



ADUR & WORTHING C O U N C I L S

26 November 2018

Joint Strategic Committee

Date: 4 December 2018

Time: 6:30pm

Venue: QEII Room, Shoreham Centre, Shoreham-by-Sea

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 6 November 2018, copies of which have been previously circulated.

3. Public Question Time

To receive any questions from members of the public.

In order for the Committee to provide the fullest answer, questions from the public should be submitted by **noon on Friday 30 November 2018**.

Where relevant notice of a question has not been given, the person presiding may either choose to give a response at the meeting or respond by undertaking to provide a written response within three working days.

Questions should be submitted to Democratic Services,
democratic.services@adur-worthing.gov.uk

(Note: Public Question Time will operate for a maximum of 30 minutes.)

4. Items Raised Under Urgency Provisions

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

5. Financially Sustainable Councils: Budget update 2019/20 - 2023/24 and savings proposals

To consider a report from the Director for Digital & Resources, a copy is attached as item 5.

6. Investing for the future: Capital Programme 2019/20 to 2021/22

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

7. Mid Year Review of Treasury Management 2018-19, Adur District Council and Worthing Borough Council

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

8. Housing Development Programme - update and progress report

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

9. Community Works and our Third Sector - two years on

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

10. Palatine Park - 3G Pitch Development

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

11. Southwick Leisure Centre: Tennis Court Regeneration Project

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

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



ADUR & WORTHING
COUNCILS

Joint Overview and Scrutiny Committee
29 November 2018
Agenda Item 7

Joint Strategic Committee
4 December 2018
Agenda Item 5

Key Decision: [Yes/No]

Ward(s) Affected: All

Financially Sustainable Councils: Budget update 2019/20 - 2023/24 and savings proposals

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1 This report provides an overview of the delivery of our sustainable councils financial strategy for 2019/20, along with details of the proposals that will help deliver a balanced budget for the next financial year and beyond
- 1.2 The report outlines the medium term financial challenge through to 2023/24, and sets out performance in the key strategic areas of commercialisation, service and digital transformation, and strategic property investment.
- 1.3 Significant service redesign is being undertaken at our councils which is designed to promote better customer experience and improved business efficiency. They may be designed to help meet rising demand by improving productivity, such as in housing, or improve the customer experience, as achieved with the new digital services in housing repairs and waste collection. Contained within this report, specific proposals are made to increase income, to deliver efficiency, and other savings initiatives for 2019/20. Members are asked to support the savings proposals
- 1.4 The following appendices have been attached to this report:
 - (i) **Appendix 1** (a) 5 year forecast for Adur District Council

(b) 5 year forecast for Worthing Borough Council

- (ii) **Appendix 2** Committed growth items
- (iii) **Appendix 3** Summary of savings proposals

2. Recommendations

- 2.1 The Joint Overview and Scrutiny Committee is asked to consider the report and make comment on the savings proposals to the Joint Strategic Committee.
- 2.2 The Joint Strategic Committee is recommended to:
- (i) Note the current 5 year forecast;
 - (ii) Note the committed growth items as set out in appendix 2;
 - (iii) Approve the proposed savings as set out in appendix 3;
 - (iv) Release £120,000 from the Capacity Issues Reserve to fund the costs associated with delivering the savings outlined in Appendix 3 of the report

3.0 Context

- 3.1 The Joint Strategic Committee considered the outline 5-year forecast for 2019/20 to 2023/24 and the Budget Strategy on 10th July 2018, which was subsequently adopted by full Council on 19th July 2018 (Adur District Council) and 17th July 2018 (Worthing Borough Council). The report identified the following cumulative shortfalls in funding for the respective General Funds:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Adur	749	1,957	2,277	2,657	2,965
Worthing	1,159	2,931	3,946	4,894	5,518

- 3.2 The report built on the current strategy whose strategic aim was to ensure

that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax income and business rate income.

3.3 With this strategy in mind, the Councils have set-up several strategic programmes which are responsible for taking forward key initiatives aimed at delivering savings for the future:

1. The Major Projects programme leads on delivering regeneration projects to increase employment space and additional housing;
2. The Service Redesign programme leads on the delivery of service redesign and the digital strategy and ensures that the benefits are realised from this programme of work;
3. The Strategic Asset Management programme will lead on delivering the income growth associated with the Strategic Property Fund and any proposed new developments; and
4. The commercial programme is developing initiatives for income growth from commercial services and seek to improve the customer experience.

3.4 For 2019/20 the Digital Programme, the Commercial Programme and the Strategic Asset Management Programmes were again set explicit targets as part of the budget strategy.

a. Service Redesign Programme

The initial digital programme successfully delivered £560k annual savings in the first three years (£198k in 2016/17, £181k in 2017/18 and in £181k in 2018/19) as part of a three year programme which sought to deliver savings of £200k per year following the investment in the Council’s digital strategy. To achieve savings so quickly is a significant achievement, and it is believed that the expanded programme will continue to deliver savings over the medium term. It has now been set the following target for 2019/20 and beyond:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200	200
Cumulative impact	200	400	600	800	1,000

The digital programme has been re-scoped into a service design programme, in recognition of the maturing approach at Adur & Worthing. This is successfully helping service areas undertake more fundamental customer-centred change, such as in the current preventing homelessness project. With digital capabilities now established (the ability to design and build our own digital products) our projects are becoming about deeper, customer-centred service change, which almost always require significant digital transformations.

b. Commercial Programme

The commercial programme involves close monitoring of key existing income streams, and progress against the annual growth target of £600k per annum.

Over the past three years, since the inception of the programme, income has grown by £2.3m (£798k in 2016/17, £686k in 2017/18 and £828k in 2018/19), well exceeding the target.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

The Council has recently recruited a Business Development Manager for the Environmental Services team to drive future growth in our commercial activities in this key area.

The commercial strategy working group has recently started a new project to ensure further success through improved marketing of our services, allied to a digital service redesign of green bins.

c. Strategic Asset Management Programme

Both Councils have committed to significant investment in commercial property either through direct purchase or by development over the

next five years with the aim of increasing income from the Councils' property portfolio.

This investment is estimated to produce net additional income as follows for the two Councils:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Adur District Council:					
Annual Savings*	200	305	150	150	150
Cumulative impact	200	505	605	755	905
Worthing Borough Council:					
Annual Savings	150	200	150	150	150
Cumulative impact	150	400	550	700	850

* Includes net income from the new office block being constructed on the Adur Civic Centre site.

To date this year two properties for Worthing Borough Council have been purchased which will deliver net additional income of £294k per year.

Two properties has been purchased for Adur District Council which will deliver net additional income of £308k per year.

Members should be aware that the success in delivering the savings identified for 2019/20 are dependent on two factors:

- (i) Identifying suitable properties to purchase
- (ii) The current legislative framework remains unchanged. The Treasury may prohibit borrowing for out of area acquisitions solely for investment purposes. However, many of our purchases meet a dual purpose of both supporting economic regeneration projects and generating income.

The budget for 2019/20 assumes that approximately only half of the funds released each year will be spent in year. This will be closely monitored and if the target is at risk then the Council will need to take corrective action to lever in the savings identified.

The overall success in delivering the savings targets are detailed at appendix 4 (Service Redesign) and 5 (Commercial income)

- 3.5 The forecast has also been updated by information captured on “Service Plans” that provide a link between service planning and financial planning. The guidance was circulated to, and completed by, the Service Managers during the summer, and have been used to identify potential savings and committed growth items.
- 3.6 There has been no detailed overarching public budget consultation exercise this year. The current budget strategy was subject to a detailed consultation in 2016/17 and no substantive changes to this strategy are planned at this time. Individual proposals are subject to consultation with officers of the Council, Executive member, and the members of the Joint Overview and Scrutiny Committee.
- 3.7 This report represents the stage of the budgetary forecasting process whereby the Joint Overview and Scrutiny Committee are asked to consider and comment upon the progress in balancing the Worthing Borough Council budget before the Joint Strategic Committee consider and agree proposals for savings identified to date. Members of the Committee should be aware that at the time of writing some of the savings were still being verified and so the saving for each Council as a result of the options presented may change marginally. The minutes of the Joint Overview and Scrutiny Committee will be available for members of the JSC at the meeting.
- 3.8 There will be a further report after Christmas which will detail the final proposed budgets for the year, any further savings identified, and requests for investment into services and the amount to be drawn from reserves, if any. The proposed Council Tax increase for 2019/20 is scheduled to be considered by the respective Cabinets on 6th February 2018 (Adur District Council) and 5th February 2018 (Worthing Borough Council).

4.0 Update Of Outline 5-year Forecast

- 4.1 The updated forecast for the General Fund for both Councils is attached at Appendix 1. This has been revised in the light of latest information from

Government, inflationary pressures, interest rates, and unavoidable service growth, offset by compensatory savings. This overall forecast will continue to change in the coming months as the detailed work on the budget progresses and once the details of the settlement to Local Government is known. As a result, the overall position will inevitably change over the next two months.

4.2 The likely shortfall in resources necessary to balance the budget over the five years, before consideration of any savings or growth proposals is now in the region of:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Adur					
July Forecast	749	1,957	2,277	2,657	2,965
November Forecast	812	2,072	2,390	2,769	3,075
Reduction (-) / increase (+) in shortfall forecast	63	115	113	112	110

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Worthing					
July Forecast	1,159	2,931	3,946	4,894	5,518
November Forecast	1,353	3,651	4,800	5,796	6,418
Reduction (-) / increase (+) in shortfall forecast	194	720	854	902	900

The main changes to the forecast for 2019/20 are summarised in the table below:

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 10th July 2018

	Adur	Worthing
	£'000	£'000
Original 2019/20 budget shortfall	749	1,159
<i>Changes to income from grants and taxation:</i>		
(a) Improvements to the income from Council Tax	-24	-15
(b) Impact of current Collection Fund deficits	40	9
(c) Reduction in expected level of New Homes Bonus	0	50
(d) Impact of removal of 'negative RSG' adjustment to business rate income	-180	-240
(e) Impact of latest forecast of business rate income	97	-29
<i>Other changes:</i>		
(f) Further increase in the cost of the temporary and emergency accommodation	150	270
(g) Contingency sum against any further increase in the cost of temporary and emergency accommodation	75	175
(h) Reduction in the forecast capital programme financing costs.	-20	-126
(i) Reduction in inflation projections following completion of salary budgets	-83	-117
(j) Change to set aside for the impact of major developments in Worthing Town Centre	-	-200
(k) Impact of the Brooklands masterplan - Closure of the Par 3 golf course	-	90
(l) Potential impact of Theatres procurement	-	100
(m) Improvement in investment income and other minor changes	-32	-15
(n) Net committed growth items identified by Service Heads (See Appendix 2)	100	332
(o) Removal of contingency budget for new growth	-60	-90
Revised Budget Shortfall	812	1,353
(p) Potential savings identified to date (Appendix 3)	-607	-1,223
(q) Expected income from Strategic Property Investment Fund	-200	-150
Resources in hand (-) / current shortfall	5	-20

4.3 Explanations of the movements shown in the table above are as follows:

(a) Council Tax base for 2019/20:

Following the completion of the Council Tax Base return (CTB1) for each Council, the Council Tax Base calculation has now been revisited. Both Council Tax bases are showing a higher level of growth than originally expected. This is largely due to two factors:

- i) Falling cost of Council Tax Support.
- ii) Greater number of new dwellings are expected to be completed (303 additional units in Adur and 297 additional units in Worthing)

(b) Collection fund deficit:

The Councils' Collection Funds for Council Tax are expected to be in deficit at the end of 2018/19 which is largely due to an inherited deficit position from the previous year. An in-year increase in the level of Council Tax discounts has contributed to the overall position.

	Adur	Worthing
	£'000	£'000
Deficit expected by 31 st March 2019	241	67
Council share of deficit	39	9

The level of deficit is minor compared to the amount of Council Tax collected. Adur District collects £37.5m and Worthing Borough Council collects £65.7m per year.

(c) Reduction in New Homes Bonus:

Following the completion of the Council Tax return, it is now possible to predict the amount of New Homes Bonus that the Councils are likely to receive. This is lower than expected and is due to a lower number of units being delivered by the end of September than expected coupled with an increase in the number of long-term empty properties.

Members are reminded that New Homes Bonus is now only awarded for properties built over a threshold which equals 0.4% of total Band D equivalent properties.

	Adur	Worthing
Number of new dwellings	37	346
Less: Increase in long-term empty properties	-26	-83
Net dwellings	11	263
Threshold below which New Homes Bonus is not paid	103	184
	£'000	£'000
New Homes Bonus:		
Updated forecast of New Homes Bonus	0	70
Original forecast	0	120
Reduction in grant	0	50

(d) Removal of 'negative' Revenue Support Grant:

Each council has a Settlement Funding Assessment (SFA) which is the amount of funding that the Government has assessed that it requires by way of a combination of Revenue Support Grant (RSG) and the business rate retained via the Baseline Funding Level (BFL). The BFL is indexed every year in line with the business rate multiplier, and to date all reductions in the overall SFA have been made to an authority's RSG allocation.

However nationally, we are now at a point where for some councils, such as Adur and Worthing, Revenue Support Grant has been eliminated and so no further reductions in this source of funding can be made. Negative RSG occurs when an authority's Settlement Funding Assessment (SFA) is lower than the business rate income retained via the BFL, which means that the Government then reduces the income retained from Business Rates.

A few authorities were affected by negative RSG in 2017/18 and 2018/19. In these years, any adjustment to the retained business rate income that were required for Negative RSG were not implemented. But the overall adjustment required in 2019/20 is much larger at a £153m and affects too many authorities (168) so the issue has now been the subject of a national consultation exercise.

Ministers have been under considerable pressure from those authorities who are affected to reverse the adjustment for Negative RSG in 2019/20 and the previous Secretary of State had made a commitment to review the issue. The consultation over the summer months made it clear that the Government would like to address the issue by removing the 'negative Revenue Support Grant'.

Whilst this will not be confirmed until settlement, given the strong indications contained within the consultation document, the Councils now expect to retain a larger proportion of business rate income.

(e) Business Rate income:

It is now expected that the Collection Fund for Business Rates for both Councils will be in deficit by the year end. There are several factors which contribute to the position:

- Both Collection funds were in deficit as at 31st March 2018. The amount of Business Rate relief granted was higher than expected during the year, largely due to a number of revisions to the rate relief scheme after the precept for the year had been agreed. The Councils are reimbursed for the impact of these reliefs in year, whilst the resulting deficit will be addressed in 2019/20 which leads to an inherent timing difference between when the Councils receive the grant and when they fund the consequences of the lost income. To address this issue, both Councils placed resources into a business rate smoothing reserve at the end of 2017/18.
- The Councils have seen a number of properties removed from the business rate base in year either because they are being redeveloped or because they are being converted from commercial properties to residential.

- The impact of appeals. this has been particularly problematic for Adur District Councils as a major retailer has successfully challenged the current rateable value,

Overall the Councils are now expecting the following deficits:

	Adur	Worthing
	£'000	£'000
Deficit expected by 31 st March 2019	1,406	1,009
Council share of deficit (40%)	563	404
Funded by Business Rate Smoothing Reserves	-313	-404
Net deficit to be funded by Council in 2019/20	250	0

(f/g) Increase in the costs associated with temporary and emergency accommodation:

There are two factors which are influencing the cost to the Councils.

- i) There has recently been a further increase in the caseload associated with homelessness following the introduction of the new Homelessness Reduction Act 2017. This trend is being experienced throughout the region and has led to an increase in competition for affordable housing solutions. The Council has a clear strategy for addressing these costs in the medium term and the report elsewhere on the agenda updates members on initiatives to improve the supply of temporary and affordable housing. However in the short term the Council will need to address the cost pressures emerging.
- ii) The County Council is currently reviewing its own budgets for supported housing. Depending on the outcome of the budget review, the Council may experience a further upswing in housing costs.

To help mitigate the risk of any further upswing in housing costs a contingency sum has been allowed for in the budget process.

(h) Capital Financing Costs

The cost of financing the capital programme has been recently reassessed following the most recent monitoring report. Re-profiling of some schemes into 2019/20 will reduce the expected cost of financing. The cost of financing the capital programme will be reassessed again in December.

(i) Inflation Costs

The detailed salary budgets have now been completed. This has established that the final salary inflation is £200,000 lower than provided in July. The Councils spend £27m annually on salaries and this represents a 0.7% saving on the original forecast.

(j) Impact of major developments within Worthing town centre

Platforms for our Places outlines some key commitments with respect to major sites throughout Adur and Worthing, The Councils are committed to 'Investment in and delivery of Major Projects and key infrastructure'.

As part of this commitment, Worthing Borough Council is currently delivering three projects:

- i) Actions required to facilitate the development of the Union Place site.
- ii) The development of a new health and wellbeing centre based on the car park at Worthing Town Hall.
- iii) The potential redevelopment of the Grafton site including the multi-story car park

Each of the projects will require funding in the short to medium term. The Grafton site, in particular, is the location of a number of council-owned income generating assets. The annual income from assets in the vicinity of Grafton car park is in excess of £750,000 per year, the car park alone generates over £468,000 per year

To ensure that the Council is well positioned to resource these projects and absorb the loss of any income as assets are temporarily closed or disposed of, the following amounts will be built into the Worthing budget:

	2019/20	2020/21	2022/23	2023/24	2022/23
Worthing	£'000	£'000	£'000	£'000	£'000
Current budget	247	247	247	247	247
Proposed set aside	-	-	400	700	800
Total budget	247	247	647	947	1,047

This is a changed profile of annual set aside which reflects the current financial pressures on the Council. However the same aim is retained which is to have set aside at least £850k by 2023/24.

Any resources that are not utilised in year will either be set aside to facilitate the delivery of future projects or be used to fund the capital programme, reducing down the Council's requirement to borrow and thereby lowering the cost of financing the capital programme.

(k) Impact of the Brooklands Park masterplan

The Council has agreed an ambitious new plan for Brooklands park, creating a destination park for residents. However, the new design for the park does not include a Par 3 golf course and so an allowance has been made in the budget for the net income lost. Eventually, the masterplan will deliver additional income generating assets such as a new cafe, an expanded car park, and a new indoor leisure activity centre which will offset the income lost in the interim.

(l) Impact of the theatres reprourement

The Council is currently undergoing a procurement exercise for a supplier to operate the theatres and museum. As highlighted in the report on the proposal, in the short term it is expected that the service will require additional funding although over five years it is expected that the cost to the Council will reduce.

(n) Net Committed Growth Items Identified by Service Heads:

This is the sum total of financial effects identified via the Service Pro-formas. A full breakdown of the items identified is included within Appendix 2.

(o) Removal of contingency budget.

The outline forecast allows for some resources for unidentified items at an earlier stage in the budget development, this can now be removed.

(p) Savings Identified by Service Heads:

This is the sum total of the savings proposals identified via the Service pro-formas. A full breakdown of the items identified is included within Appendix 3.

5.0 Future Strands Of Work

5.1 There are a number of strands of financial work still to be completed which will influence the final 2019/20 budget as follows:

(a) Settlement - Revenue support grant and New Homes Bonus:

The Local Government Finance Settlement is unlikely to be announced until December. Consequently, the Council will not have final confirmation of the amount of grant that it will receive until late December or early January.

Any New Homes Bonus will be confirmed as part of settlement.

(b) Business Rate Retention Scheme:

There was a revaluation of the business rates base in 2016/17. The Councils were expecting to see a high level of appeals in the early years following the revaluation, however to date few appeals are being made under the 'Check, Challenge, Appeal' process. As usual, much depends on the level of business rates appeals which remain difficult to predict.

A full reassessment of the business rate income will be made later in the year when a better estimate of the impact of the appeals can be made.

(c) Council Tax income:

The Councils will need to consider what level increase is to be made to Council Tax. The current forecast assumes a 2.0% increase for 2019/20. This is equivalent to an average (Band C) annual increase in the Councils' part of the Council Tax bill of £5.17 for a property in Adur District Council and £4.12 for a property in Worthing Borough Council.

The recent technical consultation of settlement indicated that the Councils will be able to increase Council Tax by up to 3% or £5.00 whichever is higher.

The decision on the level of Council Tax increase will depend on a number of factors which will not be confirmed until later in the year:

- i) The outcome of the Local Government Finance settlement
- ii) Any new cost pressures arising
- iii) The need to reinvest back into services

5.2 A full update on these issues will be included in the January report.

6.0 Saving Proposals

6.1 The proposed savings are attached at Appendix 3 for consideration. The total savings identified to date are:

	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24
Adur	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	812	2,072	2,390	2,769	3,075
Savings identified to date in 2018/19	-807	-1,064	-1,064	-1,064	-1,064
Revised budget shortfall / Surplus (-)	5	1,008	1,326	1,705	2,011

	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24
Worthing	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	1,353	3,651	4,800	5,796	6,418
Savings identified to date	-1,373	-1,824	-1,824	-1,824	-1,824
Revised budget shortfall / Surplus (-)	-20	1,827	2,976	3,972	4,594

- 6.2 This has been a successful savings exercise to date and the Councils are well positioned to set balanced budgets. The Councils have identified a significant amount of savings to meet the initial target; however Members should be aware that there is still some work to be completed which may impact on the final position.
- 6.3 The Councils have continued with the strategy comprising of three specific strands:
1. Investing in property
 2. Commercialisation of services; and
 3. Service Redesign (incl Digital) Programme.

It should be appreciated that the digital programme contributes to the success of the commercial income growth. Overall the Commercial and Digital Programmes have delivered the savings expected for 2019/20:

	Target	Actual	Under (-) / Over target
	£'000	£'000	£'000
Redesign / Digital Programme	200	126	-74
Commercial Programme	600	638	38
TOTAL	800	764	36

- 6.4 Looking ahead to 2020/21 and beyond, the continuing financial pressure is not likely to ease, however the proposed strategy will contribute significantly to meeting this challenge easing the burden on individual services as follows:

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Cumulative Budget shortfall (Appendix 1)				
Adur	2,072	2,390	2,769	3,075
Worthing	3,651	4,800	5,796	6,418
Total savings to be identified	5,723	7,190	8,565	9,493
Less: Savings identified for 2018/19	-2,885	-2,885	-2,885	-2,885
Savings yet to be identified	2,838	4,305	5,680	6,608
Future savings targets:				
Strategic Asset Management Programme	-300	-550	-850	-1,150
Commercial Programme	-600	-1,200	-1,800	-2,400
Service Redesign Programme	-200	-400	-400	-400
Total savings to be identified by Heads of Service	1,738	2,155	2,630	2,658
Annual savings to be identified by Heads of Service	1,738*	418	475	28

* The financial pressure in 2020/21 reflects the identified need to invest in meeting the 2020 recycling targets, the expected withdrawal of funding for homelessness, the estimated impact of the fairer funding review and the impact of the reduction in New Homes Bonus.

6.5 Funding the delivery of the savings proposals:

6.5.1 The reconfiguration of the waste service will require implementation costs of £120,000 which will be used to fund the communication and promotion costs, the appointment of a project manager and additional contact centre costs during the transition period. It is proposed that these costs be funded from the capacity issues reserves of both Councils split as follows:

Adur: £43,200
Worthing: £76,800

7.0 Other Budget Issues

7.1 Housing Revenue Account

A full report on the Housing Revenue Account and the recommended rent levels will be considered by the Adur Executive in February 2019. It is intended that any savings identified by the Service Heads outlined within this report and identified by the Head for Housing will be the subject of consultation with the Executive Member for Customer Services, the Housing Management Board and the Adur Consultative Forum in the coming months.

8.0 Conclusion

8.1 The Councils continue to deal with the withdrawal of Government funding with no prospect of any easing of the financial pressure for the next few years. We await the local Government Settlement in late November and early December which will give the Councils certainty for 2019/20.

8.2 The Councils are in a fairly strong position to set a balanced budget with minimal use of reserves for 2019/20 depending on the outcome of the settlement. The report to be presented to members after Christmas will bring together any last changes to the revenue budget, the impact of Comprehensive Spending Review, the final implications of settlement and the final forecast of business rate income.

9. Engagement and Communication

9.1 The Council previously undertook a full consultation exercise to establish public support for the current budget strategy. In the light of this, no consultation exercise has been carried out this year.

9.2 Officers and members have been consulted on the development of the savings proposals contained within the report.

10. Financial Implications

10.1 The financial implications associated with the development of the budgets are detailed throughout the report.

Finance Officer: Sarah Gobey

Date: 15th November 2018

11. Legal Implications

11.1 The Local Government Act 2003 requires that the Councils set a balanced budget. This report demonstrates how the Councils intend to meet that requirement for 2019/20.

Legal Officer: Susan Sale

Date: 21st November 2018

Background Papers

‘Achieving financial sustainability - Budget Strategy for 2019/20 and beyond’ report to the Joint Strategic Committee on 13th July 2018.

‘Local Government Funding in 2019/20 - Consultation response’ report to the Joint Strategic Committee on 11th September 2018

‘Investing in Worthing Town Centre - Approach to Car Parking Provision’ report to the Joint Strategic Committee on 6th November 2018

‘Environmental Services for the future’ report to the Joint Strategic Committee on 6th November 2018

‘Grafton Multi-Storey Car Park Redevelopment’ report to the Joint Strategic Committee on 7th November, 2017.

‘Health Related Development on Worthing Town Hall Car Park’ report to the Joint Strategic Committee on 10th October, 2017.

Final Guidance of the Flexible Use of Capital Receipts – Department of Communities and Local Government

Officer Contact Details:-

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Chief Financial Officer

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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

Appendix 1

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2018/19 - 2023/24

Net Spending to be Financed from Taxation	2018/19 Base	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	8,618	8,618	8,618	8,618	8,618	8,618
Estimated inflation		395	728	1,056	1,372	1,691
One -off / non-recurring items						
Local Elections (held every other year)		(18)	-	(19)	-	(20)
Committed Growth						
Impact of Pension contribution changes		4	4	4	4	4
Impact of new arrangements for funding homelessness		-	184	184	184	184
Net cost of increasing recycling to meet 50% targets.						
- Reduction in recycling income		120	120	120	120	120
- Impact of introducing weekly food waste collections			280	280	280	280
Deletion of one-off savings in 2018/19		39	39	39	39	39
Increased homelessness caseload		150	150	150	150	150
Impact of growth items identified by heads of service		170	170	170	170	170
Contingency for the impact of the County budget proposals and further growth in housing		75	75	75	75	75
Impact of members allowance increase		(2)	(2)	(2)	(2)	(2)
Contingency for future committed growth		-	70	140	210	280
Impact of capital programme						
Financing costs		(106)	78	158	302	412
Additional income						
Investment income		(60)	(62)	(80)	(124)	(168)
Reopening of Riverside Car Park		(20)	(20)	(20)	(20)	(20)
Approved Growth items						
Provision for new growth items		-	60	120	180	240
Fall out of growth items		(23)	(23)	(23)	(23)	(23)
Total Cabinet Member Requirements	8,618	9,342	10,469	10,970	11,535	12,030

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2018/19 - 2023/24

	2018/19 Base	2019/20	2020/21	2021/22	2022/23	2023/24
Total Cabinet Member Requirements B/fwd	8,618	9,342	10,469	10,970	11,535	12,030
Income from Business Rates						
Baseline funding	1,700	1,738	1,773	1,808	1,844	1,881
Add: Retained additional business rates	591	721	239	244	247	250
Add: Share of previous year's surplus / (deficit)	46	(250)				
Adjusted Baseline funding	2,337	2,209	2,011	2,052	2,091	2,131
Revenue Support Grant	-	-	-	-	-	-
Council Tax income	6,084	6,245	6,385	6,528	6,674	6,824
Other grants						
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 (2019/20 - 2022/23)	-	-	-	-	-	-
Total NHB	202	116	1	-	-	-
Collection fund surplus/deficit (-)	5	(40)	-	-	-	-
Total other grants and contributions	207	76	1	-	-	-
Total Income from Grants and Taxation	8,628	8,530	8,397	8,580	8,766	8,955
(Surplus) / Shortfall in Resources	(10)	812	2,072	2,390	2,769	3,075
Contribution to (-) / Use of Reserves to Balance Budget						
Capacity issues reserve	(10)	-	-	-	-	-
Total Income from Reserves	(10)	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	812	2,072	2,390	2,769	3,075

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2018/19 - 2023/24

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET	812	2,072	2,390	2,769	3,075
Savings identified to date:					
Strategic Property Investment Fund					
Future property purchases	250	550	750	950	1,150
New office block	50	105	105	105	105
Provision for future voids	(100)	(150)	(250)	(300)	(350)
Commercial and Customer Activities	121	291	461	631	801
Efficiency Measures					
Digital strategy	46	126	206	286	366
Other savings identified by Heads of Service	440	694	694	694	694
Total savings initiatives identified	807	1,616	1,966	2,366	2,766
Cumulative savings still to be found/ (surplus)	5	456	424	403	309
Annual savings still to be found	5	451	(32)	(21)	(94)
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)	£5.17	£5.27	£5.38	£5.48	£5.60
Average weekly increase (Band C property)	£0.10	£0.10	£0.10	£0.11	£0.11
Savings required in each year	812	1,260	319	379	306

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2018/19 - 2023/24

	2018/19 Base	2019/20	2020/21	2021/22	2022/23	2023/24
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	13,476	13,476	13,476	13,476	13,476	13,476
(a) Estimated inflation		632	1,121	1,603	2,072	2,545
(b) One -off / non-recurring items						
Local Elections (not held once every four years)		-	-	(50)	-	-
(c) Committed Growth / Cost reductions						
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
Net cost of increasing recycling to meet 50% targets.						
- Reduction in recycling income		180	180	180	180	180
- Impact of introducing weekly food waste collections			420	420	420	420
Deletion of one-off savings in 2018/19		34	34	34	34	34
Increased homelessness caseload		270	270	270	270	270
Impact of growth items identified by heads of service		412	412	412	412	412
Contingency for the impact of the County budget proposals and further growth in housing		175	175	175	175	175
Closure of Brooklands Par 3 golf course		90	90	90	90	90
Reprocurement of theatres and culture		100	200	150	100	50
Contingency for future committed growth			80	160	240	320
(d) Impact of capital programme						
Financing costs - General Programme		(316)	(201)	(96)	82	296
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 refurbishment of High Street CP			105	291	291	291
Impact of land acquisitions and new developments at Union Place, Grafton, town hall car park and other major projects.		-	-	400	700	800
(e) Additional income						
Investment income		(44)	(58)	(85)	(138)	(200)
(f) Approved Growth items						
Provision for new growth items			90	180	270	360
Fall out of one-off growth items		(40)	(40)	(40)	(40)	(40)
Total Cabinet Member Requirements c/fwd	13,476	14,964	16,489	17,687	18,751	19,596

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
Total Cabinet Member Requirements b/fwd	13,476	14,964	16,489	17,687	18,751	19,596
Income from business Rates:						
Baseline funding	2,590	2,648	2,701	2,755	2,810	2,866
Add: Net retained additional business rates	764	843	308	313	318	320
Add: Share of surplus /deficit (-)	5	-				
Adjusted Business Rate income	3,359	3,491	3,009	3,068	3,128	3,186
Revenue Support Grant	8	-	-	-	-	-
Council Tax income	8,874	9,085	9,303	9,527	9,757	9,992
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)	-	70	70	70	70	-
Total New Homes Bonus	1,221	1,044	526	292	70	-
Collection fund surplus/deficit (-)	55	(9)	-	-	-	-
Total other grants and contributions	1,276	1,035	526	292	70	-
Total Income from Taxation	13,517	13,611	12,838	12,887	12,955	13,178
(Surplus) / Shortfall in Resources	(41)	1,353	3,651	4,800	5,796	6,418
Use of / (contribution to) Res'ves to Balance Budget						
Capacity issues reserve	(41)		-	-	-	-
Total Income from Reserves	(41)	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,353	3,651	4,800	5,796	6,418

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2018/19 - 2023/24

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET	1,353	3,651	4,800	5,796	6,418
Savings identified to date:					
Strategic Property Investment Fund					
Future property purchases	250	550	750	950	1,150
Provision for future voids	(100)	(150)	(200)	(250)	(300)
Commercial and Customer Activities	403	833	1,263	1,693	2,123
Efficiency Measures					
Service and Digital redesign	126	246	366	486	606
Restructures and service plan savings not included above	694	1,145	1,145	1,145	1,145
Development of temporary accommodation supply (15 units of 1/2 bed)	-	-	-	59	118
Total savings initiatives identified to date	1,373	2,624	3,324	4,083	4,842
Cumulative savings still to be found/ (surplus)	(20)	1,027	1,476	1,713	1,576
Annual savings still to be found	(20)	1,047	449	237	(137)
Council Tax increase	2.00%	2.00%	2.00%	2.00%	2.00%
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
Savings required in each year	1,353	2,298	1,149	996	622

Committed Growth Items

Appendix 2

Committed growth items	2019/20				2020/21	2021/22	Notes:
	Joint* (Memo)	Adur GF	Worthing GF	Grand Total			
	£	£	£	£	£	£	
COMMUNITIES							
Environmental services							
Shortfall in tipping charges budget			129,970	129,970	129,970	129,970	Budget for tipping charges was understated in 2018/19
Net reduction in cemetery income		16,650	4,170	20,820	20,820	20,820	Gradual shift away from burials to cremations which has an upswing in income.
Net fall in bowls and outdoor sport income		36,410	49,010	85,420	85,420	85,420	
Reduction in Allotment Income		1,840	650	2,490	2,490	2,490	
Additional medical referees fees			19,310	19,310	19,310	19,310	As a result of increasing use of the crematorium
Reduction in income from the mercury abatement scheme			10,000	10,000	10,000	10,000	As more crematoriums become compliant with the mercury abatement requirements, there is less income distributed nationally.
Additional technician			28,700	28,700	28,700	28,700	Additional capacity is required to support the income growth expected as part of the savings
Total for Communities Directorate	0	54,900	241,810	296,710	296,710	296,710	
DIGITAL & RESOURCES							
Finance							
Net increase in pension strain costs*	25,000	7,600	15,000	22,600	22,600	22,600	Additional pension strain costs arising from the departure of staff.
Increase in pension costs over inflation			7,320	7,320	7,320	7,320	The Council has responsibility for the payment of some pension costs.
Increase in payroll system costs following renewal of contract	9,330	3,730	5,600	9,330	9,330	9,330	
Expected contract with another Council for Treasury Management services has been deferred.	15,000	6,000	9,000	15,000	15,000	15,000	
	49,330	17,330	36,920	54,250	54,250	54,250	

* A proportion of the savings will benefit the HRA

	2019/20				2020/21	2021/22	
	Joint* (Memo)	Adur GF	Worthing GF	Grand Total			
	£	£	£	£	£	£	
Digital and Customer Services							
Google: The Google for Teams project will re-launch Google services; underpinned with a move to Google Business Licensing (from the current 'basic' licencing).	40,000	16,000	24,000	40,000	40,000	40,000	This is part of the 'Cloud' project and will replace the current shared drives. The cost will eventually be offset by savings in the data centre in years 2 and 3 which are currently being quantified.
Matsoft: Additional funds are required for fund an annual upgrade the core matsoft platform, which is the primary platform for delivering digital applications.	20,000	8,000	12,000	20,000	20,000	20,000	
Telephony - Current budget needs to be increased to reflect the current spend. Increased costs are due to data security compliance for card payments (PCI) £21k and the impact of the new telephony solution.	45,000	18,000	27,000	45,000	45,000	45,000	
	105,000	42,000	63,000	105,000	105,000	105,000	
Head of Business and Technical Services							
Replacement Health and Safety software system	5,000	2,000	3,000	5,000	5,000	5,000	
Head of Human Resources							
Annual assessment for Hand Arm Vibration Syndrome	12,900	5,160	7,740	12,900	12,900	12,900	The Council is obliged to manage the risk associated with staff exposed to vibration at work, in particular control risk of HAVs (Hand Arm Vibration Syndrome) consequently the Councils need to undertake regular assessments of the staff who are exposed to this risk.
Total for Digital and Resources Directorate	172,230	66,490	110,660	177,150	177,150	177,150	

* A proportion of the savings will benefit the HRA

	2019/20				2020/21	2021/22	
	Joint* (Memo)	Adur GF	Worthing GF	Grand Total			
ECONOMY							
Major projects							
Impact of creation of Lead Project Officer	7,640	3,140	4,500	7,640	7,640	7,640	Funded from savings within other budgets
Planning and Development							
Reduction in building control income budget to match expected income streams		45,000	55,000	100,000	100,000	100,000	There has been an underachievement against budget for a number of years due to increasing competition from the private sector
Total for Economy Directorate	7,640	48,140	59,500	107,640	107,640	107,640	
Total Committed Growth identified	179,870	169,530	411,970	583,900	583,900	583,900	
Allowance in budget	-50,000	-70,000	-80,000	-150,000	-150,000	-150,000	
Over (-) / under provision	129,870	99,530	331,970	433,900	433,900	433,900	

* A proportion of the savings will benefit the HRA

Appendix 3

Savings	2019/20				2020/21	2021/22	Notes:
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
	£	£	£	£			
CHIEF EXECUTIVE							
Fee income	12,000	4,800	7,200	12,000	12,000	12,000	
	12,000	4,800	7,200	12,000	12,000	12,000	
COMMUNITIES							
Director							
Net annual reduction in Adur Community Leisure payment		10,000		10,000	20,000	30,000	Recent renegotiations has confirmed that an annual reduction of £10k will continue to be delivered. The savings in later year will depend on the business plan of ACL.
	0	10,000	0	10,000	20,000	30,000	
Environmental Services							
Fuel savings	10,000	3,600	6,400	10,000	10,000	10,000	
Review of other budgets	10,600	8,240	15,770	24,010	24,010	24,010	
Charge for delivery of bins for domestic refuse est 100 x £10.00	1,000	360	640	1,000	1,000	1,000	
Increase in net income from trade waste		15,190	42,200	57,390	57,390	57,390	
Increased rental income from Adur Activity Centre		4,000		4,000	4,000	4,000	
Increase in beach hut rental income		13,520	13,060	26,580	26,580	26,580	
Increase in price of Garden Waste Bins from £80-£85	46,800	18,720	28,080	46,800	46,800	46,800	
Increase take up of new bins - 1000 extra bins	42,500	17,000	25,500	42,500	42,500	42,500	
Increase Garden sack from £1.20p to £1.25p	3,500	1,400	2,100	3,500	3,500	3,500	
Bulky waste price increase above 2.2% inflationary allowance	1,730	690	1,040	1,730	1,730	1,730	
Income from Memorials			54,240	54,240	54,240	54,240	
Income from crematorium			143,260	143,260	143,260	143,260	
	116,130	82,720	332,290	415,010	415,010	415,010	

	2019/20				2020/21	2021/22	Notes:
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
Wellbeing and Housing	£	£	£	£	£	£	
Review of base budgets	13,000	7,280	25,040	32,320	32,320	32,320	
Removal of agency staff budgets for the Food Inspection Service following a change in process		8,000	6,000	14,000	14,000	14,000	
Use of Councils Website for advertising notices			1,500	1,500	1,500	1,500	
Service review of Wellbeing and Housing	91,770	36,710	55,060	91,770	91,770	91,770	This cross cutting review is underway to identify the focus for the teams going forward to enable better use of resources and streamline processes. The review builds on the preventing homelessness work already completed and recognises the shared need to build community resilience. A key aim being to reduce the incidence and impact of homelessness on our communities , and consequent costs to the councils. This review will be looking at savings for 2019/20 and the following two years.
Increased income for Public Health Services	2,400	960	1,440	2,400	2,400	2,400	
	107,170	52,950	89,040	141,990	141,990	141,990	
Total for Communities Directorate	223,300	145,670	421,330	567,000	577,000	587,000	

	2019/20				2020/21	2021/22	
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
	£	£	£	£	£	£	
DIGITAL & RESOURCES							
Head of Finance							
Reduction in pension payments		5,000		5,000	5,000	5,000	Fall out of pension costs
Reduction in external audit fees following tender exercise		10,720	17,720	28,440	28,440	28,440	Saving delivered via use of PSIAA framework
Increased investment in the CCLA property fund		60,000	30,000	90,000	90,000	90,000	Would increase total investment to £3m for Adur and £1.5m for Worthing
Single Person Discount Review - Adur		40,000		40,000	40,000	40,000	Similar exercise in Worthing removed £450,000 of discounts of which Worthing's share was £81,000
Software rationalisation		0	10,000	10,000	10,000	10,000	Deletion of unneeded software budgets.
Deletion of unused budgets		0	8,420	8,420	8,420	8,420	
Deletion of secretarial post	12,110	4,840	7,270	12,110	12,110	12,110	Following retirement of previous postholder
Extension of payroll contract with SDLT until December 2019	16,370	6,550	9,820	16,370	16,370	16,370	
Review of staffing following flexible working by Payroll manager	5,000	2,000	3,000	5,000	5,000	5,000	
Review of staffing following flexible working by Exchequer Officer	5,000	2,000	3,000	5,000	5,000	5,000	
	38,480	131,110	89,230	220,340	220,340	220,340	
Head of Legal							
Increased income from legal work undertaken for Housing and funded by the Housing Revenue Account and the capital programme.	35,000	14,000	21,000	35,000	35,000	35,000	
	35,000	14,000	21,000	35,000	35,000	35,000	

	2019/20						Notes:
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total	2020/21	2021/22	
	£	£	£	£	£	£	
Digital & Customer Services							
High Street Surface removing 3hr maximum stay			12,000	12,000	12,000	12,000	Adding £6.80 for 4 hours and £12 all day tariff.
Civic Centre Introduction of night time charges of £1/hr to maximum of £3 and introduction of Sunday charges in line with Saturday charges.			13,000	13,000	13,000	13,000	NOTE: Potential income reduced to 1/3 of this as and when Health Hub project commences.
Lyndhurst Road - introduction of night charges 6pm - 6am £1/hr max £3 and introduction and extending day time charges from 6am - 6pm.			10,000	10,000	10,000	10,000	
Beach House East & West introduction of night charges 6pm - 6am £1/hr max £3 and introduction and extending day time charges from 6am - 6pm.			10,000	10,000	10,000	10,000	Note: This would be subject to reviewing agreement with Splashpoint but we would want to implement these changes if we implement Lyndhurst otherwise we will simply displace vehicles from Beach House to Lyndhurst.
Teville Gate new surface car park - 66 spaces. Tariff: £1.20/1hr £2.10 2hr, £3.20 3hr, £4.30 4 hr, £5.0 5hr+.			50,000	50,000	50,000	50,000	Assumes no preferential rate for council staff. Income will cease when the site is redeveloped. upfront capital investment in P&D machines and signage.
Energy saving following installation of new LED lighting in car parks			10,000	10,000	10,000	10,000	
Reduction of 2 FTE (1xGr3 1xGr4) in customer service team from October 2019 onwards.	26,000	10,400	15,600	26,000	50,000	50,000	Results from improved efficiency and reduced customer demand.
Net saving in Microsoft Licensing	30,000	12,000	18,000	30,000	30,000	30,000	
	56,000	22,400	138,600	161,000	185,000	185,000	

	2019/20				2020/21	2021/22	
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
	£	£	£	£	£	£	
Head of Business and Technical Services							
Consolidation of purchase ordering onto the main Financial Management System.	2,100	840	1,260	2,100	2,100	2,100	Cessation of Pillar (Recorder) software costs
Restructure savings	12,720	5,090	7,630	12,720	12,720	12,720	
Review of allocations to the capital programme by engineering and surveying teams	70,000	28,000	42,000	70,000	70,000	70,000	
Reprocurement of energy contracts	30,000	12,000	18,000	30,000	30,000	30,000	
Review of charging for electricity to the Magistrates Court			20,000	20,000	20,000	20,000	Meter reading now carried out in-house which identified that the magistrates courts were not being fully recharged.
	114,820	45,930	88,890	134,820	134,820	134,820	
Head of Revenues and Benefits							
Reduction in staff (2 FTE) following introduction of self-service	25,000	10,000	15,000	25,000	50,000	50,000	Reduction in staff will be managed through staff turnover. No redundancy costs expected.
	25,000	10,000	15,000	25,000	50,000	50,000	
Total for Digital and Resources Directorate	269,300	223,440	352,720	576,160	625,160	625,160	
ECONOMY							
Head of Growth							
Increase in pre-application fees	25,000	10,000	15,000	25,000	25,000	25,000	
Net fire safety income	8,000	2,640	5,360	8,000	8,000	8,000	
	33,000	12,640	20,360	33,000	33,000	33,000	

	2019/20				2020/21	2021/22	
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
Head of Place & Economy	£	£	£	£	£	£	
Reduction in salary costs following restructure of team	21,040	8,420	12,620	21,040	21,040	21,040	Restructure of Place and Investment and Major Projects following departure of previous Head of Service.
Increased income from filming	1,500	600	900	1,500	1,500	1,500	
Increased income from farmers markets		20,000		20,000	20,000	20,000	
Increased advertising income from bus shelters		10,000		10,000	10,000	10,000	
	22,540	39,020	13,520	52,540	52,540	52,540	
Head of Major Projects							
Removal of unused budgets			18,000	18,000	18,000	18,000	
Increased commercial property income from core estate			55,000	55,000	55,000	55,000	
	0	0	73,000	73,000	73,000	73,000	
Head of Culture							
Additional income from sale of tickets			12,000	12,000	12,000	12,000	
	0	0	12,000	12,000	12,000	12,000	
Total for Economy Directorate	55,540	51,660	118,880	170,540	170,540	170,540	

	2019/20				2020/21	2021/22	
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
Corporate savings	£	£	£	£	£	£	<p>JSC agenda in November 2018</p> <p>Based on increasing income in recycling payments by £170k per year and eliminating the need to invest in 2 new rounds.</p> <p>By changing to alternate weekly collection, the Councils will avoid significant additional costs in 2020/21 associated with introducing other measures to increase recycling percentage.</p>
Impact of change in refuse service	505,000	181,800	323,200	505,000	710,000	710,000	
Reduced cost of future initiatives to improve recycling.				0	500,000	500,000	
Total Corporate initiatives	505,000	181,800	323,200	505,000	1,210,000	1,210,000	
OVERALL TOTAL	1,065,140	607,370	1,223,330	1,830,700	2,594,700	2,604,700	



ADUR & WORTHING
COUNCILS

Key Decision: [Yes/No]

Ward(s) Affected: All

Investing for the future: Capital Programme 2019/20 to 2021/22

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

1.1 Last year the members approved a two year capital programme for the first time with the aim of improving how the capital programme was delivered and managed. The report recommends the schemes for inclusion in the overall Capital Investment Programmes for 2020/21 and 2021/22 and changes to the approved 2019/20 Capital Investment Programme for Adur District Council, Worthing Borough Council and the Joint Strategic Committee.

1.2 The report informs the Joint Strategic Committee of the resources available for future capital investment, and updates Members about the financing of the proposed 2020/21 and 2021/22 programmes.

1.3 The following appendices have been attached to the report:

- (i) **Appendix 1** The approved joint prioritisation system;
- (ii) **Appendix 2** The Adur District Council proposed changes to the 2019/20 Capital Investment Programme and proposed 2020/21 and 2021/22 Capital Investment Programmes of new General Fund schemes which is recommended for approval;
- (iii) **Appendix 3** The Worthing Borough Council proposed changes to the 2019/20 Capital Investment Programme and proposed 2020/21 and 2021/22 Capital Investment Programmes of new General Fund schemes, which is recommended for approval;

- (iv) **Appendix 4** The Joint Strategic Committee proposed programme of new Adur District Council and Worthing Borough Council partnership schemes, which is recommended for approval;
- (v) **Appendix 5** The approved Adur District Council Adur Homes Housing Renovation Programme 2019/20 - 2021/22;
- (vi) **Appendix 6** Amendments and additions to the Adur District Council Reserve List.
- (vii) **Appendix 7** Amendments and additions to the Worthing Borough Council Reserve List.

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- (a) Consider the General Fund Capital Investment Programmes for 2020/21 and 2021/22 and confirm the schemes to be included as detailed in Appendix 2, 3 and 4;
- (b) Agree the addition of the cost of the refurbishment of the High Street Multi-Storey Car Park to the Worthing Borough Council General Fund Capital Investment Programme for 2020/21 as reported to JSC 6.11.18 and detailed Section 4.1.d);
- (c) Agree the changes to the General Fund Capital Investment Programme for 2019/20 as detailed in Appendix 2 and 3;
- (d) Agree the amendments and additions to the reserve lists as detailed in Appendices 6 and 7;
- (e) Recommend the 2020/21 and 2021/22 Programmes for approval by the respective Councils on the 13th December 2018 (Adur) and 11th December 2018 (Worthing).
- (f) Recommend to Council that the budget for 2019/20 for the Strategic Property Investment Fund can be bought forward with the approval of the Executive member of Resources.

3. Context

3.1 The Adur and Worthing Capital Strategy 2019-2022 was updated and agreed by the Joint Strategic Committee (JSC) on 10th July, 2018. The financial impact of the proposed Capital Investment Programme was set out in the outline forecast included in the “Achieving financial Sustainability - Budget Strategy for 2019/20 and beyond” report and was agreed by JSC at the same meeting.

3.2 The Capital and Budget Strategies set out the following:

- (a) A maximum level of funding available per year for the next 5 years to fund new General Fund schemes:

Adur District Council	£1.0m (plus £5.2m in 2019/20 increasing to £5.5m in 2020/21 for the Housing Investment Programme)
Worthing Borough Council:	£2.5m

- (b) The Budget Strategy highlighted concerns about affordability in the medium term. Members of both Councils were made aware that the number, age and condition of both Councils’ assets continue to be a cause for concern. The funding of the programmes is to be comprised of prudential borrowing, capital grants, revenue/reserve funding and capital receipts.

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

3.3 The Capital Strategy agreed in July 2018 confirmed the approach to setting the capital investment programme. The programme is now set on a two year basis to enable better programming of schemes and to ensure cost effective procurement is undertaken. The strategy confirmed the following resource allocations:

- £650,000 set aside for partnership schemes principally to fund the planned vehicle replacements.
- £150,000 for essential IT replacement .
- £225,000 to be set aside for essential capital maintenance schemes.
- £225,000 set aside for the delivery of the digital strategy.
- The Strategic Property Investment Fund to remain at £25m for each Council per year to support the delivery of the Budget Strategy capped at an overall investment amount of £75 m per Council

3.4 As the July 2018 Capital Strategy explained, the top slicing of the capital programmes in each year to ensure funding for key strategic issues such as ICT and the other partnership programmes will mean that, of the overall resources available in 2020/21, only the following resources will remain for other schemes:

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

4.0 Strategic Issues Affecting The Development Of The Programme:

4.1 The following paragraphs are an update on the key strategic issues which affect the development of the capital programme:

(a) **Corporate Condition Surveys**

These condition surveys have been externally commissioned. This important piece of work will be used to inform the development of the capital programme in the future

(b) **Adur and Worthing Affordable Housing**

The need for a budget provision:

The Councils have a duty to assess and deal with housing need. They have a Core Strategy requiring affordable provisions on housing developments. Both Council currently have resources that could be utilised for this purpose:

- i) Adur District Council has £409,000 of S106 receipts and can also use Right to Buy receipts that have been set-aside for the replacement of affordable homes under the agreement with the Department of Communities and Local Government.

- ii) Worthing currently has £4.7m capital receipts set aside as a result of Right to Buy clawback from Worthing Homes and from time to time there are ring fenced S106 receipts for both Councils from developers in lieu of providing affordable housing on site of which £1.2m remain currently unallocated.

These are useful sources of funding to top-up schemes part funded from elsewhere, in order to ensure that schemes actually happen and get people off the Housing Register. The use of the Council's own assets to enable affordable housing development is becoming increasingly important as the more traditional funding sources, such as the Homes and Communities Agency (HCA) now known as Homes England decreases. The Housing Strategy targets 50 new affordable homes per annum.

The Councils continue to work closely with our Registered Provider (RP) partners to find and part fund sites where there is a compelling case. It is important to sustain an ongoing budget to enable the Council to input where appropriate when a site becomes available.

In theory the more affordable homes that are available, the less pressure there would be on the authority to source and pay for temporary accommodation. Though the direct effect on these budgets is relatively small, increased availability of affordable housing will reduce the length of time households stay on the housing register bidding for suitable homes as the Councils have nomination rights to the properties and at subsequent relets

Homes England contributions to housing developments:

The £2.8 billion Affordable Homes Programme (AHP) 2015-18 functions in a similar way to the current 2011-15 programme which saw a significantly reduced budget from previous programmes. Registered Providers who register with the programme will be expected to relet an increasing number of current properties at the "affordable rent" level, which is up to 80% of open market rents. This is aimed at ensuring that Registered Providers (RPs) can use the increased rental stream to borrow more and thus save capital grant funding. Grant levels under the upcoming AHP programme are expected to be circa £20-25,000 per rented unit, which is similar to the previous programme.

In November 2018, Homes England published its strategic plan 'Making Homes Happen' for 2018/19-2022/23 which includes the statement 'Ultimately, we need to disrupt the housing market'. Clearly there is ambition to support the delivery of more affordable housing and as such the strategy covers a range of areas including:

- Supporting the affordable housing market
- Providing investment products
- Unblocking and enabling land
- Delivering home ownership products
- Supporting modern methods of construction
- Addressing barriers for smaller builders and
- Providing expert support to priority locations

The Councils have a positive relationship with our Homes England who are committed to supporting our ambition to increase the supply of affordable homes in Adur and Worthing.

(c) **Adur Homes Investment Programme**

The condition surveys of the housing stock have revealed that the Councils need to invest over £33m in the next 5 years. The programme approved recently by JSC addresses the most immediate of the issues identified in 2017/18 and 2018/19, further work is underway to develop the capital works programme for the following three years.

However, the amount that can be invested in the housing stock is constrained by the affordability to the Housing Revenue Account due to the impact of rent limitation. Rents are due to fall by 1% per year in 2019/20 which reduces income to the Housing Revenue Account by some £500,000 per year.

(d) **Worthing Borough Council – Multi Storey Car Parks (MSCPs)**

As part of the Worthing's economic regeneration programme, there continue to be changes to parking infrastructure in the short to medium term. In relation to council owned car parks these include:

- Demolition of Teville Gate MSCP (344 spaces/ currently reduced to 114 spaces by partial closure) which will be replaced with a smaller surface car park later this year.

- The redevelopment of Grafton MSCP (450 spaces) with an indicative time-scale of 3 to 5 years. Additional parking spaces will be provided elsewhere in the Town Centre.
- Retention and refurbishment of Buckingham Road (288 spaces) and High Street (644 spaces) car parks.

The condition surveys have confirmed some long term concerns with regards to the condition of the structures of the MSCPs. The programme of works recommended for 2017/18 and beyond was designed to address immediate maintenance issues. Members considered the draft maintenance programme at the Joint Strategic Committee on 4th April 2017. More recently, a strategic report regarding the future of the car parks was considered as the Joint Strategic Committee on the 6th November 2018 which informs the future refurbishment programme at Buckingham Road and High Street MSCPs.

Below is the indicative programme for the first four years of the programme:

	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£
Structural Works	135,558	1,600,000	200,000		1,935,558
CCTV	42,725				42,725
Lift Refurbishment		62,000	100,000		162,000
Total for Grafton MSCP	178,282	1,662,000	300,000		2,140,282
Structural Works/Lifts	184,216	50,400	126,560		
LED Lighting	77,069				
CCTV	42,725				
Refurbishment *			1,533,000		
Total for Buckingham MSCP	304,010	50,400	1,538,530		1,892,940
Structural Works	42,897	50,400	134,400		
LED lighting	110,480				
CCTV	42,725				
Refurbishment *				3,507,270	
Total for High Street MSCP	196,102	50,400	134,400	3,507,270	3,888,172
OVERALL TOTAL	678,394	1,762,800	1,972,930	3,507,270	7,921,394

The majority of the maintenance investment is allocated to concrete repairs in Grafton MSCP to keep it operational for the next 5 - 7 years. These works were identified from the recent condition surveys. The remaining funding has been used for lift replacements at Buckingham Road, replacement of CCTV, application of protective coatings and some aesthetic improvements to stairwells and the entrance lobbies mainly at Buckingham Road and High Street.

- * A full refurbishment programme for Buckingham Road and High Street car parks is planned for the next two years. Improvements will include deck coatings, way finding, cladding at High Street, new edge barriers, and replacement lifts at High Street car park. The report to the Joint Strategic Committee 6th November provided full details of these works and recommended the refurbishment of Buckingham Road MSCP at a cost of £1,533,000. It is now recommended that the refurbishment works at the High Street MSCP are included in the 2020/21 Capital Investment programme funded by borrowing. The outline budget for 2020/21 has been amended to reflect the cost of this additional borrowing.

However to put this level of investment into some context, all of the main car parks generate significant annual profit which justifies the level of spend currently being incurred:

Net annual income	2018/19 budget
	£'000
Grafton MSCP	468
Buckingham MSCP	217
High Street MSCP	681
Total net income	1,366

(f) **Public conveniences**

The Capital Investment Programme generally includes a provision to fund minor refurbishment of the public conveniences in Adur and Worthing. The programme recommended for approval includes the following sums:

	2019/20	2020/21	2021/22
	£'000	£'000	£'000
Adur	50	50	50 (tbc)
Worthing	200	100	100

The condition of the public toilets is kept under review through regular inspections by our own Cleansing section who monitor the standards of cleaning currently carried out by an external cleaning contractor (this service is soon to be bought in house), and the Technical Service team who will deal with any responsive repairs or vandalism issues.

The corporate condition survey work currently being undertaken will include the public conveniences. This will help us to prioritise future capital and revenue expenditure. Until we have this information (anticipated in late in 2018), Technical Services have identified a priority list of sites across Adur and Worthing using local knowledge. This list has been discussed with each Executive Member.

The following list indicates the budget required to bring the facilities up to a good standard. This list has been prepared in the absence of detailed condition surveys and gives the Councils a three year programme of works for refurbishing our public toilets matched to the proposed capital improvement budgets.

Adur Toilets	Year	Proposed Budget
		£'000
Fort Haven, Shoreham by Sea	2018/19	30
Widewater, West Beach Road, Lancing	2018/19	25
Southwick Square, Southwick Street, Southwick	2019/20	50
Beach Green Shoreham, Shoreham by Sea	2020/21	80

Worthing Toilets	Year	Proposed Budget
		£'000
High Street MSCP, High Street, Worthing	2018/19	100
Pier (Parade Access), Worthing	2019/20	50
Lido, Marine Parade, Worthing	2019/20	30
Brooklands, Western Road, Worthing	2020/21	40
Sea Lane Cafe Car Park, Goring, Worthing	2020/21	25
Marine Gardens, Worthing	2020/21	30

(g) **Playgrounds**

For both Councils, there is a play area prioritisation list in place which details the order in which each Council's play areas are selected to be put forward for refurbishment. The criteria used to determine the order in which the play areas are refurbished was scrutinised at the Joint Overview and Scrutiny Committee (JOSC) in July 2017, with no recommendations or alterations to the process suggested.

The recommended programme for playground improvements for the next 3 financial years is as follows:

2019/20

Adur: Middle Road Recreation Ground Play Area (£100.8k)

Worthing: Palatine Park Play Area (£118.1k)

2020/21

Adur: Sompting Recreation Ground Play Area (£100.8k)

Worthing: i) Brooklands Pleasure Park Play Area (£140k)
ii) Replacement of rubber safety surfacing across various sites (£60k)

2021/22

Adur: Southwick Recreation Ground Play Area (£100.8k)

Worthing: Durrington Recreation Ground (£100.8k)

5.0 Resources

5.1 There are two influences on the overall size of the capital programmes, namely:

- (i) the level of available capital resources to fund the programmes;
- (ii) the extent to which the revenue consequences of the programmes in terms of the cost of borrowing, lost investment income and any associated running costs can be accommodated within the revenue budget.

5.2 The financial position for both Councils remains challenging over the next five years. The need to invest in existing assets, as well as provide for partnership working and new initiatives, means that both Councils will need to sustain relatively modest programmes as outlined in paragraph 3.2 for the foreseeable future. However, the Worthing programme in particular, is under pressure. The need to increase the level of investment has to be balanced against the difficult financial position of the Councils.

5.3 There is little change in the method of financing the programmes planned over the next 3 years. In addition, both Councils have approved a 'Strategic Property Investment Fund' which is an invest-to-save provision and specific investments which meet the criteria will be funded through prudential borrowing.

5.4 Both proposed programmes assume a phased use of the available prudential borrowing, capital receipts, reserves and the Major Repairs Reserve for Adur Homes which is generated from the depreciation set aside on an annual basis. These are discussed in more detail below:

5.5 Usable Capital Receipts derived from the sale of assets

5.5.1 Usable capital receipts are generated through the sale of Council owned assets. Both Councils are actively looking for opportunities to increase the available receipts as follows:

i) *Adur District Council*

In the past, the main source of capital receipts for Adur District Council has come from council housing sales which are used to support the

HRA Investment Programmes. However the potential sale of Adur Civic Centre could lead to a substantial capital receipt, the use of which will be determined by Members.

Adur has signed up to the DCLG agreement allowing 100% of Right to Buy (RTB) receipts to be retained to finance new affordable homes within the Adur area. However, the receipt can only provide 30% of the cost of any new build which means that the remaining 70% has to be financed from other sources including borrowing. A condition of being able to retain capital receipts arising from RTB sales was that they must be spent within a 3 year time limit. Receipts have to be returned after 3 years if we cannot allocate the receipts to any new homes. Properties may be built by Adur Homes or another Registered Provider.

Other Housing Revenue Account property or land sales fall outside the requirements of RTB receipts and may be retained by Adur provided it is spent on affordable housing, regeneration or the paying off of Housing Revenue Account debt.

ii) Worthing Borough Council

Worthing Borough Council has used receipts generated from the sale of specific sites (Aquarena and Eirene Road) to pay down debt following the £9.6m borrowing undertaken to finance the 'Splashpoint' swimming pool including the receipt recently received from the sale of the Aquarena site. Other general receipts are used to fund the capital investment programme.

Worthing Borough Council also has the right to a proportion of the receipts generated from the sales of homes by Worthing Homes. These receipts have been set aside to fund the delivery of affordable housing

5.5.2 Whilst, the revenue implication of using any capital receipts is by no means as much as those incurred by borrowing, this is by no means a 'free' source of funding. The annual revenue costs of using £1m of capital receipts are as follows:-

	Year 1 £	Year 2 £

Interest at say 0.5%	2,500	5,000
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In the past capital receipts have been a major source of funding for both Councils' capital programmes. Members will be aware that the Councils now have only limited access to capital receipts as:

- a) Neither Council owns large tracts of land that can be easily disposed of when capital receipts are needed. Indeed, any such tracts of land may afford the Council will the opportunity to either directly or indirectly improve the supply of affordable housing. There are some disposals which are currently taking place and which could be made available in time, but these are unlikely to meet all the investment needs of either Council in the immediate future;
- b) There are very few other options for future disposals of operational assets, owned by either council, without service provision implications;
- c) Any benefits that might accrue from the sale of non-operational assets, such as the commercial properties, will be largely negated by the loss of significant rental and lease income. Consequently, the disposal of such assets can only be undertaken when there is a clear business case to justify such an action;

5.5.3 In addition, due to the pressure on the reserves, some of the receipts generated in the period 2016 - 2019 have been set aside to fund the costs associated with delivering the savings necessary to balance the revenue budget. Whilst no funding is due to be released for 2019/20, given the financial challenges ahead it will be prudent to keep some receipts aside for future costs.

5.5.4 In light of the budget strategy and the limitations on generating additional capital receipts, the estimated balance of capital receipts to fund the 2020/21 and 2021/22 Capital Investment Programmes will be:

Adur District Council

Adur District Council		Balance at 1 st April £'000	* Receipts Generated £'000	Planned Use £'000	Balance at 31 st March £'000
2020/21	General	-	-	-	-
	Ring-fenced				
	- HRA	745	800	(1039)	506
	- General Fund	219	16	(57)	178
	Total	964	816	(1,096)	684
2021/22	General	-	-	-	-
	Ring-fenced				
	- HRA	506	800	(458)	848
	- General Fund	178	16	(6)	188
	Total	684	816	(464)	1,036

Worthing Borough Council

Worthing Borough Council		Balance at 1 st April £'000	Receipts Generated £'000	Planned Use £'000	Balance at 31 st March £'000
2020/21	General	-	-	-	-
	Ring-fenced	4384	212	(1,432)	3,164
	Total	4384	212	(1,432)	3,164
2021/22	General	-	-	-	-
	Ring-fenced	3,164	212	(1,002)	2,374
	Total	3,164	212	(1,002)	2,374

The lack of capital receipts as a source of funding is a problem for both Councils. It is inevitable that both Councils will need to borrow to sustain their respective capital programmes with inevitable higher revenue consequences as a result.

5.6 Prudential Borrowing

5.6.1 For the General Fund, the Prudential Code generally gives an unlimited ability to borrow, provided it is 'affordable, sustainable and prudent'. In practical terms the amount of the borrowing is inhibited by the impact of the associated revenue consequences on the revenue budget and on council tax.

5.6.2 Historically, the position for Adur's Housing Revenue Account was different. Since April 2012, any future borrowing for capital investment in the housing stock, would only be allowable subject to repaying existing debt and creating headroom between actual debt and the borrowing limit of £68.9 million. Recently, the debt cap on the HRA has been removed and so the limitation on any future borrowing will be the affordability of the revenue consequences of the borrowing.

5.6.3 Whilst, the HRA has the option to make a voluntary revenue provision (VRP) for the repayment of debt, at the moment this option is not being exercised due to the financial position of the HRA. This will be reassessed once the current government policy on rent levels of a 1% annual reduction comes to an end. The repayment of debt can also be funded from the depreciation which is set aside into the Major Repairs Reserve (see 5.7.1 below).

5.6.4 The annual revenue costs of each additional £1m of Prudential Code borrowing are estimated to be as follows:-

	Year 1 £	Year 2 £
Principal repayment based on the annuity method *	0	53,770
Interest at say 3%	15,000	30,000
Total costs	15,000	83,770

- * Both Councils have a policy of repaying any debt over the life of the asset acquired. On average the assets funded will have a life of 15 years which is equivalent to a 7% revenue provision each year.

MRP= Minimum Revenue Provision – the amount of ‘capital’ that has to be repaid each year, notionally this is the amount set aside to repay debts which have accumulated to finance schemes.

5.7 Adur Housing Revenue Account - Major Repairs Reserve contribution

5.7.1 The Council is allowed to set-aside amounts into a Major Repairs Reserve, equivalent to at least the annual depreciation charge for the housing stock made to the Housing Revenue Account. This can be used to fund the repayment of debt or to finance capital expenditure. The major repairs allowance calculation for 2018/19 is initially estimated at £3.8m which will be used to finance the capital programme.

5.7.2 New capital expenditure on housing will be financed from direct revenue contributions, capital receipts, the Major Repairs Reserve or from Prudential Borrowing (if overall borrowing is less than the ‘borrowing limit’ of £68.9 million). Any new borrowing will require amounts to be set aside from the Major Repairs Reserve for repayment of debt.

5.8 Revenue Contributions and Reserves

5.8.1 Worthing Borough Council has a specific capital reserve set aside to fund the capital improvements at the Crematorium. The Crematorium makes an annual contribution to the reserve from the additional income generated by the agreed improvements.

5.8.2 The HRA has set up a ‘New Acquisition and Development’ reserve specifically to fund initiatives to increase the supply of affordable housing.

5.9 Capital Grants and other external funding

5.9.1 The following capital grants and other contributions are expected and have been taken into account within the overall resources for the 2020/21 capital programmes:

Adur District Council External Funding

	£
Disabled Facilities Grant (Better Care Fund)	350,000

Worthing Borough Council External Funding

	£
Disabled Facilities Grant (Better Care Fund)	750,000
S106 Receipts	20,000
Theatres Restoration Levy	60,400

5.9.2 Disabled Facilities grants are mandatory and each Council has to approve all eligible grants. All approvals are for 12 months and works can be undertaken at any time in this period. Any unspent grant can be carried forward to future years to fund outstanding grant commitments at 31st March.

6.0 DRAFT PROGRAMMES

General Fund Programme

6.1 The 2020/21 and 2021/22 draft General Fund programmes are attached at Appendix 2 and 3 and include the proposed changes to the 2019/20 programme. The indicative programmes have been prepared on the basis of the agreed guidelines and the estimated resources. Each scheme has been scored using the priority scoring system devised under the Capital Strategy, producing a balanced programme in accordance with the overall available funding. At this stage, the schemes recommended for inclusion 2021/22 are indicative only and will be reassessed next year.

6.2 Members are asked to consider the proposed programmes. Members can remove schemes if they consider that they should not be supported at this time or add schemes which merit support provided that the overall programme remains affordable. Additional information is provided below on the proposed invest to save schemes and other issues which members should be aware of when considering the overall programme.

6.3 **Invest to save schemes**

The Councils will consider 'invest to save' capital proposals which produce revenue savings that exceed the cost of borrowing by at least 10% over the life of the investment.

(i) **Empty Properties**

Historically, this scheme has been funded from New Homes Bonus. However this will cease to be paid to the Councils from 2020/21 and is due to be fundamentally reformed. Consequently, this scheme will be funded in future from the repayment of empty property grants and loans. The effectiveness of the scheme is reviewed annually.

The Councils continue to build on the working relationship with the nominated private sector letting agent that we are currently in partnership with to manage our guaranteed rent scheme. We have already achieved one of our objectives by developing a Guaranteed Rent Scheme with Northwood's letting agent. This is proving successful with 23 properties to date being referred to them and the housing options team receiving the nomination rights. There has been a growing number of empty home owners interested in the schemes and new approaches continue to be sought to promote the funding to Empty Property owners. Increasing the supply of private sector rental properties available at Local Housing Allowance levels remains a key objective.

Close working with our Legal Team to develop and finalise the Enforced Sales Procedure is nearing fruition which will allow us to proceed with the sale of three long term empty properties, we anticipate using this procedure on further properties in the future.

A number of projects are currently underway with the YMCA, who still have HCA grant funding. The councils funding from the Empty Property Assistance Programme will see an empty run down property of over three years being renovated and brought back into occupancy as a four bed HMO nomination rights to this property will be awarded to the council for the next five years.

The Councils will continue to focus on achieving the objectives set out in the Empty Property Strategy and working with partners in the charitable sector as well as individual empty property owners to

increase the supply of affordable housing as these properties are let at social rents.

The success of this initiative will be monitored.

(ii) Strategic Property Investment Fund

Both Councils have committed to investing in Commercial Property to produce a long term sustainable income for the Council. The investment in such property is governed by the Annual Investment Strategy - Commercial Property which was approved by the Joint Strategic Committee on the 10th July 2018

To enable this objective to be met, as part of the Capital Strategy, each Council has set aside funding for a Strategic Property Investment Fund. Each investment should generate income which exceeds the potential borrowing costs associated with the purchase or development of the new property

Whilst under the constitution the Head of Major Projects has the delegated authority to purchase property provided that a budget exists; given the nature of these investments, each individual purchase or development is the subject of a business case which is approved by the relevant Leader and Executive Member of Resources.

The amount that can be invested in any given year by each Council is currently capped at £25m with an overall cap in the level of investment at £75m. However there may be instances when property becomes available during the year which meets the investment objectives but which will mean that the cap will be breached in a given year. Consequently it is recommended that the budget from the following year can be bought with the approval of the Executive Member of Resources.

(iii) Temporary accommodation

The cost of temporary and emergency accommodation has been escalating. In response to this, the Councils have each created a budget to purchase temporary accommodation for residents who the Council has a duty to house temporarily. Each proposal is assessed for

financial and operational viability before a business case is approved by the Executive Member. Elsewhere on this agenda is a full update report on the progress of the Council's initiatives to improve the supply of affordable housing.

6.4 **Schemes currently below programme financial cut-off**

6.4.1 This year there are a few schemes which fall below the proposed cut-off for each of the programmes. These are detailed in appendices 2 and 3.

6.5 **Adur Housing Investment Programme**

6.5.1 The estimated resources available to fund the 2019/20 - 2021/22 HRA Investment Programme are sufficient to fund all the schemes detailed in Appendix 5.

6.5.2 The first priority for the programme is the continued maintenance of Council homes to address issues arising from the condition survey. Members have recently approved the programmes for 2019/20 - 2021/22, which are detailed in Appendix 5.

6.6 **Overall**

The following assumptions have been used in preparing the draft programmes:

- (a) Maximise use of external funding where possible.
- (b) Continuation of Specific Grant Aided Funding for Mandatory Disabled Facilities Grants.
- (c) The proposed Capital Programme and Reserve Lists include a number of the larger planned maintenance schemes. Only schemes which meet the criteria for capital funding are included.

6.7 The following tables are a summary of total resources used to fund the new schemes included in the draft programmes for 2020/21 and 2021/22.

Adur District Council

Programme Year	Revenue Contributions and Reserves £	Major Repairs Reserve £	Capital Grants and Contributions £	Usable Capital Receipts £	Borrowing £	TOTAL £
2020/21						
General Fund	491,120	-	350,000	6,000	994,000	1,841,120
HRA	-	3,900,000	-	140,000	1,460,000	5,500,000
Total	491,120	3,900,000	350,000	146,000	2,454,000	7,341,120
2021/22						
General Fund	81,920	-	350,000	6,000	994,000	1,431,920
HRA	-	4,000,000	-	140,000	1,380,000	5,520,000
Total	81,920	4,000,000	350,000	146,000	2,374,000	6,951,920
TOTAL						
General Fund	573,040	-	700,000	12,000	1,988,000	3,273,040
HRA	-	7,900,000	-	280,000	2,840,000	11,020,000
GRAND TOTAL	573,040	7,900,000	700,000	292,000	4,828,000	14,293,040

6.8 Members will note that the total planned new spending for 2020/21 and 2021/22 is £14,293,040. The table above indicates how this proposed programme will be financed. However, the Council is applying for external funding from Homes England which would substantially reduce the HRA borrowing included above; the bid is for 20% funding for 2 of the Council's development properties.

6.9 Members are also asked to approve changes to the 2019/20 Capital Investment Programme where urgent investment has been identified. Full details are included in Appendix 2 and are summarised below:

Schemes to be added to 2019/20 Capital Investment Programme	Funding (Council Resources Borrowing or Capital Receipts)
Lancing Manor Main Hall Floor Replacement	£60,000
Wadurs Swimming Pool - Replacement boiler and plant	£90,000
Condition Surveys of Commercial Leased Out Properties	£14,030
Funding Required	£164,030
Schemes not proceeding to be removed from 2019/20 Capital Investment Programme	
Lancing Manor Leisure Centre - External Cladding	(£13,500)
Land Drainage Improvements - Larkfield playing field	(£22,400)
Underspend c/f from 2018/19 (2 refuse and recycling vehicles not now required)	(£128,130)
Funding Available	(£164,030)

Worthing Borough Council

Programme Year	Revenue Contributions and Reserves £	Capital Grants and Contributions £	Theatres Levy / Theatres External Funding £	Usable Capital Receipts £	Borrowing £	TOTAL £
2020/21						
General Fund	69,080	770,000	60,400	1,000,000	2,500,000	4,399,480

2021/22						
General Fund	69,080	750,000	310,000	1,000,000	2,018,000	4,147,080
GRAND TOTAL	138,160	1,520,000	370,400	2,000,000	4,518,000	8,546,560

6.9 Members will note that the total planned new spending for 2020/21 and 2021/22 is £8,546,560. The table above indicates how this proposed programme will be financed.

6.10 Members are also asked to approve changes to the 2019/20 Capital Investment Programme where urgent investment has been identified. Full details are included in Appendix 3 and are summarised below:

Schemes to be added to 2019/20 Capital Investment Programme	Funding (Council Resources Borrowing or Capital Receipts)
Condition Surveys of Commercial Leased Out Properties	£45,000
Installation of new water supply to foreshore splash pad	£22,400
MSCPs - Upgrade of payment machines to include contactless facility barcode readers	£59,250
Pavilion Theatre - Sound proofing between auditorium and cafe / bar. Total cost of scheme £50,200. Funded £15,000 from a business investment, Theatres Restoration Levy £16,000, and Council Resources £19,200.	£19,200
Public Conveniences Refurbishment Programme	£200,000
Additional funding required for the removal of asbestos from the Town Hall roof space	£128,500
Contingency for urgent priority schemes, inflation increases and unavoidable overspends	£70,650
Funding Required	£545,000
Underspend c/f from 2018/19 (2 refuse and recycling vehicles not now required)	(£45,000)
Additional borrowing / capital receipts agreed July	(£500,000)

2018	
Funding Available	(£545,000)

7.0 Revenue Implications

7.1 The revenue implications (excluding the revenue impact of financing the Capital Investment Programme) of all the capital projects in the draft programmes are shown in last column of appendices 2 and 3. An assessment of the revenue implications of the planned programme has already been built into the Medium Term Financial Plan. This has already been recognised as a genuine expenditure within the overall revenue budget. There is, of course, no obligation to spend merely because resources are available. In considering the merits of any capital investment proposal, the opportunity cost of using the resources, the revenue cost associated with any borrowing and the interest earnings foregone by utilising capital receipts and reserves, require full consideration.

7.2 The full year revenue impact of financing the capital programme is shown below:-

Adur District Council

Programme Year	Revenue Impact	Cumulative	Full-Year Impact in
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	General Fund £	HRA £	General Fund £	HRA £	
2020/21	99,430	146,700	99,340	146,700	2021/22
2021/22	99,430	138,700	198,860	285,400	2022/23

Worthing Borough Council

Programme Year	Revenue Impact		Cumulative		Full-Year Impact in
	Borrowing £	Capital Receipts £	Borrowing £	Capital Receipts £	
2020/21	250,000	5,000	250,000	5,000	2021/22
2021/22	201,800	5,000	451,800	10,000	2022/23

The above figures, for both councils, do not include any other direct revenue implications, which could be either positive or negative, depending on the particular schemes. The draft programmes show the other ongoing annual running costs of servicing and maintaining the proposed schemes and savings generated from the capital investment.

8.0 Prudential Indicators

8.1 The statutory framework for the Prudential System is set out in Chapter I of the Local Government Act 2003 and in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended. The framework incorporates four statutory codes. These are:

- The Prudential Code prepared by CIPFA
- The Treasury Management Code prepared by CIPFA
- The Statutory Guidance on Local Authority Investments prepared by MHCLG
- The Statutory Guidance on Minimum Revenue Provision prepared by DCLG

- 8.2 Part of the core process for the Prudential Code is for Members to set Prudential Indicators as detailed in the Prudential Code against which the performance of the Capital Investment Programme and Treasury Management can be measured and monitored throughout the year. These indicators will be calculated once the programme has been fixed and reported to the Executive and Council as part of the Revenue Budget report.
- 8.3 Members should be aware that the Prudential Code has been revised with the aim of creating more openness and transparency around investment in non-financial instruments. New requirements for reporting include:
- i) Local authorities should formally approve the capital strategy
 - ii) The Chief Financial Officer must now formally report on the risks associated with the capital strategy.
 - iii) Local authorities will need to disclose the contribution that investments make to the delivery of core activities.
 - iv) The key principles of security, liquidity and yield will be extended to all investment activity, including commercial and regeneration investments.
 - v) There will be an extended requirement for the local authority to comment on the skills and training of decision makers, be they senior officials, Members or Treasury Management staff.
- 8.4 In parallel to the changes in the Prudential Code, the Government has issued revised guidance on Minimum Revenue Provision for the 2019/20 financial year. The main changes proposed are that:
- i) Local authorities can still overpay in any specific year, and offset that overpayment against charges in future years, provided the overpayment is disclosed in the MRP Policy with the cumulative amount overpaid.
 - ii) Where local authorities use a methodology based on the Useful Life of assets, the maximum Useful Life is 50 years, except in specific circumstances. The Council already complies with this requirement.

- iii) In respect of investment properties, from 1st April 2019 the provision must be spread over the lifetime of the debt taken on to acquire the property.

9.0 Engagement and Communication

- 9.1 Members were consulted on the capital bids to be included in the draft programmes. Their comments are included in this report. The final recommendations for the capital programmes will be made to Adur District Council on the 13th December, 2018 and Worthing Borough Council on the 11th December, 2018.

10.0 Conclusion

- 10.1 Whilst both Councils have only limited resources with which to fund the capital programme, it has been possible to provide for a modest core programme of £1.0m for Adur District Council, £2.5m for Worthing Borough Council each year and £5.2m for Adur Homes. In addition, Worthing Borough Council has committed to a refurbishment programme for the car parks which has initially been funded through increased income from fees and charges.
- 10.2 Both Councils have insufficient capital resources available to meet all of the identified demands for capital investment for 2020/21 and 2021/22, and therefore some schemes must remain on the respective Reserve List.
- 10.3 The implication of this restriction in capital investment is that some maintenance needs are not currently being met. Both Councils will need to continue to critically review their asset base over the coming years with a view to retaining a sustainable level of assets to support service delivery.
- 10.4 The continuing constraints on the availability of capital resources in the medium to long term and the direct impact on the revenue budget leaves little room for manoeuvre. Work needs to commence now to ensure sufficient resources are available to both Councils to provide adequate funds for financing the respective Capital Investment Programmes from 2019/20 onwards. In any event, the revenue consequences of spending scarce resources must always be borne in mind in judging the merits of any capital investment proposal.

11.0 Financial Implications

- 11.1 The financial implications associated with the development of the budgets are detailed throughout the report.

Finance Officer: Sarah Gobey

Date: 19th November 2018

12.0 Legal Implications

- 12.1 Part 1 of the Local Government Act, 2003 sets out the framework for capital finance and expenditure.
- 12.2 The Local Government (Capital Finance and Accounting) (England) Regulations 2003 provide more detailed requirements.
- 12.3 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.
- 12.4 The Local Government Act 2003, Sections 16(2)(b) and 20: Treatment of costs as capital expenditure allows Councils to use any capital receipts generated in 2016/17 – 2018/19 to fund revenue expenditure which will generate an on-going saving via a direction from the Secretary of State which was issued on 17th December 2015.

Legal Officer:

Date:

Background Papers

CIPFA Prudential Code for Capital Finance in Local Government

Capital Estimates 2019/20 – Working papers

Investing for the future - Our Capital Strategy 2019/22 – Report to Joint Strategic Committee on 10th July 2018

Achieving Financial Sustainability - Budget Strategy for 2019/20 and beyond – Report to Joint Strategic Committee on 10th July 2018

2nd Capital Investment Programme and Projects Monitoring 18/19 – Report to Joint Strategic Committee on 6th November 2018

HRA Capital Programme 2017-2019 – Report to Joint Strategic Committee on 12th September 2017

Adur District Council - Housing Revenue Account Capital Programme 2019-2022– Report to Joint Strategic Committee on 9th October 2018

Worthing multi-storey car park improvement programme: approval to commence capital works – Report to Joint Strategic Committee on 4th April 2017

Investing in Worthing Town Centre - Approach to Car Parking Provision – Report to Joint Strategic Committee on 6th November 2018

Improving supply of temporary accommodation - Report to Joint Strategic Committee on 13th September 2016

Commercial Property Investment Strategy - Report to Joint Strategic Committee on 10th July 2018

Contact Officer:

Sarah Gobey

Chief Financial Officer

Telephone 01903 221221

e-mail: sarah.gobey@adur-worthing.gov.uk

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

Individual schemes within the three proposed capital programmes have been subjected to equalities impact assessment. Schemes which have a positive impact on equalities include:

- Affordable housing schemes – Schemes are targeted at the most vulnerable;
- Disability Discrimination Act - Works to improve accessibility of Council buildings;
- Disabled Facilities Grants – Improvements and adaptations to private housing to meet specific needs;
- Home Repair Assistance Grants – Grants to enable those in need to stay in their homes;
- Resurfacing of hard surfaces – Provides an improved surface for wheelchair users and other people with reduced mobility;
- Parks – Replacement of play area and outdoor fitness equipment which is designed to be more accessible and inclusive;
- ICT Hardware Replacement Programme – Provision of special keyboards and screens where required;
- Empty Property Grants – Increase the supply of affordable housing in the locality.
- Public Conveniences – Upgraded and new facilities include DDA improvements and facilities.

There will be no negative equalities and diversity outcomes arising from the proposed programmes.

SUSTAINABILITY AND RISK ASSESSMENT

2. SOCIAL

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 & WORTHING COUNCILS

CAPITAL PRIORITISATION MODEL

Criteria for scoring points

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

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


Category	Criteria																
H	<p>Risk Register If the scheme's risks are on the Corporate Risk Register the points to be awarded are High Risk 5 points, Medium Risk 3 points, and Low Risk 1 Point. Finance will seek validation of any points awarded here.</p>																
I	<p>Partnership working – Add 5 points Projects that involve partnership working where the partner contributes to the completion of the scheme, rather than just benefits from the outcome. This could be funding, in-kind work or involvement in the design process which has a direct affect on the final project.</p> <p>Examples would be community involvement, WSCC schemes, "Better Together" (Coastal West Sussex Partnership) and the police. Full details of all partners involved and their contribution to the scheme must be provided.</p>																
J	<p>Match Funding / External Funding Utilisation of Council resources. The higher the percentage of funding expected from the Local authority, the less points can be awarded: This has an individual ranking Matrix – please see below:</p>																
	<table border="1"> <thead> <tr> <th data-bbox="140 1196 751 1263">External Funding % received</th> <th data-bbox="751 1196 1437 1263">Points to be added</th> </tr> </thead> <tbody> <tr> <td data-bbox="140 1263 751 1308">0.1% - 24%</td> <td data-bbox="751 1263 1437 1308">1</td> </tr> <tr> <td data-bbox="140 1308 751 1352">25% - 49%</td> <td data-bbox="751 1308 1437 1352">2</td> </tr> <tr> <td data-bbox="140 1352 751 1397">50% - 65%</td> <td data-bbox="751 1352 1437 1397">3</td> </tr> <tr> <td data-bbox="140 1397 751 1442">66% - 75%</td> <td data-bbox="751 1397 1437 1442">5</td> </tr> <tr> <td data-bbox="140 1442 751 1487">76% - 89%</td> <td data-bbox="751 1442 1437 1487">7</td> </tr> <tr> <td data-bbox="140 1487 751 1532">90% - 99%</td> <td data-bbox="751 1487 1437 1532">10</td> </tr> <tr> <td data-bbox="140 1532 751 1615">100%</td> <td data-bbox="751 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 **																
**	<p>Automatic approval is subject to the scheme contributing to the Council's aims, and future financial revenue implications being accommodated with the Council's overall revenue budget. All external funding must be confirmed by source before scheme is included in the Adur or Worthing Capital Investment Programme.</p>																
K	<p>Consultation – points to be determined by Members (up to 5 points in total) Projects that are important for community/political reasons following consultation.</p>																

COUNCIL PRIORITIES


Category	Criteria	Points
L	Minimum works required to prevent the Council failing in its statutory duty (e.g. DDA)	20
	Or There is a mandatory legal requirement to provide the service, the proposed scheme enables the service to be provided and that obligation cannot be met in any other way	20
M	Essential works are required to avoid serious long-term financial, operational or service consequences	15
	Or There is a demonstrable, priority need to replace the asset/service on an essentially like for like basis (save for improvements in technology) as the existing asset is at the end of its useful life	15
N	Other schemes, which meet the Councils priorities as laid out in the Platforms for our Places, Service Plans, Local Area Agreements, Community Strategy Priority Action Plans or the Councils' plans	10
O	There is an expectation by the Government that the Council should undertake a particular course although it may not be currently statutory and there is a likelihood of some form of sanction being applied against the Council if that expectation is not met.	5
P	Council Priorities (Platforms): 1 point for each point achieved from each platform (max. 18)	
P1	Platform 1 - Our Financial Economies 1.1) Projects to regenerate and activate places. 1.2) Creating and leveraging opportunities for investment. 1.3) Developing partnership with business sector and identify supports. 1.4) Developing our learning and skills ecosystem.	

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


ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
PROPOSED CHANGES TO 2019/20 CAPITAL INVESTMENT PROGRAMME										
1	Impulse Leisure - Lancing Manor Leisure Centre main hall floor replacement. (Estimated current life of current flooring 12 months)		DM	NB	60,000	-	-	-	60,000	-
2	Impulse Leisure - Wadurs Swimming Pool replacement boiler and plant. (Urgent works are required in order to prevent boiler failure. Condition survey commissioned to establish costs and extent of works)		DM	NB	90,000	-	-	-	90,000	-
3	Impulse Leisure - Lancing Manor Leisure Centre external cladding. (Funding not required as the works have been funded from the revenue budget)		DM	EB	-13,500	-	-	-	-13,500	-
4	Condition Surveys of Commercial Leased Out Properties (To provide an assessment of the current condition of the Council's commercial leased out properties)		SM	NB	14,030	-	-	-	14,030	-


ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
5	Land Drainage Improvements - Realignment of ditch and stabilisation of banks in the vicinity of Larkfield playing field, Lancing (Works to realign and shallow the ditch running between Larkfield Recreation Ground and the stables were originally scheduled for 2019/20 but are now proposed for 2021/22)		DM	EB	-22,400	-	-	-	-22,400	-
Proposed Changes to 2019/20 CIP:					128,130	-	-	-	128,130	-
Proposed Funding:										
Underspend on 2 refuse and recycling vehicles c/f from 2018/19:					128,130					
PROPOSED 2020/21 AND 2021/22 CAPITAL INVESTMENT PROGRAMME										
"INVEST TO SAVE" SCHEMES										
1	Empty Properties - Grants and Loans towards works to bring empty properties back into use (Scheme funded from New Homes Bonus based on number of empty properties brought back into use, and repayments of grants and loans made. See report for details)		BR	EB/NB	-	-	21,000	21,000	42,000	See report for anticipated additional income
Total Invest to Save Schemes:					-	-	21,000	21,000	42,000	-


ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
PARTNERSHIP SCHEMES FUNDED FROM RING FENCED FUNDING										
2P	Corporate ICT hardware and infrastructure replacement programme (Partnership scheme with Worthing Borough Council. Total cost £65,000 2020/21, £100,000 2021/22). Replacement PCs, laptops, servers and infrastructure.		JJ	EB/NB	-	30,550	30,550	47,000	77,550	-
3P	Digital Strategy General Provision (Partnership scheme with Worthing Borough Council. Total annual provision £225,000 to facilitate delivery of the digital strategy)		JJ	EB/NB	-	105,750	105,750	105,750	211,500	-
4P	Grounds Maintenance / Cemeteries - Vehicle replacements (Partnership scheme with Worthing Borough Council. Total cost Year 1: £28,000 1 x 3.5 tonne tipper. Total cost Year 2: £133,000 3 x small vans, 3 x small tippers, and 1 landrover)		AN	EB/NB	-	15,400	15,400	53,200	68,600	-
5P	Grounds Maintenance Service - Rolling programme of equipment replacements (Partnership scheme with Worthing Borough Council. Total cost £35,000 per annum)		AE	EB/NB	-	14,000	14,000	14,000	28,000	-


ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
6P	Refuse / Recycling / Street Cleansing / Public Conveniences Cleansing vehicle replacements (Partnership scheme with Worthing Borough Council. Total cost Year 1: £431,500 1 x recycling vehicle, 3 x street cleansing vehicles. Total cost Year 2: £376,500 8 x street cleansing vehicles, 1 x public conveniences cleansing vehicles and 1 workshop vehicle)		AN	EB/NB	-	164,850	164,850	147,070	311,920	-
7P	Refuse and Recycling Service - Wheeled bin replacements (Partnership scheme with Worthing Borough Council. Total cost £50,000 p.a. £30,000 funded from green bin income)		TP	EB/NB	-	7,280	18,200	18,200	36,400	-
8P	Parks and Open Spaces - Street litter and dog bins replacement programme (Partnership scheme with Worthing Borough Council. Total cost £20,000 p.a)		TP	NB	-	7,600	7,600	7,600	15,200	-
Total Partnership Schemes:						345,430	356,350	392,820	749,170	-

ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
PLANNED MAINTENANCE SCHEMES FUNDED FROM RING FENCED FUNDING										
9	Condition Surveys of Corporate Buildings (To continue the assessment of the current condition of the Council's corporate buildings to inform a programme of planned maintenance works and also to establish the energy efficiency of corporate Buildings)		DM	EB/NB	-	22,400	22,400	22,400	44,800	-
10	Condition Surveys of Commercial Leased Out Properties (To provide an assessment of the current condition of the Council's commercial leased out properties)		SM	NB	-	30,800	30,800	30,800	61,600	-
11	Land Drainage Improvements - Realignment of ditch and stabilisation of banks in the vicinity of Larkfield playing field, Lancing (Works to realign and shallow the ditch running between Larkfield Recreation Ground and the stables)		DM	EB	-	-	-	22,400	22,400	-
Total Planned Maintenance Schemes:						53,200	53,200	75,600	128,800	-

ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
SCHEMES FUNDED FROM GENERAL FUND										
12	Affordable Housing - Grants to Registered Social Landlords to provide affordable housing (Year 1 funded from S106 receipts)	47	AA	EB/NB	-	-	409,200	419,130	828,330	-
13	Community Alarm Service - Procurement of community alarm equipment (Purchase of new alarm units for new customers and to replace units which have reached the end of their useful lives to attract new and retain existing customers. Funded from Community Alarm Trading Account)	47	BR	EB/NB	-	-	50,000	50,000	100,000	-
14	Housing Renewal Assistance - Mandatory Disabled Facilities Grants (Funded from the DCLG Better Care Fund)	46	BR	EB/NB	-	-	350,000	350,000	700,000	-
15	Public Conveniences - Rolling programme of refurbishments (Sites to be agreed with the Executive Member)	37	DM	EB/NB	-	50,000	50,000	-	50,000	-
16	Disability Discrimination Act Improvements - Rolling programme of improvements to Council buildings	36	DM	EB/NB	-	16,800	16,800	-	16,800	-


ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

ADC ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
17	Asbestos Management - Removal and management of asbestos from corporate buildings and sites	34	DM	EB/NB	-	16,800	16,800	-	16,800	-
18	Housing Renewal Assistance - Discretionary Home Repair Assistance Grants (Budget provision based on previous years' spend. Future provisions to be assessed annually)	33	BR	EB/NB	-	65,000	65,000	-	65,000	-
19	Buckingham Park - Replacement of fencing, resurfacing of footpaths and other hard landscaping to improve access, including disability access, across the site. Phase 1 (Works required for Green Flag status)	32	AE	NB	-	56,000	56,000	-	56,000	-
20	Fishersgate Recreation Ground - Car park resurfacing (The car park has large areas where the surfaces have failed and now requires extensive resurfacing to prevent further defects)	31	DM	NB	-	140,000	140,000	-	140,000	-
21	Play Areas - Rolling Programme of improvements (Year 1 Sompting Recreation Ground)	31	AE	EB/NB	-	100,800	100,800	-	100,800	-


ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

ADC ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
22	Adur Parks and Open Spaces - Rolling programme of replacement signage (Prioritising sites with most activity to provide health and safety information, byelaws, contact details, facilities and promotion of events)	26	AE	NB	-	20,000	20,000	-	20,000	-
23	Allotments - Rolling programme of improvements (Works to include replacements and improvements of pathways, old water pipes, fencing improvements.	26	AE	EB/NB	-	16,800	16,800	-	16,800	-
Total General Fund Schemes:						482,200	1,291,400	819,130	2,110,530	-
Contingency provision for urgent / priority schemes, inflation and unavoidable overspends						-	119,170	123,370	242,540	-
TOTAL COST OF PROPOSED CAPITAL INVESTMENT PROGRAMME:						1,000,000	1,841,120	1,431,920	3,273,040	-


ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
The following schemes fell below the cut off for inclusion in the 3 Year Capital Investment Programme and will be added to the Reserve List, but could be included in the Capital Programme if Councillors choose:										
24	Public Conveniences - Rolling programme of refurbishments (Sites to be agreed with the Executive Member)	37	DM	EB/NB	-	-	-	50,000	50,000	-
25	Disability Discrimination Act Improvements - Rolling programme of improvements to Council buildings	36	DM	EB/NB	-	-	-	16,800	16,800	-
26	Adur Town Centres Public Space Improvements (To enhance public space and improving facilities within Adur's Town Centres primarily in Lancing and Southwick to increase the economic viability of the town centres and shopping areas)	34	JM	EB/NB	-	-	-	50,000	50,000	-
27	Asbestos Management - Removal and management of asbestos from corporate buildings and sites	34	DM	EB/NB	-	-	-	16,800	16,800	-
28	Housing Renewal Assistance - Discretionary Home Repair Assistance Grants (Budget provision based on previous years' spend. Future provisions to be assessed annually)	33	BR	EB/NB	-	-	-	65,000	65,000	-

ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 ADUR DISTRICT COUNCIL Bid No. Description		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £
							2020/21 £	2021/22 £		
29	Buckingham Park - Replacement of fencing, resurfacing of footpaths and other hard landscaping to improve access across the site. Phase 2 (Works required for Green Flag status)	32	AE	NB	-	-	-	56,000	56,000	-
30	Play Areas Improvements - Rolling Programme of improvements to Play Areas (Year 2 Southwick Recreation Ground)	31	WB	EB/NB	-	-	-	100,800	100,800	-
31	Impulse Leisure - Southwick Leisure Centre replacement of roof to main hall store room	28	DM	NB	-	-	-	47,000	47,000	-
32	Adur Parks and Open Spaces - Rolling programme of replacement signage (Prioritising sites with most activity to provide health and safety information, byelaws, contact details, facilities and promotion of events)	26	AE	NB	-	-	-	20,000	20,000	-
33	Allotments - Rolling programme of improvements (Works to include replacements and improvements of pathways, old water pipes, fencing improvements.)	26	AE	EB/NB	-	-	-	16,800	16,800	-
34	Parks and Open Spaces - Provision of outdoor fitness equipment (Year 1 Elmgrove Recreation Ground. Year 2 Adur Recreation Ground)	20	AE	NB	-	20,000	20,000	20,000	40,000	-

ADUR DISTRICT COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 ADUR DISTRICT COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
FUNDING FOR PROPOSED CAPITAL INVESTMENT PROGRAMME										
	Capital Grants / Contributions					-	350,000	350,000	700,000	
	Revenue Contributions / Reserves									
	New Homes Bonus*					-	21,000	21,000	42,000	
	Community Alarm Service					-	50,000	50,000	100,000	
	AWCS Refuse/Recycling Service					-	10,920	10,920	21,840	
	Capital Receipts / Prudential Borrowing					1,000,000	1,000,000	1,000,000	2,000,000	
	Ring- Fenced RTB Receipts / Affordable Housing S106 Receipts					-	409,200	-	409,200	
TOTAL FUNDING:						1,000,000	1,841,120	1,431,920	3,273,040	


P Partnership Schemes with Worthing Borough Council

*** Funding for Empty Property Grants and Loans either by New Homes Bonus or ring-fenced repayments of grants and loans**

Lead Officers:

AA	Akin Akinyebo	Housing Solutions Manager
AE	Andy Edwards	Head of Environmental Services
AN	Andy Northeast	Recycling and Waste Management Transport Manager
BR	Bruce Reynolds	Team Leader, Environmental Health
DM	Derek Magee	Engineering/Surveying Manager
JJ	Jan Jonker	Head of Customer and Digital Services
JM	Joanna Malandain	Assistant Regeneration Officer
SG	Sarah Gobey	Chief Financial Officer
SM	Simon Moore	Assistant Portfolio Officer
TP	Tony Patching	Head of Waste and Cleansing


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL Bid No. Description		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £
							2020/21 £	2021/22 £		
PROPOSED CHANGES TO 2019/20 CAPITAL INVESTMENT PROGRAMME										
1	Condition Surveys of Commercial Leased Out Properties (To provide an assessment of the current condition of the Council's commercial leased out properties)		SM	NB	45,000	-	-	-	45,000	-
2	Foreshore - Installation of new water supply to splash pad (Urgent funding is requested as the existing water supply has become contaminated. Works include fencing to prevent unsocial activities)		DM	NB	22,400	-	-	-	22,400	-
3	MSCPs - Upgrade of payment machines to include contactless facility and bar code readers (Upgrade needs to be completed by the end of 2019 as the Council's card payments facility could be switched off if we do not have this upgrade. The upgrade will secure the Council's income stream)		JP	NB	59,250	-	-	-	59,250	-
4	Pavilion Theatre - Sound proofing between auditorium and café/bar (Total cost £50,200. Funding £15,000 from business investment in café (this will form part of the business contract with the Council) and Theatres Restoration Levy funding £16,000)		AO	NB	19,200	-	-	-	19,200	-


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

WBC WORTHING BOROUGH COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
5	Public Conveniences - Refurbishment programme. (Sites to be agreed with the Executive Member)		DM	EB	200,000	-	-	-	200,000	-
6	Town Hall - Anticipated overspend on removal of asbestos from roof space (Meetings have been held with consultants regarding the extent of the works required and the estimated cost of the scheme is now £353,400, a shortfall of £128,500 on the current budget)		DM	EB	128,500	-	-	-	128,500	-
7	Contingency provision for urgent / priority schemes, inflation and unavoidable overspends		SG	EB	70,650	-	-	-	70,650	-
Proposed Changes to 2019/20 CIP:					545,000	-	-	-	545,000	-
Proposed Funding:										
Underspend on 2 refuse and recycling vehicles c/f from 2018/19:					45,000					
Additional Prudential Borrowing / Capital Receipts agreed July 2018					500,000					
Total Funding:					545,000					


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL Bid No. Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £	
						2020/21 £	2021/22 £			
PROPOSED 2020/21 AND 2021/22 CAPITAL INVESTMENT PROGRAMME										
"INVEST TO SAVE" SCHEMES										
1		BR	EB/NB		-	50,000	50,000	100,000	See report for anticipated additional income	
Empty Properties - Grants and Loans towards works to bring empty properties back into use (Scheme funded from New Homes Bonus based on number of empty properties brought back into use, and repayments of grants and loans made. See report for details)										
Total Invest to Save Schemes:					-	-	50,000	50,000	100,000	-
PARTNERSHIP SCHEMES FUNDED FROM RING FENCED FUNDING										
2P		JJ	EB/NB		34,450	34,450	53,000	87,450	-	
Corporate ICT hardware and infrastructure replacement programme (Partnership scheme with Adur District Council. Total cost £65,000 2020/21, £100,000 2021/22. Replacement PCs laptops, servers and infrastructure)										
3P		JJ	EB/NB		119,250	119,250	119,250	238,500	-	
Digital Strategy General Provision (Partnership scheme with Adur District Council. Total annual provision £225,000 to facilitate delivery of the digital strategy)										


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
Bid No.	Description						2020/21 £	2021/22 £		
4P	Grounds Maintenance / Cemeteries - Vehicle replacements (Partnership scheme with Adur District Council. Total cost Year 1: £28,000 1 x 3.5 tonne tipper. Total cost Year 2: £133,000 3 x small vans, 3 x small tippers, and 1 landrover)		AN	EB/NB	-	12,600	12,600	79,800	92,400	-
5P	Grounds Maintenance Service - Rolling programme of equipment replacements (Partnership scheme with Adur District Council. Total cost £35,000 per annum)		AE	EB/NB	-	21,000	21,000	21,000	42,000	-
6P	Refuse / Recycling / Street Cleansing / Public Conveniences Cleansing vehicle replacements (Partnership scheme with Adur District Council. Total cost Year 1: £431,500 1 x recycling vehicle, 3 x street cleansing vehicles. Total cost Year 2: £376,500 8 x street cleansing vehicles, 1 x public conveniences cleansing vehicles and 1 workshop vehicle)		AN	EB/NB	-	266,650	266,650	229,430	496,080	-
7P	Refuse and Recycling Service - Wheeled bin replacements (Partnership scheme with Adur District Council. Total cost £50,000 p.a. £30,000 funded from green bin income)		TP	EB/NB	-	12,720	31,800	31,800	63,600	-


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
Bid No.	Description									
8P	Parks and Open Spaces - Street litter and dog bins replacement programme (Partnership scheme with Adur District Council. Total cost £20,000 p.a.)		TP	NB	-	12,400	12,400	12,400	24,800	-
Total Partnership Schemes:						479,070	498,150	546,680	1,044,830	-
PLANNED MAINTENANCE SCHEMES FUNDED FROM RING FENCED FUNDING										
9	Condition Surveys of Corporate Buildings (To continue the assessment of the current condition of the Council's corporate buildings to inform a programme of planned maintenance works and also to establish the energy efficiency of corporate Buildings)		DM	EB/NB	-	89,600	89,600	89,600	179,200	-
10	Condition Surveys of Commercial Leased Out Properties (To provide an assessment of the current condition of the Council's commercial leased out properties)		SM	NB	-	45,000	45,000	45,000	90,000	-
11	Pavilion Theatre - Realignment, relining and refurbishment of drains (Works will prevent further deterioration and potential failure of the drainage system)		DM	NB	-	25,000	25,000	-	25,000	-
Total Planned Maintenance Schemes:						159,600	159,600	134,600	294,200	-


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
Bid No.	Description						2020/21 £	2021/22 £		
SCHEMES FUNDED FROM GENERAL FUND										
12	Affordable Housing - Grants to Registered Social Landlords to provide affordable housing (Funded from S106 receipts and RTB receipts)	47	AA	EB/NB	-	-	1,000,000	1,000,000	2,000,000	-
13	Housing Renewal Assistance - Mandatory Disabled Facilities Grants (Funded from the DCLG Better Care Fund)	46	BR	EB/NB	-	-	750,000	750,000	1,500,000	-
14	Crematorium Improvements i) £68,000 Muntham Chapel improvements (Works to include DDA works to exit doors) ii) £19,800 New signage iii) £44,800 Entrance improvements to prevent the public entering the crematory area. (Closed canopy to the rear of the crematory proposed)	42	KG	NB	-	132,600	132,600	-	132,600	-
15	Assembly Hall - Replacement of curtains (£10,000 funded from the Theatres Restoration Levy) Provisional funding dependent on future Trust status	37	AO	NB	-	15,000	25,000	-	25,000	-


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £
							2020/21 £	2021/22 £		
Bid No.	Description									
16	Pavilion Theatre - Seating replacement Phase 2 (External funding bids to Arts Council England £180,000 and other external funders £30,000, Theatres Restoration Levy funding £10,000) Provisional funding dependent on future Trust status	37	AO	NB	-	-	-	258,400	258,400	-
17	Public Conveniences - Rolling programme of refurbishments (Sites to be agreed with the Executive Member)	37	DM	EB/NB	-	100,000	100,000	100,000	200,000	-
18	Disability Discrimination Act Improvements - Rolling programme of improvements to Council buildings	36	DM	EB/NB	-	33,600	33,600	33,600	67,200	-
19	Assembly Hall - Replacement of auditorium seating (£40,000 funded from Theatres Restoration Levy) Provisional funding dependent on future Trust status	34	AO	NB	-	-	-	135,000	135,000	-
20	Asbestos Management - Removal and management of asbestos from corporate buildings and sites	34	DM	EB/NB	-	16,800	16,800	16,800	33,600	-


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £
							2020/21 £	2021/22 £		
Bid No.	Description									
21	Worthing Town Centre Public Space Improvements (To enhance public space and improving facilities within Worthing's Town Centre, including secondary shopping areas, e.g. Goring Road, to increase the economic viability of the town centre and shopping areas)	34	JM	NB	-	-	-	50,000	50,000	-
22	Housing Renewal Assistance - Discretionary Home Repair Assistance Grants (Budget provision based on previous years' spend. Future provisions to be assessed annually)	33	BR	EB/NB	-	70,000	70,000	70,000	140,000	-
23	Worthing Pier - Replacement of timber decking (Works are required to prevent the deterioration of the decking which could increase the risk of accidents and accident injury claims)	33	DM	NB	-	78,400	78,400	78,400	156,800	-
24	Foreshore - Pier Fire Safety Works (Continuation of rolling programme of works which commenced in 2016/17)	33	DM	EB/NB	-	200,000	200,000	-	200,000	-


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £
							2020/21 £	2021/22 £		
Bid No.	Description									
25	Pavilion Theatre - Provision of a DDA ramp to internal auditorium. (Patrons with mobility and accessibility issues can only access the balcony area and not the auditorium. This has raised issues and complaints regarding family and group bookings where the group cannot sit together)	32	AO	NB	-	25,000	25,000	-	25,000	-
26	Play Areas - Rolling programme of improvements (Year 1 Brooklands Park Play Area) (Year 2 Durrington Recreation Ground)	31	AE	EB/NB	-	140,000	140,000	100,800	240,800	-
27	Parks and Open Spaces - Provision of outdoor fitness equipment (Year 1 Lyons Farm Open Space funded from S106 receipts) (Year 2 Northbrook Recreation Ground)	30	AE	EB/NB	-	-	20,000	20,000	40,000	-
28	Field Place - Tennis courts reconstruction and fence renewal (The current construction has reached the end of its useful life and resurfacing the courts would only result in a life expectancy of 1 - 3 years)	29	DM	EB	-	246,000	246,000	-	246,000	-

WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
Bid No.	Description									
29	Assembly Hall and Richmond Room - Refurbishment of public toilets (The toilets need modernisation as the fixtures and fittings are old and out of date. £50,400 funded from Theatres Restoration Levy)	27	AO/DM	NB	-	151,200	201,600	-	201,600	-
30	Durrington Cemetery Improvements i) £19,600 Lighting, hearing loops upgrades and a music system ii) £50,400 DDA access and DDA toilets iii) £22,400 Catafalque	27	KG	NB	-	92,400	92,400	-	92,400	-
31	Allotments - Infrastructure improvements (Works to include replacements of pipes, paths and fencing which falls outside the scope of the self management agreement and which remain the responsibility of the Council)	26	AE	EB/NB	-	16,800	16,800	16,800	33,600	-
32	Play Area Improvements - Replacement of existing wet pour safer surfacing and replacement of tiled rubber safer surfacing (Replacements to be undertaken at a number of sites which are wearing out prematurely due to excessive use)	26	AE	NB	-	60,000	60,000	-	60,000	-


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL		Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amend- ments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implica- tions £
							2020/21 £	2021/22 £		
Bid No.	Description									
33	Parks and Open Spaces - Rolling programme of replacement signage (Prioritising sites with most activity to provide health and safety information, byelaws, contact details, facilities and promotion of events)	26	AE	NB	-	20,000	20,000	20,000	40,000	-
34	Portland House - Replacement of boilers and heating upgrade (Funding has been allocated for this scheme from the Council Resources Funding in 2020/21. However, there is a Smart Grid Energy Project in progress with WSCC which might provide alternative funding streams for this project)	26	DM	NB	-	148,000	148,000	-	148,000	-
35	Portland House - Replacement of building management system (Funding has been allocated for this scheme from the Council Resources Funding in 2020/21. However, there is a Smart Grid Energy Project in progress with WSCC which might provide alternative funding streams for this project)	26	DM	NB	-	175,000	175,000	-	175,000	-

WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

WBC WORTHING BOROUGH COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £
							2020/21 £	2021/22 £		
36	Pavilion Theatre - Replacement of stage lighting with LED fitments (£10,000 Theatres Restoration Levy) £40,000 Contribution from Theatres Trust) <i>Provisional funding dependent on future Trust status</i>	24	AO	NB	-	-	-	130,000	130,000	-
37	Beach House Park - Infrastructure Improvements (Programme of Works: i) Hard landscaping of redundant 5th bowling green to include wild flower planting. ii) Removal of unnecessary high fencing in the middle of the park, removal of terracing, replacement surfacing and hard and soft landscaping)	23	AE	NB	-	-	-	224,000	224,000	-
38	Worthing Parks Gateway Project (To improve the aesthetics of prominent seafront and town centre locations to include designing and implementing sustainable planting and landscaping schemes to add to visitor appeal to raise profile of key venues e.g. Steyne Gardens or Beach House Grounds. Works required for Green Flag status)	22	AE	NB	-	-	-	112,000	112,000	-
Total General Fund Schemes:						1,720,800	3,551,200	3,115,800	6,667,000	-


WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £
							2020/21 £	2021/22 £		
	Contingency provision for urgent / priority schemes, inflation and unavoidable overspends				-	140,530	140,530	300,000	440,530	-
TOTAL COST OF PROPOSED CAPITAL INVESTMENT PROGRAMME:						2,500,000	4,399,480	4,147,080	8,546,560	-
The following schemes fell below the cut off for inclusion in the 3 Year Capital Investment Programme and will be added to the Reserve List, but could be included in the Capital Programme if Councillors choose:										
39	Portland House - Replacement of windows and balcony doors (The actual extent of the works required will not be revealed until the Portland House heating schemes (Capital Bids 34 and 35 above) commence and some works may be undertaken within the scope of these projects)	26	DM	NB	-	250,000	250,000	-	250,000	-
40	Town Hall and Assembly Hall - Replacement of boilers and building management system upgrade (This is a priority project. However, there is a Smart Grid Energy Project in progress with WSCC which might provide alternative funding streams for this scheme)	26	DM	NB	-	173,600	173,600	-	173,600	-

WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

WBC WORTHING BOROUGH COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £
							2020/21 £	2021/22 £		
41	Foreshore - Replacement of seafront decorative lighting east of West Buildings (The replacement would include an upgrade with LED fittings and upgraded wiring systems. The costs, maintenance savings and energy savings are currently being considered to see if this scheme meets the criteria for an "invest to save" scheme funded from borrowing. If proven a business case will be developed and a report submitted to the Joint Strategic Committee to approve the addition of this scheme to the Capital Investment Programme)	21	DM	NB	-	112,000	112,000	-	112,000	Energy savings anticipated
42	Museum - New display cases for new retail space in the museum (£10,000 external funding bid) Provisional funding dependent on future Trust status	21	AO	NB	-	22,000	32,000	-	32,000	-
43	Museum - Refurbishment of roof lights on the museum building (£4,000 to be funded from museum donations. The roof lights are currently covered up blocking out natural light, and will reduce the cost of the museums energy bill)	18	AO	NB	-	40,800	44,800	-	44,800	Energy savings anticipated

WORTHING BOROUGH COUNCIL PROPOSED CHANGES TO 2019/20 CIP AND PROPOSED 2020/21 - 2021/22 CIP

 WORTHING BOROUGH COUNCIL Bid No.	Description	Priority Score	Lead Officer	Existing Bids in CIP/New Bids	Amendments to Council Resources 2019/20 £	Council Resources Funding 2020/21 £	BUDGET PER YEAR		Total Budget £	Annual Revenue Implications £
							2020/21 £	2021/22 £		
FUNDING FOR PROPOSED 2020/21 - 2021/22 CAPITAL INVESTMENT PROGRAMME										
	External Funding:									
	Capital Grants					-	750,000	750,000	1,500,000	
	Theatres External Funding Bids					-	-	250,000	250,000	
	S106 Funding					-	20,000		20,000	
	Theatres Restoration Levy					-	60,400	60,000	120,400	
	Revenue Contributions / Reserves									
	New Homes Bonus*					-	50,000	50,000	100,000	
	AWCS Refuse/Recycling Service					-	19,080	19,080	38,160	
	Capital Receipts / Prudential Borrowing						2,500,000	2,500,000	2,018,000	4,518,000
	Ring- Fenced RTB Receipts / Housing Receipts						-	1,000,000	1,000,000	2,000,000
TOTAL FUNDING:						2,500,000	4,399,480	4,147,080	8,546,560	

P Partnership Schemes with Worthing Borough Council

*** Funding for Empty Property Grants and Loans either by New Homes Bonus or ring-fenced repayments of grants and loans**

Lead Officers:

AA	Akin Akinyebo	Housing Solutions Manager
AO	Amanda O'Reilly	Head of Culture
AE	Andy Edwards	Head of Environmental Services
AN	Andy Northeast	Recycling and Waste Management Transport Manager
BR	Bruce Reynolds	Team Leader, Environmental Health
DM	Derek Magee	Engineering/Surveying Manager
JJ	Jan Jonker	Head of Customer and Digital Services
JM	Joanna Malandain	Assistant Regeneration Officer
JP	Jason Passfield	Parking Services Manager
KG	Kate Greening	Bereavement Services Manager
SG	Sarah Gobey	Chief Financial Officer
SM	Simon Moore	Assistant Portfolio Manager
TP	Tony Patching	Waste and Cleansing Manager

ADUR & WORTHING
COUNCILS

**SUMMARY OF ADUR AND WORTHING PARTNERSHIP SCHEMES INCLUDED IN THE PROPOSED ADUR
AND WORTHING CAPITAL INVESTMENT PROGRAMMES 2020/21 - 2021/22**


	Scheme	Requesting Officer	Split of Costs ADC / WBC	BUDGET REQUIRED			TOTAL BUDGET £	
				2020/2021	2021/2022	Future		
				£	£	£		
1	Grounds Maintenance Service	Replacements of equipment used in parks and open spaces	Dan Ross	40 / 60	£ 35,000	£ 35,000	£ 35,000	£ 105,000
2	Grounds Maintenance and Cemeteries	Replacement of vehicles used in parks, open spaces, and cemeteries	Andy Northeast	40 / 60 (Parks) 55 / 45 (Cemeteries)	£ 28,000	£ 133,000	£ 503,200	£ 664,200
3	Information and Communications Technology	Corporate ICT hardware and infrastructure replacement programme	Jan Jonker	47 / 53	£ 65,000	£ 100,000	£ 100,000	£ 265,000
4	Information and Communications Technology	Digital Strategy - Provision to facilitate delivery of the digital strategy	Jan Jonker	47 / 53	£ 225,000	£ 225,000	£ 225,000	£ 675,000
5	Parks and Open Spaces	Street litter and dog bins replacement programme	Tony Patching	38 / 62	£ 20,000	£ 20,000	£ 20,000	£ 60,000
6	Refuse / Recycling / Street Cleansing / Public Conveniences / Workshop	Vehicle Replacements - Year 1 replacement of 1 recycling vehicle, 3 street cleansing vehicles. Year 2 8 street cleansing vehicles, one public convenience cleaning vehicle and one workshop vehicle	Andy Northeast	36.4 / 63.6 (Refuse/Recycling) 39.4 / 60.6 (Street Cleansing) 30 / 70 (Pubic Conveniences Cleaning) 40 / 60 (Workshop)	£ 431,500	£ 376,500	£ 5,900,000	£ 6,708,000

ADUR & WORTHING
COUNCILS


**SUMMARY OF ADUR AND WORTHING PARTNERSHIP SCHEMES INCLUDED IN THE PROPOSED ADUR
AND WORTHING CAPITAL INVESTMENT PROGRAMMES 2020/21 - 2021/22**

	Scheme	Requesting Officer	Split of Costs ADC / WBC	BUDGET REQUIRED			TOTAL BUDGET £	
				2020/2021	2021/2022	Future		
				£	£	£		
7	Refuse and Recycling Service	Wheeled Bin Replacements	Tony Patching	36.4 / 63.6	£ 50,000	£ 50,000	£ 50,000	£ 150,000
BUDGET REQUIRED:					£ 854,500	£ 939,500	£ 6,833,200	£ 8,627,200
FUNDING FROM ICT RING FENCED PROVISION:					£ 150,000	£ 150,000	£ 100,000	£ 400,000
FUNDING FROM DIGITAL STRATEGY PROVISION:					£ 225,000	£ 225,000	£ 225,000	£ 675,000
FUNDING FROM PARTNERSHIP RING FENCED PROVISION:					£ 479,500	£ 564,500	£ 6,508,200	£ 7,552,200

ADUR HOMES APPROVED CAPITAL INVESTMENT PROGRAMME 2019/20 - 2021/22

 ADUR DISTRICT COUNCIL	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Description				
1 Internal, External and Communal Works Programme of works to include: i) Fascias and soffits replacement ii) Replacement gutters, pipework and drains iii) Flat roofs recovering / replacement iv) Pitched roofs recovering / replacement v) Brickwork repairs and repointing vi) External joinery and window replacement vii) Concrete repairs viii) Door entry system repairs / replacement ix) Wall surfaces x) Flooring repairs and replacements xi) Lighting	1,998,000	2,265,000	2,516,000	6,779,000
2 Kitchen and Bathroom Improvements Refurbishment programme to meet Government decency standards	200,000	200,000	200,000	600,000
3 Environmental Improvements Projects that will enhance or improve the estate, immediate surroundings and/or facilities	50,000	50,000	50,000	150,000
4 Fire Safety Order Works There is a continual programme of review to update of the Fire Risk Assessments (FRA) to the communal areas in blocks, and the delivery of an action plan to reduce and mitigate risk. Work is prioritised in accordance with the risks identified and the programme will run over a number of years	1,550,000	1,550,000	1,220,000	4,320,000
5 Central Heating Installation Continuation of the installation of new heating systems to properties	150,000	150,000	150,000	450,000
6 Stock Condition Survey This is essential to inform a planned programme of works. The surveys commenced in 2016/17 and a 20% sample will be undertaken each year to ensure a 100% cyclical inspection programme every five years	40,000	40,000	40,000	120,000
7 Asbestos Surveys and Mitigation Works To continue the ongoing need to assess and deal with asbestos	75,000	75,000	75,000	225,000
8 Boiler Replacements There is an annual need to replace boilers identified as part of the gas safety inspection and testing contract or where boilers fail during the year	130,000	130,000	130,000	390,000
9 Responsive Capital Works Individual urgent capital works identified which are not in the current programme of works	100,000	100,000	100,000	300,000

ADUR HOMES APPROVED CAPITAL INVESTMENT PROGRAMME 2019/20 - 2021/22

 ADUR DISTRICT COUNCIL Description	2019/20 £	2020/21 £	2021/22 £	TOTAL £
10 Disability Adaptations for Homes Adaptations to a property where the existing tenant (or member of tenant's household) has a disability and requires works to the property in order for them to remain in the home. These are made via a recommendation from WSCC through the Occupational Therapy Service	250,000	250,000	250,000	750,000
11 Capital Works on Empty (Void) Properties Over the course of a year a number of homes become vacant and require works before they can be re-let. In some of these cases, the condition of the property is so poor that it requires additional investment over and above routine repairs, including new kitchens and bathrooms	100,000	100,000	100,000	300,000
12 Vehicle Replacements for Maintenance Staff	-	-	99,000	99,000
13 Professional and Consultancy Fees	557,000	590,000	590,000	1,737,000
BUDGET REQUIREMENT:	5,200,000	5,500,000	5,520,000	16,220,000
FUNDING:				
Capital Receipts	140,000	140,000	140,000	420,000
Prudential Borrowing	1,260,000	1,460,000	1,380,000	4,100,000
HRA Major Repairs Reserve	3,800,000	3,900,000	4,000,000	11,700,000
TOTAL FUNDING:	5,200,000	5,500,000	5,520,000	16,220,000
14 Property Development and Acquisition The acquisition and development of properties to let	3,220,000	2,936,700	1,270,000	7,426,700
TOTAL BUDGET REQUIREMENT:	3,220,000	2,936,700	1,270,000	7,426,700
FUNDING:				
Capital Receipts	1,882,550	899,250	317,550	3,099,350
External Funding	227,000	-	-	227,000
* Prudential Borrowing	1,110,450	2,037,450	952,450	4,100,350
TOTAL FUNDING:	3,220,000	2,936,700	1,270,000	7,426,700

* The Council is applying for external funding from Homes England which would substantially reduce the Prudential Borrowing required. The bid is for 20% of the funding for 2 of the Council's development properties.



ADUR DISTRICT COUNCIL - CUSTOMER SERVICES

RESERVE LIST : FUTURE CAPITAL INVESTMENT PROGRAMME : ADDITIONS, AMENDMENTS AND DELETIONS

Scheme	Estimates £	Reason	Officers Recommendations
<p>ADUR HOMES BUILDING SERVICES Provision for the replacement of vehicles</p>	261,900	Provision decreased as some vehicles will need to be replaced in 2021/22 and a provision of £99,000 has been included in the 3 year Capital Investment Programme	Amend Reserve List



ADUR DISTRICT COUNCIL - ENVIRONMENT

RESERVE LIST : FUTURE CAPITAL INVESTMENT PROGRAMME : ADDITIONS, AMENDMENTS AND DELETIONS

Scheme	Estimates £	Reason	Officers Recommendations
<p>CAR PARKS Fishersgate Recreation Ground Car Park - Enhancement and reconstruction</p>	68,000	Scheme included in the proposed 2020/21 Capital Investment Programme	Remove from Reserve List
<p>GROUNDS MAINTENANCE Provision for the replacement of vehicles for the joint service (Partnership scheme with Worthing Borough Council. Total cost £503,200)</p>	201,280	Estimate revised	Amend Reserve List
<p>Rolling programme of equipment replacements (Partnership scheme with Worthing Borough Council. Total annual provision £35,000)</p>	14,000	To replace old and worn equipment which is no longer repairable	Add to Reserve List
<p>OPERATIONAL VEHICLES Provision for the replacement of vehicles for joint services (Partnership scheme with Worthing Borough Council. Total cost £146,000)</p>	79,440	Estimate revised	Amend Reserve List



ADUR DISTRICT COUNCIL - ENVIRONMENT

RESERVE LIST : FUTURE CAPITAL INVESTMENT PROGRAMME : ADDITIONS, AMENDMENTS AND DELETIONS

Scheme	Estimates £	Reason	Officers Recommendations
PARKS			
Buckingham Park - Replacement of fencing, resurfacing of footpaths and other hard landscaping to improve access across the site (Phase 2)	56,000	To complete a programme of works to refresh, modernise and improve the park	Add to Reserve List
Outdoor Fitness Equipment - Rolling programme of installations (Annual provision)	20,000	To provide the opportunity for active leisure in all the parks in the Adur District	Add to Reserve List
Play Areas - Rolling programme of replacements, upgrades and improvements (Annual provision)	100,800	Estimate revised	Amend Reserve List
Rolling programme of replacement signage (Annual provision)	20,000	Signage is tired, fading and often the information provided is out of date	Add to Reserve List
REFUSE / RECYCLING / STREET CLEANSING SERVICE			
Provision for the replacement of vehicles for the joint service (Partnership scheme with Worthing Borough Council. Total cost £5,900,000)	2,153,960	Estimate revised	Amend Reserve List
SOUTHWICK LEISURE CENTRE			
Replacement of roof to the main hall store room	47,000	The roof is nearing the end of its useful life and will require replacement to prevent the risk of water ingress	Add to Reserve List
Tennis Courts - Fencing renewal	19,800	A scheme to replace 3 tennis courts and to construct a 3G synthetic surface on the remaining tennis courts is included in the current Capital Investment Programme	Remove from Reserve List



Scheme	Estimates £	Reason	Officers Recommendations
<p>ADUR TOWN CENTRES PUBLIC SPACE IMPROVEMENTS Enhancements of public spaces and improving facilities within Adur's Town Centres primarily in Lancing and Southwick (Annual provision)</p>	50,000	To increase the economic viability of the town centres and shopping areas	Add to Reserve List
<p>COAST PROTECTION WORKS Strategic Monitoring Project for the South East Phase 5 Contribution to the partnership scheme between Maritime Authorities (Funded by the Environment Agency)</p>	62,500	Phase 4 completes 31st March 2021 and will be replaced by Phase 5	Add to Reserve List



ADUR DISTRICT COUNCIL - RESOURCES

RESERVE LIST : FUTURE CAPITAL INVESTMENT PROGRAMME : ADDITIONS, AMENDMENTS AND DELETIONS

Scheme	Estimates £	Reason	Officers Recommendations
<p>CORPORATE BUILDINGS Condition surveys of corporate buildings (Annual Provision)</p>	22,400	To continue the assessment of the current condition of the Council's corporate buildings to inform a programme of planned maintenance works and also to establish the energy efficiency of corporate buildings	Add to Reserve List
<p>Condition surveys of commercial leased out properties (Annual Provision)</p>	30,800	To continue the assessment of the current condition of the Council's commercial leased out properties	Add to Reserve List



WORTHING BOROUGH COUNCIL - CUSTOMER SERVICES

RESERVE LIST : FUTURE CAPITAL INVESTMENT PROGRAMME : ADDITIONS, AMENDMENTS AND DELETIONS

Scheme	Estimates £	Reason	Officer's Recommendations
ASSEMBLY HALL			
Theatre - Re-upholstery of auditorium seating (stalls)	20,000	Replacement of auditorium seating is included in the proposed 2021/22 Capital Investment Programme	Remove from Reserve List
Toilets - Refurbishment	32,500	Works included in the proposed 2021/22 Capital Investment Programme	Remove from Reserve List
MUSEUM			
New display cases for new retail space in the museum	32,000	The scheme is dependent on the external funding bid to the Heritage Lottery and on the future Trust status	Add to Reserve List
Refurbishment of roof lights on the Museum building	44,800	The roof lights are currently covered up and blocking out natural light	Add to Reserve List



WORTHING BOROUGH COUNCIL - ENVIRONMENT

RESERVE LIST : FUTURE CAPITAL INVESTMENT PROGRAMME : ADDITIONS, AMENDMENTS AND DELETIONS

Scheme	Estimates £	Reason	Officer's Recommendations
BROOKLANDS PARK Provision of services (waste disposal, water and electricity)	25,000	The Council has adopted a "Brooklands Masterplan" which negates the need for these works	Remove from Reserve List
CEMETERIES Durrington Cemetery - Phase 2 of the extension to provide burial space for the next 30- 35 years	200,000	Works included in the 2019/20 Capital Investment Programme	Remove from Reserve List
FIELD PLACE Replace the surface of the existing tennis courts and correct the drainage problems	200,000	Works included in the proposed 2020/21 Capital Investment Programme	Remove from Reserve List
GROUNDS MAINTENANCE Provision for the replacement of vehicles for the joint service (Partnership scheme with Adur District Council. Total cost £503,200)	301,920	Estimate revised	Amend Reserve List
Rolling programme of equipment replacements (Partnership scheme with Adur District Council. Total annual provision £35,000)	21,000	To replace old and worn equipment which is no longer repairable	Add to Reserve List
OPERATIONAL VEHICLES Provision for the replacement of vehicles for the joint services (Partnership scheme with Adur District Council. Total cost £146,000)	66,560	Estimate revised	Amend Reserve List



WORTHING BOROUGH COUNCIL - ENVIRONMENT

RESERVE LIST : FUTURE CAPITAL INVESTMENT PROGRAMME : ADDITIONS, AMENDMENTS AND DELETIONS

Scheme	Estimates £	Reason	Officer's Recommendations
PARKS			
Outdoor Fitness Equipment - Rolling programme of installations (Annual provision)	20,000	To provide the opportunity for active leisure in all the parks in the Worthing Borough	Add to Reserve List
Play Areas - Rolling programme of replacements, upgrades and improvements (Annual provision)	100,800	Estimate revised	Amend Reserve List
Rolling programme of replacement signage (Annual provision)	20,000	Signage is tired, fading and often the information provided is out of date	Add to Reserve List
PUBLIC CONVENIENCES			
Brooklands Western Road - Structural repairs	46,200	Works to this public convenience are being considered as part of the Brooklands Master Plan	Remove from Reserve List
REFUSE/RECYCLING/STREET			
CLEANSING SERVICE			
Provision for the replacement of vehicles for the joint service (Partnership scheme with Adur District Council. Total cost £5,900,000)	3,746,040	Estimate Revised	Amend Reserve List


WORTHING BOROUGH COUNCIL - REGENERATION
RESERVE LIST : FUTURE CAPITAL INVESTMENT PROGRAMME : ADDITIONS, AMENDMENTS AND DELETIONS

Scheme	Estimates £	Reason	Officer's Recommendations
<p>COAST PROTECTION WORKS Strategic Monitoring Project for the South East Phase 5 Contribution to the partnership scheme between Maritime Authorities (Funded by the Environment Agency)</p>	87,500	Phase 4 completes 31st March 2021 and will be replaced by Phase 5	Add to Reserve List
<p>FORESHORE Replacement of seafront decorative lighting east of West Buildings</p>	112,000	The costs, maintenance savings and energy savings are under consideration to see if this scheme meets the criteria for an "invest to save" scheme. If proven a business case will be developed and submitted to the Joint Strategic Committee for consideration of inclusion in the Capital Investment Programme	Add to Reserve List
<p>WORTHING PIER Replacement of timber decking</p>	78,400	Continuation of replacement programme	Add to Reserve List
<p>WORTHING TOWN CENTRE PUBLIC SPACE IMPROVEMENTS Enhancements of public spaces and improving facilities within Worthing's Town Centre including secondary shopping areas (Annual provision)</p>	50,000	To increase the economic viability of the town centre and shopping areas	Add to Reserve List


WORTHING BOROUGH COUNCIL - RESOURCES
RESERVE LIST : FUTURE CAPITAL INVESTMENT PROGRAMME : ADDITIONS, AMENDMENTS AND DELETIONS

Scheme	Estimates £	Reason	Officer's Recommendations
ADMIN BUILDINGS Portland House Replacement of windows and balcony doors	250,000	The windows are first generation PVC and, together with the balcony doors, are coming to the end of their useful lives	Add to Reserve List
Town Hall and Assembly Hall Replacement of boilers and building management system	173,600	The existing motor control centre is obsolete and the boilers are highly inefficient and parts are becoming obsolete	Add to Reserve List
CORPORATE BUILDINGS Condition surveys of corporate buildings (Annual Provision)	22,400	To continue the assessment of the current condition of the Council's corporate buildings to inform a programme of planned maintenance works and also to establish the energy efficiency of corporate buildings	Add to Reserve List
Condition surveys of commercial leased out properties (Annual Provision)	30,800	To continue the assessment of the current condition of the Council's commercial leased out properties	Add to Reserve List



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
4 December, 2018
Agenda Item 7

Joint Governance Committee
22 January, 2019
Agenda Item xx
Key Decision : No
Ward(s) Affected:

MID YEAR REVIEW OF TREASURY MANAGEMENT 2018-19, ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL

REPORT BY THE DIRECTOR FOR DIGITAL AND RESOURCES

EXECUTIVE SUMMARY

1. PURPOSE

- 1.1 This report asks Members to note the Treasury Management mid-year performance for Adur and Worthing Councils at the 30 September 2018, as required by regulations issued under the Local Government Act 2003.

2. RECOMMENDATIONS

2.1 Recommendation One

The Joint Strategic Committee is recommended to note this report.

2.2 Recommendation Two

The Joint Strategic Committee is recommended to approve the amendment of the Treasury Management Strategy Statement and the Annual Investment Strategy to remove the minimum sovereign credit rating requirement from investment in UK institutions. In the unlikely event that the UK's sovereign rating is downgraded, the Councils must still be able to invest in UK banks and building societies.

2.3 Recommendation Three

The Joint Governance Committee is recommended to note this report and refer any comments or suggestions to the next meeting of the Joint Strategic Committee on 31st January 2019.

3. CONTEXT

3.1 This report summarises the treasury management activities and portfolio for both Adur and Worthing Councils for the half year to 30 September 2018.

3.2 This is one of 3 treasury management reports that are required to be presented during the financial year (see Para. 4.1.3).

3.3 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -

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

A report setting out our Capital Strategy was approved by the full Councils on 17th July 2018 (Worthing) and 19th July 2018 (Adur).

3.4 Treasury Management

The Councils operate balanced budgets, which broadly means cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Councils' capital plans. These capital plans provide a guide to the borrowing need of the Councils, essentially the longer term cash flow planning to ensure the Councils can meet their capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

3.5 The Councils' Treasury Management Strategy and Annual Investment Strategy place the security of investments as foremost in considering all treasury management dealing. By so doing it contributes towards the Councils'

priorities set out in Platforms for our Places.

4. ISSUES FOR CONSIDERATION

- 4.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Councils' treasury management activities.
 2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Councils will seek to achieve those policies and objectives.
 3. Receipt by the full Councils of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
 4. Delegation by the Councils of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 5. Delegation by the Councils of the role of scrutiny of treasury management strategy and policies to a specific named body. For these Councils the delegated bodies are the Joint Governance Committee and the Joint Strategic Committee.
- 4.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
- An economic update for the first part of the 2018/19 financial year;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - The Councils' capital expenditure (prudential indicators);
 - A review of the Councils' investment portfolios for 2018/19;
 - A review of the Councils' borrowing strategy for 2018/19;
 - A review of any debt rescheduling undertaken during 2018/19;

- A review of compliance with Treasury and Prudential Limits for 2018/19.

5. THE ECONOMY AND INTEREST RATES

*The following commentary has been supplied by **Link Asset Services Ltd**, the professional consultants for the Councils' shared treasury management services provider. The context is significant as it describes the backdrop against which treasury management activity has been undertaken during the year.*

5.1 Economics update

UK. The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the **labour market**, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

EUROZONE. Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

5.2 **Interest rate forecasts**

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Link Asset Services Interest Rate View											
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. This is likely to lead to friction with the EU when setting the target for the fiscal deficit in the

national budget. Unsurprisingly, investors have taken a dim view of this and so Italian bond yields have been rising.

- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, this year, has also elected a strongly anti-immigration government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position as a result of the rise of the anti-immigration AfD party. To compound this, the result of the Swedish general election in September 2018 has left an anti-immigration party potentially holding the balance of power in forming a coalition government. The challenges from these political developments could put considerable pressure on the cohesion of the EU and could spill over into impacting the euro, EU financial policy and financial markets.
- The imposition of trade tariffs by President Trump could negatively impact world growth. President Trump's specific actions against Turkey pose a particular risk to its economy which could, in turn, negatively impact Spanish and French banks which have significant exposures to loans to Turkey.
- Weak capitalisation of some European banks.
- Rising interest rates in the US could negatively impact emerging countries which have borrowed heavily in dollar denominated debt, so causing an investor flight to safe havens e.g. UK gilts.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- President Trump's fiscal plans to stimulate economic expansion causing a significant increase in inflation in the US and causing further sell offs of government bonds in major western countries.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

6. TREASURY MANAGEMENT STRATEGY STATEMENT and ANNUAL INVESTMENT STRATEGY UPDATE

The Treasury Management Strategy Statement (TMSS) for 2018/19 was approved by the Joint Strategic Committee on 1st February 2018 and by Adur Council on 22nd February 2018 and by Worthing Council on 20th February 2018. On the 24th April 2018 Worthing Council approved the amendment of the Annual Investment Policy and Strategy document to allow the investment in Boom Credit Union (formerly the West Sussex Credit Union) to be increased to £50,000 for Worthing.

7. THE COUNCILS' CAPITAL POSITION (PRUDENTIAL INDICATORS)

This part of the report is structured to update:

- The Councils' capital expenditure plans
- How these plans are being financed
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow
- Compliance with the limits in place for borrowing activity

7.1 Prudential Indicator for Capital Expenditure

These tables show the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Adur District Council

	2018/19 Original Estimate	Actual at 30 Sept 2018	2018/19 Revised Estimate
	£m	£m	£m
HRA	7.006	1.127	5.305
Non HRA	38.007	17.625	41.488
Total capital expenditure	45.013	18.752	46.793

The change in the Adur revised capital expenditure estimate is due mainly to:

- HRA: reprofiling of major works contracts for leaseholder consultation and procurement

- Non HRA: re-profiling of budgets from 2017/18

Worthing Borough Council

	2018/19 Original Estimate	Actual at 30 Sept 2018	2018/19 Revised Estimate
	£m	£m	£m
Total capital expenditure	34.565	12.156	40.908

The increase in the Worthing revised capital expenditure estimate is due mainly to:

- Re-profiling of budgets from 2017/18
- The addition of new schemes which have previously been reported to and approved by JSC

7.2 Changes to the Financing of the Capital Programme

The tables below draw together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure.

The borrowing element of the tables increases the underlying indebtedness of the Councils by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Adur District Council

	2018/19 Original Estimate	2018/19 Revised Estimate
	£m	£m
Total Capital Expenditure	45.013	46.793
Financed by:		
Capital receipts	0.764	0.943
Government Grants	0.699	0.983
Reserves and contributions	6.187	7.685
Total financing	7.650	9.611
Borrowing requirement	37.363	37.182

Worthing Borough Council

	2018/19 Original Estimate	2018/19 Revised Estimate
	£m	£m
Total Capital Expenditure	34.565	40.908
Financed by:		
Capital receipts	0.192	0.289
Government Grants	0.858	0.767
Reserves & contributions	0.199	0.864
Total financing	1.249	1.920
Borrowing requirement	33.316	38.988

7.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The tables below show the CFR, which is the underlying external need to incur borrowing for a capital purpose. Due to the re-profiling of the 2017-18 expenditure on strategic property investment, the CFRs will be lower than forecast in the TMSS, which was prepared before the full year expenditure figures for 2017-18 were available. The tables also show the expected debt position over the period. "Other long term liabilities" includes finance leases, when there are any.

Adur District Council

	2018/19 Original Estimate	Actual at 30 Sept 2018	2018/19 Revised Estimate
	£m	£m	£m
Prudential Indicator			
Capital Financing Requirement			
CFR - HRA	61.474	60.103	60.103
CFR – non HRA	79.785	45.321	64.666
Total CFR	141.259	105.424	124.769
Net movement in CFR	36.157	16.821	36.166
	Op Boundary	Actual Debt	Op Boundary
Borrowing	140.000	102.236	140.000
Other long term liabilities	1.000	0.000	1.000
Total debt	141.000	102.236	141.000

Worthing Borough Council

	2018/19 Original Estimate	Actual at 30 Sept 2018	2018/19 Revised Estimate
	£m	£m	£m
Prudential Indicator			
Capital Financing Requirement			
CFR – non housing	100.445	49.661	77.027
Net movement in CFR	31.820	10.551	37.877
	Op Boundary	Actual Debt	Op Boundary
Borrowing re Worthing Homes	10.000	10.000	10.000
Other Borrowing	90.000	37.443	90.000
Other long term liabilities	1.000	0.000	1.000
Total debt	101.000	47.443	101.000

7.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Councils have approved a policy for borrowing in advance of need which will be adhered to if this proves prudent. The Chief Financial Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

Adur District Council

	2018/19 Original Estimate	Actual at 30 Sept 2018	2018/19 Revised Estimate
	£m	£m	£m
Borrowing	136.648	102.236	120.321
Other long term liabilities	0.000	0.000	0.000
Total debt	136.648	102.236	120.321
CFR	141.259	105.424	124.769

Worthing Borough Council

	2018/19 Original Estimate	Actual at 30 Sept 2018	2018/19 Revised Estimate
	£m	£m	£m
Borrowing	93.585	47.443	71.738
Other long term liabilities	0.000	0.000	0.000
Total debt	93.585	47.443	71.738
CFR	100.445	49.661	77.027

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

7.4 Limits to Borrowing Activity

Adur District Council

	2018/19 Original Indicator	Actual at 30 Sept 2018	2018/19 Revised Indicator
	£m	£m	£m
Authorised Limit for external debt			
Borrowing	145.000	102.236	145.000
Other long term liabilities	1.000	0.000	1.000
Total	146.000	102.236	146.000

Worthing Borough Council

	2018/19 Original Indicator	Actual at 30 Sept 2018	2018/19 Revised Indicator
	£m	£m	£m
Authorised Limit for external debt			
Borrowing re Worthing Homes	10.000	10.000	10.000
Other Borrowing	95.000	37.443	95.000
Other long term liabilities	1.000	0.000	1.000
Total	106.000	47.443	106.000

8 INVESTMENT PORTFOLIO 2018/19

8.1 Investment performance – Adur District Council

In accordance with the Code, it is the Councils' priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Councils' risk appetite. As shown by forecasts in section 5.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

Adur District Council held £14.8m of investments for varying durations as at 30 September 2018, (£10.8m at 31 March 2018) and the investment portfolio yield for the first 6 months of the year is 1.22% p.a. against benchmark rates of 0.94% for 12 month deposits and 0.71% for 6 month deposits (supplied by Link Asset Services). The portfolio is shown below. Adur District Council's budgeted investment return for 2018/19 for both the General Fund and the HRA is £176k and the current forecast will result in an under achievement of about £10k.

Investment portfolio – Adur District Council

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Long Term Rating
Barclays Bank (RFB)	26.04.18	26.04.19	£1,000,000	0.91%	A
Blackrock MMF	n/a	n/a	£5,000	var	AAA
CCLA MMF	n/a	n/a	£2,340,000	var	AAA
Close Brothers Ltd	29.03.18	29.03.19	£1,000,000	1.10%	A
Federated Investments MMF	n/a	n/a	£1,140,000	var	AAA
Goldman Sachs Intern'l Bank	03.04.18	03.04.19	£2,000,000	1.275%	A
Goldman Sachs Intern'l Bank	24.04.18	24.04.19	£1,000,000	1.21%	A
Handelsbanken	n/a	n/a	£10,000	0.50%	AA
Kingston Upon Hull City CI	02.12.13	30.11.18	£2,000,000	1.90%	n/a
Lloyds Bank (RFB)	26.06.18	25.06.19	£1,000,000	1.00%	A+
Local Authority Property Fund	25.04.17	n/a	£1,000,000	Var	n/a
Santander UK	03.05.18	03.05.19	£1,000,000	0.90%	A
Santander UK 95 day notice	12.07.18	n/a	£1,000,000	0.70%	A
Santander UK 95 day notice	12.07.18	n/a	£250,000	0.70%	A
Local Capital Finance Co Ltd	30.09.14	n/a	£50,000	n/a	n/a
Boom Credit Union	06.03.15	n/a	£25,000	n/a	n/a
TOTAL			£14,820,000		

Investment performance – Worthing Borough Council

Worthing Borough Council held £19.5m of investments for varying durations as at 30 September 2018, (£11.6m at 31 March 2018). The investment portfolio yield for the first 6 months of the year is 0.82% p.a. against benchmark rates of 0.94% for 12 month deposits and 0.71% for 6 month deposits. The Council has also made a loan of £10m to Worthing Homes at 0.7% above the rate at which the funds were borrowed; this is treated as capital expenditure rather than a treasury investment.

Worthing's investment portfolio yield is lower than Adur's because Adur has been able to place longer term investments, for example Adur took out a 5 year deal for £2m in 2013 at 1.9% - a far higher rate than has been available over the last 2 years. Worthing needs to retain more of its cash in short term investments, including Money Market Funds, where rates have been very low. The portfolio is shown below.

Worthing Borough Council's budgeted investment income for 2018/19, excluding for the Worthing Homes loan, is £88k and performance for the year to date is above budget.

Investment Portfolio - Worthing Borough Council

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Long Term Rating
Barclays Bank (RFB)	19.07.18	21.01.19	£1,000,000	0.74%	A
Barclays Bank (RFB)	01.08.18	14.02.19	£1,000,000	0.80%	A
Barclays Bank (RFB)	19.04.18	23.04.19	£1,000,000	0.93%	A
Blackrock MMF	n/a	n/a	£50,000	var	AAA
CCLA MMF	n/a	n/a	£2,640,000	var	AAA
Close Brothers Ltd	26.07.18	25.01.19	£1,000,000	0.80%	A
Eastleigh BC	11.09.18	06.12.18	£1,000,000	0.75%	n/a
Federated Investments MMF	n/a	n/a	£2,075,000	var	AAA
Goldman Sachs Intern'l Bank	09.07.18	09.07.19	£1,000,000	1.23%	A
Goldman Sachs Intern'l Bank	04.09.18	14.02.19	£1,000,000	0.81%	A
Handelsbanken	n/a	n/a	£100,000	0.50%	AA
Lloyds Bank (RFB)	02.05.18	16.05.19	£1,000,000	1.0%	A+
Lloyds Bank (RFB)	09.07.18	14.02.19	£1,000,000	0.78%	A+
Lloyds Bank (RFB)	04.09.18	10.01.19	£1,000,000	0.80%	A+
Local Authority Property Fund	27.04.17	n/a	£500,000	Var	n/a
Santander UK	09.05.18	09.05.19	£1,000,000	0.90%	A
Santander UK	11.07.18	11.04.19	£1,000,000	0.93%	A
Santander UK	19.07.18	25.07.19	£1,000,000	0.95%	A
Santander UK 180 day notice	19.07.18	14.02.19	£1,000,000	0.80%	A
Local Capital Finance Co Ltd	03.09.14	n/a	£50,000	n/a	n/a
Boom Credit Union	Various	n/a	£50,000	n/a	n/a
TOTAL			£19,465,000		

Investment Performance – Approved Limits

The Head of Financial Services confirms that no approved limits for Adur District Council or Worthing Borough Council within the Annual Investment Strategy were breached during the first 6 months of 2018/19.

8.2 Investment counterparty criteria

The current investment counterparty criteria selection approved in the Treasury Management Strategy Statement is meeting the requirements of the Adur and Worthing treasury management function. The Annual Investment Strategy for Worthing was amended by the Joint Strategic Committee (11th April 2018) and approved by Council (24th April 2018) in order to increase the investment in deferred shares in BOOM Credit Union (formerly West Sussex Credit Union) from £25k to £50k.

Due to the current economic and political uncertainty, it is recommended that the Joint Strategic Committee should approve the removal of the current minimum sovereign rating from UK counterparties. In the unlikely event that the UK's rating is downgraded, the Councils still need to invest in UK banks and building societies.

9 BORROWING

9.1 The Capital Financing Requirement (CFR) denotes the Councils' underlying need to borrow for capital purposes. If the CFR is positive the Councils may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. For both Adur and Worthing Councils capital expenditure in 2018/19 is funded from grants, capital receipts, contributions, reserves and revenue contributions as well as borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring.

9.2 Adur District Council's revised CFR forecast for 2018/19 is £124.8m. The relevant table in 7.4 shows the Council has borrowings of £102.2m at 30 September 2018.

Worthing Borough Council's revised CFR for 2018/19 is £77.0m. The relevant table in 7.4 shows the Council has borrowings of £47.4m at 30 September 2018.

9.3 Due to the overall financial position and the underlying need to borrow for capital purposes, new external borrowing was undertaken as shown in the tables below. It is anticipated that further borrowing will be undertaken by both Councils during this financial year to fund capital expenditure, including the purchase of properties.

Adur District Council – new loans

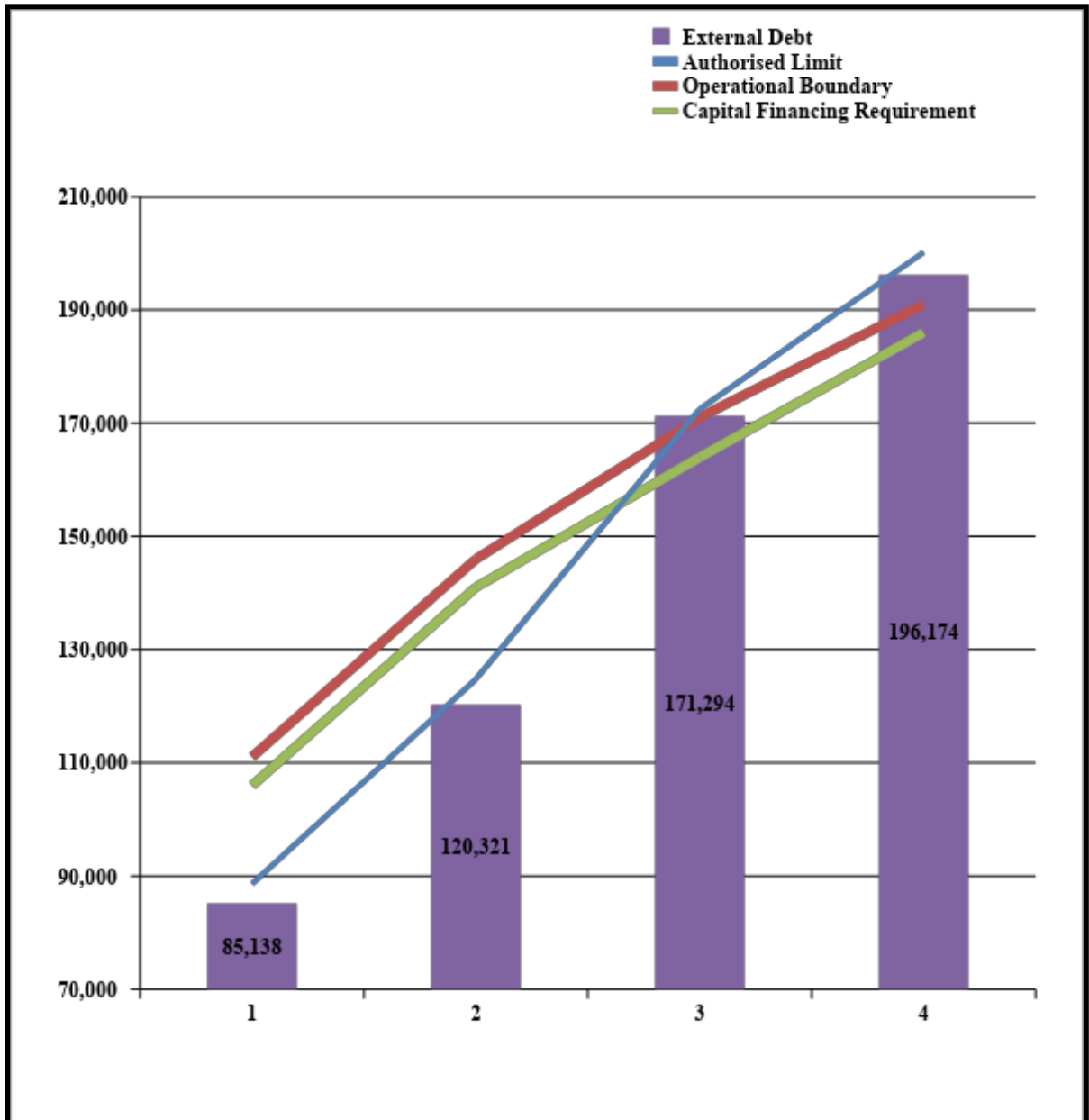
Lender	Principal	Type	Interest Rate	Maturity
PWLB (Office construction)	£2m	Fixed interest rate	2.44%	26/04/2038
PWLB	£2m	Fixed interest rate	2.20%	21/06/2038
PWLB (Property purchase)	£2.8m	Fixed interest rate	2.05%	06/09/2033
PWLB (Property Purchase)	£11.4m	Fixed interest rate	2.10%	13/09/2033
Lancing Parish Council	£0.3m	Variable interest rate		On request

Worthing Borough Council – new loans

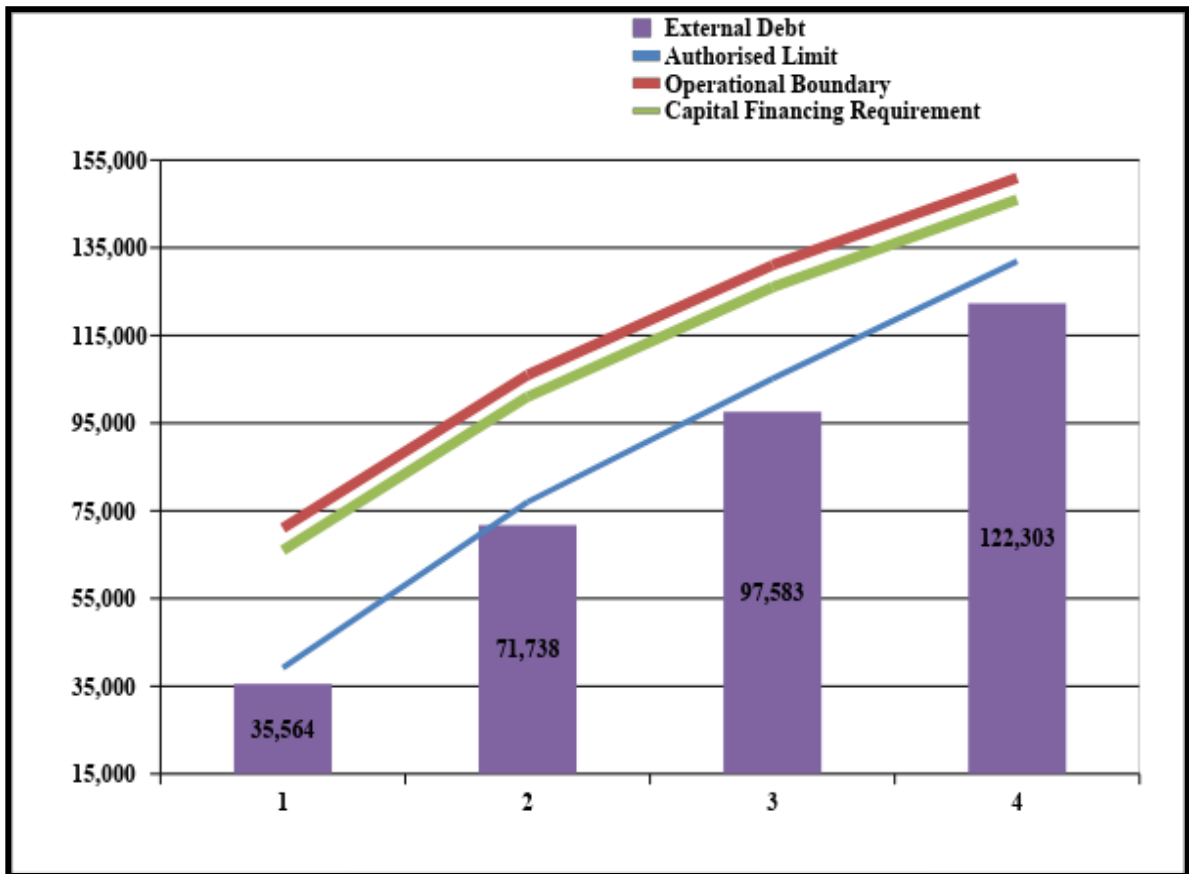
Lender	Principal	Type	Interest Rate	Maturity
PWLB (property purchase)	£5m	Fixed interest rate	1.56%	17/07/2023
PWLB (property purchase)	£5m	Fixed interest rate	2.18%	17/07/2038
Yorkshire Purchasing Auth	£2m	Fixed interest rate	0.72%	18/06/2019

9.4 The graphs below show the relationship between the Capital Financing Requirement, actual external debt, the Operational Boundary and the Authorised Limit for borrowing.

Adur District Council



Worthing Borough Council



10 DEBT RESCHEDULING

Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates, and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year for either Council.

11 OTHER

11.1 UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group. While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Councils will continue to assess the new-formed entities in the same way that they do others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

11.2 IFRS9 accounting standard

This accounting standard came into effect from 1st April 2018. It means that the category of investments valued under the available for sale category will be removed and any potential fluctuations in market valuations may impact onto the Surplus or Deficit on the Provision of Services, rather than being held on the balance sheet. This change is unlikely to materially affect the commonly used types of treasury management investments but more specialist types of investments, (e.g. pooled funds, third party loans, commercial investments), are likely to be impacted. However the Ministry of Housing, Communities and Local Government (MHCLG), has approved a temporary override of 5 years to allow English local authorities time to adjust their portfolio of investments. The impact on the Councils is likely to be minimal.

11.3 Changes in risk appetite

The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members’ attention in treasury management update reports.

11.4 Member Training

The treasury advisors for the shared treasury management service, Link Asset Services, provided a training session for Members on the 19th June 2018. The session included reviews of the Councils’ Balance Sheets and current debt and investment portfolios, as well an overview of developments in local government treasury management and UK economic data.

12. ENGAGEMENT AND COMMUNICATION

- 12.1 The Adur and Worthing Councils' treasury management team provides treasury services to Mid Sussex District Council through a shared services arrangement (SSA). The SSA is provided under a Service Level Agreement that was renewed from 18th October 2016, and which defines the respective roles of the client and provider authorities for a period of three years.
- 12.2 Information and advice is supplied throughout the year by Link Asset Services Ltd, the professional consultants for the Councils' shared treasury management service.

13. FINANCIAL IMPLICATIONS

- 13.1 This report has no quantifiable additional financial implications to those outlined above. Interest payable and interest receivable arising from treasury management operations, and annual revenue provisions for repayment of debt, form part of the revenue budget.

14. LEGAL IMPLICATIONS

- 14.1 The presentation of the Half Year Report is required by regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators for 2018/19.

Background Papers

Joint Treasury Management Strategy Statement and Annual Investment Strategy Report 2018/19 to 2020/21 – Joint Strategic Committee 1 February 2018, and Joint Governance Committee, 30 January 2018

Annual Joint In-House Treasury Management Operations Report 1 April 2017 – 31 March 2018 for Adur District Council and Worthing Borough Council – Joint Governance Committee, 31 July 2018 and Joint Strategic Committee, 11 September 2018

Link Asset Services Ltd Half Year Report Template 2018/19

Link Benchmarking Club Reports

Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA)

The Prudential Code for Capital Finance in Local Authorities (CIPFA)

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SUSTAINABILITY & RISK ASSESSMENT

1. ECONOMIC

The treasury management function ensures that the Councils have sufficient liquidity to finance their day to day operations. Borrowing is arranged as required to fund the capital programmes. Available funds are invested according to the specified criteria to ensure security of the funds, liquidity and, after these considerations, to maximise the rate of return.

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

4.1 The Councils' Treasury Management Strategy and Annual Investment Strategy place the security of investments as foremost in considering all treasury management dealing. By so doing it contributes towards the Council priorities contained in Platforms for our Places.

4.2 The operation of the treasury management function is as approved by the Councils' Treasury Management Strategy and Annual Investment Strategy 2018/19 - 2020/21, submitted and approved before the commencement of the 2018/19 financial year.

4.3 In the current economic climate the security of investments is paramount, the management of which includes regular monitoring of the credit ratings and other incidental information relating to credit worthiness of the Councils' investment counterparties.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
4 December 2018
Agenda Item 8

Key Decision: Yes

Ward(s) Affected: All

Housing Development Programme - update and progress report

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1 The purpose of this report is to update members on the progress of improving the supply of temporary and emergency accommodation, and creating new homes for rent from within the Housing Revenue Account (Adur District Council).
- 1.2 Authority is also sought to increase the budgets available to take forward a number of key projects as well as provide capacity to seek new opportunities to increase the supply of affordable units across Adur & Worthing.

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- i) Note the progress to date on delivery of new affordable homes.
- ii) Recommend to Adur District Council to approve the creation of a £10m budget to facilitate the potential purchase or development of additional units for the HRA within the Adur area funded by a combination of prudential borrowing, RTB receipts, and external and S106 monies. Budget to be released on submission and approval of a suitable business case for each scheme, to the Adur Executive Member for Customer Services.
- iii) To recommend to Worthing Borough Council to agree an increase to the General Fund capital programmes of £11m to invest to save budget specifically for the purpose of increasing the supply of temporary and emergency accommodation. Budget to be released on submission and approval of a suitable business case for each scheme to the Worthing Executive Member for Customer Services and will be funded by prudential borrowing and external funding.
- v) To delegate to the Director of Communities the authority to award the construction contracts for Downview, Albion Street and Cecil Norris House in consultation with the relevant Executive Member for Customer Services.

3. Context

- 3.1 In March 2016 the Councils adopted its current housing strategy 'Housing Matters' and since that time the Councils have also developed their overarching strategy document 'Platforms for our Places'. In both of these strategies, the Councils commit to developing our approaches to securing emergency and temporary accommodation for those who present as in need of immediate support from the Councils, as well as delivering more affordable housing through the Adur District Council, Housing Revenue Account. This report seeks to update members on progress to date against these ambitions, whilst crucially seeking the release of further funding to support these workstreams

3.2 Emergency and Temporary Accommodation

Currently across Adur and Worthing 155 families are in emergency accommodation (EA). This accommodation is a mixture of leased and nightly paid accommodation. This includes self contained units and a small number of bed & breakfast accommodation, when there are no alternatives. The cost of providing such accommodation ranges from £18 to £81 per night (average of £47). The amount the Council can claim back is 90% of the January 2011 local housing allowance rate which equates to approximately £21 per night. Hence there is a growing gap between the amount such accommodation costs and the amount the councils can recoup in rent and housing benefit. In the past, councils were paid a sum of £60 per week for each person/family in EA. This payment was recently removed and replaced by the 'Flexible Support Grant'. Unfortunately the grant allocated is insufficient to cover this gap, and hence costs are rising month on month. The situation is exacerbated by a low number of affordable properties coming into the system each month, so move on from EA is slow.

- 3.3 In order to address this particular issue, officers are working to identify costs effective solutions that include:
- 3.4 A comprehensive, multi-agency programme of work to prevent homelessness and support families and individuals to sustain their tenancies. In recent months working closely with one registered provider, we have prevented more than 40 families from being evicted.
- 3.5 Leasing properties on a long term basis. Over the last two years, leases have been agreed for 42 units of more affordable accommodation as well as five houses (13 beds). The current pipeline of leased accommodation includes a further 16 units of which four, are wheelchair accessible. This is due to come on stream early in 2019. A further four units are being developed by Worthing Homes for the rental market, enabling the Council to discharge their housing duty at the earliest possible stage.
- 3.6 Both Councils have allocated funds for the acquisition of affordable EA. In November 2018, Worthing Borough Council secured the ownership of the Downview Pub site in West Worthing, for £1.2m. The site already has planning permission in place to convert the main property into nine units of accommodation, and develop the land into a further four houses although the Council is reviewing the site with the aim of increasing the number of units to be delivered. A tender specification for the development of the main building has been issued and we aim to complete this first phase by autumn 2019.

3.7 HRA Development Programme - progress

3.8 Adur District Council has not developed council housing for many years, consequently the skills and knowledge within the Council to deliver such development has been missing. The Council has now secured support and created a team of key individuals, buying in skills where required, to start to develop a programme of works for the first time. Key progress to date includes

3.9 Albion Street - planning approved and tender for construction work was issued

on the 19th November 2018. It is anticipated that work will commence on site before the end of March 2019, with demolition having been completed by early 2019, following the recent fire at the site. The project is due to complete by mid to late 2020. This report seeks the committee to delegate responsibility for the contract award to allow for the work to proceed swiftly.

3.10 Cecil Norris House - Planning application has been submitted and the tender for development will be issued shortly. It is also planned that work will start on before the end of March 2020 and this report seeks delegated authority to award the development contract to allow for this project to be taken forward swiftly.

3.11 101 North Road Lancing - Planning consent has been gained to develop two, one bedroom flats and renovation/development works are due to commence before the end of November 2018.

3.12 Two other small sites are being reviewed for conversion into single flat accommodation and designs are being drawn up.

3.13 Hidden Homes: in the report to the July 2018 JSC, members agreed to fund feasibility work, following an initial evaluation by Bailey Garner of infill, garage and other sites owned by Adur District Council within the HRA. This initial scoping exercise identified more than 40 potential sites. The feasibility work is nearing completion and will propose a shortlist of sites to review and develop a programme of work from. It is anticipated that officers will begin to review these in the new year and bring a more detailed update with a proposed development programme in 2019.

4. Issues for consideration

4.1 In light of the above the Councils are now asked to consider the release of funds for additional acquisitions and development opportunities as described

below. A number of commercial discussions are ongoing, however in order to be able to move swiftly, the Committee is asked to recommend to Council to approve the release of funds to secure property and/or land to support the ongoing need for both affordable temporary accommodation and additional units for permanent homes to be delivered via the HRA or other partnerships. Each proposal will be the subject of a suitable business case which will be approved by the relevant Executive Member for Customer Services prior to committing the Councils to the expenditure.

4.2 New schemes

4.2.1 Purchase of 32 flats in Central Worthing (Bunces / Lennox Gate)

Officers on behalf of the Councils have been in discussions with the developers of the property known as 'Bunces' in Lennox Gate. The proposal within this report is to purchase the entire development of 32 one and two bedroom properties which will be completed in March/April 2019, to add to the supply of affordable homes in Worthing. The Council is keen to use some of these units for emergency accommodation, but is also exploring partnership opportunities to provide longer term affordable accommodation in the town.

4.2.2 Purchase and conversion of a property in Worthing for up to 20 units of temporary accommodation

The Council has retained an option to purchase a large property in Worthing with the prospect of converting this into up to 20 units of emergency accommodation. The business case for this project is still being developed, however if acceptable, funds are sought to move forward with this project, subject to a suitable business case being approved by members.

4.2.3 General fund acquisition and development of property and sites within Adur

The Council is actively reviewing options to acquire land within Adur for the development of temporary and emergency accommodation and is in discussion with partners such as West Sussex County Council regarding the possibility of joint development on vacant sites. At this point in time none of these discussions has moved to the point of requiring the release of funds, therefore the budget currently available for this purpose (£3.1m by 2019/20) is deemed sufficient for any immediate needs. Should these projects move forward and require additional funding a further paper will be brought before the committee.

4.2.4 HRA acquisition of land or property within Adur District

Following the recent budget announcement, new legislative changes have abolished the HRA borrowing cap. This removes the current limit on the acquisition and development programme of new affordable homes by the HRA subject to an assessment of affordability. This offers the opportunity to not only progress current development schemes, as described above, but also to extend the current development and acquisition programme to further add to the supply of affordable homes within the HRA.

As with any potential scheme, the opportunity to purchase any land or property to add to the HRA portfolio will be subject to a full business case for Executive Member approval at the appropriate time.

However for the Council to be able to move swiftly and secure additional properties, financial capacity within the budgets needs to be created for any potential new schemes. A budget of £10m is recommended.

4.3 External funding

The Councils are actively seeking funding towards the costs of delivering additional units from MHCLG and other potential funding bodies. Members will be updated on progress in securing such funding.

5. Engagement and Communication

5.1 The Councils have developed a team around these projects to ensure there is comprehensive internal consultation with colleagues from relevant disciplines and with executive members to ensure that appropriate governance processes are followed.

5.2 In relation to the planning applications for Albion Street and Cecil Norris House, public consultation and engagement events were conducted and feedback has been incorporated into the final planning applications.

5.3 As indicated in the report, we will continue to seek external sources of funding to support all or any of these projects and in certain circumstances may partner with local key stakeholders to deliver the best outcomes for our residents and communities.

6. Financial Implications

6.1 Both Councils have already put in place funds for the delivery of temporary and emergency accommodation from within the General Fund.

	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£	£
Adur	2,169,940	1,000,000	1,000,000	1,000,000	5,169,940
Worthing	3,740,060	2,000,000	2,000,000	2,000,000	9,740,060
	<u>5,910,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>14,910,000</u>

6.2 However, the opportunity for Worthing Borough Council to purchase the 'Bunces' site; and to acquire and convert a property within Worthing results in the need to increase the current budgets as follows:

	No of units	2018/19	2019/20	2020/21	2021/22	Total
		£	£	£	£	£
Downview project	19	1,636,230	2,433,330	330,440	-	4,400,000
Large residential unit	20	1,990,500	1,100,000	33,000	-	3,123,500
Provision for new schemes	32+	835,000	8,365,000	2,000,000	2,000,000	13,200,000
Total	71+	4,461,730	11,898,330	2,363,440	2,000,000	20,723,500
Current budget		3,740,060	2,000,000	2,000,000	2,000,000	9,740,060
Additional budget provision required						<u>10,983,440</u>

6.3 In addition to the resources within the General Fund, the HRA has a development programme that was approved in July as follows:

	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
Total development programme		7,835,000	1,218,300	2,950,000	2,666,700	1,000,000
Buy-back allowance (up to 2 units per unit)		1,080,000	270,000	270,000	270,000	270,000
Total expected programme		8,915,000	1,488,300	3,220,000	2,936,700	1,270,000
Financing:						
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
		8,915,000	1,488,300	3,220,000	2,936,700	1,270,000

6.4 However, the current HRA programme does not allow any budget for new schemes to be developed and delivered over the next 12 - 24 months, therefore additional budget provision is required.

6.5 Members are reminded that the budgets can only be released on the submission of a business case to the relevant Executive Member.

7. Legal Implications

7.1 Section 124 Local Government Act 1972 provides the Council with the power to acquire land or property.

7.2 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.

- 7.3 The Councils' Head of Housing has a delegation at para 3.1.18 of the Officer Scheme of Delegations to acquire land or property in connection with the Council's housing function for the purpose of providing emergency and temporary accommodation. This delegation is only to be exercised after consultation with the Leader, the Executive Member for Resources and the Chief Financial Officer of the relevant Authority.
- 7.4 Paragraph B16 of the Financial Procedure Rules provides that Executive Member approval is required for the release of the budget for any capital project of more than £250,000.
- 7.5 The Limits on Indebtedness (Revocation) Determination 2018 which was approved by the Secretary of State on the 25th October 2018 removed the limit on HRA debt.
- 7.6 In awarding the construction contracts for Cecil Norris House, Downsview and Albion Street, the Director for Communities will need to comply with procurement legislation and the Council's Contract Standing Orders.

Background Papers

Acquisition of land in West Worthing - Report to the Executive Member for Customer Services dated 17th September 2018.

Delivery of new homes through the Housing Revenue Account - Report to the Joint Strategic Committee dated 10th July 2018.

Adur and Worthing Housing Strategy 2017-2020 'Housing Matters' - report to the Joint Strategic Committee March 2017 and April 2018.

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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 equalities 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.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
4 December 2018
Agenda Item 9

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

Community Works and our Third Sector - two years on

Report by the Director for Communities

Executive Summary

1. Purpose

1.1 The purpose of this report is to provide:

- an update for Elected Members on the progress of our contract with 'Community Works', which is an infrastructure support organisation who have been working with Adur and Worthing's Voluntary and Community Sector since July 2016.
- the Committee with information about developments across West Sussex to align the work of all the voluntary sector infrastructure organisations and future changes to the West Sussex County Council funding process.

2. Recommendations

2.1 It is recommended that the Joint Strategic Committee note the report, the positive impact that Community Works is having on our local communities and the work taking place around infrastructure support in West Sussex.

3. Context - the purpose and role of Community Works

- 3.1. To set the scene, imagine you're a small voluntary group in Shoreham or Durrington. Where can you go to get free, impartial, accurate, professional and trusted advice? Community Works can help with just that, and this report is to explain more about how they do this, and much more - and why it is so important.
- 3.2. Community Works is a key partner across across Adur and Worthing and is providing invaluable support to the Councils as we seek to deliver a number of commitments aligned to develop our 'Social Economies' and 'Leadership of our Places' in the Councils' corporate strategy, *Platforms for our Places*.
- 3.3. Community Works is a registered charity. Following a merger of four charities in Brighton and Hove it was incorporated in its current form in 2013, but has been supporting voluntary and community action in Brighton and Hove since 1999. In 2016, Community Works successfully tendered for the Adur and Worthing Councils' contract to provide infrastructure support for voluntary and community organisations. In July 2016 they began operating their service from Worthing Town Hall.
- 3.4. Community Works is commissioned by Adur, Worthing and West Sussex Councils. The current contract is valued at £119,414 and runs until 31st March 2020.
- 3.5. Historically referred to as a Council for Voluntary Service (CVS) and now commonly known as an infrastructure support organisation, Community Works give voluntary and community sector organisations the help, leadership and platform they need to make a difference to local lives. They help groups to learn and understand from best practice the techniques and activities that support success. Community Works provides a voice for the whole third sector and creates the support structure and networks that help people and organisations to make best use of their time.
- 3.6. Fundamentally, Community Works' role is to develop, enable, support and promote local voluntary action. They work with a wide range of organisations and individuals, from voluntary and community groups, to volunteers, businesses and public sector bodies; anyone who wants to

give their time, expertise and energy towards shaping and improving Adur and Worthing.

3.7. How does this look on a day to day basis for the group in Shoreham or Durrington? They might want to know how to recruit volunteers, find new specialist trustees, fundraise for new equipment, need advice on deciding when to become a formally constituted group or what type of legal set-up to adopt. They may have an HR issue, need business, planning or legal advice about a lease or contract, or want to shout about a new initiative they've tried. They can;

- phone and meet Community Works for 121 support and advice
- look on their website for up to date expert information
- attend a network to meet peers, exchange ideas and be connected with other helpful resources
- receive and add copy to their newsletter
- be mentored or indeed, be a mentor
- receive training in complex areas such as GDPR
- be introduced to other key partners or agencies

3.8. Community Works are a membership organisation and these members are instrumental in steering Community Works' direction and work. Members feedback informs and shapes the services they provide. However, groups don't have to be a member to access support but in doing so gives them [additional benefits](#) such as priority for events and access to shared contact lists. To date, there are 160 unique organisations who are members of Community Works in Adur and Worthing. Regardless of being a member or not, Community Works is open to all any group can pick up the phone to them and gain the support they need.

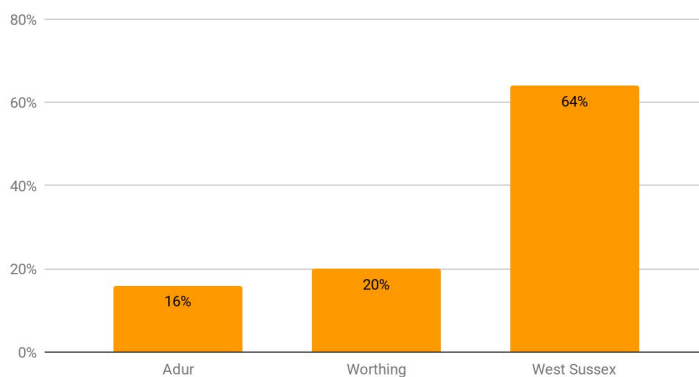
3.9. There is also the strategic element - Community Works have a number of thematic networks and elect representatives. These people not only help update other groups about what is going on, but also act as a wider voice to help influence change. In Adur and Worthing they have networks that focus on Children and Young People, Trustees and Leadership, Health and Wellbeing, Volunteering Co-ordinators and Black, Asian and Minority Ethnic people (BAME) and new topics are always in development.

The local impact of Community Works



“The support of Community Works has been invaluable in helping us to successfully secure funding from Sussex Community Foundation, West Sussex County Council and Worthing Community Chest, all of which we received news of in a 24 hour period! They helped us look objectively at our bids and really focus on the key points that would help a funder understand what we do and the value we offer the community.”

Where A&W Members of Community Works operate



500+ groups reached



262

Groups have been supported with 121 advice



42

Learning Opportunities



60

Organisations have had their volunteering ops advertised

- 3.10. Since 2016, Community Works have reached out to over 500 groups in the area and have provided support to over 262 unique groups via 1 to 1 support, events, network, training, mentoring and membership. They have organised 42 learning opportunities which have included funding, safeguarding and governance. In this time, they continually shaped their service and delivery plans in response to need. Over 60 organisations have had their volunteering opportunities advertised by Community Works with over 109 volunteers receiving tailored support. They've also improved and updated their [Volunteering Platform](#).

But it's the stories that encapsulate better how Community Works helps:

Monks Recreation Ground

The Rampion Fund was prioritising Lancing/East Worthing applications, so Community Works supported Lancing Parish Council's request for help with their funding bid. As a result of our feedback, they were able to secure £50,000 from Rampion for groundworks for the redevelopment of the site. Where they had consulted with local people to find out what they wanted, we were able to help them show this in their bid.

"I would highly recommend the service provided by Community Works to any community organisation writing grant applications. [\[Read A Funding Bid\]](#) Community Works understood our needs exactly and went above and beyond in helping us secure a £50,000 grant for our play area, pavilion and open space. The feedback we received in regard to our application was clear and the expert advice was invaluable to our success," said Helen Plant, Clerk, Lancing Parish Council

The project is seeking further funding from elsewhere to implement newly designed facilities and they have used Community Works' events to speak to funders/platforms: SpaceHive and Reaching Communities. They also approached Sports England. Following the funders' feedback, Community Works has talked to the project about using a professional bid writer and linked them with an Officer at the Councils for larger infrastructure funding.

Worthing Counselling Centre

This group provides low cost counselling in the Worthing area. Established for 33 years and BACP accredited, it has a team of 20 counsellors. It is a registered charity and aims to promote counselling as widely as possible for individuals and communities that might not usually be able to afford it. Community Works was approached by the newly-appointed co-ordinator for support around fundraising and development. This included development support towards three funding applications, all of which were successful:

- £4,637 from the Sussex Community Foundation for subsidised counselling and work on the website, social media and leaflets
- £1,500 from Worthing Community Chest towards premises
- £1,504 from West Sussex County Council Community Initiative Fund towards replacement of furniture, equipment and soundproofing

- 3.11. Voluntary and community groups are a vital component, but easily underestimated, in our society. The recent Civil Society Strategy stated "A healthy, independent and influential civil society is a hallmark

of a thriving democracy. Charities and social enterprises - the social sector - are the core of civil society.”

- 3.12. Nationally, there are 168,000 registered charities and nearly 90% of which have an annual income below £500,000. The sector contributes around £15.3bn to the UK Gross Value Added (GVA) - more than the Arts or Agriculture. Volunteering alone is valued at £22.6bn - 47% of adults in the UK are regular volunteers. The voluntary sector is a major employer in the UK, with 880,000 working in the field - this is three fifths the size of the NHS. The third sector is a vastly undervalued wealth of support, advice, knowledge, insight and experience.
- 3.13. Locally, Adur and Worthing has a vibrant and diverse community and voluntary sector; hundreds of charities and groups help local residents to prosper, thrive, be healthy and happy - from large well established names like Guild Care to new knit-and-natter groups. The majority of these groups are running on minimal income and hugely dependent on the dedication, passion and time of fantastic volunteers. There are over 130 charities registered in Adur and Worthing but probably in excess of 750 voluntary groups who are not registered with the Charity Commission, not to mention groups that don't have their base locally but work in our communities. Their reach, experience and expertise impossible to calculate but bringing a huge wealth to our local communities - and Community Works is open to them all, as and when they may need it.
- 3.14. Embedding Community Works into Adur and Worthing has been carried out through a long and thoughtful process. A new provider into the area meant relationships had to be carefully created, respecting and building on local expertise and existing structures. The model of delivery has also had to adapt to meet the needs of the sectors in Adur and Worthing, requiring flexibility from the staff within Community Works and an understanding that the sector here is different to that elsewhere. There have been some staffing changes since Community Works began, which has created a transition gap, but this has been managed well.
- 3.15. Overall, the value to the sector and to the Councils of this contract cannot be overstated. Community Works have been valuable assets in the delivery of a number of projects as well as supporting our community and voluntary sector to flourish whilst making much needed connections across the wider West Sussex landscape.

The broader West Sussex context and changes

- 3.16. Community Works are commissioned by Adur and Worthing Councils, locally on behalf of the District and Borough, and West Sussex County Council who co-fund them (and other support organisations). In total, they receive £119,414 towards their work in Adur and Worthing and this is broken down further in this report.

Over the last three years, West Sussex County Council (WSCC) have passported their contribution through Adur and Worthing Council. Prior to this, WSCC paid service providers directly.

- 3.17. Whilst there has always been a relatively informal 'network' of the larger charities and Councils for Voluntary Services (CVS) across West Sussex, there has been a growing recognition of the need for greater strategic collaboration of the infrastructure support organisations. In the last year, Community Works have been part of the forming an 'Alliance' of these organisations. This has helped strengthen the ambition of these groups and is improving the relationships and cohesion. It is also about sharing strategic thinking and the shaping of some core issues, such as volunteering, strategic voice and influence on a wider geography.
- 3.18. WSCC have been keen to review their relationships with the sector and their funding of this work and expressed a strong desire for a more strategic, countywide voice from the voluntary and community sector in relation to their financial investment. Therefore, in late 2017, WSCC began a series of discussions with the key leads from the infrastructure support organisations and representative from the Districts and Boroughs. The focus, was to see whether a different approach could be developed that allowed for this 'strategic voice' to emerge, whilst retaining the front line operational role of the organisations in their localities.
- 3.19. The two Clinical Commissioning Groups (CCG) have also been involved in conversations, but as yet any financial contribution from them has not been agreed.
- 3.20. The outcome of these discussions has led to the creation of a Voluntary and Community Sector Infrastructure (VCSI) 'Alliance' which will be a formally constituted group, enabling the provider organisations

to develop a three-year vision of how they can work together strategically on some common issues.

- 3.21. From April 2019, it is anticipated that the Alliance, District and Boroughs and WSCC will partner using a Memorandum of Understanding (MOU) and set of Funding Principles. The key principle regarding funding being that funds from WSCC will be paid to the Alliance and then distributed to the local existing local providers (e.g. Community Works).
- 3.22. There is written confirmation from WSCC that this new funding model and the same funding amounts will stand for 24 months, until 31st March 2021.
- 3.23. The MOU ensures that the Alliance is formally constituted, there is a Service Summary (with expectations of delivery) and all parties sign up for what is reasonably possible, with an 'opt-out' should any funding change for any of the parties. It is stipulated in the MOU that all current funding from WSCC is distributed as currently is.
- 3.24. All Councils will establish a central monitoring framework for this Alliance, with key performance indicators that are common to all. However, the individual VCSI organisations will continue to be reviewed locally to ensure that local priorities are addressed.
- 3.25. What this means for Adur and Worthing is no change to the way Community Works operates or is monitored. Financial levels will remain the same from both WSCC and Adur and Worthing Councils and the agreement for their work and the reviewing of this will remain the same.
- 3.26. The benefits for Adur and Worthing are a stronger united voice for the third sector across West Sussex, as well as shared learning across all the voluntary and community sector infrastructure support partners. The aim being to improve the local offer for all, make better and efficient use of resources and time, as well as exploit the opportunities to share best practice and learning. As cited earlier in the report, many of the third sector organisations operating in Adur and Worthing have a wider West Sussex scope so this will also add benefit to them.

4. Engagement and Communication

- 4.1. Community Works have worked sensitively in Adur and Worthing, given there were two other providers delivering a support service in the area

before them. In the coming months, we will work with Community Works to gradually increase this awareness and help drive more knowledge of the support on offer and the merits of membership.

- 4.2. Community Works will continue to work with their member and partners, making it the best support organisation it can be and helping those that need it in the right way.
- 4.3 Officers have been involved throughout the discussions with WSCC and have ensured Adur and Worthing Councils' Executive Members are aware of these changes.

5. Financial Implications

- 5.1. The current budget allocation is within the base budget for both Adur and Worthing Councils and at this stage there is no known changes proposed to the WSCC allocation. Funding is set out below:

2018/19	Adur and Worthing Councils	West Sussex County Council	Total funding to CW
Adur DC	£38,470	£15,299	£52,529
Worthing BC	£38,570	£27,075	£66,885
	£77,040	£42,374	£119,414

- 5.2. The changed funding model (Community Works' receiving their WSCC money through the Alliance) does mean that our procurement in Autumn 2019 for a contract for 1st April 2020 can only be for two years and for the Adur and Worthing Councils' amount (£77,040 per annum).

6. Legal Implications

- 6.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 6.2 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

- 6.3 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
- 6.4 Section 1 of The Local Government (Contracts) Act 1997 confers the powers on the local authority to enter into a contract with another person for the provision or making available of assets or services, or both (whether or not together with goods) for the purposes of, or in connection with, the discharge of a function by the local authority.
- 6.5 The value of the proposed procurement set out at Clause 6.2 is below the EU threshold level and the future procurement must therefore comply with the procedures set out in the Council's Contract Standing Orders relevant to the proposed expenditure.

Background Papers

[Community Works' Business Plan](#)

[Officer Decision Report to extend Community Works' contract until March 2020](#)

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Sustainability & Risk Assessment

1. Economic

Community Works is a key partner across across Adur and Worthing and is providing invaluable support to the Councils as we seek to deliver a number of commitments aligned to develop our 'Social Economies' and 'Leadership of our Places' in the Councils' corporate strategy, *Platforms for our Places*. The Councils support the local Third Sector in a variety of ways and the contract with Community Works is vital in helping local voluntary and community groups to prosper thus improving the economic value of Adur and Worthing.

2. Social

2.1 Social Value

The Community Works' contract provides immense social value by the very nature of what they do - their reason for their being is to give voluntary and community sector organisations the help, leadership and platform they need to make a difference to local lives. They work with a wide range of organisations and individuals, from voluntary and community groups, to volunteers, businesses and public sector bodies; anyone who wants to give their time, expertise and energy towards shaping and improving Adur and Worthing.

2.2 Equality Issues

Equality is at the forefront of of everything that Community Works does. The matter has been 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

Community Works as an organisation has good governance and there are no concerns over how they operate. They also provide excellent advice and guidance to the third sector on this area. There is regular contract management and informal meetings between staff at the Councils and Community Works.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
4 December 2018
Agenda Item 10

Key Decision: No

Ward(s) Affected: Castle

Palatine Park - 3G Pitch Development

**Report by the Director for Communities and the Director for the Economy
Executive Summary**

1. Purpose

- 1.1 This report seeks authority to submit a planning application for an artificial football pitch (3G) on Palatine Park. The report sets out the project in detail and, in particular, the opportunity for working in partnership with Worthing Town Football Club to secure Football Foundation (FF) funding. Any shortfall in funding would come from S106 funding from the West Durrington development (subject to the S106 Agreement being amended).
- 1.2 The report indicates that the application would need to address potential planning issues such as light and noise pollution and car parking. The report also sets out the options for the future maintenance of the pitch and how the community would be able to hire the facility.

2. Recommendations

- 2.1 It is recommended that the Committee gives delegated authority to the Head of Environmental Services to:
- (i) Submit a planning application for an artificial 3G football pitch, floodlighting and car park at Palatine Park, Worthing;

- (ii) Submit a funding bid to the Football Foundation to secure up to £500k funding;
- (iii) subject to the agreement being amended, use up to £340,000 of S106 funding from the West Durrington development to address any funding shortfall, and;
- (iv) award a contract to build out the facility in accordance with the Councils procurement policies, subject to the grant of planning permission and funding being secured.

2.2 It is recommended that the Joint Strategic Committee recommends to Worthing Borough Council to add the scheme to the 2019/20 capital programme with a budget of £840,000 funded by external funding and S106 receipts.

3. Background

- 3.1 Worthing Town FC is a large successful Club based at Palatine Park. The Club currently has 41 teams and is in the Sussex County League (Step 6 of the Football Pyramid). The Club is Worthing's only FA Charter Standard Community Club and has boys and girls teams across all ranges. The Club currently has nearly 500 players and over 90 volunteers.
- 3.2 In 2012, the Club moved into a new Clubhouse on Palatine Park. The Clubhouse was secured with a £1.1 million funding award from the Football Foundation (FF). The Club has a 25 year lease (commencing in 2012) with the Council and this lease allows the Club to have first use of the various adult and junior pitches on Palatine Park. The Clubhouse has a kitchen and large function room at first floor level with changing rooms, stores etc on the ground floor.
- 3.3 The Club has been keen to have a 3G facility on Palatine Park for some years. The grass pitches are prone to flooding and as the number of teams have increased, the level of wear and tear on the existing pitches has increased.
- 3.4 The Football Foundation has been keen to assist the development of the Club given its size and its FA Charter status and its commitment to the development of the game in the local community. The Football Foundation also recognises that Worthing has a lack of 3G pitches in the Town. This proposal also supports the commitments contained within the Councils

strategy 'Platforms for Our Places' to support the development of a Sports and Activity Strategy, whilst promoting and enabling the health and wellbeing of our populations.

- 3.5 Worthing Town has already invested in preparing plans for the site and, following recent meetings with the Football Foundation, a bid is being prepared for the FA Facilities Fund which has to be submitted in January next year. One of the requirements of the bid is that planning permission needs to be in place at the time that the bids are assessed in April 2019.

4. Proposal

- 4.1 The proposal is to build a 3G pitch on land directly to the north of the existing Clubhouse. An indicative plan is attached as Appendix 1.
- 4.2 Although, the 3G pitch would result in the loss of a grass pitch, it would allow for greater use and provide a better training and match facility for the Club and local community. The Club lacks winter training facilities and is currently trying to book a 3G facility outside of the Borough.
- 4.3 The Councils Open Space, Sport and Recreation Study identifies the lack of 3G facilities in the Borough. Whilst a new facility was provided at Durrington High School, this is a sand based surface more suited to hockey. The only 3G facility in the Town is at Worthing Football Club but this has more limited community use. The provision of a number of smaller 5-a-side pitches at the Leisure Centre has been very successful but it did result in the loss of a full size pitch for adult matches.
- 4.4 The intention is for the Council to construct the facility and any income from its use would cover maintenance costs and provide a 'sinking fund' for the replacement of the pitch, lighting and fencing when required. The booking of the facility could be dealt with remotely through a keypad system. This approach would ensure that the pitch remains a publicly owned facility and would not require any disposal of open space by entering into a lease with a third party.
- 4.5 There are other options that are being investigated for the future maintenance of the facility (possibly Worthing Town FC or South Downs Leisure Trust) but at this stage these have not been resolved and would not need to be finalised for the funding bid to be submitted to the Football Foundation.

5. Issues for consideration

- 5.1 The Committee is asked to agree the principle of constructing a 3G pitch on Palatine Park, to support a funding bid to the Football Foundation and the submission of a planning application for the new pitch. The offer of funding support from the Football Foundation is a great opportunity to improve facilities for the Borough's largest Football Club as well as provide for improved community facilities. The Football Foundation has indicated that up to £500k may be available and it has also offered £10,000 to progress the funding bid.
- 5.2 It is estimated that a 3G facility would cost approximately £700k although additional funding would be required to provide additional car parking at the site. A 3G facility at Sir Robert Woodard Academy has recently been completed for £700k (funded from s106 secured from the development of the new Brighton and Hove Albion FC First Team and Training Academy in Lancing).
- 5.3 The West Durrington development included a requirement within the S106 to pay, prior to the completion of the 500th dwelling, a sum of £340k towards the provision of an off site artificial pitch. The development is progressing at pace and the Consortium are now close to the 500th dwelling trigger point. Once the development proceeds past the 500th dwelling the sum payable reduces by half. However, the Consortium has agreed, in principle, to a Deed of Variation which would provide more time to progress a site for a new 3G facility. A new trigger point is being discussed allowing full payment prior to the completion of the 700th dwelling. Once the Deed of Variation has been signed this would ensure that the new 3G facility is fully funded. The s106 requires the funding to be spent at Worthing Leisure Centre, Palatine Park or Field Place.
- 5.4 The provision of 3G floodlit pitches within built up areas can be controversial given residents' concerns about increased noise and disturbance, floodlighting and car parking issues. This is primarily because of the increased level of use that these pitches generate, particularly in the evenings. However, Palatine Park has a number of advantages in that it is a large area of open space with significant tree screening on the northern boundary and a public house on the western boundary.
- 5.5 There are a number of residential properties along Palatine Road and Coniston Road that overlook the Park on the southern boundary but by

locating the pitch to the north of the clubhouse the pitch would be approximately 40 metres away from these properties. Nevertheless, the planning application would need to be supported with the necessary floodlighting and acoustic reports to demonstrate that the proposal would not give rise to an unacceptable level of nuisance. These reports and consultation with Public Health and Protection would need to agree appropriate hours of use to protect the amenities of adjoining residents.

- 5.6 The existing clubhouse has a car park to the rear of properties in Palatine Road and there is also an overflow car park that is used on match days. Included with the application there would be a need to look at a larger car park to accommodate any predicted increase in the level of use with the 3G facility. The application would need to be accompanied with a transport statement to address any increased traffic or parking impacts of the proposal.
- 5.7 Any fencing of public open space does raise issues for other users of the park but there is still plenty of scope to retain dog walking circuits whilst not impinging on the use of the Park as a sports facility. Members will recall the concerns raised about this issue with the Manor Sports Ground.
- 5.8 A pre-application consultation exercise is encouraged in the Council's Statement of Community Involvement and this would enable these issues to be raised with the local community prior to the submission of the planning application.
- 5.9 Whilst, other locations were considered for providing a 3G pitch, Palatine Park has less constraints than other sites considered and, of course, there are the considerable benefits of enabling improved facilities to be available for Worthing Town FC.

6. Engagement and Communication

- 6.1 There has been ongoing engagement with the Football Club and the Football Foundation as described above. As indicated previously consultation with the local community would form part of the usual planning process.

7. Financial Implications

- 7.1 The opportunity for external funding together with the use of s106 funding would enable this project to proceed on a cost neutral basis. The costs of

submitting the planning application would, if funding is secured, be covered by the Football Foundation grant funding.

- 7.2 The 3G pitch and car parking improvements are estimated to cost £0.84m. At present it is expected that this will be funded by £0.5m from the Football Foundation and £0.34m from unallocated S106 receipts. This proposed scheme will need to be added to the 2019/20 capital investment programme.
- 7.3 If the funding bid is unsuccessful then project will need to be revisited to see if the cost of any associated borrowing can be recouped from the income raised on the new facility.

8. Legal Implications

- 8.1 Section 111 Local Government Act 1972 provides that the Council shall have the power to do anything (whether or not involving expenditure or the acquisition of any property or rights) which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions.
- 8.2 Section 1 Localism Act 2011 provides the Council with a general power of competence and empowers the Council to do anything which individuals generally may do, including a power to do it for a commercial purpose or without charge, and the power to do it for the benefit of the area and those resident or present in the area.
- 8.3 Section 123 of The Local Government Act provides that a Council shall not dispose of land forming part of an open space unless they advertise the disposal for two consecutive weeks in a newspaper circulated in the area in which the land is situated, specifying the land in question and identifying its extent. The Council is under an obligation to consider any objections that are received to the proposed disposal. A disposal would include entering into a lease for this land. However, if the land or part of it was fenced this would not count as a disposal for the purposes of section 123 of The Local Government Act.
- 8.4 Paragraph B16 of the Financial Procedure Rules provides that Executive Member approval is required for the release of the budget for any capital project of more than £250,000.

Background Papers

Open Space, Sport and Recreation Study 2014.

The FA Guide to 3G football turf pitch design principles and layouts.

Planning Application Reference AWDM/1883/15 - Construction of Floodlit Artificial Multi-Games Pitch, Sir Robert Woodard Academy.

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Sustainability & Risk Assessment

1. Economic

- The proposal supports the sustainability of the club, whilst improving facilities for those wishing to engage in football at all levels within the Town.

2. Social

2.1 Social Value

- The proposal support the development of the sports and activity strategy, specifically to provide suitable facilities to increase engagement in sporty, whilst increasing the opportunities for all to get active.

2.2 Equality Issues

- The proposal increases the potential for participation at all levels

2.3 Community Safety Issues (Section 17)

- There are no issues at this time that suggest this proposal will result in increased anti-social behaviour or a negative impact on community safety. The development of suitable floodlight facilities, could be argued to have the opposite affect and support a reduction in such risks.

2.4 Human Rights Issues

- Considered no issues at present
- The planning process would consider any impacts on Human Rights Issues

3. Environmental

- The proposal will allow for the suitable management of the facility

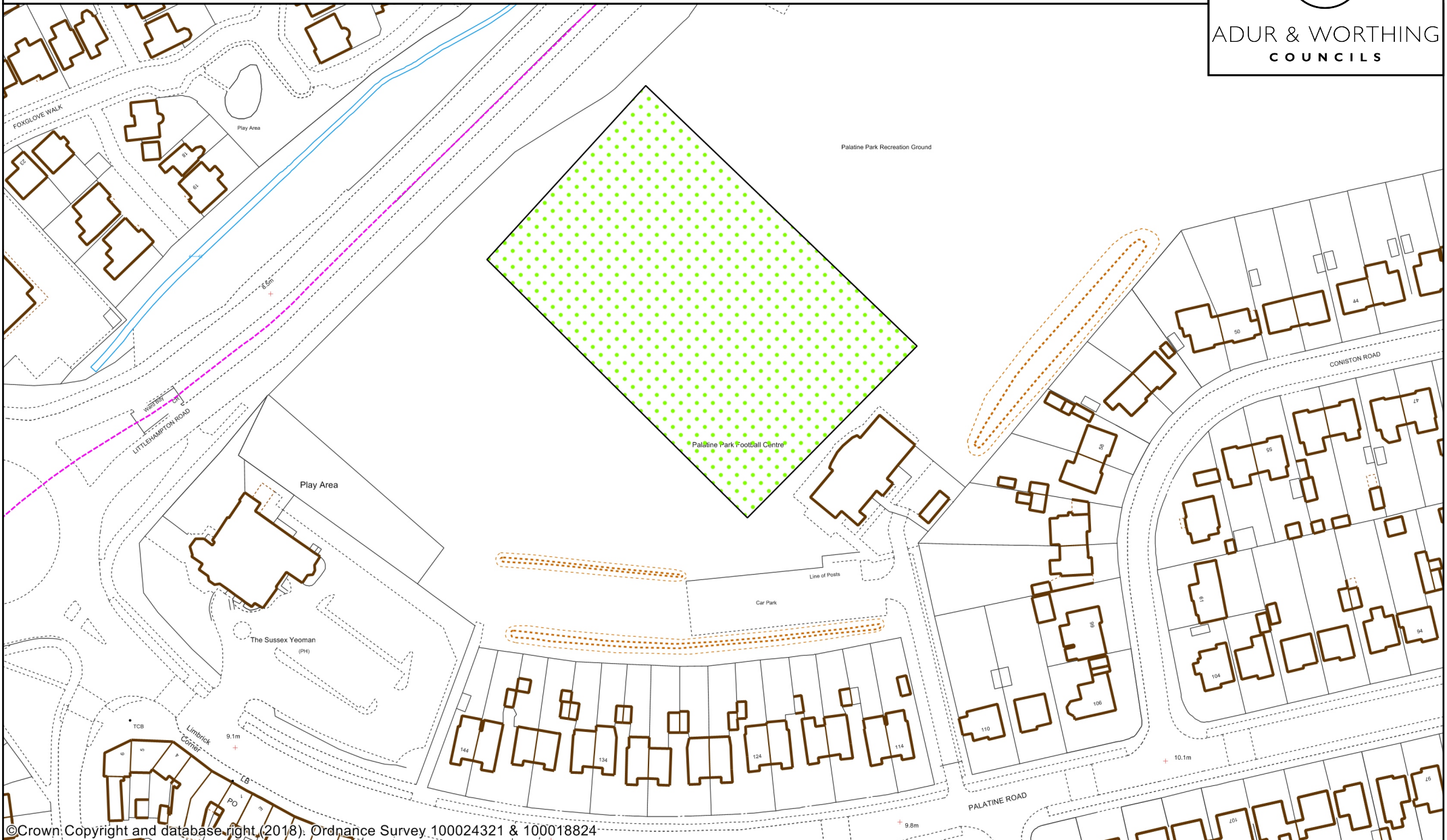
4. Governance

- The proposal supports the Councils stated intent to develop a sports and activity strategy, and improve access to activities that promote the health and wellbeing of our communities

22 November 2018



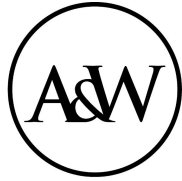
ADUR & WORTHING
COUNCILS



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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
4 December 2018
Agenda Item 11

Key Decision: Yes

Ward(s) Affected: Eastbrook

Southwick Leisure Centre: Tennis Court Regeneration Project

Report by the Director for Communities and the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1 This report seeks the approval from Joint Strategic Committee to provide a floodlit Third Generation (3G) all weather pitch and refurbished tennis court on the site of the existing, redundant facilities at Southwick Leisure Centre utilising Capital funding already allocated in the Capital Investment Programme.
- 1.2 The report also seeks approval to delegate the authority to approve the procurement and award of the contract to the Director of Communities, in consultation with the Adur District Council Executive Member for the Environment.

2. Recommendations

- 2.1 The Joint Strategic Committee approve the proposed project to deliver a floodlit Third Generation (3G) all weather pitch and refurbished tennis courts, subject to planning permission.

2.2 The Joint Strategic Committee delegates to the Director of Communities, in consultation with the Adur District Council Executive Member for the Environment, the authority to approve the final procurement and award of contract up to a value of £322,000 to be allocated from the capital programme to ensure the restrictive timescales can be realised.

3. Background

- 3.1 The Councils' ambitions to support the health and wellbeing of our communities is set out in our strategic plan, Platforms for our Places, and is being developed in a variety of ways. One of these is the wider development of a Sports and Activity Strategy, a part of which is to work with our key partners and leisure providers across Adur & Worthing to provide value for money opportunities and facilities, that support our communities to improve their health and wellbeing through sport and other leisure activities.
- 3.2 Adur Community Leisure a charity trading under the name 'Impulse Leisure' has provided services to the communities of Adur since 2005 at Lancing Manor, Waders and Southwick. The Southwick Leisure Centre, alongside all of the other facilities located in Adur, is managed by the charity who deliver a range of sporting and leisure services. The maintenance and capital needs of these facilities being shared between Impulse leisure and Adur District Council as set out in a Funding and Management Agreement.
- 3.3. The Southwick site, includes an indoor leisure centre, six external, uncovered tennis courts and a cricket practice facility. The tennis courts and cricket practice facility are located to the west of the main leisure building. The tennis courts are divided into two blocks of three separated by a low retaining wall. Both sets of tennis courts and the cricket practice facility are fenced off with gated access.
- 3.4 The western set of three tennis courts are derelict and have not been used for tennis due to their poor condition since 2005 when Impulse Leisure took on the tenancy. The eastern set of three tennis courts are also in poor condition and were removed from use this year due to their poor condition, increased maintenance costs and lack of use.

- 3.5 The cricket practice facility is maintained by Impulse Leisure, but has no current users. Impulse Leisure have made contact with a variety of local cricket clubs to generate custom, but none were willing to hire the facility. The main cost of maintenance is repairs to the existing fencing to prevent unauthorised use/access. The fencing to the tennis courts and cricket practice facility is also in a poor state of repair and requires replacement.
- 3.6 A capital budget of £22,000 was originally included in the 2012/13 Capital Investment Programme to refurbish the tennis courts surface. On closer inspection of the condition of the courts and fencing the budget was deemed insufficient and the scheme was placed on hold pending a further review.
- 3.7 In December 2015, a new project bid for £300,000 was made for the financial year 2016/17. This was approved for the redevelopment the eastern courts and cricket practice facility into a covered, all weather multi-use pitch which would attract greater custom and income. The covered facility would connect to the exiting leisure building for seamless operation and management.
- 3.8 In progressing this project and during discussions with the Planning Department, it has become clear that an affordable, covered, pitch in the proposed location adjacent the Leisure Centre building was extremely unlikely to gain planning permission due to the closeness of residential properties.
- 3.9 Given the poor state of the current facility and the fact that this space is unused and is therefore providing no value to our communities, further discussions have taken place to develop an alternative, viable plan which can make effective use of these facilities for the charity, the Council and most critically, our communities. The proposal therefore is now, for the provision of a Third Generation (3G) all weather pitch with flood lighting, on the derelict western tennis courts away from the residential properties, and the refurbishment of the eastern tennis courts, subject to planning permission being obtained.
- 3.10 In developing these proposals, colleagues from Impulse leisure have been able to build upon their experience of having a 3G facility at Lancing Manor and the success this has been, as well as engaged in discussions with the Council and the Lawn Tennis Association (LTA)

around working with other local clubs and schools to develop an approach that rebuilds interest in tennis at a grass-roots level.

- 3.11 Initial discussions with the Planning Department regarding these revised proposals suggest that gaining planning permission would be possible, within reason, and providing suitable adaptations to the design were considered and incorporated if required.
- 3.12 Planning permission will be required for change of use for a 3G pitch due to the increase in noise level between the sports and for flood lighting. Officers will submitted a planning application to ensure the scheme is delivered at the earliest opportunity, subject to this committee's approval.

4. Issues for consideration

4.1 Proposals

- 4.1.1 It is proposed to reconstruct the western derelict tennis courts as a new third generation (3G) all weather pitch facility including new fencing and flood lighting.
- 4.1.2 It is proposed to refurbish the eastern tennis courts and fencing and if affordable, the provision of netball to increase the available sporting options.
- 4.1.3 The refurbished eastern tennis courts proposal includes the installation of a LTA supported Club Spark booking remote access system and access gate which has the technology to maximise the potential usage of the tennis courts.
- 4.1.4 It is also proposed, if affordable, to remove the existing cricket practice facility due to underuse and ongoing maintenance costs. The remaining area to be considered for other provision in the future.
- 4.1.5 The above proposals will deliver a more diverse sporting activity offer for residents, improved and revitalised facilities and assist with the viability of providing a cost effective leisure service by Impulse Leisure.

4.2 Considered Alternative Options

- 4.2.1 The 2015 project BID considered a number of options with the outcome proposal being to install an all weather surface and 'dome' covering. However, in consultation with the Planning Department when considering this option it is clearly not viable due to the closeness of residential properties.
- 4.2.2 The current proposal was formulated in consultation with Impulse Leisure over the most suitable marketable sporting leisure use of the redundant facilities.

5. Engagement and Communication

- 5.1 Southwick Leisure Centre operators Impulse Leisure have been an instrumental part of the facility review and proposals.
- 5.2 Liaison with the Planning Department regarding both the original covered facility proposal and the revised proposal has been undertaken.
- 5.2 Executive Member for the Environment has agreed the final proposals.
- 5.3 Residential properties adjacent the proposals boundary will be consulted following this committee's approval and prior to the submission of the planning application.

6. Financial Implications

- 6.1 The scheme has been estimated in the region of £322,000, including professional fees. It is intended that all options included in the above proposals will be tendered and the final scheme realised based on returned tender costs.
- 6.2 The overall cost can be contained within the total budget allocated to the scheme within the 2018/19 capital programme (£322,000). This is part funded from S106 receipts (£150,000).

7. Legal Implications

- 7.1 Section 19 Local Government (Miscellaneous Provisions) Act 1976 allow the Council to provide recreational facilities as it thinks fit and that includes the power to provide buildings, facilities, equipment, supplies

and assistance of any kind, either without charge or on such payment as the authority thinks fit.

- 7.2 Section 111 of the Local Government Act 1972 allows the Council to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.
- 7.3 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.
- 7.4 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 dated 29th November 2011.
- Joint Strategic Committee report dated 3rd December 2015.

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Sustainability & Risk Assessment

1. Economic

- The revitalisation of the derelict sporting facilities will help generate increased income for Impulse Leisure and enable them to offer an improved service to the community.

2. Social

2.1 Social Value

- The revitalisation of the derelict sporting facilities supports the Council's continuing commitment to the health and wellbeing of its community and the development of our sports strategy, as outlined in Platform for our Places.
- The revitalised facilities will improve the aesthetics of the location.

2.2 Equality Issues

- The provision of new facilities will be open and accessible to all members of the community.

2.3 Community Safety Issues (Section 17)

- The revitalisation of the derelict sporting facilities will increase footfall to the facility and area, reducing the opportunity for antisocial behaviour.

2.4 Human Rights Issues

- The change of use of part of the facility from tennis to football will increase noise to local residents and although the scheme would include acoustic boundary fencing to mitigate the noise.

3. Environmental

- Matter considered and no issues identified.

4. Governance

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