried forward as at 31st March</b>		<b>2,333</b>

<b>Analysis of RTB receipts</b>	<b>£'000</b>
Capital receipts which can be used for any purpose	1,481
Capital receipts which are to be used for new affordable dwellings*.	852
<b>Balance carried forward as at 31st March</b>	<b>2,333</b>

- \* These receipts must be spent on the delivery of new affordable homes. 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.

#### 4.5 Worthing Borough Council Capital Outturn – All Portfolios

4.5.1 The Worthing capital investment programme for all Portfolios was originally estimated at £29,277,630. Subsequent approvals and reprofiling of budgets to and from 2018/19 produced a total current budget of £32,843,230.

4.5.2 Actual expenditure in the year totalled £29,550,088 a reduction of £3,293,142 on the revised estimate, comprising of a net carry forward of £2,588,690 and a net underspend of £704,452. Individual Portfolio expenditure was as follows:

	Revised Estimate £	Actual Outturn £
<b>General Fund Other Services:</b>		
E.M. for Customer Services		
- Housing	1,191,850	838,010
- Other Schemes	128,790	54,077
E.M. for Environment	5,561,050	4,568,634
E.M. for Health and Well-Being	125,460	9,075
E.M. for Regeneration	15,092,960	13,689,751
E.M. for Resources	10,743,120	10,390,541
<b>TOTAL</b>	<b>32,843,230</b>	<b>29,550,088</b>

4.5.3 The major scheme variations are listed in Appendix 2.

4.5.4 The remaining usable capital receipts held at 31st March, 2018 totalled £5,459,536. To be utilised as follows:

- Ring-fenced for Coast Protection £88,800
- Ring-fenced for Affordable Housing (RTB Clawback Receipts) £4,714,393
- Ring-fenced for Empty Property grants and loans. £5,599
- Ring-fenced for Discretionary Housing Renovation Assistance. £617
- Ring-fenced for the replacement of the Par 3 Club House in Brooklands Park. £142,342
- Ring-fenced for the flexible use of capital receipts. £507,785

4.5.5 The balance on the General Fund Capital Expenditure Reserve at 31st March, 2018 is £29,658.

4.5.6. Proceeds from the sale of assets in 2017/18 are analysed in Appendix 4.

## 5. Issues for consideration

### Adur District Council:

5.1 Adur District Council capital expenditure in 2017/18 was financed as follows:-

	£	£
<b>General Fund Schemes Financing:</b>		
Government Grants	1,549,701	
Prudential Borrowing	14,303,280	
Capital Receipts	563,345	
S106 Contributions	751,013	
Other Contributions	139,712	
Revenue Contributions / Reserves	56,695	
<b>TOTAL GENERAL FUND FINANCED</b>		<b>17,363,746</b>
<b>Housing Revenue Account Capital Investment Programme Financing:</b>		
Major Repairs Reserve	2,869,284	
Capital Receipts	20,233	
S106	47,211	
<b>TOTAL ADUR HOMES FINANCED</b>		<b>2,936,728</b>
<b>TOTAL OVERALL FINANCED</b>		<b>20,300,474</b>

5.2 The Joint Strategic Committee is asked to recommend that the Council approve the overall financing of the 2017/18 capital programme, and the utilisation of £583,578 usable capital receipts in the funding of the 2017/18 capital programme.

5.3 Approval is requested to carry over to 2018/19 and bring forward from 2018/19 certain budgeted expenditure where spending patterns have changed since the 3<sup>rd</sup> Quarter Monitoring, as detailed in Appendix 1.

	<b>Carried Forward To 2018/19 £</b>
Executive Member Environment	264,680
Executive Member for Customer Services	
- General Fund	95,560
- Adur Homes Capital Investment Programme	727,890
Executive Member for Health & Wellbeing	78,500
Executive Member for Regeneration	302,820
Executive Member for Resources	213,920
<b>TOTAL CARRIED FORWARD TO 2018/19</b>	<b>1,683,370</b>

	<b>Brought Forward to 2017/18 £</b>
Executive Member for Environment	78,770
Executive Member for Customer Services	
- General Fund	30,060
Executive Member for Regeneration	1,579,360
Executive Member for Resources	7,240
<b>TOTAL BROUGHT FORWARD TO 2017/18</b>	<b>1,695,430</b>
<b>NET BROUGHT FORWARD TO 2017/18</b>	<b>12,060</b>

- 5.4 The reasons for the reprofiling of budgets in the capital investment programme have been analysed in Appendix 1.
- 5.5 In addition to the carry forward of existing budgets to finish approved projects in 2018/19, permission is also sought to carry forward funding from the 2017/18 Capital Investment Programme. Whilst the net overall underspend is £96,200, this includes overspend of £12,870 which will be funded from additional specific grants and contributions. The underlying resources which are available to fund new pressures is £109,070 and It is recommended that funding be approved from the residual underspend for the following items:

i) **Southwick Leisure Centre – Installation of height barriers**

The Southwick Leisure Centre car park has been identified as at risk from the incursion of travellers vehicles. In order to reduce the risk it is proposed to install a height barrier at the entrance of the car park.

The cost of the installation is estimated to cost £12,000 and liaisons are in progress with Impulse Leisure and the Bowls Clubs regarding contributions towards the cost. Impulse Leisure has agreed to fund CCTV installation, associated signage and the ongoing maintenance costs of the barrier.

As there is some urgency to install the barrier ahead of the summer season the Executive Member has been asked to agree the virement of 2017/18 underspends in the Environment Portfolio to fund this scheme. Retrospective approval is requested to add this scheme to the 2018/19 Capital Investment Programme.

ii) **Lancing Manor Leisure Centre – Renewal of flat roof area over the entrance hall and replacement of glazing units in the entrance hall**

The Adur Capital Investment Programmes includes a budget of £44,800 for the renewal of the flat roof area over the entrance hall and for the replacement of glazing units in the entrance hall. Tendering revealed the full extent of the works which are now estimated to cost £90,620, £45,820 over the current budget, which was based on estimated costs.

The Executive Member for Environment has approved a virement from the overall underspend on the Environment Portfolio, and this funding needs to be carried forward to 2018/19 to fund the shortfall in budget.

iii) **Shoreham Air Monitoring Equipment**

The Air Monitoring Equipment situated in Shoreham High Street has recently required a new PSU and battery in order to work, and also requires several more parts to be tested. The manufacturer has advised that the analyser may need a new PSU/PCB stack and due to the age and condition of the analyser it may be beyond economical repair.

The cost of a replacement Analyser is estimated at £10,000 and this could be funded from the 2017/18 Adur Capital Investment Programme overall underspend. The funding would need to be carried forward to 2018/19 and the purchase added to the 2018/19 Capital Investment Programme.



iv) **Wadurs Swimming Pool – Expansion of changing facilities**

The Capital Investment Programme originally included a budget provision of £100,000 for the enlarging changing facilities at Wadurs Swimming Pool. Impulse Leisure successfully applied for a grant of £50,000 from Sport England which was added to the Capital Investment Programme.

Unfortunately the terms of the Sport England Grant require the works to be undertaken by Impulse Leisure. The final cost of the works is now estimated to be £155,000, but as Impulse Leisure cannot reclaim VAT the actual cost of the scheme to them is £186,000. Impulse Leisure will fund £16,000 of the works themselves:

	£
<b>Total Cost of Works:</b>	<b>186,000</b>
<b>Funding:</b>	
Adur District Council	100,000
Sport England	50,000
Impulse Leisure	16,000
Shortfall	20,000

Impulse Leisure has asked if the Council will fund the shortfall in funding of £20,000. This can be accommodated within the overall underspend in the 2017/18 Capital Investment Programme.

v) **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 2017/18, it is recommended that a provision of £20,000 is carried forward to 2018/19 for the funding of urgent capital schemes or for additional works required to capital schemes already in the 2018/19 Capital Investment Programme. These projects/additional works would still be subject to the approval of the Joint Strategic Committee.

5.6 In summary the following approvals are sought:

	£
Southwick Leisure Centre – Installation of height barriers	12,000
Lancing Manor Leisure Centre – Renewal of flat roof area over the entrance hall and replacement of glazing units in the entrance hall	45,820
Shoreham Air Monitoring Equipment	10,000
Wadurs Swimming Pool – Expansion of changing facilities	20,000
Contingency for overspends	20,000
<b>Total proposed allocations from underspend</b>	<b>107,820</b>

### Worthing Borough Council

5.7 Worthing Borough Council capital expenditure in 2017/18 was financed as follows:-

	£	£
Usable Capital Receipts		
- Housing	5,049	
- Other General Fund	5,220,900	
		5,225,949
Prudential Borrowing	17,574,843	
S106 Contributions	142,602	
Government Grants	707,270	
Local Enterprise Grant	5,692,218	
Revenue Contributions	207,206	
		24,324,139
<b>TOTAL CAPITAL FINANCED</b>		<b>29,550,088</b>

5.8 The Joint Strategic Committee is asked to recommend that the Council approve the overall financing of the capital programme and the utilisation of £5,225,949 usable capital receipts in the funding of the 2017/18 capital programme.

5.9 Approval is requested to carry over to 2018/19 and bring forward from 2018/19 certain budgeted expenditure where spending patterns have changed since the 3rd Quarter Monitoring, as detailed in Appendix 2.

	<b>Carried Forward To 2018/19 £</b>
Executive Member Environment	604,510
Executive Member for Customer Services	135,690
Executive Member for Health and Wellbeing	220,470
Executive Member for Regeneration	1,401,640
Executive Member for Resources	294,200
<b>TOTAL CARRIED FORWARD TO 2018/19</b>	<b>2,656,510</b>

	<b>Brought Forward to 2017/18 £</b>
Executive Member for Customer Services	59,940
Executive Member for Environment	2,800
Executive Member for Regeneration	5,080
<b>TOTAL BROUGHT FORWARD TO 2017/18</b>	<b>67,820</b>
<b>NET CARRY OVER TO 2018/19</b>	<b>2,588,690</b>

5.10 The reasons for the carry forward and brought forward budgets in the capital investment programme have been analysed in Appendix 2.

5.11 In addition to the carry forward of existing budgets to finish approved projects in 2018/19, permission is also sought to carry forward funding from the overall 2017/18 Capital Investment Programme underspend to fund new schemes. Whilst the underspend was £704,000 in total, of this £225,000 related to schemes which have specific grant funding (and so cannot be used for any other purpose) and £384,000 has already been committed to funding items in the 2018/19 and 2019/20 programmes. It is recommended that funding be approved from the residual underspend for the following items:

i) **Health and Safety Works at the Crematorium**

The 2018/19 Capital Investment Programme includes a budget provision of £60,000 for the provision of a walkway above the cremators to enable maintenance for the cremator equipment.

A recent report from the service engineer advised that the access above the cremators and to certain key items mainly Servomex analysers is extremely limited. Currently there is no ventilation either in the roof void above the cremators or in the furnace/plant room. The lack of ventilation is causing damage to the equipment as a whole and in particular components with rubber seals and electrical components.

The estimated cost of providing a walkway and ventilation to the roof area above the cremators is £106,000, including Technical Services Fees.

The additional funding of £50,000 (including a contingency) can be funded from the overall 2017/18 Capital Investment Programme underspend and it is recommended that £50,000 is carried forward to 2018/19 to be added to the 2018/19 capital budget for these works.

## ii) **Replacement of Pavilion Theatre Seating**

The 2019/20 Capital Investment Programme includes a provision of £52,350 for the replacement of the Pavilion Theatre seating.

The current seating needs ongoing repairs and creates a substandard experience owing to lack of comfort and sight lines. There have also been issues raised in Fire Reports which have highlighted exposed foam resulting in an increased fire risk. This has resulted in seats being withdrawn from sale with a consequent loss of income.

Earlier this month a customer ripped her cardigan and cut her arm on a seat which was missing its arm padding. A compensation claim is pending.

It is proposed to bring forward the budget provision to 2018/19, funded £19,350 from the overall underspend in the 2017/18 capital investment programme and £33,000 funded from Capital Levy.

## iii) **Homefield Park – Refurbishment of Tennis Courts**

The current Capital Investment Programme includes a budget of £237,000 for the refurbishment of the tennis courts. Tenders have been received and the lowest tender is £25,000 over budget. The Executive Member has been consulted with regard to a virement from the 2017/18 overall underspends in the Environment Portfolio to fund the shortfall in funding as the works need to commence on site July 2017 in order to complete September 2018 before the onset of the inclement weather.

It is requested that £25,000 from the 2017/18 overall Environment Portfolio underspend is carried forward to 2018/19 to fund the shortfall in resources.

5.12 In summary the following approvals are sought:

Health and Safety Works at the Crematorium	£ 50,000
Replacement of Pavilion Theatre Seating	19,350
Homefield Park – Refurbishment of Tennis Courts	25,000
Total allocations requested within this report	94,350

## 6. Engagement and communication

6.1 The purpose of this report is to communicate with stakeholders on the outturn of the Adur District Council and Worthing Borough Council 2017/18 Capital Investment Programmes. Officers of the Council have been consulted with on the progress of the schemes which they are responsible for delivering. The overall progress of the programmes have been considered by the Capital Working Group

## 7. Financial implications

7.1 There are no further financial implications arising from this report as the financing of the Adur District Council and Worthing Borough Council original 2017/18 Capital Investment Programmes was approved by the Councils in December 2016. Subsequent changes have been reported to and approved by the Joint Strategic Committee. The issues considered in this report can all be funded from existing resources.

**Finance Officer:** Sarah Gobey

**Date:** 20th June 2018

## 8. Legal implications

8.1 Local authorities have a statutory duty under section 28 of the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge. Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.

**Legal Officer:** Susan Sale

**Date:** 20th June 2018

## **Background Papers**

- Capital Investment Programme 2017/18 – 2019/20 Adur District Council, Worthing Borough Council and Joint Committee - Report to the Joint Strategic Committee dated 6th December 2016
- Capital Strategy 2016/19 - Report to the Joint Strategic Committee dated 13th July 2016.
- Reinvigorating Right to Buy and One for One Replacement - Information for Local Authorities - DCLG

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5937/2102589.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/5937/2102589.pdf)

### **Officer Contact Details:-**

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## **SUSTAINABILITY AND RISK ASSESSMENT**

### **1. ECONOMIC**

- The capital programme prioritisation model awards points for capital project proposals that impact positively on the economic development of our places or the economic participation of our communities.

### **2. SOCIAL**

#### **2.1 Social Value**

- The capital programme prioritisation model awards points for capital project proposals that impact positively on our communities.

#### **2.2 Equality Issues**

- The capital programme prioritisation model awards points for capital project proposals that address DDA requirements and reduce inequalities.


### **3. Environmental**

- The management, custodianship and protection of our natural resources are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programme.

### **4. Governance**


- The Councils' priorities, specific action plans, strategies or policies are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- The Councils' reputation or relationship with our partners or community is taken into account when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- Resourcing, risk management (including health and safety) and the governance of the either Council are fully considered during the preparation of the Councils' Capital Investment Programmes.

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**


 ADUR DISTRICT COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES</b> <b>Adur Homes Capital Investment Programme</b> The commencement of many of the major contracts was delayed whilst a joint review by Adur Homes and Technical Services of the capital work programme was carried out, taking into consideration the condition surveys which have been received. It is envisaged that the use of a professional services framework contract will assist in expediting the capital programme by project managing some of the contracts. Budget carry forward requested for the following.  <b>External Works</b> i) Replacement doors, porches and screens at Bushby Court and Beachcroft Court. Works at Bushby Court 74-84 - tenders have been received and the contract was awarded May 2018. Phase 2 Planning Application for other properties to be submitted following initial consultation with leaseholders. ii) Rocks Close and Locks Court external works to include fire safety works, electrical and water compliance and floor and stair coverings where required will be undertaken in 2018/19.	(690,182)	727,890			727,890				727,890



**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**


 ADUR DISTRICT COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES (Continued)</b> <b>Adur Homes Capital Investment Programme (Continued)</b> <b>External Works (Continued)</b> iii) Millfield and Warren Court external works including fire safety works, electrical works and floor and stair coverings as required.  <b>Kitchen and Bathroom Improvements -</b> The programme of works was completed in advance of the budget profile and budget was brought forward from 2018/19 to fund works completed. Funding for the programme of works continues to September 2018 and after this time the Adur Homes published programme of works will fall behind schedule. Kitchen and bathroom improvements since 2015 equates to approximately 34% of the housing stock.  <b>Environmental Improvements.</b> Works required to refurbish the meet-in-place at Fishersgate to create a better resident resource are under consideration and will be undertaken in 2018/19.									

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**


 ADUR DISTRICT COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES (Continued)</b> <b>Adur Homes Capital Investment Programme (Continued)</b>  <b>Fire Safety Works.</b> Works to replace fire doors is due to commence on site May 2018. Fire safety works to sheltered housing blocks are at the design stage.  <b>Central Heating Installation Programme.</b> Match funding is required for a warm front grant bid for central heating. The Council is awaiting the outcome of the funding application.  <b>Stock Condition Surveys</b> - Pilot surveys for the Council's stock condition have been completed and the remainder of the stock surveys will continue in 2018/19. These will provide an informed programme of works.  <b>Asbestos surveys and removal of asbestos.</b> Remediation works being considered to remove asbestos from properties.									

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**

Appendix 1


 ADUR DISTRICT COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES</b> (Continued)									
<b>Housing</b> <b>Acquisition of temporary accommodation for the homeless</b> Budget was brought forward from 2018/19 to fund a contribution of £30,060 to Worthing Churches Homeless Project to refurbish 22 Lyndhurst Road into 37/38 units of short stay accommodation completed in 2017/18. Adur and Worthing Councils will have nomination rights to 18 of these units which will reduce the use of Bed and Breakfast accommodation.  Officers are actively seeking other properties but it is proving difficult to find suitable sites.	30,060	(30,060)						(30,060)	(30,060)
<b>Disabled Facilities Grants</b> 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. Carry forward of budget is requested to fund outstanding commitments at year end.	(50,719)	50,720	50,720						50,720

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**


 ADUR DISTRICT COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES</b> (Continued) <b>Housing (Continued)</b> <b>Empty Property Grants and Loans</b> (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 completed 2017/18. There has been a slow down in the progress of the scheme following the departure of the Empty Property Officer but a new post should progress the scheme in 2018/19.	(26,820)	26,820			26,820				26,820
<b>Home Repair Assistance Grants</b> The scheme is demand led; grant approvals are for 3 - 12 months and can be taken up at any time in this period. Request for budget of £10,880 to be carried forward to 2018/19 to fund outstanding commitments and also as a contingency for the Council's new Housing Assistance Policy which introduces new grants for landlords.	(10,884)	10,880	10,880						10,880

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**

Appendix 1


 ADUR DISTRICT COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES</b>									
Miscellaneous Minor Variations	(12,831)	7,140			7,140				7,140
<b>TOTAL - Customer Services</b>	<b>(761,376)</b>	<b>793,390</b>	<b>61,600</b>	<b>-</b>	<b>761,850</b>	<b>-</b>	<b>-</b>	<b>(30,060)</b>	<b>793,390</b>
Budget C/f to 2018/19	823,450								
Budget B/f from 2018/19	(30,060)								
Net (Underspend)/Overspend	32,014								

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**


 ADUR DISTRICT COUNCIL  Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1  Outside the Council's control £	2  Supplier / Contractor problems £	3  Internal delays* £	4  Additional works added to original scheme £	5  Schemes delayed by adverse weather conditions £	6  Budget B/F from 2018/19 for 2017/18 schemes £	7  TOTAL £
<b>EXECUTIVE MEMBER FOR THE ENVIRONMENT</b> <b>Car Parks</b> <b>Lower Beach (Riverside) enhancements</b> 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.  90% of the works have completed and the car park is open. However, the remainder of the works have been suspended to accommodate access for the Environment Agency's Tidal Walls Coastal Protection Scheme to the rear of the Waterside Inn. The EA's current CPW programme of works should enable a possible restart on site in September 2018.  The outstanding works will be organised after the EA scheme has completed and are estimated to cost £85,000. There will also be additional planting costs. An overspend of £65,000 is forecast which can be funded from the 2017/18 overall capital programme underspend.	76,341	(76,340)	(76,340)						(76,340)

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**

Appendix 1

 ADUR DISTRICT COUNCIL  Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1  Outside the Council's control £	2  Supplier / Contractor problems £	3  Internal delays* £	4  Additional works added to original scheme £	5  Schemes delayed by adverse weather conditions £	6  Budget B/F from 2018/19 for 2017/18 schemes £	7  TOTAL £
<b>EXECUTIVE MEMBER FOR THE ENVIRONMENT (Continued)</b>									
<b>Lancing Leisure Centre Car Park Extension</b> Car park extension complete. Planting of trees and shrubs by Parks completed April 2018. The underspend resulted from a reduction in the overall size of the car park extension imposed during the planning process. Value engineering the design and the materials used, and a successful competitive tender process also reduced costs.	(85,708)	5,000		5,000					5,000
<b>Parks and Open Spaces Adur Recreation Ground - Renewal of fencing</b> Works Complete. Competitive tendering resulted in an underspend.	(10,145)								
<b>Parks and Open Spaces Southern Water compliance works to stand pipes in the Councils' parks</b> The full scope of the works was only revealed on tendering and an additional £20,000 had to be allocated to this scheme from underspends in the Capital Investment Programme.  This delayed the start of scheme which finally completed on site April 2018.	(52,782)	52,780				52,780			52,780


## CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 ADUR DISTRICT COUNCIL  Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Play Area Improvements</b> <b>Elmgrove Open Space Play Area</b> The contract for the works was awarded August 2017. However, the start date was considerably delayed by the contractor due to the manufacture and delivery of the play equipment. The contractor had recently moved their factory which caused some problems. Works eventually commenced on site March 2018 and were due to complete April 2018. However, the works have been further delayed by bad weather and site conditions and missing parts of the play equipment. The current estimated completion date is mid June 2018 due to length of time to manufacture and deliver missing parts from Poland, and then install the equipment.	(65,668)	70,670		70,670					70,670
<b>Play Area Improvements</b> <b>Quayside Play Area</b> The scheme is divided into 2 contracts; ground works and play equipment. The groundworks contract was delayed on site due to the poor weather in February / March 2018. These works are currently on site and due for completion June 2018.	(61,693)	61,690					61,690		61,690




**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**


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 ADUR DISTRICT COUNCIL  Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1  Outside the Council's control £	2  Supplier / Contractor problems £	3  Internal delays* £	4  Additional works added to original scheme £	5  Schemes delayed by adverse weather conditions £	6  Budget B/F from 2018/19 for 2017/18 schemes £	7  TOTAL £
<b>EXECUTIVE MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Play Area Improvements (Continued)</b> <b>Quayside Play Area (Continued)</b> The play equipment contract is to be awarded imminently with a commencement date on site in mid-June 2018 with a four week installation duration.  <b>Public Conveniences</b> <b>Procurement of 4 vans for the new public convenience cleaning contract</b> The Joint Services Committee approved the purchase of new vehicles for the new public conveniences cleaning contract. However, there is a possibility that the new vehicles may not be required as a restructure might release vehicles from another service.  <b>Southwick Leisure Centre</b> <b>Renewal of flat roof</b> The scheme was initially delayed by the need to avoid the winter period for replacing the roof and the discovery of asbestos. Additional funding of £20,000 was approved to fund the additional works required.									
	(14,400)	14,400			14,400				14,400
	(26,145)	5,000				5,000			5,000

## CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F


 ADUR DISTRICT COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Southwick Leisure Centre Renewal of flat roof (Continued)</b> The renewal of the roof completed December 2017 and the works were not as extensive as originally envisaged resulting in an underspend. Ancillary works are required to the flooring following water damage prior to the roof repair and are currently in progress.  <b>Street Cleansing Replacement of vehicles</b> 2016/17 outstanding vehicles were delivered May 2017. Two of the 2017/18 vehicle replacements were delivered March 2018 and a further two vehicles arrived between April and May 2018.  The remaining 3 vehicles have all been ordered and delivery is anticipated by July 2018.  Ordering of all vehicles was delayed due to the replacement of the refuse/recycling fleet taking priority. There were also problems obtaining acceptable quotes and demonstration vehicles for evaluation. In addition there was a problem with the delivery of the chassis for one of the vehicles.	(26,059)	26,060		26,060					26,060

## CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 ADUR DISTRICT COUNCIL  Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
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<b>EXECUTIVE MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Street Scene</b> <b>Environmental Improvements</b> Christmas Equipment - Purchase of new and replacement Christmas lighting decorations for Shoreham and Southwick completed December 2017.  Planters and Street Scape Improvements (West Adur). Tree planting in partnership with WSCC has completed at Lancing Broadway and Test Road, Lancing. New planters to be purchased in 2018/19.  Planters and Street Scape Improvements (East Adur). A new community information board has been installed in Southwick Square and new planters will be purchased in 2018/19.  Replacement of bus shelters' information and advertising panels. 13 new panels and 12 refurbished panels were completed in 2017/18. This has reinstated the free information service to Adur community groups.	(13,434)	13,430			13,430				13,430


**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
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<b>EXECUTIVE MEMBER FOR THE ENVIRONMENT (Continued)</b>									
Miscellaneous Minor Variations	(27,776)	13,220	1,000		12,220				13,220
<b>TOTAL - Environment</b>	<b>(307,469)</b>	<b>185,910</b>	<b>(75,340)</b>	<b>101,730</b>	<b>40,050</b>	<b>57,780</b>	<b>61,690</b>	<b>-</b>	<b>185,910</b>
Budget C/f to 2018/19	264,680								
Budget B/f from 2018/19	(78,770)								
Net (Underspend)/Overspend	(121,559)								

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**

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<b>EXECUTIVE MEMBER FOR HEALTH AND WELLBEING</b> <b>Community Safety</b> <b>Replacement of 4 town centre CCTVs</b> The Joint Strategic Committee approved the replacement of 4 new CCTV cameras and the police are currently working through the detail and procurement of the installation of the CCTVs. The current programme of works covers the whole of Sussex and the police have advised they will complete all the works prior to allocating costs to each Council.	(18,380)	18,380	18,380						18,380
<b>DDA Act Improvements</b> <b>Provision of minor alterations and improvements to Council properties</b> The budget was allocated to DDA access improvements at St Julians Church. Works were delayed by the need to obtain Planning Approval but were completed April 2018.	(14,565)	14,570			14,570				14,570

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
**CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F**

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<b>EXECUTIVE MEMBER FOR HEALTH AND WELLBEING (Continued)</b> <b>DDA Act Improvements (Continued)</b> <b><i>Extension of the coastal footpath linking the existing access points along the Shoreham Beach frontage to enable disabled access on to the beach</i></b>  The design of the scheme was delayed due to consultation with the Environment Agency regarding the Tidal Walls Project and the Port Authority regarding installation of a haul road adjacent to the fort.  All consents were received by December 2017. However, the scheme was further delayed by the need to avoid winter weather conditions.  The contract has now been awarded and the commencement of the scheme is programmed for early July 2018.	(15,000)	15,000	7,500				7,500		15,000


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<b>EXECUTIVE MEMBER FOR HEALTH AND WELLBEING (Continued)</b> <b>DDA Act Improvements (Continued)</b> <b>Shoreham Centre - Provision of self levelling stair crawlers to enable the disabled or wheelchair users to be evacuated safely from the building</b> The purchase was originally delayed by decisions regarding the procurement route to comply with standing orders. The equipment has now been ordered and delivery is anticipated by September 2018.	(22,000)	22,000			22,000				22,000
<b>Miscellaneous Minor Variations</b>	(8,555)	8,550			8,550				8,550
<b>TOTAL - Health &amp; Well-Being</b>	<b>(78,500)</b>	<b>78,500</b>	<b>25,880</b>	<b>-</b>	<b>45,120</b>	<b>-</b>	<b>7,500</b>	<b>-</b>	<b>78,500</b>
<b>Budget C/f to 2018/19</b>	<b>78,500</b>								
<b>Budget B/f from 2018/19</b>	<b>-</b>								
<b>Net (Underspend)/Overspend</b>	<b>-</b>								

**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
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<b>EXECUTIVE MEMBER FOR REGENERATION</b> <b>Coast Protection Works</b> <b>Shoreham Harbour Walls Project</b>  i) <b>Coastal Defence Study, Design and Advice £72,000:</b> Preliminary works commenced in 2016/17 and are continuing.  ii) <b>Grant to Sussex Yacht Club for the relocation of their club house:</b> The final sum has been agreed at £3,365,000 and the contract has been drafted. Exchange and completion will take place after planning permission has been granted, which is forecast in 2018/19.  <b>Coast Protection Works</b> <b>Strategic Monitoring Project for the South East Phase 4</b>  Adur District Council's contribution to the partnership scheme between Maritime Authorities funded by the Environment Agency. The scheme is administered by New Forest District Council who authorise all payments and claim the grant.	(49,054)	49,050	49,050						49,050
	13,890								




**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
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<b>EXECUTIVE MEMBER FOR REGENERATION (Continued)</b> <b>Cultural Projects</b> <b>Shoreham Air Crash Memorial</b> The contract commissioning the artists to start production of the three sculptural elements (lights, arches and memorial bench) was signed on 8th May 2018, with installation anticipated before the 3rd anniversary of the crash on 22nd August 2018.	(27,000)	27,000			27,000				27,000
<b>Regeneration</b> <b>Adur Civic Centre Redevelopment</b> Adur Civic Centre Demolition - Completed 1st June 2017. Underspend carried forward for Phase II South.  Phase 1 North - The construction is in progress and is due to complete May 2019.	(211,770)	211,770			211,770				211,770


**ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2017/18**  
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<b>EXECUTIVE MEMBER FOR REGENERATION (Continued)</b> <b>Adur Civic Centre Redevelopment (Continued)</b> Phase II South - Design and feasibility work to RIBA Stage 1/2 has completed. The Joint Strategic Committee March 2018 recommended to Adur Council a conditional disposal of the Adur Civic Centre site. A marketing agent will be appointed to bring the site to market in the autumn. An evaluation exercise will take place, with the preferred bid being announced before Christmas.  <b>Regeneration</b> <b>Ferry Road Improvements</b> The final account has been agreed and an underspend has resulted. This was due to the scope of the works changing from the original budget which was agreed by officers who have now left the Council.	(23,990)								


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<b>EXECUTIVE MEMBER FOR REGENERATION (Continued)</b> <b>Shoreham Harbour Projects</b> <i>Approved by the Shoreham Harbour Project Board and funded from the Shoreham Harbour Growth Point Grant</i> Carry forward of budget requested for the following projects: i) £5,000 of a contribution of £75,000 towards a green corridor. The Council is awaiting the completion of a study into an A259 cycle route which may require land taken from the green corridor. ii) £10,000 funding approved by the Project Board in January 2018 for a green infrastructure design in South Portslade.	(15,000)	15,000	15,000						15,000
<b>Strategic Property Investments</b> <i>Investments in commercial property to generate rental income</i> Funding was bought forward from the 2018/19 budget to fund the purchase of Highdown House.	1,579,360	(1,579,360)						(1,579,360)	(1,579,360)

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EXECUTIVE MEMBER FOR REGENERATION (Continued) Miscellaneous Minor Variations	(2,266)								
<b>TOTAL - Regeneration</b>	<b>1,264,171</b>	<b>(1,276,540)</b>	<b>64,050</b>	<b>-</b>	<b>238,770</b>	<b>-</b>	<b>-</b>	<b>(1,579,360)</b>	<b>(1,276,540)</b>
Budget C/f to 2018/19	302,820								
Budget B/f from 2018/19	(1,579,360)								
Net (Underspend)/Overspend	(12,369)								


## CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 ADUR DISTRICT COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR RESOURCES</b> <b>Information and Communications</b> <b>Technology (Continued)</b> <b>Corporate Hardware/Infrastructure</b> <b>Replacements Programme</b> i) Hardware / Equipment - 2017/18 purchases complete. ii) Customer Services Equipment - Complete.  iii) Revs and Bens CenSus Migration - Complete. iv) Telephony - 2017/18 improvements complete. v) Commerce Way WLAN Cabling - Complete. Remaining budget, which includes the CenSus residual budget of £5,690 is requested to be carried forward to supplement the 2018/19 budget which will be used to fund a full Windows 10 laptop / desktop rollout.	(18,628)	24,320			24,320				24,320
<b>Financial Information System</b> The progress on the FMS Project has been temporarily halted due to system performance issues and required functionality being delivered in later software issues.	(49,203)	49,200		49,200					49,200

## CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F


 ADUR DISTRICT COUNCIL  Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR RESOURCES (Continued)</b> <b>Information and Communications Technology (Continued)</b> <b>Financial Information System (Continued)</b> The contract with the existing supplier is being extended again at a licence cost of £25,000 which will need to be charged to the project in 2018/19. All of the remaining budget will need to be carried forward to 2018/19 to fund consultancy costs to complete the project implementation.  A meeting is to be held on 6th June 2018 with the new supplier to determine a way forward and to agree timescales for project completion.  <b>Digital Strategy Schemes</b> <b>Land Charges and Planning /Building Control System.</b> The recent presentation from the supplier "Arcus" was not positive and various issues were highlighted. Data migration has fallen behind schedule which has impacted on training and roll out. The land charges system is currently being provided by the old supplier.  The new system is currently being reviewed for viability.	(140,397)	52,950		52,950					52,950

## CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 ADUR DISTRICT COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £	1 Outside the Council's control £	2 Supplier / Contractor problems £	3 Internal delays* £	4 Additional works added to original scheme £	5 Schemes delayed by adverse weather conditions £	6 Budget B/F from 2018/19 for 2017/18 schemes £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR RESOURCES (Continued)</b>									
<b>Information and Communications Technology (Continued)</b>									
<i>Customer Services Queue Management System</i> - Completed 2017/18.		9,240			9,240				9,240
<i>Waste Management System</i> - In progress, completion anticipated in 2018/19.		78,210			78,210				78,210
Remaining budget is requested to be c/f to 2018/19 as a contingency for urgent digital systems and upgrades, and as a contingency for the windows 10 lap top rollout.									
<b>Miscellaneous Minor Variations</b>	7,236	(7,240)			(7,240)				(7,240)
<b>TOTAL - Resources</b>	<b>(200,992)</b>	<b>206,680</b>	<b>-</b>	<b>102,150</b>	<b>104,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206,680</b>
Budget C/f to 2018/19	213,920								
Budget B/f from 2018/19	(7,240)								
Net (Underspend)/Overspend	5,688								
<b>TOTALS - ALL CABINETS</b>	<b>(84,166)</b>	<b>(12,060)</b>	<b>76,190</b>	<b>203,880</b>	<b>1,190,320</b>	<b>57,780</b>	<b>69,190</b>	<b>(1,609,420)</b>	<b>(12,060)</b>
Budget C/f to 2018/19	1,683,370								
Budget B/f from 2018/19	(1,695,430)								
Net (Underspend)/Overspend	(96,226)								


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

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F


 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES</b>									
<b>Housing</b>									
<b>Acquisition of temporary accommodation</b> Budget was brought forward from 2018/19 to fund a contribution of £59,940 to Worthing Churches Homeless Project to refurbish 22 Lyndhurst Road into 37/38 units of short stay accommodation completed in 2017/18. Adur and Worthing Councils will have nomination rights to 18 of these units which will reduce the use of Bed and Breakfast accommodation.  Officers are actively seeking other properties but it is proving difficult to find suitable sites.	59,940	(59,940)						(59,940)	(59,940)
<b>Disabled Facilities Grants</b> 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 for 2017/18 of £1,189,595 which is sufficient to fund all 2017/18 grants and therefore no carry forward of budget is requested.	(264,610)								




CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES (Continued)</b> <b>Housing (Continued)</b> <b>Empty Property Grants and Loans to bring empty properties back into use (Funded from New Homes Bonus)</b>  i) A project with the YMCA, which will provide 12 units of accommodation and full nomination rights for the Council is ongoing.  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.  There has been a slow down in the progress of the scheme following the departure of the Empty Property Officer but a new post should progress the scheme in 2018/19.	(125,264)	50,000			50,000				50,000


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES (Continued)</b> <b>Housing (Continued)</b> <b>Home Repair Assistance Grants</b> The scheme is demand led; grant approvals are for 3 - 12 months and can be taken up at any time in this period. Budget of £25,000 has been reprofiled to 2018/19 to fund outstanding commitments and also as a contingency for the Council's new Housing Assistance Policy which introduces new grants for landlords. No further carry forward is requested.	(23,905)								
<b>Museum and Art Gallery Redevelopment</b> The Joint Strategic Committee approved the use of £77,000 from the Museum Reserve Fund as match funding for the external funding bid to the Heritage Lottery. This budget is being used to prepare designs and reports for the external funding bids.	(61,690)	61,690			61,690				61,690


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR CUSTOMER SERVICES (Continued)</b> <b>Pavilion Theatre Toilet Refurbishment</b> The scheme was tendered in 2017/18 but insufficient tenders were received. The scheme has been retendered and works are anticipated on site August 2018, with completion estimated September 2018.	(24,000)	24,000			24,000				24,000
<b>Miscellaneous Minor Variations</b>	(12,023)								
<b>TOTAL - Customer Services</b>	<b>(451,553)</b>	<b>75,750</b>	-	-	135,690	-	-	(59,940)	75,750
Budgets C/f to 2018/19	135,690								
Budget B/f from 2018/19	(59,940)								
Net (Underspend)/Overspend	(375,803)								


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT</b> <b>Brooklands Park</b> <b><i>Environmental Improvements - Removal of contaminated land silt from the water balancing facility known as Brooklands Lake and associated planting in the area</i></b> The scheme was tendered in April 2017 and a significant underspend was identified. The contract was awarded and the main works commenced in October 2017.  Works continued through the winter months with some delays caused by the weather conditions in February and March 2018. Completion of the main works is now anticipated May 18.  The Council is awaiting the final walkway design from the Contractor, and these works are estimated to complete end August 2018. The island planting will follow at the end of the summer period.	(396,507)	240,000					240,000		240,000


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Car Parks</b> <b>Lyndhurst Road (West) Surface Car Park - Extension of parking facilities</b> The new extended car park opened on 14th December 2017, creating 63 new parking spaces. The undersend was due to the original design parameters changing from a stand alone car park segregated from the adjacent existing car park by fencing and a new entrance barrier with additional lighting, to an extension of the existing car park with additional pay and display machines and lighting.	(180,553)								
<b>Multi Storey Car Parks - Structural repairs</b> Expenditure priorities were agreed and approved by the Joint Strategic Committee 4th April 2017. Remedial works commenced in 2016/17 and continued in 2017/18.  Works completed in 2017/18 included the replacement of the lifts at Buckingham Road MSCP.	(22,566)	22,570			22,570				22,570


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Car Parks (Continued)</b> <b>Multi Storey Car Parks - Structural repairs (Continued)</b> Other works were delayed by the need to consider the consultants budget cost report prior to decisions being taken on the final scope of the works.  Tenders have now been received for works planned in 2018/19 and profiling of works is now being considered.  <b>Multi Storey Car Parks - Invest to Save Scheme Lighting Scheme at Buckingham Road and High Street MSCP</b>  The scheme completed December 2017. The overspend has arisen as the budget was approved on an estimated cost of works, but when the works were tendered the full scope of the works was identified resulting in additional costs.	15,549								

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F


 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Cemeteries</b> <b><i>Durrington Cemetery - Extension of burial space</i></b> The Council's existing burial spaces are anticipated to be fully used by December 2018. The provision of additional burial spaces has been delayed by the need to obtain tree / ecological surveys and the installation of an off site monitoring ground water well.  The off site ground water well has been installed and the tree and ecological surveys have been completed. Planning permission has been submitted for consideration in May 2018 and a consultant has been engaged to carry out the final design and contract documentation.  The extension was originally to be undertaken in 2 phases. However, outcomes from the ground water and ecological surveys require the full scheme to be constructed at one time.	(14,578)	14,580				14,580			14,580

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F


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	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Cemeteries (Continued)</b> <b>Durrington Cemetery - Extension of burial space (Continued)</b> The enlarged scheme is estimated to require additional resources of £600,000 to complete the additional burial spaces. Separate report to be submitted to the Joint Strategic Committee requesting additional funding.									
<b>Crematorium</b> <b>Driveway works: i) ICT cabling ii) Gas pipe repairs iii) Driveway resurfacing</b> Driveway resurfacing and ancillary works now complete. The underspend resulted from patching and overlay works to the driveway rather than a complete resurfacing.	(14,456)								
<b>Improvement Works - Phase 1</b> The scheme was delayed due to the scope of the preferred works exceeding the budget available. A report was submitted and approved by the Joint Strategic March 2018 to allocate additional funding of £144,570.	(126,737)	126,740			126,740				126,740




CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Crematorium (Continued)</b> <b>Improvement Works - Phase 1 (Continued)</b> The contract for the works has been awarded and works are currently in progress, with completion anticipated October 2018.									
<b>Grounds Maintenance</b> <b>Replacement of vehicles</b> The final vehicle was delivered April 2018.	(18,269)	14,100			14,100				14,100
<b>Parks and Open Spaces</b> <b>Homefield Park - Refurbishment of tennis courts</b> Tenders have been received and the lowest tender is £25,000 over budget. The Executive Member as been consulted with regard to a virement from underspends in the Environment Portfolio to fund the shortfall in funding. Works are anticipated to commence on site July 2018, with completion estimated September 2018.	(37,005)	37,000			37,000				37,000


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Parks and Open Spaces (Continued)</b> <b>Manor Sports Ground - Fencing renewal</b> The works have completed and were charged to WSCC as the land is part of the academy. The budget is declared as an underspend.	(55,000)								
<b>Public Conveniences</b> <b>Procurement of 4 vans for the new cleaning contract</b> The Joint Services Committee approved the purchase of new vehicles for the new public conveniences cleaning contract. However, there is a possibility that new vehicles may not be required as a restructure might release vehicles from another service.	(33,600)	33,600			33,600				33,600
<b>Refuse/Recycling</b> <b>Refuse / Recycling Fleet Replacement</b> All vehicles have now been delivered. An underspend has arisen on the contract from competitive tendering and the replacement of one vehicle with an ex demonstration vehicle.	(11,773)								


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Street Cleansing</b> <b>Replacement of vehicles</b> 2016/17 outstanding vehicles were delivered May 2017. Two of the 2017/18 vehicle replacements were delivered March 2018 and a further two vehicles arrived between April and May 2018. The remaining 3 vehicles have all been ordered and delivery is anticipated by July 2018. Ordering of all vehicles was delayed due to the replacement of the refuse/recycling fleet taking priority. There were also problems obtaining acceptable quotes and demonstration vehicles for evaluation. In addition there was a problem with the delivery of the chassis for one of the vehicles.	(39,624)	39,620		39,620					39,620
<b>Street Lighting</b> <b>Enhancements to WSCC lighting in Conservation Areas or near Heritage Sites</b> Works to be undertaken by WSCC's contractor SSE and were originally delayed whilst waiting quotes for the work from SSE.	(29,000)	29,000	29,000						29,000


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

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	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Street Lighting (Continued)</b> <b>Enhancements to WSCC lighting in Conservation Areas or near Heritage Sites</b> The sites were agreed and scheduled in SSE's work programme. Orders were placed for upgrades from standard units to heritage style lanterns and column embellishments at Jefferies Lane, Half Moon Lane and Ashacre Lane.  Works commenced at the above locations but then stopped.  SSE have now confirmed that the works are to recommence but have not offered any explanation for the stoppage.  <b>Worthing Leisure Centre</b> <b>Athletics Track Refurbishment</b> There was a delay in tendering for the works due to the Harriers Running Club changing their minds on additional works which they wished to fund.	(42,000)	42,000				42,000			42,000


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b> <b>Worthing Leisure Centre (Continued)</b> <b>Athletics Track Refurbishment (Continued)</b> A decision has now been made to continue with the original scheme with a further contract for any additional works funded by the Harriers. The contract is now out for works to be undertaken at the end of the summer season so as not to impinge on the use of the track.  <b>Replacement of service pipework</b> The original budget for the works was £125,080. Additional funding of £60,000 was approved for the taking down and reinstatement of 10 additional ceilings and for an updated and energy efficient hot and cold water system. However, the additional funding was approved on estimates and the actual costs of the works then required a further £50,000 which was approved March 2017.  Works have completed, but additional works were undertaken which were not in the budget. The final account has now been agreed and the actual overspend is £33,841.	33,841								


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

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	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR THE ENVIRONMENT (Continued)</b>									
Miscellaneous Minor Variations	(20,139)	2,500			4,280	(1,780)			2,500
<b>TOTAL - Environment</b>	<b>(992,416)</b>	<b>601,710</b>	<b>29,000</b>	<b>39,620</b>	<b>238,290</b>	<b>54,800</b>	<b>240,000</b>	<b>-</b>	<b>601,710</b>
Budgets C/f to 2018/19	604,510								
Budget B/f from 2018/19	(2,800)								
Net (Underspend)/Overspend	(390,706)								

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F


 WORTHING BOROUGH COUNCIL  Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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  Schemes delayed by adverse weather conditions £	6  Schemes added to Capital Programme in 2017/18 £	7  TOTAL £
<b>EXECUTIVE MEMBER FOR HEALTH AND WELLBEING</b>  <b>Community Safety</b> <b>Replacement of 14 town centre CCTVs</b> The Joint Strategic Committee approved the replacement of 14 new CCTV cameras and the police are currently working through the detail and procurement of the installation of the CCTVs. The current programme of works covers the whole of Sussex and the police have advised they will complete all the works prior to allocating costs to each Council.	(63,990)	63,990	63,990						63,990
<b>Disability Discrimination act Improvements</b> The existing DDA audits have been reviewed for DDA works required and the following schemes have been identified and will be undertaken in 2018/19: i) Town Hall Rest Room access improvements. ii) Crematorium internal DDA requirements. iii) Access doors at the Connaught Theatre.	(11,590)	11,590			11,590				11,590

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F


 WORTHING BOROUGH COUNCIL  Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR HEALTH AND WELLBEING (Continued)</b> <b>Disability Discrimination act Improvements</b> <b><i>Provision of self-levelling stair crawlers for the Town Hall to enable the disabled or wheelchair users to be evacuated safely from the building</i></b> The purchase was originally delayed by decisions regarding the procurement route to comply with standing orders. The equipment has now been ordered and delivery is anticipated by September 2018.	(22,000)	22,000			22,000				22,000
<b>Public Health</b> <b><i>Asbestos removal from Council buildings</i></b> Technical Services and Estates Officers are working on a definitive building asset list in order to identify who is responsible for asbestos removal and management. This will be followed by asbestos surveys on buildings where the Council is responsible for any asbestos found.	(22,885)	22,890			22,890				22,890




CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR HEALTH AND WELLBEING (Continued)</b> <b>Public Health</b> <b><i>Asbestos removal from the Town Hall roof space</i></b> An estimated overspend of £100,000 has previously been reported and funding has been allocated from underspends in the overall 2017/18 Capital Investment Programme. Meetings have been held with consultants regarding the extent of the works and the estimated cost of the work is now £353,400, a shortfall of £128,500 on the current budget. A separate report is to be submitted to the Joint Strategic Committee requesting additional funding.	5,080	94,920			94,920				94,920
<b>Miscellaneous Minor Variations</b>	(1,000)								
<b>TOTAL - Health, Safety &amp; Well-Being</b>	<b>(116,385)</b>	<b>215,390</b>	<b>63,990</b>	<b>-</b>	<b>151,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,390</b>
Budgets C/f to 2018/19	220,470								
Budget B/f from 2018/19	(5,080)								
<b>Net (Underspend)/Overspend</b>	<b>99,005</b>								


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR REGENERATION</b> <b>Economic Development</b> <b><i>Fulbeck Avenue - Development of site to provide new homes</i></b> The proposed scheme has been working to develop innovative approaches to delivering affordable housing and temporary accommodation on the site in conjunction with the Housing Service and Planning and Development Service. To date work has concentrated on assembling fundamental site information regarding ecology, topography, and arboriculture. Current work is focusing on developing a partnership approach to deliver modular housing on the site to improve viability and enhance the level of affordable housing that can be delivered.	(114,705)	114,710			114,710				114,710


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR REGENERATION (Continued)</b> <b>Economic Regeneration</b> <b><i>Development of a new health facility on the Civic Centre car park - Outline business case and design options</i></b>  The Council has continued its work with partners in the health sector around the development of this health hub. Following further detailed work we have managed to achieve a building size and design that we consider to be deliverable and commercially viable that meets the needs of the various health services that would use the hub.  Work is continuing on resolving staff parking issues, and to manage wider transport and access.  The Council is currently working on the development agreement with the organisations, after which funding will be spent on planning, the outline business case and the full business case preparation. It is anticipated that a planning application will be submitted by the end of 2018, and a start on site mid 2019.	(262,000)	262,000						262,000	262,000


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR REGENERATION (Continued)</b> <b>Foreshore</b> <b>Worthing Pier, Southern Pavilion and Seafront Amusements - Fire safety compliance works</b>  Following receipt of the fire compliance works recommendations, an investigation and report from consultants has been received. The urgent recommendations from the report were instigated in 2016/17.  Consideration is now being given to using a consultant to prepare the specification and documentation for the programme of works.  Report to be submitted to the Joint Strategic Committee to approve a three year programme of works.  Emergency works to dry riser (fire main supply), which has failed in a number of areas, to be undertaken in advance of the programme of works	(24,400)	24,400			24,400				24,400


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>EXECUTIVE MEMBER FOR REGENERATION (Continued)</b> <b>Foreshore (Continued)</b> <b>Seafront Lighting - Upgrade to LED lights</b> The scheme was added to the Capital Investment Programme in November 2017 funded from the Planned Maintenance Programme as it was estimated that upgrading to LED lighting would save £5,000 - £10,000 p.a. in wiring maintenance in addition to annual energy savings.  Orders for the work have been placed and it is estimated the works will be completed in 2018.	(25,000)	25,000			25,000				25,000
<b>Strategic Property Investments</b> <b>Acquisitions of property</b> The Council completed the following property purchases in 2017/18: 1. Union Place Car Park 2. 73-79 Property Acquisitions 3. Union Place Police Station Other properties are being considered for purchase in 2018/19.	(973,189)	973,190			973,190				973,190


CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
EXECUTIVE MEMBER FOR REGENERATION (Continued) Miscellaneous Minor Variations	(3,915)	2,340			2,340				2,340
<b>TOTAL - Regeneration</b>	<b>(1,403,209)</b>	<b>1,401,640</b>	-	-	1,139,640	-	-	262,000	1,401,640
Budgets C/f to 2018/19	1,401,640								
Budget B/f from 2018/19	-								
Net (Underspend)/Overspend	(1,569)								

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F


 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR RESOURCES</b> <b>Admin Buildings</b> <b>Town Hall - Fire Alarms Replacement</b> A recent Fire Risk Assessment flagged up the need for the Town Hall Fire Alarms to be urgently replaced and the scheme was added to the 2017/18 Capital Investment Programme in March 2018.  The scheme is to be tendered and installed in 2018/19.	(25,000)	25,000						25,000	25,000
<b>Information and Communications Technology</b> <b>Corporate Asset System</b> The following digital applications commenced in 2017/18 and works are continuing in 2018/19: i) Estates Management System which went live in May 2018. ii) Asbestos Buildings Register - In progress.  iii) Stock Condition Register - In progress. iv) Building Compliance System - In progress.	(12,316)	12,320			12,320				12,320

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F


 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR RESOURCES (Continued)</b> <b>Information and Communications Technology (Continued)</b> <b>Corporate hardware/infrastructure replacement programme</b> <b>2017/18 Projects</b> i) Hardware / Equipment - 2017/18 purchases complete. ii) Customer Services Equipment - Complete. iii) Revs and Bens CenSus Migration - Complete. iv) Telephony - 2017/18 improvements complete. v) Commerce Way WLAN Cabling - Complete. Remaining budget, which includes the CenSus residual budget of £5,690 is requested to be carried forward to supplement the 2018/19 budget which will be used to fund a full Windows 10 laptop / desktop rollout.	(25,767)	31,460			31,460				31,460




CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR RESOURCES (Continued)</b> <b>Information and Communications Technology (Continued)</b> <b>Digital Strategy Schemes</b> Land Charges and Planning /Building Control System. The recent presentation from the supplier "Arcus" was not positive and various issues were highlighted. Data migration has fallen behind schedule which has impacted on training and roll out. The land charges system is currently being provided by the old supplier.  The new system is currently being reviewed for viability.  <b>Customer Services Queue Management System</b> - Completed 2017/18.  <b>Waste Management System</b> - In progress, completion anticipated in 2018/19.  Remaining budget is requested to be c/f to 2018/19 as a contingency for urgent digital systems and upgrades, and as a contingency for the windows 10 lap top rollout.	(148,310)	59,710		59,710					59,710
		10,430			10,430				10,430
		78,170			78,170				78,170

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR RESOURCES (Continued)</b> <b>Information and Communications Technology (Continued)</b> <b>Financial Information System - Replacement</b>  The progress on the FMS Project has been temporarily halted due to system performance issues and required functionality being delivered in later software issues.  The contract with the existing supplier is being extended again at a licence cost of £25,000 which will need to be charged to the project in 2018/19. All of the remaining budget will need to be carried forward to 2018/19 to fund consultancy costs to complete the project implementation.  A meeting is to be held on 6th June 2018 with the new supplier to determine a way forward and to agree timescales for project completion.	(55,485)	55,480		55,480					55,480

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS TO BUDGET AND ANALYSIS OF BUDGETS C/F AND B/F

 WORTHING BOROUGH COUNCIL Scheme	Variations		Analysis of Budgets Carried Forward to and (Brought Forward) from 2017/2018						
	2017/18 (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 Schemes delayed by adverse weather conditions £	6 Schemes added to Capital Programme in 2017/18 £	7 TOTAL £
<b>CABINET MEMBER FOR RESOURCES (Continued)</b>									
<b>Properties</b>									
<b>Property Condition Surveys</b> Surveys are currently out to tender for completion in 2018/19.	(12,050)	12,050			12,050				12,050
<b>Miscellaneous Minor Variations</b>	(50,651)	9,580			9,580				9,580
<b>TOTAL - Resources</b>	<b>(329,579)</b>	<b>294,200</b>	-	115,190	154,010	-	-	25,000	294,200
Budgets C/f to 2018/19	294,200								
Budget B/f from 2018/19	-								
Net (Underspend)/Overspend	(35,379)								
<b>TOTALS - ALL CABINETS</b>	<b>(3,293,142)</b>	<b>2,588,690</b>	<b>92,990</b>	<b>154,810</b>	<b>1,819,030</b>	<b>54,800</b>	<b>240,000</b>	<b>227,060</b>	<b>2,588,690</b>
Budgets C/f to 2018/19	2,656,510								
Budget B/f from 2018/19	(67,820)								
Net (Underspend)/Overspend									
<b>Funding for 2018/19 Capital Investment</b> The Joint Strategic Committee December 2017 approved the use of 2017/18 Capital Investment Programme Underspends to fund additional schemes in the 2018/19 - 2019/20 Capital Investment Programme	<b>383,860</b>								
Net (Underspend)/Overspend	(320,592)								

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





<b>FINAL ACCOUNTS 2017/18</b>		
<b>Analysis of Capital Receipts</b>		
	<b>£</b>	<b>£</b>
<b>A. GENERAL FUND</b>		
<b>1. Grant Repayments:</b>		
Housing Renewal Grants	6,663	
Empty Property Grants	4,200	
<b>2. Equipment Sales:</b>		
Sale of Vehicles	44,625	
		55,488
<b>B. HOUSING REVENUE ACCOUNT</b>		
<b>1. Council House Sales:</b>		
Houses and Flats	766,800	
<b>2. Less Pooling Requirement :</b>	(865,148)	
<b>3. Less Admin Fees:</b>	(10,400)	
		(108,748)
<b>TOTAL CAPITAL RECEIPTS</b>		<b>(53,260)</b>



WORTHING BOROUGH  
COUNCIL

FINAL ACCOUNTS 2017/18

Analysis of Capital Receipts

	£	£
<b>A. GENERAL FUND</b>		
<b>1. Sales of Land and Other Assets*:</b>		
Guildbourne Centre (Flat Lease Extensions)	2,311	
Knightsbridge House (Flat Lease Extension)	26,260	
Sale of vehicles	82,545	
Sea Place Overage Payments	209,960	
Aquarena Swimming Poole	5,050,000	
		<b>5,371,076</b>
<b>B. HOUSING RECEIPTS (RINGFENCED)</b>		
<b>2. Worthing Homes:</b>		
Right to Buy Receipts	365,048	
<b>3. Loan Repayments:</b>		
Council House Mortgages	203	
<b>4. Housing Grant Repayments:</b>		
Housing Renewal Assistance	617	
		<b>365,868</b>
<b>TOTAL CAPITAL RECEIPTS</b>		<b>5,736,944</b>

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

The sale of the Aquarena completed on 31<sup>st</sup> August 2017.



## FINANCIAL PERFORMANCE 2017/18 - REVENUE OUTTURN

### REPORT BY DIRECTOR FOR DIGITAL & RESOURCES

#### EXECUTIVE SUMMARY

#### 1. PURPOSE

- 1.1 This report outlines the revenue financial monitoring position for the end of the 2017/18 financial year for Joint Strategic Committee, Adur District and Worthing Borough Councils. At the time of publication of this report, the Statements of Accounts are in the process of being audited. Any adjustments that emerge as the audit proceeds will be reported to members later in the year.

The outturn positions are underspends of £495,023 in Adur District Council, and £812,788 in Worthing Borough Council. After allowance for proposed carry forward of budgets in 2018/19, this represents a 4% underspend against budget for both Councils.

The outturn figures include revenue savings that have been factored into the 2018/19 budget that have crystallised in 2017/18, earlier than projected. These include ICT maintenance costs, pension contributions and the capitalisation of staff costs. Also there are proposed carry forward requests, detailed in section 6.1, that will need to be met from these underspends which relate to committed spend that is to now planned for 2018/19; Adur District Council £88,680 and Worthing Borough Council £231,330 (including the Joint Services proposals).

In addition there are some variances that relate specifically to 2017/18, some of which occurred in the last quarter of the year. In Adur District Council these include planning application fees and market income. Worthing Borough Council received additional income from commercial properties and theatres had a successful fourth quarter. There was also an improvement on some of the underachievements previously forecast; such as homelessness, bereavement services and Parks and Open Spaces.

This is an improved outcome to what was projected in the quarter 3 monitoring report when underspends of £14,000 and £46,100 were being forecast in Adur and Worthing respectively. The areas that have contributed to the net movement are highlighted in the report and appendix 5(a) and in addition to the above include; External borrowing costs, investment income, Minimum Revenue Provision, and income from Environmental Services, Building Control, and property investments.

1.2 The following appendices have been attached to this report:

- Appendix 1** (a) Joint Summary of 2017/18 Outturn
- Appendix 2** (a) Adur District Council – Summary of 2017/18 Outturn  
(b) Adur District Council - Use of Earmarked Reserves
- Appendix 3** (a) Worthing Borough Council – Summary of 2017/18 Outturn  
(b) Worthing Borough Council - Use of Earmarked Reserves
- Appendix 4** HRA Summary
- Appendix 5** (a) Major Variations – Budget to Outturn (over £20,000)  
(b) Major Variations – Quarter 3 to Quarter 4  
(c) HRA Major Variations – Budget to Outturn



## 2. RECOMMENDATIONS

2.1 The Joint Overview and Scrutiny Committee is asked to recommend that Adur District Council , at its meeting on 19<sup>th</sup> July 2018 and Worthing Borough Council at its meeting on 17<sup>th</sup> July 2018:-

- (a) NOTE the overall final outturn for 2017/18.
- (b) AGREE to the net carry over of an approval to use reserves where the original approval for 2017/18 was not utilised in-year as set out in paragraph 6.2 (General Fund) totalling:

Worthing Borough Council	£10,000
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- (c) APPROVE the net appropriations to General Fund Reserves in the year as detailed in paragraph 6.3 totalling:

Adur District Council	£655,819
Worthing Borough Council	£1,315,127

- (d) AGREE the net carry over of revenue budget to 2018/19 funded from reserves as detailed in paragraph 6.1:

Adur District Council	£88,680
Worthing Borough Council	£231,330

- (e) APPROVE the establishment of a new Business Rates Smoothing Reserve for Adur District Council and Worthing Borough Council as detailed in paragraph 4.12; to earmark funds to address the timing difference between the Business Rates income received in the General Fund in year (net of reliefs), and the grant income paid from Central Government to reimburse lost revenue as a consequence of Government policy decisions on reliefs.

## 3. CONTEXT

3.1 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.

3.2 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 6th March 2018.

### 3. CONTEXT

3.3 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.

3.4 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% and Adur's share is 40%.

### 4. REVENUE OUTTURN OVERVIEW

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

Summary of 4th Budget Monitoring Report			
	Joint £000s	Adur £000s	Worthing £000s
Current Budget 2017/18	20,802	9,166	13,469
Actual Outturn	20,536	8,671	12,656
Actual Over/ (Underspend)	(265)	(495)	(813)
Over/(Underspend) Percentage	-1.3%	-5.4%	-6.0%

4.2 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 responsibilities allocated to the portfolios in Adur and Worthing are not the same.

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

- Increased demand and spend on temporary and emergency accommodation within the Homelessness budget;
- Increased income from commercial property;
- Improvement in income from commercial services;
- Business Rates;
- External Borrowing Costs, Investments and Minimum Revenue Provision;
- Revised timescales for commissioned studies related to major projects;
- Capitalisation of staff costs;
- Impact of the withdrawal from CenSus IT services within the Joint Services;
- Vacancy Provision and Pension Costs.

#### 4. REVENUE OUTTURN OVERVIEW

- 4.4 The third quarter monitoring report was presented to Joint Strategic Committee on 6th March 2018. Since this time the financial position has changed as follows:

<b>Comparison of 3rd budget monitoring report &amp; 4th budget monitoring report</b>			
	<b>Joint</b>	<b>Adur</b>	<b>Worthing</b>
	£'000	£'000	£'000
Over/(Under)spends reported at Quarter 3	88	(14)	(46)
Over/(Under)spends reported at Quarter 4	(265)	(495)	(813)
Difference	(353)	(481)	(767)

The significant variations that impact on the final outturn from quarter 3 to quarter 4 are identified in appendix 5(b).

- 4.4 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).

- 4.5 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 and cross-cutting areas to highlight potential over or under achievements during the year.

For the past five years, the Councils have undertaken reviews of revenue base budgets and this exercise contributed to the savings needed to meet the budget requirement between 2012/13 and 2018/19. We intend to carry out a similar exercise for the 2019/20 budget round to ensure that any on-going variances are properly reflected in future years' budgets.

- 4.6 Major variations between budget and actual outturn for 2017/18 are detailed in appendix 5(b). Details of other less significant variations and outturn are available on request from the finance team.

## **4. REVENUE OUTTURN OVERVIEW**

4.7 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.

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

### **4.9 Housing Management**

The cost of providing emergency and temporary accommodation continues to increase and 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. In March there were on average 88 cases in emergency accommodation in Worthing and 37 cases in Adur, this compares with 65 cases and 30 cases respectively in April 2017. The overspend net of grant in Worthing is £146,000, Adur costs were on budget.

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 also be added to the housing register, assigned a 'banding' and is able to bid for suitable properties that become available.

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. The Councils are still faced with placing some clients in costly budget accommodation hotel chains when no other suitable options are available.

During 2017/18 the Councils have expanded the supply of EA by securing more leasehold units. Additionally, Worthing Council's Planning Committee has approved plans, put forward by Worthing Housing department in conjunction with Roffey Homes and Worthing Churches Homeless Project, to convert a former NHS building into a 37 bedroom temporary accommodation centre. The Council will have nomination rights for 18 units of accommodation which will provide a saving of £160 per week per unit compared to the cost of bed and breakfast. There is very real competition in the housing market for suitable properties; however the team is committed to continuing to explore options to increase the supply of suitable emergency accommodation.

## 4. REVENUE OUTTURN OVERVIEW

### 4.9 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 leased temporary accommodation units in the local area. Officers are continuing to actively appraise other potential property purchases that will allow the Councils to directly provide high quality emergency accommodation at rates much lower than the private sector. A cross council working group is meeting regularly to appraise and progress these schemes as quickly as possible, while ensuring the Councils are spending their investment wisely.

In addition a new Private Rental Scheme (PRS) is being explored and may be piloted as a way of addressing the Councils need to help prevent homelessness. The proposal is to create a scheme whereby the Council work with private landlords offering a package of services to encourage them to offer below market rents, enabling placements of people at risk of homelessness and avoiding the need for emergency accommodation. This scheme, if proved viable following a small scale trial, could reduce costs whilst fulfilling the Council duty to prevent homelessness.

A further budget pressure has resulted from a government change in housing benefit subsidy. Previously councils received a payment of a management fee per temporary accommodation placement via housing benefit; this has been replaced by a grant. The initial impact of this was a predicted shortfall of £75,000 for Worthing in 2017/18. With ever increasing demand and an increasing number of households remaining in temporary accommodation, the shortfall for Worthing Borough Council in 2017/18 is £146,000. Adur District Council has not being affected to the same extent as the basis of the grant funding is closer to the current demand in the area. This will continue be a budget pressure.

### 4.10. Commercial Property

Additional commercial rent income was generated from commercial properties, and rent reviews. (Adur £74,000 and Worthing £77,000). Both Councils showed an improvement on the additional income that was reported in quarter 3.

	Quarter 3 £'000	Quarter 3 £'000	Improvement £'000
Adur	69	74	5
Worthing	50	77	27

## 4. REVENUE OUTTURN OVERVIEW

### 4.11 Commercial services

#### Car Parks

Worthing - Income from off street parking exceeded the budget by £108,000 for the year, lower than the projected £150,000 in quarter 3. The over-achievement against budget is in part due to the increased take up of the Town Centre Workers deal allowing customers working in the BN11 area to park for £4 per day. Parking income in Q4 was lower compared to the same period the previous year, which is believed to be linked to the cold weather during this period which also affected local retailers.

Adur- Overall there is an underachievement in the service of £49,000. There was a shortfall in Enforcement PCN income of £32,000, this reflects the reality that the income target was too high in relation to the high level of compliance in the district; this has been addressed in the 2018/19 budget. Additionally, within off street parking there was an overspend of £23,000 for improvement works including the installation of height barriers and making machines more secure from theft protecting future income streams. Spend was partially offset by additional income of £6,000.

#### Development Management

Worthing Development Management income has underachieved against budget for 2017/18 by £148,000, Adur has overachieved by £130,000 due to some large scale applications during the year including Southern Housing Group, the Monks Farm site and phase 1 of the Adur Civic Site.

Adur's Planning policy team is overspent the budget by £65,000; this is due to additional costs arising from the progression and examination of the Adur Local Plan. There was a net saving within Worthing of £46,000.

#### Waste and Cleansing

Commercial Waste income has exceeded the budget by £7,000 in Adur and £45,000 in Worthing at the end of the financial year. Disposal costs however, were over budget due to a price increase notified after budget was set, for Adur this was an additional cost of £43,000 and for Worthing £186,000. This is in line with what was projected at quarter 3.

Agency staff costs were £200,000 higher than budget due to a combination of the higher minimum wage, long term sickness, extra crew required to cope with the increasing numbers of properties and an increase in the take up of the green bin service. The on-going staffing issues meant that some the staff savings identified in the saving plan were not been implemented. The delay to the delivery of the new fleet increased vehicle running costs in the first part of the year. The expenditure was necessary to enable the smooth running of the service.

## **4. REVENUE OUTTURN OVERVIEW**

### **4.11 Commercial services**

#### Waste and Cleansing

However, the Adur and Worthing service received £101,000 income from West Sussex County which was a share of the income from the sale of recycling materials in 2016/17 which is distributed in the following financial year. This additional income offset the cost pressures experienced by the service throughout 2017/18.

Although it is still early days the new refuse and recycling fleet is now showing a saving on transport costs of around £16,000.

The 2017/18 budget included additional income generation and expenditure reduction targets of £435,000. Overall the service has overspent by £48,000 and so this target has almost been achieved for the year. This is a significant improvement on the outturn overspend projected in quarter 3 of £192,000.

Looking ahead to 2018/19, the budget for tipping charges has now been corrected and the issues with staffing are being resolved so it is expected that the service will deliver on budget in the forthcoming year.

#### Bereavement Services

The crematorium generates a net income to the council of £1.4m. The outturn position is an overall shortfall in income within the crematorium service of £15,000 (1% shortfall); this includes a £18,000 rebate to a funeral director for direct cremations and a £16,000 shortfall in the Cameo abatement rebate scheme. The memorial service (including the Memorial Garden) income has underachieved by £22,000. Going forward, new brochures and application forms are being printed and we are developing an e-commerce portal on the Worthing Crematorium website to support online sales.

#### Parks and Open Spaces

Beach Hut income was in line with the budget for the year. An income shortfall relating to new huts was previously forecast to members of £23,000 but additional income has been generated to offset this from charging administration costs on beach hut sales.

Brooklands Par 3 Golf course has been closed since the works started on the Rampion wind farm in 2016. It was expected that the course would be opened and returned to Council in 2017/18 and the income budget of £98,000 was reinstated. There has subsequently been a delay in Rampion's operations and the course has not been reinstated yet or returned to the Council. Loss of income was successfully claimed under contractual obligation from Rampion for £65,166.82 in March 2018 to cover the period 15th March 2017 to end of March 2018. Overall there was an underachievement against the service of £28,000 which is an improvement on the £90,000 forecast in quarter 3.

## **4. REVENUE OUTTURN OVERVIEW**

### **4.11 Commercial services**

#### Parks and Open Spaces

In Adur there was a £43,000 underspend against budget for the year, this was mainly within grounds maintenance and services. This was not projected at quarter 3.

#### Building Control and Land Charges

Building Control and Land charges income was not predicted to meet its income budget. The final outturn position is a shortfall of £60,000 Adur and £69,000 Worthing. The service is under increasing levels of competition from the private sector albeit it has increased fee income compared to last year. In response to the budget shortfall and to secure savings for next year a restructure of the service has been undertaken and a new Building Control Partnership Manager has been appointed.

Land Charges has moved to Planning and Development as a result of the recent restructure. Fee income is down for the service but this is due to fluctuations in the property market. The service has been affected by delays in implementing software from an external supplier and this has impacted performance and customer satisfaction. The system contract is being closely managed and there has been improved progress recently.

#### Markets

Income from markets and bus shelter advertising in Adur overachieved by £68,000, this was due to better and more robust reporting. The underspend includes a £35,000 receipt relating to prior years which was received at the year end; this had not been previously reported as it was not known until quarter 4 .

#### Theatres and Museums

Theatres and Museums have recorded an underspend of £32,000. Monitoring and management of costs, together with service efficiencies and increased ticket sales for live events have made significant contributions to the effective management of this budget. Over the year, increased venue hire, maximisation of VAT opportunities and an improvement in the income from catering have contributed.

£95,000 was received in maintenance levy; of this £78,000 was in excess of approved budgeted and has been transferred to the Theatre Levy Reserve for future maintenance requirements, this is excluded from the Worthing outturn figure.



## 4. REVENUE OUTTURN OVERVIEW

### 4.12 Business Rates

Additional net income was received in relation to Business Rates by Adur £74k and Worthing £425k during 2017/18; the table below shows a breakdown:

	Adur		Worthing	
	Budget	Actual	Budget	Actual
	£000	£000	£000	£000
Income - Fixed in January	7,199	7,199	12,515	12,515
Less: Tariff Payment	-4,641	-4,787	-9,540	-9,552
	2,558	2,412	2,975	2,963
Plus: s31 Grants from Govt	433	644	650	1,037
Less: Levy Payment	-605	-596	-605	-555
Net Income	2,386	2,460	3,020	3,445
<b>Additional income above budget for 2017/18</b>		<b>74</b>		<b>425</b>

The precept income from the Collection fund is set before the start of the financial year as part of the budget process and the tariff payment is usually fixed by Government around the same time (although in December 2017 they announced a retrospective adjustment to the 2017/18 tariff figures).

The section 31 grants are a reimbursement by Government for the income lost by local authorities for any reliefs or support given to local businesses under the business rate retention scheme. This year there were a number of tax changes announced as part of the Budget Statement that have impacted on the income for the reporting year. However the changes were made after the income to be taken from the collection fund was determined. The result is a timing difference between when the grant is received (in 2017/18) and accounted for and when the Council will fund actual loss of income to the Collection Fund which will be in 2019/20.

To address this timing issue and protect the budget position in 2019/20, it is proposed that a Business Rate Smoothing Reserve is established for both Councils and the outturn figures includes the transfer of the surplus income from the General Fund (£74,000 for Adur and £425,000 for Worthing), which the committee is asked to ratify. This reserve will be used to compensate the Councils for reduced business rate income in 2019/20.

### 4.13 External Borrowing Costs, Investments and Minimum Revenue Provision

There are variances for both Adur and Worthing. For both Councils the MRP costs were lower than the budget due to re-profiling of the capital programmes: Adur had a favourable variance of £272k and Worthing had a favourable variance of £304k.

## **4. REVENUE OUTTURN OVERVIEW**

### **4.13 External Borrowing Costs, Investments and Minimum Revenue Provision**

Investment returns were above budget for both Councils due to the increase in Bank Base Rate in November 2017. Adur General Fund exceeded its income budget by £8k and the HRA exceeded its income budget by £18k. Worthing exceeded its income budget by nearly £40k.

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 £53k. Most of Adur's borrowing is at long term fixed rates, so the Council does not benefit to the same degree from the current market. However, new long term borrowing at better than forecast rates resulted in a net favourable General Fund variance of £3k. There was a saving of £54k in interest costs for the HRA. Both Councils are also fixing longer term borrowing with the PWLB to fund the purchase of properties, as approved in their budgets.

The new loan from Worthing Borough Council to Worthing Homes resulted in additional income in excess of the budget of £26k after costs, due to receipt in 2017/18 of part of the arrangement fee which had been in the budget for 2016/17.

### **4.14 Impact of Capital Expenditure on Major Projects**

In the final quarter of 2017/18 Worthing Borough Council commissioned the complete demolition of Teville Gate Multi Story Car Parks and surrounding buildings, significant work also focused on developing the Land Pooling Agreement with London & Continental Railways which was approved at April 2018 Joint Strategic Committee Meeting. The focus on capital expenditure and formalising the relationship with London & Continental Railways has resulted in a revenue underspend of £154,000 against major projects and this is in the main due to the rescheduling of commissioning studies on the large scale projects during the year. This was not projected to be an underspend in the quarter 3 monitoring report.

A budget carry forward of £114,000 has been requested for the work in 2018/19 to enable progress and studies to support schemes identified in the Worthing Investment Prospectus.

### **4.15 Capitalisation of Staff Costs**

During 2017/18 the Council surveyors spent a larger proportion of their time working on capital schemes than forecast, particularly in Worthing. This has resulted in an underspend of £155,000 in the Worthing revenue accounts due to a larger proportion of the staff costs now being charged to capital. Improvements to forecasting practice in the service are underway.

## 4. REVENUE OUTTURN OVERVIEW

### 4.16 Joint Services

#### Payroll Services

The Payroll department continued to provide a paid payroll service to South Downs Leisure Trust during 2017/18. It was not anticipated that this contract would continue beyond 2016/17, therefore the net underspend within Finance of £35,000 includes income received £68,000 that was not budgeted in 2017/18.

#### Digital and ICT

As a result of our strategy to withdraw from Census ICT and migrate to cloud hosting, there was a net underspend within Digital and ICT of £132,000, with benefits being realised earlier than expected. The underspend was mainly due to maintenance expenditure being below budget and the identification of projects that are longer required as a result of our digital strategy, resulting in a saving.

#### Revenues and Benefits

Overpayments of Housing Benefit occur where entitlement is re-assessed retrospectively due to a change in customers' circumstances, and invoices are raised with a variety of recovery methods employed in order that monies are repaid to the Council. A number of new initiatives have been implemented during the last two years to identify changes in circumstances and consequently both the number and value of overpayments has increased.

This has resulted in income from the recovery of housing benefit overpayments exceeding its budget for Worthing by £121,000, as projected in quarter 3. The underachievement in the recovery of court costs in respect of Council Tax and Business Rates arrears in both Adur and Worthing as a result of changes in the process, which takes a more customer focused approach in engaging with customers earlier in the process prior to Court action being instigated, has been previously reported. Included in the outturn is a shortfall of income of £53,000 for Adur and £116,000 for Worthing which related to court income and the existence of income budgets that should have been removed from the budget.

On 1<sup>st</sup> October 2017 Adur's Revenues & Benefits team joined the Worthing service. There have been some additional set up costs/curtailment costs due to the merging of the teams; it was anticipated that these costs would be contained within the current budget. However there was an overspend within the service of £60,000 Adur and £64,000 Worthing. The Adur overspend includes an allowance for redundancy costs associated with the transition of £69,000.

In Worthing the overspend relates to a combination of; increased agency staff costs £12,000, Printing, stationery and postage £33,000, a vacancy provision of £12,000 and an erroneous income budget of £10,000.

## **4. REVENUE OUTTURN OVERVIEW**

### **4.16 Joint Services**

#### Elections

During work on the 2017/18 claim for election expenses to Central Government (Police and Crime Commissioner and General elections) an error relating to VAT was identified associated with prior year claims. The VAT on supplies has been reclaimed from HM Revenues and Benefits (HMRC) by Adur and Worthing which should have been claimed by Central Government as they reimburse gross costs to Councils; (Adur £32,000 and Worthing £40,000). A declaration has been made to HMRC and the matter was reported in quarter 3. This cost has partially been offset by underspends within the service of £14,000 Adur and £30,000 Worthing which has not been previously forecast resulting in a net overspend of £18,000 in Adur and £10,000 in Worthing.

### **4.17 Vacancy Provision and Pension Costs**

#### Vacancy Provision

The councils had a total vacancy saving target of £760,150 for 2017/18. The final outturn position was an underachievement of £23,650 against this target which is a £61,850 improvement on the £85,500 forecast in quarter 3. There was a higher level of staff turnover in the last three months of the year than anticipated. The Councils' budgets for salaries in 2017/18 was £25.6m so this equates to a 0.1% overspend.

#### Pension Costs

Additional pension strain and back funding costs were incurred by Adur in 2017/18 of £96,000. Worthing's pension contribution costs were £71,000 lower than budgeted. The reason for these differences is the final pension figures were not received from the actuary until after the 2017/18 budget had been finalised, the outcome of the actuary reports have been built into the 2018/19 budget. These variances have not previously been reported.

## **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. Overall the HRA contained net expenditure within budget and showed a underspend against its budget of £47,909. Previous forecasts estimated a larger underspend of £150,000 but the outturn figure includes the impact of the depreciation charge for the year, which had a variance of £110,000. The significant variances are detailed in appendix 5(c).
- 5.2 The HRA Reserve stood at £1.939m at 31<sup>st</sup> March 2018 which will be used to support the HRA over the next 5 years as it addresses the impact of the 1% rent reductions.

## 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 31<sup>st</sup> March 2018 and are required to complete existing initiatives in 2018/19.

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 2018/19 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.

The following are recommended for carry forward for the Joint Committee, Adur District Council and Worthing Borough Council:

<b>Proposed Carry Forward of unspent budgets within the Joint Strategic Committee</b>			
	£	£	£
<b>Digital and Resources</b> - Delivery of change and re-design projects	16,000	24,000	40,000
<b>Digital and Resources</b> - Staff Travel plan - produce a travel action plan which will outline key actions aimed at changing patterns of travel behaviour and increasing use of more active and sustainable transport modes in order to reduce pressure on car parking.	2,130	3,200	5,330
<b>Digital and Resources</b> - Refurbishment of seats in the Town Hall Council Chamber.	-	5,000	5,000
<b>Digital and Resources</b> - Increase to the budget development fund for new projects designed to deliver future income growth or business efficiencies.	30,000	45,000	75,000
<b>Total carry forward proposals for the Joint Strategic Committee shared between Adur and Worthing</b>	<b>48,130</b>	<b>77,200</b>	<b>125,330</b>

<b>Proposed Carry Forward of Unspent Budgets within Adur District Council</b>	
	£
<b>Wellbeing:</b> The balance of the Grants budget has been allocated through the Adur Grants process (3rd round) and by Officer Decision to Going Local Grants	40,550
<b>Total carry forward proposals for Adur District Council</b>	<b>40,550</b>

## 6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

### 6.1 Recommended Carry Forwards of Unspent Budget

<b>Proposed Carry Forward of Unspent Budgets within Worthing Borough Council</b>	
	£
<p><b>Wellbeing:</b> This provides £10,000 towards the Going Local Grants. The grant has been awarded and the recipients are awaiting a contract from our legal team to sign before funding is released.</p>	10,000
<p><b>Economy:</b> This income has resulted from Phase 1 of the scheme to introduce street furniture licensing in Warwick Street. The next Phase is to introduce the scheme into Montague Street and Portland Road and the set up for this will be funded from the carried forward amount from 2017/18.</p>	3,850
<p><b>Economy:</b> Worthing Borough Council has adopted the Seafront Investment Plan (SIP) to guide future development of the seafront. This income will support the delivery of the phased developments associated with the SIP. The alignment of Concessions to the SIP is also required; therefore a Concessions Review is likely to take place in 2018-19 which may require external consultancy.</p>	6,530
<p><b>Economy:</b> The development of Grafton Car Park is identified as a key priority in the Council's Platforms for Places. The carry forward of this budget is required to support the ongoing site investigation, site preparation and consultancy work required to address key issues prior to offering the site to market or pursuing a development of the site in 2018/19.</p>	113,750
<p><b>Economy:</b> Additional income of £6,000 was received in 2017/18 for the Observation Wheel. It is proposed to use this income in 2018/19 to reinvest in an Outdoor Event planned for Autumn.</p>	6,000
<p><b>Culture:</b> This budget was set aside for the provision of equipment for Museums implementation of the new Theatres Booking System -Spectrix. A delay in implementation of the project resulted in the budget remaining unspent and therefore requested that the budget is carried forward to 2018-19, when the new system will be implemented in May 2018.</p>	5,000
<p><b>Culture:</b> An opportunity has arisen to purchase a new van to replace the existing van which is no longer fit for purpose. The cost of purchase will be partly met by sponsorship arranged by the fundraising manager, theatres needs to provide £9,000 towards the total cost of the £18,000.</p>	9,000
<b>Total carry forward proposals for Worthing Borough Council</b>	<b>154,130</b>

## 6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

### 6.2 Recommended Carry Forwards of 2017/18 Approvals to Use Reserves

The following unspent items were approved for 2017/18 and were planned to be funded from reserves. It is recommended that these approvals to utilise reserves are carried forward from 2017/18 to 2018/19. **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	
Wellbeing: This provides £10,000 towards the Going Local Grants. The grant has been awarded and the recipients are awaiting a contract from our legal team to sign before funding is released	£ 10,000
<b>TOTAL FOR WORTHING BOROUGH COUNCIL</b>	<b>10,000</b>

### 6.3 Movements and Use of Reserves

As part of the 2017/18 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.

In 2017/18, 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:

Adur District Council transfers to General Fund Earmarked Reserves 2017/18		
<b>Budgeted/Committed contributions to/from reserves:</b>	£	£
<ul style="list-style-type: none"> <li>• Increase in Grants Carried Forward</li> <li>• Budgeted contribution to Reserves</li> <li>• Self-insurance charges and proposed contributions</li> </ul>	126,796 4,000 30,000	160,796
<b>Contribution to reserves for future needs:</b>		
<ul style="list-style-type: none"> <li>• Transfer to Business Rate Smoothing Reserve (paragraph 4.12)</li> </ul>	74,000	
<b>Contribution to reserves from general underspend:</b>		
<ul style="list-style-type: none"> <li>• Carry Forward requests to Capacity Issues Reserve (see para. 6.1)</li> <li>• Unallocated General Fund underspend transferred to Capacity Issues Reserve</li> <li>• General Fund underspend transferred to General Fund Reserve (working balance)</li> </ul>	88,680 222,343 110,000	495,023
<b>Total recommended net contributions to Reserves</b>		<b>655,819</b>

## 6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

### 6.3 Movements and Use of Reserves

If all the proposals in the above table are adopted, Adur District Council's General Fund Working Balance will increase to £518,171 which, at nearly 6% of net expenditure of £8.671m is almost within the range of 6%-10% set by the Council. In addition the Council would retain earmarked revenue reserves of £0.760m (excluding the revenue grants reserve), an increase of £0.271m over 31<sup>st</sup> March, 2017. The full listing of earmarked reserves is attached as **Appendix 2b**.

#### Worthing Borough Council:

A new Business Rates Smoothing Reserve was set up at the year end to smooth the impact of changes to reliefs in-year.

<b>Worthing Borough Council net transfers to General Fund Earmarked Reserves 2017/18</b>		
<b>Budgeted/Committed contributions to/from reserves:</b>	£	£
<ul style="list-style-type: none"> <li>• Reduction in Grants Carried Forward</li> <li>• Withdrawal from Theatres Maintenance Reserve</li> <li>• Budgeted contribution to Reserves</li> <li>• Self-insurance charges and proposed contributions</li> </ul>	(32,116) (1,000) 1,470 30,700	(946)
<b>Contribution to reserves for future needs:</b>		
<ul style="list-style-type: none"> <li>• Transfer to Business Rate Smoothing Reserve (paragraph 4.12)</li> <li>• Transfer to Theatres Capital Maintenance Reserve funded by levy payments</li> </ul>	425,000 78,328	503,328
<b>Contribution to reserves from general underspend:</b>		
<ul style="list-style-type: none"> <li>• Carry Forward requests to Capacity Issues Reserve (see para. 6.1)</li> <li>• Additional transfer to Leisure Lottery and Insurance Reserves</li> <li>• Unallocated General Fund underspend transferred to Capacity Issues Reserve</li> </ul>	231,330 2,513 578,902	812,745
<b>Total recommended net contributions to Reserves</b>		<b>1,315,127</b>

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 6.7% of net expenditure of £12.656m, is within the range of 6%-8% set by the Council. In addition the Council would retain earmarked revenue reserves of £2.550m (excluding revenue grants reserve), an increase of £0.935m over 31<sup>st</sup> March, 2017. The full listing of earmarked reserves is attached as **Appendix 3b**.



## **7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2017/18 AND DEBT POSITION**

### **MRP Requirement for 2017/18**

- 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 Councils' MRP policy was approved by the Joint Strategic Committee at its meeting of 2<sup>nd</sup> June 2016 and was recommended for approval by Worthing Council at its meeting on 19<sup>th</sup> July 2016 and by Adur Council at its meeting on 21<sup>st</sup> July 2016. 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 does not apply to Worthing Borough Council which had no debt as at 1st April 2008. Secondly, for both Councils' non-HRA capital expenditure which forms part of the Capital Financing Requirement (the CFR), (excluding loans to RSLs), after 1st April 2008, the MRP will be calculated as the annual amount required to repay the CFR using the Annuity Method over the life of the assets acquired. 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 has been completed. The CFR is a prescribed calculation which is used to measure the Councils' underlying need to borrow to finance all capital expenditure.
- 7.3 The MRP policy will ensure that by the time debts are due to be repaid sufficient funds will have been set aside.
- 7.4 As MRP is applied in the year after which capital expenditure is funded from borrowing, the MRP for 2017/18 relates to unfunded expenditure incurred up to and including 31<sup>st</sup> March, 2017.
- 7.5 By applying the approved methodologies, described in paragraph 7.2, the following MRP determinations have been provided for in the 2017/18 accounts:

For Adur District Council: £712,431. No Voluntary MRP was set aside for the HRA.

For Worthing Borough Council: £809,289

### **Debt Position at 31 March 2018**

- 7.6 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.

## 7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2017/18 AND DEBT POSITION

### Debt Position at 31 March 2018

- 7.6 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.
- 7.7 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.
- 7.8 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 2018	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
<b>Actual Long Term Debt 01/04/17</b>	<b>14,967,131</b>	<b>59,585,172</b>	<b>74,552,303</b>	<b>11,337,167</b>
New Long Term Debt Raised in year	13,066,000	0	13,066,000	25,954,500
Long Term Debt Repaid in Year	(769,531)	(1,710,546)	(2,480,077)	(1,727,485)
<b>Actual Long Term Debt 31/03/18</b>	<b>27,263,600</b>	<b>57,874,626</b>	<b>85,138,226</b>	<b>35,564,182</b>

CFR v Long Term Debt Position at 31 March 2018	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Capital Financing Requirement (CFR)	28,500,305	60,102,737	88,603,042	39,150,019
<b>(Over) / Under Borrowing</b>	<b>1,236,705</b>	<b>2,228,111</b>	<b>3,464,816</b>	<b>3,585,837</b>
HRA Debt Limit	N/A	68,912,000	68,912,000	N/A
HRA Borrowing Headroom (Debt Limit – Actual Debt)	N/A	11,037,374	N/A	N/A

## **7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2017/18 AND DEBT POSITION**

### **Debt Position at 31 March 2018**

- 7.9 In addition to the amounts reported in the Table above, Worthing also held temporary borrowing of £6m at 31st March 2018, £5m of which will mature fully by 17th July 2018. Some of this may be refinanced as new temporary borrowing if required. Adur did not hold any temporary borrowing at 31st March 2018.
- 7.10 For Adur Council the General Fund is under-borrowed by approximately £1.237m. The HRA is under-borrowed by £2.228m because, although actual debt is gradually repaid, the Council has not made any Voluntary Minimum Revenue Provision for 2017-18 and consequently the Capital Financing Requirement has not reduced. This position largely reflects the opening position at 1<sup>st</sup> 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. The General Fund took out new long term borrowing to fund a property purchase and the replacement of the refuse and recycling vehicles.
- 7.11 Worthing is under-borrowed by £3.586m 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). New long term loans amounting to nearly £26m have been taken out in 2017-18 to fund several capital projects, for example a £10m loan to Worthing Homes, property purchases and the replacement of the refuse and recycling vehicles.

## **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. However, the nature of many of the underspends does not indicate an improved outlook for the revenue budget going forward, and pressures very much remain.
- 8.2 The Councils have had a difficult year with reduced funding and cost pressures to manage, but they have successfully managed to address some significant issues. The underspends in 2017/18 have given the Councils the opportunity to contribute to reserves which is welcome at a time when local government faces ongoing financial pressures.

## **Local Government Act 1972**

### **Background Papers:**

Reports to the Joint Overview and Scrutiny and Joint Strategic Committee

Revenue Budget 2017/18 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 7<sup>th</sup> March 2017

Accounts and Audit Regulations 2015

### **Officer Contact Details:**

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## SUSTAINABILITY AND RISK ASSESSMENT

### 1. ECONOMIC

Matter considered and no issues identified

### 2. SOCIAL

#### 2.1 Social Value

Matter considered and no issues identified

#### 2.2 Equality Issues

Matter considered and no issues identified

#### 2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

#### 2.4 Human Rights Issues

Matter considered and no issues identified


### 3. ENVIRONMENTAL

Matter considered and no issues identified


### 4. GOVERNANCE


Matter considered and no issues identified

## 2017/18 FINAL REVENUE OUTTURN JOINT SUMMARY


 ADUR & WORTHING COUNCILS	ORIGINAL ESTIMATE 2017/18	CURRENT ESTIMATE 2017/18	OUTTURN 2017/18	(UNDER)/ OVERSPEND 2017/18
	£	£	£	£
Chief Executive	639,430	649,220	619,898	(29,322)
Director for Communities	9,206,440	8,824,980	8,852,991	28,011
Director for Customer Services	-	-	-	-
Director for Digital & Resources	10,477,650	11,047,200	10,802,825	(244,375)
Director for the Economy	4,171,790	4,031,430	4,044,705	13,275
Grants Reserves			(91,826)	(91,826)
<b>TOTAL SERVICES</b>	<b>24,495,310</b>	<b>24,552,830</b>	<b>24,228,594</b>	<b>(324,236)</b>
<b>ALLOCATION OF COSTS</b>				
Recharged to other joint services	(3,751,130)	(3,751,130)	(3,692,226)	58,904
	<b>20,744,180</b>	<b>20,801,700</b>	<b>20,536,368</b>	<b>(265,332)</b>
Adur District Council	(8,464,000)	(8,468,340)	(8,360,728)	107,612
Worthing Borough Council	(12,280,180)	(12,333,360)	(12,175,640)	157,720
<b>TOTAL SERVICE BLOCK ALLOCATIONS</b>	<b>(20,744,180)</b>	<b>(20,801,700)</b>	<b>(20,536,368)</b>	<b>265,332</b>


CIVIC BUDGET 2017-2018  
Summary of Final Revenue Outturn

 ADUR DISTRICT COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2017/18	CURRENT ESTIMATE 2017/18	OUTTURN 2017/18	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>CM for Environment</i>	2,962,240	2,923,980	2,904,564	42,981	(20,014)	(42,383)
<i>CM for Health &amp; Wellbeing</i>	1,013,010	1,090,760	1,002,320	-	(10,854)	(77,586)
<i>CM for Customer Services</i>	1,356,940	1,390,270	1,486,629	(2,860)	(41,754)	140,973
<i>Leader</i>	626,870	626,870	583,779	(880)	36,564	(78,775)
<i>CM for Regeneration</i>	1,597,960	1,592,190	1,345,284	23,440	(43,675)	(226,672)
<i>CM for Resources</i>	1,960,440	1,763,980	2,132,249	95,473	42,742	230,054
<i>Support Service Holding Accounts</i>	190,140	200,590	-	(35,370)	36,990	(202,210)
<i>Budget vired to HRA</i>						-
<b>TOTAL CABINET MEMBERS</b>	<b>9,707,600</b>	<b>9,588,640</b>	<b>9,454,824</b>	<b>122,784</b>	<b>-</b>	<b>(256,600)</b>
<i>Credit Back Depreciation</i>	(1,378,220)	(1,378,220)	(1,512,074)	(122,784)	-	(11,070)
<i>Minimum Revenue Provision</i>	818,480	984,630	712,431	-	-	(272,200)
<i>Additional Non Ring Fenced Grants</i>	-	-	33,938	-	-	33,938
<i>Financial Instrument Adjustment</i>	-	-	2,270	-	-	2,270
	<b>9,147,860</b>	<b>9,195,050</b>	<b>8,691,389</b>	<b>-</b>	<b>-</b>	<b>(503,661)</b>
<b>Transfer to/from reserves:</b>						
<i>Transfer from reserves to fund specific expenditure</i>	18,000	(29,190)	(20,552)	-	-	8,638
<i>General fund working balance</i>			110,000	-	-	110,000
<b>Net Underspend/(Overspend) Transferred to Reserves</b>			<b>385,023</b>	<b>-</b>	<b>-</b>	<b>385,023</b>
<b>TOTAL BUDGET REQUIREMENT BEFORE EXTERNAL SUPPORT FROM GOVERNMENT</b>	<b>9,165,860</b>	<b>9,165,860</b>	<b>9,165,860</b>	<b>-</b>	<b>-</b>	<b>(0)</b>

 ADUR DISTRICT COUNCIL <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	Opening Balance  2017/18	Decrease  2017/18	Increase  2017/18	Closing Balance  2017/18
	£	£	£	£
<b>Capacity Issues Fund including General Fund Carry Forward Reserve</b>	121,187			
Consolidation of New Technology Fund into Capacity Issues	22,300			
Consolidation of Health & Safety Reserve into Capacity Issues	32,545			
Project Manager for CENSUS review (8/10/15 JSC/042/15-16)		(39,188)		
Redundancy costs (24/04/17 JAW/8/16-17)		(59,774)		
<b>Carry forward from 2016/17</b> approved at JSC 11 July 2017: Fishersgate caretaker		(8,000)		
Budgeted contribution to/(from) revenue			4,000	
Revenue underspend			311,023	
Balance				384,093
<b>Insurance Fund</b>	180,850	(35,907)	30,000	174,943
<b>Business Rates Smoothing Reserve</b>	-	-	74,000	74,000
<b>Investment Property Maintenance Fund - Revenue Maintenance Programme</b>	38,387	-	-	38,387
<b>Grants and Contributions held in Reserves</b>	425,872	(168,175)	294,971	552,668
<b>Election Reserve</b>	7,880	-	-	7,880
<b>Special and Other Emergency Reserve</b> Redundancy costs (22/06/17 JAW/1/17-18)	86,103	(5,023)	-	81,080
<b>General Fund Reserve</b>	408,171	-	110,000	518,171
<b>TOTALS</b>	1,323,295	(316,067)	823,994	1,831,222



 WORTHING BOROUGH COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2017/18	CURRENT ESTIMATE 2017/18	OUTTURN 2017/18	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	1,054,600	1,054,600	1,079,949	(200)	(10,332)	35,880
<i>CM for the Environment</i>	2,890,240	2,983,740	3,408,498	87,710	(60,059)	397,107
<i>CM for Health &amp; Wellbeing</i>	1,286,210	1,296,210	1,304,543	260	(8,589)	16,661
<i>CM for Customer Services</i>	5,425,580	5,375,670	5,196,703	25,700	(65,626)	(139,041)
<i>CM for Regeneration</i>	2,621,670	2,914,900	2,699,126	(6,090)	(23,575)	(186,109)
<i>CM for Resources</i>	2,519,070	2,223,960	1,746,447	110,040	(449,591)	(137,962)
<i>Holding Accounts</i>	(165,700)	(130,040)	-	(9,182)	617,771	(478,549)
<b>TOTAL CABINET MEMBER</b>	<b>15,631,670</b>	<b>15,719,040</b>	<b>15,435,265</b>	<b>208,238</b>	<b>-</b>	<b>(492,012)</b>
<i>Credit Back Depreciation</i>	(3,323,380)	(3,323,380)	(3,531,618)	(208,238)		-
<i>Minimum Revenue Provision</i>	1,072,620	1,113,810	809,289			(304,521)
<i>Additional Non Ring Fenced Grants</i>	-	-	(270,026)			(270,026)
	<b>13,380,910</b>	<b>13,509,470</b>	<b>12,442,910</b>	<b>-</b>		<b>(1,066,560)</b>
<b>Transfer to/from reserves:</b>						
<i>Transfer from reserves to fund specific expenditure</i>	87,720	(40,840)	212,932			253,772
<b>Net Underspend Transferred to Reserves</b>			812,788			812,788
<b>Total Budget requirement before External Support from Government</b>	<b>13,468,630</b>	<b>13,468,630</b>	<b>13,468,630</b>	<b>-</b>		<b>0</b>

 WORTHING BOROUGH COUNCIL <b>EARMARKED REVENUE RESERVE            ACCOUNTS</b>	<b>Opening Balance 2017/18</b>	<b>Estimated Decrease 2017/18</b>	<b>Estimated Increase 2017/18</b>	<b>Projected Closing Balance 2017/18</b>
	£	£	£	£
<b>Capacity Issue Reserve</b>	846,341			
- Redundancy costs (24/04/17 JAW/8/16-17)		(89,661)		
<b>Expenditure funded from approved carry forwards from 2016/17</b>				
- Worthing carry forwards from 2016/17 agreed Joint Strategic Committee 11th July, 2017		(128,560)		
- Budgeted contribution to/(from) revenue			1,470	
- Revenue underspend			810,232	
<b>Balance</b>				1,439,822
<b>Insurance Reserve</b>	388,949	(124,655)	32,613	296,907
<b>Joint Health Promotion Reserve</b>	9,910	(2,100)	-	7,810
<b>Leisure Lottery &amp; Other Partnerships - 01/02/18 JSC/078/17-18 for Museum Costume Research Centre</b>	77,166	-	600	77,766
<b>Museum reserve - 12/09/17 JSC/037/17-18 release of funds to support grant bid</b>	114,012	(16,310)	-	97,702
<b>Crematorium Improvement Reserve</b>	-	(70,494)	70,494	-
<b>Business Rates Smoothing Reserve</b>	-	-	425,000	425,000
<b>Theatres Capital Maintenance Reserve</b>	63,821	(1,000)	78,328	141,149
<b>Special and Other Emergency Reserve Redundancy costs (22/06/17 JAW/1/17-18)</b>	41,827	(7,535)	-	34,292
<b>Grants &amp; Contributions</b>	574,292	(157,276)	125,160	542,176
<b>Capital Expenditure Reserve Brooklands Environmental Scheme</b>	73,158	(43,500)	-	29,658
<b>General Fund Working Balance</b>	843,625	-	-	843,625
<b>TOTAL</b>	3,033,101	(641,090)	1,543,896	3,935,907

## HRA SUMMARY

	<b>BUDGET 2017/18</b>	<b>OUTTURN 2017/18</b>	<b>VARIANCE 2017/18</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>EXPENDITURE</b>			
General Management	3,389,220	3,363,026	(26,194)
Special Services	208,350	176,987	(31,363)
Rent, Rates, Taxes & Other Charges	25,650	23,621	(2,029)
Repairs & Maintenance	3,110,200	2,883,757	(226,443)
Bad/Doubtful Debt	50,000	77,181	27,181
Contribution to reserves	-	-	-
<b>Capital Financing Costs</b>			
Depreciation and revenue contribution to capital	4,406,760	4,517,220	110,460
Interest charges	2,322,400	2,268,178	(54,222)
<b>TOTAL EXPENDITURE</b>	<b>13,512,580</b>	<b>13,309,968</b>	<b>(202,612)</b>
<b>INCOME</b>			
Dwelling Rents	(12,183,440)	(12,122,732)	60,708
Non-Dwelling Rents	(539,720)	(524,150)	15,570
Heating Charges	(72,840)	(33,567)	39,273
Leaseholder's Service Charges	(214,410)	(224,486)	(10,076)
Other Service Charges	(292,250)	(224,742)	67,508
Interest Received	(28,000)	(46,281)	(18,281)
<b>TOTAL INCOME</b>	<b>(13,330,660)</b>	<b>(13,175,958)</b>	<b>154,702</b>
<b>NET (SURPLUS)/DEFICIENCY - TRANSFER TO/FROM HRA</b>	<b>181,920</b>	<b>134,011</b>	<b>(47,909)</b>
<b>GENERAL RESERVE</b>			

The variations greater than £20,000, for this report, are detailed below

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
<b>NET TRADING</b>				
Parking		49	(108)	Income from car parking exceeded the budget for Worthing (mainly from surface car parks) But in Adur there is a shortfall in income from the enforcement and an increase in management costs
Total Net Trading	-	49	(108)	
Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
<b>INCOME:</b>				
Growth - Commercial Income		(74)	(77)	Net income after borrowing costs.
Development Management - Fee Income	-	(130)	148	Projected shortfall for Worthing Development Management income. Unbudgeted costs incurred by Adur's Planning Policy Team relating to the Adur Local Plan.
Building Control & Land Charges	-	60	69	Building Control Income, which is derived from fees set on a cost recovery basis, is projected to be below target at year end. Growth targets and strategies are being worked on. Land charges forecast a shortfall in income.
Theatres	-	-	(32)	Income exceeded projections for the final quarter of the year
Environment - Bereavement Services		-	37	Income shortfall relating to crematorium services and memorials
Environment - Parks & Open Spaces		(43)	28	Underachievement of income for loss of income, after compensation, due to closure of the Par 3 golf course

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
Revenues & Benefits		113	59	ADC - old grant income budget, plus increased costs during joint service transition. WBC - Net Additional income from the recovery of housing benefits overpayments offset by a grant income budget that won't be realised.
Finance	(35)	-	-	Net income from the extension of payroll provision to South Downs Leisure
Communications	(40)	-	-	Increased external income
<b>Total Income</b>	<b>(75)</b>	<b>(74)</b>	<b>232</b>	
Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
<b>COSTS:</b>				
Corporate costs	21	-	(155)	Joint: Net cost of essential mileage review which was completed later than projected delayed start, plus increased Pool car costs £59k, offset by savings in MFD and Printing costs, Worthing: Shift in capital allocation for Surveyor and Engineers staff
Maintenance	-	-	(60)	Underspend on maintenance (excluding culture)
Elections		18	10	VAT liabilities on all Elections going back several years
Leisure	-	-	98	Leisure Contractual costs
Energy Costs	(28)	-	-	Saving in energy costs
Waste Services	48	36	141	Increased Agency staff costs. Overspend on Trade Waste disposal costs due to increase after the budget was set (offset partially by increased income). Savings on diesel costs.
Place & Investment		(98)	(191)	Adur: Increased income from Farmers markets Worthing: Commissioning of studies for major projects originally anticipated to be required in 2017/18 now planned for 2018/19; the remainder relates to underspends on Grants and subscriptions for both Authorities

Service Area	Joint £000s (under)/ over-spend	Adur £000s (under)/ over-spend	Worthing £000s (under)/ over-spend	Significant Variations
Homelessness	-	-	146	Emergency accommodation costs are continuing to increase to meet demand. This is partially offset by a grant provided to cover removal of the management element of the benefit subsidy.
ICT & Digital	(132)	-	-	Overspend on Telephony in 2017/18 - (36k) , This is offset by an underspend in Census ICT of £168k (maintenance and project costs savings against budget).
Finance - MRP	-	(272)	(304)	Savings on MRP as a result of deferred capital expenditure and increase in external funding
Finance	-	(11)	(119)	Net savings due to changes in interest rates on borrowing and additional interest income on investments
Wellbeing	-	(77)	(35)	Underspend on Wellbeing grants
Planning Policy	-	56	(46)	Local plan : Increased cost of producing in Adur and a net saving in Worthing
Business Rates	-	(49)	(47)	Saving in Business Rate costs
Overprovision of Pension costs	-	96	(71)	Adur: Increased Pension strain and backfunding costs, Worthing: reduction in Pension contributions
Vacancy Provision	23	-	-	Slight Underachievement on Vacancy Provision forecast.
Other	(122)	(63)	(145)	Other minor variations
Allocation of Joint Variance		(106)	(159)	Share of joint services allocated 40:60 to Councils
<b>Total costs</b>	(190)	(470)	(937)	
<b>Total Variance</b>	(265)	(495)	(813)	

<b>Adur Major Variances</b>	<b>Net underspend</b>	<b>Forecast at JSC Q3</b>	<b>Difference</b>	
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	
<u>Economy Directorate</u>				
Planning Income	(130)	-	(130)	Large scale planning applications received in the last quarter of 2017/18 . Fee increase has been factored into the 2018/19 budget.
Increased cost of producing local plan	56	65	(9)	Costs arising from the progression and examination of the Adur Local Plan - overspend lower than projected in quarter 3.
Building Control & Land charges income shortfall	60	65	(5)	Shortfall in income was in line with quarter 3 projection. A new Building Control Partnership Manager has been appointed in response to the budget pressures within the service.
Strategic Property Investment commercial income exceeding Budget	(74)	(69)	(5)	Additional income generated from commercial properties and rent reviews. Increased income has been incorporated into the 2018/19 budget.
Net additional income from farmers markets	(68)	-	(68)	Includes a one off receipt £35k relating to prior years.
<u>Communities Directorate</u>				
Waste services shortfall in income and overspends on vehicles and agency staff	36	44	(8)	Overall net overspend against budget relating to disposal costs in line with previous forecast.
Wellbeing Grants underspend	(77)	-	(77)	There is a £40,000 budget carry forward request for grants not yet paid out included within this underspend.
Elections overspend	18	32	(14)	Costs associated with previous years VAT liabilities. This issue is resolved for 2018/19. Compensating savings meant the overspend was lower than projected in quarter3.
<u>Digital and Resources Directorate</u>				
Revenues and Benefits - Provision for departure costs	60	-	60	One off redundancy costs related to the service transferring in-house.
Revenues and Benefits - eroneous budget	53	70	(17)	Erroneous budget has been removed in 2018/19. savings have partially offset the previously forecast shortfall.
Increased pension strain and backfunding costs	96	-	96	In year variance due to the timing of actuary information when the budget was set. This has not previously been reported.
Savings on interest rates	(11)	(14)	3	As predicted in quarter 3 overall savings in interest rates.
<u>Other</u>				
Minimum Revenue Provision	(272)	(272)	-	Cost saving resulting from deferred capital expenditure in 2016/17 and increased external funding- outturn as forecast in Q3
Underspend on joint services - not included above	(106)	35	(141)	There is a £50k budget carry forward request within the Joint Services.
Other changes	(136)		(136)	
	<b>(495)</b>	<b>(44)</b>	<b>(451)</b>	

<b>Worthing Major Variances</b>	Net underspend	Forecast at JSC Q3	Difference	
	£000s	£000s	£000s	
<u>Economy Directorate</u>				
Economic Growth	(154)	-	(154)	There is a budget carry forward request of £114,000 from this underspend to commission studies on some of the major projects within Worthing, including the Grafton site.
Planning Income	148	8	140	Income lower than forecast for 2017/18.
Planning Policy	(46)		(46)	Underspend on Local Plan - one off saving not previously reported.
Building Control & Land charges income shortfall	69	94	(25)	Shortfall in income was less than projected in quarter 3. A new Building Control Partnership Manager has been appointed in response to the budget pressures within the service.
Strategic Property Investment commercial income exceeding Budget	(77)	(50)	(27)	Additional income generated from commercial properties and rent reviews. Increased income has been incorporated into the 2018/19 budget.
Theatres	(32)	-	(32)	There is a budget carry forward request for £14,000 from this underspend. The remaining underspend against budget of £18,000 was not previously reported as quarter 4 income exceeded projections, particularly live events and film.
Place and Investment Grants	(37)	-	(37)	There is a £10,000 budget carry forward request for grants to be paid in 2018/19.
<u>Communities Directorate</u>				
Homelessness	146	170	(24)	Increase in pressure on service. Additional costs have been incorporated into the 2018/19 budget.
Waste services shortfall in income and overspends on vehicles and agency staff	141	141	-	Overall net overspend against budget relating to disposal costs in line with previous forecast.
Bereavement Services	37	60	(23)	The outturn shortfall was more favourable than predicted in quarter 3. The income shortfall includes a one off rebate of £18,000. Crematorium price increases have been factored into the 2018/19 budget.
Leisure Contract Costs	98	-	98	A provision has been established relating to contract costs that are under negotiation with South Downs Leisure Trust.
Parks and Open Spaces	28	90	(62)	The improvement in the projected overspend from quarter 3 to quarter 4 is due to the receipt of income compensation relating to the Par 3 Golf course.
Wellbeing Grants underspend	(35)	-	(35)	There is a £20,000 budget carry forward request for grants not yet paid out included within this underspend.
Elections overspend	10	40	(30)	Costs associated with previous years VAT liabilities. This issue is resolved for 2018/19. Compensating savings meant the overspend was lower than projected in quarter 3.
<u>Digital and Resources Directorate</u>				
Car Parking - Fee Income	(108)	(150)	42	Additional income received above budget was lower in Q4 than was projected in Q3, possibly linked to the cold weather in the period.
Revenues and Benefits - Shortfall in Court Costs Recovery & Erroneous budget	180	-	180	Includes an erroneous budget has been removed in 2018/19.
Additional Income from Overpayment Recovery	(121)	(120)	(1)	This is in line with the overachievement projected at quarter 3.
Capitalisation of Surveyors and Engineers costs	(155)	-	(155)	A review of the time allocation identified a higher proportion of work being carried out by the Surveyors and Engineers on capital schemes. This has been factored into the 2018/19 budget.
Reduction in pension contributions	(71)	-	(71)	In year variance due to the timing of actuary information when the budget was set. This has not previously been reported however the outcome of the actuary report has been built into the 2018/19 budget.
Savings on interest rates	(119)	(77)	(42)	Additional net interest income received, higher than projected in quarter 3, due to a combination of lower rates associated with borrowing and higher interest earned on investments.
<u>Other</u>				
Minimum Revenue Provision	(304)	(305)	1	Cost saving resulting from deferred capital expenditure in 2016/17 and increased external funding- outturn as forecast in Q3
Underspend on joint services - not included above	(159)	53	(212)	There is a £69,000k budget carry forward request within the Joint Services.
Other changes	(252)		(252)	
	<b>(813)</b>	<b>(46)</b>	<b>(767)</b>	



Joint Services Major Variances	Net underspend	Forecast at JSC Q3	Difference	
	£000s	£000s	£000s	
<u>Chief Executive</u>				
Communications	(40)	-	(40)	Increased income in quarter 3 for communication support related to major project support and Costal West Sussex
Communities Directorate				
Waste Services	48	7	41	Higher level of agency staff and disposal costs. Additionally there was more vehicle maintenance expenditure in the last quarter of 2017/18 not previously forecast.
Wellbeing	-	25	(25)	Overall underspends in the service have offset the underachievement in digital savings that were being forecast in quarter 3.
<u>Digital and Resources Directorate</u>				
ICT and Digital	(132)	(40)	(92)	Underspend on telephony. Additionally there was an underspend from Census, some maintenance savings which have been factored into the 2018/19 budget and some one off savings from project work. There is a carry forward of £40,000 proposed to enable the delivery of change and re-design projects.
Finance	(35)	-	(35)	Net income from the extension of payroll service provision to South Downs Leisure Trust.
<u>Other</u>				
Corporate Costs	21	10	11	Net additional cost of essential mileage review taking later in the year and increased pool car costs. Offset partially by savings on MFD and printing costs.
Vacancy Provision	23	86	(63)	Vacancy provision achieved. Staff turnover higher than anticipated in the last quarter of 2017/18.
Other changes	(150)	-	(150)	Other net underspends, includes £28,000 saving on energy costs.
	<b>(265)</b>	<b>88</b>	<b>(353)</b>	



### HRA Major Variances

	<b>(Under)/ Overspends £'000</b>
<b><u>Variations in income and running costs:</u></b>	
Underspend on Pay, Grading, Consultancy and General Management	(123)
Underspend on Building Maintenance, Repairs & Voids	(201)
Underspend on various minor operational budgets	(19)
Increase in provision for Bad Debts	27
Increased cost from Corporate & Democratic Core (incl. pension charge)	82
Increased cost of Central Allocations	26
Shortfall in rental income due to void periods and debts written off	66
Shortfall in service charge income	55
Total variation in running costs	<b>(86)</b>
<b><u>Variations in treasury management and capital costs:</u></b>	
Reduction in interest costs	(54)
Increase in depreciation	110
Additional interest receipts	(18)
Total variation in treasury management and capital costs	38
<b>TOTAL</b>	<b>(48)</b>



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 8

Joint Overview and Scrutiny Committee  
26 July 2018  
Agenda Item ...

Key Decision: No

Ward(s) Affected: All

## **Achieving Financial Sustainability - Budget Strategy for 2019/20 and beyond**

### **Report by the Director for Digital & Resources**

#### **Executive Summary**

##### **1. Purpose**

- 1.1. Over the last three years, our councils have been successfully delivering a budget strategy to address the rapid change in local government financing, preparing for the removal of central government funding in 2020.
- 1.2. This strategic effort has involved the development of new and critical capabilities in the organisation, including strategic property investment, nationally recognised digital service design, and high quality, successful commercial services.
- 1.3. It has also required careful financial management, including managed and prudent increases in council tax, and a clear focus on driving efficiency and productivity.
- 1.4. Funding received from Government grant has been significantly reduced over the last 7 years, from 2019/20 onwards the councils will no longer receive any support via Revenue Support Grant. Looking ahead to 2020/21, the level of funding from central government is likely to further reduce.
- 1.5. Adur and Worthing Councils have responded to the challenge of falling government grant by promoting economic regeneration, investing in property, growing our commercial offer, and through business efficiency from the customer and digitisation transformation programmes. 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.

1.6. 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 2019/20 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.

1.7. 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'.

1.8. Our strategy, 'Platforms for our Places' was approved by the Councils in February 2017 is sets out how we can play an even greater role in helping to shape the future of our places. The refresh of this strategy is elsewhere on this agenda. The 5 'Platforms' that provide the direction for all our work over the next 2 years are:

- Our Financial Economies
- Our Social Economies
- Stewarding our Natural Resources
- Services and Solutions for our places
- Leadership of our Places

1.9 Over the summer and autumn, the Operational Leaders Group (Heads of Service) will be working with the Councils Leadership Team to produce new service plans designed to deliver a balanced budget over the next 3 years. The outcome of the service planning will be presented to Joint Strategic Committee for approval in December 2018 as part of the development of the 2019/20 budget.

## **2. Recommendations:**

2.1 The 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 6 of the report;

(c) **Recommend** to the Councils to approve the Budget Strategy for 2019/20 outlined in Section 10 of the report.

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

### **3. Background**

3.1 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. Council Tax increases have been kept to a minimum over the past few years, with the Councils choosing to freeze or reduce the Council tax when possible.

3.2 However, the financial pressure continues. Revenue support grant has disappeared, the conditions attached to New Homes Bonus will mean that this will reduce as a resource in future potentially being phased out from 2020/21 onwards, and the Councils expect a reduction in the level of retained business rates when the business rate system is reset in 2020/21. Local Government funding has changed considerably over the last 7 years, and the pace of change is set to continue with the proposed changes to the business rates system.

3.3 Members are being asked to consider the budget 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.

### **4. Financial context**

#### **4.1 National context and external factors**

Since 2010, the Councils have seen a considerable reduction in the level of funding from Government. However the Comprehensive Spending Review 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 in 2016/17, which gives us certainty in 2019/20. However the grant allocations which were confirmed as part of the 2018 Local Government Finance Settlement showed that the Councils would see no immediate easing of the financial pressures and from 2019/20 the Councils will receive no Revenue Support Grant.

## 4.2 How Council funding is changing:

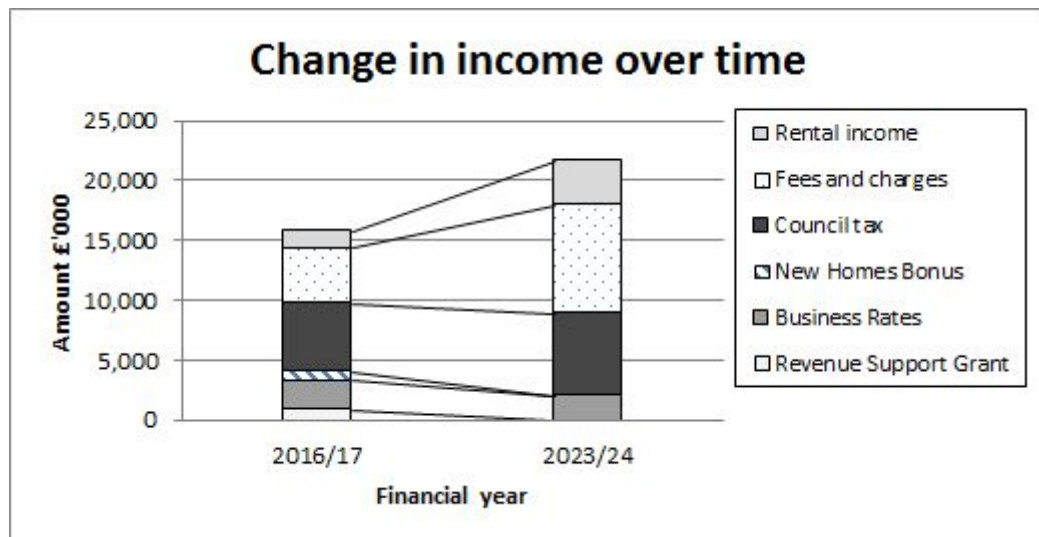
4.2.1 The Local Government Finance landscape has changed profoundly over the last few years due to three factors:

- The introduction of Business Rate Retention Scheme which is due to be reformed again for 2020/21
- Localising Council Tax Support (Council Tax Benefit)
- The continuing reduction in all Government grants

From 2019/20, 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 (RSG) has ceased to be 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 fees and charges, rental income, Council Tax and the Business Rate Retention Scheme. New Homes Bonus has been substantially reduced and will at some point be phased out.



(Using Adur as an example)

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'.

#### 4.2.2 Baseline Funding and Business Rates Retention

Under the business rate retention scheme, District and Borough Councils are entitled to retain a 40% share of the business rate income raised locally. However the system is complex, with the share retained being reduced by a series of nationally determined adjustments (the Tariff and the levy)..

Ultimately the Scheme allows councils to keep a small element (20%) of any growth in business rate income over a retained 'baseline' amount. The forecasting of overall business rate income is again difficult this year due to two factors which are discussed in more detail below:

- i) The continuing impact of the appeals arising from the national business rate revaluation in 2017/18.
- ii) The potential further reform of the business rate system and the impact of the fairer funding review.

The forecasts contained within the report are based on the current business rate system. There are three aspects of this scheme which will ultimately influence the amount of business rate income retained locally and also the Councils' budgets in the medium term:

##### 1. **The 'Tariff':**

Whilst the Councils are entitled to retain 40% of all business rate income, they are then obliged to pay over a substantial element of these retained business rates to the Government via an adjustment known as the Tariff. This is set to increase well above inflation next year.

Now that 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, the amount of business rate income retained locally is expected to be reduced in 2019/20, with the Councils keeping a diminishing share of the business rate income.

This is a controversial element of the settlement announced in 2017/18 and the adjustment to the tariff payments is colloquially known as 'negative RSG'. However, as part of settlement, it was announced that there would be a review of the "negative RSG" allocations for 2019-20. Whilst it is by no means certain that these adjustment will be removed it did suggest that the then Secretary of State, Sajid Javid, was minded to address the issue.

If the Government decides to reverse the adjustment relating to negative RSG, then additional funding will need to be found for the sector. The cost nationally would be £159.9m.

<b>Tariff payments</b>	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24
	£'000	£'000	£'000	£'000	£'000	£'000
<b>ADUR</b>	4,931	5,039	5,515	5,625	5,737	5,852
Negative RSG		367				
Final Tariff payment	4,931	5,406	5,515	5,625	5,737	5,852
Annual increase						
- Amount		475	109	110	112	115
- Percentage		9.6%	2.0%	2.0%	2.0%	2.0%
<b>WORTHING</b>	9,840	10,057	10,757	10,973	11,192	11,416
Negative RSG		490				
Final Tariff payment	9,840	10,547	10,757	10,973	11,192	11,416
Annual increase						
- Amount		707	210	216	219	224
- Percentage		7.2%	2.0%	2.0%	2.0%	2.0%

## 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 in addition to the baseline funding amount. 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:

	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24
<b>ADUR</b>	£'000	£'000	£'000	£'000	£'000	£'000
Baseline funding	1,700	1,738	1,772	1,808	1,844	1,881
Retained surplus rates	638	388	236	240	245	248
Total business rate income kept locally	2,338	2,126	2,008	2,048	2,089	2,129
Total business rate income	18,459	18,561	18,794	19,168	19,551	19,921
Percentage retained locally	12.67%	11.45%	10.68%	10.68%	10.68%	10.68%



<b>WORTHING</b>	2018/ 19 £'000	2019/ 20 £'000	2020/ 21 £'000	2021/ 22 £'000	2022/ 23 £'000	2023/ 24 £'000
Baseline funding	2,589	2,648	2,701	2,755	2,810	2,866
Retained surplus rates	770	574	293	299	303	306
Total business rate income kept locally	3,359	3,222	2,994	3,054	3,113	3,172
Net business rate income collected	33,005	32,833	33,531	34,202	34,870	35,534
Percentage retained locally	10.18%	9.81%	8.93%	8.93%	8.93%	8.93%

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.

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 to the Council £719,000. Worthing Borough Council has made a provision within the Collection Fund for the likely loss of income.

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 changes in the business rate income, will be adjusted for in future years. This is similar to how Council Tax is treated. Both Councils saw an increase in reliefs during 2017/18 due to changes in Government policy together with a number of appeals being settled at the end of the financial year which led to a deficit within the Collection Fund of both Councils. This will have to be recouped in 2019/20. The Councils have set up a business rate smoothing reserves to help address this issue.

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 business rate income for both Councils. These include:

- The Parcellforce site in Adur – Expected completion date is December 2018.
- New Monks Farm site in Adur – A planning application is expected to be considered by the Planning Committee in July. The proposal includes a new IKEA store which, if approved, is likely to be constructed over the next 2 – 3 years and will potentially benefit Adur in 2020.
- Free Wharf, Western Harbour Arm in Adur includes new commercial floorspace and is likely to start later in the year and be completed by 2021
- 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 2018/19, then the surplus could be used to support the budget in 2019/20. An update to the likely surplus or deficit will be undertaken later in the year.

### 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:

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

#### i) Fairer Funding Review:

The Government is undertaking a fairer funding review with the aim of introducing a more up-to-date, more transparent and fairer needs assessment formula which will be used to distribute the Business Rate income nationally and any residual Revenue Support Grant.

The review is considering all services provided by local Government and will determine the new starting point for local authorities under the revamped Business Rate Retention Scheme which is due to be introduced in 2020/21.

The Government will undertake a series of consultations on the new system over the coming months. The last consultation was responded to in March 2018.

However it is extremely difficult to predict the outcome of this review as insufficient details have been released. It is almost inevitable that there will be some transition arrangements in place as there will be some significant swings in how individual Councils will be funded in the future which will be difficult to address in the short term, particularly as we are unlikely to know the full financial impact of the proposals until late Autumn 2019.

ii) Business Rate Retention:

Due to the impact of Brexit on the legislative timetable, the full return of business rate income to Local Government has been deferred. The proposal is now to increase the amount retained locally by the Council and the County Council to 75% from 2020/21 onwards.

The new system must be fiscally neutral and so the increase in business rate income will be matched by the removal of grants such as Revenue Support Grant, Public Health Grant and other funding streams.

Whilst it is not clear how this change will be dealt with in two tier areas, given the requirement for new system to be cost neutral, it is likely that the County Council will be the beneficiary of the increased share of the business rate income.

As part of the new system, along with the impact of the fairer funding review, there will be a 'baseline' reset. The statement by the Secretary of State was clear that:

"Local authorities will be able to keep that same share of growth on their baseline levels from 2020 to 2021 when the system is reset. So that from 2020 to 2021 business rates will be redistributed according to the outcome of the new needs assessment subject to suitable transitional measures".

Within the 5 year forecast it is assumed that the Council will lose at least 50% of any gain in the new system along with some specific grants associated with homelessness and New Homes Bonus.

#### 4.2.3 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% was introduced from 2017/18 onwards; 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.

<b>New Homes Bonus</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Adur	202	116	1	0	0
Worthing	1,221	1,094	576	342	120

#### 4.2.4 Council Tax

Council Tax is now the Councils' major source of general income from taxation. By 2019/20 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.

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.

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 the next two years when the Councils have to find savings of over £4.8m.

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?

	<b>Overall</b>
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%

Finally, Members are reminded that there is a referendum limit. The limit announced last year was the higher of 2.95% or £5.00 per Band D property. At this time we do not know the referendum limit for the 2019/20 Council Tax increase. The referendum limit was set at 2.95% when inflation was around 3.1%. Historically the limit has been set at a lower limit at around 2%. The Consumer Price Index (CPI) is currently falling and was at 2.4% in May 2018. Consequently for the purposes of planning it is assumed that the limit will revert to 2%. A 2% increase would be equivalent to £5.81 per Band D property in Adur and £4.62 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 £59,090 in Adur and £88,920 in Worthing for 2018/19.

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

<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
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.

#### 4.3 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 2018 is estimated to be:

	Adur	Worthing
	£'000	£'000
Working balance	518	844
Net budget	8,628	13,517
Percentage held	6.0%	6.2%

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:

- 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-18	Uncommitted resources*	Balance as at 31-Mar-18	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	458	248	1,441	1,214
Special and other emergency expenditure reserve	81	81	34	34
<b>Total</b>	<b>539</b>	<b>329</b>	<b>1,475</b>	<b>1,248</b>

- \* This allows for approvals to use the resources from 2018/19 onwards including the funding of carry forwards.

## 5. Key budget pressures in the next 5 years

5.1 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:

### 5.2 Pay and Prices

5.2.1 The largest source of immediate cost pressure comes from inflation. General inflation is currently at 2.4% (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 2018/19 and gradually move back towards the 2% target rate by 2020.

5.2.2 In addition to general inflation, the Council will need to allow for the recent pay award agreed by the unions. This will add on average 3.35% to inflationary pressures in 2019/20. The Council has previously assumed that pay inflation would be in line with general inflation at 2% so the newly agreed pay award will add £360k to the cost pressures

5.2.3 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:

	2018/19	2019/20	2020/21	2021/22	2022/23
	%	%	%	%	%
Pay*	3.36	2	2	2	2
Supplies and Services	2.2	2	2	2	2
Income	2.2	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 vary year on year due to the impact of re-gradings and recruitment. This is reassessed annually.

Overall net pay and price inflation is expected to add to the 2018/19 base budget over the next 5 years as follows:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Adur*	478	813	1,142	1,460	1,780
Worthing*	749	1,240	1,725	2,196	2,672
<b>Note:</b>					
Joint Services * (included above)	1,115	1,875	2,628	3,360	4,103

Income is assumed to increase by 2.2% in 2019/20 which will help to offset the inflationary pressures.

It is difficult to be certain about inflation for 2019/20 at this early point in the year. A 1% difference in the inflation assumptions is equivalent to:

	Adur	Worthing	Joint
	£'000	£'000	£'000
Pay	7	27	236
Supplies and Services	19	110	55
Income	-35	-128	-59
<b>Total</b>	-9	9	223
<b>Share of joint inflation</b>	93	139	-223
<b>OVERALL TOTAL</b>	84	148	-

### 5.3 Impact of the Capital Programme

5.3.1 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 £2.5m for Worthing Borough Council from 2019/20 onwards. 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 in 2019/20 and £5.5m in 2020/21 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)

### 5.3.2 Interest rates

The bank interest rates have continued to remain low for some time at 0.5% and are unlikely to rise until later in 2018 at the earliest. 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:

	2019/20	2020/21	2021/22	2022/23	2023/24
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).

### 5.4 2020 recycling targets:

5.4.1 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 report jointly commissioned by all West Sussex Councils from Ricardos has analysed waste collection and the contents of 'residual' waste across the County to assess how behaviours could be changed to reduce residual waste and improve recycling rates.

5.4.2 This report indicates that to achieve the 50% target, the West Sussex Councils would have to extend the range of recyclable materials collected and collect food waste separately. The proposal to introduce food waste collection is under active discussion by WSCC as this is the largest segment of recyclable residual waste currently not collected.

5.4.3 The service is also actively engaged in behavioural change activities and pilots across our places to understand how we can encourage residents to minimise the volume of waste produced and to encourage a higher rate of recycling achieved.

5.4.4 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 could be imposed. Whilst the EU referendum may affect this outcome the UK remains committed to meeting the 50% target and in recent months has suggested this may be extended to 65% by 2030.

5.4.5 For the purposes of planning, £1m growth has been allowed from 2020 onwards with a part year impact in 2019/20. This will be refined as the options for meeting the targets become clearer.

5.5 Councils' Budget and Shortfall:

5.5.1 A summary of the position for 2019/20 is therefore:

	Adur £'000	Worthing £'000
<b>Main cost pressures:</b>		
Inflationary pressures in excess of the likely increase in Council Tax	341	553
<b>Changes in Government Funding</b>		
Change in retained business rates	211	137
Change in New Homes Bonus	86	127
Reduction in Revenue Support Grant	0	8
<b>Overall change to government funding</b>	<b>297</b>	<b>272</b>
<b>Other items:</b>		
Impact of 2017 pension fund valuation	4	-57
Net impact of the capital programme	-85	-119
Impact of interest rates on investment income	-31	-30
Impact of 2020 recycling targets	120	180
Impact of major projects	0	200
Deletion of Elections budget	-18	0
Provision for new committed growth items	70	80
Removal of surplus / deficit on the collection fund	5	55
Removal of contribution to reserves	-10	-41
Contingency	60	90
Other changes	-4	-24
<b>Overall savings to be met from a combination of increased income from commercial activities, the digital strategy, and other savings initiatives.</b>	<b>749</b>	<b>1,159</b>

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.

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

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>ADUR*</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Overall cumulative shortfall	749	1,957	2,277	2,657	2,965
Annual shortfall	749	1,208	320	380	308
Total net budget	8,463	8,370	8,551	8,738	8,927
Annual savings as a percentage of overall net budget (%)	8.85%	14.44%	3.74%	4.35%	3.45%

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>WORTHING*</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Overall cumulative shortfall	1,159	2,931	3,946	4,894	5,518
Annual shortfall	1,159	1,772	1,015	949	624
Total net budget	13,386	12,859	12,908	12,974	13,148
Annual savings as a percentage of overall net budget (%)	8.66%	13.78%	7.86%	7.31%	4.74%

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>JOINT SERVICES**</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Overall cumulative shortfall	1,366	3,599	4,126	4,737	5,357
Annual shortfall	1,366	2,233	527	611	620
Total net budget	22,430	21,757	22,083	22,304	22,527
Annual savings as a percentage of overall net budget (%)	6.10%	10.30%	2.40%	2.70%	2.80%

- \* 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**.

5.5.3 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.

#### 5.4 Budget risks

In addition to the issues quantified above, there are also two other key risks that Members should be aware of:

i) Impact of Universal Credit and the Homelessness Reduction Act (HR Act) on the cost of the housing solutions service and legal services

The HR Act places additional responsibilities on local authorities which may increase demand for homeless assessments and temporary accommodation. These 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 new Act came into force on the 1st April 2018. In Adur and Worthing the Act has been one of the driving forces behind much greater collaboration between agencies to identify those at risk of homelessness much earlier. However, over the medium term, the new requirements may well impact on both demand/caseload and the time taken to address each case as well as the potential for increased numbers of legal reviews.

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

be assessed and receive a payment and the potential for rent arrears to accrue. Again, multi-agency work and collaboration is at the heart of trying to address these issues locally, with the Department for Work and pensions being a key local partner.

ii) 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.

**6. Options for addressing the budget gap in 2019/20 and beyond**

6.1 The Councils will need to identify significant savings or deliver income growth over the next 5 - 10 years to balance the budget; this is with building only limited additional capacity to deliver new or improved services. The Councils reshaped the budget strategy back in 2016/17, 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 2020/21 when it is expected that income from government and business rates will fall.

6.2 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:

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Strategic Property Investment Fund	350	555	300	300	100	1,605
Commercial income growth	600	600	600	600	600	3,000
Digital service redesign Programme	200	200	200	200	200	1,000

6.3 The Councils will need to identify options to meet the budget shortfall for 2019/20 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 Reference Group” (joint Executives) 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 2019/20 budget is attached at Appendix 1.

6.4 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 Commercial Activity working group leads on the delivery of the income growth from commercial services and seeks to improve the customer experience.
3. The Service Redesign Board leads on the delivery of business transformation and 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

6.5 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, funding is released each year for 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 will be set aside each year to help fund the impact of any future void properties

Per Council	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Expected cumulative return (after debt charges and allowance for voids)	200	505	605	755	905

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

## **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 2<sup>nd</sup> December 2014. There is an ongoing programme of work designed to lever in significant savings which the Council has continued to roll-out. The Councils have agreed to deliver further savings by the move to cloud hosting.



	2019/20	2020/21	2021/22	2022/23 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200
Cumulative impact	200	400	600	800

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.

	2019/20	2020/21	2021/22	2022/23	2023/34
	£'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.

d. 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.

6.6 The Councils currently have uncommitted reserves of:

	£'000
Adur	329
Worthing	1,248

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 2019/20, 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.

6.7 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.

**7. 2020/21 and beyond**

7.1 The budget projections for 2019/20 to 2023/24 are also shown in Appendix 2. It is clear that many of the cost pressures identified in 2019/20 will continue on for the coming years and that there is a continuing need to make significant savings.

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Adur District Council</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Estimated cumulative savings required to balance the budget	749	1,957	2,277	2,657	2,965
Savings required each year	749	1,208	320	380	308
<b>Worthing Borough Council</b>					
Estimated cumulative savings required to balance the budget	1,159	2,931	3,946	4,894	5,518
Savings required each year	1,159	1,772	1,015	949	624

7.2 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.

7.3 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 2019/20 is 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 and address the implications of the fairer funding review.

7.4 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.

## **8. Housing Revenue Account**

8.1 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.

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

## **9. Engagement and Communication**

9.1 The budget proposals will be the subject of internal officer consultation.

9.2 All savings proposals will be scrutinised by the Joint Overview and Scrutiny Committee at its meeting of November 2018.

9.3 All members will participate in the setting of the annual budget at the Council meetings in February.

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

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

## **10. Budget Strategy for the 2019/20 Budget**

10.1 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 2019/20 revenue and capital budgets:

### **10.2 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 (2.0%) 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.

### 10.3 Capital Investment Programme

- The maximum level of funding 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 £5.2m in 2019/20 and £5.5m in 2020/21 for the Housing Investment Programme)

**Worthing Borough Council:** £2.5m core funding, an increase of £0.5m from the 2018/19 allocation (see the capital strategy for details).

The funding of the programme is to be comprised of prudential borrowing, capital grants 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.

## **Financial Implications**

**11.1** There are no other financial implications other than those outlined above.

Finance Officer: Sarah Gobey

Date: 17th June 2018

## **Legal Implications**

12.1 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 2019/20 budget round.

Legal Officer: .....

Date: .....

## **Background Papers**

Report to Adur District Council Executive 6<sup>th</sup> February 2018 - Estimates 2018/19 and setting of 2018/19 Council Tax

Report to Worthing Borough Council Executive 5<sup>th</sup> February 2018 - Estimates 2018/19 and setting of 2018/19 Council Tax

Report to Joint Strategic Committee 10<sup>th</sup> July 2018 – Final Revenue Outturn for Joint, Adur and Worthing 2017/18.

Budget Statement 2015 – Report from HM Treasury  
Budget Statement 2018 – Report from HM Treasury

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

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

**Officer Contact Details:-**

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## **Sustainability & Risk Assessment**

### **1. Economic**

The budget contains funding for commitments made under Platform 1: Our Financial Economies.

### **2. Social**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

Matter considered and no issues identified.

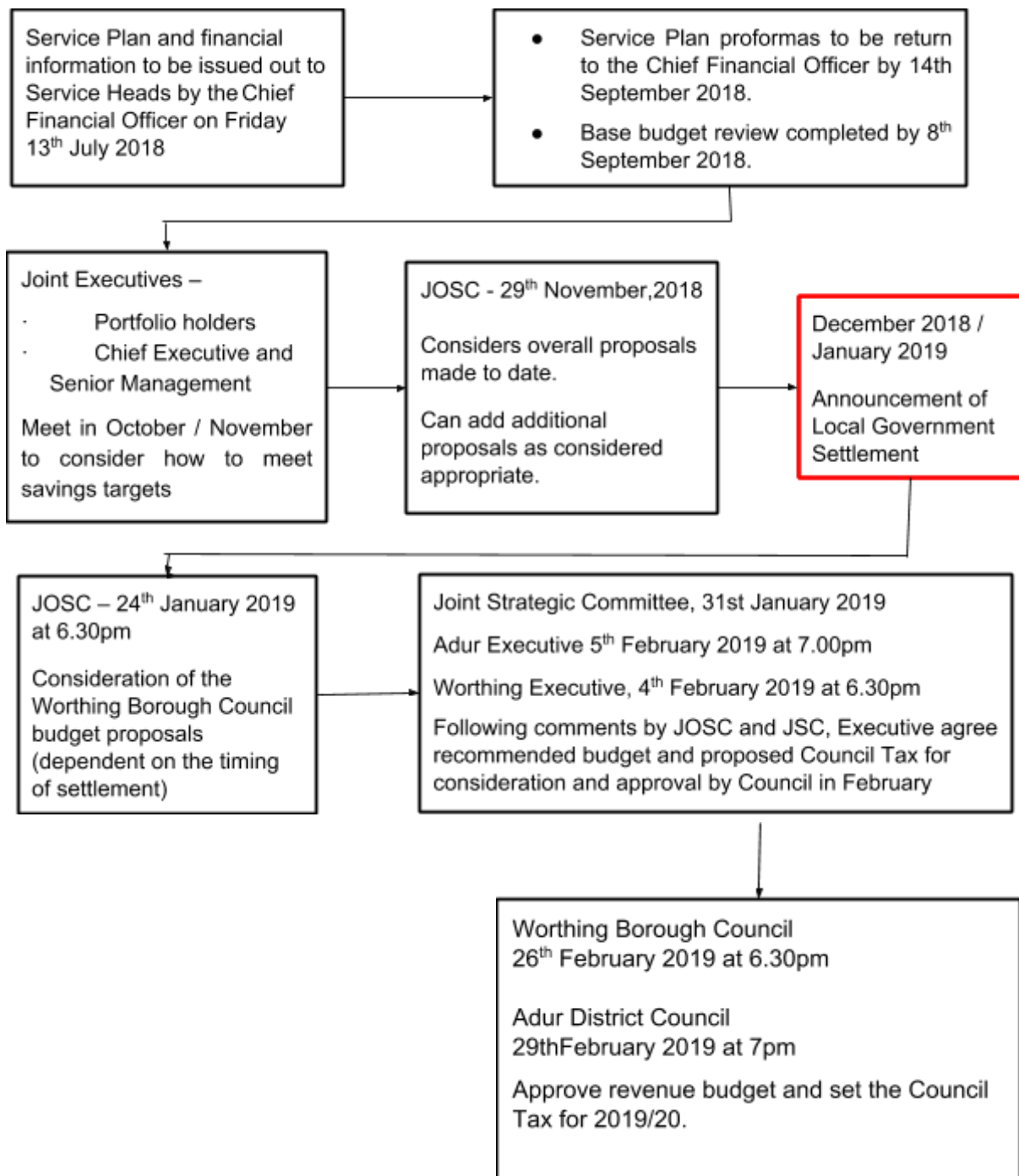
### **3. Environmental**

Matter considered and no issues identified.

### **4. Governance**

Matter considered and no issues identified.





ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2018/19 - 2023/24						
	2018/19 Base	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Net Spending to be Financed from Taxation</b>						
<b>Base budget</b>	8,618	8,618	8,618	8,618	8,618	8,618
<b>Annual Inflation</b>						
Estimated inflation		478	813	1,142	1,460	1,780
<b>One -off / non-recurring items</b>						
Local Elections (held every other year)		(18)	-	(19)	-	(20)
<b>Committed Growth</b>						
Impact of Pension contribution changes		4	4	4	4	4
Impact of new arrangements for funding homelessness		-	184	184	184	184
New 2020 recycling targets		120	400	400	400	400
Deletion of one-off savings in 2018/19		39	39	39	39	39
Contingency		70	140	210	280	350
<b>Impact of capital programme</b>						
Financing costs		(85)	84	163	307	417
<b>Additional income</b>						
Investment income		(31)	(32)	(50)	(94)	(138)
Reopening of Riverside Car Park		(20)	(20)	(20)	(20)	(20)
<b>Approved Growth items</b>						
Provision for new growth items		60	120	180	240	300
Fall out of growth items		(23)	(23)	(23)	(23)	(23)
<b>Total Cabinet Member Requirements</b>	8,618	9,212	10,327	10,828	11,395	11,891
<b>Total Cabinet Member Requirements B/fwd</b>	8,618	9,212	10,327	10,828	11,395	11,891
<b>Baseline funding</b>	1,700	1,738	1,773	1,808	1,844	1,881
<b>Add: Retained additional business rates</b>	591	488	236	240	245	248
<b>Add: Share of previous year's surplus / (deficit)</b>	46	(100)				
<b>Adjusted Baseline funding</b>	2,337	2,126	2,009	2,048	2,089	2,129
<b>Revenue Support Grant</b>	-	-	-	-	-	-
<b>Council Tax</b>						
Adjusted Council Tax income	6,084	6,221	6,360	6,503	6,649	6,798
<b>Other grants</b>						
New homes bonus (2015/16 - 2020/21)	86	-	-	-	-	-
New homes bonus (2016/17 -2019/20)	115	115	-	-	-	-
New homes bonus (2017/18 - 2020/21)	1	1	1	-	-	-
New homes bonus (2018/19- 2021/22)	-	-	-	-	-	-
Total NHB	202	116	1	-	-	-
Collection fund surplus/deficit (-)	5	-	-	-	-	-
<b>Total other grants and contributions</b>	207	116	1	-	-	-
<b>Total Income from Grants and Taxation</b>	8,628	8,463	8,370	8,551	8,738	8,927
<b>(Surplus) / Shortfall in Resources</b>	(10)	749	1,957	2,277	2,657	2,965
<b>Contribution to (-) / Use of Reserves to</b>						
Capacity issues reserve	(10)	-	-	-	-	-
<b>Total Income from Reserves</b>	(10)	-	-	-	-	-
<b>AMOUNT REQUIRED TO BALANCE BUDGET</b>	-	749	1,957	2,277	2,657	2,965

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
<b>AMOUNT REQUIRED TO BALANCE BUDGET</b>	<b>749</b>	<b>1,957</b>	<b>2,277</b>	<b>2,657</b>	<b>2,965</b>
<b>Savings strategy to date:</b>					
<b>Strategic Property Investment Fund</b>					
Future property purchases	300	600	800	1,000	1,200
New office block	-	55	55	55	55
Provision for future voids	(100)	(150)	(250)	(300)	(350)
<b>Commercial activities and commissioning</b>					
Commercial and Customer Activities	170	340	510	680	850
<b>Efficiency Measures</b>					
Digital strategy	80	160	240	320	400
<b>Total future initiatives identified</b>	<b>450</b>	<b>1,005</b>	<b>1,355</b>	<b>1,755</b>	<b>2,155</b>
<b>Cumulative savings still to be found/ (surplus)</b>	<b>299</b>	<b>952</b>	<b>922</b>	<b>902</b>	<b>810</b>
<b>Annual savings still to be found</b>	<b>299</b>	<b>653</b>	<b>(30)</b>	<b>(20)</b>	<b>(92)</b>
Council Tax increase	2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)	£5.82	£5.93	£6.05	£6.17	£6.30
Weekly increase (Band D property)	£0.11	£0.11	£0.12	£0.12	£0.12
Average annual increase (Band C property)	£1.65	£0.00	£0.00	£0.00	£0.00
Average weekly increase (Band C property)	£0.03	£0.00	£0.00	£0.00	£0.00

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2018/19 - 2023/24						
	2018/19 Base	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Net Spending to be Financed from Taxation</b>						
<b>Base budget</b>	<b>13,476</b>	13,476	13,476	13,476	13,476	13,476
(a) <b>Annual Inflation</b>						
Estimated inflation		749	1,240	1,725	2,196	2,672
(b) <b>One -off / non-recurring items</b>						
Local Elections (not held once every four years)		-	-	(50)	-	-
(c) <b>Committed Growth / Cost reductions</b>						
Impact of Pension Fund Triennial valuation		(57)	(57)	(57)	(57)	(57)
Fall out of SDLT pension costs.		(18)	(36)	(54)	(54)	(54)
Reduction in grant for homelessness		-	120	120	120	120
New 2020 recycling targets		180	600	600	600	600
Deletion of one-off savings in 2018/19		34	34	34	34	34
Contingency		80	160	240	320	400
(d) <b>Impact of capital programme</b>						
Financing costs - General Programme		(189)	(151)	(46)	133	348
Provision for additional cost of new burial spaces		32	32	32	32	32
Increase in capital programme from £2m to £2.5m		38	76	76	76	76
Impact of land acquisitions and new developments at Union Place, Grafton, town hall car park and other major projects.		200	200	600	800	800
(e) <b>Additional income</b>						
Investment income		(30)	(45)	(73)	(128)	(192)
(f) <b>Approved Growth items</b>						
Provision for new growth items		90	180	270	360	450
Fall out of one-off growth items		(40)	(40)	(40)	(40)	(40)
<b>Total Cabinet Member Requirements</b>	<b>13,476</b>	<b>14,545</b>	<b>15,789</b>	<b>16,853</b>	<b>17,868</b>	<b>18,665</b>
<b>Baseline funding</b>	2,590	2,648	2,701	2,755	2,810	2,866
Add: Net retained additional business rates	764	574	293	299	303	306
Add: Share of surplus /deficit (-)	5	-	-	-	-	-
<b>Adjusted Baseline funding</b>	<b>3,359</b>	<b>3,222</b>	<b>2,994</b>	<b>3,054</b>	<b>3,113</b>	<b>3,172</b>
<b>Revenue Support Grant</b>	8	-	-	-	-	-
<b>Council Tax income</b>						
Adjusted Council Tax income	8,874	9,070	9,289	9,512	9,741	9,976
New homes bonus (2015/16 - 2020/21)	247	-	-	-	-	-
New homes bonus (2016/17 -2019/20)	518	518	-	-	-	-
New homes bonus (2017/18 - 2020/21)	234	234	234	-	-	-
New homes bonus (2018/19- 2021/22)	222	222	222	222	-	-
New homes bonus (2019/20 - 2022/23)	-	120	120	120	120	-
<b>Total New Homes Bonus</b>	<b>1,221</b>	<b>1,094</b>	<b>576</b>	<b>342</b>	<b>120</b>	<b>-</b>
Collection fund surplus/deficit (-)	55	-	-	-	-	-
<b>Total other grants and contributions</b>	<b>1,276</b>	<b>1,094</b>	<b>576</b>	<b>342</b>	<b>120</b>	<b>-</b>
<b>Total Income from Taxation</b>	<b>13,517</b>	<b>13,386</b>	<b>12,859</b>	<b>12,908</b>	<b>12,974</b>	<b>13,148</b>
<b>(Surplus) / Shortfall in Resources</b>	<b>(41)</b>	<b>1,159</b>	<b>2,931</b>	<b>3,946</b>	<b>4,894</b>	<b>5,518</b>
<b>Use of / (contribution to) Res'ves to Balance Budget</b>						
Capacity issues reserve	(41)	-	-	-	-	-
<b>Total Income from Reserves</b>	<b>(41)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>AMOUNT REQUIRED TO BALANCE BUDGET</b>	<b>-</b>	<b>1,159</b>	<b>2,931</b>	<b>3,946</b>	<b>4,894</b>	<b>5,518</b>

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
<b>AMOUNT REQUIRED TO BALANCE BUDGET</b>	<b>1,159</b>	<b>2,931</b>	<b>3,946</b>	<b>4,894</b>	<b>5,518</b>
<b>Savings identified to date:</b>					
<b>Strategic Property Investment Fund</b>					
Future property purchases	250	550	800	1,000	1,000
Provision for future voids	(100)	(150)	(200)	(250)	(300)
<b>Commercial activities and commissioning</b>					
Commercial and Customer Activities	430	860	1,290	1,720	2,150
<b>Efficiency Measures</b>					
Service and Digital redesign	120	240	360	480	600
<b>Restructures and service plan savings not included above</b>					
Development of temporary accommodation supply (15 units of 1/2 bed)	-	-	-	59	118
<b>Total savings initiatives identified to date</b>	<b>700</b>	<b>1,500</b>	<b>2,250</b>	<b>3,009</b>	<b>3,568</b>
<b>Cumulative savings still to be found</b>	<b>459</b>	<b>1,431</b>	<b>1,696</b>	<b>1,885</b>	<b>1,950</b>
<b>Annual savings still to be found</b>	<b>459</b>	<b>972</b>	<b>265</b>	<b>190</b>	<b>65</b>
<b>Council Tax increase</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
Annual increase (Band D property)	£4.64	£4.72	£4.81	£4.91	£5.01
Weekly increase (Band D property)	£0.09	£0.09	£0.09	£0.09	£0.10
Average annual increase (Band C property)	£4.12	£4.19	£4.28	£4.36	£4.45
Average weekly increase (Band C property)	£0.08	£0.08	£0.08	£0.08	£0.09

	2018/19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027 /28	2028 /29
<b>Adur District Council</b>	Base £'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	8,618	8,618	8,618	8,618	8,618	8,618	8,618	8,618	8,618	8,618	8,618
Inflation		478	813	1,142	1,460	1,780	2,098	2,413	2,727	3,039	3,351
Impact of capital programme		-85	84	163	307	417	436	534	669	832	988
Net other growth		201	812	905	1,010	1,076	1,226	1,336	1,486	1,596	1,747
Net expenditure funded by taxation	8,618	9,212	10,327	10,828	11,395	11,891	12,378	12,901	13,500	14,085	14,704
Income from taxation											
Revenue support grant	0	0	0	0	0	0	0	0	0	0	0
Business rates	2,337	2,126	2,009	2,048	2,089	2,129	2,173	2,218	2,261	2,305	2,351
Council Tax	6,089	6,221	6,360	6,503	6,649	6,798	6,950	7,106	7,265	7,428	7,594
Other grants	202	116	1	0	0	0	0	0	0	0	0
Total income from taxation	8,628	8,463	8,370	8,551	8,738	8,927	9,124	9,324	9,526	9,733	9,945
Cumulative budget shortfall	-10	749	1,957	2,277	2,657	2,964	3,254	3,577	3,974	4,352	4,759
<b>Budget strategy initiatives</b>											
Investment in commercial property		200	505	605	755	905	1,055	1,205	1,395	1,545	1,695
Development of commercial income		170	340	510	680	850	1,020	1,190	1,360	1,530	1,700
Impact of digital strategy		80	160	240	320	400	400	400	400	400	400
Total savings initiatives identified		450	1,005	1,355	1,755	2,155	2,475	2,795	3,155	3,475	3,795
Remaining savings to be identified		299	952	922	902	809	779	782	819	877	964
<b>Savings per year to be identified</b>		<b>299</b>	<b>653</b>	<b>-30</b>	<b>-20</b>	<b>-92</b>	<b>-30</b>	<b>3</b>	<b>36</b>	<b>58</b>	<b>87</b>

	2018/19 Base £'000	2019/ 20 £'000	2020/ 21 £'000	2021/ 22 £'000	2022/ 23 £'000	2023/ 24 £'000	2024/ 25 £'000	2025/ 26 £'000	2026/ 27 £'000	2027 /28 £'000	2028 /29 £'000
<b>Worthing Borough Council</b>											
Base	13,476	13,476	13,476	13,476	13,476	13,476	13,476	13,476	13,476	13,476	13,476
Inflation		749	1,240	1,725	2,196	2,672	3,110	3,580	4,050	4,518	4,988
Impact of capital programme		81	157	662	1,041	1,256	1,455	1,634	1,846	2,385	2,642
Net growth		239	916	990	1,155	1,261	1,510	1,759	2,008	2,257	2,506
Net expenditure funded by taxation	13,476	14,545	15,789	16,853	17,868	18,665	19,551	20,449	21,380	22,636	23,612
Income from taxation											
Revenue support grant	8	0	0	0	0	0	0	0	0	0	0
Business rates	3,359	3,222	2,994	3,054	3,113	3,172	3,229	3,296	3,364	3,431	3,498
Council Tax	8,929	9,070	9,289	9,512	9,741	9,976	10,216	10,462	10,714	10,972	11,236
Other grants	1,221	1,094	576	342	120	0	0	0	0	0	0
Total income from taxation	13,517	13,386	12,859	12,908	12,974	13,148	13,445	13,758	14,078	14,403	14,734
Cumulative budget shortfall	-41	1,159	2,931	3,946	4,894	5,518	6,107	6,691	7,302	8,233	8,879
<b>Budget strategy initiatives:</b>											
Investment in commercial property		150	400	600	750	700	850	1,000	1,150	1,300	1,450
Development of commercial income		430	860	1,290	1,720	2,150	2,580	3,010	3,440	3,870	4,300
Impact of digital strategy		120	240	360	480	600	600	600	600	600	600
Other initiatives in place		0	0	0	59	118	118	118	118	118	118
Total savings initiatives identified		700	1,500	2,250	3,009	3,568	4,148	4,728	5,308	5,888	6,468
Remaining savings to be identified		459	1,431	1,696	1,885	1,950	1,983	1,987	2,018	2,369	2,435
<b>Savings per year to be identified</b>		<b>459</b>	<b>972</b>	<b>265</b>	<b>190</b>	<b>65</b>	<b>33</b>	<b>5</b>	<b>31</b>	<b>351</b>	<b>66</b>
<b>Overall</b>											
Adur		749	1,957	2,277	2,657	2,964	3,254	3,577	3,974	4,352	4,759
Worthing		1,159	2,931	3,946	4,894	5,518	6,107	6,691	7,302	8,233	8,879
Total		1,908	4,888	6,222	7,551	8,482	9,361	10,268	11,276	12,585	13,637
<b>Budget strategy initiatives</b>											
Investment in commercial property		350	905	1,205	1,505	1,605	1,905	2,205	2,545	2,845	3,145
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	800	1,000	1,000	1,000	1,000	1,000	1,000
Other initiatives in place		0	0	0	59	118	118	118	118	118	118
Total budget strategy initiatives		1,150	2,505	3,605	4,764	5,723	6,623	7,523	8,463	9,363	10,263
Remaining cumulative savings to be identified		758	2,383	2,617	2,787	2,759	2,762	2,769	2,837	3,246	3,398
<b>Annual savings still to be identified</b>		<b>758</b>	<b>1,625</b>	<b>235</b>	<b>170</b>	<b>-28</b>	<b>3</b>	<b>7</b>	<b>67</b>	<b>409</b>	<b>152</b>







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Key Decision [Yes/No]

Ward(s) Affected:

**Investing for the future - our Capital Strategy 2019/22**

**Report by the Director for the Director for Digital & Resources**

**Executive Summary**

**1. Purpose**

- 1.1 This report seeks the approval of the Council's Capital Strategy for 2019/22. 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. Recommendations**

- 2.1 The Joint Strategic Committee is asked to **recommend** to the Councils that the Capital Strategy 2019/22 be approved.

**3. Context**

- 3.1 The Councils capital strategy reviewed annually to reflect changes in the Council's priorities and resources.
- 3.2 It is now a requirement of the Prudential Code that the Councils' have an annually approved capital strategy. This year the strategy is being reviewed to reflect new requirements emerging from the new Code. The intention is to bring together not only the capital expenditure policy and plans, but to include financing considerations in one comprehensive document. The new requirements include:

- **The impact of the capital programme on debt and borrowing including:**

- A projection of external debt and use of internal borrowing to support capital expenditure
- Provision for the repayment of debt over the life of the underlying debt.
- Authorised limit and operational boundary for the following year.
- The authority's approach to treasury management including processes, due diligence and defining the authority's risk appetite.

- **Commercial activity**

The Council's approach to commercial investment activities including processes ensuring effective due diligence and defining the authority's risk appetite in respect of these, including proportionality in respect of overall resources. Requirements for independent and expert advice and scrutiny arrangements.

For Adur and Worthing Councils, this specifically refers to the Strategic Property Investment Fund. The Property Investment Strategy elsewhere on this agenda meets these requirements and will form an appendix to the Annual Investment Strategy and the Capital Strategy.

- **Other long-term liabilities**

An overview of the governance process for approval, monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.

However, Adur and Worthing Councils do not have any significant exposure to this type of liability and so this is not addressed within the capital strategy.

- **Knowledge and skills**

A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's risk appetite.

3.2 In 2017/18 the Strategy was revised to reflect the ICT investment strategy and partnership working and confirmed the following direct resource allocations for 2018/19 and 2019/20:

	<b>Adur District Council £'000</b>	<b>Worthing Borough Council £'000</b>	<b>Total £'000</b>
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 desktop equipment, minor software upgrades, and local network equipment in both Councils.	70	80	150
<b>Total resources earmarked for specific purposes</b>	<b>511</b>	<b>739</b>	<b>1,250</b>

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

- £2.5m for Worthing Borough Council for the next 2 years. This is increased from last year's allocation of £2.0m and reflects the increasing need to invest in the Council's assets in light of emerging maintenance issues such as the requirement to deal with asbestos issues in the Council's buildings, the need to invest in public facilities such as toilets, the pressing need to replace aging plant and equipment in our main buildings with more sustainable options; and
- £1m for Adur District Council General Fund for the next 3 - 5 years and £5.2m for the HRA Housing Investment Programme in 2019/20 rising to £5.5m in 2020/21 (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 recommended in light of the financial position of both councils over the next 5 years.

#### **4. Issues for consideration**

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

##### **4.1.1 Strategic Property Investment Fund:**

It is recommended that the Councils limit the overall investment in Commercial Property to £75m per Council with a maximum potential spend on the 'Strategic Property Investment Fund' to £25m in any given year . 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 15% of the savings target in each financial year.

The property investment strategy included elsewhere on the agenda details how this investment will be managed, including details of the risk management approach.

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.

##### **4.1.2 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, the size of the programme was increased from £4.7m to £5.2m for 2018/19 and 2019/20. It is recommended within the report that the programme is increased again for 2020/21 to £5.5m. 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.

#### **4.2 Resource allocations for 2020/21:**

The following resource allocations to key corporate strategies are recommended for 2020/21:

- 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 2020/21.

If approved, the overall the allocations will be:

	<b>Adur District Council £'000</b>	<b>Worthing Borough Council £'000</b>	<b>Total £'000</b>
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 desktop equipment, minor software upgrades, and local network equipment in both Councils.	70	80	150
	<b>511</b>	<b>739</b>	<b>1,250</b>

4.3 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 2020/21, the following resources will remain for other schemes:

·	Adur District Council:	£489,000
·	Worthing Borough Council:	£1,761,000

4.4 The proposed capital strategy is attached at Appendix 1. Appendix 2 gives details of the prioritisation model to be used in 2018/19 which has been updated to reflect the priorities outlined in ‘Platforms for our Places’.

## **5. Engagement and Communication**

- 5.1 The purpose of this report is to communicate with stakeholders on the approach to be taken to developing the Capital Investment Programmes of both Councils. The overall process for developing the new programme has been considered by the Capital Working Group

## **6. Financial Implications**

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

Finance Officer: Sarah Gobey

Date: 22nd June 2018

## **7. Legal Implications**

- 7.1 Part 1 of the Local Government Act, 2003 sets out the framework for capital finance and expenditure
- 7.2 The Local Government (Capital Finance and Accounting) (England) Regulations 2003 provide more detailed requirements.
- 7.3 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.
- 7.4 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.

Legal Officer: Susan Sale

Date: 26th June 2018

## **Background Papers**

Report to the Joint Strategic Committee on 13<sup>th</sup> July 2016: Capital Strategy 2016/19

Report to the Joint Strategic Committee on 13<sup>th</sup> September 2016: Outline forecast 2017/18 to 2021/22 and budget strategy

The Prudential Code for Capital Finance in Local Authorities (2017 edition) – Publication by the Chartered Institute of Public Finance and Accountancy

## **Officer Contact Details:-**

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## **Sustainability & Risk Assessment**

### **1. ECONOMIC**

- The capital programme prioritisation model awards points for capital project proposals that impact positively on the economic development of our places or the economic participation of our communities.

### **2. SOCIAL**

#### **2.1 Social Value**

- The capital programme prioritisation model awards points for capital project proposals that impact positively on our communities.

#### **2.2 Equality Issues**

- The capital programme prioritisation model awards points for capital project proposals that address DDA requirements and reduce inequalities.

### **3. Environmental**

- The management, custodianship and protection of our natural resources are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programme.

### **4. Governance**

- The Councils' priorities, specific action plans, strategies or policies are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- The Councils' reputation or relationship with our partners or community is taken into account when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- Resourcing, risk management (including health and safety) and the governance of the either Council are fully considered during the preparation of the Councils' Capital Investment Programmes.



ADUR & WORTHING  
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**INVESTING IN ADUR AND  
WORTHING:  
CAPITAL STRATEGY  
2019-2021**



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## **1.0 INTRODUCTION**

1.1 This document sets out the Councils' Capital Strategy, which outlines the approach to capital investment, how the Councils ensure that capital investment is directed to the Corporate Priorities and the implications of the financing strategy. 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

- 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**

- Developing strong partnerships.

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, fund capital investment to generate income streams for the future, and to deliver the Councils' 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 2018/19 – 2020/21, including funding, is shown in Appendices 3, 4 and 5. Full details can be found on the Intranet and in the budget book.

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

i) **Delivery of the Digital and IT strategy (Total: £1,410,000 split as follows Adur: £662,700 Worthing: £747,300)**

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.

ii) **Affordable housing (Adur: £3,380,600, Worthing: £2,991,900 Total: £6,372,500)**

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.

iii) **Adur and Worthing Services (Total: £2,359,000 split as follows: Adur share: £908,840 Worthing share: £1,450,160)**

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.

iv) **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 £9,583,210 in the Council housing stock in 2018/19.

v) **Building a new office block in Adur District Council**

The council is currently building a new office block on the old car park site in Ham Road. This will provide 25,000 m<sup>2</sup> of modern office space.

## **2.0 RESOURCE ALLOCATION**

### **2.1 Prudential Capital System**

2.1.1 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 1<sup>st</sup> 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.

2.1.2 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.

2.1.3 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.

2.1.4 The Prudential Code has recently been refreshed. The capital strategy must now be expanded to include consideration not only of capital expenditure; but also capital investments and liabilities; and the link to treasury management. The intention is to bring together not only the capital expenditure policy and plans, but to include financing considerations in one comprehensive document. New requirements include:

- **The impact of the capital programme on debt and borrowing including:**
  - A projection of external debt and use of internal borrowing to support capital expenditure
  - Provision for the repayment of debt over the life of the underlying debt.
  - Authorised limit and operational boundary for the following year.
  - The authority's approach to treasury management including processes, due diligence and defining the authority's risk appetite.

- **Commercial activity**

The Council's approach to commercial investment activities including processes ensuring effective due diligence and defining the authority's risk appetite in respect of these, including proportionality in respect of overall resources. Requirements for independent and expert advice and scrutiny arrangements.

For Adur and Worthing councils, the key commercial investment activity is the Strategic Property Investment Fund which funds the acquisition of commercial property. The Property Investment Strategy details the Councils approach to risk management which will be added to this strategy as an appendix to the strategy once approved.

- **Other long-term liabilities**

An overview of the governance process for approval, monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.

- **Knowledge and skills**

A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's risk appetite.

## 2.2 Resources

- 2.2.1 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.

2.2.2 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 Council will always opt to use capital receipts and grants ahead of any borrowing if possible. 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 for 2018/19 and £5.5m for 2019/20 for capital maintenance. This is expected to be funded from the Major Repairs Reserve, capital receipts, prudential borrowing, revenue contributions, and any grants.

In addition, the Council will progress a new build programme funded by a mixture of grants, borrowing, retained capital receipts which have been set-aside for replacement affordable housing and other capital receipts. Each new development is to be the subject of a financial appraisal.

- 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. The approach to managing risk, the governance arrangements and appraising individual acquisitions is set out in the Property Investment Strategy.

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 gradually building up to a portfolio of £75m each.. 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 £2.5m 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. The approach to managing risk, the governance arrangements and appraising individual acquisitions is set out in the Property Investment Strategy.

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 gradually building up to a portfolio of £75m each. Funding can only be released with the approval of the Leader and the Executive Member for Resources.

- 2.2.3 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 subject to a maximum of £0.5m. Such receipts can only be used in accordance with the Flexible use of Capital Receipts Strategy.
- 2.2.3 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.
- 2.3 Of the total resources available, the following will be earmarked to fund specific council objectives:



	<b>Adur District Council £'000</b>	<b>Worthing Borough Council £'000</b>	<b>Total £'000</b>
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 desktop equipment, minor software upgrades, and local network equipment in both Councils.	70	80	150
	<b>511</b>	<b>739</b>	<b>1,250</b>

- 2.4 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.
- 2.5 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, Community Infrastructure Levy, Area Investment Framework funding and Private Finance Initiatives and Partnerships, including Public Private Partnerships Schemes. Examples of partnership funding are shown in 6.4.

## 2.6 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.

## 2.7 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.

## 2.8 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.

## 2.9 Overall funding of the programme:

Details of the overall capital expenditure budgets and planned financing as approved by Council are attached as Appendices 3 and 4. These will be the subject of revision throughout the year as updated information regarding the likely profile of the spend becomes known.

The latest forecasts of the overall borrowing required to fund the capital programmes are as follows:

<b>Adur District Council - General Fund</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
Capital Financing Requirement as at 1st April	28,500	66,172	93,885	105,448
Current estimate of new borrowing:				
General Fund Programme	13,483	4,433	426	543
For new Commercial Activities	25,000	25,000	13,421	
Less: Minimum Revenue Provision				
General Fund	-811	-1,270	-1,384	-1,437
New Commercial Activities		-450	-900	-1,142
<b>CFR as at 31st March</b>	<b>66,172</b>	<b>93,885</b>	<b>105,448</b>	<b>103,412</b>
Actual General Fund Debt at start of year	27,264	64,936	92,649	104,212
Estimated Borrowing to be undertaken in year	37,672	27,713	11,563	-2,036
<b>Estimated borrowing as at 31st March</b>	<b>64,936</b>	<b>92,649</b>	<b>104,212</b>	<b>102,176</b>
<b>Estimated under borrowing (funded from internal resources)</b>	<b>1,236</b>	<b>1,236</b>	<b>1,236</b>	<b>1,236</b>

<b>Adur District Council:</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Housing Revenue Account</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Financing Requirement as at 1st April	60,103	60,640	61,750	64,134
Current estimate of new borrowing:	537	1,110	2,384	1,463
<b>CFR as at 31st March</b>	<b>60,640</b>	<b>61,750</b>	<b>64,134</b>	<b>65,597</b>
Actual General Fund Debt at start of year	57,875	58,412	59,522	61,906
Estimated Borrowing to be undertaken in year	537	1,110	2,384	1,463
<b>Estimated borrowing as at 31st March</b>	<b>58,412</b>	<b>59,522</b>	<b>61,906</b>	<b>63,369</b>
<b>Estimated under borrowing (funded from internal resources)</b>	<b>2,228</b>	<b>2,228</b>	<b>2,228</b>	<b>2,228</b>
Total CFR (General Fund and HRA)	126,812	155,635	169,582	169,009
Total Borrowing as at 31st March	123,348	152,171	166,118	165,545
<b>Total estimated under borrowing (funded from internal resources)</b>	<b>3,464</b>	<b>3,464</b>	<b>3,464</b>	<b>3,464</b>

<b>Worthing Borough Council</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Financing Requirement as at 1st April	39,150	75,685	104,229	115,725
Current estimate of new borrowing:				
General Fund Programme	12,551	4,997	1,482	1,482
For new Commercial Activities	25,000	25,000	12,064	
Less: Minimum Revenue Provision				
General Fund	-1,016	-1,003	-1,150	-1,206
Commercial Activities		-450	-900	-1,117
<b>CFR as at 31st March</b>	<b>75,685</b>	<b>104,229</b>	<b>115,725</b>	<b>114,884</b>
Actual General Fund Debt at start of year	35,563	72,098	100,642	112,138
Estimated Borrowing to be undertaken in year	36,535	28,544	11,496	-841
<b>Estimated borrowing as at 31st March</b>	<b>72,098</b>	<b>100,642</b>	<b>112,138</b>	<b>111,297</b>
<b>Estimated under borrowing funded from internal resources</b>	<b>3,587</b>	<b>3,587</b>	<b>3,587</b>	<b>3,587</b>

The planned borrowing is within the borrowing limits approved by the Councils in February 2018. These limits are refreshed annually in the light of the new approved capital programme.

<b>Operational boundary</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>
<b>Adur District Council</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Debt	105.0	140.0	163.0	185.0
Other long term liabilities	1.0	1.0	1.0	1.0
<b>Total</b>	<b>106.0</b>	<b>141.0</b>	<b>164.0</b>	<b>186.0</b>
<b>Worthing Borough Council</b>				
Debt re Worthing Homes	10.0	10.0	10.0	10.0
Other Debt	55.0	90.0	115.0	135.0
Other long term liabilities	1.0	1.0	1.0	1.0
<b>Total</b>	<b>66.0</b>	<b>101.0</b>	<b>126.0</b>	<b>146.0</b>

The revenue consequences of the planned borrowing are allowed for within the current General Fund revenue budget and the outline forecast. The costs of borrowing are expected to increase over the next four years, however the borrowing either associated with the Strategic Property Investment Fund or any invest to save initiatives will be funded by increased income or reduced costs. This is illustrated in the table below:

<b>Adur District Council*</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
Total debt charges	2,581	3,636	4,906	5,089
Less: Income from				
Invest to save initiatives	0	-132	-577	-577
Income from commercial activities	-1,484	-2,984	-4,137	-4,137
<b>Net additional cost of capital programme</b>	<b>1,097</b>	<b>520</b>	<b>192</b>	<b>375</b>

\* This excludes the HRA borrowing which is factored into the 30-year business plan

<b>Worthing Borough Council</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total debt charges	2,053	3,669	4,565	4,670
Less: Income from				
Invest to save initiatives		-228	-348	-228
Income from commercial activities	-1,535	-3,035	-4,147	-4,147
Net additional cost of capital programme	518	406	70	295

Full details of the Councils' borrowing strategy and associated prudential indicators can be found in the Councils' Treasury Management Strategy Statement which can be found on the Councils website at:

<https://www.adur-worthing.gov.uk/media/media,147643,en.pdf>

### **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.

3.2 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, Executives members and the Informal Cabinets 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.

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.
- 4.2 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

## **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.

- 6.4 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:

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

## **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 2018/19. 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.

## 7.6 **Link to the Property Investment Strategy**

The Property Investment Strategy outlines the approach that the Council takes to investing in Commercial Property. It details how the investment is governed, how council will manage risk, how the fund will be structured in the future.

## 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 **SKILLS AND KNOWLEDGE OF STAFF**

10.1 All staff involved in treasury management and property investment activities are professionally qualified either. Staff have access to regular professional training to ensure skills are regularly updated. In addition, external advice is commissioned from advisors as appropriate.

## 11.0 **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
<b>A</b>	<p><b>Revenue Implications</b></p> <p><b>Add Points – 1 point per £2,000</b></p> <ul style="list-style-type: none"> <li>• Additional revenue income as measured over asset life, after payment of running costs <b>OR</b></li> <li>• Projects result in a reduction in the revenue budget from date of completion.</li> <li>• 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.</li> </ul>
<b>B</b>	<p><b>Deduct Points – 1 point per £2,000</b></p> <ul style="list-style-type: none"> <li>• Additional annual operation costs <b>OR</b></li> <li>• The project results in increased net revenue costs.</li> </ul>
<b>C</b>	<p><b>Building Condition Survey</b></p> <ol style="list-style-type: none"> <li>1) Good – Performing as intended and operating effectively (0 points).</li> <li>2) Satisfactory – Performing as intended, but exhibiting minor deterioration (0 points).</li> <li>3) Poor – Exhibiting major defects and/or not operating as intended (1 point).</li> <li>4) Bad – Life expired and/or serious risk of imminent failure (5 points)</li> </ol> <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
<b>D</b>	<p><b>Equipment/Vehicle Condition Survey</b></p> <ol style="list-style-type: none"> <li>1) Good – Performing as intended and operating effectively (0 points).</li> <li>2) Satisfactory – Performing as intended, but exhibiting minor deterioration (0 points).</li> <li>3) Poor – Exhibiting major defects and/or not operating as intended (1 point).</li> <li>4) Bad – Life expired and/or serious risk of imminent failure and non-replacement will have serious operational consequences (5 points).</li> </ol>
<b>E</b>	<p><b>Equalities Impact Assessment - Add 5 points or 1 point</b></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"> <li>1) How will the proposed project improve Equality and Diversity in the area?</li> <li>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.</li> <li>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”?</li> <li>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.</li> </ol>
<b>F</b>	<p><b>Improvement/Betterment - Add 1 point</b></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>
<b>G</b>	<p><b>Health &amp; Safety (non statutory) – Points 0 - 5</b></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 &amp; Safety Officer:</p> <ul style="list-style-type: none"> <li>No Risk - 0 points</li> <li>Low Risk - 1 point</li> <li>Medium Risk - 3 points</li> <li>High Risk - 5 points</li> </ul>


Category	Criteria																
<b>H</b>	<p><b>Risk Register</b> 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>																
<b>I</b>	<p><b>Partnership working – Add 5 points</b> 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>																
<b>J</b>	<p><b>Match Funding / External Funding</b> 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"> <thead> <tr> <th data-bbox="751 1196 1070 1263">External Funding % received</th> <th data-bbox="1070 1196 1437 1263">Points to be added</th> </tr> </thead> <tbody> <tr> <td data-bbox="751 1263 1070 1308">0.1% - 24%</td> <td data-bbox="1070 1263 1437 1308">1</td> </tr> <tr> <td data-bbox="751 1308 1070 1352">25% - 49%</td> <td data-bbox="1070 1308 1437 1352">2</td> </tr> <tr> <td data-bbox="751 1352 1070 1397">50% - 65%</td> <td data-bbox="1070 1352 1437 1397">3</td> </tr> <tr> <td data-bbox="751 1397 1070 1442">66% - 75%</td> <td data-bbox="1070 1397 1437 1442">5</td> </tr> <tr> <td data-bbox="751 1442 1070 1487">76% - 89%</td> <td data-bbox="1070 1442 1437 1487">7</td> </tr> <tr> <td data-bbox="751 1487 1070 1532">90% - 99%</td> <td data-bbox="1070 1487 1437 1532">10</td> </tr> <tr> <td data-bbox="751 1532 1070 1615">100%</td> <td data-bbox="1070 1532 1437 1615">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 **																
<b>**</b>	<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>																
<b>K</b>	<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
<b>L</b>	Minimum works required to prevent the Council failing in its statutory duty (e.g. DDA)	20
	<b>Or</b> 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
<b>M</b>	Essential works are required to avoid serious long-term financial, operational or service consequences	15
	<b>Or</b> 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
<b>N</b>	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
<b>O</b>	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
<b>P</b>	<b>Council Priorities (Platforms):</b> 1 point for each point achieved from each platform (max. 18)	
<b>P1</b>	<b>Platform 1 - Our Financial Economies</b>  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
<b>P2</b>	<p><b>Platform 2 – Our Social Economies</b></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>
<b>P3</b>	<p><b>Platform 3 – Stewarding our Natural Resources</b></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>
<b>P4</b>	<p><b>Platform 4 – Services and Solutions for our Places</b></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>
<b>P5</b>	<p><b>Platform 5 – Leadership of our Places</b></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	
		2018/2019 Estimate £	2019/2020 Estimate £	2020/2021 Estimate £	Future Years £	Interest Foregone/ Cost of Borrowing £	Net Other £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>BUDGETS</b>							
Executive Member for Customer Services	39,918,810	13,655,810	8,287,000	8,888,000	9,088,000	776,450	(56,000)
Executive Member for Environment	3,094,160	1,740,490	467,650	460,010	426,010	509,570	-
Executive Member for Health and Wellbeing	445,500	187,900	224,000	16,800	16,800	51,610	-
Executive Member for Regeneration	128,893,870	51,249,200	27,381,900	25,237,770	25,025,000	13,565,470	-
Executive Member for Resources	1,549,820	582,050	363,070	309,400	295,300	210,590	-
	173,902,160	67,415,450	36,723,620	34,911,980	34,851,110	15,113,690	(56,000)
<b>FINANCING</b>							
<b>Capital Grants and Contributions</b>							
Communities and Local Government		405,000	350,000	575,270	350,000		
Environment Agency		12,500	1,140,500	12,500	25,000		
S106 Contributions from Planning Agreements		499,680	-	-	-		
Other Contributions		3,431,500	-	-	-		
<b>Prudential Borrowing</b>		55,120,810	28,881,400	27,836,290	27,988,190		
<b>Revenue Contributions and Reserves</b>							
Revenue Contributions		81,920	81,920	81,920	81,920		
Revenue Reserves		5,823,810	4,400,000	4,400,000	4,400,000		
<b>Usable Capital Receipts</b>		2,040,230	1,869,800	2,006,000	2,006,000		
		67,415,450	36,723,620	34,911,980	34,851,110		

SUMMARY THREE YEAR CAPITAL INVESTMENT PROGRAMME							
 WORTHING BOROUGH COUNCIL	Total Estimate £	2018/2019 Estimate £	2019/2020 Estimate £	2020/2021 Estimate £	Future Years £	ANNUAL REVENUE COSTS	
						Interest Foregone/ Cost of Borrowing £	Net Other £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>BUDGETS</b>							
Executive Member for Customer Services	17,861,230	5,955,400	4,057,830	3,924,000	3,924,000	575,210	(100,000)
Executive Member for Digital and Environmental Services	6,421,310	2,862,050	2,162,180	775,390	621,690	1,031,520	-
Executive Member for Health and Wellbeing	317,200	207,800	40,200	34,600	34,600	46,100	-
Executive Member for Regeneration	31,492,980	5,729,760	710,720	17,500	25,035,000	779,500	(22,585)
Executive Member for Resources	96,321,270	45,595,170	25,232,500	25,177,900	315,700	14,242,460	-
	152,413,990	60,350,180	32,203,430	29,929,390	29,930,990	16,674,790	(122,585)
<b>FINANCING</b>							
<b>Capital Grants and Contributions</b>							
Communities and Local Government		750,000	750,000	750,000	750,000		
Environment Agency		17,500	17,500	17,500	35,000		
S106 Contributions from Planning Agreements		343,570	116,500	-	-		
Other Contributions		296,500	821,800	-	-		
<b>Prudential Borrowing</b>		57,551,290	29,287,350	27,962,810	27,787,660		
<b>Revenue Contributions and Reserves</b>							
Revenue Contributions		149,080	160,280	149,080	308,330		
Revenue Reserves		108,000	50,000	50,000	50,000		
<b>Usable Capital Receipts</b>		1,134,240	1,000,000	1,000,000	1,000,000		
		60,350,180	32,203,430	29,929,390	29,930,990		

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

 <b>ADUR &amp; WORTHING COUNCILS</b>	<b>Total Estimate £</b> (2)	<b>2018/2019 Estimate £</b> (3)	<b>2019/2020 Estimate £</b> (4)	<b>2020/2021 Estimate £</b> (5)	<b>Future Years £</b> (6)
		Column Reference (1)			
<b><u>PARTNERSHIP SCHEMES</u></b>					
<b><i>Dog Warden Service</i></b> Replacement of one vehicle	25,000	25,000	-	-	-
<b><i>Grounds Maintenance</i></b> Rolling programme of equipment and vehicle replacements	140,000	35,000	35,000	35,000	35,000
Vehicle replacements	339,000	132,000	151,000	28,000	28,000
<b><i>Information and Communications Technology</i></b> Corporate Asset Management System	5,000	5,000	-	-	-
Corporate ICT hardware and infrastructure replacement programme	545,000	200,000	215,000	65,000	65,000
Digital Strategy General Provision to facilitate delivery of the digital strategy	975,000	300,000	225,000	225,000	225,000
Payroll System - Replacement	175,000	175,000	-	-	-
<b><i>Refuse/Recycling Service</i></b> Provision of wheeled bins	200,000	50,000	50,000	50,000	50,000
Procurement of 2 new refuse / recycling vehicles required for a new collection round due to the increase in new build properties	352,000	352,000	-	-	-
<b><i>Street Cleansing / Compliance Service /Clinical Waste / Trade Waste</i></b> Vehicle Replacements	1,888,500	607,500	336,000	472,500	472,500
	4,644,500	1,881,500	1,012,000	875,500	875,500



ADUR & WORTHING  
COUNCILS

Key Decision [No]

Ward(s) Affected: All

**Commercial Property Investment Strategy**

**Report by the Director for the Economy**

**1. Purpose**

1.1 The purpose of this report is to set out a robust commercial property investment strategy, with the specific objective of supporting the Councils' strategic income generation objective, building upon previous Strategic Property Investment Fund (SIF) reports.

1.2 The Strategy will provide a basis for the expansion and management of each Council's portfolio, detailing: -

- Robust parameters to guide and support the development of risk managed, financially resilient, income generating commercial property portfolios.
- Governance criteria to facilitate diligent analysis and transparency, supporting an informed decision making process.

**2. Recommendations**

2.1 The Joint Strategic Committee is recommended to:

- To **recommend** to Adur District Council and Worthing Borough Council to adopt the Property Investment Strategy.
- Agree the suggested delivery and governance model.

### 3. Context

- 3.1 Due to ongoing reductions in central government grant funding, local authorities are increasingly reliant upon income generating services. This has led many local authorities to implement strategies to generate additional income, as a means to address funding challenges, to support ongoing service delivery.
- 3.2 Adur and Worthing Councils have to jointly make £7.1M of savings over the next 4 financial years, of which £1.9M is due for the financial year 2019/20.
- 3.3 The Outline Forecast and Budget Strategy (2017/18 to 2021/22) presented to the Joint Strategic Committee (JSC) on 13 September 2016 set out changes to council funding over the next few years, detailing our strategic response and increasing reliance upon income generation. The paper illustrated that either income growth, or significant savings, will need to be delivered to balance the budget. Property investment was identified as an option to generate *“a return of between 2% and 3%... after financing costs”*.
- 3.4 Direct Property Investment is now commonly undertaken by local authorities, acquiring assets both within and outside of their governance boundaries. Public Works Loan Board (PWLB) long term lending is at very preferential rates (c.2-3%), when compared to commercial investors. Property investment is capable of generating returns above PWLB rates, creating positive income. This can be used to fund current services and mitigate the impact of ongoing cuts to council services, protecting services that would otherwise be at risk.
- 3.5 The Council approved the establishment of a Strategic Property Fund (SPF) following a report to JSC in July 2015. Subsequent SPF reports in February 2016, July 2016 and July 2017, built upon the initial strategy, containing a series of approved contributions to increase the budget to the current £75M per Council.
- 3.6 To date, a total of £23.04M has been spent on investment property across Adur and Worthing, generating a net income after borrowing costs of £795,000 per year, from 7 assets. This equates to a net return of 3.45%, after financing costs.

- 3.7 Adur and Worthing Councils propose raising capital through the PWLB to invest directly in the UK property market, in order to generate a long term revenue stream, to mitigate the impact of government funding reductions, to support service delivery.
- 3.8 The Councils have a statutory ability to borrow from the PWLB on long term preferential fixed interest terms, typically below rates available in the wider market. Borrowing is subject to guidance and regulations to ensure appropriate assessment, overview and scrutiny, in relation to any borrowing activity.
- 3.9 The 31 May 2018 Joint Governance Committee report, "*Managing investment opportunity and risk when investing in Commercial Property*", details how both council's are managing risk in the acquisition of property and the implications of the changes to both the regulatory framework and the associated guidance.
- 3.10 This report sets out the Property Investment Strategy (**Appendix 1**) for Adur and Worthing Councils, which is built upon developing two portfolios of commercial investment property that will be maintained and managed with the express function of income generation.
- 3.11 The strategy provides a defined set of evaluation criteria for the assessment of investment properties, accounting for the statutory guidance. This details how the property strategy should be constructed, providing a basis for balance, diversification and risk management, whilst generating a long term sustainable income. The strategy includes provision for an annual review and continuing asset management of the portfolio, to ensure ongoing performance monitoring and proactive risk and opportunity management to maximize values.
- 3.12 The main body of the report, as set out below, provides: -
- 4.0 Statutory Guidance and the Property Investment Fund
  - 5.0 Investment Evaluation Process
  - 6.0 Property Investment Governance
  - 7.0 Risk Management
  - 8.0 Annual Performance Monitoring
  - 9.0 Scope of Investment
  - 10.0 Corporate Implications
  - 11.0 Legal Implications

## 4. Statutory Guidance

4.1 When investing in property, local authorities must comply with statutory guidance. This includes the Ministry for Housing Communities and Local Government (MHCLG) February 2018 publication, providing updated statutory guidance on capital finance (on local government investments and on minimum revenue provision (MRP)). Two codes of practice (Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and The Prudential Code for Capital Finance in Local Authorities) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain additional investment guidance, which complements the MHCLG guidance.

4.2 This guidance includes requirements for councils to: -

- Prepare an annual investment strategy which must be approved before the start of the forthcoming financial year. This document must include:
  1. details of the processes used to ensure effective due diligence, defining the authority's risk appetite, including proportionality in respect of overall resources.
  2. Independent and expert advice and scrutiny arrangements.
  3. Disclose the contribution that investments make *“towards the service delivery objectives and / or place making role of the local authority”*.
  4. Propose indicators that enable councillors and the public to assess the authority's investments and the decisions taken.
- The investment guidance is clear that Councils may not “borrow in advance of need” to profit from the investment of the sums borrowed. The definition of investment has recently been extended to include investment in property and the granting of loans to third parties.



- In recognition of the importance of commercial income to councils at a time when government funding is steeply declining a council can choose to disregard the Prudential code and this part of the guidance. In this case its investment strategy should set out why this is the case and what the council's relevant policies are.

4.3 The implications of the revisions to the guidance are that in future the Councils will need to have least one Investment Strategy (“the Strategy”). This Strategy should meet all the disclosures and reporting requirements specified in this guidance. For Adur and Worthing Councils, there will be two separate elements to the Strategy:

- i) The annual treasury management investment strategy which covers all cash investments
- ii) The annual Property Investment Strategy, which covers the Councils' approaches to investing in property

The annual Treasury Management Investment Strategy was approved by the Councils in February 2018. 2018-19 is a transition year and the guidance expects the new requirements to be met by the end of the financial year at the latest.

This document comprises Business Case and annual Property Investment Strategy (**Appendix 1**) which is recommended to be approved by the respective Councils.

4.4 The strategy provides a defined set of evaluation criteria for the assessment of investment properties, accounting for the statutory guidance.

## 5. Investment Evaluation Process

In consideration of the statutory guidance for local authority property investment, which sets out guidance for due diligence assessment processes and necessitates a consistent and robust evaluation process, the recommended approach is set out below: -

5.1 Proposed investment opportunities are reported by suitably qualified and experienced in-house MRICS (Member of the Royal Institute of Chartered Surveyors) professionals, in a risk matrix (**Appendix 2**). This risk matrix provides analysis of a set of key criteria against which every prospective purchase is evaluated. The presentation of information highlights fundamental matters such as tenant covenant

strength, lease length and location, in a transparent and consistent format, to support clear scrutiny and decisions. The risk matrix provides a basis for scoring and weighting risk, to support the analysis of potential acquisitions and qualify overall suitability for inclusion in the portfolio. A minimum score threshold is set, below which it is not recommended to proceed. The score threshold is not an absolute, but set to guide decisions, reflecting the **Fund Structure** detailed in the Property Investment Strategy (**Appendix 1**), which assumes a low risk profile. The process is further supported by the inclusion of a Strength, Weakness, Opportunities, Threat analysis (SWOT).

- 5.2 To ensure arms-length objectivity, external agents provide professional market analysis, data and advice, in the context of the Property Investment Strategy (**Appendix 1**), to support the evaluation and internal reporting process.
- 5.3 Since tenant default is a significant threat to the performance of the property investment fund, in-house reports are undertaken by Credit Safe, providing company accounting reports, with additional Dun and Bradstreet covenant strength checks, prior to acquisition. This is augmented by additional internal assessment of tenants' covenant and likely future performance, where relevant.
- 5.4 If a decision is made to proceed, in-house surveyors lead negotiations, via the introducing/retained external agents, who are professional property firms.
- 5.5 To ensure independent and expert advice and scrutiny, all technical due diligence is undertaken by arms-length external professional advisors, including:
  - To support internal analysis, externally appointed agents, who are professional RICS property firms, data as detailed under 5.3 above to assess a purchase rationale. Additional information is sought, tailored for each prospective investment, such as future demand, yield and rental movement, optimal holding periods for the property and data to support profitability modelling.

and if terms are formally agreed to acquire, (subject to internal reporting and approvals): -

- A valuation, in accordance with the RICS Red Book, Professional Valuation Standards, issued by RICS as part of their commitment to promoting and support high standards in valuation delivery worldwide. The publication details mandatory practices for RICS members undertaking valuation services.
- A Building Survey report, as part of the proposed purchase for investment purpose, including preparation of a Site Environmental Assessment and preparation of a Reinstatement Cost Assessment for insurance purposes.

5.6 The above is reviewed by the Asset Portfolio Manager as an experienced in-house MRICS (Member of the Royal Institute of Chartered Surveyors) professional, with support from the internal multi-disciplinary property teams, for final decision by the Head of Investment and Major Projects, on whether to proceed.

5.7 The Head of Investment and Major Projects receives regular updates on market activity, trends, forecasts and occupier activity from RICS firms and in-house surveyors to support the decision process.

5.8 It is recommended that all members and officers involved in the decision process are provided with at least annual updates on the commercial investment market, including occupier activity and trends.

5.9 A separate paper will be presented in due course, detailing a proposal for a disposals strategy.

## **6. Property Investment Governance**

6.1 Clear, robust and transparent governance is critical to the strategy, meeting the statutory guidance and ensuring an appropriate level of due diligence and scrutiny is applied, together with objective arms-length external advice where appropriate. It is also important to ensure any decision process retains fluidity, so officers are empowered to respond promptly and competitively, to investment opportunities in the market and avoid missing opportunities through delay.

6.2 The current Scheme of Delegations provides that the authority to acquire or dispose of land, is vested in the Head of Major Projects and Investment, and where the land is purchased through the Strategic Investment Fund, the delegation is only exercisable in consultation

with the relevant Leader, Executive Member for Resources and the Chief Financial Officer.

- 6.3 It is proposed that a formalised staged governance approach is adopted in relation to Strategic Investment Fund (SIF) purchases, as follows:

Stage 1

Asset Portfolio Manager identifies suitable opportunity in the market, having undertaken appropriate investigative and due diligence assessment, in accordance with the above “Investment Evaluation Process”.

Stage 2

The opportunity is reported in writing, with all supporting information as detailed in the “Investment Evaluation Process”, to the Head of Major Projects and Investment, in consultation with the Chief Financial Officer/s151 officer, notifying the Head of Legal Services, Director for the Economy and Chief Executive. The report will include: -

1. A risk matrix & SWOT analysis
2. A financial appraisal
3. A summary of the investment, including a request for authority to bind the Council to a range of terms and indicating an acceptable price point for acquisition.

If the proposal is supported, the potential acquisition will progress to Stage 3.

Stage 3

Subject to Stage 2 approval to proceed, the Asset Portfolio Manager will progress negotiations, seeking to formally agree Heads of Terms with the vendor, including price and basis/terms of acquisition. If negotiations lead to the agreement of acceptable terms, final approval to proceed will be sought in accordance with Stage 4.

Stage 4

A recommendation will be reported in writing to the Head of Major Projects and Investment. In making any decision to purchase, the Head of Major Projects and Investment will carry out a consultation, as provided for in the Scheme of Officer Delegations, with the relevant

Council Leader, Executive Member for Resources and Chief Financial Officer.

The relevant Council for any acquisition will be determined, applying the principles in the Property Investment Strategy (**Appendix 1**) in relation to financial resilience and risk diversification requirements, to support the development of a balanced portfolio.

Subject to approval, written authority to proceed, will be provided by the Head of Major Projects and Investment to the Asset Portfolio Manager, who will then seek to acquire the asset, which will be subject to an external red book valuation, building surveys and legal reports and conveyancing, providing pre-acquisition due diligence.

A decision notice will be completed and published in accordance with the Officer Decision Making Protocol.

#### Stage 5

Completed purchases will be reported to the next available Joint Strategic Committee meeting for noting.

Should any proposal to purchase prove abortive, this will also be reported to the next available Joint Strategic Committee meeting for noting.

## **7. Risk Management**

- 7.1 Property investment will necessitate exposure to risk, whereby the total invested can exceed the Market Value. Prices are prone to fluctuation, particularly due to changes in locality, the general economic outlook, or asset specific risks, such as tenant failure. Furthermore, property investment is relatively illiquid, requiring a longer term approach. In the event of a market crash, property is much less liquid than other assets and can be hard to sell.
- 7.2 The council's exposure to risk equates to the total amount of capital invested, plus financing costs (such as interest due on loans), property operational running costs (management, vacant business rates, service charges, professional fees etc.) and legislative compliance. The Council's risk quantum will be defined as this total exposure, less the value of held assets.

- 7.3 Whilst risk is a natural, necessary, part of investment that cannot be eliminated, it can be proactively managed.
- 7.4 The Property Investment Strategy is built upon a series of conventional measures to manage risk, reflecting the key objective:
- “To adopt a structured and measured approach to property income generation, pro-actively managing the risk inherent to investment, creating a balanced portfolio delivering long term sustainable income, for the purpose of supporting the continued provision of Council Services.”***
- 7.5 The Property Investment Strategy (**Appendix 1**) **Fund Objectives** and **Fund Policy** build upon this key objective, providing a series of controls to direct the Investment Strategy towards a prudent low risk fund with a cautious perspective on investment, limiting exposure to unnecessary capital risk, whilst generating a return.
- 7.6 Financing property investments is based upon utilising reserves, capital receipts and borrowing. Borrowing is currently available with fixed interest for the duration of any loan, via the Public Works Loan Board funding, mitigating the risk associated with exposure to interest rate fluctuations.
- 7.7 The Minimum Revenue Policy (part of the treasury management strategy statement) details the Council’s position and deals with the Minimum Revenue Provisions (MRP) that must be made to mitigate that risk. The MRP is the amount the Councils must set aside each year from the annual revenue budget for the repayment of debt.
- 7.8 The Property Investment Strategy (**Appendix 1**) **Financial Resilience** section details a series of measures to guide decisions, based around spreading capital across a variety of asset classes, locations and sectors. This diversification reduces the risks of exposure to a single asset, tenant, or market failure.
- 7.9 Funds that are excessively concentrated in one particular sector or region increase risk, whilst a good spread of properties across retail, office and industrial diversify sector-specific risks and varying the locality, reduces local market risk.

- 7.10 The average property size is a measure to ensure the fund does not only hold a very small number of large properties, which increases risk, such as a single large tenant failing. This measure also assumes a number of properties will be transferred into the fund from the existing asset portfolio, to create a sufficient number of properties within the fund to generate diversity.
- 7.11 The Council's exposure to investment risk can also be profiled by defining the acceptable parameters. The Property Investment Strategy (**Appendix 1) Fund Structure** details a series of different segments that provide a basis for dividing commercial property investments, based upon their position at differing points on the risk v return spectrum. **Appendix 3** provides further detail on these segments.
- 7.12 The fund has been structured to include some allocation toward more risk exposed investment. This will enable the fund to respond fluidly, should a suitable opportunity arise, particularly where there is an opportunity for socio-economic benefits to residents. The proposed Investment Strategy distribution of purchases across the above four categorisations is weighted heavily toward more institutional lower risk assets.
- 7.13 This reflects the Property Investment Strategy (**Appendix 1) Fund Objectives** and **Fund Policy** targets to adhere to a cautious perspective on investment, generating a return, whilst, insofar as possible, limiting exposure to unnecessary capital risk.
- 7.14 The ability to vary the distribution of purchases between each of the above four categories, is a common portfolio investment tool. This provides flexibility to respond fluidly to opportunities and changes in the economy, market climate and differing performance across asset classes, as the fund evolves. Such agility is key to maximising operational efficiencies.
- 7.15 The proposed portfolio weighting offers a lower return, which reduces overall exposure to invested capital risk. This portfolio profile favours acquiring premises leased to strong covenant tenants in established markets, which are typically more attractive to investors, thus easier to sell if required, when compared to higher risk investments.
- 7.16 Whilst acquiring properties offering higher returns may appear attractive, the additional yield typically reflects higher risks such as

tenant default, low liquidity, obsolescence and market risk. These increase the prospect of the investment generating an income and capital loss.

- 7.17 The Property Investment Strategy (**Appendix 1) Annual Review** sets out a series of measures to provide detailed analysis of investment performance. This is to ensure detailed periodic arms-length objective monitoring is undertaken, using conventional measures, as a means to identify any emerging hazards or opportunities. This will support proactive management, which is key to driving a successful strategy and managing risk.

## **8. Annual Performance Monitoring**

- 8.1 Active management of the portfolio is key to proactively maintain the buildings to maximise value and monitor occupiers. Tenant covenant strength, compliance with lease obligations, such as repair and maintenance, management of the payment of rent and service charge needs to be actively managed. External Managing Agents are in the process of being appointed to manage investment portfolio properties and to undertake the Property Investment Strategy **Annual Review (Appendix 1)**.
- 8.2 In addition to ongoing monitoring, the Property Investment Strategy details a series of measures to undertake a comprehensive annual re-evaluation, including detailed assessment of key performance indicators, to quantify, monitor and benchmark the portfolio operation and strategic direction.

## **9. Scope of Investment**

- 9.1 A holistic approach to property income generation will be undertaken. In addition to acquiring investment property, the Councils are already successful commercial landlords and will build upon this: -
- Retaining existing assets where appropriate, to generate income, investing where necessary to enhance returns.
  - Re-evaluate the existing property portfolio to identify opportunities to maximise the financial benefit.
  - The Investment Surveyor will review the existing portfolio and report any of the existing property portfolio that fit the investment criteria, recommending transfer into the Property Investment Fund, whereby they will be funded and managed with an express



focus upon income generation. This will support a more tailored approach for relevant premises that is proactive and focussed solely upon income, as opposed to wider socio-economics drivers, that apply to the existing estate.

- Any capital return generated from the investment fund, will be ring fenced for future property investment, after deduction of financing costs and professional fees.

9.2 A Disposal Strategy will be provided as part of a separate report, subject to the adoption of the Property Investment Strategy and any conditions or amendments following consultation.

## 10. Corporate Implications

10.1 Long term appropriately resourced strategic investment portfolio management is key to the successful delivery of a sustainable property investment fund that will continue to deliver a sound return into the future.

10.2 It is fundamental to performance that acquired property is proactively managed to address risk and opportunity, including investment holding periods, whilst developing the strategy to meet changes in the market. Failure to effectively manage the investment portfolio may have severe implications for longer term fund performance and investment return, impacting upon the authorities finances.

10.3 It is proposed to allocate 5% of the investment income to increasing capacity and resources within the Head of Major Projects and Investment team to undertake the commercial property investment work covering: -

- Fund an investment surveyor post to support delivery of investment opportunities and growth of the investment portfolio.
- Establishment of in-house investment “intelligent client” function, led by an appropriately qualified surveyor, to govern the management of the investment portfolio,
- Monitoring, remit guidance and, where appropriate, challenge of any externally appointed managing agents to report in accordance with the Property Investment Strategy (**Appendix 1 Portfolio and Asset Management** guidance).

- Analysis, interpretation and reporting internally, to proactively drive necessary investment decisions, ensuring they are timely and appropriately informed.
- Ongoing optimal holding period scrutiny.
- Increase capacity to enable proactive review and reporting of income generation opportunities from the existing portfolio.
- Deliver investment opportunities, to enhance portfolio development.
- Govern and manage the appointments of external managing agents for the Investment Portfolio.
- Provision of specialist property IT system and data access tools to provide market data to support evaluation, analysis and valuation (e.g. Circle and Investment Property Bank).

## 11. Engagement and Communication

- 11.1 This report builds on the previous Strategic Property Investment Fund report taken to JSC on 2 February 2016
- 11.2 Consultations have taken place with legal and finance and there comments are contained within.

## 12. Financial Implications

- 12.1 The Councils' approved budget strategy 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 existing commercial activities each year;
  - Investment in a new digital and customer strategy to generate business efficiencies;
- 12.2 With this in mind, the Councils have released significant capital funding over the 5 year period to 2020/21.

Strategic Property Investment Fund						
	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	Actual	Actual	Budget	Budget	Budget	
	£	£	£	£	£	£

Adur	0	11,579,360	38,420,640	25,000,000	25,000,000	100,000,000
Worthing	3,222,082	9,464,254	45,000,000	25,000,000	25,000,000	107,686,337

However, in light of the new prudential code, the JSC will be asked to consider the maximum level of borrowing on this type of activity that will then be recommended to Council to approve.

12.3 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 as follows:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
<b><u>Adur:</u></b>					
Annual shortfall	1,333	643	1,226	215	420
Net additional income per year from property investment (after borrowing costs and provision for void rentals)	493	200	250	200	150
Additional income as a percentage of the savings target	36.98%	31.10%	20.39%	93.02%	35.71%
<b><u>Worthing:</u></b>					
Annual shortfall	1,853	1,257	1,825	707	830
Net additional income per year from property investment (after borrowing costs and provision for void rentals)	420	260	208	217	160
Additional income as a percentage of the savings target	22.67%	20.68%	11.40%	30.69%	19.28%
Amount of capital investment required to make income target per Council per year	£15m - £20m	£10m - £15m	£10m - £15m	£10m - £15m	£10m - £15m

## 13. Legal Implications

13.1 S.111 Local Government Act 1972 provides the Councils with the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is

calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.”

- 13.2 s.1 of the Localism Act 2011 provides the Councils with the general power of competence to do anything that an individual may do.
- 13.3 The Scheme of Officer Delegations includes the following delegation to the Head of Major Projects and Investment at paragraph 3.13.2: “To acquire land in connection with the Council’s functions and to take leases, easements, licences and wayleaves of, in, or over buildings or land in connection with the Council’s functions. (Where acquisition of land is purchased through the Strategic Investment Fund, the delegation is to be exercised in consultation with the Leader, Executive Member for Resources and the Chief Financial Officer).
- 13.4 The Officer Decision Making Protocol in each Council’s Constitutions provides a procedure for Officer Decisions and the publication of Decision Notices.
- 13.5 Any decisions made to acquire under the Strategic Investment Strategy are subject to scrutiny by the Council’s Joint Overview and Scrutiny Committee in accordance with the Joint Overview and Scrutiny Procedure Rules in each Council’s Constitutions.

## **Background Papers**

JSC Report 2 February 2016 - Strategic Property Investment Fund - Investment Strategy

Platforms for our Places - Platform 1 - Our Financial Economies.

1.4.2 Use the Councils’ Strategic Property Investment Fund to deliver new revenue streams and support investment projects.

Ministry for Housing Communities and Local Government (MHCLG) February 2018 publication

Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes

The Prudential Code for Capital Finance in Local Authorities

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## **Sustainability & Risk Assessment**

### **1. Economic**

The proposal forms part of the Councils' Capital Strategy to produce additional income

### **2. Social**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

Matter considered and no issues identified.

### **3. Environmental**

Matter considered and no issues identified.

### **4. Governance**

This aligns with the Councils' Capital Strategy. Investment in good quality commercial property to produce additional income is part of a combined strategy in the Councils' approved budget strategy.

# **APPENDIX 1**

# **THE PROPERTY INVESTMENT STRATEGY**



# Contents

1. Objectives
2. Fund Policy
3. Financial Resilience
4. Fund Structure
5. Purchase Guidelines
6. Annual Review

## The Property Investment Strategy

---

### 1. Objectives

The key objective:-

***“To adopt a structured and measured approach to property income generation, pro-actively managing the risk inherent to investment, creating a balanced portfolio delivering long term sustainable income, for the purpose of supporting the continued provision of Council Services.”***

This key objective will be delivered through the application of the following principles: -

- ❖ To invest in commercial property to generate a sustainable income, with clear margins exceeding the cost of capital and borrowing.
- ❖ To build financial resilience through the creation of a diverse portfolio to balance risk and return.
- ❖ To acquire established commercial properties generating an immediate stable income and preserve capital (not withstanding market changes).
- ❖ Supporting economic growth within the District and Borough, where suitable opportunities arise, provided the return covers the costs of an associated financing.
- ❖ Re-evaluate the existing property portfolio to maximise the financial benefit.
- ❖ Retain the existing property portfolio, where appropriate to maximise long term revenue generation.

## The Property Investment Strategy

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### 2. Fund Policy

- ❖ Retain existing assets where appropriate, to generate income, investing where necessary to enhance returns.
- ❖ Review the benefits of an investment vehicle, such as a holding company, to retain acquired assets.
- ❖ Capital receipts from the sale of Strategic Investment Fund (SIF), or other council properties, to be considered for: -
  - Reinvestment in SIF, to sustain income generation and maximise opportunities
  - Repayment of capital borrowing to improve the return on existing assets.
- ❖ Allocation of new purchases between Adur and Worthing Portfolios, to be recommended in consideration of fund diversification risk management.
- ❖ We will not engage with occupiers who may present a significant unmitigated reputational risk.


## The Property Investment Strategy

### 3. Financial Resilience

We will always undertake thorough due diligence to ensure risks associated with any proposed acquisition are understood and mitigated.

The following table details a series of guiding principles, employing conventional measures that are intended to assist decisions to create a balanced portfolio, by providing a basis to manage risk through diversification.

Risk Diversification		
Geographical Diversification	Maximum of 30% of the Target Fund size is invested in any single town.	Given the relatively small size of the funds, initially concentrating on outer London and the wider South East area, with consideration given to wider geographical diversification, as the funds grow and approach their target sizes.
Asset Class/Sector Mix	Industrial/Warehouses 25% Offices 30% Retail 20% Alternatives 25% (e.g. car parking)	To ensure a spread of risks, acquisition across office, retail and industrial sectors. At the outset, the portfolios will be heavily weighted into certain sectors and classes, driven by opportunities and market performance. It is expected weightings will progress towards targets as the portfolio matures in the longer term.
Average Property Size	Guide Size c.£5-15m	Assuming a combined fund size of £150M, this will support a spread of investments. Acquisition outside the guide sizes will be considered where they offer a good return, support diversity within the portfolios and do not create over exposure to a large single tenant/asset.
Leases Expiring within 5 years	Maximum 30%	Spread and diversity sought in future lease expiries across acquisitions to protect revenue streams
Target Return	A return exceeding the cost of borrowing	Initial return exceeding the cost of borrowing, preferably by 2%. Lower returns considered if there is a viable business case/portfolio fit.
Target Fund Size	£150M	In order to make a meaningful contribution to the financial challenge, the Councils has agreed to build a portfolio that will generate an initial yield of at least 5%.
Capital Expenditure Allowance	20% of the rental income	Held in a fund to support future management and Capital Expenditure for the portfolio, such as voids, maintenance and/or refurbishment. Surplus income will be set aside into a revenue account and capacity within the annual revenue budget to support this will be built over the next 3 financial years.

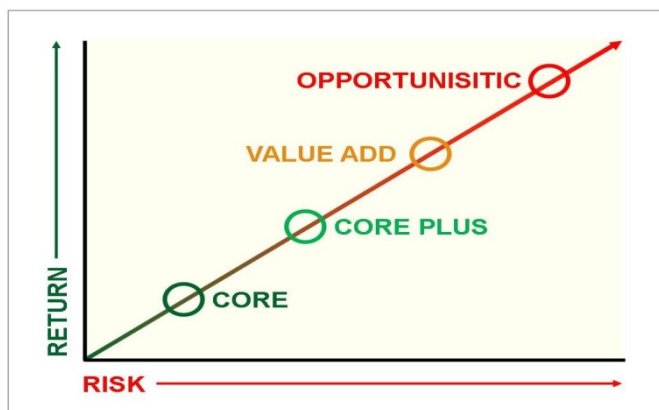


It is important to acknowledge that the above principles are ongoing long term objectives and attaining balance will progress as the fund matures.

## The Property Investment Strategy

### 4. Fund Structure

Commercial property investments can be divided into different segments, based upon their position at differing points on the risk v return spectrum.



The following guideline Fund Structure is the basis of investment, adopting a prudent, income focused, strategy: -

	%	
Core	50% (+/- 10%)	Modern, or extensively refurbished buildings, fully let on long leases to good covenant tenants in major core markets.
Core plus	30% (+/- 20%)	Single or multi-let buildings, with various lease lengths and tenant covenant. Opportunity to add value.
Value Add	Max 15%	Higher risk assets that can be re-purposed to generate income.
Opportunistic	Max 5%	

## The Property Investment Strategy

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### 5. Purchase Guidelines

- ❖ Target area UK wide, with focus upon the South East.
- ❖ Commercial real estate.
- ❖ Freehold, or long leasehold nominal rent purchases.
- ❖ Income producing properties, leased on conventional terms, secured against good covenant tenants.

## Property Investment Strategy – Property Investment Portfolio Management

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### 6. Annual Review

To monitor performance and ensure proactive risk and opportunity management, the Annual Review will consider: -

#### Portfolio

- ❖ Market update on activity and forecasts to identify any re-purposing of any asset(s)
- ❖ Review of the current investment strategy
- ❖ An external market valuation of the portfolio to monitor and benchmark performance, meeting financial requirements.
- ❖ An updated three -year cash flow forecast
- ❖ An update of three-year capital expenditure forecast
- ❖ A review of retain, sale, re-purpose or re-gear of each asset
- ❖ Review of the previous year's performance including any (Key Performance Indicators) KPIs
- ❖ Review of the underlying lifecycle of the asset, holding period and refurbishment expectations.

#### Asset Management

Report to include: -

- ❖ Rent collection rates, arrears and service charge reconciliation.
- ❖ Advise on all critical lease matters including rent reviews, lease renewals, lease breaks and re-gearing opportunities.
- ❖ Dilapidations, health and safety and insurance claims.
- ❖ Capital expenditure over the preceding 12-month period.
- ❖ Tenant covenant strength monitoring report.
- ❖ Tenant compliance with lease terms and any default, or issue.



Property Name/Location:  
 Vendor:  
 Tenure:  
 Category:  
 Price:  
 Rent per annum:  
 Rent Free:  
 Initial Yield:  
 VAT Election:  
 EPC:  
 Net Return After Borrowing

	Criteria	Criteria Description	Comments	Weighting	Weighted Property Score	Score Legend				
						Excellent	Good	Acceptable	Marginal	Poor
LOCATION	Location: Macro	Quality of the location (town, city, area) with regard to the property use		3	0					
	Location: Micro	Quality of the individual situation of the property within the macro location, with regard to the property use		3	0					
	Building Quality	Quality of the building compared to the Industry standard Grade A for the property type		3	0					
OCCUPANCY	Tenant Covenant	Ability of the tenant/s to pay the rent for the duration of the lease. Credit rating of the tenant		3	0					
	Tenure	Freehold / Long Leasehold. Consideration of any ground rent obligations		2	0					
	Lease Term	Length of the secured income.		3	0					
	Lease Structure	Tenant repairing obligations, rent review mechanisms		3	0					
	Rental Growth Prospects	Opportunity / Likelihood to increase passing rent/ ERV		3	0					
	Occupational Demand	Anticipated level of demand from alternative occupiers if the tenants were to vacate		3	0					
STRATEGY	Management Intensity	Complexity and cost of managing the property		2	0					
	Liquidity/Exit Strategy	The degree to which the property can be quickly sold in the market without affecting the price. Please provide specific commentary on exit strategy.		2	0					
	Alternative Use / Underlying Value	The value of the land and the opportunity to explore a change of use should this be required		2	0					
	Asset Management Opportunities	Opportunities to add value to the property		1	0					
	Financial Return (risk v reward)	The forecast gross financial return considering the risk profile of the property and in accordance with the sector with a focus upon income v capital values at lease expiry		4	0					
	Portfolio Strategy Context	The extent to which the property meets the strategy and contributes to the achievement of a diversified portfolio		3	0					
Weighted Score		A property will be expected to score at least 140 out of 200 (70%) on the above matrix unless there are other economic / wider benefits to be delivered.			0					

Investment Decision Guide for fillingin matrix

example considerations

Criteria	Criteria Description	Maximum Weighted Score	Excellent	Good	Acceptable	Marginal	Poor
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Scoring numerically between 1 and 5 as detailed in this guide

SCORE TO APPLY TO EACH COLUMN	5	4	3	2	1
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Shading denotes client to fill in

SCORING GUIDE

Portfolio Strategy Context	The extent to which the property meets the strategy and contributes to the achievement of a diversified portfolio	15
Location: Macro	Quality of the location (town, city, area) with regard to the property use	15
Location: Micro	Quality of the individual situation of the property within the macro location, with regard to the property use	15
Tenant Covenant	Ability of the tenant/s to pay the rent for the duration of the lease. Credit rating of the tenant	15
Building Quality	Quality of the building compared to the Industry standard Grade A for the property type	15
Lease Term	Length of the secured income.	15
Lease Structure	Tenant repairing obligations, rent review mechanisms	15
Rental Growth Prospects	Opportunity / Likelihood to increase passing rent	15
Occupational Demand	Anticipated level of demand from alternative occupiers if the tenant/s were to vacate	15
Management Intensity	Complexity and cost of managing the property	10
Liquidity	The degree to which the property can be quickly sold in the market without affecting the price	10
Alternative Use / Underlying Value	The value of the land and the opportunity to explore a change of use should this be required	10
Tenure	Freehold / Long Leasehold. Consideration of any ground rent obligations	10
Asset Management Opportunities	Opportunities to add value to the property	5
Financial Return (risk v reward)	The forecast gross financial return considering the risk profile of the property and in accordance with the sector.	20

SCORING CONTROLS				
Under-represented sector				Sector already heavily represented
Major Prime	Prime	Major Secondary	Micro Secondary	Tertiary
Excellent transport / footfall				Location with limited benefit
Excellent financial covenant	Strong financial covenant	Good financial covenant	Poor but improving covenant	Poor financial covenant
New, modern or recently refurbished	Good quality- no spend required for 20 years+	Good quality but spend required in 10 years	Spend required in 5 years	Tired / Significant spend CapEx likely
Greater than 15 years	Between 10 and 15 years	Between 6 and 10 years	Between 2 and 5 years	Under 2 years / vacant
Full repairing and insuring	Full repairing and insuring- partially recoverable	Internal repairing	Internal repairing- partially recoverable	Landlord responsible
Fixed uplifts at frequent intervals				Significantly over-rented (tenant paying above the
In demand from many tenants		Reasonable prospect of securing new tenants		Niche with limited demand
Single Tenant				Multiple Tenants
Lot size & sector attractive to investors				Attractive to niche purchasers only
Favourable location / planning				No opportunity to change use
Freehold	Long Leasehold 125 years + / peppercorn ground rent	Lease between 100 and 125 years / peppercorn ground rent	Lease between 50 and 100 years	Less than 50 years and/or high ground rent (10%+)
Significant opportunity to add value				No opportunity
Return higher than expected for sector / the risk profile				Return lower than expected for sector / risk profile

Weighted Score		200	A property will be expected to score at least 140 out of 200 (70%) on the above matrix unless there are other economic / wider benefits to be delivered within or to the county.			
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## **SWOT**

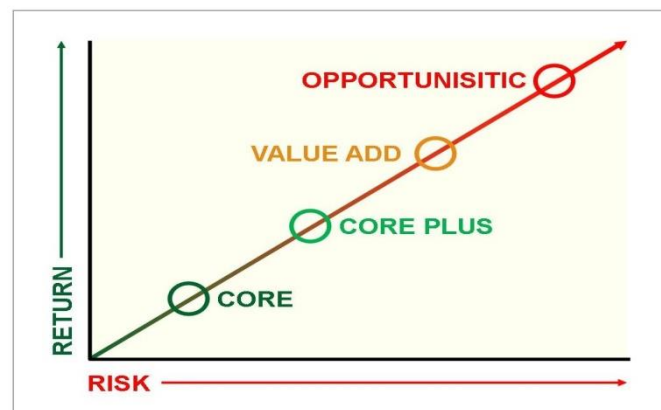
**Strengths**

**Opportunities**

<b>Weaknesses</b>
<b>Threats</b>

**THE PROPERTY INVESTMENT  
STRATEGY  
FUND STRUCTURE**

Different fund structure segments provide a basis for dividing commercial property investments, based upon their risk profile, as illustrated in the below table.



These segments can be defined as follows: -

**Core investments:** - comprise the bedrock of a diversified portfolio and present minimum risk, being the least risky investment segment. Typically they comprise fully leased, secure investments to strong covenant tenants, in urban locations/markets that tend towards strong demand.

Attractive for the lower level of risk they provide compared to other investment types, which is reflected in the lower yield when compared to more risky property investments.

Typical property characteristics: -

- subject to long leases to strong covenant tenants on fully repairing terms.
- buildings are typically modern, in good repair and condition.
- the buildings have reduced depreciation and obsolescence, providing a stable relatively predictable income.

This type of investment suits investors who seek capital preservation and long hold periods. This type of investment is typically the most liquid, on the basis they are generally attractive, marketable assets when compared to the following segments.

**Core Plus:** - similar to core, but not quite as high quality in terms of tenant(s) locality or property. As a consequent, Core Plus presents a low to moderate risk profile, being slightly more than Core.

Typical Property Characteristics: -

- single let, or multi let, with varying tenant covenants
- Opportunities to improve buildings.
- Fairly liquid in a stable market.

**Value Add**: - More risky investments reflected in the potential for higher return by increasing property value.

Typical property characteristics: -

- Potentially vacant, partially vacant, or close to lease expiries, creating opportunities to make improvements.
- Opportunities to increase value could include physical improvements, such as refurbishment, or re-development, letting vacant space to stronger covenant tenants on more investor attractive terms, lowering operating expenses.

These properties carry more risk due to the property not operating to its full potential when acquired, commonly with less secure income. If the business plan to increase value does not succeed, a tenant fails, or vacates, there is potential for reduced return, or losses.

**Opportunistic**: - similar approach to value add, with additional risk due to property typically requiring substantive work to increase value.

Typical property characteristics: -

- Part of fully vacant when acquired.
- No income when acquired, with ongoing vacant running costs.
- Typically distressed property, requiring substantial investment.

These properties are considered high risk, with failure of a business plan typically resulting in financial losses.







ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 11

Key Decision [No]

Ward(s) Affected: All

## **Building Adur & Worthing's Digital Future - Beyond Gigabit**

### **Report by the Director for Digital & Resources**

#### **Executive Summary**

##### **1. Purpose**

- 1.1. This report sets out the steps our Councils are taking to build the digital infrastructure to power our future economies. It provides an update on Gigabit West Sussex, the first DCMS Local Full Fibre Fund scheme in the UK. It also provides a road map of further projects that are in development, which will capitalise on the momentum and opportunity brought by the fibre scheme. Joint Strategic Committee are asked to support the direction of travel as we work to make Adur and Worthing super-connected and digitally enabled places.
- 1.2. In showing support for development of these proposals, Joint Strategic Committee will provide potential funders and investors with assurance that digital infrastructure development and wider digital ambitions enjoy strong political leadership and direction.
- 1.3. On 31st May 2018, West Sussex County Council announced the award of a contract to Cityfibre, the UK's leading provider of wholesale full fibre infrastructure, for the construction of 9 future proof full fibre networks in Worthing/Lancing, Shoreham, Bognor

Regis, Burgess Hill, Chichester, Crawley, Haywards Heath, Horsham and Littlehampton. An update on progress is provided.

- 1.4. This report also outlines proposed future projects to extend the fibre footprint in our towns, and describes the added value projects being developed that will use fibre infrastructure and build on the emerging reputation our places have for digital.

## **2. Recommendations**

- 2.1. Note the progress of Gigabit West Sussex and delivery timescales
- 2.2. Endorse the plan for a further bid to DCMS for funding for schools
- 2.3. Agree the principle of part-funding our CCTV sites through capital on a cost neutral basis, using the revenue budgets allocated for CCTV connectivity. This decision will strengthen the case for additional DCMS funding in a bid to be submitted in September 2018.
- 2.4. Endorse the development of proposals for small cell and public WiFi options in our towns, and the “barrier busting” regulatory and access work with West Sussex County Council.
- 2.5. Support the development of further digital proposals as outlined in the report in Section 3, helping our places become more digitally enabled.

## **3. Gigabit West Sussex - Delivering Fibre for the Future**

- 3.1. Gigabit West Sussex is a project to connect public sector buildings using future proof fibre optic cabling, delivering 1Gb (1000Mb) minimum speeds. Initiated and driven by Adur & Worthing Councils, the project has the involvement of all district and borough councils in the county, and is now led by West Sussex County Council. Gigabit West Sussex was successful in attracting £4.6m of funding from the Department for Digital, Culture, Media and Sport (DCMS) in October 2017, and is the first and flagship project in the £200m Local Full Fibre Fund.
- 3.2. West Sussex County Council have capital funded the total local authority contribution for the fibre network construction, and will receive payments from districts and boroughs through revenue contributions equivalent to the current Wide Area Network (WAN) charges, meaning

the scheme is cost neutral to our councils. DCMS have provided gap funding for the scheme.

- 3.3. In May 2018, after a major procurement exercise, a contract for the long term lease of dark fibre infrastructure to 152 buildings across 9 West Sussex towns was awarded to Cityfibre, the UK's leading wholesale fibre infrastructure provider.
- 3.4. Construction is due to start from August, connecting 152 sites in Worthing/Lancing, Shoreham, Bognor Regis, Burgess Hill, Chichester, Crawley, Haywards Heath, Horsham and Littlehampton.
- 3.5. Detailed design, wayleave and route approval work for Worthing, Lancing and Shoreham will commence in August through to October, with core network construction planned between October and February 2019. It is anticipated that an official launch of Gigabit West Sussex will be held in February 2019 in Worthing.
- 3.6. Benefitting from connection speeds of at least 1Gb (1000Mb), 24 public buildings will be connected in phase one in Worthing, 5 in Lancing, 1 in Southwick and 8 in Shoreham through the construction of brand new fibre networks to be owned and operated by Cityfibre. County, district and borough sites will enjoy long term lease of passive fibre connectivity, and will receive an additional 10 years free from Cityfibre beyond the 20 year paid term.
- 3.7. Buildings will experience a step change in connection speed at no additional cost. As an example, the Connaught Theatre in Worthing will move to a 1000Mb service from 10Mb, and Commerce Way will get a tenfold increase, up from 100Mb.
- 3.8. Libraries and children & family centres in the area will also move up from their current 10Mb or 100Mb services. Worthing Borough Council's planned digital hub at Colonnade House will receive the gigabit service, with businesses receiving the significant advantage of 1000Mb **upload speeds** when transferring data and video up to cloud services or out to clients. This is a key differentiator for full fibre, the very fast upload speeds.
- 3.9. Future expansion of full fibre connections across Worthing, Lancing and Shoreham is expected through several mechanisms. The Director for Digital & Resources is developing plans with West Sussex County

Council to create a subsequent wave of connections for schools, using the established framework contract, through a further bid to the DCMS Local Full Fibre Network (LFFN) Fund in September 2018. This is a challenging model given individual school autonomy but progress is being made.

- 3.10. Further work is underway to assess the financial model for the inclusion of 31 CCTV cameras in a future LFFN funding bid. This may require Adur & Worthing Councils to commit to purchase a long term lease for CCTV connectivity as the local contribution, to be topped up by LFFN gap funding. This would be on a cost neutral basis, and involve capital investment, repaid through budgeted revenue funding, and would be the subject of a subsequent paper to Committee. However, it would assist the bidding process in September if Joint Strategic Committee were able to approve the principle of use of capital funds on the basis of an overall cost neutral scheme at this stage.
- 3.11. Finally, we are working to develop the marketing strategy for the [government gigabit voucher scheme](#), which provides businesses (including sole traders) with £3,000 to connect through registered suppliers. This work is being developed in partnership with West Sussex County Council and will involve working with businesses to raise awareness and help them create groups to aggregate vouchers together, targeting business parks, shared workspaces etc.
- 3.12. The key risks to the gigabit project are the required construction timescales (Oct 18-Feb 19) which are needed to fulfill the requirements of the DCMS grant funding. Secondly, there is a risk that the wider objectives of the Local Full Fibre Fund, to stimulate commercial investment in full fibre networks that will enable gigabit connections to businesses and homes, are not fully met due to a lack of uptake in business gigabit vouchers or subsequent commercial investment by suppliers.

#### **4. Small Cells & Public WiFi**

- 4.1. The future of mobile connectivity is highly dependent on the wide availability of optical fibre to allow for high speed, low latency (low transmission delay) mobile connections. 4G and future 5G requires

fibre-connected small cells (rather than big masts), particularly in urban areas, to provide continuous mobile connections to customers.

- 4.2. 5G, which promises wireless speeds of between 1Gb and 10Gb will need high numbers of small cells connected by fibre. This will be needed to support emerging technologies such as internet-connected sensors and devices which will be embedded into most things and where full coverage and low latency are essential. Whilst Worthing is a mid size town and potentially less attractive to operators, there is scope for councils to create good conditions for investment.
- 4.3. Local authorities can play an important (and potentially revenue generating) role in offering street furniture and buildings as sites for small cells. Many operators report frustration with local government when attempting to gain permissions and access sites for small cell deployment, and there are clear opportunities for Adur & Worthing and West Sussex County Council to provide a more enabling regulatory environment. We intend to lead the way with West Sussex County Council, to “barrier bust” and help make 5G a reality as quickly as possible for our areas.
- 4.4. Development work is already underway for a 4G/5G small cell project and/or public WiFi in Worthing and Shoreham town centres. Surveying and mapping work has already been undertaken for WiFi, and research is currently in progress looking at small cell business and operating models across the country. Discussions will be needed with mobile operators to understand their plans for our towns, and how our councils can assist.
- 4.5. The provision of free, easily accessed public WiFi is an important strategic step for our councils, and could provide many benefits to residents, businesses and visitors. Options for delivery will be developed (including with a linked small cell scheme) and brought forward to a subsequent Committee. This may include an option for capital investment in this essential future civic infrastructure, given its important role in ensuring the digital inclusion of the most vulnerable, as well as delivering promotional and marketing opportunities for our councils and partners.
- 4.6. Any public WiFi scheme will require privacy and trust to be at the heart of the access model. Preferred operating models are likely to be those that help the council and partners promote their own services, and

improve access by citizens to key visitor, community and resident information and services, rather than seeking to generate commercial advertising revenue.

## **5. The wider digital opportunity**

- 5.1. We live in the digital age, where technology can and will deliver a wide range of benefits and new services to places. At Adur & Worthing, we will use the platform being created by the fibre initiative to create a range of opportunities, such as:
  - 5.1.1. Developing relationships with other gigabit service companies to ensure fibre connection to outlying areas and into office and residential blocks, encouraging both partnership and competition between providers.
  - 5.1.2. Introducing a design-based approach, and policy levers, to ensure that digital technologies are appropriately incorporated into public realm, capital schemes and regeneration projects with a view to improving the user experience (not just throwing technology gadgets at things).
  - 5.1.3. Driven from our economic strategy, develop opportunities at the Colonnade House Digital Hub to stimulate innovation in “smart” applications, from sensor networks (e.g. air quality), transport apps, digital high street, open data and digital visitor experience.
  - 5.1.4. Working with partners to develop new forms of SME support to help our businesses adopt gigabit services and new cloud technologies to drive productivity and growth.
  - 5.1.5. Strengthening digital inclusion work through our IT Junctions and libraries to ensure access for all as we become more and more reliant on internet based services for banking, energy, travel and shopping.

## **6. Engagement and Communication**

- 6.1. A communications strategy is being developed with West Sussex County Council for Gigabit West Sussex, with particular attention to ensuring the civil works are clearly explained, and opportunities taken to convey the positive impact of the scheme.
- 6.2. IT Managers in districts and boroughs will be working with WSCC to expedite the switch to the new infrastructure as it becomes available.
- 6.3. Communications on Gigabit Vouchers to businesses will be carefully timed and orchestrated.

- 6.4. A Gigabit West Sussex launch event will be planned for February 2019 in Worthing.

## **7. Financial Implications**

- 7.1. Gigabit West Sussex is a cost neutral scheme, using existing revenue funding for WAN connectivity, provided via WSCC.
- 7.2. Future projects under development in this report may have cost implications which will need to be fully considered by Joint Strategic Committee in due course.

## **8. Legal Implications**

- 8.1. Section 1 Localism Act 2011 empowers the Council to do anything an individual can do, apart from that which is specifically prohibited by pre-existing legislation.

## **Background Papers**

- Gigabit West Sussex - an ultrafast broadband model for the County, Joint Strategic Committee, 11th October 2016.

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## **Sustainability & Risk Assessment**

- The development of digital infrastructure will help drive down business journeys, through an increase in video conferencing and ability to work from home.
- Improved digital infrastructure promises to enable intelligent transport options and traffic management, and increase the use of public transport through improved information and travel planning.

### **1. Economic**

- There is growing evidence that gigabit networks can provide between 1-2% uplift in GDP through enhanced productivity.

### **2. Social**

#### **2.1 Social Value**

- The free public WiFi scheme being developed would greatly impact on digital inclusion, as will availability of ultrafast speeds in children's centres and libraries.

#### **2.2 Equality Issues**

- Matter considered and none identified

#### **2.3 Community Safety Issues (Section 17)**

- The framework will allow CCTV to be upgraded when the current contract ends in 2022, providing faster more reliable CCTV facilities.

#### **2.4 Human Rights Issues**

Matter considered and none identified

### **3. Environmental**

- The construction work will have an impact on the environment and West Sussex County Council will be responsible for ensuring adherence to the contract terms in relation to materials and processes used.





## ADUR & WORTHING COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 12

Key Decision [No]

Ward(s) Affected: All

### **Keeping the Communities of Adur & Worthing Safe**

#### **Report by the Director for Communities**

#### **Executive Summary**

##### **1.Purpose**

1.1 Creating places that are welcoming and enabling our Communities to feel safe is a key part of our ambitions within Platforms for our Places and is central to the work of our multi-agency Community Safety Partnerships. Adur and Worthing have two distinct partnerships, but recognise the benefits and synergies of collaboration, and as a consequence have worked in partnership for some years.

1.2 This report provides a brief overview of how the Community Safety Partnership was formed, it's core duties, the role of Councils in this partnership, a flavour of the types of activity delivered to build safe/ resilient communities and the challenges facing the partnerships in light of a significant reduction in grant funding from the PCC. As a consequence the report highlights options and issues in considering how the Councils will meet their statutory duties against a backdrop this significant reduction in grant funding.

## **2.Recommendations**

2.1 Recommendation One : For Members to note the activity and the progress made by the partnership in building safe and resilient communities.

2.2 Recommendation Two : To note the implications of the significant reduction of grant from the PCC in 2019 onwards and the impact that this will have on the partnerships' ability to deliver it partnership plan.

2.3 Recommendation Three: To endorse the partnerships' approach to managing this funding issue and identify opportunities for external funding this time.

## **3. Context**

### **3.1 Background**

3.1.1 The Crime & Disorder Act was introduced in 1998 and put a statutory duty on public services to work together to fight crime, support victims of crime and ensure appropriate sentences/ orders are issued to offenders.

3.1.2 The key driver for this legislation was to increase the safety of communities for the people that live in them. The Crime & Disorder Act created Crime and Disorder Reduction Partnerships (CDRPs) in each local authority area. This provided a space for key agencies to come together to develop and implement strategies to reduce crime and disorder. In 1999, separate partnership's were formed in Adur and Worthing.

3.1.3 CDRPs, now commonly known as Community Safety Partnerships (CSPs) are made up of six responsible authorities which are: Local Authority (as a two-tier authority this includes District & Borough membership as well as West Sussex), Police, Fire & Rescue Service, Probation (national and local) and Clinical Commissioning Groups (CCGs).

Police & Crime Commissioners (PCC) were introduced in late 2012 and have a duty to co-operate with CSPs, however it should be noted that PCCs didn't replace police authorities as responsible authorities.

3.1.4 The role of CSPs over the last 20 years has continued to evolve with the introduction of further legislation which has strengthened the tools, powers

and duties in which partnerships operate under. CSPs have the following core statutory obligations:

- Forming a strategic group that directs the work of the partnership,
- Engage and consult with the community about their priorities and progress in achieving them,
- Have protocols and systems in place for sharing information,
- Produce an annual strategic intelligence assessment (SIA) that analyses a wide range of data, including crime levels and any patterns.
- Produce a partnership plan that sets out how the priorities in the SIA will be addressed and how this will be delivered.
- Monitor the progress and resources allocated to deliver the partnership plan.
- Produce a strategy to reduce reoffending\*
- Commission domestic violence homicide reviews\*

*\*As a two-tier authority area, the strategy group for West Sussex would be responsible for delivering these duties.*

### **3. 2 The Role of the Councils in Community Safety Partnerships**

3.2.1 The role of the Councils in CSPs is fundamental and extends beyond the simple discharge of statutory duties. Councils are uniquely placed to understand local needs and opportunities and to engage with their communities. In Adur & Worthing, our Councils are pivotal leaders of place and since the creation of partnerships, have adopted a central role in coordinating and guiding them.

3.2.2 The benefits of safe communities are not limited to achieving lower levels of crime and injury, but also contribute to building strong, cohesive, vibrant, prosperous, resilient and participatory communities. Consequently Adur and Worthing Councils have committed resources to coordinate and lead our CSP and demonstrate their ongoing commitment to supporting Community Safety in the Councils' strategy [Platforms for our Places](#).

3.2.3 It is worth noting that whilst the Councils have statutory duties under the Crime & Disorder Act, Councils under the act and through subsequent legislation passed have additional duties placed upon them, which include:

- Community Trigger (ASB, Crime & Policing Act 2014) ~ this enables victims to require agencies to carry out a review (also known as an ASB Case Review) of their response to anti-social behaviour they reported,

where they feel they did not get a satisfactory response. The Councils are the lead for all reviews.

- PREVENT (Counter Terrorism & Security Act 2015) ~ to ensure that frontline staff are appropriately trained and are aware of the available programmes to deal with extremism/ terrorism. To ensure that publicly-owned venues and resources do not provide a profile for extremists. Councils are also expected to consider whether publicly-available IT equipment should use filtering solutions that limit access to terrorist and extremist material.
- Section 17 (Crime & Disorder Act 1998) ~ to consider crime and disorder (including Anti-Social Behaviour and other behaviour adversely affecting the local environment); and the misuse of drugs, alcohol and other substances in the exercise of all their duties, activities and decision-making. This means that in all policies, strategies and service delivery there is a need to consider the likely impact on crime and disorder.

### **3.3 Building Safe and Resilient Communities**

- 3.3.1 In 2009, Adur CSP and Worthing CSP embarked on a journey of joint working arrangements between the partnerships. Both CSPs recognising the merit and synergies of working collaboratively across boundaries, not just for responsible authorities, but for the benefit of the communities of Adur & Worthing. The initial driver for change was to strengthen service delivery and enhance the work of the partnerships. However this has given rise to opportunities to pool resources, share expertise and scale projects that were delivering key outcomes and benefits. In April 2009 the partnerships came together (although are not merged) as Adur & Worthing Safer Communities Partnership (A&WSCP).
- 3.3.2 The Adur & Worthing CSPs have continued to evolve providing strategic direction in addressing priorities to keep our communities safe. The partnership produces a joint strategic intelligence assessment and partnership plan, annually. Members collaborate on the identification of need, the prioritisation of resources and work with key stakeholders to put in place solutions to address areas of concern. The activity of the partnership diverse and address the priorities as set out in the partnership plan each year. Below are some key examples of the work undertaken:

- Anti-Social Behaviour Risk Assessment Conference (ASBRAC) ~ a multi agency group that assess and manage the risk of vulnerable victims of ASB and Hate Crime. Includes representatives from housing providers, Public Health & Regulation, Social Care, WSCC, Victim Support, Community Mental Health and Sussex Police. Approximately 30 cases are reviewed each month, joint interventions are agreed and actioned to support vulnerable victims. Cases are often complex and in recent years mental health has become a key factor in many cases.
- Making Every Adult Matter (MEAM) approach to supporting our street community ~ a multi-agency group that designs and delivers coordinated services for people with multiple needs. In Worthing, 22 individuals have been identified for intensive case management to bring about long term change. This group also identifies gaps in service provision and how these can be met.
- Drug Litter ~ the coordination of reporting and geo-coding of all discarded drug litter. Data which is analysed and 'heat' mapped in order to target outreach support to substance misusers using direct patrol activity (as appropriate). This data also informs drug and alcohol service commissioning.
- Local Action Team (LATs)~ time limited task and finish groups created in response to community concerns around a geographical area or issue, drawing together a range of professionals and local stakeholders, to tackle emerging crime trends. LATs aim to innovate and work closely with local residents. A recent LAT was created to address drug dealing in one area and identified a telephone box as a central point for drug exchange. The LAT submitted a case to BT to release the box for community use, and successfully gained funding for its conversion to a defibrillator station.
- Campaigns ~ the partnership co-ordinates and delivers campaigns based on the priorities of the partnership. For example the annual Late Night Partnership (LNP) coincides with Alcohol Concerns' Alcohol Awareness Week. Held in Worthing Town Centre it engages with the public and local businesses, raising awareness of the risks associated with excessive alcohol and drug use. In 2017, the event provided an alternative to alcoholic drinks and saw South Street play host to a dry bar based in a converted horse box offering free mocktails. Sponsored by local late night venues, more than 100 people sampled a mocktail and discussed the plans for their night and journey home.

- Child Exploitation (CE) Training for Taxi Drivers ~ this critical training raises awareness amongst taxi drivers of Child Sexual Exploitation (CSE) and Child Exploitation (CE). Evidence shows that taxis are often used to transport girls and boys between hotels, pubs and other places where they are exploited. Taxi drivers are in a unique position to notice and spot such situations and pass their concerns on to the police - potentially saving a child from being a victim of CSE.

3.3.3 The partnerships also commissions a number of projects, such as the accredited educational programme delivered by Intuitive Thinking Skills, that promotes alcohol and drug abstinence. In the first year 67 learners (99%) completed the course. Of those that were tracked 86% reported a positive change to their substance use. And 60% of those tracked who had been in receipt of a prescription for the heroin replacement methadone, were prescription free.

### **3.4 Funding from the Police & Crime Commissioner**

- 3.4.1 With the introduction of Police & Crime Commissioners (PCCs) in 2012, grant funding for CSPs was transferred from the Home Office to PCCs. Grant funding provides the foundation of resource on which partnerships function and it is imperative, not only for responsible authorities to fulfill their statutory duties, but also to deliver other priorities identified in the partnership plan.
- 3.4.2 Since 2012, Adur & Worthing CSPs have received £47,580 each, resulting in a pooled budget of £95,160 from the PCC. The funding level has remained static with no inflationary or need based rises. The level of grant funding for each CSP was previously based on Lower Super Output Areas (LSOAs), which highlight levels of deprivation. Both Adur & Worthing had a considerable number of wards that were deprived and therefore received, along with Arun and Crawley, one of the highest proportions of funding across West Sussex.
- 3.4.3 This core grant has allowed the partnership to invest in long term projects and initiatives that address crime and disorder. For example recruiting street outreach workers, to work with our street community, providing harm minimisation help and advice, supporting behaviour change and advocating for those in significant need, such as enabling vulnerable individuals to access accommodation and remain in accommodation. The partnership has recognised the benefits and necessity of long term investment and as a

consequence has ensured the continuation of key programmes of work, through prudent financial management.

- 3.4.3 In July 2017 the PCC launched a fundamental funding review of the grants given to CSPs across Sussex. The recommendations of the review set out a new funding model, based on a weighting of 40% against projected population data for localities and 60% against crime performance over the previous 4 years. This model allocates a level of funding for each CSP that would be in place for a two year period and then reviewed. In addition, it recommends that a minimum of 20% should be top sliced from the allocation to local partnerships and retained by the PCC's office for pan Sussex commissioning. It should be noted that the total grant available across Sussex remained unchanged.
- 3.4.5 The new funding model is set to be phased in, with 2018/19 considered a transition year, where local partnerships will receive the same allocation of funds as previous years. The implications of this review for Adur & Worthing's Community Safety Partnerships will be significant, with a 55% cut in funding across both areas. A request for a breakdown of the funding allocations between Adur & Worthing from the Commissioner's Office has been made, but this has not been provided to date. However our current understanding is that the partnerships will see a pooled budget of £95,160 reduced to £42,872.95 in 2019/20 and 2020/2021.
- 3.4.6 The partnership have always operated from a model of building capacity, behaviour change and developing long term resilience. This will be severely undermined by this change in funding levels.
- 3.4.7 The partnerships, at the joint meeting of their Executive Board in May 2018, considered a future funding options appraisal. It was agreed that all posts would be extended until the end of March 2020, in order to retain skills and expertise within the workforce. However, in order to achieve this reserves will be used. A further impact assessment of taking this decision is being drafted. It is clear that funding from the PCC has to date provided stability on which CSPs rely. Therefore this decision will have a considerable impact on the ability of the partnerships to deliver its programmes of work.
- 3.4.8 Adur and Worthing CSPs however have been successful in attracting external funding to subsidise the grant given by the PCC, and will continue to explore external funding opportunities going forward. In 2017/18 the partnerships were successful in raising an additional £170,000 of funding to support two projects. 1. The MEAM approach (see 3.3.3) and 2. A project based in Arun,

servicing our districts, which provides refuge accommodation for women who have been subject to domestic abuse and have complex needs.

- 3.4.9 In June 2018 the Councils secured £271,000 from the Ministry of Housing, Communities & Local Government (MHCLG) through the Rough Sleepers Initiative Fund. Led by the Housing team, this bid was supported by the Communities and Wellbeing team as well as external partners such as Worthing Churches Homelessness Project. Part of the funding will allow the MEAM and street outreach work to be extended, as well as fund additional co-ordination work to support our rough sleepers. Although the leadership of this work sits within housing, it is a demonstration of how the partnerships collaborate to support wider community and community safety objectives.

#### **4. Engagement and Communication**

- 4.1 The Partnerships uses a variety of communication tools to engage with local residents and stakeholders, including Informal consultation with our communities at events, Neighbourhood Community Panels and road shows. We also host an annual Behind Closed Doors conference, the most recent being in June this year.
- 4.2 More recently the partnerships, working with the Councils' Communities & Wellbeing Team have been trialling a new initiative "Up my street, where a multi-agency group have spent time in defined areas talking with residents to understand their issues and concerns. Initial outputs are expected shortly.
- 4.3 The partnerships have dedicated Twitter and Facebook accounts. Social media is used to inform as well as reaching a wider audience within our communities.

#### **5. Financial Implications**

- 5.1 The Council currently receives a grant of £95,160. This is expected to reduce to £42,870 in 2019/20 and 2020/21. The Council will need to consider how to meet a reduction in funding of £52,280. The current budget forecast has not factored in any growth associated with this reduction.
- 5.2 This report does not ask Members to consider any specific investment at this time. However, it should be noted that all partnership posts (3.5 FTE) are hosted by the Councils and sit within the Communities Directorate. These posts deliver the priorities of the partnership, but also contribute significantly to meeting the Councils' statutory duties under the legislation.



5.3 The priority of these posts will be considered as part of a general service review for the Communities & Wellbeing Team, where the resilience and resourcing of the team will be assessed alongside other needs and requirements.

5.4 If any of the posts are deleted as a result of the funding withdrawal, the Councils will be liable for any departure costs.

## **6. Legal Implications**

6.1 The Councils' have a number of statutory duties as identified in 3.1.4 & 3.2 of the report. There are no other legal implications that need to be considered as part of this report.

### **Background Papers**

- [Crime & Disorder Act 1998](#)
- [ASB, Crime & Policing Act 2014](#)
- [Counter Terrorism & Security Act 2015](#)
- [Adur & Worthing Safer Communities Partnership Structure](#)
- [PCC Community Safety Partnership Funding Review 2017](#)

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## **Sustainability & Risk Assessment**

There is a likelihood that without ongoing investment in delivering the partnership plan and allocating resources recorded levels of crime & disorder would increase.

### **1. Economic**

1.1 Building safe communities that our communities want to live, work and socialise is fundamental in ensuring a economically prosperous place. An increase in crime & disorder would significantly affect the retention and attraction of businesses investment in our place.

### **2. Social**

#### **2.1 Social Value**

2.1.1 The work of the CSPs significantly impacts on the quality of life of our communities. The CSPs work in partnership to deliver projects and initiatives that address key crime & disorder issues and improve outcomes for our place.

#### **2.2 Equality Issues**

The CSPs aim to improve outcomes for all by putting into place a range of projects/ initiatives and practices to address crime and disorder. The CSPs recognise that those who are victims of crime or are vulnerable may need additional support to participate.

#### **2.3 Community Safety Issues (Section 17)**

2.3.1 The partnerships deliver and commission a number of projects and initiatives that contributes to the reduction of crime and disorder.

#### **2.4 Human Rights Issues**

2.4.1 Matter considered and no issues identified.

### **3. Environmental**

3.1 Matter considered and no issues identified.

### **4. Governance**

4.1 The Council's are a statutory member of the CSPs and therefore this partnership sits outside the governance of the Councils.



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 13

Key Decision: No

Ward(s) Affected: Shoreham and Lancing

## **Delivery of new homes through the Housing Revenue Account**

### **Report by the Director for Communities**

#### **Executive Summary**

##### **1. Purpose**

1.1. This report provides Members with an update on the progress on three specific sites which will deliver new Council housing in Adur:

- Albion Street,
- Cecil Norris House and
- 101, North Road Lancing

The report also outlines the 'Hidden Homes' project and makes a request to release funding for further feasibility work.

1.2 The report requests that members of the joint strategic committee recommend to Council the release of the appropriate budgets for the delivery of this important development work to take these schemes forward and set the scene for a future programme of Council house development within Adur.

## **2. Recommendations**

2.1 The Joint Strategic Committee is recommended to:

- i) Release a budget of £2.1m for the development of 14 homes at Albion Street funded by capital receipts;
- ii) **Recommend** to Council to approve a budget of £3.3m (including fees) for the redevelopment of Cecil Norris House
- iii) Approve the release of a budget of £160,000 to fund the conversion of the ground floor of 101 North Road Lancing
- iv) Approve the release of £275,000 to undertake feasibility studies to take forward the development of new homes as part of the 'Hidden Homes' project.

## **3. Introduction**

3.1 The Council has made a firm commitment to the delivery of new homes both within its housing strategy Housing Matters 2017 - 2021 and in our strategic document Platforms for our Places. The aim is to develop new homes to increase the supply of properties available to local people who cannot afford to buy or rent in the market. Properties available to rent provide a critical part of the housing supply in the district and are the foundation for many households to be able to bring up their families and to be able to work and contribute to our communities and the local economy.

3.2 As members will be aware, there is a chronic shortage of such homes in the area and the Housing Register for Adur has approaching 1000 households who are registered in housing need. These households range from single person households to families with 7 children, consequently a full range of one, two, three and four bedroom properties are needed.

3.3 The Council's priority for developing new homes is to focus first on those areas or homes which are no longer fit for purpose or where the Council owns land and buildings on which it can create new accommodation and crucially, social and other value. The main aim is to increase supply rather than move properties from one tenure to another ie buying existing private sector homes and/or ex Right To Buy properties. These purchases have a place to meet specific needs and or to respond to good opportunities to acquire specific properties but on a limited basis as they tend to be more expensive because the land element of the property also has to be funded. In the longer term the

council will also have a focus on maximising the use of its land within the HRA and other opportunities to increase supply.

- 3.4 At present the Council is employing the services of an experienced external development specialist, in order to support the programme implementation, however we are fast approaching the stage where the programme will be of sufficient scale to employ an internal Housing Development Manager to support this work across Adur and Worthing.
- 3.5 The Council has also commissioned some initial advice from one of the leading specialist legal firms Trowers and Hamlin to better understand the wide range of models and approaches being used elsewhere which are successfully delivering new homes in a range of challenging circumstances, for example, where there is a shortage of land, funding or both. This advice will also include guidance on the options for procurement and 'partnering' models.

#### **4.0 The development sites**

##### **4.1 Albion Street, Shoreham by Sea**

###### 4.1.1 Background and proposal

4.1.2 A condition survey of these homes revealed the need to spend at least £800,000 to bring the properties up to modern standards. This clearly did not present good value for money and ultimately any refurbishment would have been a compromise compared with a new build solution.

4.1.3 The original proposal as set out in the report to JSC in November 2016 was to work with a developer (Albion Street developments) to develop the overall site. The council in return for surrendering a proportion of its land would receive 15 units equivalent to the value of land.

4.1.4 Subsequently, the principle nature of the transaction has changed and the council will now receive a payment of up to £1.6m for the land and will pay an equivalent amount towards the cost of the new homes. Specialist advice from Eversheds Solicitors was sought on the basis for the agreement between the Council and developer.

4.1.5 The Council has commissioned an updated independent valuation of the land and the proposed council-owned development to ensure that the principles of Best Value are met with this approach.

4.1.6 As a result it is now necessary to formally amend the budget to bring in the cost of the new homes.

#### 4.1.7 Consultation and planning

A successful two day public consultation event was held at the Shoreham Centre in April this year with the public and other interested parties attending to view the proposals and provide feedback. This feedback was assessed and amendments made as appropriate. In addition, extensive consultation has been undertaken regarding specific aspects such as highways and parking and several pre-planning sessions have been held with Adur District Council planning officers. The planning application is due to be submitted in July.

#### 4.1.8 Specification and cost plan

4.1.9 Housing and technical services colleagues have worked with consultants to produce the specification for the rented homes and the cost plan to deliver the 15 new council homes, the current plan being for 9 x 1 bed dwellings and 6 x 2 bed dwellings. The aim is to break new ground with exceptional quality and design for council housing and to demonstrate the benefits which can be achieved with a new build scheme for example for; components, heating design, doors windows, energy efficiency etc. This will be a first for including “Smart Technology” enabling ADC to manage its estate using ‘artificial intelligence’ to provide real time data in order to support the management and maintain of its estate to provide economic service levels on behalf of its tenants.

#### 4.1.10 Procurement

4.1.11 Specialist external legal advice has been sought with regard to procurement. It is proposed that tenders will be sought from an initial list of 5 contractors as agreed between the council and the developer. It is intended that the tender programme will run in parallel to the planning process in order to maximise the time available and move this project to site as quickly as possible.

#### 4.1.12 Specialist consultants, services and fees

The Council has or will need to commission the following professional services:

- Legal fees (advice on procurement, land sale, and unregistered land)
- Development Appraisal

- Employers Agent
- Quantity Surveyor
- Services Engineering consultants
- Clerk of the Works
- Commissioning engineer

#### 4.1.13 Programme and timetable

##### Planning - current

- Planning application: to be submitted week commencing 25th June 2018
- Decision of planning committee: 14th September 2018
- Judicial Review period: 7th December 2018
- Discharge pre commencement conditions: September - December 2018

##### Procurement - proposed indicative timetable

- Complete tender documents: August 2018
- Out to tender: August/September 2018
- Tender Returns: September 2018
- Final agreement between ADC and Developer on build costs for affordable units: October 2018

##### Construction - indicative timetable dependent on successful completion of tender

- Commence building Works on Site: October/November 2018
- Complete Construction - Demolition: December 2018
- Commence New build works: December/January 2018/19
- Complete New Build Works - June/July 2020

Progress on the scheme will be reported via the regular capital monitoring reports and will be overseen by the Head of Housing.

#### 4.1.14 Budget and funding

It is expected that the scheme will cost upwards of £1.6m. The capital receipt for the land of £1.6m will fund most of the cost of the new units. However, until such time as the building works have been tendered for, there is a degree of uncertainty about the final cost and so a contingency sum has been added to ensure that there is sufficient budget in place to enable the scheme to progress.

The cost of this scheme will be funded from capital receipts as follows:

	£'000
Initial scheme estimate	1,600
Contingency sum	500
Total scheme cost	<u>2,100</u>
<b>Funded by:</b>	
Capital receipt from sale of land	1,600
Set aside Right to Buy receipts	500

4.1.15 Members are asked to recommend approval of the budget of £2.1m as set out in the financial section above. As this is a back-to-back land transaction where it is anticipated that the cost will be funded from the land sale the Council will not need to submit a bid for any government funding.

4.1.16 The average cost per dwelling will be between £114,300 and £150,000 dependent on the final cost of the scheme. This development will create a valuable new asset for Adur District council with an expected life of at least 60 years and the provision of brand new homes at this cost represents very good value for money. The additional design elements, such as improved energy efficiency will ensure that residents benefit not only from new, fit for the future properties, but dwellings that are less costly to heat. Given that many of our tenants are vulnerable and in receipt of benefits, this is a significant additional benefit.

## **4.2 Cecil Norris House, Shoreham by Sea**

### **4.2.1 Background and proposal**

4.2.2 This site previously provided sheltered accommodation with shared facilities and was declared not fit for purpose three years ago. As with Albion Street the cost to convert the homes into self contained flats and bring the accommodation up to modern standards would have been prohibitive, technically very difficult and would not have demonstrated good value for money. A firm of 'Guardians' have been in the property which has helped to protect the property, whilst plans have been developed.

4.2.3 It is proposed that the current structure is demolished and replaced with a new building accommodating 15 new one and two bedroom rented homes.



#### 4.2.4 Planning and consultation

4.2.5 Several pre-planning application sessions have been held with the Council's planning team and the proposals are due to be submitted formally for planning in July 2018. Local informal consultation will be undertaken with residents in the immediate neighbourhood area and formal consultation will be undertaken as part of the planning process.

#### 4.2.6 Specification and cost plan

4.2.7 The newly developed specification for rented homes as described above will be used for the new build homes at Cecil Norris House. Cost consultants have assessed the cost of the scheme at £3.3m which includes fees and professional services.

#### 4.2.8 Procurement

#### 4.2.9 Contract

4.2.10 ADC will deliver this project through a “traditional” JCT (Joint Contracts Tribunal) building contract. The costs saved by not paying a design & build contractor a premium for the planning, design development, and procurement risks, will be invested in the quality of the product, to deliver an efficient asset, adding to Adur District Council’s new build stock.

#### 4.2.11 Professional services

4.2.12 As with the Albion Street development, the Council will need a diverse team of professional consultants and service providers to bring this scheme forward.

These include :

- Architects
- Town Planning consultants
- legal (land, planning, funding, procurement, construction, and operational management)
- Cost Consultants, procurement
- Services consultants
- ICT consultants
- Community Engagement specialist
- valuation surveyors
- Highways Consultant
- Development Management
- Construction Design Management consultant

- Project Manager
- Structural engineer

#### 4.2.13 Programme and timetable

##### Planning - current

- Planning application: week commencing 9th July 2018
- Resolution to Grant : 28th September 2018
- Judicial Review Period: 21st December 2018
- Discharge pre commencement conditions: October - December 2018

##### Procurement - proposed

- Complete tender documents: August 2018
- Out to tender: August 2018
- Tender Returns: October 2018
- Final agreement between ADC and Developer on build costs for affordable units: October 2018.

##### Construction - dependent upon successful completion of tender

- Commence building Works on Site: October 2018
- Complete Construction - Demolition: November/December 2018
- Commence New build works: December/January 2018/19
- Complete New Build Works: June/July 2020

#### 4.2.14 Budget and funding

	£'000
Initial scheme estimate	3,300
<b>Funded by:</b>	
Set aside Right to Buy receipts	900
Grant income	227
Use of new development reserve	48
Borrowing	2,035

4.2.15 Members are asked to recommend that the Council approves the budget for the scheme at £3.3m (including associated fees). Early discussions have been held with Homes England about the possibility of funding for the development. Our development lead is meeting with Homes England again for more detailed discussions and will then submit a formal bid once the planning application has been submitted. The Council will also be able to use

a combination of Right To Buy receipts and S106 funding as appropriate. This is set out in more detail in the financial section below.

4.2.16 The scheme will provide 15 new homes, 9 x 2 bedroom dwellings, 4 x 1 bedroom dwellings and 2 x maisonettes. The average cost per home will be £220,000 which includes all the demolition costs, fees and services, construction and consultants costs etc. This development will create a valuable new asset for Adur District Council with an expected life of at least 60 years and the provision of brand new homes, at a cost which represents good value for money. The additional design elements, such as improved energy efficiency will ensure that residents benefit not only from new, fit for the future properties, but dwellings that are less costly to run. Given many of our tenants are vulnerable and in receipt of benefits, this is a significant additional benefit. Additionally these plans which support our ambitions to be a Council that promotes sustainability in all of our projects.

### **4.3 101, North Road, Lancing**

#### 4.3.1 Background and proposals

4.3.2 This building is owned by the Council and is arranged as flats over two storeys with the ground floor having most recently been used as an office for some of the housing team. The team have moved office base to Portland House in order to bring more of our housing services together and to free this space in order to convert it to new rented accommodation.

4.3.3 The Council commissioned architects Crowther Associates to produce a high level feasibility study to identify options available for the site. There are three possibilities subject to planning,

- i) to convert the ground floor to two flats,
- ii) add one or two further storeys to the existing structure to create additional flats and
- iii) add residential accommodation to the car park at the rear.

At present the proposal is to move forward to convert the ground floor into residential accommodation as soon as possible and to consider any further phases in due course as part of a wider development options appraisal.

#### 4.3.4 Planning

4.3.5 Early discussions have been held with the Councils planning service and the proposal is to submit an application as soon as possible.

#### 4.3.6 Budget and funding

	£'000
Initial scheme estimate	160
<b>Funded by:</b>	
Set aside Right to Buy receipts	48
Use of new development reserve	112

4.3.7 The estimated cost to develop two, two bedroom flats is £160,000. This will be funded via the Housing Revenue Account capital programme and RTB receipts.

#### 4.4 The Hidden Homes Project

##### 4.4.1 Background

4.4.2 The Council identified last year that a survey and feasibility study was needed to understand what and where there may be the opportunity to use the Council's own land on held within the Housing Revenue Account (HRA) to develop new homes.

4.4.3 The project commenced with an initial commission for a firm of consultants who had undertaken this work for other housing providers, Baily Garner, to look primarily at garage compounds and some parking areas. 49 sites were identified for a high level assessment. Baily Garner specialise in finding space in unusual areas to develop homes on constrained sites in built up areas, hence the term for this work 'hidden homes'. They have produced a survey report which considered whether development was feasible or not and whether it was potentially viable or not.

4.4.4 Next steps - Although most of the sites present various challenges there is enough scope to recommend that this work was taken further in two work streams. Firstly for more detailed feasibility work to be undertaken on the most deliverable areas and secondly for a detailed review to be undertaken on the garages held within the HRA. This second work stream is assessing each of the garage compounds for the demand for garages in the location, the cost to manage and maintain them and the income they generate.

4.4.5 This report and recommendations will be considered by this committee in October 2018 and will form a partner report to the report on the next phase of the 'Hidden Homes' project.

#### 4.4.6 Budget for feasibility work

	£'000
Initial scheme estimate	275
<b>Funded by:</b>	
Set aside Right to Buy receipts	48
Use of new development reserve	112

4.4.7 Members are asked to recommend to Council funding of £275,000 to undertake this next phase.

#### 4.5 Summary programme and funding

	Number of units	Total Budget	2018/19 £	2019/20 £	2020/21 £	2020/21 £
Albion Street	15	2,100,000	583,300	1,400,000	116,700	
Cecil Norris	15	3,300,000	200,000	1,550,000	1,550,000	
North Road Lancing	2	160,000	160,000			
Hidden homes - feasibility work	Not yet known	275,000	275,000		1,000,000	1,000,000
<b>Total development programme</b>		<b>7,835,000</b>	<b>1,218,300</b>	<b>2,950,000</b>	<b>2,666,700</b>	<b>1,000,000</b>
Buy-back allowance (up to 2 units per unit)		1,080,000	270,000	270,000	270,000	270,000
<b>Total expected programme</b>		<b>8,915,000</b>	<b>1,488,300</b>	<b>3,220,000</b>	<b>2,936,700</b>	<b>1,270,000</b>
<b>Financing:</b>						
Set aside RTB receipts (1-4-1)		2,290,700	383,040	772,550	817,560	317,550
Capital receipt from sale of land		1,600,000	408,310	1,110,000	81,690	
New Development Reserve		160,000	160,000			
Homes England Grant		227,000		227,000		
Borrowing		4,637,300	536,950	1,110,450	2,037,450	952,450
		<b>8,915,000</b>	<b>1,488,300</b>	<b>3,220,000</b>	<b>2,936,700</b>	<b>1,270,000</b>

## **4.6 Rent strategy**

- 4.6.1 As members may already be aware the Council is constrained in its ability to set rents and that some funding stream, e.g. Homes England grant funding can be linked to a requirement to charge a specific type of rent e.g affordable rent.
- 4.6.2 There are several terms in connection with 'rent' which can cause confusion as some are used interchangeably, these are explained in more detail in Appendix 1.
- 4.6.3 For all of these proposed developments the Council will need to carefully consider the options, parameters and restrictions in setting rent and as a consequence the type of rent set may vary between schemes, depending upon specific circumstances, (such as funding streams) relating to that scheme.

## **5.0 Financial Implications**

- 5.1 The Council currently has the following revenue budgets within the capital programme:
- 2018/19 £2,141,810
  - 2019/20 £662,000

These budgets are sufficient to fund the development at Albion Street and North Street, as well as funding the feasibility work of the Hidden Homes initiative and the buy-back allowance. Consequently, approval is sought to release these budgets.

- 5.2 However there is not sufficient funding available for the construction costs of Cecil Norris House, so approval is sought to add this to the programme. Overall the programme is expected to generate sufficient income to recoup all of the debt charges incurred in delivering all the schemes taken as a programme, as illustrated in the table below.

	Borrowing required £	Annual interest costs at 3% £	Annual Maintenance costs £	Total additional costs £	Expected annual rental income (5% voids allowance) £	Net loss / surplus in year 1 £
Albion Street	0	0	22,500	22,500	-70,7800	-48,280
Cecil Norris	2,035,000	61,050	22,500	83,550	-81,640	1,910
North Street	0	0	3,000	3,000	-9,440	-6,440
Total revenue impact		61,050	48,000	109,050	161,8600	-52,810

5.3 Each new scheme will need to be financially appraised on an ongoing basis to ensure that any costs arising can be accommodated within the HRA.

5.4 The Council has several resources at its disposal to fund capital investment requirements. These include:

5.4.1 Set aside receipts from the sale of Council Housing (Right to Buy) - There are two types as follows:

- One for One replacement receipts - The Council had £852,000 at the year end and generates approximately £350,000 per year in new receipts. Up to 30% of any new schemes designed to deliver new affordable units can be funded from this source. 6.5% of any proposed purchase of existing units can be also funded from this source.
- Council share of Right to Buy receipts that can be used for any purpose - The Council has £1.4m as at the 31st March 2018 and generates approximately £320,000 per year. These receipts are generally used to support the Housing Maintenance Programme.

5.4.2 Borrowing - The Council has the freedom to borrow to fund capital expenditure provided that such borrowing remains within a statutory limit (the 'debt cap'). The statutory limit is currently £68,912,000 and the underlying level of borrowing is £60,102,700 which means that the Council can currently borrow up to a maximum of £8.8m.

5.4.3 In addition to the borrowing proposed to take forward the development

scheme, the Council will need to borrow to support the Housing Maintenance Programme. Consequently the ability to support the current programme through borrowing is limited as follows:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£	£	£	£	£
Borrowing Headroom	8,809,300	8,272,350	7,161,900	4,778,050	3,314,600
Less: Planned borrowing for new development and acquisition programme	-536,950	-1,110,450	-2,037,450	-952,450	0
Less: Borrowing planned for Housing Improvement Programme	0	0	-346,400	-511,000	-511,000
Headroom remaining	<u>8,272,350</u>	<u>7,161,900</u>	<u>4,778,050</u>	<u>3,314,600</u>	<u>2,803,600</u>

5.4.4 Members are reminded that there is significant need to invest in the current stock to bring it up to modern standards. The condition survey has identified the need to invest around £30m over the next 5 - 7 years to address maintenance issues. Consequently there is the dilemma of which type of investment to prioritise - new development or maintenance of existing stock.

5.4.5 The government has very recently announced a potential increase to the debt cap for Housing Revenue Account authorities for the purpose of delivering additional homes. The Secretary of State announced on the 26th June 2018 details of how to bid for part of the £1 billion additional borrowing programme which is designed to help local authorities build new council homes.

5.4.6 Local authorities in areas of high affordability pressure will be able to bid for increases in their borrowing caps between 2019-20 and 2021-22. In recognition of the affordability pressures in London, the programme is being split equally between London Boroughs and local authorities outside London.

5.4.7 Adur District Council is in a designated area of 'high affordability' and so will be eligible to bid. The Council will be able to bid for additional affordable units, however certain types of projects would be excluded:

- housing at intermediate rent/ Rent to Buy;
- market housing for sale or rent;
- conversions;
- acquisitions;
- housing that will be owned by a Local Housing Company, joint venture or other type of housing vehicle.



5.4.8 The Council must be in a position to deliver the new units within the prescribed time frame 2019 / 22. Local authorities can bid for:

- i) Additional borrowing headroom only;
- ii) Additional borrowing headroom to be used alongside grant funding from Homes England (subject to the requirements in the Shared Ownership and Affordable Homes Programme 2016-21);
- iii) Additional borrowing headroom to be used alongside their own unspent Right to Buy receipts.

5.4.9 Consequently the Council will be able to bid for both Cecil Norris scheme and potentially the Albion Street scheme (thereby preserving the capital receipt from the land sale to support other projects within the programme).

5.4.10 The Council will need to submit a bid by 7th September 2018.

5.4.11 Members are asked to note that borrowing has implications for the Housing Revenue Account. Each £1m borrowed will cost the HRA £30,000 in interest costs (at 3%) which will have to be funded. However, in the case of the new development and acquisition programme, these costs would be potentially funded by the rental payments made by the tenants.

5.4.12 External funding - The Council has successfully sought funding from Homes England towards the delivery of new homes (£227,000) which will, subject to Homes England approval, be used to fund the delivery of the scheme at Cecil Norris House. Further bids will be made for the Hidden Homes initiative and other projects as they come forward.

5.4.13 HRA Reserves - Whilst the HRA does have access to reserves, the use of these is recommended to be kept to a minimum over the next few years whilst the HRA addresses the issue of falling rent yield due to the Government's rent limitation policy. The rents are due to fall by another 1% in 2019/20 adding further to the financial pressures on the HRA. As set out elsewhere on this agenda, the HRA is dependent on the use of reserves for the next 5 years as follows:

	Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2019/20	Forecast 2020/21
	£'000	£'000	£'000	£'000	£'000
Planned use of reserves	734	1,016	714	395	129
Cumulative use of reserves	734	1,750	2,464	2,829	2,958

## 6. Legal Implications

- 6.1 Section 8 Housing Act 1985 places a duty on every local Housing Authority to consider housing conditions in their District/Borough and the needs of the District/Borough with respect to the provision of further housing accommodation.
- 6.2 Section 123 Local Government Act 1972 permits the sale of Council owned land but provides that such a disposal must be for a consideration not less than the best that can be reasonably obtained. Consideration is not limited to the money purchase price but may include other elements in the transaction, provided they have a quantifiable commercial or monetary value.
- 6.3 Section 120 Local Government Act 1972 empowers the Council to acquire land by agreement, for the purposes of any of its functions, or the benefit, improvement or development of the area.

## Background Papers

JSC 8/11/16 New homes for Adur district - Albion Street redevelopment

Additional Housing Revenue Account Borrowing Programme, Housing Revenue Account Borrowing Programme (2019/20, 2020/21, and 2021/22) - Prospectus for local authorities in England outside London (DCLG)

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## **Sustainability & Risk Assessment**

### **1. Economic**

The proposals set out in the report to deliver additional affordable rented homes will mean that residents of the new homes will be able to be work more easily and be economically active.

### **2. Social**

#### **2.1 Social Value**

New affordable housing brings tremendous social value as residents of all incomes can be part of the community. Affordable homes keep families together and bring stability for households to feel settled and belonging to an area.

#### **2.2 Equality Issues**

Affordable housing traditionally helps those with less equal life chances and therefore brings a positive benefit for qualities issues..

#### **2.3 Community Safety Issues (Section 17)**

It is well known that good quality well designed new homes improve community safety being secured by design and developed to reduce the options for antisocial behaviour and crime.

#### **2.4 Human Rights Issues**

New affordable homes help residents to enjoy article 8 'the right to respect for a private and family life, his home and his correspondence'

### **3. Environmental**

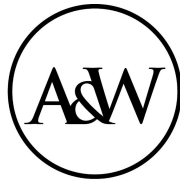
New affordable housing brings benefits to the environment due to its much improved energy efficiency eg modern day specifications for insulation, heating systems, windows and doors.

### **4. Governance**

The proposals in this report help the Council to deliver its commitments in the Housing strategy 2017 - 21 and platforms for our Places.

**Rent descriptions**

- Social rent - usually the most subsidised form of rent which makes it the lowest level rent in an area. Currently the Adur District Council housing stock rents are set at social rent but service charges are collected on top of this 'Limit' rent
- Local Housing Allowance - set by Central Government as the maximum Housing Benefit that can be paid for a type of property/claimant and related to a specific geographical area. The LHA for parts of Adur is the same as that for Brighton and is higher than the rate in the area which is the same as Worthing.
- Affordable rent - 80% of market rent but which must also include charges which would have been collected as a service charge (see social rent). In some cases an affordable rent equals the Local Housing Allowance rate which means it should be accessible to residents on benefits.
- Limit rent - the limit at which Housing benefit subsidy is payable to the Council, whilst the claimant would be eligible for benefit (up to 80% of the Local Housing Allowance), the Housing Revenue Account will not receive benefit subsidy for rent income over this level.



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 14

Key Decision - No

Ward(s) Affected: Adur District wards with Council housing

**Supporting our Residents - Operational Management of Adur Homes**

**Report by the Director for Communities**

**1. Purpose**

- 1.1 This report requests Member approval for the creation of and funding for an Adur District Council Housing Operations Manager to support the day to day delivery of the housing management and maintenance service for tenants and leaseholders and to deliver a service improvement plan.

**2. Recommendations**

- 2.1 The Joint Strategic Committee is asked to approve the creation of the post of Housing Operations Manager and associated annual budget requirement which will be funded from the HRA Revenue Reserve in 2018/19 (£16,490) and 2019/20 (£51,260) .

### **3. Context**

- 3.1 Adur District Council housing service is a multi million pound operation collecting a revenue income of around £13m and spending this same amount on services for tenants and leaseholders. In addition the service commissions some £5m annually on capital projects to improve and maintain the fabric of the housing stock. The service has been through challenging times over recent years both financially and operationally not least of which is the pressure created by the annual 1% rent reduction.
- 3.2 The Head of Service covers both Adur and Worthing Councils' strategic housing functions and for Adur this also includes responsibility for the Council housing stock.
- 3.3 The Council has committed to making housing a priority through both its Housing Strategy and pledges within Platforms for our Places. Adur District Council is firmly committed to supporting investment in; its Council Housing stock, in the development of new homes, the residents who live in its homes and the services provided by the housing teams.
- 3.4 Since appointment in 2017, the Head of Service has undertaken a review of service delivery and there are a number of change programmes underway, for example a large scale project to improve how we engage with our residents and manage our responsive repairs programme. As part of this review the Head of Service, together with the Director and ADC Executive Member have identified a gap in the team, which would make a measurable difference to the service's ability to continue to progress change and implement improvements.

### **4. Issues for consideration**

- 4.1 The Adur District Council housing service requires a dedicated Operational Manager who can concentrate full time on the day to day delivery of the main front line housing management, leasehold and repairs services as well as deliver audit and other action plans.
- 4.2 The post holder will be responsible for the day to day management of the front line teams and the managers of those work streams and service areas. The post holder will support the Head of Housing to deliver ambitious improvement plans.

4.3 Although the financial environment for the Housing Revenue Account is extremely challenging being able to proactively support and deliver change will present an investment in the future of the service. At present the management and leadership resource available is often limited to responding to issues, as opposed to creating and delivering the strategy that our Councils have adopted. It is therefore agreed that this post is essential to the continued progress of the Adur District Council housing service and to allow the Head of Service to be freed up to work on the delivery of more strategic work such as major new policies, housing developments, the delivery of the capital programme and developing joint working relationships with strategic partners.

## 5. Engagement and Communication

5.1 The ADC Executive Member for Customer Services has been fully consulted throughout the development of this proposal.

5.2 The Head of Service, ADC Executive Member and the Director will be meeting with representatives from the Adur Consultative Forum to outline the proposal and to discuss the thinking behind it. At least one tenant representative will be involved in the recruitment to the post.

5.3 The relevant housing services team managers are aware of the proposal.

## 6. Financial Implications

6.1 The budget requirement for the proposed post is £81,260 including on-costs, travel, and associated expenses which can be broken down as follows:

	2018/19 (Part year) £	2019/20 Full year £
Salary cost (Grade 11 post)	45,620	79,760
Travel costs	290	500
Other supplies and stationery	580	1,000
<b>Total cost</b>	<b>46,490</b>	<b>81,260</b>

6.2 Existing staff budgets which are currently surplus to requirements and are proposed to contribute to the funding of the Operational Manager post total £30,000 and include:

- Administration Officer and Systems Support Officer additional hours no longer required - £12,000.
- Cleaning staff budgets (now TUPE'd into cleaning contractor) - £18,000.

Consequently, the net cost to the Council will be £16,490 in 2018/19 and £51,260 in 2019/20 which is not currently budgeted for.

6.3 The HRA has the following reserves as at the 31st March 2018:

	£'000
Housing Account Revenue Reserve	1,939
Business Improvement Reserve	109
New Development and Acquisitions Reserve	1,761
Discretionary Assistance Fund	116
	3,925

6.4 Over the next 5 - 6 years the Council will be reliant on the reserves to support the budget whilst it addresses a further 1% rent reduction in 2019/20 and the legacy of the previous 3 years lost income. Members are reminded that the cumulative impact of 4 years of rent restriction is an overall loss of income to the HRA of £1.9m

	Budget 2016/17	Budget 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21
	£'000	£'000	£'000	£'000	£'000
<b>Impact of 1% reduction for 4 years</b>					
Income with 1% decrease	-12,246	-12,183	-11,992	-11,872	-12,228
Income with inflationary increase (CPI + 1%)	-12,519	-12,845	-13,359	-13,760	-14,172
Income lost due to rental limitation	273	662	1,367	1,888	1,944

6.5 The HRA is expected to make substantial losses over the next few years as a result of the rental income limitation combined with the urgent need to invest in existing property. The 30-year plan identifies the following expected use of reserves:



	Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2019/20	Forecast 2020/21
	£'000	£'000	£'000	£'000	£'000
Planned use of reserves	734	1,016	714	395	129
Cumulative use of reserves	734	1,750	2,464	2,829	2,958

The addition of the post to the establishment will increase the financial pressures upon the HRA, however the benefit of the creation of the post will be to accelerate the transformation programme within Housing and identify future savings to reduce the on-going financial pressures.

## 7. Legal Implications

- 7.1 Section 112 Local Government Act 1972 imposes a duty upon the Council to appoint such Officers as they think necessary for the proper discharge by the Council or another Council of its functions. Such Officers shall hold office on such reasonable terms and conditions, including conditions as to remuneration as the Council appointing them think fit.
- 7.2 Paragraph 2.6.30 of the Scheme of Officer Delegations delegates staffing matters, including recruitment, to the Head of Service responsible for the function.
- 7.3 The Councils operate a Job Evaluation process; this post has been evaluated by a panel as being a grade 11 post on the Council's pay and grading scheme.

### Background Papers

Platforms for our Places

Housing Strategy 2017 - 2021

Housing Revenue Account - Budget 2018/19. Report to the Adur Executive dated 6th February 2018

Adur District Council - Draft Statement of Accounts 2017/18

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## **Sustainability & Risk Assessment**

### **1. Economic**

- Matter considered and no issues identified

### **2. Social**

#### **2.1 Social Value**

- This post will enhance the delivery of services to a group of residents many of whom have less life chances than others

#### **2.2 Equality Issues**

- Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

- Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

- Matter considered and no issues identified.

### **3. Environmental**

- Matter considered and no issues identified.

### **4. Governance**

- This proposal will assist the council with delivery of its Housing Strategy and commitments set out within Platforms for our Places





ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 15

Key Decision No  
Ward(s) Affected: Manor

**Use of s106 Funding to help provide a cover for the outdoor swimming pool at  
Globe School**

**Report by the Director for the Economy**

**Executive Summary**

**1. Purpose**

- 1.1 This report seeks additional funding for the Globe School towards the provision of a cover and improved facilities for its existing outdoor swimming pool.
- 1.2 The Committee had previously agreed to make a contribution of £15,000 in March 2018, however, following an unsuccessful funding bid the school is still short of £30,000 towards the project despite extensive fundraising and support from the local community and other organisations.
- 1.3 The request is to use some of the remaining s106 agreement funding secured from the Brighton and Hove Albion AFC First Team and Training Ground development to improve football and general sport provision in Lancing and across the District.

**2. Recommendations**

- 2.1 The Joint Strategic Committee agrees to the request for a further £30,000 contribution towards the provision of a covered swimming pool

(subject to the school entering into a community use agreement as part of any grant funding agreement); and,

- 2.2 That the decision to enter into the relevant grant funding agreements be delegated to the Head of Planning and Development in consultation with the Adur District Council Executive Member for Regeneration.

### **3. Context**

- 3.1 In 2013 planning permission was granted for Brighton and Hove Albion FC (B&HAFC) to build a new First Team Training and Academy Facility on land originally passed to Adur District Council for use as sports pitches. This land was originally transferred to Adur's ownership in connection the granting of planning permission for an 18 hole golf course on adjoining land. To compensate for the loss of formal open space a s106 agreement was entered into with the Club requiring community use of the new Training Facility and a financial contribution of £1.35 million towards improving sports facilities across the District.
- 3.2 The s106 agreement entered into with the Club provides £700,000 towards the provision of a 3G pitch (Third Generation Artificial Grass Pitch) to include fencing, floodlighting and changing rooms and £650,000 towards the cost of provision/enhancement of other off site leisure facilities in Adur.
- 3.3 A Working Group consisting of the Leader and Executive Members for Regeneration and the Environment was set up following the grant of permission for the training facility to discuss the optimum location of the off-site AGP and to assess other projects to benefit sport and leisure facilities across the District. The Working Group has recommended and JSC has subsequently agreed to a number of awards as set out in the table below.
- 3.4 Planning permission was granted for the pool cover at the Globe School in October 2017. Subsequently the Working Group visited the site and supported the request for a contribution of £15,000 towards the pool cover subject to further details of the level of community use.

- 3.5 At its meeting on the 6th March 2018 the Joint Strategic Committee agreed to the request from the Globe School for £15,000 towards the provision of the cover for its outside pool. It was anticipated that other funding bids would secure the remainder of the the funding still required.
- 3.6 The Joint Strategic Committee, following the recommendations of the Working Group, have agreed to spend the s106 on the following schemes:

	£
Sir Robert Woodard Academy - contribution towards the off-site training facility. Works nearing completion.	700,000
Croshaw Recreation ground changing rooms. Clubhouse built.	25,000
Buckingham Park Pavilion. Match funding proposal with Shoreham Rugby Club - funds still being raised for new Clubhouse.	150,000
Wadurs changing rooms - to secure improvements. The scheme is due to start on site this year.	100,000
Southwick Tennis Courts contribution towards improvements of courts and possible floodlighting. Options still being assessed.	150,000
Southwick Cricket Club - Contribution towards the provision of new cricket nets. Completed.	10,000
Lancing Parish Council for provision of skateboard park. Skateboard Park completed.	100,000
Sir Robert Woodward Academy - contribution towards CCTV 3G facility	5,000
Globe School - contribution towards the provision of a swimming pool cover	15,000
Total funding allocated to date	1,255,000
Unallocated funding	95,000
<b>Total funding received</b>	<b>1,350,000</b>

- 3.7 Following the above awards there is **£95,000** unallocated. This has not been allocated up to now pending confirmation of the final costs of the schemes in progress. However, the overall cost of the 3G facility at Sir Robert Woodard has come in within budget and therefore there is funding available. There are also some doubts about the ability to secure match funding for the new Buckingham Park pavilion.

#### **4.0 Proposals**

- 4.1 Following an unsuccessful funding bid (due to the criteria changing part way through the bidding process) the Leader was alerted to the fact that the project was still short by approximately £30,000 and there was a risk that work would be delayed. As a result, your Officers were requested to review the situation and assess whether additional funding could be made available.
- 4.2 The Committee in March was provided with a draft schedule of community use which highlighted the Heads commitment to maximise the use of the facility to benefit the local community.

#### **5.0 Issues for consideration**

- 5.1 The Working Group has been keen to ensure that a range of projects are supported across the District and that the funding where possible is used as match funding to increase the overall level of investment to support sport and leisure activities. The benefits of promoting physical activity to increase health and wellbeing are well known and so far a wide range of sports activities have benefitted from the funding.
- 5.2 The existing outside pool at the Globe School is under utilised and causes maintenance issues for the School. The proposed cover would be a significant benefit to the children attending the School as well as helping others in the community to learn to swim as well as allowing for community use. An additional award of £30,000 would ensure the delivery of this important project and ensure that the community use envisaged is delivered as indicated.

#### **6.0 Engagement and Communication**

- 6.1 The Globe School has been actively engaging with its parents and the local community to raise funds and it is a good example of a community



led approach which maximises the scope for local fund raising from various sources.

- 6.2 The current funding position is that the School needs a total of £128,489 and it has already raised approximately £90,000 (including the £15,000 previously agreed by JSC) with local fundraising and small grants including from Lancing Parish Council, Sompting Big Local and Tesco Bags for Life. With the Councils further contribution the total required would be reached and the project would be able to start on site.

## **7.0 Financial Implications**

- 7.1 There are no ongoing financial implications for the Council as all ongoing maintenance costs for the projects would fall to the School and Academy.
- 7.2 Prior to any award of funding to Globe School, the Council had £110,000 of S106 receipts which remained unallocated. The revised funding for the pool cover would reduce the remaining total held to £65,000 with a total allocated to Globe School of £45,000.

## **8.0 Legal Implications**

- 8.1 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 8.2 A grant is a gift of funds for specific purposes. The use of the s.106 monies as proposed in this report is not prohibited by any pre-existing legislation and is in accordance with the provisions of the s.106 Agreement entered into with the Club.
- 8.3 The Council may approve an award of grant funding for specific purposes as recommended in this report, although the Council must ensure that the provisions of the grant funding agreement do not create a public contract as defined by the Public Contract Regulations 2015 by requiring any works or services in exchange of the funding for the benefit of the Council.
- 8.4 The Council must ensure that the arrangement with the grant recipients does not offend the rules against state aid, which prohibit public bodies from favouring certain undertakings and distorting competition and ought

to reasonably enquire into any previous aid received by the intended grant recipients and assess each recipients previous grand aid on an individual basis.

### **Background Papers**

S106 Agreement signed with Brighton and Hove Albion FC (AWDM/0205/12).  
Planning permission for covered swimming pool at The Globe School, Lancing (AWDM/1204/17).

Adur and Worthing Open Space, Sport and Recreation Study (2014)

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## Sustainability & Risk Assessment

### 1. Economic

- 2.1 The financial contribution together with other local fundraising will provide investment into school facilities and help generate funds to maintain the pool in the future.

### 2. Social

- 2.1 **Social Value** - the provision of improved leisure facilities will enhance educational provision, help develop new skills and promote healthy living.
- 2.2 **Equality Issues** - These have been taken into account by the school and the proposal would include facilities to enable access by all.
- 2.3 **Community Safety Issues (Section 17)** - the proposed has been designed to take into account crime issues and the school has ensured that public access to the school grounds are restricted.
- 2.4 **Human Rights Issues** - any impacts on human rights for those living near the pool were covered through the planning process.proposed

### 3. Environmental

- 3.1 The covering of the pool would reduce the costs of maintaining the facility and help to retain heat

### 4. Governance

- 4.1 There are no Governance issues with the proposed funding requests.





ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 16

Key Decision : Yes

Ward(s) Affected: Offington

**Durrington Cemetery - Extending Capacity**

**Report by the Director for Communities**

**Executive Summary**

**1. Purpose**

- 1.1. Adur and Worthing Councils have always sought to provide excellent services and facilities to our communities and families who experienced bereavement. This report seeks approval for additional funds in order to continue to provide those services in Worthing by proceeding with the planned Durrington Cemetery burial area extension.
- 1.2. The report will outline the significant progress that has been made, since previous reports to Joint Strategic Committee in December 2014 and December 2015 and supports the assessment of the need to provide this extension in order to allow new burials to continue to take place in Worthing.
- 1.3. Finally the report will also outline the proposed solution to be put into place to complete the delivery of the scheme.

## 2. Recommendations

- 2.1. The Joint Strategic Committee approve that the extension area lay out, is completed fully in one phase, rather than the original plan of a phased approach.
- 2.2. The Joint Strategic Committee **recommends** to Worthing Borough Council to approve additional funds of £640,000, to be funded from additional Prudential Borrowing.
- 2.3. The Joint Strategic Committee delegates to the Director of Communities, in consultation with the Worthing Borough Council Executive Member for Digital and the Environment, the authority to approve the final procurement and award of contract up to a value of £850,000 to be allocated from the capital programme to ensure the restrictive timescales can be realised.

## 3. Background

- 3.1 Durrington Cemetery has provided burial space and a valuable option to the communities of Worthing since 1927. However, due to the limited amount of space remaining, which is likely to be utilised within 6-9 months if burial rates remain static, there is now a pressing need to proceed with the planned provision of a new burial extension area to Durrington Cemetery.
- 3.2 The extension to Durrington is the last available identified space in Worthing Borough, that has the capacity to provide interment space for an estimated 30-35 years, based on current burial rates. That is, unless the government introduce legislation to reuse graves, presently only in place for London. (London Local Authorities Act 2007, section 74).
- 3.3 Since the opening of Worthing Crematorium in 1968, the number of burials taking place in Worthing has declined, mirroring national trends. Latest national figures (2014) indicate that approximately 25% of the population elect for burial<sup>1</sup>. By comparison, in Adur & Worthing the demand for burials is lower. In 2017 only 6% (212) were burials and 94% (3626) for cremation.

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<sup>1</sup> <http://www.srgw.info/CremSoc4/Stats/National/2014/StatsNat.html>

It is worth noting the Worthing Crematorium is the UK's third busiest crematorium.

- 3.4 Despite the increase in demand for cremation, some individuals and communities still prefer burial and the Institute of Cemetery and Crematorium Management (ICCM) believe there is an increasing need to provide an emphasis on burial provision. This includes offering more diversity in the choice of graves, including green or natural forms of burial and, more generally a need to widen memorial choice.
- 3.5 In accordance with The ICCM Management Charter for the Bereaved<sup>2</sup>, Durrington Cemetery offers a wide selection of burial options including; communal cremated remains interment plots in the Garden of Remembrance (now closed to new interments), traditional graves, lawn graves, Muslim graves, private cremated remains interment plots and children's graves
- 3.6 The council recognises that some faiths have certain regulations set down as to body disposal, for example, cremation is not permitted in the Muslim faith and burial must take place without delay, usually within 24 hours. Therefore, it is imperative that burial provision is available for those within our communities who have specific needs and who wish to have this choice available to them.
- 3.7 The council has been progressing this project since 2013 when an initial capital bid was approved by members. A detailed outline of all of the elements of the complex project delivery since then is set out in [Appendix A](#).
- 3.8 In summary, given the nature of the project, one of the key features of taking this forward has been to undertake comprehensive and detailed environmental and ground-water impact assessments in addition to ground-water monitoring over an extended period.
- 3.9 A Tier 1 & 2 ground-water risk assessment was completed in July 2014, (following the required 12 months of ground-water monitoring) and categorised the site as 'High Risk' in accordance with guidance produced by the Environment Agency (EA) in their "R&D Technical Report P223 (Pollution Potential of Cemeteries)" and booklet "Assessing the Groundwater Pollution Potential of Cemetery Developments". This led to a further Tier 3 groundwater risk assessment, which was completed in June 2015. The findings of this assessment required that the laying out of burials must be in

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<sup>2</sup> [http://www.iccm-uk.com/iccm/library/ReferenceCharterReviewFinal2014\(1\).doc](http://www.iccm-uk.com/iccm/library/ReferenceCharterReviewFinal2014(1).doc)

an interspersed pattern as opposed to a simple sequential manner, which is the usual/current practices. This requirement is in place to ensure that the risks of contamination into groundwater from burials is reduced to an acceptable level.

- 3.10 The team has worked extensively with both the Environment Agency and Southern Water, which will continue throughout the lifetime of this project. In addition the team has undertaken significant ecological evaluations and worked closely with the Sussex Wildlife Trust as outlined in Appendix A.
- 3.11 As a consequence of completing all of this work satisfactorily, a planning application to move to using the site for burials was approved in May 2018 subject to imposed conditions.

#### **4.0 Issues for consideration**

##### **4.1 Need to complete extension area in one phase**

- 4.2 The original plan, put forward in 2014/15 was to deliver the Cemetery extension in a phased approach over a number of years, commencing further phases and completing the scheme, only when the available burial space was nearing full capacity. Given the EA condition, included in the planning permission granted in May 2018 to form the whole extension area at one time to accommodate the interspersed burial pattern, this plan has had to be revised.
- 4.3 The revised proposal to deliver the project in one phase will result in the Council being able to continue offering new burials in Durrington Cemetery, as well as satisfying the requirements of the EA.
- 4.4 The possibility of the adjacent A27 being widened and utilising a section of this area of the Cemetery to improve traffic flow, has been taken into account, and the proposed scheme doesn't include the area which may be affected.
- 4.5 Not delivering the extension in one phase will mean that the council cannot meet the requirements set by the EA to use an interspersed burial pattern and the next stage of the project will not be able to commence. The result will be that Worthing Borough Council will not be able to offer traditional burials cease in Durrington Cemetery once the current space is utilised. It is estimated that 6-9 months current capacity at the cemetery will be exhausted.



#### **4.5 Refurbishing the Council depot facility as part of the project**

4.6 The existing Cemetery compound area and welfare facilities are also in need of refurbishment to service the remaining 30 years life expectancy of the Cemetery, when laying out the full scheme to accommodate the necessary plant and tools security containers, office and welfare unit and burial materials storage areas required.

#### **4.7 Future groundwater monitoring**

4.8 The groundwater will be continuously monitored throughout the remaining time that the cemetery is used for burials and will be reported to the EA and SW in line with the planning application conditions. If the monitoring indicates an adverse effect on the groundwater, either the EA or SW may instruct the Council to cease full burials.

4.9 Should a cessation notice be issued by either party, the Council would be unable to continue to offer full burials in the current traditional format. The Council would then need to consider alternative more expensive new burial options such as the creation of a fully encased interring system i.e. installation of preformed concrete chambers into a section of the cemetery extension to help prevent impacting on the groundwater quality.

#### **5.0 Engagement and Communication**

5.1 The council has been working closely with key stakeholders including the Environment Agency, Southern Water and Sussex Wildlife Trust throughout the initial phase of the work to address the concerns raised, amending plans appropriately, in order to reach a stage where the proposed scheme has been granted planning permission.

5.2 There has been the opportunity for public consultation through the planning portal when the planning application was submitted, with no noticeable adverse comments received.

5.3 The council must be mindful to balance the needs of the bereaved in our communities, the needs of the wildlife and be realistic about what can be achieved in terms of ongoing cost of the maintenance and management for the site within council's budget. Consultation with elected members and

bereaved members of our community will be important in helping to shape the best route forward.

- 5.4 The bereaved who are existing users of our site have strong feelings about how the site is managed, grave owners hold the rights over where their loved ones are laid to rest for a significant number of years.
- 5.5 The local Findon Valley Residents' Association are presently exploring whether there is enough interest in starting a Friends of Durrington Cemetery Group, with the support of our partners, The Conservation Volunteers. The first meeting will be held on 23 June 2018, the Bereavement Services Manager will attend this meeting to confirm council supports the establishment of this group.
- 5.6 A communication plan will be developed with our Communications team to ensure the widest reach of appropriate stakeholders are reached. This will incorporate posters being displayed at the cemetery, targeted use of media and social media to elicit feedback.
- 5.7 An Equalities Impact Assessment will be completed to ensure the needs for protected equalities groups are met.

## 6.0 Financial Implications

### 6.1 Budget Summary:

Initial Budget for scheme assessment:	£10,000
Virement from the Environment Contingency:	£2,300
Virement approved by the Executive Member:	£37,000
Capital Bid Phase 1 Extension Works:	£300,000
Budget c/f from 2014/15 underspends for land purchase	£20,000
<b>Total Budget:</b>	<b>£369,300</b>
Spend to Date:	£107,124
<b>Budget c/f to 2018/19:</b>	<b>£262,176</b>

- 6.2 The need to extend Durrington Cemetery was recognised in 2012/13 and a budget of £10,000 for the initial assessment of the works and costs was included in the Capital Investment Programme. Due to the complexity of the scheme the budget needed to be increased to fund additional assessment costs.

- 6.3 The works which have had to be undertaken prior to the extension works include:
- i) Consultants to provide initial concept, design and feasibility
  - ii) Groundwater monitoring
  - iii) Ecological, botanical, invertebrate and tree surveys
  - iv) Installation of off-site water monitoring well
  - v) Planning Application Costs.
- 6.4 A capital bid was submitted in 2014/15 for:
- i) 2015/16 Phase 1 extension works £300,000 to provide additional burial space for the next 30-35 years 2015/16.
  - ii) Year 4 (Reserve List) Phase 2 completion of a road network and associated landscaping works £200,000.
- 6.5 The budget for Phase 1 £300,000 was included in the 2015/16 Capital Investment Programme and the budget for Phase 2 £200,000 was added to the Reserve List. In order to meet planning requirements which included the outcomes from the ground water and ecological surveys the full scheme now needs to be constructed at one time. In addition the costs included in the capital bid were estimated in 2014/15 and construction costs have increased year on year by approximately 6% per annum.
- 6.6 The revised construction costs for the delivery of the complete extension in a single phase, including site compound and welfare remodelling is £800,000 plus £27,000 for landscaping and planting. In addition there will be consultants costs for the final design of the scheme and engineers professional fees estimated at £75,500, a shortfall of £640,320.

Remaining Current Budget:	£262,180
Estimated Construction Costs:	£800,000
Estimated landscaping and planting costs:	£27,000
Estimated Consultancy and Engineers Fees:	£75,500
<b>Shortfall in Funding:</b>	<b>£640,320</b>

- 6.7 The additional funding cannot be funded from resources currently in the Capital Investment Programme and will need to be funded from additional Prudential Borrowing. The additional funding will enable the scheme and its infrastructure to be completed in one phase. It will enable the creation of the additional need to provide habitats on the margins of the plot for the local

wildlife species displaced during the construction works ,refurbish and remodel the Cemetery depot facility which was due to take place in a later phase and to also take into account the increased rise in construction costs since the project was first launched.

- 6.8 The additional annual cost of the borrowing is expected to be £32,000 per year based on a 50 year life and a 3% interest rate. This can be accommodated within the Treasury Management budget in 2018/19, although it will add to the cost pressures from 2019/20 onwards. The outline forecast for 2019/20 - 2022/23 has been adjusted for this additional item which can be found in the budget strategy report elsewhere on the agenda.

## **7.0 Legal Implications**

- 7.1 Local Authority duties and powers relating to burials are governed by the Local Government Act 1972 and the Local Authorities' Cemeteries Order 1977 as amended.
- 7.2 In tendering for the work a procurement process must be undertaken which accords with Public Contracts Regulations 2015 and other procurement legislation and the Council's internal Contract Standing Orders.
- 7.3 The Council's Contract Standing Orders provide that the award of contracts over £100,000, following a procurement process, must be approved by the Executive or an Executive Member. A specific delegation is therefore sought in this case, to avoid delay when awarding the contract, and enable the Director for Communities, in consultation with the relevant Executive Member, to deal with the procurement and to award the contract.

## **Background Papers**

- [Joint Strategic Committee Report - 02/12/2014](#)
- [Joint Strategic Committee Report - 24/11/2015](#)
- [Joint Strategic Committee Report - 06/12/2016](#)
- [Joint Strategic Committee Report - 05/12/2017](#)
- [ICCM Charter for the Bereaved](#)

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## Sustainability & Risk Assessment

- Throughout this process officers have assessed risk and sustainability concerns.
- The project has already commissioned a number of different ecological, environmental, habitat surveys and tree assessments for the site to assess its suitability. The revised cemetery extension plans have been amended to reflect this.
- A groundwater risk assessment has been carried out and mitigating actions have been implemented.

### 1. Economic

- The Durrington Cemetery Extension is mentioned in planned provision in the Infrastructure Delivery Plan. Increasing housing and a resulting increase in the population coupled with an existing aging population, may increase demand and reduce the level or remaining capacity as a faster rate.

### 2. Social

#### 2.1 Social Value

- The cemetery extension provides a valuable resource for the community, by providing choice to bereaved communities in how the remains of their loved ones are laid to rest.
- The cemetery is located in a beautiful location at the edge of the South Downs National Park
- It provides burial provision to local people, which means if they want their loved ones laid to rest near to them, they are able to do this.
- The ecology site visits have shown that the area supports and sustains a number of insects and reptiles and is a rich, green space for the local community to use.

#### 2.2 Equality Issues

- Accessibility issues as the site is sloped
- Demand for tailored bereavement services related to burials from different equalities groups
- EIA to be completed asap

#### 2.3 Community Safety Issues (Section 17)

- The councils have in place Rules and Regulations for all Adur & Worthing Cemeteries and Churchyards<sup>3</sup>.
- It is an offence under the Local Authorities Cemeteries Order 1977 for the following actions:
  - Wilfully create any disturbance in a cemetery

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<sup>3</sup> <https://www.adur-worthing.gov.uk/media/media,102277,en.pdf>

- Commit any nuisance in a cemetery
- Wilfully interfere with any burial taking place in a cemetery
- Wilfully interfere with any grave or vault, or any tombstone or other memorial, or any flowers or plants on any such matter; or
- Play at any game or sport in a cemetery
- No person not being an officer or servant of the burial authority or another person so authorised by or on behalf of the burial authority shall enter or remain in a cemetery at any hour when it is closed to the public
- Any person contravening any of the above offences shall be liable on summary conviction or a fine not exceeding £100 and in the case of a continuing offence to a fine not exceeding £10 for each day during which the offence continues after conviction thereof.

#### **2.4 Human Rights Issues**

- Matter considered and no issues identified.

#### **3. Environmental**

- An ecological and management plan was produced by a contractor. The findings are covered in the background/context section of this report.

#### **4. Governance**

- Contributes to our two of the five Platforms for our Places two and three
- Our social Economies - Working with and enabling our communities to take innovative action, while still providing a safety net for individuals when required.
- Stewarding our Natural Resources - Managing our natural resources and developing a shared sense of custodianship of our unique environment

The chronology of this project from its conception in 2013 until present

<p>March 2013</p>	<p>Consultants were commissioned to carry out initial concept designs and feasibility for extending the Cemetery. This report highlighted the necessity for a groundwater assessment and the issues with regards to the local groundwater Source Protection Zones (SPZ).</p> <p>Environmental impact assessments for the extension area followed on from the initial concept design to evaluate and provide mitigation measures to avoid or reduce any negative impacts of the cemetery extension on the environment. These include the groundwater monitoring, ecological and tree surveys covered in the following paragraphs.</p>
<p>July 2014</p>	<p>A Tier 1 &amp; 2 groundwater risk assessment was completed, following the required 12 months of groundwater monitoring. The report categorised the site as 'High Risk' in accordance with guidance produce by the Environment Agency (EA) in their "R&amp;D Technical Report P223 (Pollution Potential of Cemeteries)" and booklet "Assessing the Groundwater Pollution Potential of Cemetery Developments".</p>
<p>July 2015</p>	<p>This required a Tier 3 groundwater risk assessment to be carried out and third was completed, following on from the findings of the Tier 1&amp;2 assessments. The reports findings required the laying out of burials to be in an interspersed pattern rather than a simple sequential manner, as current burial practices, to ensure risks of contamination from burials are reduced to an acceptable level.</p>
<p>March 2016</p>	<p>A revised risk assessment based on discussions with the Environment Agency (EA) was completed and presented at a meeting with the EA in the same month.</p>
<p>October 2016</p>	<p>An off-site monitoring well was installed on Council owned land to the southeast of Offington roundabout. The sentinel</p>



	<p>well will provide data for comparison with the on-site monitoring wells for future monitoring.</p> <p>The EA carried out discussions with Southern Water on behalf of the Council during the assessment and reporting period. Both will require continuous groundwater monitoring as a planning application condition throughout the life of the Cemetery extension to obtain their agreement. If nitrate levels in the groundwater are affected by the Cemetery then traditional burials would have to cease on site and an alternative contained burial method considered.</p>
November 2016	A tree survey was carried out and report received in relation to the proposed extension area for inclusion in the planning application.
December 2016	An Ecological consultant was commissioned to undertake a desk study, extended Phase 1 habitat survey, ground level tree assessments for bats, badgers and reptile survey and to provide a report detailing any ecological constraints on the proposed extension area. The report recommended further ecological surveys to determine and assess the current state of the present habitat and its ecological value as the main extension area is classified as Offington Cemetery Local Wildlife Site (LWS).
Sept 2016 to Sept 2017	<p>Further ecological botanical and invertebrate surveys were carried out. The completed report recorded the grassland and woodland to be of limited conservation value and unsupportive of important invertebrate assemblage compared to the existing Cemetery. However, an exceptional population of slow worms, a low population of grass snakes and stag beetle, badger setts, habitats for breeding birds and potential habitats for hedgehogs and roosting bats were recorded.</p> <p>To mitigate against the effects of the extension on the LWS, a number of amendments have been made to the original concept design. An area of the extension site to the east and south has been left to colonise as grassland to sustain the slow worm, grass snake and stag beetle populations.</p>

	<p>Consultation with Sussex Wildlife was undertaken during the consideration of the mitigation measures due to the effect on the LWS and to agree a suitable Ecological Mitigation and Management Plan for the Cemetery extension both during the construction phase and the Cemeteries future.</p> <p>Works to clear trees and scrub land and install ecological protection fencing have been carried out in the short term to ensure that any ecological works are carried out at the correct time prior to the construction phase.</p>
May 2018	<p>A planning application for the Cemetery extension has been submitted and approved, subject to the imposed conditions.</p>



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 July 2018  
Agenda Item 17

Key Decision [Yes/~~No~~]

Ward(s) Affected: All

**Worthing Theatres & Museum Strategic Future Options**

**Report by the Director for the Economy**

**Executive Summary**

**1) Purpose**

1.1 The purpose of this report is to provide members of the Committee with the opportunity to consider options for the future direction for Worthing Theatres and Museum; and to identify a way forward that will seek to ensure that culture continues to develop and thrive in Worthing for the benefit of our communities and the local economy.

**2) Recommendations**

2.1 That members of Joint Strategic Committee agree:

- To approve a procurement exercise for the operation of the theatres and museum;
- To agree to an in-house bid from the Culture team;
- To release funding of £100,000 from the Capacity Issues Fund for the preliminary costs associated with the project;
- Following the procurement exercise, to received a further report outlining next steps.

### 3) Context

#### 3a) The wider importance of culture

3.1 A strong cultural offer plays a vital role in successful places and place making<sup>1</sup>. Cultural activity represents an increasingly important sector of the national economy and offers significant wider benefits to local economies:

- ❖ Acting as an attractor for visitors and businesses;
- ❖ Revitalising localities;
- ❖ Improving health & wellbeing and;
- ❖ Encouraging volunteering and civic participation

3.2 The Government's Culture White Paper<sup>2</sup> highlights the intrinsic value of culture that creates inspiration, enriches lives and improves our outlook. Exposure to culture has a positive impact on personal well-being and engaging in cultural activities has been shown to significantly improve people's satisfaction with their lives<sup>3</sup>.

3.3 Culture has strong social benefits and there is evidence that cultural participation can contribute to both social cohesion and community safety. Research has also established that there are benefits to both physical and mental health leading to improved clinical outcomes and reductions in the amount of time spent in hospital<sup>4</sup>. Those who attended a cultural place or event were 60% more likely to report good health, and theatre goers were 25% more likely than average to report being in good health<sup>5</sup>.

3.4 Numerous studies identify the link between cultural participation and higher educational attainment. A 2013 study (Bennett and Parameshwaran) found that school students attending or participating directly in arts and cultural activities were more than twice as likely to volunteer and subsequently, 20% more likely to vote.

3.5 In economic terms, the impact of culture cannot be underestimated. Cultural organisations and practitioners contributed £27bn to the UK economy in 2015; a 15% increase on the previous year (Economic Estimates of DCMS Sectors,

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<sup>1</sup> *Blue Sail - Worthing Theatres High Level Cultural Economic & Social Impact Study, February 2018*

<sup>2</sup> *The Culture White Paper, DCMS 2016*

<sup>3</sup> *Quantifying and Valuing the Well-being Impacts of Sport and Culture, April 2014*

<sup>4</sup> *Review of the Social Impacts of Culture and Sport, March 2015*

<sup>5</sup> *The Contribution of Arts and Culture to the National Economy, July 2015*

August 2016). Arts and culture are a very strong draw for international visitors, attracting at least £856m of tourist spending<sup>6</sup>.

- 3.6 The number of people employed in the cultural and creative sectors has been steadily rising and is now over 642,000 (2015 figure); 17.8% higher than in 2011 (*Economic Estimates of DCMS Sectors, July 2017*). The arts and culture industry pays nearly 5% above the median UK average salary, thereby making a positive contribution to household earnings<sup>5</sup>.

### **3b) The significance of culture to Worthing**

- 3.7 In line with the national picture, the significance of culture to Worthing's future prosperity is widely recognised. The recently adopted Adur & Worthing Economic Strategy highlights culture as part of our identity, our sense of place and the quality of life of our residents (*Adur and Worthing Economic Strategy, 2018-2023*). Similarly, the Cultural Strategy (*Adur & Worthing Cultural Strategy, A Commitment to Culture*) recognises that culture is widely understood to be, 'much more than a "visitor offer"; it is about connections, self-expression, relationships and world-view'.

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*"the demographics of Worthing are changing with younger people choosing to live in the town therefore its cultural offer also needs to change. The transformation of Worthing Museum and Art Gallery along with growing reputation of the productions delivered by Worthing's Theatres really will support the reputation that Worthing is a great place to live, work and invest"*

*Geoff Edwards, MD: Bowers & Wilkins and Chairman of the Coastal West Sussex Partnership*

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- 3.8 A recently updated economic and social impact study has examined these wider benefits and attempted to quantify their contribution to Worthing:
- ❖ Worthing Theatres supports 129 full-time equivalent jobs in the local Worthing economy and this might rise to 162 jobs once a multiplier is adopted.
  - ❖ The total direct impact on the economy is estimated to be £6m, based on the spend of customers, local purchasing and staff and this could rise to £9.6m once a local multiplier (1.6) is applied.
  - ❖ The economic impact (£6m) provides a return on the council's investment of almost 7.5 : 1

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<sup>6</sup> *The Contribution of Arts and Culture to the National Economy, July 2015*

<sup>5</sup> *Economic Estimates of DCMS Sectors, August 2016*

- ❖ Worthing Theatres are a clear catalyst for additional spending in other parts of the economy with around £3.1m of spending in restaurants, shops, hospitality, travel by theatre-goers who visit Worthing from outside the Borough.
- ❖ 53% of visitors attending Worthing Theatres live in Worthing and Adur. Not only do Worthing Theatres provide an important social and community function, their existence means that cultural spending is retained in the local area instead of being lost to neighbouring areas.

### **3c) The platform opportunity and recent service transformation**

- 3.9 Our Platform commitments are designed to develop our role as civic entrepreneurs to identify strengths, need and resources across our places, creating conversations that support the co-development of long term practical solutions. It is in this spirit that the Council's Platform commitments highlight the opportunity to develop the Worthing cultural offer; to continue to grow our national and regional reputation and audience base and lever in additional investment of money, networks and talent across the national and international fields.
- 3.10 Genuine civic entrepreneurship demands that we work with community partners to find the right solutions. This will involve taking a clear view of the outcomes that best serve local communities and where it is appropriate, creating wealth generating propositions for the long term benefits of our places. The Platforms based approach will often take us into new areas and will involve risks as well as opportunities.
- 3.11 The opportunity to consider an alternative model for cultural services is born out of the spectacular transformation of recent years that has significantly enhanced Worthing's reputation as a cultural destination.

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*“The town of Worthing is going through a renaissance after decades of dipping cultural activity in which its four venues were more likely to be dark in the summer months than not.... Worthing had been dismissed as God’s waiting room but this summer young people are flocking to its theatres for an artform the seaside resort is making its own, as well as a year round diverse programme.”*

*Simon Tait, former arts editor for The Times, June 2017*

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- 3.12 The cultural offer in Worthing has been transformed in recent years through high quality, innovative programming, the introduction of new acts and genres;

and investment in our venues. Audiences have grown considerably and remained remarkably loyal, attending events in Worthing an average of 4 times a year; compared with a national average of nearer 2 visits. Culture is one of the elements that encourages people to visit Worthing and come and settle here. The children's offer in particular is widely regarded as important to our younger families.

3.13 Over the period 2013/14 to 2016/17:

- ❖ Theatre Ticket sales increased by 26% and revenues increased by 34%
- ❖ Family theatre revenue increased by 77% and pantomime by 42%
- ❖ Film revenue increased by 65% and live screening by 12%
- ❖ The direct costs managed by Worthing Theatres have been driven down from £837,000 to £423,000

3.14 The introduction of Summer of Circus has drawn national and even international praise for Worthing and successive Pantomime ticket sales have broken all previous box office records.

3.15 As a result this transformation and some prudent management, financial performance has improved considerably over recent years. In 2013/14 an end of year overspend of £484k was reported; whereas by year end 2016/17 effective management of costs and significant increases in income has seen this deficit reduced to £25,000. In 2017/ 18 culture has more than achieved its budget with an underspend of 32k.

3.16 The service has ambitious plans and members of the Committee will recall at their September 2017 meeting authorising funding to support a project to modernise the Museum and Art Gallery. 'Let the Light In' will dramatically raise the profile of Worthing as a home for the nationally significant costume collection; will include a Costume Research Lab that will be regularly used by Worthing MET and Brighton University students as well as TV, Film and Theatres researchers from across the UK; and allow many more of the town's works of art to be displayed.

3.17 To summarise, culture has played an important part in the historic development of our town and its communities and has a vital role to play in our future. This significance of culture to Worthing and the innovations and achievements of recent years provide a sound platform for considering the

strategy from here - how best to develop the cultural offer of the town so that it continues to thrive for the benefit of our local communities and businesses.

#### **4) Options for consideration**

4.1 Currently the Council provides the core budget to support cultural services and is responsible for the upkeep of the 4 major venues (Connaught, Pavilion, Assembly Hall and Museum & Art Gallery) as well as the supplies and services. There are limitations on the Council's ability to raise funds and competing financial priorities in other areas of council activity.

4.2 A series of options have been considered drawing on the experience of others and industry expertise. These options fall into 4 broad categories:

- ❖ Maintaining the status quo (i.e. retain all venues and their operation within a Directorate of Worthing Borough Council)
- ❖ Mothballing all or some of the venues (i.e. close some or all of the venues)
- ❖ Leasing the venues to a third party (i.e. seek an alternative provider to run the venues)
- ❖ Leasing all or some of the venues into an independent trust or similar body (i.e. transfer venues to an independent body).

##### **4.2.1 Maintaining the status quo**

The Council has an excellent team of staff who are building a national reputation and following a clear and ambitious vision. During the 2016/17 financial year the Council successfully secured a Cultural Exemption on VAT for some performances and this helped to improve financial performance.

Nevertheless, being part of the Council infrastructure imposes a number of limitations and as with all non-statutory activities, there is no guarantee that funding will continue to be available in the future.

Consultation with the Arts Council has established that an independent cultural body for Worthing would have a strong case for becoming a 'National Portfolio Organisation' (NPO) mindful of the size and significance of culture to both the Town and the wider sub-regional economy. NPO status infers regular and consistent funding via the Arts Council and is not an option that is available to a service retained by the Council. Research into the experience of other independent bodies such as Chichester Festival Trust demonstrates that



NPO status was a major consideration in the decision to become an independent body.

#### 4.2.2 **Mothballing all or some of the venues with consideration for future development**

Worthing's venues provide a variety of spaces to support a wide range of cultural activity in the town. They are historic buildings and require careful maintenance and repair; and over the longer term will demand a level of investment that it is likely to be difficult to sustain from public finances alone. The option of mothballing one or more of the venues has been explored and would remove a series of costs associated with the provision of up to date facilities suitable and safe for performers and audiences alike.

Mothballing one or more of our venues could however, limit the opportunities for a wide range of cultural events in Worthing, potentially eroding the town's growing reputation for excellence as a cultural destination. The venues also play an important role as part of our civic culture and wider identity: they are much loved by local residents for their architecture, design and historic interest - they set Worthing apart from other towns.

Analysis of this option demonstrated that mothballing would incur significant costs which would negate the financial benefits principally due to the level of income that each venue generates which in most cases is more than sufficient to recover the cost of running the venues and events that take place within them.

Overall financially there would be a substantial additional cost associated with mothballing each venue:

	Budget 2017/18	Estimated 2017/18 costs	Potential growth / saving (-) if mothballed
	If Open	If mothballed	
	£	£	£
Assembly Hall	22,740	195,998	173,258
Connaught Theatre	-176,620	305,723	482,343
Connaught Studio	-32,370	29,233	61,603
Pavilion Theatre	-65,550	409,145	474,695

#### **4.2.3 Selling or Leasing the venues to a third party**

The benefits of sale or lease of one or more of the current venues include the platform of securing a revenue stream or capital receipt for the Council. Another provider could stimulate competition and promote an increasingly vibrant cultural offer. However, realism is required on the cost of maintaining the assets.

Accordingly, an assessment of the market and discussion with other providers has indicated that there would be little appetite amongst established operators for leasing all of the current venues. This exercise did establish however, that there might be potential to secure a complementary operator on a long lease for the Assembly Hall. Accordingly, a marketing exercise was carried out seeking expressions of interest although this generated a very limited response and no firm offers.

#### **4.2.4 Leasing all or some of the venues to an independent trust or similar body**

The proposal to seek a partner to provide cultural services from the Councils facilities is likely to be classed as a 'contract for services', and as such will require an EU procurement process albeit a light touch process due to the cultural nature of the services to be delivered. This process will take approximately 6-9 months to conclude.

A commercial process will have the advantage of addressing State Aid considerations as we will be undertaking a procurement process and negotiating commercial terms with the successful tenderer. We will not be favouring any organisation as the terms will be similar, if not identical, for all prospective operators.

Within the tender documentation it will be clear that the Council will require a locally based operator who will reinvest back into the local community.

#### **Supporting an in-house bid - options for a viable delivery vehicle**

Given the quality of the in-house operation, the Council should support a bid from the in-house team. However, if successful consideration must be made about the most viable model for service delivery.

Whilst there are several potential vehicles that could be created by WBC to manage the cultural assets. The most common in the UK is a company limited by guarantee (not shares) incorporated with charitable objectives and registered with the Charity Commission. The trust would also create a 100% owned trading subsidiary to enable the commercial trading of the cafe and hiring of the venues.

A bespoke “Worthing” cultural Trust offers the prospect of a single focus on delivering a cultural offer for the town. Operating in a commercial environment a Trust would have greater freedom to generate new income streams and to drive new relationships with its audience base, funding bodies and commercial sponsors. Similar Trusts follow the model of establishing a 100% owned subsidiary Trading Company, the profits of which are recycled back into the Charity’s operations.

In a commercial environment, a trust would have full responsibility for managing its support costs; and whilst the ‘comfort’ of a being part of the Council’s wider budgeting would be removed, so would a number of the fixed overhead costs (and financial risks to the Council). In line with 3.19 (above) a Trust has genuine potential to secure National Portfolio Organisation status from the Arts Council and this would make a significant contribution to help ensuring financial stability.

A Trust would benefit from access to Gift Aid and a significant reduction in business rates were it to take the usual form of a Charitable Company limited by guarantee and fiscal incentives would offer greater potential to secure corporate sponsorship.

The transfer of WBC Cultural Services from the Council to a Trust is not without challenges and whilst some capital expenditure on the maintenance and repair of buildings would be transferred, as freeholder the Council would retain overall responsibility for the structure of buildings. An analysis of the position in relation to VAT indicates no improvement on the cultural exemption that the Council currently benefits from and some VAT payments would increase over the short term. Lessons learnt from other similar transfers indicate that pension fund liabilities are, initially, costly and need to be managed carefully.

- 4.3 Careful consideration of each of the options has led to the conclusion that the option of leasing all or some of the venues to an independent trust or similar body would present a viable option. A trust or similar entity with the freedom

to develop its cultural brand and commercial base has the potential to play a leading role in Worthing’s future economic success.

**5) Engagement and Communication**

5.1 It is crucial to the success of transitioning our Cultural Services to Trust status that the relationship with key stakeholders is maintained. The stakeholders will be mapped and regional cultural partners, local cultural groups and funders will all be consulted.

5.2 The Arts Council has expressed enthusiasm for our cultural offer and support for an independent Trust on the basis that:

- There is certainty of long term funding from the Council and that any potential Trust operates at arm's length from the Council
- The transition to the new operator should not adversely impact the development and artistic programming that both theatres and the museum have achieved
- That there is strong leadership and management of the new operator
- Any Trust has a strong entrepreneurial approach to driving new revenue streams

5.3 Formal consultation will be undertaken with all affected staff and Trade unions as part of our existing managing change approaches.

**6) Financial Implications**

6.1 The current 2018/19 budget for the Theatre and Museum is as follows:

<b>2018/19 budget:</b>	Theatres	Museum	Total
	£	£	£
Employees	1,703,990	172,740	1,876,730
Direct recharges - Head of Culture	77,440	25,410	102,850
Premises	447,120	98,730	545,850
Transport	10,090	1,080	11,170
Supplies and Services	2,111,900	44,120	2,156,020

Total direct expenditure	4,350,540	342,080	4,692,620
Less: Income	-3,541,160	-66,200	-3,607,360
Net direct income	809,380	275,880	1,085,260
Departmental and client costs	88,610	12,720	101,330
Corporate costs and Support services	282,380	62,630	345,010
Capital charges	323,600	67,710	391,310
Total cost	1,503,970	418,940	1,922,910

- 6.2 The culture department achieved its overall budget in 2017/18 with a small overall underspend. The Theatres have reduced the level of overspend in the directly managed budget from £484k in 2013/14 to an underspend of £32k over the last five years.

Theatres year end results:

2013/14	2014/15	2015/16	2016/17	2017/18
£'000	£'000	£'000	£'000	£'000
484	184	120	25	-32

- 6.3 A 25 year Funding Agreement is proposed with the successful tenderer with a fixed amount payable each year determined in the contracting process. The initial financial modelling indicates a payment of £1.354m in the first year to any charitable body who assume responsibility for the Theatres and Museum. It is expected that this contract payment will decline in the initial years as the successful tenderer becomes more financially viable.
- 6.4 The funding agreement will contain a gain share provision so in the event the operator were to make profits over a certain rate after they had built up a sufficient reserve buffer, those profits should be split 50/50 basis with the Council. Although the Council is unlikely to benefit from any such income share in the initial years.
- 6.5 The five year financial forecasts show that any potential operator should be financially viable at this level of payment from the Council. However,

comparing the proposed contract payment and associated cost impacts on the Council with the current cost of operation indicates that there is substantial initial financial impact associated with the Trust proposal which is partially offset by a decrease in the Council's own costs. However this net cost will reduce over time as follows:

2018/19	In-house	Commission from a trust	Additional cost / Saving (-)
Net direct cost of theatres operation	£1,011,410	£1,354,070	£342,660
Operational support costs	£345,010	£168,390	-£176,620
Impact on collection fund	0	£31,780	£31,780
Client maintenance responsibilities	£73,850	£73,850	£0
	£1,430,270	£1,628,090	£197,820
2019/20	£1,492,260	£1,630,780	£138,520
2020/21	£1,528,520	£1,530,540	£2,020
2021/22	£1,578,940	£1,558,340	-£20,600
2022/23	£1,623,410	£1,571,010	-£52,400

6.6 There are three main factors behind the initial increased cost to the Council:

1. Pension costs

Under the Best Value Authorities Staff Transfer (Pension) Direction 2007, Council staff who transfer to the Trust will have the right to access either the Local Government Pension Scheme (LGPS) or a scheme with equivalent benefits. The Trust would intend to set up a closed pension scheme for those staff who are entitled to access the LGPS. This will help the Trust manage the costs associated with staff pension going forward, however all the staff who transfer to the new Trust will have ongoing statutory protections.

The actuary values a closed pension fund with an external contractor on a different basis from the Council. Consequently the Trust will have a higher pension fund contribution. This was certainly the experience with the creation of SDLT who have a pension fund contribution rate of 26.9% compared with the Council which has a rate of 17.0%. Using the SDLT's pension contribution rate as a benchmark, the potential pension

contribution rate would indicate additional costs in the region of £100k. Clearly as part of the preparatory work we will need to approach the actuary for a formal valuation but the rate will be substantially higher than the Council. The only question is how much higher.

2. The Trust is less tax efficient

The Council has recently successfully applied for the Cultural Exemption from HMRC for live events. This enables the Council to treat income from Live Events as VAT exempt activity and so increase the income retained by the Council. As a charitable body the Trust would also be able to apply for the Cultural Exemption.

However, the Trust is unable to reclaim the VAT on the supplies used in the provision of VAT exempt activity. Due to its unique position, the Council can reclaim VAT on such supplies (Section 33(2) of the VAT Act 1994). This adds approximately £160,000 to the costs running costs of the Trust when compared to the Council.

3. The margin charged by the Trust

Any operator is expected to charging a margin of £110,000 on the overall net of the cost of the service. This is quite appropriate given the need to create some reserves and a contingency budget for the longer term.

6.7 In addition to these larger issues, there are some other Council costs which need to be factored into the financial appraisal to ensure a 'like for like' comparison:

1. The indicative Trust budget has factored into the financial projection the impact of mandatory business rate relief. However, the cost of this relief will fall partially on the Council (40%) through the Collection Fund. This is estimated to cost the Council approximately £31k
2. The Council will still retain significant maintenance obligations for the buildings. An allowance based on the current budget of £72,210 is included to fund the Council's maintenance obligations.

6.8 Consequently, the initial additional costs associated with the outsourcing to a Trust can be largely explained as follows:

	£'000
Pension	103

Margin / Reserve contingency	112
Taxation impact	160
Net additional running costs	35
Less: Additional income	-68
Additional costs as a result of charitable trust status	342
Impact of business rate relief on the Collection fund	32
Additional costs	374

6.9 However, the potential operator should be more financially viable in the longer run, having the ability to generate more income, commercial sponsorship and external funding. Some of the costs identified in the early years associated with pensions will begin to fall as staff leave or retire. By going to market for the service, the council will also remove the risk of budget overspends.

6.10 The Council support costs are predicted to be lower if the service is externalised. The Council will be able to make some savings, principally in staffing. The proposed savings can be broken down as follows:

	£
Accountancy Team	24,060
Training budget	15,000
Exchequer Team	28,160
Reduction in banking charges	510
Human Resources	24,480
ICT services	31,570
Payroll services	12,840
Reduction in corporate budgets such as equipment, printing and stationery	40,000
	176,620

It should be appreciated that a number of costs borne by the Council are fixed, and will not change in the short to medium term as a result of contracting out services. Examples of this type of cost include the Town Hall, the data centre, software costs and external audit charges.



- 6.11 The financial impact will have to be reassessed following the tendering exercise to reflect the final price for the service.
- 6.12 To undertake the procurement exercise and set-up a new legal agreements with the successful tender will incur some additional costs not currently budgeted for as follows:

	£'000
Legal costs - Cost of setting up new contract and associated agreements	50
Actuarial review of pension costs	5
Procurement support - Cost of writing specification and supporting the procurement exercise	45
Total implementation costs	100

It is proposed that these costs are funded from the Capacity Issues Reserve.

- 6.13 The proposed legal agreements which will be drafted over the coming months will set out the following:
- The nature of the services to be delivered under the terms of the contract and the agreed financial terms
  - The lease terms for the property
  - The responsibilities of the respective parties regarding the maintenance of the buildings
  - Conditions attached to the use of the museum collections.

The agreements will also need to protect the Councils long-term interest. It is essential that the Councils buildings and collections are returned to the Council in good condition when the agreement ends for whatever reason.

## 7) Legal Implications

- 7.1 *Section 145 Local Government Act 1972* empowers a local authority to provide entertainment, arts and crafts, theatres, concerts and other similar activities, and to either provide them itself, or arrange for the provision by a

third party and then contribute towards the expenses of the third party, or do anything necessary or expedient for the delivery of entertainment or the arts.

- 7.2 *Section 12 Local Government Act 1964* relates to the local authority's powers in respect of museums and provides that they may do all such things as may be necessary or expedient for or in connection with the provision or maintenance of museums and further, may make contributions towards the expenses incurred by any person providing a museum or art gallery.
- 7.3 In selecting a service provider, procurement legislation, including *Public Contract Regulations 2015* and *Concession Contracts Regulations 2016*, would have to be complied with, as well as the Council's internal contract procedure rules. It is likely that, as a minimum, applying the 'light touch' regime, set out in Regulations 74 and 77, the Council would need to issue a prior information notice in OJEU which would alert the market and give rise to interest thereby generating competition. The contract opportunity must be advertised to all potential service providers in accordance with EU regulations and UK Law. Thereafter a competitive tendering exercise would need to be carried out and following the completion of that process, the Council must publish a Contract Award Notice. The Council can rely significantly upon the *Public Services (Social Value) Act 2012* to enable it to emphasise that it will be looking to maximise the economic, social and environmental benefits through the tender exercise.
- 7.4 The proposed subsidy from the Council to the Trust will amount to an intervention by the State which confers an advantage or benefit to the undertaking ie the Trust. However, the measure will not favour the Trust over and above other undertakings as the arrangement will be on commercial terms, it will not affect trade between member states as the activity is inherently local and there is no evidence that it will distort competition. The proposed arrangements are therefore unlikely to give rise to State Aid issues.
- 7.5 The Council would need to enter into leasehold arrangements with the Trust for the buildings and can maintain influence as landlord. The Council will therefore be able to restrict the use of the premises and ensure that the high standards of maintenance, repair and cleanliness are assured. Through the imposition of restrictive covenants the Council can therefore retain considerable influence over the provision of services at the various facilities and ensure that they remain accessible to all sections of the community, whilst imposing a bar on alienation, subletting and licensing. Provision may be made within the leases so that the lease will revert back to the Council on insolvency, subject to approval by the Charity Commission. The leases of

buildings should contain a provision relating to redevelopment so that the Council could, on reasonable notice, negotiate the return of any facility in the case of redevelopment.

- 7.6 The Museum and Art Gallery Collections will need to be subject to a Collection Management Agreement between the Council and the Trust. The Trust should be responsible for the care, conservation and maintenance of the collections throughout the term of the lease.

### **Background Papers**

None.

### **Officer Contact Details:-**

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## Sustainability & Risk Assessment

### 1. Economic

A recently updated economic and social impact study has examined these wider benefits and attempted to quantify their contribution to Worthing:

- ❖ Worthing Theatres supports 129 full-time equivalent jobs in the local Worthing economy and this might rise to 162 jobs once a multiplier is adopted.
- ❖ The total direct impact on the economy is estimated to be £6m, based on the spend of customers, local purchasing and staff and this could rise to £9.6m once a local multiplier (1.6) is applied.
- ❖ The economic impact (£6m) provides a return on the council's investment of almost 7.5 : 1
- ❖ Worthing Theatres are a clear catalyst for additional spending in other parts of the economy with around £3.1m of spending in restaurants, shops, hospitality, travel by theatre-goers who visit Worthing from outside the Borough.
- ❖ 53% of visitors attending Worthing Theatres live in Worthing and Adur. Not only do Worthing Theatres provide an important social and community function, their existence means that cultural spending is retained in the local area instead of being lost to neighbouring areas.

### 2. Social

Culture has strong social benefits and there is evidence that cultural participation can contribute to both social cohesion and community safety. Research has also established that there are benefits to both physical and mental health leading to improved clinical outcomes and reductions in the amount of time spent in hospital<sup>7</sup>. Those who attended a cultural place or event were 60% more likely to report good health, and theatre goers were 25% more likely than average to report being in good health<sup>8</sup>.

#### 2.1 Social Value

According to Arts Council data the engagement in culture in Worthing & Adur has increased from 47% to 73% in the last 8 years. This is now a thriving cultural community and the theatres and museum are an important part of many residents lives.

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## **2.2 Equality Issues**

The proposal does not have an impact on access or participation.

## **2.3 Community Safety Issues (Section 17)**

A strong cultural offer with a range of activities, particularly for young people, supports the reduction of crime and disorder

## **2.4 Human Rights Issues**

This proposal impinge does not on anyone's human rights

## **3. Environmental**

There are no implications for the management, custodianship and protection of our natural resources?

## **4. Governance**

- This report considers a potential change in governance for the current culture department.
- The Councils' reputation and relationship with our partners or community must be considered when making this decision. It is crucial that the final decision supports the development of culture within the town.
- Resourcing has been considered within the report and the proposals fully outline the effects on the Council.