



ADUR & WORTHING
C O U N C I L S

29 June 2020

Joint Strategic Committee	
Date:	7 July 2020
Time:	6.30 pm
Venue:	Remote Meeting

Committee Membership:

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

Worthing Borough Council: Councillors; Daniel Humphreys (Leader), Kevin Jenkins (Deputy Leader), Edward Crouch, Heather Mercer, Elizabeth Sparkes and Val Turner

Agenda

Part A

1. Declarations of Interests

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 9 June 2020, copies of which have been previously circulated.

3. **Public Question Time**

To receive any questions from the public.

Questions should be submitted by **noon on Friday 3 July 2020** 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. **Covid 19 Response** (Pages 1 - 10)

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

6. **"Platforms for our Places: Going Further" - Progress Report January to June 2020** (Pages 11 - 32)

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

7. **"And then...." bouncing back in post pandemic Adur and Worthing** (Pages 33 - 54)

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

8. **Financial Performance 2019/20 - Revenue Outturn** (Pages 55 - 102)

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

9. **Financial Performance 2019/20 - Capital and Projects Outturn** (Pages 103 - 126)

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

10. **Impact of Covid 19 on the Council's finances - Update on current financial performance and developing a revenue budget for 2021/22** (Pages 127 - 180)

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

11. **Becoming financially sustainable - Capital Strategy 2021/24** (Pages 181 - 222)

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

12. Regulating wisely: the new and updated Adur and Worthing Public Health & Regulation Enforcement Policy (Pages 223 - 248)

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

13. Leisure provision in Adur (Pages 249 - 314)

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

14. Partnership Working - Brighton Marina to River Adur Coastal Scheme - Funding (Pages 315 - 322)

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

15. Southwick Green (Pages 323 - 328)

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

16. Shoreham Beach Neighbourhood Forum (Pages 329 - 338)

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

17. Acquisition of Industrial Development Site (Pages 339 - 350)

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

18. Exclusion of the Press and Public

In the opinion of the Proper Officer the press and public should be excluded from the meeting for consideration of items 19 and 20. Therefore the meeting is asked to consider passing the following resolution:

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

Part B - Not for Publication – Exempt Information Reports

19. Leisure provision in Adur - Exempt Appendices

To consider exempt appendices relating to Item 13 on the agenda.

20. Western Harbour Arm Flood Defence Scheme (Pages 351 - 360)

To consider an exempt report from the Director for the Economy as item 20.

Recording of this meeting

The Council will be live streaming the meeting, including public question time. A recording of the meeting 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).

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Neil Terry Democratic Services Lead 01903 221073 neil.terry@adur-worthing.gov.uk	Andrew Mathias Senior Solicitor 01903 221032 andrew.mathias@adur-worthing.gov.uk

Duration of the Meeting: Four hours after the commencement of the meeting the Chairperson will adjourn the meeting to consider if it wishes to continue. A vote will be taken and a simple majority in favour will be necessary for the meeting to continue.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 5

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

Covid 19 Response

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1 The purpose of this report is to provide members of the Committee with a brief overview of the councils' response to the Covid-19 pandemic and to highlight the key areas of our 'Response' to support local residents.

2. Recommendations

- 2.1 That members of the Joint Strategic Committee note the key aspects of the councils' response and the ongoing work to support recovery in Adur and Worthing.

3. Context

- 3.1 In February, in response to news of the spread of the Covid-19 Pandemic, each of the councils' heads of service completed an exercise to ensure that business continuity plans were up to date. In addition, a planned emergency planning exercise for senior officers, led by our in-house team Safety & Resilience team, was adapted to consider our response to a pandemic and specifically; scenarios for less staff being available for work and only limited access to our buildings.

- 3.2 By March, the Pandemic had arrived and business continuity plans were enacted across the councils' services. As part of this, a Response Group was quickly established made up of members of the Corporate Leadership team, heads of service and our Safety and Resilience team. An early move was to establish a dedicated intranet site for all managers to refer to the latest guidance and updates and this has been updated daily.

Response Group oversight

- 3.3 At each stage, there has been an emphasis on keeping residents, councillors and staff safe and well informed. The Response Group has examined the key data and government guidance and used this to make prioritise service delivery during the Pandemic.
- 3.4 We have closely monitored the numbers of our staff available and made decisions about where emerging priorities might mean that people would be asked to take on new roles during the pandemic. A good example is the work at Worthing Crematorium: opening hours were extended to allow for more cremations per week and volunteer staff have been redeployed from across the councils to assist with the extended working hours.
- 3.5 The councils have also been part of a nationally led, multi-agency approach. Our Safety & Resilience Team have been the conduit between the work being undertaken across Sussex and how it impacts on our work locally. The Sussex Resilience Forum is made up of organisations across the County, from blue light services to Councils. The aim is to oversee a large-scale incident and co-ordinate the resources appropriately.

Resilience and support for staff providing services

- 3.6 It was recognised early on that our supply chains would be tested throughout the pandemic. Essential PPE, hand sanitiser etc was procured and distributed to front line staff to ensure their safety. A network of suppliers has been established and all equipment required will be provided to our staff.
- 3.7 Our 'mental health first-aiders' have been on hand throughout to provide support and our Human Resources team has run a number of resilience workshops for staff to learn about coping strategies during this unprecedented time.

Delivering essential services

- 3.8 To help keep our services operational during the pandemic we have prepared COVID19 specific risk assessments across our range of activities and implemented control measures based on Government guidance. This has

helped us to adapt existing services and informed our approach to new activities introduced as part of our response.

- 3.9 Using the new technology we have invested in over recent years, many of our staff were able to make a swift transition to remote working. We adapted our customer service operations to ensure that we were still 'open for business' and able to meet residents with priority needs in a safe environment as well as offering advice online and over the telephone.
- 3.10 Beginning with the respective Planning Committees, our Democratic Services team have coordinated the move to digital platforms for council meetings and have supported councillors to ensure that they are well prepared. Both Annual Council meetings have been delivered online, as has the first Joint Strategic and Joint Governance Committees.
- 3.11 Site visit protocols were prepared early on so that vital services such as emergency repairs for our tenants could be maintained. Worthing Crematorium quickly adapted to new working arrangements and has continued to offer a high quality service, significantly extending its hours of operation to meet a very important need.

Waste and recycling, parks and open spaces

- 3.12 Our teams in waste and recycling have continued to provide a full residential waste collection service throughout the past four months. Members of the Committee will be aware that this has been widely recognised by local residents, many of whom have taken to social media to express their support for our staff.
- 3.13 Similarly, our parks and open spaces have remained open in line with Government advice. Effective ground maintenance has ensured that our green spaces remain in good condition and whilst playgrounds and outdoor gym equipment had to close for a period, close attention has been paid to ensuring they can be brought back into use to meet high levels of public demand. Public conveniences and some of our car parks were also closed for a number of weeks and have now reopened with an emphasis on maintaining a safe and clean environment.

Supporting business

- 3.14 To support our local businesses, our Place and Economy team in collaboration with teams across the Councils distributed small business and retail, leisure and hospitality grants totalling £29m to 1,500 businesses in Worthing over 900 businesses in Adur. Government advice and guidance for business has been drawn together on the councils' website and we have

worked with the Adur & Worthing Business Partnership; Worthing & Adur Chamber of Commerce and Federation of Small Businesses to provide guidance and support.

- 3.15 In parallel with this, our Revenues teams provided almost 1,000 additional awards of Non-Domestic Rates Expanded Retail Relief and Nursery Relief totalling £25.7m to provide a payment holiday during 2020/21 for qualifying businesses as well as allowing businesses to reprofile their rates payments for 2020/21.
- 3.16 Our estates team worked with our commercial property tenants offering new payment terms to ensure that our tenants could afford to stay in their properties. This included move to monthly payments, or 'in year' reprofiling of rents and working closely with tenants to direct them to the various forms of support available. Where absolutely necessary and based on the individual circumstances of tenants, a small amount of rent has been waived to provide urgent support to businesses most in need.
- 3.17 As members of the Committee will be aware, as we have moved from 'Response' to 'Recovery' our staff have been working in partnership to ensure that our town and village centres offer a safe trading and shopping experience. In line with Government guidance, signage, stencils and adjustments such as road closures have been implemented to assist in line with social distancing guidance.

Supporting our communities and vulnerable people

- 3.18 The response of our communities to supporting vulnerable people across Adur and Worthing has been outstanding. The councils' response has been to support our local mutual aid groups whenever needed and at times, to assist individual vulnerable people direct. A Community Response was prepared and staff volunteers organised into a team of neighbourhood 'leads', and 'connectors' and onboarded local volunteers, to provide information, advice and support to vulnerable people. The team has worked with 1,950 requests for help around food, mental health, loneliness, scams, housing and domestic abuse.
- 3.19 Our Digital team quickly designed and implemented an application to enable those in need to go online or request assistance from our Customer service teams so that each request could be assessed, tracked and actioned. Over 500 volunteers signed up to help vulnerable people with a wide range of activities including help with shopping and food; picking up prescriptions; advice on money and avoiding 'scams'; and keeping in touch with those feeling isolated under lockdown.

- 3.20 To supplement the community response and support the work of our local food banks across Adur and Worthing, a food depot was set up at the Assembly Hall Worthing with volunteer staff. Staff at the depot were able to source food and make it up into parcels for distribution. 1,041 food parcels were made up and 526 distributed directly to vulnerable people.
- 3.21 Shortly after the lockdown announcement, the Government highlighted the importance of providing accommodation for everyone who found themselves homeless. With the cooperation of the owners, the Housing Needs team moved quickly to place a number of our homeless people into the Chatsworth Hotel. The councils have supported those people staying in this accommodation and are now looking to address their housing needs
- 3.22 The Revenues & Benefits Service has seen a significant increase in work volumes with more than 2,500 COVID-related customer enquiries received between 23 March 2020 and 15 June 2020. In addition, during this period
- Almost 1,000 additional awards of Non-Domestic Rates Expanded Retail Relief and Nursery Relief totaling £25.7M have been granted to provide a payment holiday during 2020/21 for qualifying businesses
 - 560 additional claims for Council Tax Support have been received
 - More than 3,300 Benefit claims have been re-assessed following increases announced by the Government
 - Almost 2,000 additional notification have been received from the Department for Work & Pensions about other State Benefit awards, typically in respect of new or amended claims for Universal Credit

All recovery activity in respect of unpaid Council Tax and Business Rates has been suspended and more affordable payment plans have been offered for vulnerable customers. In conjunction with the Customer Service Team more than 2,500 proactive phone calls have been made to offer support to customers who haven't paid their Council Tax.

4. Issues for consideration

- 4.1 The councils have had to respond to an unprecedented pandemic crisis. Many of the actions of the councils have been directed by the Government at a national level and our performance has been monitored directly by the respective government departments.
- 4.2 At a local level, the focus has been on maintaining essential services; working with partner agencies to support the community response; and making sure that any 'gaps' are identified and resolved. Alternative approaches might

have led to a greater reliance on other agencies of government to deliver aspects such as the community response.

- 4.3 Throughout, the emphasis has been on providing clear and effective communications with our communities, staff and elected representatives.

5. Engagement and Communication

- 5.1 The Communications Team has played a vital role in Councils' response to lockdown. From the beginning it was clear demand from residents for accurate information on official responses to the pandemic was high. The Team quickly established a separate Coronavirus section on the website and with the Head of Communications joining the Response Team meetings and working alongside the Director for the Economy and Covid Response Lead information was quickly channelled out to the public. In addition the Communications Team had daily contact with Response Teams across the region and county to pool information and best practice. A mixture early on of general health advice and Councils' response gave way in latter weeks to messaging around response and recovery measures
- 5.2 Engagement was instantly high with traffic to Social Media platforms and Councils website at least 60 per cent higher than normal. Early reassurance messages particularly around continuity of service, such as waste collection, garnered high audiences with high numbers of positive comments.
- 5.3 Working with Communities and Digital the Communications Team delivered a successful campaign to reach those who might be vulnerable during lockdown and direct them to an online assessment for help. In total 2,800 individuals accessed the form and were able to be helped. In addition another 21,000 individuals accessed a range of community support information. A call for volunteers to serve the community support effort drew 1,200 applicants. Similar success was achieved with the Place and Economy Team's effort to publicise and distribute business grants.
- 5.4 In total Facebook reach from lockdown until June 14 has been 834,000 and Twitter 1,083,000. In addition radio broadcasts on BBC, Spirit, More and Heart and full page advertising in Herald series plus news stories have considerably expanded reach.
- 5.5 Evidence suggests that residents have in general responded well to the volume and quality of the communications.

6. Financial Implications

- 6.1 The report on the budget strategy elsewhere on the agenda considers in detail the impact of the Covid 19 emergency on the Councils budgets.
- 6.2 To assist the Councils and our communities during the emergency, the Government has provided significant grant funding particularly targeted at the business community.

	Adur £'000	Worthing £'000	Total £'000
Business Support Grants	17,600,000	26,100,000	43,700,000
Hardship Funding	453,180	709,580	1,162,760
Homelessness support	1,500	9,750	11,250
Reopening High Streets Safely	56,760	98,170	154,930
Total specific funding received	18,111,440	26,917,500	45,028,940
Emergency Funding			
Tranche 1	31,120	47,420	78,540
Tranche 2	635,280	1,099,480	1,734,760
Total general support received	666,400	1,146,900	1,813,300
Total funding received	18,777,840	28,064,400	46,842,240

In addition, the Government has funded additional business rate reliefs worth £25.7m.

- 6.3 Overall the Council has had to incur costs to directly address the implications of the emergency which will be funded from the emergency funding received. These are as follows:

One off:

Grave shoring equipment	20,500.00
PPE and public hygiene	10,500.00
IT equipment and zoom	50,000.00
Revenues and Benefits - IT amendments	8,600.00

General Admin (postage, envelopes etc)	3,660.00
Recurring costs (based on 17 weeks):	
Additional cleaning in public buildings	6,000.00
Additional revenues and benefits staff	54,730.00
Food Depot	16,820.00
 Total	 <hr/> 170,810.00 <hr/>

Although the total funding received to date is not sufficient to meet all of the Council losses.

7. Legal Implications

- 7.1 The Coronavirus Act 2020 came into effect on 25th March 2020 giving Local Authorities various powers to strengthen essential services during the Covid-19 crisis. The Act is an enabling piece of legislation resulting in a raft of secondary legislation brought in by the Secretary of State. The legislation expires in 2 years and is subject to a six month review.
- 7.2 Recent legislation makes provision and grants Local Authority additional powers relating to emergency volunteers, powers relating to events, gatherings and premises, Courts and Tribunals, elections, tenancies and business protection.

Background Papers

None

Officer Contact Details:-

Martin Randall

Director for the Economy

01903 221209

martin.randall@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

The pandemic has had a major impact on the wider economy. Our approach to response has aimed to support our local businesses and help to ensure they are resilient moving into the recovery phase. The impact on key sectors and access to employment opportunities, skills and training will be vital considerations going forward.

2. Social

2.1 Social Value

The pandemic has had a major impact on the lives of individuals, families and our communities. The community response has been a very important part of the councils' work during the response period and it will be vital to work with our partners and meet people's changing needs as we move into recovery.

2.2 Equality Issues

The pandemic has had a disproportionate impact on some communities and this will need to be reflected in our recovery planning.

2.3 Community Safety Issues (Section 17)

The pandemic has raised a number of community safety issues both direct and indirect. Issues that have arisen have been addressed in partnership with other agencies, notably the Police, to ensure that appropriate actions are taken to ensure a safe environment.

2.4 Human Rights Issues

No specific matters

3. Environmental

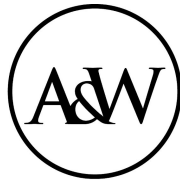
The importance of locally sourced goods and services has been highlighted during the response phase and is likely to be reflected in changing patterns of consumer behaviour which could provide opportunities for local business and employment.

4. Governance

The councils have adapted their formal governance arrangements during the response phase to ensure that they remain 'open for business' and able to deliver key services for our residents. At times, this has demanded that we exercise sensible regulatory principles to support community and commercial activity during this unprecedented period. Not to do so would have significant reputational impacts.

Conducting the business of the council including aspects such as site visits; appointments at our offices and visiting people's homes; has meant that health and safety assessments and practise have had to be prepared and implemented rigorously.

This page is intentionally left blank



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 6

Key Decision No

Ward(s) Affected: All

“Platforms for our Places: Going Further” - Progress Report January to June 2020

Report by the Chief Executive

1. Purpose

- 1.1 This is the first 6 monthly report informing the Committee of the Councils progress against the commitments set out in *“Platforms for our Places : Going Further”*.
- 1.2 The Councils have been clear that *“Platforms for our Places : Going Further”* is an ambitious strategic programme designed to help create the healthy, prosperous and well connected communities that our residents wish to see.
- 1.3 The impact of Covid-19 and national policy and local needs responding to it, has inevitably had an impact on progress against some of the commitments set out in *“Platforms for our Places : Going Further”* over the last 6 months. These are specifically identified in the report. In other areas the impact of the pandemic has enabled us to develop things further and faster than might otherwise have been the case.
- 1.4 A sister paper on this agenda is *“And then”* which sets out a series of recovery moves by the Councils to support our communities emerging from the pandemic. They are drawn from *“Platforms for our Places : Going Further”* and identify a range of areas in which we need to catalyse or accelerate our work for the benefits of our communities.

2. Recommendations

2.1 Note and consider the 6 months progress report on the implementation of “*Platforms for our Places : Going Further*” over the period January to June 2020 and agree to refer this report to Joint Overview and Scrutiny Committee for their consideration.

3. Context

3.1 In December 2019 Adur District and Worthing Borough Councils adopted “*Platforms for our Places : Going Further*” as the Councils’ direction of travel for the next three years.

3.2 “*Platforms for our Places : Going Further*” builds on progress under the previous Platforms agenda and sets out significant ambitions, it recognises we as Councils cannot and should not do everything for everyone. Our role as Councils (as well as providing great services and vital safety nets) is to create and maintain five essential platforms upon which our communities can build happy, healthy, prosperous and connected places.

3.3 “*Platforms for our Places : Going Further*” identifies five platforms underpinned by a series of commitments namely:

- 1) Prosperous Places
- 2) Thriving People and Communities
- 3) Tackling Climate Change and Supporting our Natural Environment
- 4) Good Services and New Solutions
- 5) Leadership of Place

Platform	Commitments	Activities & Projects
Prosperous Places	10	68
Thriving People and Communities	5	23

Tackling Climate Change and Supporting our Natural Environment	10	40
Good Services and New Solutions	7	43
Leadership of Place	6	18

Table 3.1: Five Platforms and associated commitments, activities and projects

3.4 Progress reporting draws on the progress of the 192 projects and activities and the Councils broader activities to provide a snapshot of progress in developing the 5 identified Platforms.

Status Indicators	Status Definitions
Blue	Completed
Green	In progress: on track and on time
Amber	In progress: but delays anticipated or minor issues to be resolved (no apparent 'show stoppers' identified)
Red	Significant difficulties in implementation
Grey	Yet to start

Table 3.2: Status Indicators and definitions

3.5 Table 3.2 shows how the status of projects and activities are determined. In the light of the considerable amount of work required to respond to pandemic, in this report “amber” can be taken to include things that either are delayed or have not yet started (the red and grey categories will be used in future 6 month reports).

3.6 All previous six-monthly update reports to the Committee have also been considered by Joint Overview & Scrutiny Committee (JOSC).

4. Issues for Consideration

4.1 The progress report (Appendix A) provides an overview of highlights and challenges in the development of the 5 Platforms over the last (rather extraordinary) 6 months. The progress report also provides an overview of the current status (in percentage terms) of Platform commitments.

- 4.2 In evaluating the progress of these activities and projects a reasonably objective analysis has been employed, and while there can always be a debate on “how green” or “how amber” any particular project may be, the overall assessment gives a reasonably robust view of our progress.
- 4.3 It is also perhaps worth remembering that these commitments are not “everything we do”. Whilst progressing our Platforms agenda we have continued to provide a full portfolio of universal services and essential safety nets to the communities we serve. Over the last few months this has been particularly challenging, particularly where communities or sectors have been hard hit by the Covid-19 pandemic.
- 4.4 It is not intended in this covering report to comment on each and every issue flagged in the progress report. This is the first 6 months of a 3 year programme and those 6 months have been extraordinary in the life not just of these Councils, but everyone across the UK. Rather than rehearse the themes, activities and learning from the pandemic response (which are covered in a sister paper on this agenda) Appendix A speaks for itself in terms of activity. For the next 6 month review (July to December 2020) we will pick up a number of the themes that have arisen over the first 12 months of the programme for specific identification, comment and further analysis.

5. And Finally

- 5.1 Members of the Committee will note the sister paper “*And then*” on the agenda. This draws from “*Platforms for our Places : Going Further*” to identify a series of strategic plays or interventions which over the next 3-6 months our Councils should take in order to best protect, promote and help a “bounce back” across Adur and Worthing. Those identified activities are drawn from “*Platforms for our Places : Going Further*” but are identified for accelerating or scaling up given the emergent needs of our communities following the Covid-19 pandemic.

6. Engagement and Communication

- 6.1 As outlined in the progress report (and other related reports on this agenda) engagement with our communities and partners has proved critical in realising our objectives and delivering the individual commitments outlined in “*Platforms for our Places : Going Further*” over

the last 6 months. This remains an important area of focus and one for continual development as we move forward.

6.2 Delivery of specific projects are communicated through the Councils' communications channels, press releases, social media etc. as appropriate.

7. Financial Implications

7.1 There are no unbudgeted financial implications in this report. Specific commitments that have capital or revenue consequences are individually assessed as part of the decision making process. The setting of the budget for both Councils for 2020/21 has been undertaken with the *"Platforms for our Places : Going Further"* commitments in mind, as will be seen from a variety of reports on capital and revenue coming to this Committee. The ongoing intention is that the activities set out in *"Platforms for our Places : Going Further"* and budget strategy become ever more closely aligned.

8. Legal Implications

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

Background Papers

[Platforms for our Places - Going Further \(2020-2022\) : Unlocking the Power of People, Communities and our Local Geographies Report](#)

Joint Strategic Committee (Item 6) - 3rd December 2020

[Platforms for our Places : Going Further](#)

Officer Contact Details:- Alex Bailey, Chief Executive

Telephone: 01903 221001 Email: alex.bailey@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

1.1 Creating and enabling Prosperous Places is one of five Platforms for development in “*Platforms for our Places : Going Further*”. The progress report ([Appendix A](#)) provides an overview and highlights on how the Councils are working to develop this Platform.

2. Social

2.1 Social Value

2.1.1 Thriving People and Communities is one of five Platforms for development in “*Platforms for our Places : Going Further*”. The progress report ([Appendix A](#)) provides an overview and highlights on how the Councils are working to develop this Platform.

2.1.2 A particular focus on several elements of “*Platforms for our Places : Going Further*” is how to build vital capacity within our communities and community partners to enable them to shape and lead our places, while at the same time ensuring the Councils provide a robust “safety net” for the most vulnerable.

2.2 Equality Issues

2.2.1 “*Platforms for our Places : Going Further*” objectives include building the capacity of our communities, engaging with them to find solutions that ensure that our services (and interventions) are designed to meet specific needs and address areas and issues of historic disadvantage.

2.3 Community Safety Issues (Section 17)

2.3.1 There are specific commitments in “*Platforms for our Places : Going Further*” which relate to the promotion of communities as safe places. Delivery of these commitments are in progress.

2.4 Human Rights Issues

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

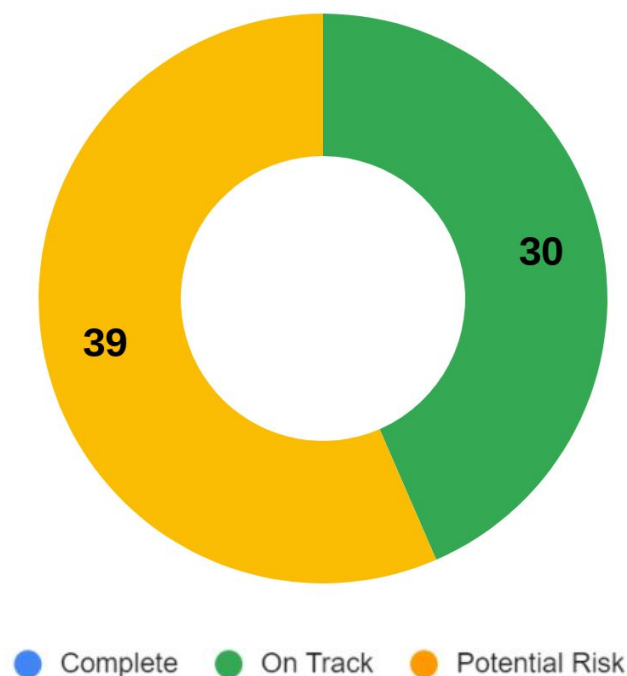
3. Environmental

- 3.1 Developing the Councils and communities role in Tackling Climate Change and Supporting our Natural Environment is one of five platforms for development in “*Platform for our Places : Going Further*”. The progress report ([Appendix A](#)) provides an overview and highlights on how the Councils are working to develop this platform.

4. Governance

- 4.1 This report provides Joint Strategic Committee an overview of the progress being made to implement “*Platforms for our Places : Going Further*”, the Councils’ three-year plan to enable our places to thrive.

Commitment Tracker



Overview : last six months

Our local economy has been hard hit by the Covid-19 pandemic and this placed an even greater emphasis on working in partnership with others to deliver our platform commitments. Our work with Coast to Capital Local Enterprise Partnership; Greater Brighton Economic Board; the Coastal West Sussex Partnership is now firmly focussed on recovery planning; supporting sectors; helping rebuild business models and supporting people back into work.

Our response to the pandemic (and impact upon the National economy) has meant that some of our Platform commitments have had to pause. National Policy has meant at times we have needed to change direction, and do so rapidly. Over the past 3 months we have distributed over £30 million of Government backed small business grants and we have provided business rate relief, especially to those in retail, hospitality and leisure sectors where the impact has been severe. During this period we have worked very closely with partners in the Adur & Worthing Business Partnership; Worthing & Adur Chamber of Commerce and the Federation of Small Businesses to provide support, advice and vital information to our business community.

Platform Highlights : last six months

Pandemic Response - as noted above, significant work has been undertaken to respond to the impacts of pandemic on our local economies.

Major Developments - Accelerated development of a number of our major projects will be essential for strong and sustained economic recovery. The Station Square scheme at Teville Gate (which includes more than 350 new homes and a hotel) secured planning permission in early March. Construction work has continued apace on the development of the new HMRC Hub at

Teville Gate, right up to suspension of work in April as a result of the pandemic. By May it was pleasing to report that construction was underway again both on this site and also at Free Wharf, Bayside, Ropetackle North and the new Sussex Yacht Club in Shoreham.

Union Place- our proposals for the development prepared in partnership with London & Continental Railways was submitted for planning in March. The illustrative drawings by Hawkins Brown architects show an exciting reimagining of this part of the town. At the same time we have advanced the sale of the former Adur Civic Centre main site and a planning application has reached an advanced stage of preparation.

Fulbeck Avenue, Worthing - BokLok's groundbreaking scheme for 152 new homes at Fulbeck Avenue using modular building techniques, was submitted for planning in January.

Worthing Integrated Care Centre - Plans for the new Integrated Care Centre on the Civic site in Worthing have been finalised and submitted to planning.

Town Centre - The town centre was already a focus and our recovery plans include fast tracking elements of our public realm programme and the provision of safe spaces in all of our centres. In April, we secured a further £650,000 of Local Growth Funding for Portland Road and Railway Approach, Worthing from Coast to Capital LEP.

Following consultation on our Local Cycling and Walking Improvement Plan, we have accelerated the delivery of cycle routes.

New Homes Building - During the past 6 months we have continued to make significant progress on delivering the supply of new homes (vital for economic prosperity). Work is underway on the major development at New Monks Farm and the final phase of the West Durrington scheme has now secured planning permission. In Adur, redevelopment of Cecil Norris House is underway and tenders now received for 55 new homes at Albion Street. Phase One of The Downview scheme in Worthing to provide 17 units of much needed temporary accommodation was completed in May and tenders have now been received for work to commence on Rowlands Road to provide another 19 units of temporary accommodation.

Gigabit Adur & Worthing - Following receipt of additional funding secured from Coast to Capital, work has been progressing at pace to expand the public sector scheme (creating 90 Council sites with full fibre connections across our area). Work has begun during the past 6 months by CityFibre on rolling out fibre to homes and businesses across Adur and Worthing. By early June 3,500 homes had been "passed" starting in the western area of Worthing and gradually moving eastward over the next 24 months.

Challenges

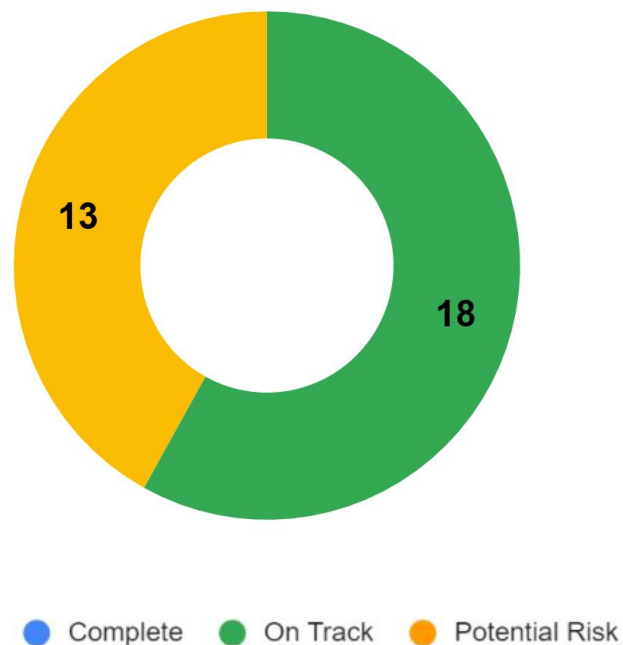
Whilst a number of the old challenges remain ... the challenges of a post-pandemic economic landscape and its impact on our communities inevitably come front and centre. In a separate document "And then" our "response" plays are set out so will not be rehearsed again here, they are in

essence drawn from existing Platform commitments but with changes of direction or acceleration of pace.

Our Platform commitments to working in partnership to support local people and businesses to get ready for the “new economy” have taken on a greater urgency. We are now working with our partners to assist those who may have lost their jobs and businesses who may need to explore new business models. Our interventions are likely to include working alongside businesses to promote access to new markets, supporting people to reskill to find new jobs, supporting likely growth in micro-entrepreneurialism and working to support employers, businesses and education providers to make better use of apprenticeships to help particularly young people entering the job market.

Understandably perhaps, some work has paused on the Local Plans for both Adur and Worthing with members of the Planning Team being reassigned to other roles to cope with the pandemic activity. HMG has placed an emphasis on supporting economy through effective and timely land use planning and it is important to note that despite an increase in the number of planning applications received, performance in determining applications remains strong.

Commitment Tracker



Overview : last six months

For this platform a considerable amount of energy and work over the last 6 months has inevitably gone into supporting the community response to the pandemic. From the earliest notification at a national level communities across Adur and Worthing have mobilised themselves and needed varying degrees of support and intervention in order to provide consistent and effective support for the most vulnerable. This activity is covered in detail on another item on the agenda so will not be rehearsed at length here.

Despite considerable time and resources being drawn to pandemic, we have continued to make progress on a number of significant agendas as set out below.

Platform Highlights : last six months

Influencing and Leadership Across Place - We have continued to provide a platform for leadership, for example around young people. A successful event was held in March: “Young People First, A Prevention Approach”, convening 115 local and national participants together to understand local needs and contexts for young people and to set out a strong shared ambition. This focussed on outcomes around wellbeing and reducing violence. Following a short pause during Covid-19, we are now accelerating this work through our Safer Communities Partnership, which includes securing new resources (including £42,000 from the Violent Reduction Unit) and partner commitment to testing our innovative approaches in mobilising a whole community response and delivering targeted mentoring for year 6 pupils to assist with their transitions.

In response to the at times fragmented approach to young people and mental

health support, we have been acting as a Systems Leader to develop and deliver a new service and approach. “Find it Out Plus”, delivered by the YMCA youth charity has started to provide open and holistic access for young people aged 11-25 (around wellbeing and community mental health issues). During Covid-19 this service has adapted its offer to an online and telephone service.

Homelessness - We have continued to make progress in tackling homelessness. We had seen numbers of those in temporary accommodation and emergency accommodation at more manageable levels (at least up until Covid-19 pandemic began) and our numbers of those sleeping rough had reduced to a single figure and been recognised as strong progress by MHCLG.

During Covid-19 (like many other Authorities) we have seen a steep rise in numbers and the demand for emergency and temporary accommodation rising sharply (in the main for single people). We have responded rapidly to the Government’s directive of “Everyone In” ensuring that no one was left on the streets during this pandemic, securing additional emergency accommodation for those finding themselves homeless during that period. The work has been highly challenging and your officers have developed an exemplary (temporary) model providing a strong coherent approach, including supporting and managing some of the most vulnerable individuals with some highly complex needs. Our focus now is on the urgent development of a “move on” approach and establishing a Housing First Model for people rough sleeping with no other housing options.

Our continued work on Systems Leadership across our places has involved us delivering sessions to the NHS Local Community Network partners to develop wellbeing work. We had paused the work on systems leadership evaluation with the National Leadership Centre, but will start this again

shortly and aim to have completed the project by early autumn of this year.

Housing Strategy 2020/2023 - We engaged our partners and communities to produce our new Housing Strategy: "Enabling Residents to thrive in their own homes," which builds on the progress made and sets out a strategic ambition to create the conditions for people to have a home and to thrive in their communities

We continue to work with other Districts and Boroughs to provide good housing support for those that are vulnerable. The commissioning of a floating support service to support those in accommodation at risk of losing their homes was delayed due to Covid-19 but will now continue. A joint protocol agreed with other Districts and Boroughs and WSCC for preventing homelessness amongst 16 and 17 year olds and care leavers has now been agreed.

Opening Doors Scheme - Since it's official launch in June 2019, Opening Doors (working direct with private landlords) has continued to grow and we now have a portfolio of in excess of 35 properties. As well as improving the lives of many vulnerable people in the community, as of May 2020 it has saved in excess of £400,000 compared with the costs of bed and breakfast emergency placements that otherwise would have been incurred. It has also played a significant role in the Councils’ response to the Covid-19 pandemic by assisting a number of households to secure good quality accommodation. In April 2020, the government announced an increase in the Local Housing Allowance rates to the 30th percentile of the market and this, together with the greater benefits of the scheme, should make it even more attractive to landlords compared with the risks of letting through other channels.

Stronger Participative and Resilient Communities - Our place based work on Covid-19 community response has provided a strong new model, supporting 1,800 people vulnerable as a result of the pandemic and mobilising over 500 volunteers to work alongside Council officers, partners and existing community organisations. The skills and expertise within our Communities and WellbeingTeam (supported by other officers across the Councils) our partners, volunteers, mutual aid groups in community have been invaluable in reacting to the pandemic. We have established a food depot (from which many hundreds of food parcels have been delivered to those in emergency need) and have been working closely with food banks to support their sustainability moving forward. We have supported scores of people with help around digital access (The Good Things Foundation has donated 10 tablets for people to feel less isolated). We have seen during Covid-19 greater levels of anxiety about moving into work, therefore our focus has been on supporting people around confidence and building resilience.

Community Safety - We have been continuing our work on support and enforcement across our places and during the period have been using our powers under the ASB Crime and Policing Act 2014 to issue 2 Community Protection Warnings to tackle unacceptable behaviour that has detrimental impact on communities. We are working closely with the Police to provide evidence on 2 Partial Closure Orders.

Health and Wellbeing at all Stages of Life - Our OneStop Junctions have been running in community venues, using 29 volunteers to deliver over 2,000 interventions. In addition we have supported 250 unemployed people to support confidence and readiness for work.

During the same period we have supported over a 100 people with specific money issues, using Money Mentors (themselves providing over 300 individual

interventions).

Going Local - In the period January to March there were nearly 300 referrals to the service (a considerable increase from the same period in the previous year) from over 15 GP surgeries across Adur and Worthing. In December, two new Social Prescribers joined, bringing the team up to 4 with the additional housing expertise being provided by Citizens Advice. The main referral issues continue to be housing, money, wellbeing, mental health and loneliness. We are due to recruit additional people into the team and have extended the housing support element (which has proved invaluable) until at least January 2021.

Activities Strategy - The Adur and Worthing Activities Strategy is in the final stages of development and was presented to key partners at a workshop in February. Our support partner Intelligent Health has been drawing together the key data to inform our work which had been intended to be ready by June 2020 ... the pandemic has meant that we have had to push this back to later in the year. Similarly our ambition to train up to 10% of our front line staff as dementia champions has been put on hold during Covid but will recommence in the autumn.

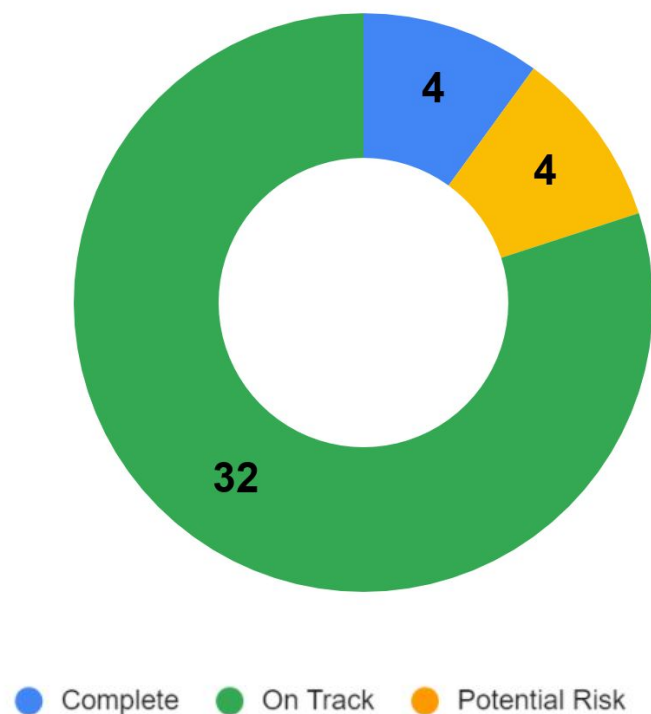
Community and Voluntary Sector - We have completed the retendering of our infrastructure support contract, which has been awarded to Community Works. Our new approach to corporate volunteering within the Councils has continued to be rolled out and we work to encourage an uptake and increase in volunteering amongst our staff. We have seen an increase in staff numbers volunteering from around 11% in 2018/19 to 14% in 2019/20. Given what we know already about our staff response to pandemic, this is likely to have increased over the last 3 months alone.

Thriving People and Communities

We had been making progress on our community centres but again some of this work has been paused during Covid-19 and will now be receiving renewed focus. This includes work on securing a tenant for Eastbrook Manor Centre and making progress on the new West Durrington Community Centre.

Tackling Climate Change and Supporting our Natural Environment

Commitment Tracker



Overview : Last six months

Despite the impact of the pandemic work has continued apace both with officers and community organisations to further the “*Platforms for our Places : Going Further*” objectives.

Platform Highlights : last six months

Carbon Neutral Plan - The Councils’ Carbon Neutral Plan published in December 2019 has provided a challenging but clear roadmap to achieve carbon neutrality by 2030. New posts of Carbon Reduction Manager and Carbon Project Manager have been recruited and will support the transition of the councils’ energy systems and vehicle fleets. Work is also progressing to secure specialist mechanical and electrical engineering services alongside our technical services team, establishing the right resources to drive forward the large programme of work outlined in the Carbon Neutral Plan.

Smart Hubs Programme and Heat Network - The Councils are progressing exciting opportunities within the £32m Smart Hubs programme including solar/battery carports at 5 locations, an air source heat pump trial in Adur Homes, and hydrogen fuel infrastructure opportunities. A separate project to explore viability of a heat network for the Worthing Civic Quarter is also underway.

Offsetting - The Carbon Neutral Plan also outlined the critical role of offsetting, and our specialist consultants AECOM have been helping us chart the development path. The work identifies the need for a significant investment programme in renewable energy as well as the need to develop major carbon sequestration projects on land and potentially sea.

Tackling Climate Change and Supporting our Natural Environment

Rewilding - Work is progressing between Parks and Estates teams to assess land areas for rewilding, plan for biodiversity improvements and improve woodland management.

Zero 2030 Community Conference - The Councils provide leadership on climate change for the area, and provided support to the Zero 2030 community conference in March 2020, attended by over 300 people, with 125 organisations represented. Work commissioned by the Councils to outline the area-wide carbon reduction challenge was presented at Zero 2030, and provided a clear view of the significant challenges in domestic, commercial and transport sectors. Very strong levels of community support were evident at the Conference.

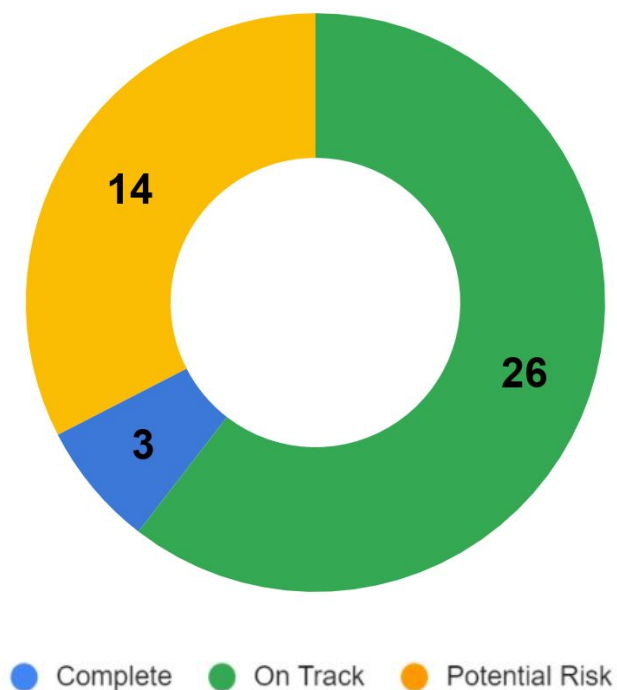
Climate Assembly - A Climate Assembly is planned to start in the autumn (with a slight delay caused by the pandemic) providing the opportunity for representative resident and community engagement in developing local initiatives to tackle climate change and protect the natural environment.

Food Partnership - Work is already underway to develop a food partnership, and the councils are working together with Community Works and local food banks, which will build on a successful workshop with local food producers held in late 2019.

Electric Vehicle Charging Procurement - In June 2020 the Joint Strategic Committee approved plans to participate in the West Sussex Electric Vehicle Charging procurement, which will see EV charging points installed across our areas under a concession contract managed by the County Council.

Good Services and New Solutions

Commitment Tracker



Overview : last six months

The Councils' **response to the Coronavirus crisis** included a rapid and large scale move to remote working which was highly successful. It also required the rapid creation of **several sophisticated digital services** using our low code platform. The Community Response App has allowed vulnerable people requiring support to easily request help, and volunteers to register. A digital service for grant applications for small businesses, hospitality and leisure organisations was also created, helping process financial support to businesses quickly and efficiently. Our Councils were also among the first in the country to launch fully remote Council meetings, and have been featured in case studies by the Local Government Association and MHCLG.

Our Customer Services, Housing and Revenues and Benefits and planning teams among others seamlessly transitioned to **remote working, maintaining good service levels** to customers. The "Effortless" customer services group has been able to continue with the design of enhanced CRM (customer relationship management) features on our platform, which includes an appointment booking service for face to face interviews following a positive experience of implementing these during the lockdown period. Our capacity to collect and analyse data has increased in recent weeks, with important insights gained about the most vulnerable in our communities.

Platform Highlights : last six months

In addition to the vast amount of time and energy that has gone into rapidly responding to the pandemic:-

Good Services and New Solutions

Web Site - Work to develop a new website was paused for a short time due to pandemic work but remains on track for delivery December 2020. The improved **digital garden waste service** has been delivered, and has supported a recent increase in take up of the service. A strong portfolio of other digital projects remain on track.

Customer Service - A group of leaders and managers meet regularly to develop new initiatives to improve our customer service using our “Good Services” standard. Dedicated work on improving accessibility to services is underway.

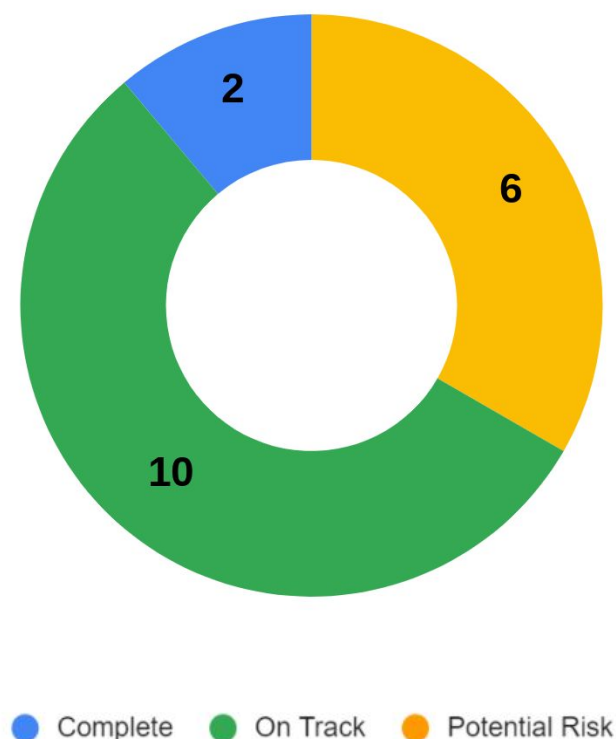
Commercial Strategy & Procurement Strategy - A draft commercial strategy has been produced and is on track for completion in June. This is being developed in light of the significant impact of Coronavirus on many of our income generating services. Our procurement strategy is currently under review and will place renewed emphasis on financials, sustainability and social value. We remain on track to deliver £200k in procurement savings this year.

Corporate Landlord - The development of a Corporate Landlord model to review all of our property assets against our objectives is underway. Progress is also being made with considering our accommodation needs as an employer post Covid-19 considering amongst other things our occupation of depots and offices.

Leadership College and Leadership Lab - Development of our leaders remains a crucial priority and our regular Leadership College has been successful in convening over 100 leaders to share and learn together.

Directors have successfully continued with large scale ‘meetup’ gatherings using remote technology, and team meetings and I-Is continue using video conferencing. Senior Leaders receive coaching where needed and the Leadership Lab - supporting new leaders to develop - is preparing for a second cohort in the Autumn.

Commitment Tracker



Overview : last six months

In “*Platforms for our Places : Going Further*” we highlight the need for **strong relationships** within the wider family of civic local governance within Adur & Worthing (and our various institutions of place) and to the regional and national levels. In hindsight these relationships over the last few months have never been more called upon or proven more effective. In dealing with the pandemic over the last 3 months our places have relied upon relationships, individual and organisational goodwill to further the health and wellbeing of our communities.

In **advocating** for intervention, organising, leading, facilitating, brokering and representing our communities through challenging times the quality and nature of our relationships and partnerships has taken centre stage. Partnerships with business, housing providers, health providers, other Local Authorities, with the Community and Voluntary Sectors have all proved critical.

Inevitably some of the activities that we have in play have either been put on hold or have been rapidly repurposed to support pandemic activity. Others have yet to start (and whilst that does not cause considerable problems over the medium term, has meant a skewing of focus over the short term).

Platform Highlights : last six months

Place Brand - “Time for Worthing” launched in February (and in the light of the post pandemic landscape will now need to be re-energised in order to compete for essential inward investment and funder attention).

Community and Voluntary Sector - Our work with the local Community and Voluntary Sector has progressed and has been essential in responses to the pandemic. In community and with formal Voluntary Sector, the voice of our places at the local level has been heard, self organisation has taken place. We and our formal Community and Voluntary Sector partners have learnt much from this (some things have worked well, others have proved more “clunky” and will need further time and attention) with many useful lessons learnt.

Critical Relationships - Critical relationships have been valuable with the Greater Brighton Economic Board, West Sussex County Council, other District and Borough Councils, housing partners, various NHS and Economic bodies as well as the Police and Community Safety organisations. At a regional level the Local Resilience Forum has brought together a variety of local players to deal with the pandemic response at a Sussex wide level. Daily updates and interventions with Central Government have at times proved helpful. Housing partners have worked extremely well with us to provide a rapid and comprehensive support on homelessness. The “Everyone In” call from MHCLG to house the homeless at the early stages of lockdown was heeded (and in the space of 72 hours 90% of homeless people were housed). Broader issues, not surprisingly, have arisen around homelessness, family breakdown and the consequences of the lockdown. This is clearly an on-going situation that will be monitored carefully and targeted from both the supply and demand side. It is encouraging to see how well partners have worked together on this.

Districts & Boroughs and West Sussex County Council - Relationships with other Districts and Boroughs have been important and work on certain issues (for example cycling) with West Sussex County Council appear to be progressing well.

Emergency Planning and Civil Contingency Work - In “*Platforms for our Places : Going Further*” we had expressly referenced the importance of Emergency Planning and Civil Contingency work. On the 28th February senior officers in the Council took part in a half-day Emergency Planning and Civil Contingency training on pandemics. This gave the opportunity for leaders to do real time learning and to consider how responses might need to be framed, accelerated and scaled and provided considerable benefits as we came into the “real thing”. Close working across Sussex on Emergency Planning and Civil Contingency have been helpful. And at times have been tested. It is fair to say that much of our Civil Contingency and Emergency Planning processes and work is framed around “one-off” significant events. A pandemic, which of course can cover the whole of an area over the medium and longer term, may require different types of approaches and different types of skills. Considerable learning has taken place which will prove fruitful for the future.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 7

Key Decision: No

Ward(s) Affected: All

***"And then...."* bouncing back in post pandemic Adur and Worthing**

Report by the Chief Executive

1. Purpose

To propose to the Joint Strategic Committee a series of actions, interventions and themes to be rapidly taken forward in the light of the Covid-19 pandemic and its consequences.

2. Recommendations

- 2.1 To consider the *"And then"* response document attached as Appendix A and agree the themes and actions set out in it as the first stage response document to the pandemic and its consequences for Adur and Worthing.
- 2.2 To request at the next 6-monthly review of *"Platforms for our Places : Going Further"* that specific reference is made to progress against the activities set out in *"And then"*

3. Context

- 3.1 Members will be all too familiar with the Covid-19 pandemic over the last few months and its impact on our places and communities. The details of the response of Adur & Worthing Councils to a variety of issues and challenges that have arisen are contained in a sister paper elsewhere on the agenda. This paper relates to some of the “recovery” actions that Adur & Worthing Councils can take to best help our residents, communities, businesses and institutions of place recover from the consequences of the pandemic.
- 3.2 And it has to be said that we are not out of the woods yet. There may well be other shocks (indeed other spikes in the pandemic itself) over the next few months and at this stage there is not sufficient data across all of our fields (including the macro economic picture) to be categorical about what the best long term activities and interventions will be. That said, right now doing nothing and waiting would appear to be the wrong tactic. Instead, based on the data we have, your officers (talking with a range of partners and communities) have put together in the appended document a series of activities to “get going on” now and make significant inroads over the next 3 months or so.
- 3.3 It is now well understood that the pandemic itself and the decisions taken at national and international level in responding to it, have had the most profound impacts upon individuals, communities, businesses, our partner agencies (and at times on the relationships between tiers of Government and partners in places and regions). During this time the Councils have kept their operational services running and at times taken extraordinary steps to change them or scale them up in the light of rapidly emerging significant demands or policy requirements from Central Government.
- 3.4 “*And then*” sets out a series of themes, activities and interventions that are the most valuable in “kick starting” our financial and social economies within Adur & Worthing. They inevitably are not everything that we will be doing, but are a series of expedited interventions over and above our regular service provision. There is still a relative paucity of real data about the consequences for Adur & Worthing of a range of national policy initiatives taken to combat the pandemic. Inevitably therefore the interventions and activities set out in “*And then*” will not be exhaustive, categorical or indeed set in stone. These are

the activities that over the next 3, 6, 12 months appear right now, to be the most impactful. As circumstances, economies, national policy etc. change there may well be new interventions that appear significantly valuable to be added and others in the document that we decide to scale down. That is an inevitable consequence of seeking to lead communities and places in rapidly moving, complex environments.

4. Creating “*And then*”

- 4.1 “*And then*” is drawn from a range of sources. Our overall direction of travel set out in “*Platforms for our Places : Going Further*” remains a sound one and many of the actions in “*And then*” are drawn from our platforms approach. Some are new, some are scaled up and some are expedited, but fundamentally the 5 platforms remain sound. The climate crisis for example has not gone away because we are now facing public health, economic and financial crises as well.
- 4.2 We have drawn from the data that we (and our partners) have on economic impact, housing, community vulnerability and impact on individuals and families at the local level. From that we have identified where we can most impactfully intervene.
- 4.3 We have talked to a number of our key partners and partnerships to identify what they are seeing, the needs and challenges that they have identified and what they have learned during their response to the pandemic crisis. Whilst for the most part in pandemic response we have been thinking about the challenges ... there are a number of new opportunities that may emerge in the post pandemic landscape. Adur & Worthing will wish to be well placed to seize the opportunity of those from influencing regional and national policy, through to seeking new funding, resourcing or partnerships to deliver on more complex agendas.
- 4.4 And there is a recognition that the Councils can’t do everything. Our overall responses to the pandemic have been strong, and it’s fair to say they have taken a considerable amount of resource in terms of time, money, energy, partnership value etc. It is likely that a number of the challenges our communities face will be significant and it’s important that we best target our finite resources where we can have the most significant impact. There is of course a layer of granularity beneath the themes and interventions set out in “*And then*” which is the subject of on-going work led by the Councils with a range of partner

organisations across our areas.

5. “And then” the contents

- 5.1 The contents largely speak for themselves and need not be rehearsed in this covering report. In essence they are drawn from our existing 5 platforms and each platform area has around 6 interventions that your officers suggest you decide to make in order to support recovery in our places. To be clear this is work in addition to running and recovering our existing services. It is proposed that the progress against the “And then” interventions are reported as part of the 6 month “*Platforms for our Places : Going Further*” review to the Joint Strategic Committee in December 2020. That report can highlight progress, identify what has worked and what has not and where necessary change direction, pick up emerging themes or national policy and scale up or down the work in progress.

6. Engagement and Communication

- 6.1 This report has been drawn from a wide variety of sources, obviously in very short time scales. Our Local Strategic Partnership colleagues, a range of partner organisations across Community Safety, community, the economy, education and housing have been part of the conversations that have formed this first set of intervention activity.

7. Financial Implications

- 7.1 The majority of activities set out in “And then” can be taken forward within the existing budgets using the time of officers. The current Medium Term Financial Plan already contains provision for the costs associated with a number of the investment proposals identified.
- 7.2 Where there are specific additional funding needs, these will either be met from within existing budgets or will need to come forward to this Committee for individual decisions on investment.

8. Legal Implications

- 8.1 There are no specific legal implications arising from this report.

Background Papers

[“Platforms for our Places : Going Further”](#)

Officer Contact Details:-

Alex Bailey

Chief Executive

01903 221001

alex.bailey@adur-worthing.gov.uk

Sustainability & Risk Assessment

When a range of data sources (and National Policy pictures) are considered there are real risks in “doing nothing” at this stage and the report above is clear that we do not have all the data to have absolute clarity. However these plays seek to overcome the risk of doing nothing and seek to “start the ball rolling” in some significant areas that will have long term advantage.

1. Economic

There are a significant range of activities set out in the document to stimulate economic recovery.

2. Social

The document has at its heart the need to build on some of the opportunities that have arisen from communities acting well together to achieve strong outcomes. It also is very clear on the significant challenges likely to be faced by individuals and in community and suggest a range of activities designed to help moving forward.

3. Environmental

There are a range of interventions in the document designed to further the sustainability agenda set out in “*Platforms for our Places : Going Further*”.

4. Governance

As stated above the “*And then*” document is borne out of “*Platforms for our Places : Going Further*” the already established Councils policy direction covering the next 3 years.

“And then”

Bouncing back in post pandemic Adur and Worthing

Place based activities and interventions that Adur & Worthing Councils will take to enable our communities to thrive, prosper, be healthy and resilient following the pandemic of Spring 2020.



ADUR & WORTHING
COUNCILS

Introduction - The Post Pandemic Landscape

In June 2020, it's still too early to fully understand all of the impacts of the Coronavirus pandemic. What is clear however, is that to add to the existing climate crisis we face a public health crisis and an economic and financial crisis which is likely to last over the medium term. We are mindful that we are planning for "coming out" of the immediate pandemic response ... and we don't hold all of the cards to know what, how and where we should best be acting. We appreciate that "recovery" may have many phases, our resilience will need to be on-going.

In such complexity the wisest movers act, review and adapt on an on-going basis. There is little point producing a "complete blueprint" or "Recovery Plan" which will inevitably need to change and be revised as new data is received or national developments take place. We are not starting from scratch. When "*Platforms for our Places : Going Further*" was approved by both Councils 6 months ago it set a framework for activity to take us through to the end of 2022. The 5 platforms remain fundamentally strong and the right framework to focus our post pandemic activity. Most, if not all, of the commitments we set out against the 5 platforms remain valid, some of them now need accelerating. And, we had begun before the pandemic brought a halt, our overall approach has provided adaptivity and resilience and proven invaluable.

The pandemic (and its economic and social impacts) has caused considerable harm to individuals, communities and businesses across Adur and Worthing. The secondary impacts of recession and potential impact on institutions and businesses will cause after-shocks that may last for some time. The scale of some of the challenges are unprecedented but the ambition of communities and elected Councillors has not reduced one jot. Indeed, in the face of the challenges, we see the opportunity to move further and faster (and new emerging opportunities) providing a powerful catalysing energy. Delivering our ambitions in "*Platforms for our Places : Going Further*" has not got any easier ... it's got considerably harder, boldness and speed of action will be required. It is for that purpose that we put these thoughts together, rather than waiting months for "perfect data" to do "perfect planning".

For each of the 5 platforms we identify a number of catalytic activities that we will start immediately (and around which we build the "recovery" of our places and communities). Many are long term activities, the benefits seen in years not months. All are important.

We remain wholly committed to creating the healthy, prosperous, thriving and resilient

communities that Adur and Worthing require to face whatever further challenges may come.

The way forward will be complex, not clear or easy to map and explain. The role of Local Government (which was changing anyway) will change more quickly and in our work we recognise the complexity of what we do and ensure the connectedness of places, individuals, communities and institutions. Indeed the unifying factor of “place” gives us an important foundation for our activity.

In the next sections we set out the “Platform Plays” that will help our communities bounce back the fastest and in the final section we note the importance, not just of “what we do”; but of “how we do it”.

In this document we cross-reference to “Platforms for our Places : Going Further” e.g. [P4OP : 1.1] to enable read across where relevant.

Platform 1 - Prosperous Places

This is the platform that has been hit hardest by the national response to the pandemic. The cessation of large parts of the UK's economic activity and the probability of only a gradual return, together, with the collapse of some businesses will have significant and long term impacts.

It looks highly likely that the UK will go into recession. At least over the medium term high levels of public debt, an increase in some forms of taxation and possible inflation are likely to have an adverse impact on consumer expenditure and some market investments. The role that National and Local Government play in supporting our economies will therefore be significant.

Locally, our hospitality, leisure and cultural sectors will face particular challenges and for businesses with complex logistics and national or overseas markets there may be real challenges getting going again. This includes our Creative and Digital sector that had been showing significant growth in Adur and Worthing.

As Councils we need to make new interventions, to underwrite risk or liability and help local businesses to thrive in difficult times. In addition to supporting local industry that produces and sells nationally and internationally, we will need to look at small local businesses and the rise of micro-entrepreneurialism among those who may have lost their jobs and are looking to start again.

People returning to activities in healthy and safe workplaces or public spaces will require different ways of operating. For some a reduction in the need for office space and previous levels of transport activity. With the challenge will come new opportunities. For example, there is some evidence that when people begin planning leisure trips, they may favour domestic destinations and coastal towns as opposed to cities - so we need to be ready and welcoming

The impact will be felt across all sectors of the local economy and will include our academic institutions who provide training and skills opportunities.

Here we focus upon what we can do now to stimulate economic activity. We have built good relationships (most recently through the process of distributing grants) with our local businesses and we probably have the best understanding of those businesses and the challenges they face that we have ever had.

The ambitions that we had set out in "*Platforms for our Places : Going Further*" are now more relevant than ever. Our focus on jobs and skills; promoting confidence in our places to trade and attract investment; and our "wise regulation" approaches will

help ensure that businesses get the best opportunity and support to thrive and survive.

We have identified 8 “significant plays” for focus

- **partnership and support for our local businesses**

We will work with our local businesses across sectors to understand their needs and support them as we move into recovery. Signposting **access to funding opportunities and business advice** and working alongside our businesses to promote **access to new markets** and **new business models** will be vital. Working alongside our partners across the Coast to Capital Local Enterprise Partnership area and Greater Brighton sub region, the councils will actively seek to **promote new opportunities for business development, new jobs and infrastructure**.

- **access to employment and skills**

We will work with the business schools of the local Universities and our partners across the Greater Brighton and Coast to Capital LEP area to **support access to core business skills** to help people find new jobs and start businesses.

We will work to support our local employers and schools and colleges to make the best use of **apprenticeships** to help young people entering the job market for the first time (as well as older people displaced in economic turbulence).

We will work with our local businesses to identify opportunities to secure **funding for innovation and new skills** for businesses needing to change their business model and move into new markets.

- **safe spaces and visitor confidence** [*P4OP : 1.3*] For each of our principal town centres (Southwick, Shoreham, Lancing, Worthing) we will develop a **programme of works designed to ensure that people feel safe to visit and trade**. Working with our local traders, we will work at pace to deliver changes to the layout and operation of public spaces to promote safety and a positive experience.

We will seek to get our **local markets** up and running as quickly as possible, offering traders and shoppers a safe environment. In addition, we will work with our local retailers and traders to provide additional opportunities to trade outdoors in a safe environment. To achieve this we will use our powers and responsibilities to make public spaces available on a temporary basis for market type events.

- To support our hospitality, leisure and tourism sectors we will work hard to ensure that we are ready. We will ensure that as residents and visitors return, **our public spaces look their best** - we will prioritise the maintenance, repair and repainting of our street furniture, parks, promenade, public spaces and associated buildings.

We will look to bring forward key aspects of our public realm work ahead of schedule and to deliver **cycling and walking route enhancements**, including a series of ‘pop up’ opportunities. The rapid deployment of **citizen wifi** will support our aspirations.

- **major development and investment projects** [P4OP : 1.8] Major new development across our places will deliver thousands of new homes and jobs.

We will take every opportunity to **accelerate the programme for delivery**, including building out new projects ourselves and in partnership with others. The emphasis will be on sustainable growth; high levels of connectivity and skills and learning as an integral part of any major scheme.

We will actively support those whose projects are already underway and use our regulatory powers wisely to create the right conditions for others to come forward. Where projects are stuck or can be catalysed we will consider what if any interventions we as Councils can make to unblock and speed delivery.

- **a new rental model for council owned commercial properties**
To support our local businesses we will undertake a re-working of the traditional approach to renting council owned commercial buildings. We will develop an **‘easy in easy out’ rental model** that applies to a designated number of our properties. We will publicise the model through our existing business partnerships and use the direct links with businesses that we have established through the Government's business grant schemes.

We will **re-purpose existing buildings to provide flexible space** for startups, small businesses and those needing ‘move on’ space. In any new acquisitions we will provide the digital infrastructure and connectivity that small businesses need to foster their growth and development.

- **growing our micro-entrepreneurs** [P4OP : 1.7]
Very small businesses (or people freelancing for part of the week) are likely to be a vital part of wealth creating for our residents ... and supply chains for larger business. Access to funding can be a key challenge for

micro-entrepreneurs in their early stages of development or when they are looking to scale up. There is an opportunity to **re-purpose the small business grant scheme** that we administer as part of a county-wide scheme (funded by Pooled Business Rates) to target support for micro-entrepreneurs. Using the strength of each Council's covenant, we will work with our partners to develop a scheme whereby we **act as short term guarantor to support micro-entrepreneurs** seeking loan funding to start up.

- **support for creative industries** *[P4OP : 1.4]*

In the short term, we will work with self-employed people in this sector to secure **access to grant funding**. We will accelerate our work with our Greater Brighton partners and Coast to Capital to develop a **tailored growth programme** to develop investment pipelines, places and spaces to do business and develop the skills and talent needed. This will include helping to identify new opportunities for creative digital entrepreneurs to enter **new sectors** such as health and well being.

Platform 2 - Thriving People and Communities

The pandemic has inspired an extraordinary response from residents and communities across Adur and Worthing. Stepping up by volunteering, community organising, running a food depot and food drops and providing support for vulnerable people. The work between individuals, community groups, the formal Community and Voluntary Sector, Local Authorities and other partners in community has been as impressive as it has been vital.

And the “lockdown” period has created foundations. The impressive work of neighbourhood based networks that are able to identify need, organise and provide, build resilience and support the work of other agencies in care and support is perhaps unprecedented in recent times. The ability of various agencies to work jointly to co-design and collaborate on delivery has provided some strong examples of platforms in community being created, particularly in supporting our most vulnerable residents.

Some of our communities will face even more challenging times. An economic recession will inevitably lead to strain on the most vulnerable, new demands placed on health services (physical and mental) and related housing, money, debt and potentially domestic abuse issues. The challenges were significant already, an economic downturn is only likely to exacerbate them and unless we are careful divisions may grow. The Councils will continue to provide universal services and provide essential safety nets. The additional resources, knowledge, time and energies of communities, targeted well, will be essential to a strong recovery and more connected communities.

It is too early to be clear what the precise needs will be over the short, medium and longer term, though we have good data about some of the ways in which we need to act. The focus in *“Platforms for our Places : Going Further”* around understanding communities (at the hyper-local and neighbourhood level); housing supply; supporting community and social entrepreneurs, targeting interventions at “preventative” work and the ability to bring new resources to play are already on the agenda. The pandemic makes the bringing to fruition of a number of these plans that much more important and urgent. It remains the ambition of the residents and communities of Adur and Worthing to create happy, healthy, thriving and resilient places in which to live where people are connected and have the ability to help themselves and each other in creating sustainable futures.

And we have identified 6 “big plays” which build on the community activity evident over the lockdown period and start to co-produce strong platforms in our

neighbourhoods:-

- Understanding just **what has been “illuminated”** or shown in terms of networks and connectedness in community and being clear what is needed to support them to grow, moving forward to connect or create enduring networks of active citizens. We will use these networks to connect people of different generations enabling them to thrive in their communities. In this work we would explore new approaches to participative and deliberative democracy and how they add to and strengthen representative democracy across our places. : [P4OP : 2.3]
- We will build on the **digital infrastructure** we have created for the Covid response and develop it to create tools which can help to support our community networks and make best use of our new ultrafast connectivity. We will also use this to build on the data we have found so valuable in the lockdown period and use it to develop community insight and connectivity [P4OP : 2.3]
- Developing the **local food system** so that it supports and expands local food production and better manages the use of food waste. Our immediate focus will be on understanding the food system outside of the paid economy in order to create access to healthy food for everyone.
- Developing an **open spaces approach to leisure** [P4OP : 2.4] focusing on using our indoor and outdoor leisure and park spaces to provide the canvas for greater wellbeing and mental health. We want to build on the new habits people have formed around their use of open spaces for exercise and community and ensure that we can support these new habits to be long term changes in our communities.
- Developing **“a Housing First” model** [P4OP : 2.2] for people that are sleeping rough and who have complex needs with no housing options. We want to develop a strong and effective wrap around of support shared by all agencies and develop an effective behaviour change coaching approach.
- Expediting our next phase of **“Opening doors”** [P4OP : 2.2] developing an holistic approach for families, using newly available private rental accommodation as a platform for wider support around their lives to enable them to thrive. Linking closely to active citizenship and social prescribing to help people connect to their communities as a platform for support
- Developing **new models to create much needed new housing** across all tenures. Recognising the limitations of both the “HRA model” and the “S.106 model” rapidly exploring other ways to access funding and skills needed to bring forward new homes.

Platform 3 - Tackling Climate Change and Supporting our Natural Environments

A public health crisis has created an economic and financial crisis. This is overlaid on the existing climate crisis that Adur & Worthing Councils and communities were working upon. Whilst the scale of the challenge is high, the opportunity to work across themes to the same ends is real. We already have significant community activity on a wide range of climate change and ecological agendas which have continued unabated during the pandemic. Whether it's growing, cooking, improving and re-wilding land, planting, installing clean energy micro generations, interest in local food supplies, clean water or healthy marine environments ... we have active communities working away. Those communities have demonstrated that they are ready and willing (through our Climate Conference in March 2020) to further the agenda at pace.

New ways of working and travelling, greater appreciation of clean air and benefits of natural environments and better public realm are all likely bi-products of the pandemic. A real interest in local circular economies (including shopping and local production) as well as a number of significant large employers being clear about their role in a future low carbon new economy, creates real opportunity to reset the way we do business and live across our places.

The agenda we had set in "*Platforms for our Places : Going Further*" has never been more valuable or more urgent. Climate Emergency and solutions to it that play into stronger, thriving, resilient communities and economic recovery.

And we have identified 7 "big plays":-

- We will push forward work to **achieve carbon neutrality** [P4OP : 3.2] at the Councils by 2030, transitioning to renewable energy, switching to electric and hydrogen vehicles, and retaining much of the recent major shift to home working
- Rapidly assess our options for major investment in **renewable energy** [P4OP : 3.3] to support offsetting targets within our carbon reduction plan and potential long term revenue generation
- Lead a major shift to **walking and cycling** [P4OP : 3.7] post coronavirus, delivering pop up cycle lanes identified in the local cycling and walking plan, expanding the bike share scheme and supporting new cycling projects
- Creating a new, ambitious programme to **rewild green spaces** [P4OP : 3.5], working with communities, developers, businesses and partner organisations

to maximise biodiversity wherever possible, planting trees and managing woodland

- Working with partners to regenerate **local marine and estuarine ecosystems** [P4OP : 3.5], restoring kelp, seagrass and saltmarsh habitats, delivering a range of ecosystem services including increased fish stocks, carbon capture, biodiversity offsetting, and flood risk management.
- Implementing the **Smart Local Energy Systems** [P4OP : 3.3] project, a £32m programme of linked initiatives to create a local smart energy grid combining solar PV, second life battery storage, electric vehicle charging, air source heat pumps, hydrogen fuelling, and marine source heat pump technology
- Holding our first **Climate Assembly** [P4OP : 3.1] to engage residents in tackling climate change locally, building consensus and catalysing actionable local projects in community.

Platform 4 - Good Services and New Solutions

Adur & Worthing Councils (as service providers) were severely tested by the pandemic. Talented people, adapting fast, using good tech platforms and providing clear leadership were already in place and able to mobilise quickly. All elements proved critical. It was not an accident, we have been building our capacities and capabilities over the last 4 years and the investments made proved sound. We moved rapidly to provide a number of new services (at times jointly with others) and as we stand some of those down, we will need to consider what we have learnt (what's worked well in our new approaches) and avoid going back to an "old normal". That may no longer serve our communities.

Our response has been widely regarded as good. The financial cost has been considerable. A number of the assumptions underpinning our budget setting in February 2020 will have completely changed (and at the time of writing there is no certainty over future financial demands). Despite some additional funding from Central Government it has by no means covered the cost of responding. This will have significant impact on the Councils finances not just for this year but over the medium term. We recognise that in our ambitious plans for the future (and how we help our communities come out of the post-pandemic recession) ... we will want to make new investments and incur new costs. This will not be easy.

Like many large employers our staff have proved they can work effectively remotely, and we will need to consider the impact and opportunity this may have over the longer term. Our budget strategies will require creating new revenues, new commercial streams of income, as well as continuing to reduce our cost base using our technology platforms.

Our "6 big plays":-

- Recognising that remote working will now be a key feature, we will review our **accommodation needs** and design new working models that support agile team working and help strengthen our relationship with communities and partners [P4OP : 4.6]
- Work with elected Councillors to understand their experience of working remotely and developing **new digital skills** in order to look at how we might build some of the changes that we have made to the way business is done into future training and support for Councillors [P4OP : 4.1]
- We will take significant steps in the **redesign of our services**, creating more personal, digitally enabled services, and removing out of date processes and

systems. We will use our “Good Service design principles” to ensure that the vulnerable receive the best support and access, and our staff are freed up to use their skills and experience to best effect [P4OP : 4.2, 4.4]

- We will further accelerate the **shift to cloud technologies** that have served us well in recent years, allowing staff to work from anywhere using the very best platforms [P4OP : 4.1]
- We will carefully review our **medium term financial strategy** in light of the pandemic, we will reassess our commercial and investment strategies and align them to new opportunities, applying sensible spend controls while creating a financial strategy that recognises our role in shaping the future [P4OP : 4.3]
- We will go further in **developing our people** through active learning and coaching, emphasising vital new skills for the future in civic entrepreneurialism, systems thinking, strategic and service design, digital and data [P4OP : 4.5]

Platform 5 - Leadership of Place

The pandemic has tested a number of institutions that make up the leadership of our places. And we have seen a variety of responses from individuals, businesses, community groups and those institutions, many of whom rising to the challenge and responding superbly.

As Councils we have showed adaptivity; the importance of democratic legitimacy; the value of being able to work with our trusted relationships; our capabilities with data and technology; our ability to use innovation to create ideas and design to bring them to fruition and a welcome degree of ability to get out of “service silos”. All of these were helped, framed and enabled by the investments we have made in the leadership capacity of staff and elected Councillors. We have seen and been able to work with significant amounts of community will, at times ceding “power” for “influence” and at times (where relationships have proved clunky or not moved at the right pace) we have worked with skill and grace to bring about strong and rapid solutions. We have shown agency and the confidence to act decisively.

And we need to build on that. There is much to be proud of in our response to the pandemic. As we shift to understanding the new landscape we will use those capacities and capabilities ... and inevitably develop new ones.

In “*Platforms for our Places : Going Further*” we set out a range of place leadership activities, many of which have commenced and are on-going. We will need to develop a number of these further and faster. Our regional and national reputation (as a place to innovate, invest and bring things to fruition); our ability to work with civic data; our technical platform (and the broader tech infrastructure) as well as the importance of capacity building in emergency planning and civil contingencies (for other shocks that may follow) will be key and are already mapped out for us.

For Leadership of Place our work is not doing “new things” but how we deliver the agendas set out in Platforms 1-4. How we build relationships, how we influence, how we collaborate, how we co-design and how we ensure the ambition and boldness that communities and their elected representatives are seeking can be delivered. Whilst some may hunker down and wait for the storm to blow over ... we see the new landscape as pregnant with opportunity and intend to work with our communities and other partners to take up those opportunities.

Our 6 key plays are as follows:-

- **Place Branding and Reputation;** (continuing to build our reputation at a regional and national level, being more directive in some agendas and more

participative and enabling in the development of others). [P4OP : 5.1]

- Furthering and **Developing Key Partnerships**. We have good relationships (across the board) and there will be certain key relationships that we now need to focus upon in order to seize the opportunities that present. [P4OP : 5.3]
- Leading and Influencing the **tech infrastructure** of our Places and the ability to use it for our Communities. This will be done at times in coalition (County wide or with the Greater Brighton Economic Board) at other times we will not wish to wait for the pace of the slowest movers and we will continue to develop and apply tech infrastructure where it makes sense for our communities. [P4OP : 5.2]
- **Place Making : Town Centre Renewal and Reimagining**. This is an area where perhaps for too long we have waited for others to come up with ideas ... now we will need to be bolder and more directive in how we act. Our High Streets have suffered (and will continue to do so) whilst market solutions may come along in the medium term ... short term we need to act fast and differently. [P4OP : 5.2]
- **Civic data**. The availability of individuals, communities and businesses to use data we hold to create value and prosperity has never been more important. This is an area we have talked about for a while, but now need to be clear of the data we need to collect and how we will use it and share it. [P4OP : 5.6]
- The pandemic, and the community response to it has enabled a variety of community activity at the micro level. We will support a renaissance of community based “small platoon” activity. If ever there was a platform to enable others to work upon, this is it. In so doing we wish to fully explore the potential for **participative and deliberative democratic decision making** in ways that respect that renaissance of community activity. We will also enable our democratically elected Councillors to benefit from the wisdom and the willingness of the communities they represent. [P4OP : 5.5]

How will we do it?

This first set of activities are not a blueprint for everything will do. Rather it focuses our attention on critical activities to commence over the next 3-6 months. Thereafter we review and reset.

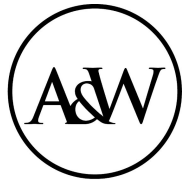
Whilst the pandemic has caused disruption to our “*Platforms for our Places : Going Further*” agenda, overall the agenda remains a strong one and we take the opportunities presented to move forward. We are adapting to the new environments as they emerge and moving quickly.

Whilst we will need to be influential at national and regional levels the activities we set out here are primarily actions that we can take as District and Borough Councils (with others at times) and those that will have profound impacts we believe on our communities and neighbourhoods.

Some of this activity requires no new money or additional support. We have talented staff, budgeted financial resources, data, technology, property and relationships ... all valuable assets that we can leverage. The speed that we have moved to create new services and approaches during the six weeks of the pandemic can be maintained over the next few months to support the longer term solutions.

And there remains a significant financial challenge. We will need to bring in more revenues and borrow more in order to create the underlying investments necessary to reboot our economic and social recoveries. Whilst some of that borrowing will inevitably be of an “invest to save” type basis (with returns over the medium and longer term) we will also need to seek other sources of funding from public and private sector partners and intervene more in our local economy than perhaps at any time in our past.

In short we must see the disturbance and challenge caused by the pandemic as an opportunity to accelerate our work. We remain committed to creating the happy, healthy, prosperous and resilient communities right at the heart of our “*Platforms for our Places : Going Further*” approach.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 8

Joint Overview and Scrutiny Committee
23 July 2020

Key Decision: No

Ward(s) Affected: All

Financial Performance 2019/20 - Revenue Outturn

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1 This report outlines the revenue financial monitoring position for the end of the 2019/20 financial year for Joint Strategic Committee, Adur District and Worthing Borough Councils. At the time of publication of this report, the Statements of Accounts are completed and with the audit scheduled to commence on 4th August 2020. Any adjustments that emerge as the audit proceeds will be reported to members later in the year.
- 1.2 The final position for the operational services were an underspend in Adur District Council £154k and an overspend in Worthing Borough Council £548k. This is a variation to the projections reported at quarter 3 when operational outturns were predicted to be an underspend of £96k in Adur and an overspend in Worthing of £94k (including the revenue contribution to capital). In the last quarter of the year increasing operational budget pressures had been identified in part related to the Covid 19 emergency, particularly in Worthing, and the Corporate Leadership Team were updated.
- 1.3 Overall outturn positions are underspends of £1,259,099 in Adur District Council and £1,144,334 in Worthing Borough Council. After allowance for proposed carry forward of budgets in 2019/20, this represents a 13.6% underspend against the budget for Adur and 7.2% for Worthing.

- 1.4 The table at 4.5 below sets out the components contributing to the underspend in 2019/20, with the most significant being lower capital borrowing costs, additional income from commercial property investments and contingency budgets which were not required.
- 1.5 The outturn figures include proposed carry forward requests, detailed in appendix 6, that will need to be met from these underspends which relate to committed spend that is now planned for 2020/21: Adur District Council £80,700 and Worthing Borough Council £157,500.
- 1.6 This outcome is higher overall than what was forecast in the quarter 3 monitoring report when net underspends of £887,000 and £1,106,000 were being projected in Adur and Worthing respectively. However in the light of the Covid 19 budget pressures identified elsewhere on the agenda, this is welcome as it will assist the Councils in managing a difficult financial position in 2020/21. The areas that have contributed to the net movement are highlighted in the report and appendix 5(b).

- 1.7 The following appendices have been attached to this report:

Appendix 1	Joint Summary of 2019/20 Outturn
Appendix 2	(a) Adur Summary of 2019/20 Outturn (b) Adur Use of Earmarked Reserves
Appendix 3	(a) Worthing Summary of 2019/20 Outturn (b) Worthing Use of Earmarked Reserves
Appendix 4	HRA Summary
Appendix 5	(a) Table of Variations over £20,000 (b) Table of movements over £50,000 between quarter 3 and 4 (c) HRA Major Variations - Budget to Outturn
Appendix 6	Budgets Carried Forward to 2020/21

2. Recommendations

- 2.1 The Joint Strategic Committee is asked to recommend that Adur District Council, at its meeting on 16th July 2020 and Worthing Borough Council at its meeting on 14th July 2020:-
- (a) NOTE the overall final outturn for 2019/20.
 - (b) APPROVE the net appropriations to General Fund Reserves in the year as detailed in paragraph 6.2 totalling: Adur District Council £1,072,315
Worthing Borough Council £905,486.
 - (c) AGREE the net carry over of revenue budget to 2020/21 funded from reserves as detailed in appendix 6: Adur District Council £80,700
Worthing Borough Council £157,500.
- 2.2 Joint Overview and Scrutiny Committee is recommended to note:
- (i) the contents of the report and consider whether it needs to scrutinise any budget area in detail.

3. Context

- 3.1 The Joint Strategic Committee considered the 5-year forecast for 2019/20 to 2023/24 on 4th December 2018. This report outlined the financial context, and updated the outline 5 year forecast, the key budget pressures and the savings proposals for addressing the budget gap for Adur and Worthing Councils. The report built on the strategy first proposed in 2016/17 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.
- 3.2 The successful delivery of the strategy is fundamentally changing how the Councils are funded. The Councils are moving increasingly away from ever reducing government funding towards funding from the local community via Council Tax and Business Rates, and will become increasingly reliant on income from commercial activities.

4. Issues for consideration - Revenue 2019/2020 Outturn Overview

4.1 As part of the 2019/20 budget the Councils committed to savings of £0.767m for Adur District Council and £1.373m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Services were required to carry out efficiency, procurement and base budget reviews to identify where income could be increased or expenditure reduced. The final outturn position indicates that the majority of these savings have been delivered as expected.

4.2 Following the LGA peer review which referenced the low level of the reserves, the Councils have positioned themselves to better manage risk and contribute to reserves for the future through three separate initiatives:

- The centralisation of inflation provisions which if not needed will contribute to the savings required in 2020/21.
- The creation of contingency budgets for areas of uncertainty in the budget. For 2019/20, the Councils set aside £300k for the risks associated with the changes to the County's supported housing budget.
- Accelerating savings initiatives where possible - including the investment by the Strategic Property Investment Fund and generating additional commercial income.

Consequently, the Councils were predicted to underspend this year as a result of these proactive measures as highlighted in the table at 4.5.

4.3 The operational position is a net under spend by services of £154k in Adur and a net overspend of £548k in Worthing as a result of previously reported budget pressures in service areas including waste and recycling, bereavement, housing, parking and culture together with cross cutting pressures in maintenance, energy and water.

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

4.5 The current year-end forecasts are comprised of a number of elements as set out in the table below:

2019/20 Outturn	Adur		Worthing	
	Q3 Forecast	Outturn	Q3 Forecast	Outturn
	£000	£000	£000	£000
<u>Over/(under)spend in operational services – including share from Joint</u>	(96)	(154)	(31)	548
<u>Underspend against Supported Housing contingency budget</u>	(70)	(90)	(180)	(210)
<u>Reduced borrowing requirement:</u> A lower than forecast call on the MRP (provision to repay debt) and net interest in 2019/20, due to reprofiling of the capital programme already adjusted for in 2020/21 budget.	(45)	(79)	(340)	(337)
<u>Budgeted contributions to reserves:</u>				
Set aside for inflation	(35)	(31)	(157)	(232)
Set aside for Pay Award	0	(68)	0	(62)
Allowance for Investment Property voids	(100)	(100)	(150)	(150)
Commercial Property Portfolio - from accelerated purchases	(715)	(656)	(690)	(655)
Less: one off acquisition costs	221	0	393	0
<u>Budget provision related to timing differences:</u> Project funding to Carry forward to 2020/21 for projects that have yet to commence or will complete next year (Business Development Fund)	(47)	(81)	(76)	(157)
Net over/(under) spend before contributions to/from Reserves	(887)	(1,259)	(1,231)	(1,255)
Net contribution from reserves	0	0	0	(14)
Committed revenue contribution to capital	0	0	125	125
Net underspend after reserve movements	(887)	(1,259)	(1,106)	(1,144)

4.6 The key factors underpinning the outturn financial position include:

- The Covid-19 Coronavirus emergency, the financial impact started in late 2019/20 which resulted in a noticeable decline in the income from the car parks, particularly in Worthing. Additionally there were cost pressures due to emergency spend on PPE and digital equipment to enable services to continue in the changing

environment. The pressures will continue to be felt in 2020/21, the budget strategy report also included on the committee agenda covers this in more detail.

- An underspend in the Minimum Revenue Provision (MRP) and net interest budgets for Worthing Borough Council. The budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current years capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2020/21.
- Increased income from the Strategic Property Investment Fund. The fund has been successful in identifying suitable properties to acquire, and the associated income is benefiting the budget in 2020/21.

Once the above items are considered, including the contribution from reserves, the operational position is a net underspend by services of £154k in Adur and an overspend of £548k in Worthing. A number of the factors influencing the operational position have been addressed as part of the 2020/21 revenue budget or are expenditure items that only relate to the reporting year such as the transfer of the operation on the theatres and museum to a trust.

- 4.7 In summary the overall revenue outturn projections reported for Q4 are as follows:

Summary of Revenue Outturn 2019/20			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2019/20	22,145	8,659	13,704
Outturn	22,667	7,400	12,560
Outturn over/ (underspend)	522	(1,259)	(1,144)
percentage		(14.5%)	(8.3%)

- 4.8 Comparison to the Q3 forecast:

	Joint	Adur	Worthing
	£'000	£'000	£'000
Revenue Outturn	522	(1,259)	(1,144)
Forecast Over / (Under) spend Q3	245	(887)	(1,106)
Variation: (Improvement) / Deterioration	277	(372)	(38)

- 4.9 The Joint overspend is transferred to Adur and Worthing Councils in line with their allocated share. The reported budget variances in Adur and Worthing, in the table above, include the total share transferred from the Joint services.
- 4.10 There are a number of key issues listed above which require a more detailed explanation. These are listed below.

4.11 COMMUNITIES DIRECTORATE

4.11.1 Housing Needs

The continued high level of expenditure on providing emergency and temporary accommodation reflects the demand pressures across the South East, including Adur and Worthing and the lack of housing supply for those needing affordable accommodation, whether this is to prevent homelessness or to move people on from emergency accommodation.

Across the South East there is competing demand between local authorities for both emergency and temporary accommodation, the latter often being leased private sector accommodation. The pressure of increasing caseload and cost has been ongoing and an additional £150,000 and £270,000 was built into the 2019/20 budgets of Adur and Worthing respectively.

Numbers of households in temporary accommodation vary from month to month, the caseloads in March 2020 were 43 in Adur and 133 in Worthing compared to 45 and 115 in April 2019.

Adur and Worthing have made significant progress in sourcing more affordable units of temporary accommodation, and this together with the development of units and the introduction of the Opening Doors Scheme, has meant the service has been able to effectively manage caseload and costs and have not required all of the additional budget in 2019/20. The outturn position is an underspend in both councils, £160,000 in Adur and £256,000 in Worthing, which includes an underspend against the Housing initiatives budget of £105,000 in Worthing. This compares favourably to the projected year end position at quarter 3 when underspends of £151,000 and £173,000 were estimated.

The service has seen a dramatic increase in people presenting themselves as homeless since the start of April 2020 due to the Covid-19 pandemic. The impact has been largely seen in Worthing where there has been a 50% increase, there is already a financial pressure being identified in this service area for 2020/21.

In addition, an unbudgeted grant was received from the government in respect of New Burdens associated with the introduction of the Homelessness Reduction Act of £24,000 in Adur and £47,000 in Worthing.

4.11.2 Supported Housing

The budget included an allowance for cost pressures relating to reduced housing budgets from the County Council. A cross county wide working group has been set-up to recommission the supported housing programme to meet this challenge and the budget was not required. Overall there was an underspend of £300,000 at the year end which compares to a quarter 3 underspend projection of £250,000.

4.11.3 Environmental Health - Housing

The service has over-achieved against budget in Adur £69,000 and Worthing £140,000, within this there are some key areas to highlight:

With effect from 1 October 2018 mandatory licensing of HMOs was extended so that smaller properties used as HMOs in England which house 5 people or more in 2 or more separate households will in many cases require a licence. This has generated additional income of £5,000 for Adur and £37,000 for Worthing in 2019/20 for these 5 year licences.

Income from civil penalty notice fines of £21,000 in Adur and £4,000 in Worthing, these have been issued as a result of a number of successful prosecutions against landlords under the Housing and Planning Act 2016.

There has also been an increase in income related to the Home Initiatives Assistance Scheme of £41,000 and £116,000 in Adur and Worthing respectively. Income is based upon size and number of grants approved, due to the scale of Better Care Fund (BCF) allocation, a discretionary Disabled Facilities Grant (DFG) policy is in place that has increased the size and number of grants.

Worthing has seen an increase in the need for public health burials and this coupled with the write off of old liabilities has seen an overspend of £39,000. In Adur there were unbudgeted receipts of £4,000. The Council has a statutory responsibility to provide public burials where the deceased has no funds and there are no relatives identified, they will then seek to recover the cost from the estate.

Worthing secured MHCLG grant funding for Housing Condition survey work which was not budgeted, £10,000.

4.11.4 Environmental Services - Parks and Foreshore

Adur was broadly on budget with some additional spend within repairs and maintenance. Income was marginally above budget. The net outturn position is an underspend of £9,000.

In Worthing there was an overall underspend. Rampion continued to utilise access at Brooklands Park for longer than originally planned and an additional compensation payment was made of £40,000. Income for beach hut rentals did not meet the budget as additional huts anticipated were not built, however additional licence fee income received offset this and the income budget was exceeded overall. There were some overspends against expenditure budgets including water, electricity and the cost of new water pipes at Chesswood Farm allotments. The net outturn position is an underspend against a budget of £86,000.

There were underspends in the Joint Service budgets against vehicles and supplies of £45,000 and supplies and services of £45,000. The service is currently undergoing a service redesign and this will have impacted on activity at the tail end of the financial year, any staff underspends have been factored into the vacancy provision.

4.11.5 Environmental Services - Waste and Cleansing

The rollout of alternate weekly collection saw an increase in requests for larger replacement bins, the associated unbudgeted purchase costs to meet this demand in 2019/20 was £20,000.

There has been additional uptake for green bins, noticeably since the campaign drive that has taken place since November, however this has been offset in part by a reduction in demand for green sacks and the associated commission. Overall the net income is above budget by £12,000, this includes a quality payment of £32,000.

The income from WSCC for recycling credits was £199,000 below budget, this is due to a number of factors:

- lower recycle rates being paid,
- an increase in the contaminated waste deduction, and
- lower than anticipated tonnages collected of recyclable waste following the rollout to alternate weekly collection.

Fleet maintenance, repair and running costs exceeded the budget by £143,000 as the expenditure requirement did not reduce as was assumed in the budget, this was partly offset by an underspend in fuel costs of £20,000.

Staffing costs were higher than budgeted, the agency staff budget was not sufficient for the essential need to cover sickness and holiday periods. Additionally, there were two posts that were not factored into the restructure but found to be necessary for the service which has created a cost pressure in 2019/20. The outturn position for the Waste and Cleansing service was an overspend of £383,000 which is a deterioration on the position projected at quarter 3, the main cost variations being on vehicle costs and the income from WSCC.

4.11.6 Commercial Waste

The year end position for the trade waste service is a net shortfall in Adur of £11,000 and in Worthing of £28,000 for the year. Within this a large proportion is attributable to the tipping charges which are over budget by £45,000 and £34,000 respectively. The outturn varies slightly from what was predicted at quarter 3 when a shortfall was estimated for Adur of £21,000 and an overachievement of £12,000 in Worthing. The movement being the tipping charges which were higher than projected, and the unpredictability of the business.

4.11.7 Crematorium and Cemeteries

Adur cemeteries were on budget, income exceeded budget by £9,000 but there were some overspends within expenditure that offset, including the purchase of a shipping container for storage, health and safety equipment and asbestos clearing. This is in line with the quarter 3 projection.

Worthing has seen a drop in the number of burials compared to the same period last year and this has resulted in a £29,000 shortfall in income. The new section in Durrington is now active and it remains to be seen if it will attract interest. There were overspends in expenditure on staff, materials and equipment needed for grave digging and to improve the exhumation service. There was additional expenditure in 2019/20 related to the new

site including the visit by an ecologist to provide advice on the necessary ecological management going forward. Overall there was a net overspend of £43,000. The income is in line with the projection at quarter 3 however the overspends in costs were not assumed as some were incurred in the latter end of the year.

The crematorium service was also overspent overall by £159,000. This was a combination of a shortfall in income of £87,000 against cremations and £30,000 associated with tributes and some expenditure overspends. The service has a proportion of its cremations as delivery only and the margin on these is significantly lower than the full cremations, this is compounded by the fact that 60% of these are from the largest funeral director who pays the lowest fee, this has had an impact on the level of income. There is work being done in this area to improve the parity of direct cremation charges to all funeral directors with the aim to address this position. Overspends include costs relating to security. This is a deterioration on the estimated position reported at quarter 3 when income was assumed to be on budget.

Memorial income is below that budgeted by £57,000 due to a number of factors, there is limited capacity and the income budgeted for audio, visual tributes and webcasts were not as popular as anticipated. There were a number of technical issues with the older equipment and the quality of the output not as expected, coupled with this the maintenance supplier went into administration during the year. There has been a £30,000 investment in new equipment with an alternative supplier that has enabled virtual services during the current pandemic and will improve the service offer in 2020/21. There were some expenditure items that compensated, the net overspend position was £52,000. This is in line with the projection at quarter 3.

4.12 DIGITAL AND RESOURCES DIRECTORATE

4.12.1 Parking Services

Adur income has exceeded the budget by £66,000 with underspends in expenditure this has meant an overall net overachievement for 2019/20 of £75,000.

Worthing has a net budget shortfall overall of £219,000. This includes an underachievement in income of £160,000, £80,000 of which relates directly to the impact of the covid-19 Coronavirus. The effect of the pandemic on this service was felt significantly in Worthing, not so much in Adur, due to the type of car parks within each area and the nature of their use.

There were a number of other factors including the delay in the opening of the Teville Gate surface car park followed by lower demand than anticipated once operational, and the reduction of spaces available at the Grafton MSCP whilst necessary remedial and redecoration works took place during the year. There were some overspends in expenditure related to contract costs and repair and utility costs which are covered in section 4.15.1 of the report. Additionally, there was a rebate of £12,000 from NSL for overcharging that occurred in prior years.

4.12.2 Digital Strategy and Telephony

The Digital and Telephony service was overspent by a net £6,000, this is broken down as follows;

In Digital expenditure on maintenance, supplies and services was overspent by £136,000 which was largely offset by an underspend on staff costs of £100,000, although this saving has been factored into the vacancy provision. The main areas of variance were overspends related to the IAAS, Internet, council website, back up, citrix, GIS. There were some offsetting underspends associated with Microsoft, Census, UPS and Websense. The change to cloud based and remotely hosted systems has shifted more costs to revenue. The growth in the corporate use of the google suite has enabled the Councils to reduce the overall number of Microsoft licences which has created a saving.

Telephony and centralised equipment costs were both marginally under budget by £6,000 and £9,000 respectively.

The service level agreement with Worthing Theatres and Museum Trust for telephony and IT services generated income of was £15,000.

4.12.3 Revenues and Benefits

The overall net position within the service is net overspends of £209,000 in Adur and £189,000 in Worthing.

There was an underachievement against the overpayment and court costs recovery budgets in both Adur £105,000 and Worthing £291,000. This includes write-offs during the year of old uncollectable debts of £75,000 and £158,000 in the respective councils which account for this position.

The outturn position for Adur also includes the final settlement of termination costs associated with the cessation of the Census partnership which have now been agreed, a provision had been made in previous years for a proportion of this but the residual £68,000 has been funded in 2019/20.

There is grant income in both councils that offsets some of the service costs.

The budget shortfalls were not reported at quarter 3 as the write off levels were not known at that time and the cessation costs liability had not been agreed.

4.13 DIRECTOR FOR ECONOMY

4.13.1 Major Projects and Investment

The Major Project's team have actively been working on a number of development sites and investments across the areas, at the end of the year there is an underspend of £110,000 against the budget. A number of schemes have moved on from feasibility to being live projects and these costs have been capitalised as part of the capital programme. This is recommended for carry forward later in the report to support the continued delivery of major projects.

The investment in Commercial properties has exceeded the budget for both Authorities by £756,000 in Adur and £805,000 in Worthing. Both councils purchased commercial properties during 2019/20 which added to their existing portfolio and have increased the revenue income stream. There were one off acquisition costs associated with these purchases that were reported within the quarter 3 monitoring report that have subsequently been capitalised.

In addition, there is a budget for a contribution to reserves to fund future void rental periods and property improvements. Some known risks relating to the property investment fund around managing lease events and tenant issues have begun to crystallise. For instance, some retail property in Montague Street, Worthing (owned by the Worthing Borough Fund) have tenants who have gone into administration or are undergoing the company voluntary agreement (CVA) process. While these premises were acquired with a view to supporting regeneration of the Grafton Car Park site, and the income streams were expected to be lost in the medium term as part of development, there will be a reduction in income over the short term. While these risks can be managed effectively, it underlines that the properties require active management, and that the reserve fund will be called on appropriately. There is no call on this reserve in the current year so it is proposed to transfer the entire provision to reserves (Adur £100,000 and Worthing £150,000) at the year end. The potential ongoing loss of income has been included within the 2020/21 budget.

4.13.2 Culture

The operation of Worthing theatres and museums transferred to a trust from November 2019, as is necessary with the transfer of any business operation there was a full settlement exercise undertaken. As part of this winding up process there were a number of balance sheet accounts settled and closed which resulted in a draw down to revenue. There was also a programme of maintenance and repair work completed to ensure the facilities were in good condition pre transition so that the trust was in a position to offer its full programme of events without any interruption.

In addition, there was an agreed increase in the contract payment to the trust for 2019/20 of £50,000 to support the first 5 months operation following transition.

There were some offsetting savings elsewhere in the council, in particular support services and business rates, as a result of the transition. The overall net overspend, after these savings and excluding the repairs and maintenance which is reported in section 4.15.1, was £163,000. We were reporting a shortfall of £55,000 at quarter 3 but this did not take into account the final unwinding of the theatre accounts, the write-off of obsolete stocks, and the final settlement of accounts with creditors, consequently it was difficult to estimate at that point the overall end position.

Going forward there is more certainty of the annual cost to the council of this service as it is set out in the fee schedule of the agreed contract for the next five years.

4.13.3 Place and Economy

The outturn position within Place and Economy was a net underspend of £134,000 in Adur and £75,000 in Worthing.

In Adur the markets underachieved against the budget with a shortfall of £14,000, this was offset by income from outdoor events and underspends, particularly within the equipment and grants budgets elsewhere in the economic development and regeneration portfolio. Additionally depreciation charges were £88,000 lower than budgeted, this was not predicted at quarter 3 as the depreciation charges were not known at that time as they depend on the year end asset valuations.

Worthing includes the income from the Worthing Observation Wheel concession of £70,000 and outdoor events of £10,000. Other areas were on budget overall. This is comparable to the predicted position in quarter 3.

4.13.4 Planning and Development

Development Management saw planning fee income exceed the budget in Adur and Worthing by £31,000 and £12,000 respectively. In addition there were expenditure underspends in both councils, the net outturn position being underspends of £41,000 in Adur and £62,000 in Worthing. The outturn was below that predicted at quarter 3 but this assumed a number of large planning applications that were not received by the end of March.

Planning Policy budgets in both councils are underspent by Adur £16,000 and Worthing £15,000 due to the receipt of DCLG Custom Build Grant income that was not budgeted.

Land charge income underachieved against the budget with a shortfall of £36,000 in Adur and £32,000 in Worthing, this is what was broadly expected.

Building Control income in Adur was only marginally short of the budget but there were some overspends in costs, the net position is an overspend of £14,000. In Worthing there was a shortfall of income of £29,000 and this, together with some additional expenditure, meant a net overspend of £44,000 in the service. At quarter 3 it was predicted that the service would be on budget. As with other Service areas there was a drop in income at the end of the year due to Covid.

4.13.5 Leisure Contract

Worthing Borough Council received a £50,000 in year gain share payment from South Down Leisure Trust relating to 2018/19 performance. The contract with the trust sets out that when certain reserve levels are met the Council is entitled to 50% of any residual surplus for a service year. Overall Adur and Worthing had net underspends of £19,000 and £44,000 respectively.

4.14 CORPORATE

4.14.1 Business Rates

The table below shows a breakdown of the final position for business rate income to the General Fund:

	Adur		Worthing	
	Budget	Actual	Budget	Actual
	£000	£000	£000	£000
Income (fixed in January)	3,698	3,698	6,513	6,513
Less: Tariff payment	(1,652)	(1,652)	(3,707)	(3,707)
Net retained rates	2,046	2,046	2,806	2,806
Plus: s31 grants (from govt)	442	418	631	828
Less: share of deficit for 2018/19	(555)	(555)	(469)	(469)
Net income	1,932	1,909	2,968	3,165
Proposed use of business rates smoothing reserve	268	291	469	272
Total income from business rates	2,200	2,200	3,437	3,437

The precept income from the Collection Fund is set before the start of the financial year as part of the budget process and the tariff payment is fixed by the Government around the same time as part of settlement.

The section 31 grants are a reimbursement by Government for the income lost by local authorities for any reliefs or support given to local businesses under the business rate retention scheme.

Section 31 grants have been received in previous years relating to a number of tax changes that were announced as part of the annual Budget Statement that impacted on the income for that financial year but were made after the income to be taken from the Collection Fund was determined. The result is a timing difference between when the grant was received and accounted for and when the Council will fund actual loss of income to the Collection Fund.

To address this timing issue the additional business rate income was transferred to the Business Rate Smoothing Reserve to enable the

management of this volatility. In the 2019/20 budget it was proposed to draw down £267,374 and £468,772 from the Adur and Worthing reserves to compensate for the reduced business rate income in the year, the amount that was actually required to be transferred out of reserves is £291,426 and £271,659 respectively.

4.14.2 External Borrowing Costs, Investments and Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutory charge to the revenue budget to provide for the repayment of debt. The calculation is based on the level of historic capital spend that has been financed from borrowing. Therefore any reprofiling of the capital programme will result in an underspend in the MRP in the following financial year.

There are variances for both Adur and Worthing. For both Councils the MRP costs were lower than the budget due to re-profiling of the capital programmes: Adur had a favourable variance of £63k and Worthing had a favourable variance of £266k.

Investment returns were below budget for Adur: Adur General Fund underachieved its income budget by £58k, but the HRA exceeded its income budget by £39k. Worthing exceeded its income budget by £2k.

Both Councils took advantage of low PWLB rates to refinance planned repayments of debt at the most favourable time. In addition, for Worthing, officers have continued to make use of the low short term borrowing rates available from other local authorities, resulting in reduced costs from lower interest rates and reduced provision for repayment of debt, giving a net favourable variance after expenses of £91k. Most of Adur's borrowing is at long term fixed rates, so the Council does not benefit to the same degree from the current market rates. However, new long term borrowing at better than forecast rates resulted in a net favourable General Fund variance after expenses of £99k. There was a saving of £47k in interest costs for the HRA.

Worthing Borough Council generated additional net income of £48k from a new loan to GB Met College. Both Councils wrote down by £25k the value of their holdings in the Municipal Bonds Agency. Worthing also used £45k of its MRP underspend to advance £45k for an invest to save initiative.

Treasury Management (Under) / Overspends	Adur GF	Worthing
Minimum Revenue Provision	(63,100)	(266,300)
Interest on Borrowing and TM costs	(121,700)	(122,900)
Investment Income	57,700	(2,100)
Write down of Municipal Bond Funds	25,000	25,000
Invest to save		45,000
Additional net income from new loan to GB Met		(47,900)
Debt Management Expenses	23,200	31,900
Total	(78,900)	(337,300)

4.14.3 Corporate Inflation and Contingency

As mentioned earlier in the report at section 4.2 the Councils positioned themselves as part of the 2019/20 budget to contribute to reserves to strengthen their position to be able to manage uncertainty and risk. This was done through a number of initiatives including the creation of contingency budgets, the centralisation of inflation budgets, with the strategy being that any underspend is added to reserves.

At outturn there is an underspend against these budgets, within Adur this is £57,000, Worthing £289,000 and Joint Services £104,000. In addition there is the £300,000 underspend against the contingent budget for supported housing as reported in section 4.11.2 which, £90,000 in Adur and £210,000 in Worthing.

There were also grants received to support the work associated with both the exit from the European Union and transparency agenda that exceeded the budget, in Adur this amounted to £46,000 and in Worthing £26,000.

4.14.4 Business Development Fund

There is an underspend against the Business Development Fund budget in both councils at the year end of £67,000 and £56,000 respectively. The budget exists to support the development of the organisation and is important to enable initiatives to drive forward service improvement.

It is proposed that the underspend is carried forward to 2020/21 to fund ongoing commitments and new projects that are identified. Underspends were expected at quarter 3 when £47,000 and £76,000 were reported.

4.15 CROSS CUTTING

4.15.1 Maintenance

The total overspend against the Adur reactive maintenance and repair budgets is £30,000. There have been overspends against the budgets for Commerce Way, Shoreham Community Centre and public conveniences and this is partly due to the budgets being insufficient generally but there also being additional pressures. There have been underspends against other areas and the planned programme that offset this but some of the areas of expenditure to mention are;

- Works at Commerce Way associated with the depot rationalisation as part of the Gigabit Project. Remedial works were also required including emergency lighting, rewiring of CCTV;
- Public conveniences, there was an increase in the number of times the septic tank at Southwick Beach needed emptying and demolition of the building at Monks Farm following severe vandalism;
- There were issues identifying a water leak at Buckingham Park and the grounds maintenance building required extensive repair.
- The need for water main and standpipes and the entrance gates at Ham Field allotments.

Worthing's maintenance budget is also overspent overall by £180,000. As in Adur it has some budgets which are historically overspent and therefore insufficient, such as public conveniences, leisure facilities, theatres and the crematorium. During the year there was pressure on the reactive maintenance budget in a number of areas but some of the more significant works to highlight are:

- Expenditure on the theatres in preparation for the transfer to the trust. This included wall tie replacement, structural rigging works and access improvements (£40,000).
- Leisure Buildings (£170,000) - expenditure at Splashpoint has been incurred to replace glazing damaged by vandalism, Additionally works have been undertaken on cabling under the moving floor of the pool and a number of repairs relating to lighting, building management system which includes heating & ventilation and repairs to the pool filtration equipment . All of these repairs fall under the Councils responsibility under the Service Level Agreement in place with South Downs Leisure. The specialist

nature of the equipment does make it more expensive to maintain and repair and some works are necessary to be completed out of hours to avoid disruption to Splashpoint customers. In other centres reactive repair works have been necessary on roofs and chimneys including the replacement of skylights and external works.

- Crematorium (£20,000) - additional maintenance supplement for the cremators as the number of cremations exceeds 3,000.
- Public conveniences (£52,000) - necessary roofing repairs were required at Beach House Park and drainage replacement at Durrington cemetery toilets and new flooring required at Sea Lane.
- The service budget in Worthing has also contributed £23,000 to improvement works on Worthing seafront which further supports the experience in the town centre.
- Overspends on the Town Hall and Portland House were due to essential works of fire dampers, lighting repairs and the installation of hand dryers in the toilets.

There are underspends in the engineers reactive budget of £60,000, and underspends of £30,000 in the planned maintenance that partially offset the overspend in reactive costs.

To address the issue of insufficient maintenance budgets there has been growth built into the Adur and Worthing 2020/21 budgets of £25,000 and £50,000 respectively. It will be monitored and reviewed to ascertain if this is an appropriate increase going into the 2021/22 budget preparation round.

The position has improved from what was projected at quarter 3 due to some underspends against the planned programme and reduced spend in the latter months of the financial year.

4.15.2 Facilities Management

Energy - Costs are higher than budget overall with electricity costs being the area of pressure rather than gas, Adur has an overspend of £18,000, Worthing £19,000 whereas Joint Services has a small underspend of £6,000. Energy prices have increased and this is reflected in the new council contracts that commenced in October 2019. The decision to opt for renewable energy sources for electricity is a factor in the higher prices although consumption prices are now set for two years, the gas contract is for one year to see how the renewable market develops.

Water - A change in contractor for water supplies has seen an unplanned increase in cost pressure in the year as the charging basis has changed from arrears to in advance. This has resulted in changeover adjustments hitting 2019/20 and has contributed to the overspends in expenditure against budget at outturn, In Adur £32,000, Worthing £76,000 and Joint Services £14,000. There were overspends expected and reported at quarter 3 but the outturn is higher than the projections in Adur and Worthing of £20,000 and £37,000.

In Adur there was a water leak in Buckingham Park, this has been repaired but the council is not eligible for a rebate due to the time that elapsed since the leak began. The delay in identification was due to the fact that the leak was deep underground and not surface visible. The council are now taking regular monthly readings to monitor any usual usage.

In Worthing the costs include unbudgeted expenditure for water supply to the Splash Pad and Rockswater fountain in Marine Parade. The budgets have been adjusted for in 2020/21.

4.15.3 Vacancy Provision

The Councils had a total vacancy saving target of £758,530 for 2019/20, this was not achieved with a 14.5% shortfall of £110,000. There were a number of demands on services in the year which meant savings targets could not be met including, Elections, Bereavement Services and Waste and Cleansing.

5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)

5.1 Adur Homes is held within a ring fenced Housing Revenue Account, which is shown in Appendix 4. Overall the HRA shows an overspend against its budget of £14,380, this is a significantly different from the £420,000 underspend projected in quarter 3, The movement is due to higher maintenance and repair costs and an increase in the bad debt provision than predicted, There were some expenditure items that were projected as being funded from capital that have actually been charged to revenue because of the projects they relate to. Details of the significant variances are detailed in appendix 5(c).

5.2 The HRA Reserve stood at £1.013m at 31st March 2020.

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.1 Recommended Carry Forwards of Unspent Budget

Any unspent funds are placed into reserves at the year end. Budgets in respect of the items in appendix 6 remain unspent at 31st March 2020 and are required to complete existing initiatives in 2020/21.

The focus for carry forward proposals this year is on existing commitments or essential items rather than bids for new initiatives. This is to build capacity in the reserves to protect the Councils' interests for the next two years. It is recommended that these amounts are carried forward to 2020/21 and funded from the respective Capacity Issues Reserves. The Committee may wish to consider how these items contribute to the Councils' priorities when approving the carry forwards.

The items detailed in appendix 6 are recommended for carry forward for the Joint Committee, Adur District Council and Worthing Borough Council.

6.2 Movements and Use of Reserves

As part of the 2019/20 final accounts process, officers have identified amounts that are recommended for transfer to reserves for specific purposes or planned as part of the budget process, as detailed below.

In 2019/20, both authorities drew down on reserves to fund other costs. A detailed breakdown of the reserve positions is included in **Appendix 2b** for Adur and **Appendix 3b** for Worthing.

Adur District Council:

Adur District Council transfers to General Fund Earmarked Reserves 2019/20		
Budgeted/Committed contributions to/(from) reserves:	£	£
• Increase in Grants Carried Forward	73,941	
• Budgeted contribution to Property Investment Risk Reserve	100,000	
• Self-insurance charges and proposed contributions	30,701	
• Business Rate Smoothing Reserve	(291,426)	(86,784)
Contribution to reserves from general underspend:		
• Carry Forward requests to Capacity Issues Reserve (see appendix 6)	80,700	
• General Fund underspend transferred to General Fund Reserve (working balance)	1,078,399	1,159,099
Total recommended net contributions to Reserves		1,072,315

If all the proposals in the above table are adopted, Adur District Council's General Fund Working Balance will increase to £1.597m which, at nearly 22% of net expenditure of £7.399m, is well above the range of 6%-10% normally set by the Council. However this is a deliberate move in the light of the significant financial risks that the Covid 19 pandemic presents to the Council's overall finances.

In addition the Council would retain earmarked revenue reserves of £0.770m (excluding the revenue grants reserve), a decrease of £0.279m over 31st March, 2019. The full listing of earmarked reserves is attached at **Appendix 2b**.

Worthing Borough Council:

Worthing Borough Council net transfers to General Fund Earmarked Reserves 2019/20		
Budgeted/Committed contributions to/(from) reserves:	£	£
<ul style="list-style-type: none">• Increase in Grants Carried Forward	63,864	
<ul style="list-style-type: none">• Net withdrawal from Theatres Maintenance Reserve	(61,753)	
<ul style="list-style-type: none">• Budgeted contribution to Property Investment Risk Reserve	150,000	
<ul style="list-style-type: none">• Self-insurance charges and proposed contributions	30,700	
<ul style="list-style-type: none">• Business Rate Smoothing Reserve	(271,659)	(88,848)
Contribution to reserves from general underspend:		
<ul style="list-style-type: none">• Carry Forward requests to Capacity Issues Reserve (see appendix 6)	157,500	
<ul style="list-style-type: none">• General Fund underspend transferred to General Fund Reserve (working balance)	836,834	994,334
Total recommended net contributions to Reserves		905,486

If all the proposals in the above table are adopted, Worthing Borough Council will increase its General Fund Working Balance to £1.705m which, at nearly 14% of net expenditure of £12.56m, is above the range of 6%-8% normally set by the Council. However this is a deliberate move in the light of the significant financial risks that the Covid 19 pandemic presents to the Council's overall finances.

In addition the Council would retain earmarked revenue reserves of £2.720m (excluding revenue grants reserve), a decrease of £0.494m over 31st March, 2019. The full listing of earmarked reserves is attached at **Appendix 3b**.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2019/20 AND DEBT POSITION

MRP Requirement for 2019/20

7.1 The Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2008 require the Councils to make a prudent provision within the accounts for repayment of debt. This provision is called the Minimum Revenue Provision (MRP) and is charged to revenue expenditure.

7.2 The Councils' MRP policy was approved by the Joint Strategic Committee at its meeting of 2nd June 2016 and was recommended for approval by Worthing Council at its meeting on 19th July 2016 and by Adur Council at its meeting on 21st July 2016. It was agreed that: firstly for any debt associated with unfunded capital expenditure incurred before 1st April 2008, the MRP will be set aside in equal instalments over the life of the associated debt.

This does not apply to Worthing Borough Council which had no debt as at 1st April 2008. Secondly, for both Councils' non-HRA capital expenditure which forms part of the Capital Financing Requirement (the CFR), (excluding loans to RSLs), after 1st April 2008, the MRP will be calculated as the annual amount required to repay the CFR using the Annuity Method over the life of the assets acquired. The option remains to use additional revenue contributions or capital receipts to repay debt earlier. Where a building is being constructed, the MRP will be set aside once the building has been completed. The CFR is a prescribed calculation which is used to measure the Councils' underlying need to borrow to finance all capital expenditure.

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

7.4 As MRP is applied in the year after that in which capital expenditure is funded from borrowing, the MRP for 2019/20 relates to unfunded expenditure incurred up to and including 31st March, 2019. Voluntary MRP may be set aside, which can be offset in future years.

7.5 By applying the approved methodologies, described in paragraph 7.2, the following MRP determinations have been provided for in the 2019/20 accounts:

- For Adur District Council General Fund: £1,341,306. Voluntary MRP of £50,000 was set aside for the General Fund. No Voluntary MRP was set aside for the HRA.
- For Worthing Borough Council: £1,206,805. Voluntary MRP of £250,000 was also set aside.

Debt Position at 31 March 2020

- 7.6 In recognition of the introduction of the HRA Self-Financing regime, the Councils' joint treasury management policy also includes a requirement to account separately for General Fund and HRA debt in accordance with the "two pool approach" recommended by CIPFA within the Treasury Management Code of Practice. This approach apportioned historic debt at 31 March 2012 between the HRA and General Fund in accordance with the Code guidance, and requires new borrowing from 1 April 2012 onwards to be attributed to either the General Fund or HRA according to the purpose for which it is obtained.
- 7.7 For Adur Council the separation of General Fund and HRA debt facilitates a comparison with the corresponding underlying need to borrow (the Capital Financing Requirement) i.e. capital expenditure not financed from internal resources. The purpose of the comparison is to enable General Fund and HRA treasury management decisions to be taken independently of each other, and in an equitable and transparent manner.
- 7.8 Accordingly, there follows a comparison of the respective debt outturn positions compared to the CFR for each Council, albeit that as Worthing does not have an HRA it therefore does not operate a two pool approach.

CFR v Debt Position at 31 March 2020	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Actual Long Term Debt 01/04/19	57,998,577	58,168,459	116,167,036	65,250,046
New Long Term Debt Raised in year	47,350,000	2,000,000	49,350,000	68,940,000
Long Term Debt Repaid in Year	(4,321,137)	(1,716,167)	(6,037,304)	(8,119,486)
Actual Long Term Debt 31/03/20	101,027,440	58,452,292	159,479,732	126,070,560

CFR v Long Term Debt Position at 31 March 2020	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Capital Financing Requirement (CFR)	106,723,670	60,293,961	167,017,631	129,139,940
(Over) / Under Borrowing	5,696,230	1,841,669	7,537,899	3,069,380

7.9 In addition to the amounts reported in the table above, both Adur and Worthing also held temporary borrowing of £2m each at 31st March 2020, which matured on 27th April 2020. Adur also held the Parish Precept of £322,200 on behalf of Lancing Parish Council.

7.10 For Adur Council the General Fund is under-borrowed based on long term borrowing by approximately £5.696m. The HRA is under-borrowed by £1.842m because, in the light of the cost of borrowing compared to the income from investments, we are opting to finance some of the capital expenditure through the use of internal resources. This position largely reflects the opening position at 1st April 2012 arising from the application of the two pool split, where-in the CIPFA methodology assumed the HRA was fully borrowed at the level of its CFR, so that any under or over borrowing at that time was fully attributed to the General Fund. The General Fund took out new long term borrowing to fund property purchases, the capital programme and the refinancing of maturing debt.

7.11 Worthing is under-borrowed by £3.069m based on long term borrowing, which reflects the cumulative impact over a number of years of consistently using internal borrowing and short term borrowing as a cheaper source of funding capital investment. This has been a prudent measure in the climate of historically low interest rates to reduce the “cost of carry” (i.e. the difference between the interest charged on new borrowing compared to the interest foregone on cash balances used to fund capital expenditure that would otherwise have been invested). New long term loans amounting to nearly £69m have been taken out in 2019-20, to fund property purchases, the capital programme and the refinancing of maturing debt.

8.0 ENGAGEMENT AND COMMUNICATION

- 8.1 The Corporate Leadership Team, Heads of Service and budget managers have all collaborated on the content of this report providing explanation and narrative on the outturn variances.

9.0 FINANCIAL IMPLICATIONS

- 9.1 There are no further financial implications. The report sets out the final outturn position with both Adur and Worthing presenting underspends against budget.

10.0 LEGAL IMPLICATIONS

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

11.0 CONCLUSION

- 11.1 The overall underspends for Worthing and Adur are most welcome at this time to help the Councils manage the challenging financial climate which they are currently grappling with. However, the nature of many of the underspends does not indicate an improved outlook for the revenue budget going forward, and pressures very much remain.
- 11.2 The Councils have had a difficult year with reduced funding and cost pressures to manage, but they have successfully addressed some significant issues. The underspends in 2019/20 have given the Councils the opportunity to contribute to reserves, which is welcome at a time when local government faces ongoing financial pressures, including the added impact already being felt as a direct result of the covid-19 crisis on expenditure and income streams.

Background Papers

Revenue Budget 2019/20 Joint, Adur and Worthing – 2019/20 Budget Book

<https://www.adur-worthing.gov.uk/media/media,148471,en.pdf>

Joint Overall Budget Estimates 2019/20

<https://www.adur-worthing.gov.uk/media/media,152367,en.pdf>

Adur District Council Budget Estimates 2019/20 and Setting of the 2019/20 Council Tax

<https://www.adur-worthing.gov.uk/media/media,152404,en.pdf>

Worthing Overall Budget Estimates 2019/20 and Setting of 2019/20 Council Tax <https://www.adur-worthing.gov.uk/media/media,152393,en.pdf>

Financial Performance 2018/19 - Revenue Outturn

<https://www.adur-worthing.gov.uk/media/media,154334,en.pdf>

Officer Contact Details:-

Emma Thomas

Chief Accountant


01403 221232


emma.thomas@adur-worthing.gov.uk


Sustainability & 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


2019/20 FINAL REVENUE OUTTURN JOINT SUMMARY

 ADUR & WORTHING COUNCILS	ORIGINAL ESTIMATE 2019/20	CURRENT ESTIMATE 2019/20	OUTTURN 2019/20	(UNDER)/ OVERSPEND 2019/20
	£	£	£	£
Chief Executive	500,910	500,910	509,463	8,553
Director for Communities	7,360,430	6,996,130	7,375,563	379,433
Director for Digital & Resources	11,581,650	12,057,940	12,065,010	7,070
Director for the Economy	3,575,670	3,575,670	3,702,210	126,540
TOTAL SERVICES	23,018,660	23,130,650	23,652,246	521,595
ALLOCATION OF COSTS				
Recharged to Capital	(986,000)	(986,000)	(985,880)	120
Recharged to other joint services				-
	22,032,660	22,144,650	22,666,366	521,715
Adur District Council	(8,885,380)	(8,963,370)	(9,139,461)	(176,090)
Worthing Borough Council	(13,147,280)	(13,181,280)	(13,526,905)	(345,625)
TOTAL SERVICE BLOCK ALLOCATIONS	(22,032,660)	(22,144,650)	(22,666,366)	(521,715)

 ADUR DISTRICT COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2019/20	CURRENT ESTIMATE 2019/20	OUTTURN 2019/20	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	624,800	627,800	677,922	48,399	113,381	(111,658)
<i>CM for Environment</i>	2,272,600	2,309,370	2,474,696	14,792	(47,440)	197,974
<i>CM for Health & Wellbeing</i>	1,269,140	1,281,140	1,218,545	(474)	(50,163)	(11,959)
<i>CM for Customer Services</i>	1,507,950	1,464,950	1,442,175	(10)	35,034	(57,798)
<i>CM for Regeneration</i>	1,765,060	1,831,010	1,803,786	(89,082)	35,043	26,815
<i>CM for Resources</i>	1,111,680	956,900	795,344	147,190	393,845	(702,591)
<i>Holding Accounts</i>	249,790	280,130	0	(104,799)	(479,700)	304,368
TOTAL CABINET MEMBER	8,801,020	8,751,300	8,412,468	16,017	-	(354,848)
<i>Credit Back Depreciation</i>	(1,385,100)	(1,385,100)	(1,401,117)	(16,017)		(0)
<i>Minimum Revenue Provision</i>	1,242,940	1,454,380	1,391,306			(63,074)
<i>Additional Non Ring Fenced Grants</i>	-	-	(525,336)			(525,336)
<i>Financial Instrument Adjustment</i>	-	-				-
	8,658,860	8,820,580	7,877,322	-		(943,258)
Transfer to/from reserves:						
<i>Inter Company Virements</i>	-	-	-			-
<i>Transfer from reserves to fund specific expenditure</i>	-	(161,720)	(477,561)			(315,841)
<i>General Fund Working Balance</i>	-	-	-			-
<i>Capacity Issue Reserve</i>	-	-	-			-
Net Underspend Transferred to Reserves			1,259,099			1,259,099
Total Budget requirement before External Support from Government	8,658,860	8,658,860	8,658,860	-		0

 ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance	Estimated Transfers Out	Estimated Transfers In	Projected Closing Balance
	2019/20	2019/20	2019/20	2019/20
Capacity Issues Reserve including approved Carry Forward budgets Funding for waste savings proposals (4 Dec 2018 JSC/066/18-19) Adur carry forwards from 2018/19 underspends , agreed Joint Strategic Committee 9th July, 2019 Budgeted contribution (to)/from revenue Transfer to reserve from underspend to fund carry forwards Balance	£ 425,749	£ (43,200) (125,804)	£ - 80,700	£ 337,445
Insurance Fund	152,893	(30,250)	30,701	153,344
Business Rates Smoothing Reserve	402,161	(291,426)		110,735
Grants and Contributions held in Reserves	562,570	(22,193)	96,134	636,511
Election Reserve	7,880	-	-	7,880
Special and Other Emergency Reserve	60,254	-	-	60,254
Property Investment Risk Reserve	-	-	100,000	100,000
General Fund Reserve	518,773	-	1,078,399	1,597,172
TOTALS	2,130,280	(512,873)	1,385,934	3,003,341

 WORTHING BOROUGH COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2019/20	CURRENT ESTIMATE 2019/20	OUTTURN 2019/20	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	802,300	802,300	770,406	(1,770)	(2,762)	(27,361)
<i>CM for Digital and the Environment</i>	2,991,380	3,137,250	3,736,134	13,635	214,973	370,275
<i>CM for Health & Wellbeing</i>	1,729,230	1,746,290	1,739,403	(750)	(35,543)	29,407
<i>CM for Customer Services</i>	5,172,460	5,231,960	5,406,394	(30,170)	(103,558)	308,162
<i>CM for Regeneration</i>	1,907,660	2,115,350	2,885,345	465,710	163,458	140,827
<i>CM for Resources</i>	2,232,160	1,905,490	859,966	85,530	378,789	(1,509,843)
<i>Holding Accounts</i>	513,690	605,980	-	(117,694)	(615,356)	127,070
TOTAL CABINET MEMBER	15,348,880	15,544,620	15,397,648	414,491	-	(561,463)
<i>Credit Back Depreciation</i>	(3,224,030)	(3,224,030)	(3,638,521)	(414,491)		(0)
<i>Minimum Revenue Provision</i>	1,492,910	1,723,070	1,456,805			(266,265)
<i>Additional Non Ring Fenced Grants</i>	-	-	(395,355)			(395,355)
	13,617,760	14,043,660	12,820,576	-		(1,223,084)
Transfer to/from reserves:						
<i>Inter Company Virements</i>	-	-	-			-
<i>Transfer from reserves to fund specific expenditure</i>	86,250	(339,650)	(260,900)			78,750
<i>General Fund Working balance</i>	-	-	-			-
<i>Capacity Issue Reserve</i>	-	-	-			-
Net Underspend Transferred to Reserves			1,144,334			1,144,334
Total Budget requirement before External Support from Government	13,704,010	13,704,010	13,704,010	-		0

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
£	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets Preliminary costs of Theatre Trust bid (10 July 2018 JSC/026/18-19) Funding for savings proposals (4 Dec 2018 JSC/066/18-19) Worthing carry forwards from 2018/19 underspends, agreed Joint Strategic Committee 9th July, 2019 Budgeted contribution (to)/from revenue Transfer to reserve from underspend to fund carry forwards Balance	1,643,480	(13,800) (76,800) (348,680)	- 157,500	1,361,700
Insurance Reserve	273,678	(56,691)	30,700	247,687
Joint Health Promotion Reserve	3,353	(1,869)		1,484
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	37,205	(9,439)		27,766
Museum reserve - 12/09/17 JSC/037/17-18 release of funds to support grant bid	97,702		8,694	106,396
Theatres Capital Maintenance Reserve	170,486	(69,000)	7,247	108,733
Special and Other Emergency Reserve	3,053			3,053
Business Rates Smoothing Reserve	905,174	(271,659)		633,515
Property Investment Risk Reserve	50,000		150,000	200,000
Grants & Contributions *	741,784	(100,838)	164,702	805,648
Capital Expenditure Reserve	29,658			29,658
General Fund Working Balance	868,625		836,834	1,705,459
TOTAL	4,824,198	(948,776)	1,355,677	5,231,099

HOUSING REVENUE ACCOUNT SUMMARY

Appendix 4

	ORIGINAL BUDGET	CURRENT BUDGET	ACTUALS	VARIANCE
	£	£	£	£
EXPENDITURE				
General Management	4,217,600	4,207,350	4,151,790	(55,560)
Special Services	258,040	665,450	589,541	(75,909)
Rent, Rates, Taxes & Other Charges	31,690	31,690	54,149	22,459
Repairs & Maintenance	2,999,030	2,601,870	3,004,020	402,150
Bad/Doubtful Debt	50,000	50,000	107,992	57,992
Capital Financing Costs				
Depreciation and Revenue Contribution to Capital	4,021,300	4,021,300	4,038,870	17,570
Interest charges	2,289,860	2,289,860	2,243,181	(46,679)
TOTAL EXPENDITURE	13,867,520	13,867,520	14,189,543	322,023
INCOME				
Dwelling Rents	(11,826,460)	(11,826,460)	(11,990,851)	(164,391)
Non-Dwelling Rents	(581,430)	(581,430)	(579,421)	2,009
Heating and Other Service Charges	(482,330)	(482,330)	(522,194)	(39,864)
Leaseholder's Service Charges	(224,350)	(224,350)	(291,201)	(66,851)
Interest Received	(28,000)	(28,000)	(66,546)	(38,546)
TOTAL INCOME	(13,142,570)	(13,142,570)	(13,450,213)	(307,643)
(TO)/FROM HRA GENERAL RESERVE	724,950	724,950	739,330	14,380

Outturn 2019/20

The main variations to budget for this report, are detailed below:

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Chief Executive				
Communcations	(19)	-	-	Additional income - provision of Communications services to other outside bodies and interal projects.
	(19)	-	-	
Director of Communities				
Env Health - Housing	-	(69)	(140)	ADUR & WORTHING: Houses in Mulitple Occupation (HMO) - additional income due to change in regulations making more properties eligible for licensing: Civil Penalty Notices (CPN) from successful prosecution of landlords under the Housing and Planning Act 2016; Home Improvement Assistance (HIA) fees based upon size and number of grants approved. Due to the scale of Better Care Fund (BCF) allocation, a discretionary Disabled Facilities Grant (DFG) policy is in place that has increased the size and number of grants. High turnaround of applications. ADUR: Community Alarm/Mobile Response underspend against budget mainly from equipment, WORTHING: Public Health Funerals - Increasing demand which also includes the write off prior year liabilities Housing Condition Survey funding from MHCLG secured for survey.
Housing Needs	-	(160)	(256)	ADUR: Slight decrease in demand for temporary accommodation in Adur per night averages (45 cases Apr'19, 43 in Mar'20) combined with the Housing team's success in sourcing lower cost units, this includes the Opening Doors scheme which is helping to reduce the caseload. This is offset by an increase in Temporary Accommodation Private Sector Leased (PSL) voids and rent charge v rents to landlords costs. WORTHING: Temporary Accommodation B&B - Continuing increased demand for temporary accommodation per night averages (115 in Apr'19, 133 cases Mar'20) has been offset by sourcing lower cost units from the success of the Opening Doors scheme which is reducing the oldest caseload. In addition there is an underspend of the Homelessness Initiatives budget.
Supported Housing	-	(90)	(210)	Corporate budget set aside for Supported Housing. not required in 2019/20 as a cross county wide working group has set-up to recommission the supported housing programme to meet this challenge and the budget was not required
Housing Needs Grant	-	(24)	(47)	MHCLG grant received in respect of New Burdens associated with the introduction of the Homelessness Reduction Act.
Community Wellbeing	-	(10)	(33)	ADUR: Underachievement of rental income from Eastbrook Manor. WORTHING: Community grant costs below budget
Licensing	-	(14)	(8)	ADUR: Underachiement of net licensing income. WORTHING: Underachement of gambling licensing income
Public Health & Regulation	(18)	-	-	JOINT: Additional income received offset by an overspend on supplies and services
Democratic Services	-	(4)	(20)	Slight underspend on Member and Mayoral Allowance budgets
Parks & Foreshore	(90)	(9)	(86)	JOINT: underspend on vehicle costs £45k plus a saving in grounds maintenance supplies & services as currently going through a service redesign, WORTHING: Compensation payment received from Rampion £40k plus an increase in rental income receipts from Beach Huts and other parks sites

Outturn 2019/20

The main variations to budget for this report, are detailed below:

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Environmental Services (Waste)	383	-	-	JOINT: Overspend mainly due to changes to the agreed Refuse & Recycling alternate week collection scheme; an additional HMO round was required (additional 2x staff and vehicle) plus some flats were required to continue a weekly collection with an increased demand for larger bins £143k. In addition, WSCC changed mechanism in the way they made payments towards the Recycling scheme after the budget had been set, this plus an increase in contaminated waste and lower tonnages has resulted in reduced income of £199k. The new scheme also had an impact on the garden sack scheme and resulted in a net overspend
Commercial Waste	(17)	11	28	JOINT: underspend on vehicle costs, ADUR&WORTHING; Net overspend mainly due to tipping charges
Bereavement Services (Cemeteries)	-	-	43	Shortfall of Cemetery Income £28k plus a net overspend on expenditure £15k, There was additional expenditure in 2019/20 related to the new site including the visit by an ecologist to provide advice and the necessary ecological management going forward.
Bereavement Services (Crematorium)	-	-	159	Income under achieved due to increasing number of direct cremations £87k and lower income from Tributes £30k, Memorialisation income is also underachieving its set target by £52k partly due to new plots required for extending the memorial garden
	258	(369)	(570)	
Director of Digital and Resources				
Elections		(42)	-	ADUR: There were no scheduled elections or by-elections in 2019-20 in Adur
Parking Services	-	(75)	219	ADUR; Overachievement of income against parking budget WORTHING; Underachievement of income against parking budget £160k, £80k due to COVID 19. Grafton MSCP repairs, a delay in the Teville Gate site being opened and an overestimation of usage from this site, plus an overspend on services contract costs for RINGO, Parkeon, AIB and Flowbird £99k all contributed to this overspend. This is partially offset by additional rental income £15k and a rebate from NSL for prior years overcharge £12k
Digital & ICT	136	-	-	A number of legacy technologies overdue for replacement, required reinstatement of support and maintenance agreements to ensure continuity of service, incurring unforecasted spend. Slower than anticipated progress on IaaS in the previous year also had an impact on being able to decommission legacy infrastructure, meaning there were some dual running costs incurred. At the same time, new initiatives such as IaaS started to go into service, so spending increased in these areas. The Digital Strategy and Digital Services Cost Centres overlap in some areas such as IaaS, so budgets were managed across both cost centres. Some technologies needed complete relicensing such as Citrix (at end of support life) which exceeded their specific budget allocation for basic maintenance. £143k Offset by an underspend in the centralised ICT equipment budget £16k
Revenue & Benefits		209	189	ADUR: There is a shortfall of income from, court costs £46k overpayments mainly from write-offs £59k and subsidy income £84k in addition to increased costs from the termination costs following on from the cessation of Census 68k (after allowed provision), less Grant funding £68k WORTHING: Shortfall in overpayments income against budget, which includes Write-offs £149k, underachievement of Court cost income £142k offset by Grant funding £102k
Legal Services	(15)	-	-	Additional income from increased work for the Housing Revenue Account

Outturn 2019/20

The main variations to budget for this report, are detailed below:

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Business & Facilities	(17)	-	(12)	JOINT: Technical services centralised equipment underspend £17k WORTHING: decrease in number of Town Hall Weddings £12k
Admin Buildings	26	-	-	JOINT: Cleaning costs higher than budgeted
Finance	52	51	49	JOINT: FMS system crossover of costs from old & new system £26k plus New FMS system training costs £13k, Cash Office underbudgeted card processing fees £13k ADUR: Shift in Capital Allocations £245k less duplicated Insurance budget £194k WORTHING: Pension Strain costs more than budgeted £45k
HR Corporate Costs	18			Childcard voucher costs from prior years
Finance:Treasury		(79)	(337)	ADUR: Net Interest from new Investments £146k, MRP £63k, plus write down of Municipal bond £25k WORTHING: Extra Interest from new Investments £108k, MRP £262k, less £25k Municipal Bonds & deferral of repayment for Theatres cinema projector £45k
	200	64	108	
Director of the Economy				
Major Projects and Investment (Estates)		(756)	(805)	Net income from New investments and core the estate Net of Interest included under Treasury
Head of Culture (Theatres)	-	-	163	Impact of Theatres becoming a Trust, net cost from the services before Trust status along with underestimated accruals at point of go live and increased contract sum to support their first 5 months of operation.
Place and Economy (Economic Development)		(134)	(75)	ADUR: Lower spend and additional income from events WORTHING: Additional income from Worthing Observation Wheel contract
Planning and Development (Building)		14	44	WORTHING: Underachievement of income
Planning and Development (Development Control)		(41)	(62)	ADUR: Overachievement of income WORTHING: Overachievement of income and underspend costs
Planning and Development (Planning Policy)		(16)	(15)	Custom Build Government Grant
Planning and Development (Land Charges)		36	32	Shortfall in income
Leisure	-	(19)	(44)	Gain share from South Down Leisure Trust 2018/19 performance.
	0	(916)	(762)	

Outturn 2019/20

The main variations to budget for this report, are detailed below:

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Cross Cutting services				
Maintenance	79	(4)	133	JOINT: Increased cost of maintaining our corporate buildings, Commerce Way £33k Town Hall & Portland House £46k WORTHING: Cremator maintenance costs £39k Worthing Leisure building maintenance mainly relating to Splashpoint £140k, Theatres increased works prior to becoming a Trust £38k, Public Conveniences £49k offset by an underspend in Parks £81k over various other areas
Vacancy Provision	95	-	16	JOINT: Overall the vacancy provision had a shortfall WBC - Crematorium additional staff
Corporate Budgets	(104)	(103)	(315)	Corporate Inflation from pay and services has been held centrally, with any underspend being used to help strengthen the councils reserves. ADUR & WORTHING: Grants received for EU Exit & Transparency
Water	14	32	76	A change in contractor for water supplies has seen an unplanned increase in cost pressure in the year as the charging basis has changed from arrears to in advance. This has resulted in changeover adjustments hitting 2019/20 and has contributed to the overspends in expenditure
Energy Costs	(6)	18	19	Costs are higher than budget overall with electricity costs being the area of pressure rather than gas
Other	5	(76)	(37)	
Underspends requested for Carry Forward		(81)	(158)	ADUR & WORTHING: Business Development Fund (ADC £67 WBC £48) to be carried forward to 20/21, Money set aside for Major Projects to be carried forward to fund future Major Project spend £110k. Adur Community Grants late approval of remaining budget allocation requests for carry forward
	83	(214)	(266)	
Allocation of Joint Variance		176	346	Share of joint services allocated 40:60 to Councils
Total Variance	522	(1,259)	(1,144)	

Outurn 2019/20

Movement between quarters greater than £50,000 are detailed below

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Description of Significant Variations
Director of Communities				
Env Health - Housing	-	(69)	(55)	ADUR & WORTHING: Home Improvement Assistance (HIA) - Fees Income is based upon size and number of grants approved. Due to the scale of Better Care Fund (BCF) allocation, a discretionary Disabled Facilities Grant (DFG) policy has been introduced that has increased the size and number of grants. An ongoing review has also improved turnaround.
Housing Needs			(103)	Sourcing of more affordable units and the success of the opening doors scheme has reduced costs in latter part of the year.
Environmental Services - Waste & Cleansing	140			The projected overspend increased as the ongoing impact of the revised Refuse and Recycling scheme's decisions post approval played out. There was an additional HMO round required and a continued weekly service for some flats within the authorities.
Parks & Foreshore	(90)		(86)	Savings due to the Parks service going through a service redesign.
Bereavment Services			134	Due to the increasing number of direct cremations, this is impacting on the Crematorium income as the switch from inhouse service to delivery only has had a large impact. Income from memorials has continued to decline.
Director of Digital and Resources				
Parking Services			165	The majority of the swing since quarter 3 has been the impact of COVID 19 on the parking budgets, plus some additional costs from service contracts.
Digital & ICT	136			A number of legacy technologies overdue for replacement, required reinstatement of support and maintenance agreements to ensure continuity of service, incurring unforecasted spend.
Revenue & Benefits		209	189	Court costs and Overpayments income continues to decline and there write-offs in quarter 4. Adur variance includes the final settlement costs associated with the Census termination which exceeded the provision.

Outurn 2019/20

Movement between quarters greater than £50,000 are detailed below

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Description of Significant Variations
Finance	52	51	49	JOINT; Costs arising from the implementation of the new finance system, including training costs. ADUR; reduction the allocation of Surveyors and Engineers costs to capital. WORTHING; Pension strain costs higher than budget.
Director of the Economy				
Major Projects and Investment (Estates)		59 (221)	135 (393)	Projected income from property investments less than originally projected Costs in connection with property purchases in year have now been capitalised.
Head of Culture (Theatres)			108	Final costs related to the transition of the service to WTM trust.
Place and Economy		(95)		ADUR: Increased income from Markets and Bus Shelter Advertising above projection.
Cross Cutting services				
Maintenance	79	(84)	(207)	JOINT: increased corporate maintenance costs were included in the Adur & Worthing Q3 forecast. ADUR & WORTHING: maintenance projections lower than forecast.
Vacancy Provision	95			Shortfall in meeting target provision not projected.
Corporate Budgets		(103)	(211)	Pay & inflation budgets set aside to increase reserves and plus grants received.
Other		(93)	(17)	Includes underspends on budgets to be carried forward to 2020/21 - Business Development Funds and Major Projects.

	(Under)/ Over Spends £'000
<u>Variations in Income and Running Costs:</u>	
Rental & Service Charge income - additional income due to 53rd week in 19/20.	(251)
Rental & Service Charge void loss - additional loss due to 53rd week and Ashcroft decant	36
Service charge income from leaseholders	(71)
Staff vacancies - Repairs & Maintenance and Tenancy Support	(99)
Repairs & Maintenance - over spend on responsive and void works	364
Repairs & Maintenance - saving on planned maintenance contracts	(62)
Legal costs in respect of contractual dispute	111
Council Tax - increase due to extended void periods due to Ashcroft decant	21
Utilities - Sheltered properties	13
Transfer Incentive Scheme budget not fully spent	(22)
RTB sales - income retained for administration costs - unbudgeted	(16)
Provision for Bad Debts - increase in provision due to increased total arrears and associated increase in % BDP rates as debts age.	58
Insurance premiums on premises	13
Internal recharge allocations	(6)
Other	(7)
TOTAL VARIATION IN RUNNING COSTS:	82
<u>Variations in Treasury Management and Capital Costs:</u>	
Interest payable - under spend due to reduced borrowing costs	(47)
Depreciation - reduction due to change in asset valuation methodology	17
Interest receivable - reduction due to higher level of reserves than anticipated	(39)
TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:	(69)
TOTAL VARIATION:	13

Appendix 6

Proposed Carry Forward of Unspent Budgets within Adur District Council	
Wellbeing: WHAT worker post funding approved Executive Member for Health & Wellbeing on 9 March 2020.	£ 14,000
Digital: Business Development Fund – Projects to take forward business transformation initiatives.	66,700
Total carry forward proposals for Adur District Council	80,700

Appendix 6

Proposed Carry Forward of Unspent Budgets within Worthing Borough Council	
Economy: Committed to take forward initiatives set out in 'Platform for Our Places – Priority One Prosperous Places'	£ 110,000
Digital: Business Development Fund – Projects to take forward business transformation initiatives.	47,500
Total carry forward proposals for Worthing Borough Council	157,500



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 9

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

Financial Performance 2019/20 - Capital and Projects Outturn

Report by the Director for the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1 This report outlines the financial monitoring position for the end of the 2019/20 financial year for capital schemes included in the capital programmes of the Joint Strategic Committee, Adur District Council and Worthing Borough Council.
- 1.2 Information is also provided in respect of capital receipts for the 2 constituent authorities.
- 1.3 The following appendices have been attached to this report:

Appendix 1: Adur District Council Outturn Summary

Appendix 2: Worthing Borough Council Outturn Summary

Appendix 3: Adur District Council Sale Proceeds

Appendix 4: Worthing Borough Council Sale Proceeds

2. Recommendations

- 2.1 The Joint Strategic Committee is asked:
 - i) Note the outturn position for 2019/20

- ii) To **recommend** that Adur District Council at its Council meeting on 16th July 2020:
 - (a) Note the overall capital final outturn for 2019/20.
 - (b) Agree the net carry over of General Fund Capital underspends for Adur District Council as detailed in paragraphs 5.3.
 - (c) Approve the financing of the Adur District Council 2019/20 Capital Investment Programme, including the use of capital receipts as set out in paragraphs 5.1 and 5.2.
 - (d) Approve the carry forward of Council resources underspends to fund budget pressures and a contingency budget as detailed in paragraph 4.2.2. and summarised in paragraph 5.6.
- iii) To **recommend** that Worthing Borough Council at its Council meeting on 14th July 2020:
 - (a) Note the overall capital final outturn for 2019/20.
 - (b) Agree the net carry over of General Fund Capital underspends for Worthing Borough Council as detailed in paragraph 5.10.
 - (c) Approve the financing of the Worthing Borough Council 2019/20 Capital Investment Programme, including the use of capital receipts as set out in paragraphs 5.7 and 5.8.
 - (d) Approve the carry forward of Council resources underspends to fund budget pressures as detailed in paragraph 4.2.2. And to fund a contingency budget as detailed in paragraph 5.13 and summarised in paragraph 5.14.
 - (e) Approve the use of capital receipts to fund redundancy costs associated with the Environmental Services restructure and the resulting Capital Flexibilities Strategy as detailed in paragraph 5.9.

3. CONTEXT

- 3.1 The monitoring of capital budgets has been reported to the Joint Strategic Committee three times during the year.
- 3.2 In accordance with the Councils' Capital Strategy, the Joint Capital Working Group oversees the development, implementation and progress of both Councils' Capital Investment Programmes.
- 3.3 Full summaries of the outturn of all the schemes in the 2019/20 Capital Investment Programmes are available from the Councils' Joint Intranet and highlight:

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

4. 2019/20 Outturn

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

Capital Outturn - Summary of Progress:	Adur	Worthing	Status
Schemes where the Councils have experienced significant challenges or where financial issues have been identified	2	3	Red
Schemes where progress is being closely monitored	15	24	Amber
Schemes progressing well	20	30	Green
Schemes completed	23	33	
Total Schemes:	60	90	

4.2 Successes and challenges in the 2019/20 programme

4.2.1 A number of significant schemes delivered have been delivered this year, with real and visible impact across our area.

Again, the programme has been delivered successfully year with less than 5% of schemes presenting any significant issues. Highlights include:

Joint initiatives:

- i) Grants for disabled adaptations were awarded to 64 households in Adur and 144 households in Worthing.
- ii) Both Councils invested in new commercial property to provide sustainable income for the future.

Adur District Council schemes:

- iii) The construction of a new office block on the old Civic Centre car park site commenced in 2018/19 and completed April 2019. This provides 25,000 sq m of new office accommodation to provide high quality employment space in the local area.
- v) The redevelopment of Albion Street to provide 44 new affordable homes progressed. Discussions are ongoing with the preferred building contractor with a view to agreeing a final contract sum. Further site investigations are being completed to enable the works.
- vi) The redevelopment of Cecil Norris House has continued. There was a 3 week delay due to Covid 19 restrictions but work has now restarted on site.
- vi) Improvements to Council Dwellings included:
 - Boiler replacements.
 - Fire Safety Works to flats front entrance doors
 - Disability adaptations to provide access and improve facilities
 - Major repairs to void properties to enable them to be relet
 - Electrical works testing and replacements
 - Kitchen and bathroom refurbishments
 - Smoke detector installations

Worthing Borough Council schemes:

- i) Following the demolition of the Teville Gate car park, the new surface car park works were completed early June 2019.
- ii) Worthing Borough Council purchased 2 sites for temporary and emergency accommodation in 2018/19 and refurbishment and redevelopment work is now in progress:

Downsview Road Site - Phase 1 (9 flats) construction completed May 2020 and are currently being furnished with a view to letting in June 2020. Phase 2 (8 flats) contracts have been signed with the contractor who is currently undertaking detailed design and discharging of pre-commencement conditions. Start on site is expected July 2020.

Rowlands Road Site - Contracts have been signed to deliver 19 homes for temporary accommodation. Minor enabling and investigation works to start on 8th June 2020 with a formal start on site 20th July 2020.

4.2.2 However, there were some challenges faced by the Councils. The following schemes have been identified as having financial issues at 31st March 2020:

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

This project was originally delayed by West Sussex County Council (WSCC) Traffic Regulation Orders (TROs) and agreements with WSCC. The scheme was further delayed by suspension of the final 10% of the works until the Environment Agency's Tidal Walls Coastal Protection Scheme completed.

All the car parking works finally completed October 2018 and the final lighting columns were completed by SSE in 2019/20.

However, the final Road Safety Audit has raised three issues which will need rectification before the scheme is signed off by West Sussex County Council. Liaison with WSCC is being undertaken but it is anticipated additional works will be required in 2020/21. The estimated cost of the additional works is £30,000 which can be funded from the overall 2019/20 Capital Investment Programme underspend.

ii) **Adur District Council - Wadurs Swimming Pool extension of changing facilities**

The extension of the Swimming Pool changing rooms commenced on site in January 2020. However, during the course of the works the existing flooring was found to be defective and required new floor coverings. This resulted in a contract extension and additional costs to replace the floor estimated at £20,000.

The works were almost completed and then had to be put on hold due to the Covid 19 restrictions. The works have subsequently been completed.

In addition to the new floor costs, as a result of the financial pressures on leisure providers from the Covid 19 restrictions, it is now unlikely that the contribution of £17,000 will be received.

The total estimated shortfall in funding is now £37,000 which can be funded from the overall 2019/20 Capital Investment Programme general underspend.

iii) **Adur District Council and Worthing Borough Council Partnership Scheme - Wheeled Bin Replacements**

As previously reported to the Joint Strategic Committee in the Capital quarterly monitoring reports the change to alternate weekly collections

of refuse and recycling has increased the demand for larger refuse and recycling bins, resulting in an overspend in the Capital Investment Programmes.

The Joint Strategic Committee approved in the 2nd Quarter Monitoring Report, approved the transfer of the budget of £56,000 for one replacement ride on mower to fund the overspend. However, a review of all the Councils' vehicles resulted in this replacement now being required. However, the replacement of a street cleaning 4 tonne compact sweeper is not required and it is recommended that the budget of £69,000 is transferred to fund the final overspend on the purchase of wheeled bins, funded as follows:

	£
2019/20 Spend	121,796
Funded by:	
Transfer of compact sweeper budget	69,000
Revenue Contribution	32,796
Capital Budget	20,000

iv) **Worthing Borough Council - Fire prevention works to pier, southern pavilion and seafront amusements**

The installation of the fire main and the sewerage pipe completed in 2019/20. However, the installation of a new sprinkler system to the buildings now requires a new dedicated water supply and associated pipework which had not been included within the budget. The total cost of these works is estimated at £810,000 but the actual costs will not be known until the scheme design has been finalised and tendered.

The possible budget pressure has previously been reported and currently £50,000 has been ring-fenced from the contingency budget.

Sprinkler System:	£
Current budget	483,800
Overspend from sewerage pipe	-30,760
Ring-fenced contingency	50,000
 Total Budget Available	 <u>503,040</u>
 Current estimated scheme costs	 810,000
Current estimated shortfall	306,960

Costs are currently being compiled prior to a report being submitted for the approval of the scheme and consideration of the additional funding required.

v) **Worthing Borough Council - Richmond Room replacement of roof**

The 2019/20 Capital Investment Programme included a budget of £23,770 for the replacement of the Richmond Room roof. Since this time the extent of the work needed has been reviewed. The estimates are now out of date and current indications are that it will cost £60,000 to replace the roof, a shortfall of £36,230.

The scheme is to be tendered to establish the costs required to replace the roof prior to approval of the scheme at which time additional resources will be requested.

It is recommended that a contingency of £36,230 is carried forward to 2020/21 to fund the estimated shortfall.

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

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

The 3 year Capital Investment Programme includes budgets for the purchase of new temporary and emergency accommodation for Adur District Council.

Adur District 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 WSCC regarding the possibility of a joint development on vacant sites, but finding suitable properties is providing a challenge.

However, the Council has agreed to refurbish the two semi-detached houses at Albion Street to provide good quality temporary and emergency accommodation in 2020/21.

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

Officers are in constant discussion with Registered Social Landlords regarding possible contributions to housing developments, and one grant was made to Worthing Homes to convert a property to provide 4 units. However, it has proved difficult to identify further developments to fund in 2019/20.

iii) **Adur District Council Buckingham Park - Contribution to Shoreham Rugby Club to part fund a replacement pavilion**

In December 2014 the Joint Strategic Committee agreed in principle to contribute £150,000 S106 receipts and £22,000 Council resource funding to be used as match funding to help secure additional external funding to replace the existing pavilion in Buckingham Park.

The Shoreham Rugby Club have so far been unsuccessful in raising all the additional funds required to commence the project. The Club has revised the design of the new pavilion to reduce the costs, but external funding is still required. Options are now being discussed as to how this scheme is to be progressed.

4.3 Adur District Council Capital Outturn – All Portfolios

4.3.1 The capital investment programme for all Adur Portfolios was originally estimated at £36,723,620. Subsequent approvals and reprofiling of budgets to and from 2019/20 produced a total current budget of £71,972,440.

4.3.2 Actual expenditure in the year totalled £60,269,978, a variance of £11,702,462 on the current estimate, comprising of a net carried forward budget to 2020/21 of £10,748,430 and a net underspend of £954,032. Individual Portfolio expenditure was as follows:

	Current Estimate £	Actual Outturn £
General Fund and Housing Revenue Account:		
E.M. for Environment	1,497,170	1,151,371
E.M. for Health and Well-Being	222,740	123,914
E.M. for Customer Services		
- General Fund	8,161,930	7,565,792
- Housing (HRA) Investment Programme	6,080,600	3,859,549
E.M. for Regeneration	4,245,350	3,482,200
E.M. for Resources	51,764,650	44,087,151
TOTAL	71,972,440	60,269,978

4.3.3 The major scheme variations are listed in Appendix 1 of this report. However, members should be aware that the main issues contributing to the level of reprofiling were:

- Reprofiting of £6.5m of the Strategic Property Investment Fund. This budget will only be spent if suitable properties for investment are identified.
- The impact of Covid 19 on the delivery of a number of schemes within the programme.

4.3.4 The remaining usable capital receipts held at 31st March, 2020 totalled £3,454,246. To be utilised as follows:

• Ring-fenced Shoreham Renaissance Funds	£149,733
• Ring-fenced for Affordable Housing (LASHG)	£140,476
• Housing Revenue Account – Capital Investment	£3,073,830
• Ring-fenced for Housing Renewal Grants	£1,683
• Ring-fenced Empty Property Loans and Grants	£25,825

4.3.5 Proceeds from sale of assets in 2019/20 are analysed in Appendix 3.

4.3.6 HRA Right to Buy Capital Receipts

2012/13 was the first year of the significant increase in discount for tenants introduced by the government as part of reinvigorating 'Right To Buy' (RTB). In 2019/20, 12 properties were sold. The financial impact is detailed below:-

Analysis of movement in RTB receipts	£'000	£'000
Balance brought forward as at 31st March		2,629
Receipts generated in year	1,586	
Less: Administration costs deducted from the capital receipts	-15	
Capital receipts passed to MHCLG as part of pooling arrangement	-384	
Net receipts generated in year	1,187	
Use of receipts to finance the capital programme	-742	
Increase in receipts retained by the HRA		445
Balance carried forward as at 31st March		3,074

Analysis of RTB receipts	£'000
Capital receipts which can be used for any purpose	1,948
Capital receipts which are to be used for new affordable dwellings*	1,126
Balance carried forward as at 31st March	3,074

- * These receipts must be spent on the delivery of new affordable homes. Only 30% of the cost of any new build can be financed from these receipts, and they must be spent in a three year time frame. These receipts are currently allocated to the developments at Albion Street and Cecil Norris House.

4.4 Worthing Borough Council Capital Outturn – All Portfolios

4.4.1 The Worthing capital investment programme for all Portfolios was originally estimated at £32,203,430. Subsequent approvals and reprofiling of budgets to and from 2019/20 produced a total current budget of £66,389,870.

4.4.2 Actual expenditure in the year totalled £64,485,698 a reduction of £1,904,172 on the revised estimate, comprising of a net carry forward of £1,604,330 and a net underspend of £299,842. Individual Portfolio expenditure was as follows:

	Revised Estimate £	Actual Outturn £
General Fund Other Services:		
E.M. for Customer Services		
- Housing	3,954,570	3,460,938
- Other Schemes	325,950	170,620
E.M. for Environment	3,524,320	2,422,644
E.M. for Health and Well-Being	126,640	63,479
E.M. for Regeneration	2,766,360	2,383,605
E.M. for Resources	55,692,030	55,984,413
TOTAL	66,389,870	64,485,698

4.4.3 The major scheme variations are listed in Appendix 2. Covid 19 contributed this year to the level of reprofiling identified.

4.4.4 The remaining usable capital receipts held at 31st March, 2020 totalled £2,183,301. To be utilised as follows:

- Ring-fenced for Coast Protection £88,800
- Ring-fenced for Affordable Housing (RTB Clawback Receipts) £1,724,331
- Ring-fenced for Empty Property grants and loans £12,187
- Ring-fenced for the flexible use of capital receipts. £357,982

4.4.5 The balance on the General Fund Capital Expenditure Reserve at 31st March, 2020 is £29,658.

4.4.6. Proceeds from the sale of assets in 2019/20 are analysed in Appendix 4.

5. Issues for consideration

Adur District Council:

5.1 Adur District Council capital expenditure in 2019/20 was financed as follows:

	£	£
General Fund Schemes Financing:		
Government Grants	7,749,091	
Prudential Borrowing	44,967,428	
Capital Receipts		
- General fund schemes	52,946	
S106 Contributions	288,911	
Other Contributions	3,284,719	
Revenue Contributions / Reserves	67,334	
TOTAL GENERAL FUND FINANCED		56,410,429
Housing Revenue Account Capital Investment Programme Financing:		
Major Repairs Reserve	2,018,185	
Capital Receipts	742,339	
S106	176,550	
Prudential Borrowing	191,225	
Government Grants	731,250	
TOTAL ADUR HOMES FINANCED		3,859,549
TOTAL OVERALL FINANCED		60,269,978

- 5.2 The Joint Strategic Committee is asked to recommend that the Council approve the overall financing of the 2019/20 capital programme, and the utilisation of £795,285 usable capital receipts in the funding of the 2019/20 capital programme.
- 5.3 Approval is requested to carry over to 2020/21 and bring forward from 2020/21 certain budgeted expenditure where spending patterns have changed since the 3rd Quarter Monitoring, as detailed in Appendix 1.

	Carried Forward To 2020/21 £
Executive Member Environment	419,990
Executive Member for Customer Services	
- General Fund	729,640
- Adur Homes Capital Investment Programme	2,221,040
Executive Member for Health and Wellbeing	30,360
Executive Member for Regeneration	768,680
Executive Member for Resources	6,618,690
TOTAL CARRIED FORWARD TO 2020/21	10,788,400

	Brought Forward to 2019/20 £
Executive Member for Resources	39,970
TOTAL BROUGHT FORWARD TO 2019/20	39,970
NET CARRIED FORWARD TO 2020/21	10,748,430

- 5.4 The significant budget variations and budget reprofiles in the 2019/20 capital investment programme have been detailed in Appendix 1.
- 5.5 In addition to the carry forward of existing budgets to finish approved projects in 2020/21, permission is also sought to utilise the capital resources from the overall underspend in the 2019/20 Capital Investment Programme

to fund budget pressures in 2020/21 as detailed in paragraph 4.2.2. and summarised below:

- 5.6 It is also recommended that the remaining Council capital resources funding underspend, after funding of the above budget pressures, of £67,650 is carried forward to 2020/21 as an additional contingency for:
- i) High priority capital expenditure identified which cannot wait for the next bidding round for inclusion in the 3 Year Capital Investment Programme.
 - ii) Budget pressures that emerge as capital schemes progress. This could be due to additional works being identified as the work is evaluated or in progress.

Lower Beach (Riverside) Car Park – Enhancements	£ 30,000
Wadurs Swimming Pool - Extension of changing rooms and replacement of boiler and plant	37,000
C/f for unforeseen overspends and priority unbudgeted schemes	67,650
Total proposed c/f from underspend	134,650

Worthing Borough Council

- 5.7 Worthing Borough Council capital expenditure in 2019/20 was financed as follows:-

	£	£
Usable Capital Receipts		
- Housing	1,964,835	
- Other General Fund	260,045	
- Flexible Use of Capital Receipts	22,093	
		2,246,973
Prudential Borrowing	59,555,246	
Grants and Contributions	2,486,278	
Revenue Contributions	197,201	
		62,238,725
TOTAL CAPITAL FINANCED		64,485,698

- 5.8 The Joint Strategic Committee is asked to recommend that the Council approve the overall financing of the capital programme and the utilisation of £2,246,973 usable capital receipts in the funding of the 2019/20 capital programme.
- 5.9 The Joint Committee is also asked to recommend to Council to approve the Capital Flexibilities Strategy which includes details of the use of capital receipts to fund the redundancy costs associated with the Environmental Services redesign.

Project	Overall annual saving generated £	Worthing Borough Council				Nature of expenditure
		Annual saving %	Annual saving £	Financial year	Amount of capital receipts used £	
Environmental Services Redesign	336,670	62.09	209,040	2018/19	164,432	Redundancy costs and pension strain
				2019/20	22,300	
				2020/21	22,300	
Total	336,670		209,040		209,040	

- 5.10 Approval is requested to carry over to 2019/20 and bring forward from 2019/20 certain budgeted expenditure where spending patterns have changed since the 3rd Quarter Monitoring, as detailed in Appendix 2.

	Carried Forward To 2020/21 £
Executive Member Environment	1,091,840
Executive Member for Customer Services	855,480
Executive Member for Health and Wellbeing	69,350
Executive Member for Regeneration	679,990
Executive Member for Resources	161,700
TOTAL CARRIED FORWARD TO 2020/21	2,858,360

	Brought Forward to 2019/20 £
Executive Member for Customer Services	91,250
Executive Member for Environment	57,240
Executive Member for Regeneration	534,640
Executive Member for Resources	570,900
TOTAL BROUGHT FORWARD TO 2019/20	1,254,030
NET CARRY OVER TO 2020/21	1,604,330

5.11 The significant budget variations and budget reprofiles in the 2019/20 capital investment programme have been detailed in Appendix 2.

5.12 In addition to the carry forward of existing budgets to finish approved projects in 2019/20, permission is also sought to utilise the Councils resources overall underspend in the 2019/20 Capital Investment Programme to fund budget pressures as detailed in paragraph 4.2.2.

5.13 It is also recommended that the remaining Council capital resources funding underspend, after funding of the above budget pressures, of £119,710, is carried forward to 2020/21 as an additional contingency for:

- i) High priority capital expenditure identified which cannot wait for the next bidding round for inclusion in the 3 Year Capital Investment Programme.
- ii) Budget pressures that emerge as capital schemes progress. This could be due to additional works being identified as the work is evaluated or in progress.

5.14 In summary the following approvals are sought:

	£
Richmond Room - Replacement roof	36,230
Seafront fire prevention works	50,000
Contingency for overspends and inflation	119,710
Total allocations requested within this report	205,940

6. Engagement and communication

- 6.1 The purpose of this report is to communicate with stakeholders on the outturn of the Adur District Council and Worthing Borough Council 2019/20 Capital Investment Programmes. Officers of the Council have been consulted with on the progress of the schemes which they are responsible for delivering. The overall progress of the programmes have been considered by the Capital Working Group

7. Financial implications

- 7.1 There are no further financial implications arising from this report as the financing of the Adur District Council and Worthing Borough Council original 2019/20 Capital Investment Programmes was approved by the Councils in December 2018. Subsequent changes have been reported to and approved by the Joint Strategic Committee. The issues considered in this report can all be funded from existing resources.

8. Legal implications

- 8.1 Local Authorities have a statutory duty under section 28 of the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.
- 8.2 Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.
- 8.3 The Secretary of State for Ministry of Housing Communities and Local Government has issued a direction under the Local Government Act 2003 sections 16(2)(b) and 20: treatment of costs as capital expenditure which gives local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.

Background Papers

- Investing for the future: Capital Programme 2020/21 to 2022/23 - Report to the Joint Strategic Committee dated 3rd December 2019
- Becoming financially sustainable - Capital Strategy 2020/21 - Report to the Joint Strategic Committee dated 9th July 2019.
- Reinvigorating Right to Buy and One for One Replacement - Information for Local Authorities - DCLG
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/5937/2102589.pdf

Officer Contact Details:-

Sarah Gobey

Chief Financial Officer

01903 221233

sarah.gobey@adur-worthing.gov.uk

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

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

2. SOCIAL

2.1 Social Value

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

2.2 Equality Issues

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


3. Environmental

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

4. Governance




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

ADUR DISTRICT COUNCIL FINAL ACCOUNTS 2019/20 - HEALTH AND WELLBEING CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS


 ADUR DISTRICT COUNCIL	Scheme	Scheme Progress	2019/20 Current Budget	2019/20 Spend	2019/20 (Under-spend)/Overspend £	Budget C/F (Budget B/F) £
DDA Act Improvements <i>Extension of the coastal footpath linking the existing access points along the Shoreham Beach frontage to enable disabled access on to the beach</i> All works have now completed at a contract price lower than originally estimated.			170,690	102,223	(68,467)	-
Asbestos Management <i>Asbestos surveys and removal from Council Buildings</i> Surveys completed in 2019/20 are being reviewed for any remediation works required to the Council's buildings in 2020/21			52,050	21,691	(30,359)	30,360
TOTAL - Health & Well-Being			222,740	123,914	(98,826)	30,360

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2019/20 - CUSTOMER SERVICES

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS

 WORTHING BOROUGH COUNCIL Scheme	Scheme Progress	2019/20 Current Budget £	2019/20 Spend £	2019/20 (Under-spend)/Overspend £	Budget C/F (Budget B/F) £
Housing Acquisition and development of temporary accommodation for the homeless <p>Downsview Road Site - Phase 1 (9 flats) construction completed 14th May 2019 and the flats are currently being furnished with a view to letting in June 2020.</p> <p>Downsview Road Site - Phase 2 (8 flats) contracts have been signed with the contractor currently undertaking detailed design and discharging of pre-commencement conditions. Start on site is expected in July 2020.</p> <p>Rowlands Road Site - Contracts have been signed to deliver 19 homes for temporary accommodation. Minor enabling and investigation works to start on 8th June 2020 with a formal start on site on 20th July 2020.</p> <p>Sites under negotiation</p>		1,410,000	1,473,934	63,934	(63,930)
Disabled Facilities Grants <p>These grants are mandatory and the Council has to approve all eligible grants. All approvals are for 12 months and works can be undertaken at any time in this period. Carry forward of budget requested to fund outstanding commitments at 31st March 2020. The Council has received sufficient Better Care Grant to fund all 2019/20 expenditure and commitments.</p>		1,428,060	1,561,008	132,948	480,630
Home Repair Assistance Grants <p>The scheme is demand led; grant approvals are for 3 - 12 months and can be taken up at any time in this period. The discretionary grants have been less in demand due to the new Discretionary Safe and Warm Grant for vulnerable people, which provides the same function but uses Better Care Grant Funding. Carry forward of budget requested to fund outstanding commitments at 31st March 2020.</p>		79,010	35,777	(43,233)	6,990

WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2019/20 - CUSTOMER SERVICES
CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS

 WORTHING BOROUGH COUNCIL Scheme	Scheme Progress	2019/20 Current Budget £	2019/20 Spend £	2019/20 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
Assembly Hall Health and Safety Works <p>Condition surveys revealed that urgent health and safety works were required to the Council's Theatres. The following projects were added to the Capital Investment Programme in December 2019. Works have commenced and will complete in 2020/21.</p> <p>i) Asbestos removal</p> <p>ii) Balustrade and walkway railing replacement</p> <p>iii) New carpets</p> <p>iv) Roof access</p> Pavilion Theatre Health and Safety Works <p>Condition surveys revealed that urgent health and safety works were required to the Council's Theatres. The following projects were added to the Capital Investment Programme in December 2019. Works have commenced and will complete in 2020/21.</p> <p>i) Refurbishment of stage winches</p> <p>ii) Roof access</p> <p>iii) Ventilation fans replacement</p> Richmond Room Replacement Roof <p>The costs have been reviewed and it is estimated that the work will now cost £60,000, a shortfall of £36,230 on the budget estimated 3 years ago.</p> Completed schemes and Miscellaneous Minor Variations					
TOTAL - Customer Services		4,280,520	3,631,558	(648,962)	1,244,860

Adur District Council - Sale Proceeds

FINAL ACCOUNTS 2019/20		
Analysis of Capital Receipts		
	£	£
A. GENERAL FUND		
1. Grant Repayments:		
Housing Renewal Grants	1,683	
2. Equipment Sales:		
Sale of Vehicles	9,644	
3. Land Sale:		
Hayley Road	53,055	
		64,382
B. HOUSING REVENUE ACCOUNT		
1. Council House Sales:		
Houses and Flats	1,581,500	
Lease Extension	4,943	
2. Less Pooling Requirement :	(383,756)	
3. Less Admin Fees:	(15,600)	
		1,187,087
TOTAL CAPITAL RECEIPTS		1,251,469

Worthing Borough Council - Sale Proceeds

FINAL ACCOUNTS 2019/20 Analysis of Capital Receipts		
	£	£
A. GENERAL FUND		
1. Sales of Land and Other Assets:		
Durrington Car Park - 2 spaces	22,000	
Sale of vehicles	14,722	
		36,722
B. HOUSING RECEIPTS (RINGFENCED)		
2. Worthing Homes:		
Right to Buy Receipts	335,703	
3. Loan Repayments:		
Council House Mortgages	148	
4. Empty Property Grants		
Repayments	6,588	
		342,439
TOTAL CAPITAL RECEIPTS		379,161



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 10

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

Impact of Covid 19 on the Council's finances - Update on current financial performance and developing a revenue budget for 2021/22

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

1.1 The purpose of this report is twofold:

- To update members on the impact of the pandemic on the Council's budgets in the current financial year; and
- To brief members on the possible impact on future years of the issues identified and to propose a budget strategy for the development of the 2021/22 budgets.

As such this is a very different report than those presented in past years, one which considers current events and identifies how these may influence future financial years.

1.2 Whilst the Councils are long accustomed to budgeting in periods of uncertainty, 2020/21 is an unprecedented year. At present we have no clear idea of how long the pandemic will continue to affect our communities and our economy. The fairer funding review has now been deferred for a year, but the councils do not know what will replace it for 2021/22; homelessness is on the rise, but forecasting this trend forward remains difficult; and inevitably the difficult economic climate will influence a number of budget lines, from Council Tax revenues to income for services such as trade waste.

1.4 Both Councils now are forecasting significant financial impacts for 2020/21 as a direct result of the pandemic:

- Adur - £381,350 (£500,000 relates to leisure provision)
- Worthing - £1,534,650 (£1,051,900 relates to car parks)

Whilst this report is not a full budget monitoring report, the key financial pressures identified and the implications for the future are discussed in detail below in section 3 of the report. There will inevitably be some underspends identified in the detailed budget monitoring which will improve this position.

1.5 The Council has had a clear strategy for facing the challenges of rapidly changing local government finance. It is now important to build on this strategy to meet the new and emerging challenges.

1.6 Now more than ever, careful financial management is required to ensure that we manage both the in-year pressures and the implications for the future, whilst driving forward with Platforms for Our Places to help regenerate and renew our places. Our strategy will need to include managed and prudent increases in council tax, and a clear focus on driving efficiency and productivity.

1.7 This report aims to set out how the Councils will address the immediate challenges of the Covid 19 emergency and the changing financial climate over the next 10 years, outlining the revenue forecast and setting out our strategic response to the challenges ahead. With the detailed budget proposals for 2021/22 coming forward to the Joint Strategic Committee in December, this report sets out the broader context for the detailed work that will be undertaken over the intervening months.

1.7 As set out in the following pages, the Councils will be increasingly reliant on council tax income, business rate income, and our own income generating services. Our Councils have a good track record in innovation, working creatively in partnership, transforming our digital capabilities and putting the customer at the heart of our services, so that we have capacity to continue to deliver our aspirations for our Places.

1.8 Our strategy, 'Platforms for our Places: Going further' was approved by the Councils in February 2020, sets out how we can play an even greater role in helping to shape the future of our places. The 5 'Platforms' that provide the direction for all our work are:

- Prosperous places
- Thriving people and communities
- Tackling climate change and supporting our local environment
- Good Services and new solutions
- Leadership of our Places

Elsewhere on the agenda, the report titled 'And Then' updates members on how the emergency has shaped the delivery of these priorities.

- 1.9 Work has been underway for some time to address the financial challenge in 2021/22 and beyond. This will continue over the summer and autumn, and the Operational Leaders Group (Heads of Service) will be working with the Councils Leadership Team to produce new service plans designed to deliver a balanced budget over the next 3 years. The outcome of the service planning process will be presented to the Joint Strategic Committee for approval in December 2020 as part of the development of the 2021/22 budget.

2. Recommendations

- 2.1 The Joint Strategic Committee is recommended to:

- (a) Note the impact of the current emergency on the 2020/21 budget and the actions taken to mitigate the pressures identified;
- (b) Note the report and the outline 5-year forecasts in Appendix 3;
- (c) Approve the proposed budget process as set out in section 6 of the report;
- (d) Approve a budget of £125,000 to deliver a disposal programme for the two Councils funded from the capital receipts generated utilising the capital flexibility regulations;
- (e) **Recommend** to the Councils to approve the Budget Strategy for 2021/22 outlined in Section 9 of the report.

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

3. Current position in 2020/21

3.1 Summary

- 3.1.1 The impact of the Covid 19 outbreak is putting the councils under significant financial pressure and as members are aware the Councils do not have substantial reserves with which to mitigate this risk. It is currently estimated that the Council will have the following reserves available to manage the shortfalls emerging:

	Adur	Worthing
Summary of available reserves:	£	£
Working balance	518,773	868,625
Earmarked reserves	610,778	2,251,714
Unallocated 2019/20 underspend	1,065,300	785,500
Estimated balance as at 1/4/2020	2,194,851	3,905,839

3.1.2 The main factors that sit behind this financial position are detailed below but unless the council manages its budgets effectively over the forthcoming financial year, there is a possibility that the reserves will fall to a critically low levels. The current level of government support is not enough to cover our losses in the first three months, and currently it is estimated that without further government support we will use an average of £110,800 of reserves per week (Adur £28,200 , Worthing £82,600) over the next three months (July - September). At this pace of use, our reserves would become largely exhausted towards the end of this financial year - although this is very much a worse case scenario and not our current planning assumption.

3.1.3 Overall both Councils will experience significant budget shortfalls in 2020/21 net of known government support of at least:

- Adur - £381,000 (£500,000 relates to the provision of leisure)
- Worthing - £1,535,000 (£1.1m relates to car parks)

This is based on our current understanding of the funding available to Local Councils and on an assumption that the current level of restrictions will be in place for at least three months with a gradual easing over the following three months. There is dialogue with MHCLG on the current risks to all Councils, however in the short term our current assumption is that the support will be limited to the funding that has been already announced.

The main issues that the Councils are currently facing can be summarised as follows:

Financial pressures in 2020/21	Adur £	Worthing £	Total £
Income reductions			
Car parking	233,270	1,051,880	1,285,150
Trade waste	20,850	67,940	88,790
Other income losses	100,750	227,180	327,930
Cost impacts			
Homelessness	11,100	500,000	511,100
Leisure	500,000	561,030	1,061,030
Emergency costs	73,780	108,520	182,300
Pay rise	81,000	117,000	198,000
Additional staffing costs	27,000	48,000	75,000
Total costs	1,047,750	2,681,550	3,729,300
Government funding	-666,400	-1,146,900	-1,813,300
Net costs	381,350	1,534,650	1,916,000

However, the situation remains very fluid, and so the position will inevitably change over the coming months as new cost pressures emerge (or dissipate); our understanding of the recovery improves; or the duration of the current emergency is shorter or longer than expected.

3.2 Expected impact on income

3.2.1 We already know that the Councils will see a deterioration in commercial income across a large number of budget headings - From car parks to sports, we have seen a sudden decline in the income received. The extent of the loss remains difficult to quantify at this point in time due to the uncertain nature of the duration and severity of the current measures. The most significant commercial impacts are detailed below. These have been updated for the latest information :

- Car Parks

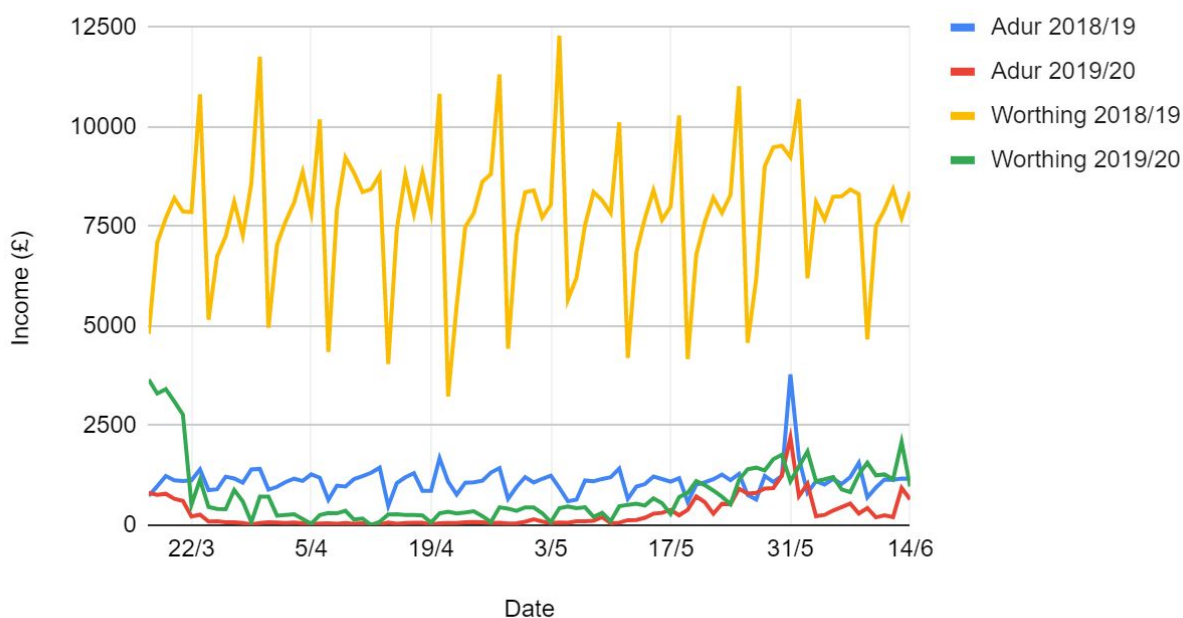
Car parking has reduced dramatically. In the last two weeks of March, income had fallen by an average of 80.6% for Worthing and 72% for Adur. This trend has continued, with income now at an average of 8.14% for Worthing and 25.86% for Adur of the 2019/20 levels. This is probably the

most immediate and significant impact to our overall position, particularly for Worthing, as both Councils benefit from substantial income from this source (Adur £0.5m Worthing £2.9m per year). Now that the restrictions are being lifted it is likely that it will take some time for the income to recover, particularly if the restrictions are gradually eased to help manage the impacts on the health service.

In addition to the above, we had intended to introduce a new town centre worker deal which was expected to generate a £90,000 income for Worthing. However, this fee restructuring has now been delayed and is unlikely to be implemented this year.

Currently Worthing Borough Council is losing an average of £47,800 per week and will face a shortfall of £1.1m over the next 12 months based on an assumption that the use of the car parks will gradually improve over the next three months as restrictions continue to ease. Clearly the longer the restrictions last, the more income the Council will lose. The significance for Adur is less but nevertheless £7,800 per week.

Car Parking income



- Trade Waste

The number of accounts has declined. To date the service has lost 240 customers, with an approximate weekly value of £8,310. (Adur £2,010 / Worthing £6,300). There will be cost reductions to match the lost income and at this stage it is estimated that the net impact per week will be £4,450. This

would be equivalent to an annual loss of £89k assuming that 75% of our customers return. The maximum net loss if none of the customers return would be £173,400, although the service is in regular contact with our customers to regain the lost accounts as businesses reopen, however due to the impact of the emergency measures on the business community, it is expected that not all businesses will reopen.

- **Commercial property**

The Council continues to receive requests for assistance from some tenants, although the main strategic purchases are not a cause for concern at this stage as a significant proportion of the rent has been received for these properties (100% Worthing, Adur 85%). This is being monitored carefully by our Estates team.

The main issues emerging are from smaller tenants in the historic estate. The current strategy is to consider offering monthly payment terms or deferred payment options.

However, there may be a few tenants who may need a greater level of support (e.g community and third sector, eg local sports clubs or businesses who are not eligible for various business support packages from central government). This is being considered on a case by case basis.

Fortunately we have put into place a budget to manage void risks on the Strategic Property Investment Fund (Adur £200,000, Worthing £250,000) so these will be used to manage any cost impacts this year. This will be closely monitored by colleagues across the organisation.

However, there may be longer term implications for future rental streams and it is anticipated that rental growth and future prospects may be impacted as a result of this outbreak particularly in the retail sector where we expect a deterioration in income levels for the foreseeable future.

3.3 Emerging costs:

3.3.1 In parallel to the loss of income from a number of Council Services, the Council is likely to see an increase in costs from the following areas:

1. ***Impact of proposed pay rise:***

The current pay offer from the employers is 2.75%. The Council's budget allows for 2%. This will add £198,000 cost pressure in the current year and £201,000 in 2021/22.

2. ***Increase costs of staffing due to the impact of self isolation on front line services such as waste collection:***

Currently there are a significant number of operatives who are in a shielded group within Waste Services and consequently unable to work. It is estimated that cover for these roles will cost £75,000 for the period of the 12 weeks.

3. ***Impact of Covid 19 on the financial position of Leisure Trusts:***

Both Leisure Trusts are under significant financial pressure as a result of the closure of the facilities. However, the extent to which the Councils will need to support the Trusts will depend on several factors which are difficult to establish at the moment. These include:

- i. The extent of shut down of leisure facilities. Currently, they expect to be closed for a period of 3 months, but this could be extended significantly.
- ii. The nature of any social distancing measures when they reopen. If the Trusts have to implement extensive measures, the use of facilities and associated income will decline and they will require greater support.
- iii. The longer term impact of both the economic downturn and any behavioural changes resulting from the pandemic on the future income of the Trusts.

To help the Councils better understand both the short and longer term effects of the emergency on the Leisure Trusts, a Leisure consultant has been commissioned by the Director for the Economy to provide a detailed analysis of the current position and to advise on the likely impact for the future. However, even a 5% downturn in income will result in the need to increase the Council's contribution to the Trusts by upwards of £200k per year.

The work of the consultants to date have identified that the Trust within Adur may require additional support of at least £0.5m in 2020/21, whilst within Worthing the impact is likely to be closer to £0.6m.

The report elsewhere on the agenda considers in details the financial position of the Adur leisure provider.

4. *Housing Need*

Over the last few months Worthing Borough Council has seen a significant increase in the number of homeless families, caseload is currently 50% higher than normal and this is likely to be sustained for most of the year as the current restriction on evictions by landlords comes to an end in June.

To date the Council has only been notified of very marginal funding for homeless issues and currently expect to receive funding of £11,250 for this work (Adur £1,500 Worthing £9,750).

However, within the Council's existing budgets, we have allowed for some contingency funding which will partially offset the increased costs in 2020/21. Looking ahead to 2021/22, unless accommodation can be sourced for those residents made homeless by the current emergency, Worthing Borough Council will face additional costs in the region of £0.5m.

5. *Emergency spend*

As part of the emergency, the council has had to fund a number of initiatives to support the local community and to ensure that the Council could continue to work effectively during this period. These are essentially one-off items and include:

a. Food Depot

The Council set up a Food Depot to support local food banks and vulnerable groups who are not catered for by WSCC and the NHS and has now closed this provision during June. The Council has incurred both transport and supply costs as part of this initiative. This is currently being established but preliminary estimates would indicate a cost of between £1k - £2k per week.

b. Additional digital tools and equipment

To enable staff and members to work safely from home the Council had to invest in a number of new software products including Zoom which is used for Council meetings. In addition, the Council has acquired a number of additional laptops and associated equipment to enable staff to work from home.

c. Revenues and benefits

The Revenues and Benefits service has two separate challenges:

- Due to the government support to both the business community and the residents, new business rate and council tax bills need to be produced reflecting the new reliefs.
- The service is experiencing an increase in applications for Council Tax Support and Housing Benefit.

To address the increase (and the need to process effectively) additional temporary members of staff have been employed at an estimated cost of £55,900.

d. Crematorium

The Council has purchased grave shoring equipment so that graves can be pre prepared at a cost of £20,500. With the extension to the operating hours, the service will incur overtime payments although it is currently expected that we will be able to recoup these via the charges paid for the service. Further work regarding the position of the crematorium will be undertaken over the next months.

3.4 Update of Government Funding

3.4.1 The Government has announced a number of funding streams to address the various issues arising from the current emergency which are detailed in Appendix 1 to this report. Many of the funding streams can only be used for one purpose, however overall they represent a substantial level of support to the local community.

	Adur £'000	Worthing £'000	Total £'000
Business Support Grants	17,600,000	26,100,000	43,700,000
Hardship Funding	453,180	709,580	1,162,760
Homelessness support	1,500	9,750	11,250
Reopening High Streets Safely	56,760	98,170	154,930
Total specific funding received	18,111,440	26,917,500	45,028,940
Emergency Funding			
Tranche 1	31,120	47,420	78,540
Tranche 2	635,280	1,099,480	1,734,760
Total general support received	666,400	1,146,900	1,813,300

Total funding received

18,777,840 28,064,400 46,842,240

3.4.2 Nevertheless, the level of general funding available to the Councils remains insufficient to address the cost pressures emerging from the emergency.

3.5 Strategy to manage the financial position for 2020/21:

3.5.1 Given the severity of the financial position, CLT have already approved a number of measures to support the 2020/21 budget position. These include:

- No carry forward of unspent 2019/20 budget - Carry forwards only to be submitted to members for approval, if agreed by the Chief Executive. All unspent budget in 2019/20 is to be used to support the 2020/21 budget.
- Suspension of all non-essential recruitment. All recruitment activity is to be approved by a Director and, if at all possible, posts should not be filled until such time as the Councils are on a more secure financial footing.
- All discretionary spend is to be deferred where this does not undermine the recovery effort including:
 - any non-essential planned maintenance works; or
 - projects that are not contractually committed to, externally funded, or are an invest to save initiative.
- Continue to lobby MHCLG for additional funding both in the current financial year and for future years.

The duration of any of these measures depends on the length of the current crisis, the extent of the actual cost impacts over the coming months, and whether any additional funding is forthcoming from the government. Consequently they should be viewed as interim measures to manage current risks and to give time for a strategic review of emerging priorities. These can be eased back once the Councils have a firmer understanding of the cost impacts and funding levels.

4. 2021/22 and beyond

4.1 Both Councils have successfully managed to maintain a balanced budget over recent years despite the considerable financial challenges presented by the withdrawal of Government funding. Council Tax increases have been kept to a minimum, with the Councils choosing to freeze or reduce the Council tax when possible.

- 4.2 However, the financial pressure continues with the current emergency presenting the Councils with new challenges. Revenue support grant has already disappeared; the conditions attached to New Homes Bonus will mean that this will reduce as a resource in the future and is being phased out from 2020/21 onwards; and the Councils expect a reduction in the level of retained business rates when the business rate system is eventually reset. Local Government funding has changed considerably since 2010, and the pace of change is set to continue with the proposed changes to the business rates system and the new distribution of needs-based funding.
- 4.3 Members are being asked to consider the budget strategy at an early point in the year to enable the Councils to plan ahead. There are clear advantages in this approach, not least because it gives members and officers a good understanding of the overall financial position of the Council as well as giving sufficient time to consider how the challenges identified will be met.

4.4 **Long term impacts of the Covid 19 emergency**

It is now becoming clear that some of the issues identified in 2020/21 will have an impact on the next financial year. Whilst it is too early to be certain about the full long term implications of the current emergency, there are a number of pressures already identified which will impact on the following financial years, particularly on the development of the 2021/22 budget and which the Councils should prepare themselves to address.

However, the Government has announced a delay to the fairer funding review which will help mitigate the impact in 2021/22 which is discussed more fully below. Core to the assessment of the impact of the delay, is an assumption that the New Homes Bonus will be phased out as originally expected.

Overall, the following changes have been identified as a result of the pandemic:

Adur District Council	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Impact of salary increase	82	84	86	88
Impact of delay to fairer funding review				
Retention of housing grants	-94			
Retention of business rates	-256			
Additional support for leisure provision (tbc)	200	200	200	200
Reduction in commercial income	76	76	76	76
Reduced income from Council Tax due to an increase in Council Tax support	71	72	73	74
Impact of Covid 19 pandemic	79	432	435	438

Worthing Borough Council	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Impact of salary increase	119	121	123	125
Impact of delay to fairer funding review				
Retention of housing grants	-152			
Retention of business rates	-170			
Contingency for other Covid 19 cost pressures	300	300	300	300
Reduction in commercial income	280	280	280	280
Reduced income from Council Tax due to an increase in Council Tax support	76	78	80	82
Increase in homelessness (tbc)	500	500	500	500
Major projects:				
Reduction in commercial rental income in Montague Street (had expected to lose rental income in 24/25)	142	142	142	
Impact of Covid 19 pandemic	1,095	1,421	1,425	1,287

In addition to the issues identified in section 3 above, the main financial impacts arising from the Covid 19 emergency which are expected to impact the medium term are:

- **Council Tax Support Claimants**
As a result of the economic downturn, the number of Council Tax Support claimants is beginning to increase. Overall an increase of 10% has been allowed within the estimates. The increase in the number of Council Tax

claimants will result in a fall in Council Tax income to the collection fund both in the current financial year and in 2021/22. The resulting deficit from 2020/21 will have to be funded as part of the 2021/22 budget. We will not have a clear idea of the impact of any increase to claimant numbers until late Summer, however there is currently an increase of approximately 4% in working age claimants.

- Commercial Income

The Councils are experiencing a sharp decline in Commercial Income at the moment. Some of the services offered are targeted at the business community or depend on the strength of the local offer in the Town Centres. Some local businesses may not survive the current Covid 19 shutdown, and so the income to services such as the car park and waste may take time to recover beyond the 3 months assumed within the forecast. The Council may have to deal with a legacy into 2021/22 and for the purposes of planning, we are assuming a 10% reduction in car parking fees and a 25% reduction in the income from cancelled commercial accounts.

- Commercial Property

The current economic slowdown will inevitably have an impact on the Councils property portfolio. There are two separate issues which will need to be addressed:

- a) The value of our property portfolio will decline, and it may have a value lower than the associated debt in the short to medium term.
- b) The economic slowdown may impact on future rental yields when these are renegotiated.

Within the retail part of the portfolio, a number of businesses have already become bankrupt and surrendered their leases on Montague Street, and some of the remaining retail properties will be seeking lower rental as part of the renewal of leases. Whilst Worthing was expecting to lose this income when the site was eventually redeveloped in 2024/25, this will add additional pressure into the earlier years. Given the timescales on the redevelopment, it is unlikely that the vacant units will be relet.

4.5 Funding from taxation

4.5.1 National context and external factors

Since 2010, the Councils have seen a considerable reduction in the level of funding from the Government. For 2020/21, there was a 1 year settlement with a full Comprehensive Spending Review planned for this financial year.

The Chancellor's Budget on the 11th March launched the Comprehensive Spending Review 2020 (CSR), setting out the overall level of public spending within which the CSR would be delivered. The CSR was due to conclude in July and would set out detailed spending plans for public services and investment, covering resource budgets for three years from 2021-22 to 2023-24 and capital budgets up to 2024-25.

However this was subsequently delayed on the 24th March due to the emerging crisis and the timescales for this review are now very uncertain.

4.5.2 Reform of Local Government Finance

In parallel to the CSR, the Councils were also expecting some fundamental changes to the distribution of Local Government funding. There are two elements to this reform:

- The Fair Funding Review which considers how business rates and any government funding would be distributed across the Country in future.
- The review of the business rate retention scheme.

However, this review is now delayed until next year at the earliest. The Government remains committed to reform, however they have delayed the current review in the light of the uncertainties caused by the Covid 19 emergency.

4.5.3 The Councils will have a clearer picture of the likely changes for 2021/22 later in the year. However in the absence of both the CSR and the fairer funding review, changes to the current funding regime are likely to be marginal for 2021/22 to give local authorities time to address the pressures emerging from the pandemic.

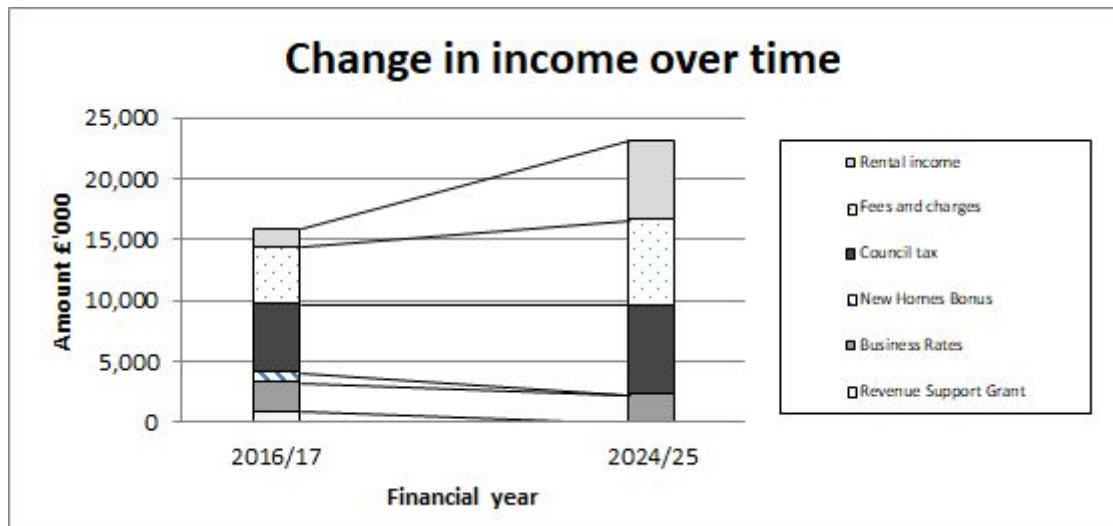
4.5.4 However as part of the Budget 2020, the Government have announced a fundamental review of the business rate system. In the light of this, the business rate revaluation planned for 2021 has been deferred. The government continues to work on the fundamental review of business rates, with the key aims of reducing the overall burden on businesses, improving the current business rates system, and they are considering more fundamental changes in the medium-to-long term. The call for evidence for the review will be published in the coming months.

4.5.5 The changes to how the Councils are funded:

4.5.5.1 The Councils receive three distinct funding streams from taxation which are discussed more fully later in the report:

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

Revenue Support Grant (RSG) has ceased to be a funding source for the Councils and the underlying make-up of funding to the Councils continues to change rapidly with increasing proportions coming from fees and charges, rental income, Council Tax and the Business Rate Retention Scheme. New Homes Bonus has been substantially reduced and is being phased out.



(Using Adur as an example) -

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

4.5.6 Income from Business Rates

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

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

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

The forecasts contained within the report are based on the current business rate system but with the assumption that there will be a 50% loss of surplus Business Rate income from 2022/23 onwards, however this is dependent on the progress of the CSR and the Fairer Funding Review (FFR). This is an improvement on previous forecasts which had assumed that the Councils would receive less business rate income in 2021/22 due to the implementation of the FFR.

There are three aspects of this scheme which will ultimately influence the amount of business rate income retained locally and also the Councils' budgets in the medium term:

1. The 'Tariff':

Whilst the Councils are entitled to retain 40% of all business rate income, they are then obliged to pay over a substantial element of these retained business rates to the Government via an adjustment known as the Tariff. The 'Tariff' is due to be reset as part of the fairer funding review as the assumption for budgeting purposes is that this will increase by inflation for 2021/22. However the scale and timing of any adjustment to the tariff beyond 2021/22 is difficult to quantify at the moment due to the uncertainties around the fairer funding review.

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

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

The Councils have developed a five year model for business rate income which underpins the medium term financial plan. This includes the impact of larger developments currently being built, known changes to the

rateable values and any new charitable reliefs being awarded. A summary of the expected additional business rates is detailed below:

Adur	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Baseline funding	1,767	1,802	1,838	1,875	1,913	1,951
Retained surplus rates	314	560	336	342	345	353
Total business rate income kept locally	2,081	2,362	2,174	2,217	2,258	2,304
Net business rate income collected	18,551	18,296	18,659	19,019	19,377	19,779
Percentage retained locally	11.22%	12.91%	11.65%	11.66%	11.65%	11.65%

Worthing	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Baseline funding	2,693	2,747	2,802	2,858	2,915	2,973
Retained surplus rates	649	481	343	347	350	359
Total business rate income kept locally	3,342	3,228	3,145	3,205	3,265	3,332
Net business rate income collected	32,507	31,516	32,145	32,766	33,383	34,075
Percentage retained locally	10.28%	10.24%	9.78%	9.78%	9.78%	9.78%

Members should be aware that there is significant volatility around aspects of the system, such as appeals, which make it difficult to forecast income with accuracy. For 2020/21, both Councils have been affected by two national issues:

- ATM's in shops had previously been rateable. Due to a national challenge, these are no longer liable for rates reducing the income to both Councils.
- Purpose built doctors surgeries are being revalued downwards with a loss of about 1/3rd in value.

One of the features of this system is that the Councils determine how much Business Rate income that they are entitled to from the Collection Fund at the outset of the new financial year. Once set, this total cannot be changed irrespective of any changes to the net business rate income

within the year. Any surplus or deficit, due to changes in the business rate income, will be adjusted for in future years. This is similar to how Council Tax is treated.

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

- The Parcelforce site in Adur – Expected completion date is September 2020.
- New Monks Farm site in Adur – A planning application has been approved. The proposal includes a new IKEA store which is likely to be constructed over the next 2 – 3 years and will potentially benefit Adur from 2022.
- Free Wharf, Western Harbour Arm in Adur includes new commercial floorspace and is likely to start later in the year and be completed by 2021
- Union Place in Worthing – The development will take 3 – 4 years to complete once planning permission has been granted.
- Teville Gate in Worthing – A planning application is expected by the end of the year. The development will take 3 – 4 years to complete once planning permission has been granted.

Clearly, if the business rate income improves in 2020/21, then the increase could be used to support the budget in 2021/22. An update to the likely surplus or deficit will be undertaken later in the year.

4.5.7 New Homes Bonus

The Coalition Government introduced the New Homes Bonus (NHB) in 2011/12 which was specifically targeted at rewarding increases in the number of homes included in the Council Tax base, dealing with empty properties, and increasing the supply of affordable homes.

This scheme is now being phased out, with the New Homes Bonus generated in 2020/21 being paid for one year only (Adur £76,610 and Worthing £437,380). Given the transitional nature of the 2020/21 funding, the NHB awarded for 2020/21 was not used to balance the budget. Instead this grant has been set aside to fund projects arising from 'Platforms for our Places - Going Further (2020-2022)' which is released in consultation with the Leader of the Council.

New Homes Bonus	2020/21	2021/22	2022/23	2023/24 and beyond
	£'000	£'000	£'000	£'000
Adur	11	10	10	0
Worthing	524	290	68	0

4.5.8 Council Tax

Council Tax is now the Councils' major source of general income from taxation. By 2021/22 it will be over 75% of the total general income received by Adur District Council and 72% of the income received by Worthing Borough Council. Consequently, there is an ever increasing strategic significance to the annual debate of how much to increase the Council Tax by.

The Councils have kept to a minimum increases over the past several years, opting to freeze or reduce Council Tax where possible whilst government support for such initiatives was available.

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

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

However, the decision whether to freeze Council Tax is a finely balanced one. The Councils have a policy of keeping Council Tax low and the cost of freezing council tax in any particular year is fairly low, but the cumulative impact is more significant. Therefore the Councils are faced with the dilemma of increasing Council Tax or finding additional savings to support a Council Tax freeze. This is particularly pertinent in the next two years when the Councils have to find savings of over £4.3m.

Finally, Members are reminded that there is a referendum limit. The limit announced last year was the higher of 2.00% or £5.00 per Band D property. At this time we do not know the referendum limit for the 2021/22 Council Tax increase. The Consumer Price Index (CPI) is currently falling and was at 0.8% in April 2020. Consequently for the purposes of planning it is assumed that the limit will be retained at 2%. A 2% increase would be equivalent to £6.11 per Band D property in Adur and £4.85 per Band D property in Worthing per year.

So, even if the Councils were minded to increase Council Tax, there is an imposed limit on the actual increase that the Councils can make. Members should be aware that a 1% change in Council Tax is equivalent to £64,020 in Adur and £95,630 in Worthing for 2021/22.

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

2021/22	2022/23	2023/24	2024/25	2025/26
2.0%	2.0%	2.0%	2.0%	2.0%

4.6. Other budget pressures in the next 5 years

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

4.6.2 Pay and Prices

4.6.2.1 The largest source of immediate cost pressure in any given year comes from inflation. General inflation is currently at 0.8% (CPI) which is below the target 2% set by the Bank of England.

4.6.2.2 In addition to general inflation, the Council will need to allow for any pay award for 2021/22. Given that the award proposed for 2020/21 is currently 2.75%, for the purposes of the budget, the Council is assuming that pay inflation would be in line or marginally higher than general inflation at 2%.

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

	2021/22	2022/23	2023/24	2024/25	2025/26
	%	%	%	%	%
Pay*	2	2	2	2	2
Supplies and Services	1	2	2	2	2
Income	2	2	2	2	2

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

Adur	Worthing	Joint Strategic Committee
£'000 10	£'000 15	£'000 230

Increment costs vary year on year due to the impact of re-gradings and recruitment. This is reassessed annually.

Overall net pay and price inflation is expected to add to the 2021/22 base budget over the next 5 years as follows:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Adur*	353	651	947	1,235	1,528
Worthing*	468	920	1,371	1,812	2,262
Note:					
Joint Services * (included above)	881	1,584	2,283	2,966	3,663

Income is assumed to increase by 2.0% in 2021/22 which will help to offset the inflationary pressures.

It is difficult to be certain about inflation for 2021/22 at this early point in the year. A 1% difference in the inflation assumptions is equivalent to:

	Adur	Worthing	Joint
	£'000	£'000	£'000
Pay	6	8	249
Supplies and Services	23	110	12
Income	-33	-96	-24
Total	-4	22	237
Share of joint inflation	95	142	-137
OVERALL TOTAL	91	164	-

4.6.3 **Impact of the Capital Programme**

The General Fund capital programmes are currently funded through a combination of prudential borrowing and capital receipts supplemented by specific grants and contributions. The five year forecast assumes a programme of £1.5m per year for Adur District Council and £2.5m for Worthing Borough Council. This reflects concerns about affordability in the medium term balanced with the need to invest to maintain the Councils asset stock as identified within by the condition surveys.

The recent downturn in interest rates combined with more realistic project profiling has reduced down the cost of the capital programme over the next few years.

In addition, within the capital strategy, Adur District Council has allocated £5.6m in 2021/22 and £5.6m in 2022/23 to the Housing Investment Programme for general maintenance of the Adur Homes stock which is reflected in the 30 year investment business plan.

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

4.6.4 **Interest rates**

The bank interest rates have recently fallen and the base rate is 0.1%. These are unlikely to rise until 2021 at the earliest. These will influence both the returns that the Council is likely to get on any cash investments and the cost of any borrowing associated with the capital programme. There is considerable uncertainty at the moment about interest rates and our treasury advisors indicate that they will stay low for a longer period of time. Built into the 5 year forecasts are the following assumptions regarding average investment yields:

	2021/22	2022/23	2023/24	2024/25	2025/26
Average interest yield	0.92%	1.17%	1.42%	1.67%	1.92%

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

4.6.5 **Impact of Platforms for our places:**

- 4.6.5.1 Contained within the Medium Term Financial Plan are a number of commitments relating to the delivery of Platforms for our Places. In summary the amounts provided are:

Impact of Platforms for our places	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000

Adur District Council

Gigabit Project	43	43	43	43	43
Measures to reduce waste	0	72	72	72	72
Western Harbour Coastal defences	58	58	58	58	58

Total	101	173	173	173	173
-------	-----	-----	-----	-----	-----

2021/22	2022/23	2023/24	2024/25	2025/26
£'000	£'000	£'000	£'000	£'000

Worthing Borough Council

Gigabit Project - financing costs and public wifi	64	64	64	64	64
Measures to reduce waste	0	128	128	128	128
Refurbishment of High Street Car Park - Financing costs	4	50	259	259	259
Refurbishment of Buckingham Road car park - Financing costs	60	192	192	192	192
Worthing Integrated Care Centre - closure of Town Hall car park	59	59	59	59	59
Brooklands improvement programme - net costs	20	27	43	43	43
General provision for future impact of major projects including the redevelopment of the Grafton Site	0	273	330	487	644

Total	207	793	1,075	1,232	1,389
-------	-----	-----	-------	-------	-------

4.6.5.2 Waste initiatives

Currently across the County 52% of all waste is recycled. The Councils recycle 45% locally.

The Councils are also actively considering a range of other waste recycling and minimisation initiatives in accordance with the national waste strategy. A provision of £200k per year for the cost impact of new measures to improve recycling collection rates across the two Councils is allowed for from 2022/23 onwards, although the final cost will depend on a number of factors including the amount of Government funding available and whether there will be any funding via WSCC for initiatives that reduce landfill.

4.7 Councils' Budget and Shortfall:

4.7.1 A summary of the position for 2021/22 is therefore:

	Adur £'000	Worthing £'000
Main cost pressures:		
Inflationary pressures in excess of the likely increase in Council Tax	207	238
Impact of Covid 19:		
Impact of increased Council Tax Support claimants	71	76
Increase in demand for homelessness accommodation		500
Contingency for other pressures associated with Covid 19 emergency.	200	300
Reduction in commercial income	76	353
Overall change due to Covid 19	347	1,229
Changes in funding from Government		
Change in retained business rates	-281	114
Change in New Homes Bonus	1	234
Total change to funding from Government	-280	348
Impact of funding platforms:		
Reduction in commercial rental income		142
Gigabit Project	43	64
Refurbishment of High Street Car Park - Financing costs		4
Refurbishment of Buckingham Road car park - Financing costs		60
Worthing Integrated Care Centre - closure of Town Hall car park		59
Western Harbour Coastal Defences - Financing costs	58	
Brooklands improvement programme - net costs		20
Overall impact of funding Platforms	101	349
Other items:		
Net impact of the capital programme	-260	-340
Impact of reduction in interest rates on investment income	220	87
Removal of surplus / deficit on the collection fund	-9	-31
Reduction in pension costs	-95	-142
Other items	39	53
Contingency	70	90
Provision for new growth items	70	90
Overall savings to be met by the budget strategy.	410	1,971

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

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

	2021/22	2022/23	2023/24	2024/25	2025/26
ADUR*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	410	927	1,279	1,511	1,858
Annual shortfall	410	517	352	232	347
Total net budget	8,976	8,937	9,131	9,317	9,522
Annual savings as a percentage of overall net budget (%)	4.57%	5.78%	3.86%	2.49%	3.65%

	2021/22	2022/23	2023/24	2024/25	2025/26
WORTHING*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,971	3,383	4,161	4,881	5,557
Annual shortfall	1,971	1,412	778	720	676
Total net budget	13,196	13,124	13,354	13,658	13,976
Annual savings as a percentage of overall net budget (%)	14.94%	10.76%	5.83%	5.27%	4.84%

	2020/21	2021/22	2022/23	2023/24	2024/25
JOINT SERVICES**	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	588	1,385	1,713	2,260	2,819
Annual shortfall	588	797	388	547	559
Total net budget	23,139	23,139	23,602	23,838	24,076
Annual savings as a percentage of overall net budget (%)	2.54%	3.44%	1.39%	2.29%	2.32%

5. Reserves Position

Both Councils have an established policy to maintain balances at a minimum level of 6% and a maximum level of 10% of net expenditure. However, the working balance was increased substantially at the end of 2019/20 to manage the risks associated with the pandemic with the expectation that this would be used during 2020/21 to manage the financial losses resulting from the emergency. The level of General Fund working balance as at the 1st April 2020 is:

	Adur	Worthing
	£'000	£'000
Working balance	1,597	1,705
Net budget	8,612	13,359
Percentage held	18.54%	12.76%

The working balance has been deliberately increased in 2019/20 to help fund the consequences of the pandemic. In addition to the General Fund reserves, the Councils can access other major reserves to help smooth the impact of Council Tax increases and levels of savings necessary:

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

The Councils have a policy of actively contributing to these reserves in 2020/21 by proactively managing the inflation provision. In addition, where possible, the Councils are opting to use the ability to use capital receipts to fund initiatives which make on-going savings (capital flexibilities) to further protect the reserves position. It is estimated that the balance available to support the budget will be:

	Adur District Council		Worthing Borough Council	
	Balance as at 31-Mar-20	Uncommitted resources*	Balance as at 31-Mar-20	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	337	256	1,361	1,203
Special and other emergency expenditure reserve	60	60	0	0
Total	497	316	1,361	1,203

* This allows for approvals to use the resources from 2020/21 onwards including the funding of any carry forward requests.

6. Options for addressing the budget gap in 2021/22 and beyond

6.1 The Councils will need to identify significant savings or deliver income growth over the next 5 - 10 years to balance the budget, particularly if the Councils want to deliver on the initiatives detailed in Platforms for our Places. The savings process to be followed for the development of the budget has four stages:

1. Directors are responsible for identifying proposals to meet a significant proportion of the savings targets which are to be considered by Council Leadership Team in the autumn.
2. A "Budget Reference Group" (joint Executives) will consider the proposals identified to meet the 2021/22 budget shortfall which fit with the Councils' priorities.
3. The savings proposals are then considered by Joint Overview and Scrutiny Committee with a view to commenting on those which will impact on the Worthing Borough Council budget. Joint Overview and Scrutiny Committee can also add to the list of proposed savings with additional proposals as considered appropriate.
4. Consideration by Joint Strategic Committee of which of the savings are to be used to fund the budget shortfall.

A flowchart with outline timescales for the 2021/22 budget is attached at Appendix 2.

6.2 The Councils fundamentally reshaped the budget strategy back in 2016/17, with new explicit strands of work designed to balance the budget and support the delivery of the Councils' priorities. The focus of this strategy has been to increase income generation and reduce the savings to be delivered from service reductions – nevertheless each year efficiency savings will still need to be found.

6.3 This programme will continue to be shaped over the coming months by the strategic work streams which are discussed in more detail below. The proposed targets for the main programmes of work are:

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Strategic Property Investment Fund	200	240	512	200	200	1,352
Commercial income growth	600	600	600	600	600	3,000
Digital service redesign Programme	200	200	200	200	200	1,000
Affordable housing programme	570	0	0	0	0	570
Corporate Landlord programme	190	205	205	100	100	800

6.4 Each programme of work is overseen by an internal working group as follows:

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

5. The Affordable Homes Working Group leads on initiatives to improve the supply of affordable homes and to reduce the cost of temporary and emergency accommodation.

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

Platform 1: Prosperous places

The Councils will:

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

Per Council	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Expected cumulative return (after debt charges and allowance for voids)	100	200	300	400	500

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

Platform 2: Thriving People and Communities

The Councils will:

- i) Provide and enable the delivery of new homes across Adur and Worthing. The delivery of new homes will increase Council Tax income and lever in any government reward grant (e.g. New Homes Bonus). On average each new home built (Band C) will generate £239.60 for Adur District Council and £199.68 for Worthing Borough Council in Council Tax income. There are a significant number of developments either being delivered or considered by both Councils. Adur District Council, via the HRA, is directly delivering a number of schemes to improve the supply of affordable homes.
- ii) The Council will prevent homelessness. As part of this, the councils have been proactively looking at ways in which to reduce the costs of accommodating residents in temporary and emergency accommodation including:
 - a) Preventing residents from becoming homeless;
 - b) Working with landlords on delivering fit for purpose, cost effective accommodation through the Open Door scheme; and
 - c) Acquiring or developing Council owned accommodation to meet community need. Three schemes have been approved to date which will generate savings for the Council whilst providing good quality temporary and emergency accommodation.
- iii) Encourage social innovation, social financing and supporting community and social entrepreneurs to create and deliver solutions that work for our places. This will include:
 - a. Extension of Community self-management of facilities such as sports sites and allotments;
 - b. Extension of the TCV project to involve communities in volunteering and conservation

Platform 3: Tackling Climate Change and Supporting our Natural Environment

The Councils will:

- i) Becoming Carbon Neutral by 2030

As part of this commitment, the councils will investigate options for a solar farm, and additional options for widespread solar PV. £735,680 has been allocated to deliver these and other energy efficiency improvements in the 2020/21 capital investment programme. A detailed Carbon Reduction Plan will be developed by the end of 2020 will identify prioritised interventions to deliver cost effective carbon reduction and long term cost savings. As an example, Worthing Borough Council lowered energy costs by 63% in two Worthing car parks by investing in replacement LED lighting

ii) Reducing waste, increasing reuse, recycling and composting

Engage with our communities to promote and support the zero to landfill objective thereby minimising the costs associated with meeting the 2023 recycling targets.

Platform 4: Good Services and New Solutions

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

a. Increasing the range of modern digital services:

The Councils have embarked on a radical digital transformation programme as approved by the Joint Strategic Programme on the 2nd December 2014. There is an ongoing programme of work designed to lever in significant savings which the Council has continued to roll-out.

	2021/22	2022/23	2023/24	2024/25 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200
Cumulative impact	200	400	600	800

b. Grow our commercial & traded income and external sources of funding:

There are two elements to this area of work:

- Existing fee earning services are being reviewed:
 - Services which either have fees set by central government or can only break-even by statute will be reviewed to ensure that income is sufficient to cover costs. This includes Land Charges, Building Control and Development Management.

- Services which operate on a commercial basis will be encouraged to maximise profit margins where possible.
- The Councils will look for new income generating opportunities.

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

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

c. Develop a Corporate Landlord approach to managing our property estate

Platforms for our Places Going Further identified the development of a Corporate Landlord approach to property management as a means to instigate a ongoing programme of modernisation and improvement in how the Councils manage its property and assets. The recently adopted Joint Strategic Asset Management Plan (JSC March 2020) is the initial step setting out clear objectives and principles around how the Councils will look to manage its assets. The programme will involve a number of workstreams to improve existing approaches:

- Finance & Budgets Workstream
- Data, Information & Compliance Workstream
- Governance Workstream
- Revenue Generation Workstream
- Asset Challenge Workstream
- Property Rationalisation Workstream

The cumulative effect of delivering these workstreams will means that the councils' land and resources will be managed as corporate resources in a holistic and strategic manner seeking to involve the right stakeholders to meet the needs and priorities of the councils. This will be a change to the historic approach, which is being explored through the corporate landlord group.

The Corporate Landlord Model means that the ownership and responsibility for the asset in terms of management and maintenance will

transfer from services to the corporate centre. The service then transitions to a customer/corporate tenant approach as a key stakeholder freeing services to focus on planning and delivery of their service area.

Corporate landlord will take responsibility for acquisition, development, management, maintenance, disposal of land and buildings but also asset planning, review and feasibility/options appraisals to ensure that assets are challenged to be working to deliver council priorities.

In advance of this change programme three initial strands of work have been identified to drive financial return to the council in the shorter term and in accordance with the recently adopted Property Asset Management Plan:

- Property Rationalisation Workstream - initiatives to rationalise the amount of accommodation and depot space used by the Councils
- Revenue Generation Workstream - Work to ensure that rent reviews are up to date and continue effectively manage the councils' estates
- Asset Challenge Workstream - Identify surplus assets which could be disposed of to reduce the borrowing costs to the Councils for other priority projects identified in Platforms for our Places Going Further.

It is expected that this programme will lever in the following savings over the next 5 years.

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Annual Savings	190	205	205	100	100
Cumulative impact	190	395	600	700	800

To take this programme forward, the Councils will need to invest in additional capacity in the organisation to identify and plan in detail a disposals programme, including undertaking investment and site appraisals.

Consequently, it is recommended that a budget of £125,000 be released funded through the capital flexibility facility, which will enable the Council to fund this work from the capital receipts released.

A further report on the proposed disposal programme will be presented to the Joint Strategic Committee in the late Autumn.

d. Effective procurement and contract management, driving sustainability and value for money

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

e. Base budget review

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

6.6 The Councils currently have uncommitted reserves (excluding the working balance) of:

	£'000
Adur	316
Worthing	1,203

Given the current financial position of the Councils and the level of risk associated with the current pandemic, the reserves should only be used to balance the budget for 2021/22 as a last resort. Nevertheless, there remains a limited option to use some reserves to smooth the impact of the savings required. However, any use of reserves can only be regarded as a short-term and non-sustainable solution and should have due regard to the level of reserves available. At this point of time in the budget cycle, it is not proposed to use reserves to balance the budget for 2021/22, but to set challenging targets for savings. This will be revisited in the autumn when the options for savings emerge and the Councils have a clearer understanding of the financial challenges ahead.

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

7. 2022/23 and beyond

7.1 The detailed budget projections for 2021/22 to 2025/26 are also shown in Appendix 3. It is clear that many of the cost pressures identified in 2021/22 will continue on for the coming years and that there is a continuing need to make significant savings although the level of annual savings should decline once the Council has addressed the impact of the Fairer Funding Review .

	2021/22	2022/23	2023/24	2024/25	2025/26
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	410	927	1,279	1,511	1,858
Savings required each year	410	517	352	232	347
Worthing Borough Council					
Estimated cumulative savings required to balance the budget	1,971	3,383	4,161	4,881	5,557
Savings required each year	1,971	1,412	778	720	676

- 7.2 It is an inherent feature of the budget strategy that officers will continue to be asked to identify annual “cashable” efficiency and procurement savings to help meet the budget gap and to protect priority services. However, the focus of the current strategy is to meet a significant proportion of the challenge through income generation by:
- i) Building new homes and increasing income from Council Tax.
 - ii) Increasing business rates through the development of new employment spaces.
 - iii) Increasing income from commercial activity;
 - iv) Investing in property using the Strategic Property Investment Fund.
 - v) Using the Councils assets through the asset management plan to best support the Council’s priorities.
 - vi) To address the costs of homelessness through preventative measures and acquiring better value homes for emergency accommodation.
- 7.3 This strategy will have long term benefits. Overall as a result of the strategy adopted both Council will be able to address significant proportions of the budget shortfalls identified.

	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	410	927	1,279	1,511	1,858
Savings strategy:					
Strategic Property Investment	-100	-200	-300	-400	-500
Commercial income and commissioning	-150	-300	-450	-600	-750
Service and digital redesign	-80	-160	-240	-320	-400
Commercial landlord programme	-50	-150	-250	-280	-310
Affordable housing projects	-30	-30	-30	-30	-30
Residual savings to be identified	0	87	9	-119	-132
Worthing Borough Council					
Estimated cumulative savings required to balance the budget	1,971	3,383	4,161	4,881	5,557
Savings strategy:					
Strategic Property Investment	-100	-200	-300	-400	-500
Commercial income and commissioning	-450	-900	-1,350	-1,800	-2,250
Service and digital redesign	-120	-240	-360	-480	-600
Commercial landlord programme	-140	-245	-350	-420	-490
Affordable housing projects	-540	-540	-540	-540	-540
Residual savings to be identified	621	597	-309	-20	-64

Shown at Appendix 4 is a 10 year forecast which considers whether the current strategy will result in a more sustainable budget for the future based on known cost pressures. Whilst the next 2 to 3 years are challenging, if the Councils are successful in delivering the strategy detailed above, the financial issues faced in the future should be manageable.

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

8. Housing Revenue Account

- 8.1 The Housing Revenue Account (HRA) has a 30-year financial plan which was included in the rent setting report considered in February this year. It is not intended to replicate those financial projections within this report but update the forecast later once the asset management plan has been refreshed. However, like the General Fund, the HRA is facing some significant challenges, not least the legacy of the 1% rent reduction and increasing maintenance costs associated with the condition of the housing stock.
- 8.2 Nevertheless, the HRA will be subject to the same budget process and strategy as outlined below.

9. Budget strategy for the development of the 2021/22 budget

- 9.1 A detailed budget strategy now needs to be agreed, to underpin the preparation of the budget throughout the coming months and to reflect the discussion outlined above. The following are recommended as principles to be used in the preparation of the 2021/22 revenue and capital budgets:

9.2 Revenue Budget Strategy

- The Councils will aim to keep Council Tax increases to a minimum;
- The Councils will seek to increase income from business rates and council tax by facilitating the creation of new homes and employment space.
- Growth in expenditure is to be restricted to unavoidable expenditure to satisfy the delivery of the Councils' Key Priorities and other legislative requirements. The key items of growth identified to date have been included in the outline 5-year forecast;
- Any other growth to be accompanied by proposals for equivalent ongoing savings and not to be funded from reserves;
- Income is to be increased in line with the inflationary pressures upon the Councils (2.0%) or such higher increase as the individual markets can bear
- Expenditure is to be increased by: 2% for pay (plus an allowance has been made for increments which are a contractual commitment) and 1.0% for all other expenditure (except for inflation arising from contractual indexation provisions and energy for which an appropriate provision is to be made);
- The Council aims to set a balanced budget. Any proposed use of reserves is to have regard to the adequacy of such reserves and any such policy

must be sustainable in the longer term. In addition, the Council aims not to have any planned call upon the General Fund Working Balance;

- The Council will identify the majority of savings through six proposed programmes of work:
 - Strategic Property Investment Fund
 - Commercial strategy
 - Affordable homes programme
 - Corporate Landlord programme
 - Digital and service redesign programme
 - Investment in renewable energy
- Officers are to identify other 'cashable' efficiency savings, options for reducing non-priority services, and undertake a critical review of budgets to identify further options for balancing the budget.

9.3 Capital Investment Programme

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

Adur District Council: £1.5 m core funding in 2021/22 and 2022/23
(plus £5.6m for the Housing Investment Programme)

Worthing Borough Council: £2.5m core funding

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

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

10. **Engagement and Communication**

- 10.1 The budget proposals will be the subject of internal officer consultation.
- 10.2 All savings proposals will be scrutinised by the Joint Overview and Scrutiny Committee at its meeting of November 2020.
- 10.3 All members will participate in the setting of the annual budget at the Council meetings in February.

- 10.4 If appropriate the budget consultation this year will be undertaken over the autumn. The final form of the consultation is not yet decided.
- 10.5 The Adur Consultative Forum (tenants' forum) will be consulted regarding any proposed changes to the HRA.

11. Financial Implications

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

12. Legal Implications

- 12.1 The Council is required to set a robust budget under the Local Government Act 2003. This report is the first step towards the Council achieving this aim for the 2020/21 budget round.

Background Papers

Report to Adur District Council Executive 4th February 2020 - Estimates 2020/21 and setting of 2020/21 Council Tax

Report to Worthing Borough Council Executive 3rd February 2020 - Estimates 2020/21 and setting of 2020/21 Council Tax

Report to Joint Strategic Committee 7th July 2020 – Final Revenue Outturn for Joint, Adur and Worthing 2019/20.

Budget Statement 2020 – Report from HM Treasury

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

Report to the Joint Strategic Committee 3rd December 2019 – *Platforms for our Places - Going Further (2020-2022)* : Unlocking the Power of People, Communities and our Local Geographies

Letter to all Council Leaders from the Secretary of State for MHCLG dated 30th April 2020

Officer Contact Details:-

Sarah Gobey
Chief Financial Officer
(01903) 221221

sarah.gobey@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

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

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered and no issues identified.

4. Governance

Matter considered and no issues identified.

Government Funding Streams

- **Homelessness Funding**
£3.2m has been made available nationally. Local authorities will claim costs incurred from the government. Each local authority will be notified as to the provisional maximum amount it is entitled to claim back, which is calculated based on the number of rough sleepers reported in the Autumn 2019 snapshot. On this basis, the maximum grant available for Adur is £1,500 and for Worthing is £9,750 which will be insufficient to cover the cost of the Emergency Accommodation acquired.

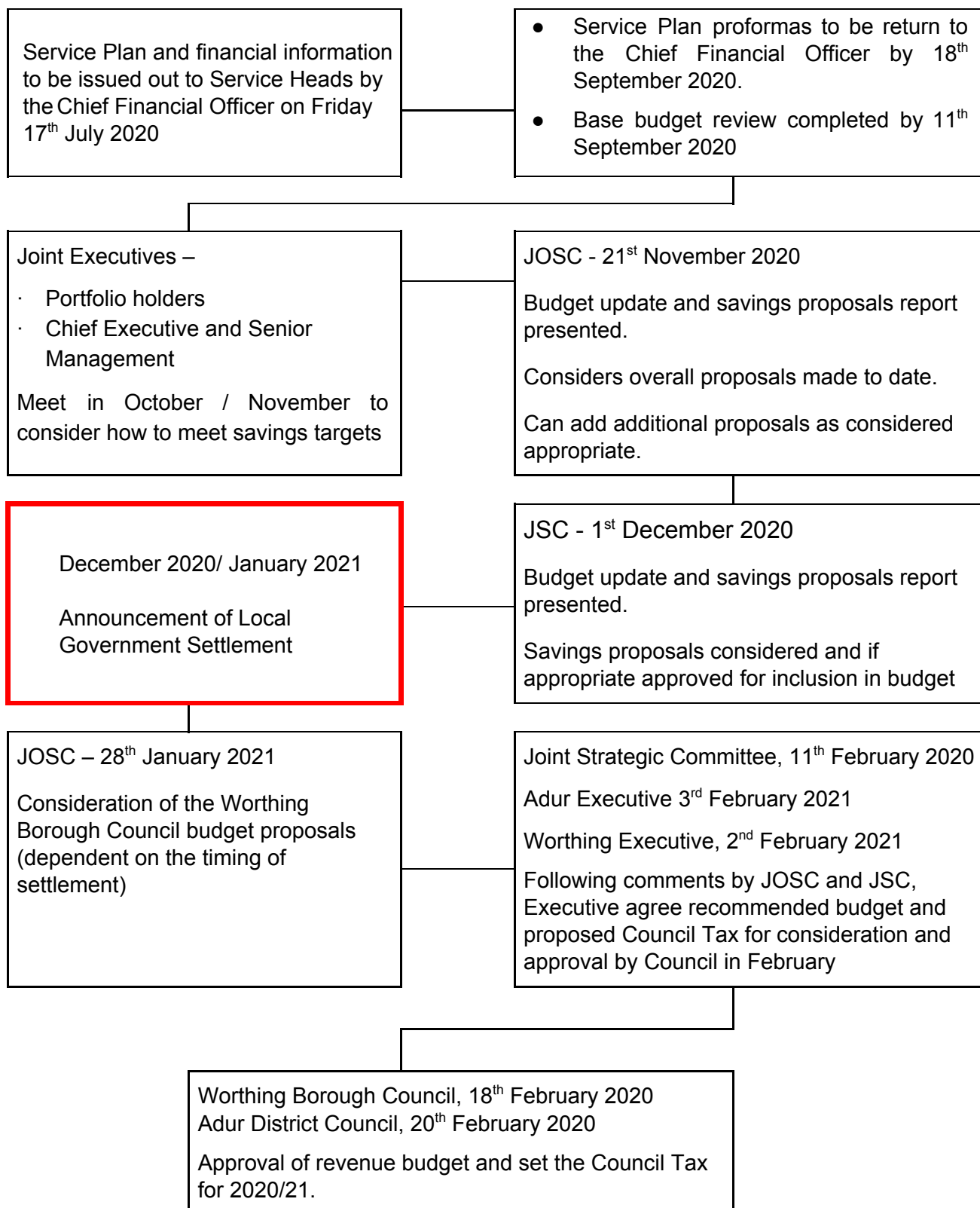
- **Emergency Grant**
The government announced initial funding of £1.6bn which is intended to help Local Authorities address the pressures we are facing in response to the Covid-19 pandemic across all the services you deliver. The amount allocated to Adur and Worthing was £78,540 (Adur £31,120 and Worthing £47,420).

A second tranche of £1.6bn funding was announced in May 2020. The amount allocated to Adur and Worthing was £1.7m (Adur £635,280 and Worthing £1,099,480). A letter from MHCLG clarified that this was to fund a range of cost pressures. This funding is un-ringfenced on the basis that councils are best placed to determine the specific needs of their local communities.

- **Business Grants**
The Government has announced business grants which are to be paid based on set criteria. Worthing has received £26.1m and Adur £17.6m. The use of this funding has recently been extended with a new discretionary scheme announced on 1st May 2020.
- **Hardship fund**
The Government has released funding of £0.5bn to support vulnerable individuals, of this total Adur has received £453,180 and Worthing has £709,580. The Government expects billing authorities to use the majority of the funding to provide relief to individual council taxpayers in the form of an additional £150.00 Council Tax discount to existing local council tax support claimants. This will help to provide additional support to those households most likely to be economically vulnerable to the impacts of COVID-19.
- **Reopening the high streets safely**
The Government have provided £50m to support the safe reopening of high streets and other commercial areas. The money will allow local authorities in England to put in place additional measures to establish a safe trading environment for businesses and customers, particularly in high streets, through measures that extend to the end of March 2021.

The Councils have been awarded £154,930 (Adur £56,760 and Worthing £98,170) which is to be claimed back on a quarterly basis.

Appendix 2



Appendix 3

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2020/21 - 2025/26						
Net Spending to be Financed from Taxation	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	8,612	8,612	8,612	8,612	8,612	8,612
(a) Annual Inflation						
Estimated inflation		271	567	861	1,147	1,438
Impact of 2020/21 pay rise		82	84	86	88	90
(b) One -off / non-recurring items						
Local Elections (held every other year - deferred in 2020/21 due to the pandemic)		-	(18)	-	(19)	-
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review -		-	94	94	94	94
Homeless funding to continue for 2021/22						
Contingency for other Covid 19 pressures		200	200	200	200	200
Reduction in commercial income		76	76	76	76	76
(d) Impact of funding 'Platforms'						
Gigabit Project		43	43	43	43	43
Measures to reduce waste		-	72	72	72	72
Western Harbour Arm Coast Defences		58	58	58	58	58
(e) Treasury Management						
Capital programme financing costs		(260)	(224)	(85)	(31)	117
Investment income		220	179	135	90	42
(f) Other items						
Reduction in pension contributions		(95)	(223)	(226)	(226)	(226)
Building maintenance		25	50	50	50	50
Loss of rental income from registrars		14	14	14	14	14
Provision for new committed growth items		70	140	210	280	350
(g) Approved Growth items						
Provision for new growth items		70	140	210	280	350
Total Cabinet Member Requirements	8,612	9,386	9,864	10,410	10,828	11,380
Funding from Grants and Taxation						
Baseline funding:	1,767	1,802	1,838	1,875	1,913	1,951
Add: Retained additional business rates	614	659	336	342	345	353
Add: Share of previous year's surplus / (deficit)	(300)	(99)				
Adjusted Baseline funding	2,081	2,362	2,174	2,217	2,258	2,304

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
Net Spending to be Financed from Taxation						
Council Tax	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax income	6,529	6,675	6,825	6,977	7,133	7,293
Impact of increases to Council Tax Support		(71)	(72)	(73)	(74)	(75)
Total Council Tax income	6,529	6,604	6,753	6,904	7,059	7,218
Other grants						
New homes bonus (2017/18 - 2020/21)	1	-	-	-	-	-
New homes bonus (2019/20 - 2022/23)	10	10	10	10	-	-
Total NHB	11	10	10	10	-	-
Collection fund surplus/deficit (-)	(9)	-	-	-	-	-
Total other grants and contributions	2	10	10	10	-	-
Total Income from Grants and Taxation	8,612	8,976	8,937	9,131	9,317	9,522
(Surplus) / Shortfall in Resources	-	410	927	1,279	1,511	1,858
AMOUNT REQUIRED TO BALANCE BUDGET	-	410	927	1,279	1,511	1,858
Savings strategy:						
Strategic Property Investment Fund						
Future purchases		200	400	600	800	1,000
Provision for future voids		(100)	(200)	(300)	(400)	(500)
Commercial and Customer Activities		150	300	450	600	750
Service and Digital redesign		80	160	240	320	400
Affordable Housing Programme						
Approved projects		30	30	30	30	30
Commercial Landlord Programme		50	150	250	280	310
Total initiatives identified		410	840	1,270	1,630	1,990
Cumulative savings still to be found/ (surplus)		-	87	9	(119)	(132)
Annual savings still to be found		-	87	(78)	(128)	(13)
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£6.11	£6.23	£6.35	£6.48	£6.61
Weekly increase (Band D property)		£0.12	£0.12	£0.12	£0.12	£0.13
Average annual increase (Band C property)		£5.43	£5.54	£5.64	£5.76	£5.88
Average weekly increase (Band C property)		£0.10	£0.11	£0.11	£0.11	£0.11

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	13,359	13,359	13,359	13,359	13,359	13,359
(a) Annual Inflation						
Estimated inflation		349	799	1,248	1,687	2,134
Impact of 2020/21 pay rise		119	121	123	125	128
(b) One -off / non-recurring items						
Local Elections (held 3 years in 4 - deferred in 2020/21 due to the pandemic)		-	(50)	-	-	-
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review - Homeless funding to continue for 2021/22		-	152	152	152	152
Increase in demand for homelessness accommodation		500	500	500	500	500
Contingency for other Covid 19 pressures		300	300	300	300	300
Reduction in commercial income		353	353	353	353	353
(d) Impact of funding 'Platforms'						
Grafton site: Reduction in commercial rents		142	142	142	142	142
Gigabit Project - financing costs and public wifi		64	64	64	64	64
Measures to reduce waste		-	128	128	128	128
Refurbishment of High Street Car Park		4	50	259	259	259
Refurbishment of Buckingham Road car park		60	192	192	192	192
Worthing Integrated Care Centre - Closure of Town Hall car park		59	59	59	59	59
Brooklands improvement programme - net costs		20	27	43	43	43
Provision for future impact of major projects			273	330	487	644
(e) Treasury Management						
Financing costs - General Programme		(340)	(129)	(18)	305	605
Investment income		87	38	(23)	(100)	(193)
(g) Other items						
Fall out of SDLT pension costs.		(18)	(36)	(36)	(36)	(36)
Triennial pension valuation - Reduction in contributions		(142)	(316)	(321)	(321)	(321)
Building maintenance		50	100	100	100	100
Loss of rental income from registrars		21	21	21	21	21
Provision for new committed growth items		90	180	270	360	450
(h) Approved Growth items						
Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	13,359	15,167	16,507	17,515	18,539	19,533

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements	13,359	15,167	16,507	17,515	18,539	19,533
Baseline funding	2,693	2,747	2,802	2,858	2,915	2,973
Add: Net retained additional business rates	649	673	343	347	350	359
Add: Share of surplus /deficit (-)	-	(192)				
Adjusted Baseline funding	3,342	3,228	3,145	3,205	3,265	3,332
Council Tax income	9,524	9,754	9,989	10,229	10,475	10,728
Impact of increases to Council Tax Support		(76)	(78)	(80)	(82)	(84)
Total Council Tax income	9,524	9,678	9,911	10,149	10,393	10,644
New homes bonus (2017/18 - 2020/21)	234	-	-	-	-	-
New homes bonus (2018/19- 2021/22)	222	222	-	-	-	-
New homes bonus (2019/20 - 2022/23)	68	68	68	-	-	-
Total New Homes Bonus	524	290	68	-	-	-
Collection fund surplus/deficit (-)	(31)	-	-	-	-	-
Total other grants and contributions	493	290	68	-	-	-
Total Income from Taxation	13,359	13,196	13,124	13,354	13,658	13,976
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,971	3,383	4,161	4,881	5,557

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET		1,971	3,383	4,161	4,881	5,557
Savings / Initiatives identified to date:						
Strategic Property Investment Fund						
Future property purchases		200	400	600	800	1,000
Provision for future voids and repairs		(100)	(200)	(300)	(400)	(500)
Wellbeing centre and car park			40	352	352	352
Affordable Housing Programme						
Approved projects		540	540	540	540	540
Commercial and Customer Activities		450	900	1,350	1,800	2,250
Service and Digital redesign programme		120	240	360	480	600
Commercial Landlord Programme		140	245	350	420	490
Total savings initiatives identified to date		1,350	2,165	3,252	3,992	4,732
Cumulative savings still to be found/ (surplus)		621	1,218	909	889	825
Annual savings still to be found		621	597	(309)	(20)	(64)
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£4.84	£4.95	£5.05	£5.15	£5.25
Weekly increase (Band D property)		£0.09	£0.10	£0.10	£0.10	£0.10
Average annual increase (Band C property)		£4.30	£4.40	£4.49	£4.58	£4.67
Average weekly increase (Band C property)		£0.08	£0.08	£0.09	£0.09	£0.09

JOINT STRATEGIC COMMITTEE
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	22,910	22,910	22,910	22,910	22,910	22,910
(a) Annual Inflation						
Estimated inflation		691	1,390	2,085	2,764	3,457
Impact of 2020/21 pay rise		190	194	198	202	206
(b) Impact of funding 'Platforms'						
Measures to reduce waste		-	200	200	200	200
(c) Other items						
Reduction in pension contributions		(199)	(405)	(413)	(413)	(413)
Loss of income from registrars		35	35	35	35	35
Provision for new committed growth items		100	200	300	400	500
Net cost to be reallocated to the Councils	22,910	23,727	24,524	25,315	26,098	26,895
Adur District Council	9,337	9,430	9,430	9,619	9,715	9,812
Worthing Borough Council	13,573	13,709	13,709	13,983	14,123	14,264
Total income for services provided to the constituent councils	22,910	23,139	23,139	23,602	23,838	24,076
(Surplus) / Shortfall in Resources	-	588	1,385	1,713	2,260	2,819

Appendix 4

	2020/ 21 Base	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31
Adur District Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	8,612	8,612	8,612	8,612	8,612	8,612	8,612	8,612	8,612	8,612	8,612
Inflation		353	651	947	1,235	1,528	1,821	2,113	2,406	2,700	2,995
Net growth		421	601	851	981	1,240	1,588	1,876	2,151	2,447	2,698
Net expenditure funded by taxation	8,612	9,386	9,864	10,410	10,828	11,380	12,021	12,601	13,169	13,759	14,305
Income from taxation											
Business rates	2,081	2,362	2,174	2,217	2,258	2,304	2,335	2,383	2,431	2,479	2,528
Council Tax	6,520	6,604	6,753	6,904	7,059	7,218	7,379	7,543	7,712	7,884	8,060
Other grants	11	10	10	10	0	0	0	0	0	0	0
Total income from taxation	8,612	8,976	8,937	9,131	9,317	9,522	9,714	9,926	10,143	10,363	10,588
Cumulative shortfall	0	410	927	1,279	1,511	1,858	2,307	2,675	3,026	3,396	3,716
Budget strategy initiatives:											
Investment in commercial property		100	200	300	400	500	650	800	950	1,100	1,250
Development of commercial income		150	300	450	600	750	900	1,050	1,200	1,350	1,500
Impact of digital strategy		80	160	240	320	400	400	400	400	400	400
Corporate Landlord Programme		50	150	250	280	310	340	370	400	430	460
Affordable Housing Programme		30	30	30	30	30	30	30	30	30	30
Total savings initiatives identified		410	840	1,270	1,630	1,990	2,320	2,650	2,980	3,310	3,640
Remaining savings to be identified		0	87	9	-119	-132	-13	25	46	86	76
Savings per year to be identified		0	87	-78	-128	-13	119	38	22	40	-10

	2020/ 21 Base	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31
Worthing Borough Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359
Inflation		468	920	1,371	1,812	2,262	2,712	3,163	3,616	4,072	4,530
Net growth		1,340	2,228	2,785	3,368	3,912	4,294	5,187	5,619	6,001	6,332
Net expenditure funded by taxation	13,359	15,167	16,507	17,515	18,539	19,533	20,365	21,709	22,594	23,432	24,221
Income from taxation											
Business rates	3,342	3,228	3,145	3,205	3,265	3,332	3,379	3,443	3,514	3,585	3,655
Council Tax	9,493	9,678	9,911	10,149	10,393	10,728	10,986	11,251	11,521	11,799	12,083
Other grants	524	290	68	0	0	0	0	0	0	0	0
Total income from taxation	13,359	13,196	13,124	13,354	13,658	14,060	14,365	14,694	15,035	15,384	15,738
Cumulative shortfall	0	1,971	3,383	4,161	4,881	5,473	6,000	7,016	7,559	8,049	8,484
Budget strategy initiatives											
Investment in commercial property		100	200	300	400	500	650	800	950	1,100	1,250
Development of commercial income		450	900	1,350	1,800	2,250	2,680	3,110	3,540	3,970	4,400
Impact of digital strategy		120	240	360	480	600	600	600	600	600	600
Corporate Landlord Programme		140	245	350	420	490	560	630	700	770	840
Affordable Housing Programme		540	540	540	540	540	540	540	540	540	540
Total savings initiatives identified		1,350	2,125	2,900	3,640	4,380	5,030	5,680	6,330	6,980	7,630
Remaining savings to be identified		621	1,258	1,261	1,241	1,093	970	1,336	1,229	1,069	854
Savings per year to be identified		621	637	3	-20	-148	-123	366	-107	-161	-215

	2020/ 21 Base	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Overall											
Overall budget shortfall											
Adur		410	927	1,279	1,511	1,858	2,307	2,675	3,026	3,396	3,716
Worthing		1,971	3,383	4,161	4,881	5,473	6,000	7,016	7,559	8,049	8,484
Total		2,381	4,310	5,440	6,392	7,331	8,307	9,690	10,585	11,445	12,200
Budget strategy initiatives											
Investment in commercial property		200	400	600	800	1,000	1,300	1,600	1,900	2,200	2,500
Development of commercial income		600	1,200	1,800	2,400	3,000	3,580	4,160	4,740	5,320	5,900
Impact of digital strategy		200	400	600	800	1,000	1,000	1,000	1,000	1,000	1,000
Corporate Landlord Programme		190	395	600	700	800	900	1,000	1,100	1,200	1,300
Affordable Housing Programme		570	570	570	570	570	570	570	570	570	570
Total budget strategy initiatives		1,760	2,965	4,170	5,270	6,370	7,350	8,330	9,310	10,290	11,270
Remaining cumulative savings to be identified		621	1,345	1,270	1,122	961	957	1,360	1,275	1,155	930
Annual savings still to be identified		621	724	-75	-148	-161	-4	403	-85	-121	-225

This page is intentionally left blank



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 11

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

Becoming financially sustainable - Capital Strategy 2021/24

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1 This report seeks the approval of the Council's Capital Strategy for 2021/24. The Strategy outlines the Council's approach to capital investment and how the Council ensures that capital investment is directed to the Council's Priorities. It also sets out the basis for prioritisation of capital bids included in the 3 Year Capital Investment Programme and the monitoring of the programme.

2. Recommendations

- 2.1 The Joint Strategic Committee is asked to recommend to the Councils that the Capital Strategy 2021/24 be approved.

3. Context

- 3.1 The Councils have fixed assets (land, buildings, equipment and software) worth £390m as at 31st March 2020 which are used directly in the delivery of services and council priorities or to generate income to support the activities of the Councils. The Councils' capital strategy details how the Councils approach investment in these assets and it is reviewed annually to reflect changes in the Council's priorities and resources.

3.2 It is a requirement of the Prudential Code that the Councils' have an annually approved capital strategy. The capital strategy brings together not only the capital expenditure policy and plans, but includes financing considerations in one comprehensive document. The requirements include:

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

- **Commercial activity**

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

For Adur and Worthing Councils, this specifically refers to the Strategic Property Investment Fund.

- **Other long-term liabilities**

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

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

- **Knowledge and skills**

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

3.3 In 2019/20 the Strategy was revised to reflect the ICT investment strategy and partnership working and confirmed the following direct resource allocations for 2021/22:

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual ring fence from available resources to fund essential capitalised planned maintenance schemes.	75	150	225
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy – to fund planned equipment and vehicle replacements	221	394	615
Recommended set-aside to facilitate the delivery of the digital strategy.	59	66	125
Essential replacement of ICT desktop equipment, minor software upgrades, and local network equipment in both Councils.	47	53	100
Total resources earmarked for specific purposes	402	663	1,065

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

- £2.5m for Worthing Borough Council which reflects the increasing need to invest in the Council's assets in light of emerging maintenance issues such as the requirement to deal with asbestos in the Council's buildings, the need to invest in public facilities such as toilets, and the pressing need to replace aging plant and equipment in our main buildings with more sustainable options; and
- £1.5m for Adur District Council General Fund for 2022/23 reducing down to £1m for the following years and £5.6m for the HRA Housing Investment Programme - General Investment Needs in 2021/22 and 2022/23 (excluding new developments which are considered separately)

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

4. Issues for consideration

4.1 There are no substantial changes in the capital strategy proposed for 2021/24 other than an increase in the annual investment required by Adur District Council from £1m to £1.5m. This reflects an increase in the level of vehicle replacements expected in 2022/23 as part of the street sweeping fleet is due to be replaced in this year.

4.2 Resource allocations for 2022/23:

The following resource allocations to key corporate strategies are recommended for 2022/23:

- The continuation of the set-aside for building maintenance which is used to address the backlog maintenance identified within the planned maintenance programme and asset management plan.
- Resources are proposed to be set aside to fund the 'digital strategy' and key investments required into replacement IT infrastructure and equipment.
- Sufficient resources need to be set-aside for the Adur and Worthing partnership to fund the replacement of essential vehicles planned in 2022/23.

If approved, the overall the allocations will be:

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual ring fence for essential capitalised planned maintenance schemes.	75	150	225
Capital investment needs arising from the partnership strategy – to fund planned equipment and vehicle replacements	515	772	1,287
Recommended set-aside to facilitate the delivery of the digital strategy.	59	66	125
Essential replacement of ICT desktop equipment, minor software upgrades, and local network equipment in both Councils.	47	53	100
	696	1,041	1,737

- 4.3 The top slicing of the General Fund programme in each year to ensure funding for key strategic issues such as the planned building maintenance programme, ICT and the partnership programmes will mean that, of the overall resources of available in 2022/23, the following resources will remain for other schemes:

Adur District Council:	£804,000
Worthing Borough Council:	£1,459,000

- 4.4 The proposed capital strategy is attached at Appendix 1. Appendix 2 gives details of the prioritisation model to be used in 2020/21 which has been updated to reflect the priorities outlined in 'Platforms for our Places'.

5. Engagement and Communication

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

6. Financial Implications

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

7. Legal Implications

- 7.1 Part 1 of the Local Government Act, 2003 (as amended) sets out the framework for capital finance and expenditure and section 16 sets out the definition of capital expenditure.
- 7.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2012 (SI 2012/265) provide more detailed requirements.
- 7.3 Section 111 of the Local Government Act, 1972 allows the Council to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.
- 7.4 The statutory guidance on the flexible use of capital receipts is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003.
- 7.5 The Government has published a statutory guidance on local government investments. The new edition applies in England only and for accounting periods starting on or after 1st April 2018. This is statutory guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003.

Background Papers

Report to the Joint Strategic Committee on 9th July 2019: Capital Strategy 2020/23

Report to the Joint Strategic Committee on 9th July 2019: Becoming financially sustainable - Revenue Budget Strategy for 2020/21

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

Report to the Joint Strategic Committee on 28th January 2020: Joint Treasury Management Strategy Statement and Annual Investment Strategy 2020/21 to 2022/23 for Adur District Council and Worthing Borough Council

Report to the Joint Strategic Committee on 11th February 2020: Annual Commercial Property Investment Strategy 2020/21

Officer Contact Details:-

Sarah Gobey
Chief Financial Officer
Town Hall, Worthing
(01903) 221235
sarah.gobey@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. ECONOMIC

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

2. SOCIAL

2.1 Social Value

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

2.2 Equality Issues

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

3. Environmental

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

4. Governance

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



ADUR & WORTHING
C O U N C I L S

**INVESTING IN ADUR AND
WORTHING:
CAPITAL STRATEGY
2021-2024**

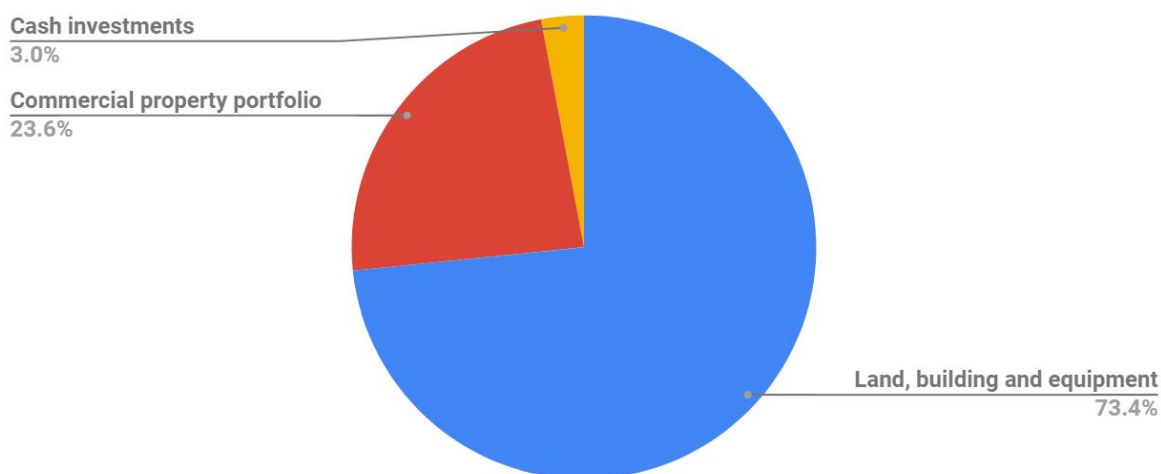
CONTENTS

SECTION	PAGE NO.
Section 1	Introduction
Section 2	Resource Allocation
Section 3	Prioritising Investment
Section 4	Framework for Managing, Monitoring and Evaluating the Capital Programme
Section 5	Consultation
Section 6	Partnership Working
Section 7	Links to Other Strategies and Plans
Section 8	Performance Management and Measurement
Section 9	Revising the Capital Strategy
Section 10	Skills and knowledge of staff
Section 11	Summary

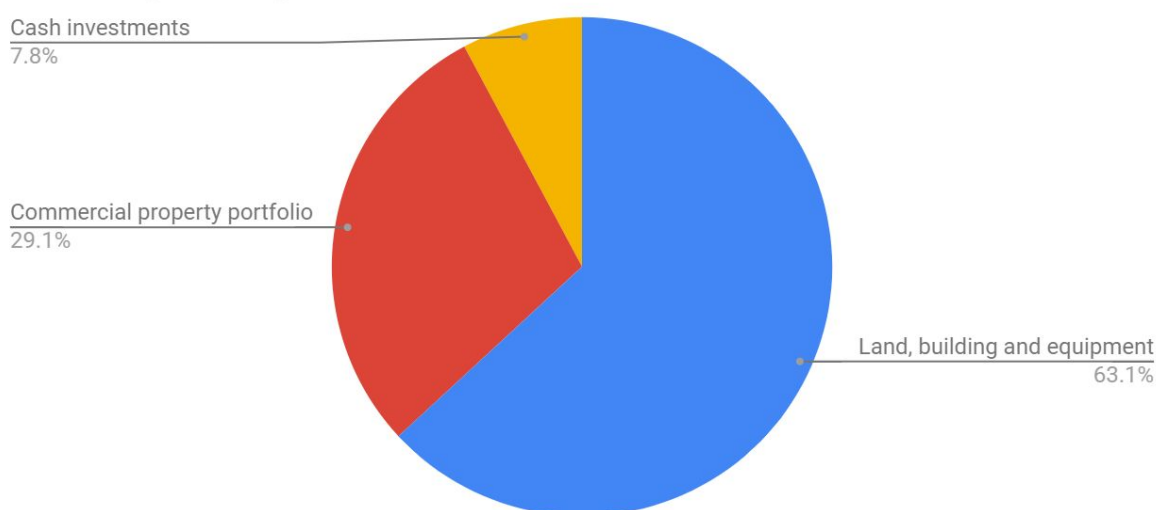
1.0 INTRODUCTION

- 1.1 Overall the Councils holds several different types of investment to support service delivery:

Adur District Council - Total investments of £332.3m



Worthing Borough Council - Total Investments of £255.8m



There are three interlinked strategies governing how the Council manages these investments and the associated risks:

- Capital strategy which outlines the Councils approach to investing in fixed assets such as land, buildings and equipment together with detailing how the proposed programme will be financed;
- Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy which details how the Council will manage the risks and opportunities associated with cash investments and borrowings. This was approved by both Councils in February 2020;
- Commercial Property Investment Strategy which deals with how the Council will manage the risks associated with the investment in and management of the Investment Property Portfolio. This strategy was approved by both Councils in February 2020.

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

1.3 **The Council's Vision and Corporate Plan**

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

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

1.5 In order to help deliver the Vision, the following five 'Platforms' were refreshed in 2019. Each Platform has a series of commitments for the next three years beneath which are a series of initiatives and projects. Those which may have a direct impact on the capital strategy are summarised as follows:-

Platform 1: Prosperous Places

- Attractors for prosperity through investment in place making (town centres, public space, public realm, public arts, cultural offer, seafront etc.)
- The fourth industrial revolution ... supporting digital inclusivity for business and delivering the technical infrastructure for the next 30 years.
- Use the Councils' Strategic Property Investment Fund to deliver new revenue streams and support investment projects.
- Investment in and delivery of Major Projects and key infrastructure.

Platform 2: Thriving People and Communities

- Delivering our Housing Strategy 2020-2023 'Enabling our Residents to thrive in their own home'
- Community, voluntary sector and social innovation

Platform 3: Tackling Climate Change and Supporting our Natural Environment

- Becoming Carbon Neutral by 2030
- Transitioning to clean, smart, secure and affordable energy

- Creating and expanding spaces for tree-planting, biodiversity and wildflower schemes.
- Reducing waste, increasing reuse, recycling and composting

Platform 4: Good Services and New Solutions

- Increase the range of modern digital services.
- Develop a Corporate Landlord approach to managing our property estate.

Platform 5 – Leadership of Place

- Emergency Planning and Civil Contingencies.

Further details of all of the priorities and how these will be achieved are included in a programme of work called 'Platforms for our Places: Going Further' which can be found on the internet.

1.5 Three Year Capital Investment Programme

The main purpose of the Councils' Capital Investment Programme is to provide assets for the provision of services, fund capital investment to generate income streams for the future, and to deliver the Councils' Priorities. It is prepared by considering resources available and then prioritising capital schemes in line with Corporate Objectives and other criteria. A summary of the current Capital Investment Programmes 2020/21 – 2022/23, including funding, is shown in Appendices 3, 4 and 5. Full details can be found on the Intranet and in the budget book.

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

i) Delivery of the Digital and IT strategy (Total: £3,621,140 split as follows Adur: £1,488,250 Worthing: £2,132,890)

The Councils are committed to improving how services are delivered to the public. Core to this commitment is ensuring services are designed around customer needs and supported by systems which are easily accessible and resilient. To this end the Councils are implementing its strategy of redesigning solutions which are cloud hosted and designing applications using our low code platform.

Over the next three years there will be significant capital investment in the network that underpins our services, hardware, and applications and systems to support our services. Investment in systems will follow our cloud first strategy, improving resilience, security and reducing complexity of our infrastructure. Key areas for investment are Apps built on our own low code platform where we have a track

record of delivering effective solutions. Functionality will focus on improving customer journeys, including that for businesses. Other systems that we will invest in include Revenues and Benefits, HR and Payroll, Planning and Compliance/ Asset Management. The ongoing delivery of our successful strategy will ensure we are able to offer high quality, efficient, flexible services to our customers and free up our staff to focus on providing good services.

Over the next three years the Councils are also investing in digital infrastructure to provide public Wi-Fi services (Citizen Wi-Fi) in shopping areas, parks, seafront and community centres, and to implement an Internet of Things (IoT) network with coverage across Adur & Worthing. The project aligns with Adur & Worthing Councils' strategies; focusing on economic, social, and environmental value; either directly through the commercial investment triggered and Citizen Wi-Fi & IoT services, and indirectly; delivering digital infrastructure to support other WSCC and AWC projects.

ii) **Affordable housing (Adur: £7,239,740, Worthing: £8,681,210 Total: £15,920,950)**

The Councils are committed to both enabling and directly developing affordable housing development for the residents of Adur and Worthing. The new Housing Strategy agreed earlier this year outlined the challenges clearly for the Councils. The Councils are committed to working with social sector landlords to support the development of homes for rent that are safe, decent, and meet the needs of residents in Adur and Worthing. Adur District Council also develops via the Housing Revenue Account it's own housing stock. In Worthing the refurbishment of Phase I of the Downview Public House has been completed with development to commence on new homes at Rowlands Road and Phase II of Downview. In Adur District the redevelopment of Cecil Norris House is underway,

iii) **Adur and Worthing Services (Total: £2,347,420 split as follows: Adur share: £905,740 Worthing share: £1,441,680)**

The two Councils provide shared services with a view to improving service standards and reducing the cost of services to residents. Recent investments include a new vehicle fleet for street cleaning and refuse collection services at a cost of £4.2m. The Councils regularly invest in vehicles and equipment for the joint services replacing new vehicles with electric vehicles where possible to help deliver on the Councils' plan to be Carbon Neutral by 2030.

iv) **Maintaining Council Homes for residents of Adur Homes**

Adur District Council has committed to maintaining Council homes with planned investments ranging from fire safety improvements to

new kitchens and bathrooms. Overall the Council plans to invest £14,413,610 in the Council housing stock in 2020/21.

v) **Building a new medical centre in Worthing**

Worthing Borough Council is committed to delivering a 6,593 sq.m Integrated Health facility and 185 space multi-storey car park on the existing surface car park at Worthing Town Hall to improve health facilities for the residents. This is one of the key commitments in Platform 1: Prosperous places.

vi) **Investing in the Town Centre in Worthing**

Worthing Borough Council has started a refurbishment programme of it's main car parks to ensure that they are safe and pleasant to use for visitors to the Town Centre. This contributes directly to the commitments in Platform 1: Prosperous places.

2.0 RESOURCE ALLOCATION

2.1 Prudential Capital System

- 2.1.1 The Government introduced the current system for the management of capital finance in 2004/05 contained in The Local Authorities (Capital Finance and Accounting) Regulations (2003), which became operative from 1st April 2004. The act sets out the financial power for local authorities to use unsupported prudential borrowing for capital investment provided that the Council can afford the revenue consequences of any proposed borrowing.
- 2.1.2 The key objectives of the prudential system are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. Under the regulations local authorities have been given the freedom to determine the amount of external borrowing they are prepared to undertake when considering their own capital spending and financing decisions.
- 2.1.3 The most significant change under the prudential system has been the initial determination of the limits of affordability for providing capital investment, taking into account the opportunity costs of alternative financing decisions.
- 2.1.4 Following changed requirements in the Prudential Code, the capital strategy has been expanded to include consideration not only of capital expenditure; but also capital investments and liabilities; and the link to treasury management. The intention is to bring together not only the capital expenditure policy and plans, but to include financing considerations in one comprehensive document. Additional requirements include:

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

- **Commercial activity**

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

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

- **Other long-term liabilities**

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

- **Knowledge and skills**

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

2.1.5 The Councils comply with all of the requirements of the Prudential Code (the Code) with one exception. The Councils have chosen to invest in Commercial Property with the long term strategic intention of generating a sustainable income for the Councils to replace that lost through the reductions to Government Funding to support service delivery. Under the Statutory Guidance on Investment, the Councils are allowed to diverge from the Code provided that the Councils have an investment strategy for Commercial Property which details:

- Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and

- The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

This requirement is fulfilled by the Commercial Property Investment Strategy which is approved annually by the Councils.

2.2 Resources

- 2.2.1 At the outset of each Capital Investment Programme planning cycle, the level of resources available to fund the programme is reassessed in light of the most recent information. The current programme is then reviewed to establish the level of resources needed to fund the committed programme. This information is then used to establish the resources available to fund new schemes.
- 2.2.2 The current capital financing strategy is based on a mix of funding including capital receipts, capital grants, revenue contributions, use of reserves, specific one-off external contributions and Prudential Borrowing. The Council will always opt to use capital receipts and grants ahead of any borrowing if possible. The Capital Investment Programme Strategy assumes:

For Adur District Council:

- A net overall addition to the general fund programme in 2021/22 and 2022/23 of £1.5m funded from a mix of Prudential Borrowing and capital receipts supplemented by S106 receipts and other grants and contributions. The level of investment from 2023/24 onwards is to be reduced down to £1m.
- An annual HRA programme of £5.6m for 2021/22 and 2022/23 for capital maintenance. This is expected to be funded from the Major Repairs Reserve, capital receipts, prudential borrowing, revenue contributions, and any grants.

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

- The Strategic Property Investment Fund is to be continued. This is to be used to procure or develop commercial property which will generate an income stream for the Councils for the future with an emphasis on maintaining the balanced portfolio approach to risk management set out in the adopted Commercial Property Investment Strategy and working to identify more investment opportunities that

contribute to the economic wellbeing of the areas. Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% over the life of the investment. The approach to managing risk, the governance arrangements and appraising individual acquisitions is set out in the Commercial Property Investment Strategy.

Furthermore, if an investment is of particular strategic merit and/or of high quality and offering a long term secure tenancy; it was agreed that a lower yield would be accepted, with the proviso that the return should always exceed the cost of borrowing by at least 1%. It is proposed that each Council invests up to £50m per year gradually building up to a portfolio of £125m each. Funding can only be released with the approval of the Leader and the Executive Member for Resources. The investment programme is detailed below:

	Actual 2016/17 £'000	Actual 2017/18 £'000	Actual 2018/19 £'000	Actual 2019/20 £'000	Estimate 2020/21 £'000	Total £'000
Adur	0	11,579	26,366	43,400	43,655	125,000

For Worthing Borough Council:

- A net overall addition to the general fund programme each year of £2.5m funded from a mix of Prudential Borrowing and capital receipts supplemented by S106 receipts and other grants and contributions.
- The Strategic Property Investment Fund is to be continued. This is to be used to procure or develop commercial property which will generate an income stream for the Councils for the future with an emphasis in future on investments that also contribute to the economic wellbeing of the areas. Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% over the life of the investment. The approach to managing risk, the governance arrangements and appraising individual acquisitions is set out in the Property Investment Strategy.

Furthermore, if an investment is of particular strategic merit and/or of high quality and offering a long term secure tenancy; it was agreed that a lower yield would be accepted, with the proviso that the return should always exceed the cost of borrowing by at least 1%. It is proposed that each Council invests up to £50m per year gradually building up to a portfolio of £125m each. Funding can only be released with the approval of the Leader and the Executive Member for Resources who also has the ability to approve bringing forward of additional budget from future years if suitable investment proposals are identified. The Investment programme is detailed below:

	Actual 2016/17 £'000	Actual 2017/18 £'000	Actual 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'000	Total £'000
Worthing	3,472	9,464	26,972	50,875	34,217	125,000

2.2.3 Capital flexibilities

The Councils have the ability to use capital receipts to fund revenue expenditure provided that :

- The proposed expenditure will generate on-going savings
- The Council produces a strategy detailing the projects to be funded by the capital flexibilities and the level of saving generated by the initiative. This can be updated at any time.

To take advantage of this flexibility, one third of new capital receipts generated in 2019/20 - 2021/22 will be set-aside to fund initiatives which will result in a reduction in the cost of delivering services. Such receipts can only be used to deliver savings proposals identified as part of the budget setting process. The Joint Strategic Committee or the Executive Member of Resources can approve the in-year use of the receipts which will be reported to Council together with an updated strategy as part of the budget process.

The use of the capital flexibilities will enable the Councils to protect it's earmarked reserves and build capacity to take forward initiatives which generate budget savings.

2.2.4 The remaining capital receipts are used to fund the prioritised capital programme unless ring-fenced for a specific purpose such as the delivery of affordable housing and Shoreham Renaissance in Adur.

2.3 Of the total resources available, the following will be earmarked to fund specific council objectives:

	Adur District Council £'000	Worthing Borough Council £'000	Total £'000
Annual ring fence for essential capitalised planned maintenance schemes.	75	150	225
Capital investment needs arising from the partnership strategy – to fund planned equipment and vehicle replacements	515	772	1,287
Recommended set-aside to facilitate the delivery of the digital strategy.	59	66	125
Essential replacement of ICT desktop equipment, minor software upgrades, and local network equipment in both Councils.	47	53	100
	696	1,041	1,737

- 2.4 It is the both Councils' policy to maximise capital receipts through a review of existing property use. A rigorous approach has been adopted to the identification and disposal of surplus assets that are no longer required to meet the Corporate Priorities of the Councils and cannot be redeveloped to generate the Councils long term income streams. The Strategic Asset Management Board regularly considers the property portfolio and identifies property for sale. The Council views this as the most cost effective way to finance the capital programme. However, both Councils have a diminishing asset base and the sites remaining are some of the most difficult to sell.
- 2.5 Although the Councils have been able to fund some of its capital programme from capital receipts in recent years, asset sales are unlikely to be sufficient to fund the entirety of the capital programme in the future. Therefore the Council will need to explore new sources of funding, particularly for major capital schemes. These could include extending the use of prudential borrowing, external funding from the various grant agencies including the national lottery distributors, S106 Agreements, Community Infrastructure Levy, Area Investment Framework funding and Private Finance Initiatives and Partnerships, including Public Private Partnerships Schemes. Examples of partnership funding are shown in 6.4.

2.6 External Funding

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

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

2.7 Invest to Save

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

- Energy efficiency schemes whereby the reduction in energy costs may be sufficient to repay the borrowing costs.
- The investment in a new medical centre where the rental income will repay the borrowing costs.
- Investment in new temporary accommodation to reduce the cost of accommodating affected residents.
- Investment in renewable energy schemes to provide a carbon offset and to generate income for the Councils.

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

2.8 Value for Money

Getting value for money is a key priority for the Councils and the Capital Investment Programme should provide high quality, value for money public services. The Councils recognise that best value is based on whole life costs and therefore the on-going revenue implications of capital spend are identified when bids for capital resources are assessed and when schemes are approved; when a new capital project is proposed any impact on revenue expenditure is anticipated and costed. These revenue costs are used to inform the revenue budget planning process and are considered alongside other priorities in the revenue budget when the overall budget is

set. Costs to be assessed include the opportunity cost of using the resources, the interest earnings foregone by utilising reserves and capital receipts, and any additional revenue costs or savings arising from the investment.

2.9 Overall funding of the programme:

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

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

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/34 £'000
Adur District Council - General Fund				
Capital Financing Requirement as at 1st April	106,724	155,735	154,252	151,647
Current estimate of new borrowing:				
General Fund Programme	7,843	2,060	1,000	1,000
For new Commercial Activities	43,400		0	
Less: Minimum Revenue Provision				
General Fund	-1,041	-1,267	-1,329	-1,435
New Commercial Activities	-1,191	-2,276	-2,276	-2,276
CFR as at 31st March	155,735	154,252	151,647	148,936
Actual General Fund Debt at start of year	103,360	152,371	150,888	148,283
Estimated Borrowing to be undertaken in year	49,011	-1,483	-2,605	-2,711
Estimated borrowing as at 31st March	152,371	150,888	148,283	145,572
Estimated under borrowing (funded from internal resources)	3,364	3,364	3,364	3,364

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/34 £'000
Worthing Borough Council - General Fund				
Capital Financing Requirement as at 1st April	128,773	166,414	165,691	164,913
Current estimate of new borrowing:				
General Fund Programme	5,471	2,420	2,500	2,500
For new Commercial Activities	34,217	0	0	0
Less: Minimum Revenue Provision				
General Fund	-790	-1,031	-1,165	-1,211
New Commercial Activities	-1,257	-2,112	-2,112	-2,112
CFR as at 31st March	166,414	165,691	164,913	164,090
Actual General Fund Debt at start of year	128,722	166,363	165,640	164,862
Estimated net borrowing to be undertaken in year	37,641	-723	-777	-823
Estimated borrowing as at 31st March	166,363	165,640	164,862	164,039
Estimated under borrowing (funded from internal resources)	51	51	51	51

The planned borrowing is within the borrowing limits approved by the Councils in February 2020. These limits are refreshed annually in the light of the new approved capital programme and progress against this programme.

ADUR DISTRICT COUNCIL

Operational boundary £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Debt	103.0	105.0	112.0	119.0
Other long term liabilities	1.0	1.0	1.0	1.0
Commercial activities/ non-financial investments	88.0	124.0	122.0	120.0
Total	192.0	230.0	235.0	240.0

WORTHING BOROUGH COUNCIL

Operational boundary £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Debt re Worthing Homes	10.0	10.0	10.0	10.0
Debt re GB Met	5.0	5.0	4.7	4.5
Other Debt	55.0	55.0	57.3	60.5
Other long term liabilities	1.0	1.0	1.0	1.0
Commercial activities/ non-financial investments	80.0	124.0	122.0	121.0
Total	151.0	195.0	195.0	197.0

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

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<u>Adur District Council*</u>				
Total debt charges	4,802	5,042	5,778	7,121
Less:				
Income from commercial property	-6,079	-6,729	-7,829	-9,379
Net additional cost of capital programme	-1,277	-1,687	-2,051	-2,258

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

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<u>Worthing Borough Council</u>				
Total debt charges	4,581	4,741	5,763	7,236
Less:				
Income from commercial property	-7,625	-8,575	-9,675	-11,225
Net additional cost of capital programme	-3,044	-3,834	-3,912	-3,989

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

3.0 PRIORITISATION

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

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

- Stage 1 will involve an outline business case for each scheme proposed. This will be the subject of an initial review to ensure that schemes have a realistic prospect of being included within the final programme and that proposals meet the strategic objectives of the Council. The initial bid list will be shared with the Corporate Leadership Team, Executives members and the Informal Cabinets for review.
- Stage 2 will include a full scored business case which will then be used to produce the draft programme for member consideration in December 2020. This is then subject to the Council's consideration and approval.

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

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

3.5 Option Appraisal

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

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

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

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

3.6 **Scheme Approval**

Every year a draft 3 Year Capital Investment Programme is submitted to the Joint Strategic Committee in November/December and recommended to the Councils in December. The report identifies schemes where expenditure has been committed costing in excess of £250,000 necessitating approval as a Key Decision; schemes costing £250,000 or less where expenditure has been committed; and the future schemes for the three years under consideration. It also compares the revised outturn for the current year with the original estimate.

- 3.7 Schemes costing £250,000 or more require a report to be prepared for the Joint Strategic Committee or Executive Member outlining details of the scheme, the method of procurement and the capital and revenue implications. The Chief Financial Officer in consultation with the relevant Executive Member has delegated approval for schemes costing under £250,000. This is achieved by Officers responsible for capital projects completing a Project Initiation Document (P.I.D.) Form. The P.I.D. is sent to the Executive Member(s) for comment within 3 days and is then approved electronically by the Chief Financial Officer and the Head of Service/Director who is responsible for the scheme. No scheme can proceed without either an approved P.I.D. or an Approval Report.
- 3.8 The programme is updated each year in July as a result of the financial outturns following the closure of the previous year's accounts, which are reported to Members in the early summer. Any slippage or works completed ahead of schedule are quantified in budget terms, and approval

is sought to make the necessary financial adjustments to the approved budget.

4.0 FRAMEWORK FOR MANAGING, MONITORING AND EVALUATING THE CAPITAL PROGRAMME

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

5.0 CONSULTATION

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

- Development of new or improved playgrounds
- Shoreham Harbour regeneration
- Worthing Seafront Strategy regeneration schemes

6.0 PARTNERSHIP WORKING

- 6.1 Both Councils recognise the importance of partnership working in delivering their own corporate priorities as well as those of many organisations, public and private and is actively developing partnership working, especially when it is considering capital expenditure to "add value" to all that it does. The Councils are aware that they do not work in isolation and that it must ensure that it looks outward to working with the community, its residents

and partners, in order to identify and act on local priorities to improve the wellbeing of local communities. Tackling cross cutting issues, in particular, regeneration, community safety, social exclusion and sustainable development require a joined up approach across local authority service teams, other authorities and agencies, the private sector and also our voluntary sector partners.

- 6.2. The Councils have a history of working successfully together with other neighbouring Authorities on a range of activities including housing, coast protection and regeneration. The Councils continue to work closely with the Health bodies, Police and other organisations that can contribute to meeting its strategic objectives. In this regard, there has been a much closer working relationship forged with Health and Social Services to provide a more integrated service, especially in Housing.
- 6.3 Therefore, by working together in partnership with others the Councils seek to influence work to ensure that all opportunities are maximised to the full benefit of the residents of both areas, so that the Councils can be satisfied that they are maximising all funding opportunities and achieving efficiencies wherever possible.
- 6.4 The Councils have many partners with whom they currently work and the potential for many more. The following are some examples of the areas where work is currently being undertaken with other Councils and partners:

17

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

7.0 Links to other Strategies and Plans

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

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

7.3 Link to the Housing Strategy

The joint Adur Worthing Housing Strategy was approved by the Joint Strategic Committee in March 2020. This detailed a new three year programme of action and was developed in the light of emerging housing policy.

7.4 Link to the Asset Management Plan

The capital strategy provides the policy framework for the investment needs arising from the operational work of asset management. Corporate asset management planning covers all the Councils' built assets. The current plan was approved in June 2020. The Asset Management Plan forms an important part of the Councils' Capital Strategy as it informs the investment requirement over the next 10 years.

7.5 Link to the ICT Strategy and Digital strategy

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

7.6 Link to the Commercial Property Investment Strategy

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

8.0 PERFORMANCE MANAGEMENT AND MEASUREMENT

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

9.0 REVISING THE CAPITAL STRATEGY

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

10.0 SKILLS AND KNOWLEDGE OF STAFF

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

- For investment and borrowing advice - Link Asset consulting
- For property investments - CitiCentric

11.0 SUMMARY

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



ADUR & WORTHING C O U N C I L S

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).

	<p>4) Bad – Life expired and/or serious risk of imminent failure (5 points)</p> <p>(The Condition must be agreed with Kevin Smith, 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	Health & Safety (non statutory) – Points 0 - 5 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: No Risk - 0 points Low Risk - 1 point Medium Risk - 3 points High Risk - 5 points
----------	---

Category	Criteria																
H	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.																
I	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. 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.																
J	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:																
<table> <tr> <th>External Funding % received</th><th>Points to be added</th></tr> <tr> <td>0.1% - 24%</td><td>1</td></tr> <tr> <td>25% - 49%</td><td>2</td></tr> <tr> <td>50% - 65%</td><td>3</td></tr> <tr> <td>66% - 75%</td><td>5</td></tr> <tr> <td>76% - 89%</td><td>7</td></tr> <tr> <td>90% - 99%</td><td>10</td></tr> <tr> <td>100%</td><td>10 or Automatic Approval **</td></tr> </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 **																


**	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.
K	Consultation – points to be determined by Members (up to 5 points in total) Projects that are important for community/political reasons following consultation.


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 – Prosperous Places 1.1) Attractors for prosperity through place making (town centres, public spaces, public realm, public arts, seafront, etc. 1.2) The fourth industrial revolution – supporting digital inclusivity. 1.3) Creative and cultural industries. 1.4) Major projects and development.
Category	Criteria
P2	Platform 2 – Thriving People and Communities 2.1) Deliver the 2020-23 Housing Strategy. 2.2) Community, voluntary sector and social innovation. 2.3) Supporting stronger, participative and resilient communities. 2.4) Health and Wellbeing at all stages of life.
P3	Platform 3 – Tackling Climate Change and Supporting our Natural Environment 3.1) Become Carbon Neutral by 2030. 3.2) Transition to clean, smart, secure and affordable energy. 3.3) Reducing waste and increasing re-use, recycling and composting. 3.4) Improve climate resilience of Adur and Worthing.
P4	Platform 4 – Good Services and New Solutions 4.1) Increase the range of modern digital services.

	<p>4.2) Grow our commercial and traded income.</p> <p>4.3) Improve customer satisfaction through the effortless programme.</p> <p>4.4) Develop a Corporate Landlord approach to managing property.</p>
P5	<p>Platform 5 – Leadership of our Places</p> <p>5.1) Developing the reputation of places.</p> <p>5.2) Developing the Civic data agenda.</p> <p>5.3) Emergency Planning and Civil Contingencies.</p>

SUMMARY THREE YEAR CAPITAL INVESTMENT PROGRAMME				
 ADUR DISTRICT COUNCIL	Total Estimate £			
		2020/2021 Estimate £	2021/2022 Estimate £	2022/2023 Estimate £
Column Reference (1)	(2)	(3)	(4)	(5)
<u>BUDGETS</u>				
Executive Member for Customer Services	60,375,250	35,414,640	12,239,850	12,720,760
Executive Member for Environment	2,558,760	1,147,240	804,060	607,460
Executive Member for Health and Wellbeing	461,650	354,650	71,000	36,000
Executive Member for Regeneration	1,805,030	1,657,630	84,900	62,500
Executive Member for Resources	40,077,090	38,824,570	660,060	592,460
	105,277,780	77,398,730	13,859,870	14,019,180
<u>FINANCING</u>				
<i>Capital Grants and Contributions</i>				
Communities and Local Government		9,684,070	375,000	375,000
Environment Agency		1,412,500	12,500	12,500
S106 Contributions from Planning Agreements		564,200	-	-
<i>Prudential Borrowing</i>		60,480,040	8,566,890	9,226,210
<i>Revenue Contributions and Reserves</i>				
Revenue Contributions		110,420	81,920	81,920
Revenue Reserves		3,900,000	3,900,000	3,900,000
<i>Usable Capital Receipts</i>		1,247,500	923,560	423,550
		77,398,730	13,859,870	14,019,180

SUMMARY THREE YEAR CAPITAL INVESTMENT PROGRAMME				
<div></div> <div>WORTHING BOROUGH COUNCIL</div>				
	Total Estimate £	2020/2021 Estimate £	2021/2022 Estimate £	2022/2023 Estimate £
Column Reference (1)	(2)	(3)	(4)	(5)
BUDGETS				
Executive Member for Customer Services	14,754,280	6,069,680	2,869,600	5,815,000
Executive Member for Digital and Environmental Services	7,440,590	5,632,910	809,290	998,390
Executive Member for Health and Wellbeing	712,400	282,400	50,000	380,000
Executive Member for Regeneration	14,340,880	9,344,280	929,500	4,067,100
Executive Member for Resources	51,024,420	49,133,080	1,076,750	814,590
	88,272,570	70,462,350	5,735,140	12,075,080
FINANCING				
Capital Grants and Contributions				
Communities and Local Government		5,863,590	800,000	800,000
Environment Agency		217,500	17,500	17,500
S106 Contributions from Planning Agreements		474,120	-	-
Other Contributions		1,011,000	357,360	2,679,000
Prudential Borrowing		58,307,570	4,381,200	8,429,500
Revenue Contributions and Reserves				
Revenue Contributions		326,580	149,080	149,080
Revenue Reserves		205,200	30,000	-
Usable Capital Receipts		4,056,790	-	-
		70,462,350	5,735,140	12,075,080

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

 ADUR & WORTHING COUNCILS	Total Estimate £ (2)			
		2020/2021 Estimate £ (3)	2021/2022 Estimate £ (4)	2022/2023 Estimate £ (5)
Column Reference (1)				
PARTNERSHIP SCHEMES				
Cemeteries				
Replacement of one vehicle	28,000	28,000	-	-
Grounds Maintenance				
Rolling programme of equipment replacements	155,000	35,000	60,000	60,000
Vehicle replacements	409,920	110,920	23,500	275,500
Information and Communications Technology				
Corporate ICT hardware and infrastructure replacement programme	215,000	65,000	100,000	50,000
Digital Strategy General Provision to facilitate delivery of the digital strategy	871,140	621,140	125,000	125,000
Extension of Ultrafast Fibre Network	2,360,000	2,360,000	-	-
HR and Payroll System - Replacement	175,000	175,000	-	-
Office Equipment				
Microphone System - Replacement	30,000	30,000	-	-
Parks and Open Spaces				
Street litter and dog bins replacement programme	60,000	20,000	20,000	20,000
Refuse / Recycling / Trade Waste Service				
Provision of trade waste bins	25,000	25,000	-	-
Provision of wheeled bins	150,000	50,000	50,000	50,000
Refuse / Recycling / Street Cleansing Service				
Vehicle Replacements	1,489,500	431,500	352,000	706,000
	5,968,560	3,951,560	730,500	1,286,500

This page is intentionally left blank



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 12

Key Decision: No

Ward(s) Affected: All

Regulating wisely: the new and updated Adur and Worthing Public Health & Regulation Enforcement Policy

Report by the Director for Communities

1. Purpose

- The report introduces the updated Enforcement Policy for the Public Health and Regulation Team. The purpose is to provide a regulatory framework to improve the health, safety and wellbeing of our businesses, communities and places

2. Recommendation

- This report asks the Joint Strategic Committee to consider and approve the Public Health & Regulation Team Enforcement Policy for a period of three years, until July 2023.

3. Context

- 3.1 Wise regulation is central to the health, safety and wellbeing of our businesses, communities and places. Regulatory activity provides the clarity and balance of protecting and reassuring local communities and businesses with a continuum of advice, education and enforcement to help ensure communities, economies and places can thrive. It is therefore a core part of delivering our platform ambitions in Adur and Worthing.

- 3.2 When regulation is used well, it provides a proportionate, transparent and pragmatic approach that supports and informs businesses to comply with legislation without necessarily the need for formal action. It supports a 'level playing field' and gives consumers confidence that they can safely interact with businesses and places.
- 3.3 The Adur and Worthing Councils Public Health and Regulation (PH&R) Enforcement Policy was formally approved by this Committee on 8th November 2016 and published in January 2017.
- 3.4 This Policy sets out the regulatory framework for the PH&R Team, which includes Environmental Health (Food, Health & Safety and Environmental Protection), Licensing (Alcohol/Taxis) and Dog Wardens, who work with local businesses, local places (air quality, water quality, land remediation) and communities. It details the process all officers will use when deciding what action to take when carrying out their statutory duties on behalf of the PH&R team, setting out the:
- Scope and responsibilities of officers;
 - Guiding principles of regulation and this policy
 - training and competencies needed of officers, to ensure the delivery of a professional service with a strong reputation,
 - guides for officers around regulation and options
 - Need for feedback and learning
- 3.4 This policy is now 3 years old and has been brought back to the Joint Strategic Committee, as agreed in November 2016. The new draft policy has been updated and refreshed to reflect changes in national legislation, guidance and policy and the significant regulatory changes resulting from the covid19 virus.
- 3.5 This report sets out the new policy and the consultation that has been carried out to assist its development.

4. Issues for consideration

- 4.1 The current Enforcement Policy has served the team well over the last three years and provided a clear framework and reference for officers in carrying out their duties for securing public safety.
- 4.2 Underpinning this policy have been clear principles of pragmatism and proportionality, which have enabled officers to use enforcement wisely and where necessary and to use the range of other tools - information, guidance, advice - in order to improve and change practices. This has proved to be a robust and fair approach with the teams. It should be noted that the approach

taken and professional skills of the officers has resulted in the vast majority of issues being resolved through robust advice, guidance and negotiation.

- 4.3 Over the last year (January to December 2019) our data shows that most of our service requests were related to Noise Nuisance (910), Dogs (570), and Food & Safety (555). In relation to these issues the numbers, the vast majority are dealt with through a variety of tools, with formal enforcement measures being used in cases where it was appropriate and proportionate to do so:
- Noise and other nuisances (910 service requests): 5 Nuisance Abatement Notices served (Noise + other nuisances),
 - Dog control (570 service requests): 17 Fixed Penalty Notices mainly relating to Dog Control (11 complied, 2 cancelled and 1 informal action),
 - Food safety and hygiene (459 service requests): 11 Food Safety Notices served. Of these, 5 were Food Safety Improvement Notices, 4 were complied, 1 was withdrawn.
 - Health and safety (96 service requests): 6 Health and Safety Notices were served, of which 1 was an improvement Notice and 5 were Prohibition Notices where urgent action was required in relation to the safety of kitchen gas appliances (4) and 1 meat slicer.
- 4.4 More recently this policy has been well tested to provide a fair and balanced approach to the the recent Covid-19 requirements to deal with effective social distancing measures in businesses, the illegal opening of premises, food safety within Takeaways and pop-up food suppliers, and beach dog control enforcement.
- 4.5 Under the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020, the PH&R Team have achieved compliance by giving advice to approximately 130 businesses, 35 of these were identified as breaching the regulations and required informal action, which was complied with. At the time of writing, it has not been necessary to serve any Prohibition Notices, Fixed Penalty Notices or to prosecute any businesses.
- 4.6 This emphasis has been mirrored across East and West Sussex Authorities with the exception of Brighton and Hove who have served one Prohibition Notice at the time of writing.
- 4.7 During lockdown the PH&R Team have continued to work hard to regulate proportionately across businesses and have managed to provide interim measures to support new food businesses with online advice. The virtual video link being used is proving beneficial as it enables business owners to demonstrate practical hygienic cleaning methods and enables officers to observe this in real time, providing confidence that acceptable procedures are in place. Going forward the Team may make more use of virtual inspections

which is already used by food auditors in the private sector. The team have also supported the work of the temporary Food Depot to support vulnerable people with emergency food provisions and advised takeaways on social distancing, disinfection regimes and risk assessments for reopening.

- 4.8 The scope of the revisions to the Policy included a legislative framework update, inclusion of the dog warden service and a reflection of the enforcement work carried out by the Taxi Licensing Team both of which joined the PH&R Team during the three year time period. The Taxi Licensing information has not been captured on the current management information system “Northgate” but this functionality has been included within the new Environmental Health & Licensing digital solution “Tascomi”, going live in October 2020.
- 4.9 This policy refresh sets out clear guiding principles of how officers regulate and respond to complaints, which have been cross referenced with the Councils Good Services principles. This includes fair treatment, honesty, integrity, courtesy and proportionality.
- 4.10 The Enforcement Policy has and will continue to promote efficient and effective approaches to regulatory inspection and enforcement, which improve regulatory outcomes without imposing unnecessary burdens, in accordance with the Regulators’ Code
- 4.11 This new revised policy will continue to support the emerging and nuanced regulatory environment during the staged release of lockdown. Your Officers will be assessing the robustness of businesses’ health and safety risk assessments used to protect their employees and the public and receiving complaints from the public on social distancing etc within business premises. The issue of socially distanced queuing outside shops has been identified by Officers as an emerging issue and your Food EHOs have been discussing the matter/nudging individual business managers in a targeted and proactive manner.
- 4.12 This report asks the Joint Strategic Committee to consider and approve the draft Public Health & Regulation Team Enforcement Policy for a period of another three years, until July 2023.

5. Engagement and Communication

5.1 Internal Consultation

- 5.1.1 This revised policy has been shared and received comments from a number of internal colleagues, including legal services and the wider PH&R Team and the leadership of the Councils and it has been shared with the Executive Members for Wellbeing, Environment and Licensing Chairs for comments.
- 5.1.2 The Policy has been considered by the Customer Services Team to ensure consistency with our 'Good Services' approach. As part of this we are considering an appropriate format for public data sharing going forward.
- 5.1.3 The comments from this have been integrated into the new draft policy. In general it was agreed that it is fit for purpose, useful and relevant to the Teams using the regulatory continuum to ensure a level playing field for businesses and residents.

5.2 External Consultation

- 5.2.1 The revised draft Enforcement Policy was placed on the website with a short questionnaire for 6 weeks from 9th March until 17th April 2020. This was aimed at both businesses and residents.
- 5.2.2 Alongside the general consultation with the public, officers invited targeted feedback from a sample of businesses (pre-covid) which had been subject to recent regulatory action, both formal and informal, and also individuals who use these businesses or who may have sought assurance or made complaints to the PH&R Team. These individuals were written to directly and invited to make their comments on the Enforcement Policy on the website which was accompanied by these three questions - the stated principles in the current policy. Officers therefore wanted to test these with people that had received some form of enforcement intervention:-
 - 1. Were our dealings with you open and honest?
 - 2. Did we provide a courteous and helpful service?
 - 3. In your opinion, was the enforcement action proportionate to the risk?
- 5.2.3 This approach of inviting residents and businesses by posting a general invitation on the website and directing a small sample of recent cases randomly chosen within the last 6 months resulted in one response pre-lockdown (Comprising two cases from each area of PH&R). It is

acknowledged that an enforcement policy may not attract interest or comments from the general public or indeed businesses or individuals subject to enforcement action, whether formal or informal. It is also acknowledged that part of the 6 week consultation was during Covid lockdown and therefore minds were diverted to more pressing matters.

- 5.2.4 However, further information gathering has been taking place by frontline staff (May - June 2020) as they have advised and directed businesses and individuals as lockdown has been initiated and then gradually lifted. This method has proved more productive and out of 30 requests for feedback, we obtained 8 responses.

Within this feedback, people have noted the challenges of covid-19 and the pragmatic and proportionate approach taken by PH&R officers, for example, comments regarding a Covid-19 opening breach during lockdown and virtual food safety advice to a new business. This has highlighted satisfaction with the approach taken by officers with comments (see Appendix 1). Going forward and in line with Good Service principles, and using the greater functionality of the new digital solution customer feedback will be collected as a matter of course during inspections, investigations and interventions.

6 Financial Implications

- 6.1 There are no unbudgeted financial implications arising from this report.

7. Legal Implications

- 7.1 The Councils undertake a wide variety of enforcement activity under a number of statutory regimes. The Councils must apply the relevant statutory provisions in all cases but there are common factors that should be applied to all enforcement matters. By having an up to date enforcement policy, the Councils ensure that there is clear guidance to officers, businesses, residents and other stakeholders as to how the Councils will undertake enforcement action. This will enable consistent and transparent decision making and enforcement to be undertaken.

Background Papers

- PH&R Enforcement Policy 2020
- JSC Report 8th November 2016
- Consultation with targeted questions
- Feedback comments Appendix 1

Officer Contact Details:-

Kathryn Adderson

Public Health & Regulation Manager

01273 263305

kathryn.adderson@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

- The policy ensures transparency and a level playing field for businesses in complying with legislation.

2. Social

2.1 Social Value

- The Policy ensures a pragmatic and proportionate approach to regulation which keeps the public safe and allows businesses to thrive.

2.2 Equality Issues

- The Policy ensures that each case is assessed on its own merits using the general enforcement principles of proportionality and fairness.

2.3 Community Safety Issues (Section 17)

- Matter considered and not relevant.

2.4 Human Rights Issues

- The Policy ensures that each case is assessed on its own merits using the general enforcement principles of proportionality and fairness.
- The Policy includes a mechanism for appeal.

3. Environmental

- The Policy covers the enforcement approach supporting noise/air/water and land quality.

4. Governance

- The Policy aligns with the Platforms Delivery Structure which includes the Organisational Improvement Frameworks', Good Services Principles.
- There are implications to the Councils' reputation or relationship with our partners or community if our enforcement activities were not fair and transparent.
- The Policy has resourcing implications in that the Statutory duties undertaken by the PH&R Team require appropriately trained Officers with the appropriate delegated Authority.

1. 3/6/20 Food Enforcement - Prohibition Notice

Thank you for your e-mail and advice,
Please find below answers to your survey:

- Yes, very clear and constructive advice.
- Yes, very courteous throughout EHO inspection.
- Yes, proportionate and aimed to help improve our standards.

Please do not hesitate to contact myself if you require further information.

2. 12/6/20 Food Enforcement - Advice to a new business

We have received excellent service from you and your department.

1. Were our dealings with you open and honest? 100% honest, dedicated, quick response, very professional, courteous, and helpful.

2. Did we provide courteous and helpful advice? Yes, absolutely helpful and courteous, we couldn't be able to survive without [name deleted] help, she is an amazing person and professional, she understood our difficult situation immediately.

3. In your opinion, was the enforcement action proportionate to the risk? [Name deleted] was so helpful to us, we were allowed to do take away and delivery during Covid19, but were not able to do so without a Food and Hygiene rating, she went above and beyond to make it happen.

We feel very lucky to have her support in this pandemic situation, especially because we are just beginning our business. Super happy with the results.

3. 3/6/20 Alleged Covid Opening Breach - Investigation and advice

1. Were our dealings with you open and honest? "Very Understanding and patient"

2. Did we provide courteous and helpful advice? "Absolutely"

3. In your opinion, was the enforcement action proportionate to the risk? "Yes, I don't see any alternative, not heavy handed, a sad reflection of life [referring to the complaint]"

4. 15/6/20 - New Food Business - virtual advice

Verbally reported as:-

1. We were very open and honest about what was needed from her and why the remote intervention was needed.

2. We were extremely helpful and nowhere near as scary as she thought we would be!!

3. The remote assessment was as good as it can be under the circumstances and she is very glad that the council are doing their best to ensure that trading food businesses are doing things safely.

5. 15/6/20 - Minor Premises Licence Variation

Firstly can I thank you for your own personal efficiency and help with the recent variation

Were our dealings with you open and honest? Yes

Did we provide a courteous, efficient and helpful service? Yes

In your opinion, was the enforcement advice/action proportionate to the risk? Yes

6. 16/6/20 - Food Enforcement - existing business

I am sorry this is delayed:

1. Were our dealings with you open and honest? Yes

2. Did we provide courteous and helpful advice? Yes

3. In your opinion, was the enforcement action proportionate to the risk? Yes

7. 17/6/20 - Premises Licence - Operating Advice - Off Sales/Social Distancing

Thanks for the email and of course I would like to give feedback to the following questions.

- Were our dealings with you open and honest? Yes fully and always available to discuss matters.
- Did we provide a courteous, efficient and helpful service? Yes, very helpful as some questions cant be answered by research. I'm glad we have a team to speak to directly.
- In your opinion, was the enforcement advice/action proportionate to the risk? All the advice given has always helped my business and understanding of risk to us and the consumer.

8. 17/6/20 - Statutory Nuisance - Confiscation of Noise Equipment (Complainant)

1/ Yes - at all points

2/ Yes at all times

3/ I think from your said yes - the police response was a bit less helpful and took forever to get them to acknowledge the risk

9. 12/6/20 Dog Warden Blog - Education and advice

I currently work in my Local Authority and will soon be moving to another Local Authority into the role of Dog Warden. During my research I came across his blog and it has been extremely helpful and eye-opening; actually confirming a lot of issues that I'm sure I'll be dealing with in the future.

I think it's an amazing idea that your Council is being transparent in this way about what your services do and I hope other Council's are able to make similar transitions to enable their residents to get a feel for the great work the staff do!



ADUR & WORTHING
COUNCILS

July 2020

Date for review: July 2023

PUBLIC HEALTH & REGULATION TEAM

DRAFT ENFORCEMENT POLICY

1. PURPOSE OF THE POLICY

- 1.1 This Enforcement Policy provides a proportionate and pragmatic approach to regulation in Adur and Worthing. This approach is robust with 'business as usual' and has proved to be resilient under the fast paced legislative requirements during the Covid-19 pandemic.

The policy sets out our overall approach of wise regulation for our businesses, communities and environment to ensure the health, safety and wellbeing of our communities, places and economy. It also sets out a clear framework for all officers to inform their decisions, actions and communication when carrying out their statutory duties on behalf of Adur District and Worthing Borough Councils, which are separate legal bodies.

It should be read in association with the documents referred to in section 2 below.

- 1.2 The main areas of work covered by this Enforcement Policy are:-

Food Safety: including inspections of food businesses, sampling of foodstuffs, inspection of ships at Shoreham Harbour, infectious disease control, seizure and detention of unfit food and investigation of consumer complaints about food and food premises.

Health and Safety enforcement: in premises allocated by law to the local authority such as offices, shops, warehouses, catering establishments, hotels and hostels, places of religious worship, leisure centres, places used for child care or playgroups.

Licensing: administering and determining applications for licences, permits and registrations required by individuals and businesses to authorise the provision of licensable activities. Including such activities as the supply & sale of alcohol, provision of regulated entertainment, sale of late night refreshment, provision of hackney carriage and private hire transport, gambling & lotteries, street trading, sex

establishments, scrap metal dealers, animal welfare and charitable collections. Investigating any possible breaches of licensing legislation and taking the appropriate enforcement action to ensure compliance with that legislation and the terms of individual licences and permits.

Noise control: investigating and taking enforcement action to deal with noise from residential, commercial and industrial premises, noise from vessels and noise in the street, such as loud music, barking dogs, intruder alarms and construction site noise.

Pollution: investigating and taking enforcement action to deal with complaints about rubbish, pests, bonfires, odours, dust and light. Monitoring and management of air quality and permitting certain industrial processes. Regulation of Private Water supplies. Dealing with contaminated land.

Dog Control: enforcing dogs on leads/fouling in public spaces, animal welfare issues and collection of strays.

2.0 RELATED DOCUMENTS

2.1 Documents related to this Policy include:

- The Code for Crown Prosecutors
- Criminal Procedure and Investigations Act 1996 (CPIA) and associated Code
- Police & Criminal Evidence Act 1984 (PACE) and associated Codes
- The Enforcement Concordat 1998
- The Regulators' Compliance Code 2008
- Regulation of Investigatory Powers Act 2000
- Legislation relating to each service area
- Procedures and guidance notes within each team.

3.0 RESPONSIBILITIES

3.1 The Public Health & Regulation Manager (PH&R Manager) and Team Leaders are responsible for keeping this Enforcement Policy under review and monitoring it. It is recommended that a full review is carried out every three years.

3.2 Where authorisation levels are specified within the document, these are considered the minimum level of delegated authority at which such action may be authorised.

3.3 All officers have individual responsibility for complying with the Enforcement Policy and must use the most appropriate legislation.

3.4 For the purposes of the Criminal Procedure and Investigations Act 1996 the PH&R Manager or Team Leader shall perform the function of Disclosure Officer for their Teams.

3.5 For the purposes of the Regulation of Investigatory Powers Act 2000, the Directors and Chief Executive are the Authorising Officers at the Councils for surveillance operations.

3.6 Where a shared enforcement role is identified, the relevant enforcement team will

liaise with other agencies that may have a shared or complementary enforcement role, to prevent any conflict. Such partners include the West Sussex Fire & Rescue Service, Trading Standards, Adur & Worthing Councils' Safety & Resilience Team, Police, Health & Safety Executive, Food Standards Agency, UK Border Agency, etc.

- 3.7 Where premises subject to enforcement action are owned or managed by the local authority, all activities will be undertaken in accordance with procedures for non-local authority premises. In cases where statutory action would normally be taken, the relevant Team Leader and Public Health & Regulation Manager will be informed at the earliest opportunity.
- 3.8 Any deviation from the policy should be recorded, including the decision, action, and rationale.
- 3.9 Under the Council's constitution and scheme of delegation the decision to prosecute or caution in each case will lie with the Solicitor to the Councils, following a review of the case with the relevant Team Leader and officer/s (see further at 8.1).
- 3.10 For the purposes of administering Simple Cautions the Solicitor to the Councils shall be designated as the "Cautioning Officer".
- 3.11 The training requirements to achieve and maintain the necessary competence levels for authorised officers will be regularly reviewed by the Team Leaders and training resources will be prioritised accordingly.

4.1 INTRODUCTION

- 4.2 This Enforcement Policy helps to promote efficient and effective approaches to regulatory inspection and enforcement, which improve regulatory outcomes without imposing unnecessary burdens on businesses. This is in accordance with the Regulators' Code.
- 4.3 In certain instances we may conclude that a provision in the Code is either not relevant or is outweighed by another provision. We will ensure that any decision to depart from the Code will be properly reasoned, based on material evidence and documented.
- 4.4 The aim of the Services is to improve the health, safety and wellbeing of the Councils' residents, visitors and business community. To help us achieve this we will:-
 - A. Work within the legal framework and apply the law fairly;
 - B. Make the service accessible to all sectors of the community;
 - C. Remain responsive to customer needs;
 - D. Deal with customers with honesty and integrity;
 - E. Work in partnership with groups which represent our customers;
 - F. Use the resources available to the maximum benefit of our customers;
 - G. Train and develop our staff to ensure their effectiveness;
 - H. Treat our staff and customers equally in line with the Adur & Worthing Equality Policy.

These objectives will be achieved through education, guidance, advice and warning letters and where necessary by appropriate legal action, including the service of statutory notices, prohibitions, simple cautions and prosecution.

- 4.5 The Human Rights Act 1998 places general obligations on enforcement bodies to ensure fair treatment for all, to prevent any form of prejudice and to provide a right to privacy. This policy reflects the provisions of this Act in general terms as officers we are required to follow agreed policies and procedures and work within our legal powers. Individual team procedures and guidance notes will cover specific areas of our work where particular care must be taken to ensure the Act is followed.
- 4.6 The Team Leaders will ensure that their enforcement actions follow all aspects of good enforcement practice in accordance with the elements of the Enforcement Concordat. The use of enforcement will be proportionate to any offence committed, consistent in application (including consistency with other local authorities or enforcement agencies), transparent in its use and appropriate to the circumstances of the particular case in question. In particular:
- (a) We will ensure that the main provisions of our enforcement policy are written in plain English and will be made available during inspections and other enforcement visits and in correspondence. The complete policy will be available on the Adur & Worthing Councils' website;
 - (b) A copy of the relevant enforcement procedures will be available on request
 - (c) We will consult with our customers (including businesses and the public) to obtain continuous improvements to our policy and procedures; this will be incorporated into our three yearly reviews
 - (d) We will ensure that where businesses are required to carry out works, that all associated costs are kept to a minimum.

We will make provision for the particular interests of consumers within our area including business owners, employees and the public. For example we will have access to an interpreting/translation service for those who do not speak English. We will make provision to visit businesses outside of normal office hours if necessary when the business is open.

- 4.7 The Services will carry out their enforcement functions in an equitable, practical and consistent manner and in accordance with the current 'Good Services' initiative.
- 4.8 We are committed to:-
- (a) Drawing up clear standards, setting out the level of service and performance the public and business people can expect to receive;
 - (b) Dealing with the public and business community in an open and honest way;

- (c) Providing a courteous, efficient and helpful service;
- (d) Responding promptly and constructively to complaints about the service;
- (e) Ensuring that enforcement action is proportionate to the risks in each case.

- 4.9 While it is understood that it is primarily the responsibility of individuals and businesses to ensure compliance with relevant legislation, the Council will help them, where possible, to understand their legal responsibilities. The aim of the Council is to secure compliance with the legislation, which it will do by making the most efficient use of the Council's resources and having regard to minimising burdens on businesses.
- 4.10 This Policy supports and supplements specific guidance on enforcement action contained in statutory Codes of Practice, Government guidelines, approved industry guides, coordinating bodies such as the Regulatory Delivery Office and other approved sources.

5. TRAINING, COMPETENCY AND AUTHORISATION

- 5.1 Only officers authorised by the Head of Wellbeing may undertake enforcement duties. The Head of Wellbeing will only authorise officers when satisfied with their level of qualification, training and experience. Newly appointed or transferred officers will also be assessed by the Team Leaders for competency and referred for training where necessary, in line with the Councils' Learning and Development Policy.
- 5.2 Officers undertaking enforcement duties will be suitably trained and qualified to ensure they are fully competent to undertake their enforcement activities. Qualifications will be based on current government guidance, where applicable. Appropriate training programmes for officers will be set up to achieve the necessary competence. The training requirements to achieve the necessary level of competence will be regularly reviewed by the Team Leaders. Training will be prioritised within available resources.
- 5.3 Officers are responsible for ensuring they have regard to relevant guidance documents laid out in team procedures.

6. MANAGEMENT SYSTEMS

- 6.1 The Council will maintain a management system to monitor and review the quality and nature of the enforcement activities undertaken in the team in order to demonstrate the effectiveness of the policy with respect to its aims and objectives, and to recommend changes and improvements. Issues arising and variations from this policy will be reported through the Public Health & Regulation Team Meetings.
- 6.2 Team Leaders will ensure all staff are trained to ensure they are fully conversant with this policy and arrange retraining and updating when necessary.

7. ADVICE, ISSUE OF INSPECTION REPORTS, WARNING LETTERS

- 7.1 If no breaches of legislation or breaches to a licence condition are discovered, or if the officer believes that a complaint or contravention does not warrant investigation or action, then it may be appropriate to take no action.
- 7.2 When a contravention is detected which in the opinion of the officer should be dealt with by advice or warning letter, then the officer will specify the details of the alleged infringement(s) in writing. Where this specifies a period of time within which corrective action should be taken, then a re-visit to the premises (or re-inspection of the vehicle) will normally be made to ensure compliance. Where possible any time periods for completion of work will be agreed with an appropriate person within the organisation.
- 7.3 It will be appropriate to give advice or a warning when:-
 - 7.1.1. The act or omission is not serious enough to warrant a simple caution or prosecution;
 - 7.1.2. From past history it can be reasonably expected that such action will achieve compliance;
 - 7.1.3. Confidence in the individual and/or organisation is reasonably high;
 - 7.1.4. The consequences of non-compliance will not pose a significant risk to public health or affect the public interest;
 - 7.1.5. The nature of the undertaking is such that formal action in the first instance would be inappropriate, for example with voluntary organisations and charitable groups who are using volunteers to run their operation. Nonetheless this must be considered with the factors outlined above and does not rule out formal action in certain circumstances.
- 7.4 When such an approach is used to secure compliance with legislation, any written documentation issued will:-
 - 7.1.6. Specify the legislation that has been contravened;
 - 7.1.7. Specify what remedial action is required, together with the reasons and timescales for compliance;
 - 7.1.8. Ensure that any recommended areas of good practice which are above the minimum levels required by statute are clearly differentiated within the document;
 - 7.1.9. Where examples are given of how compliance may be achieved, it will be made clear that alternative means of compliance may also be acceptable;
 - 7.1.10. Highlight the right to question works required by raising the matter with the relevant manager;

- 7.1.11. Where appropriate, include the possible consequences of non-compliance, the possibility of formal action being initiated with possible associated costs to the relevant person.

Copies of such documentation will be sent to all interested parties, such as head or regional offices, contract managers, etc. and in the case of health and safety matters, to staff representatives.

8 ENFORCEMENT OPTIONS

- 8.1 In cases where more formal action is considered (excluding Nuisance Abatement Notices and Fixed Penalty Notices), such decisions will usually be taken by the PH&R Manager following an enforcement review. Enforcement reviews will comprise the appropriate Team Leader (or his/her nominee in his/her absence), along with the case officer and other Council representatives as considered appropriate, such as from the Councils' Legal Team. Enforcement decisions will be consistent, balanced, fair and relate to common standards that ensure the public, businesses, employees and the environment are adequately protected. Where a decision to administer a simple caution or issue a prosecution is made, such a decision will be made by the Solicitor for the Councils.
- 8.2 In order to achieve and maintain consistency of enforcement, officers will follow all official guidance and codes of practice.
- 8.3 In the areas of food safety the Primary Authority scheme and Home Authority Principle (Regulatory Enforcement & Sanctions Act 2008) will be adhered to and in the area of health and safety the Lead Authority Principle shall be adhered to. Where applicable, the comments of the primary, home, lead or originating authorities shall be considered.
- 8.4 The factors to be considered in coming to a decision include:
- (a) The seriousness of the offence and health and safety implications;
 - (b) The past history of the offender;
 - (c) The confidence in management and the degree of willfulness involved;
 - (d) The consequence of non-compliance;
 - (e) Mandatory/discretionary duties;
 - (f) The likely effectiveness of the various enforcement options;
 - (g) The different technical means of remedying the situation;
 - (h) The impact of the enforcement choice in encouraging others to comply with the law.

- (i) The expediency of initiating enforcement action.

8.5 In the event of a contravention being detected then the enforcement options available to the Council include:

Advice &/or education;

Issue of an inspection report with details of recommended actions;

Warning letter;

Statutory powers, for example service of notice, emergency prohibition order, licence suspension or seizure provisions;

Simple caution;

Licence Review, refusal to renew or revocation of Licences & Permits

Prosecution;

Injunctive restraint;

Execution of work required by statutory notice where the recipient has not complied.

Issue of Fixed Penalty Notice or, in the case of a licensed vehicle, a vehicle defect notice.

In some cases a combination of enforcement options may be appropriate.

8.6 Officers will comply with Codes B, C, E & F of the Police and Criminal Evidence Act 1984 (as amended) as far as it relates to local authority enforcement.

8.7 If enforcement action is being considered which the Council believes may be inconsistent with that adopted by other authorities or with nationally recognised guidance, or when the Council is informed of a possible inconsistency, the matter will, if appropriate, be referred to the relevant local co-ordinating body or the Primary, Home, Lead or originating authority. However, where circumstances could result in a serious risk to health, officers may continue to take enforcement action prior to any referrals.

9 STATUTORY NOTICES

9.1 The statutory notice procedures will in general be used to enforce legislation which relates to risks to the health or quality of life of individuals and the public.

9.2 Failure to comply with statutory notices will, other than in exceptional circumstances, result in prosecution and/or works in default and the Council will seek to recover the

costs from the relevant person.

- 9.3 All statutory notices and intentions to serve a statutory notice will be signed by appropriately trained, experienced and authorised officers. The officer will be satisfied that the contravention is significant and that all appropriate criteria are met. Sufficient evidence will be available to justify the notice, and details of all evidence will be properly recorded to satisfy PACE and CPIA requirements and any other area of relevant legislation.
- 9.4 Time limits given within notices will be reasonable and in accordance with statutory requirements.
- 9.5 Other relevant bodies will be informed of the action as necessary, for example Primary, Home, Lead authorities, or originating authorities, and copies will be forwarded on request.
- 9.6 Recipients of notices will always be informed in writing of their rights to appeal and these will normally be on the rear of the notice unless otherwise stated. They will also be informed in writing of the consequences of non-compliance.
- 9.7 In the case of breaches of Health and Safety legislation, copies of notices will be made available to staff representatives. Notices having public safety or environmental implications will be placed on a register accessible to members of the public on request.
- 9.8 Compliance with the notice will be checked as soon as possible after the expiry date of the notice. Where appropriate any requests for time extensions to notices will not be unreasonably rejected. Confirmation of an extension or reason for a rejection of an extension will be put in writing to the applicant and will be dependent on the facts of each case.
- 9.9 Works in default: Where the powers of works in default are available, officers will consider the options and take the most appropriate form of action in each case.

10 SIMPLE CAUTIONS

- 10.1 The current guidance is the Ministry of Justice – Simple Cautions for Adult Offenders. The guidance is used by police authorities and prosecution agencies. A Simple Caution (once known as a formal or police caution) is a formal warning that may be given to persons aged 18 or over who agree to it and admit to committing an offence. The Simple Caution scheme is designed to provide a means of dealing with low-level, mainly first-time, offending without a prosecution. Simple cautioning is not to be used as an alternative to a weak prosecution case.
- 10.2 A prosecution will only take place where it is in the public interest and where there is sufficient evidence (see section 11 below) to support that course of action. In a case where there is sufficient evidence to warrant a prosecution but the public interest would not benefit from such a course of action, then a Simple Caution may well be an alternative.

10.3 Simple Cautions will be issued:

- To offer a proportionate response to low-level offending where the offender has admitted the offence;
- To deliver swift, simple and effective justice that carries a deterrent effect;
- To record an individual's criminal conduct for possible reference in future criminal proceedings or in criminal record or other similar checks;
- To reduce the likelihood of re-offending;
- To enable officers to spend more time dealing with more serious cases.

10.4 In deciding whether to offer a Simple Caution the Full Code Test as set out in the Code for Crown Prosecutions must be applied.

10.5 Such cases should be fully considered by the Team Leader who will present the case to the Head of Wellbeing and the Solicitor for the Councils for authority to issue a Simple Caution.

10.6 The Cautioning Officer will be the Solicitor to the Council, who is the Head of Legal Services and the cautioning procedure in the Ministry of Justice guidance will be followed.

10.7 Where appropriate the issue of a simple caution will be notified to a home authority, originating authority, lead authority or primary authority.

10.8 If an offender refuses to accept a formal caution, the delegated officer will refer the matter to the Solicitor for the Councils who may pursue a prosecution, taking into account the relevant guidance and the Council's Constitution.

11. PROSECUTION

11.1 Adur & Worthing Councils recognise that the decision to prosecute is significant and could have far reaching consequences for all involved including defendants, victims and witnesses.

11.2 Each case is unique and will be considered on its own facts and merits.

11.3 Where the circumstances warrant it and the alternative actions outlined elsewhere in this policy are considered inappropriate, then a prosecution may result.

11.4 In determining whether a prosecution is appropriate the Council will have regard to and apply the guidance within the Code for Crown Prosecutors effective at the material time. It follows that a prosecution will only be progressed when the case has passed both the evidential test and the public interest test. The decision to proceed with a prosecution rests with the Head of Legal Services.

11.5 The Evidential Stage

For any prosecution to proceed the Council must be satisfied that there is enough evidence to provide a 'realistic prospect of conviction' against each defendant on each charge. A realistic prospect of conviction is an objective test that means that a jury or bench of magistrates, properly directed in accordance with the law, is more likely than not to convict the defendant of the charge alleged. This is a separate test from the one that the criminal courts themselves must apply. A jury or Magistrates' Court should only convict if it is sure of a defendant's guilt.

11.6 The Public Interest Stage

The public interest must be considered in each case where there is enough evidence to provide a realistic prospect of conviction. The Council will balance factors for and against prosecution carefully and fairly. Public interest factors that can affect the decision to prosecute usually depend on the seriousness of the offence or the circumstances of the suspect. Some factors may increase the need to prosecute but others may suggest that another course of action would be better. A prosecution will usually take place unless there are public interest factors tending against prosecution which clearly outweigh those tending in favour, or it appears more appropriate in all the circumstances of the case to divert the person from prosecution. Whichever route is pursued the Local Authority will only start or continue a prosecution if the case has passed both the evidential and public interest stages.

11.7 Although not an exhaustive list these are some of the factors that the Council may consider when determining whether a prosecution is appropriate:-

- a) The seriousness of the alleged offence;
- b) The role played by the defendant in the commission of the offence;
- c) Any explanation offered by the company or defendant;
- d) Whether the defendant was in a position of authority or trust;
- e) Evidence of premeditation on the part of the defendant;
- f) Evidence that an offence was committed by a group;
- g) The risk of harm to public health;
- h) Evidence of a disregard of legal standards for financial reward;
- i) The previous history, including whether there is a history of similar offences, or a failure to respond positively to past warnings or statutory notices;
- j) Any likelihood of a defendant being able to establish a defence;
- k) The reliability of the evidence available;
- l) The competence of witnesses and their willingness to cooperate;
- m) Evidence of a willingness by the defendant to prevent a recurrence of the problem;
- n) The need to influence the offender's future behaviour;
- o) The probable public benefit of a prosecution and the importance of the case in maintaining community confidence;
- p) The effect on the defendant's, or a witness's physical or mental health balanced against the seriousness of the offence;
- q) The views of any victims;
- r) The offence although not serious in itself is widespread in the area where it was committed;
- s) The penalty which is likely to be imposed, and

- t) Whether the offence is due to a genuine mistake or misunderstanding (but this must be balanced with the seriousness of the offence).

11.8 There may be circumstances where, as well as prosecution, it will also be appropriate to serve a statutory notice to enforce the remedy.

11.9 The final decision on whether to prosecute shall be made after:

- A full and complete prosecution report file has been prepared and presented to the Solicitor for the Councils detailing the facts in the prescribed format;
- The initiating officer has fully discussed the case with the PH&R Manager.

11.10 Where legislation permits, consideration will be given to prosecuting directors of bodies corporate where:-

- It appears that the offence was committed with his/her consent, connivance or neglect; or
- It is likely that the body corporate may be wound up to avoid criminal proceedings.

11.11 Prosecution of individual employees may be appropriate and may be considered by the Council. Circumstances where a prosecution may result include for example where the employee has clearly contradicted the employers' instructions, has been deliberately obstructive or contravened policy or legislation resulting in offences being committed.

11.12 In all cases of obstruction, prosecution will always be considered where this has resulted either in undue delay or in additional work/costs to the local authority, or where false information has been given deliberately.

11.13 Where there has been a death at work resulting from a failure to comply with health and safety law, the matter will be referred to the police if the circumstances of the case might justify a charge of manslaughter. The decision to prosecute will be coordinated between the Crown Prosecution Service (CPS) and the Health and Safety Executive (HSE) or the Local Authority. A manslaughter case may occur alongside a prosecution for health and safety breaches. In all cases, the Work-Related Death Protocol for liaison, signed by the appropriate agencies will be followed.

11.14 On final completion of prosecution cases, officers must inform other interested parties of the outcome of the case as necessary. In particular, any complainants or victims will be informed. The outcome of the case will be reviewed with the relevant Team Leader to discuss any necessary future action.

12. COMPLAINTS AGAINST THE SERVICE

- 12.1** If any person believes that they have not received fair or consistent treatment as outlined in this Policy, they can access the Councils' Complaints Procedure. The matter will be considered and a decision made as to whether the Enforcement Policy has been breached in this instance and the complainant will be given a reply in writing explaining the decision. This is without prejudice to any formal appeal mechanism.

This page is intentionally left blank



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 13

Key Decision Yes

Ward(s) Affected: as outlined

Leisure provision in Adur

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1 The purpose of this report is to set out the findings of recent work by Officers and SLC Leisure Consultants to understand the implications of the Pandemic for the delivery of leisure services in Adur District to enable Member to make an informed decision around the level of financial support that is to be provided to the current operator, Adur Community Leisure.
- 1.2 Attached to the Agenda are confidential Appendices A and B which contains further exempt information.

2. Recommendations

- 2.1 That members of the Committee:
 - Do not approve the request from Adur Community Leisure (ACL) for additional financial support for the reasons set out in the Report;

- In the event of the insolvency of Adur Community Leisure, that members delegate Authority to the Director for the Economy in consultation with the Executive Members for Customer Services, the authority to investigate and enter into shorter term franchisee or supply contracts in duration and/or concessionary contracts for temporary leisure delivery to the community;
- That Members approve an additional budget of £300,000 in 2020/21 funded from Emergency Funding provided by MHCLG for the costs associated with managing the buildings in the event they are returned to the Council and any further consultancy support required for the procurement exercise;
- Agree a further report is to be taken back to JSC at the earliest opportunity based on the findings of SLC Leisure Consultants to approve a detailed draft specification that will form the basis of a procurement exercise for a longer term leisure service provider in Adur;
- That in the event of ACL's insolvency, Members note and approve any necessary transfer of essential staff (the number of staff to be determined) from ACL to ADC to ensure the leisure properties are sufficiently and well maintained.

3. Context

3.1 Adur District Council (ADC) owns 3 leisure facilities operated and maintained under a Funding and Management Agreement by Adur Community Leisure (ACL) which operates as a subsidiary company of Impulse Leisure. These facilities are:

- Lancing Manor Leisure Centre
– a dry-side leisure centre in Lancing built in 1971
- Southwick Leisure Centre
– a dry-side leisure centre in Southwick built in 1972
- Wadurs Community Pool
– a 25m 5-lane pool in Shoreham built in 1993

3.2 The contract commenced on 1 July 2005 and covers a 30-year service period, terminating in June 2035. Under the terms of the funding and management agreement, the Council pays Impulse Leisure an annual service fee based on agreed 5-year business plan figures. The Service Fee for April 2020 – March 2021 payable by ADC to ACL is £125,000.

3.3 On 23rd March, HM Government introduced a “lockdown” in the UK to tackle the spread of COVID-19, enforcing a mass closure of leisure facilities across

the country. This placed many leisure operators under the threat of insolvency as income streams effectively ceased, whilst operators continue to incur costs relating to the maintenance of the facilities during closure, ongoing payments which cannot be ceased or frozen and a skeleton staffing structure.

- 3.4 It was anticipated that Leisure centres would be able to open from 4th July 2020 as part of the third phase of lockdown easing but with strict social distancing measures in place, but on 23 June 2020 the Prime Minister announced this would not be the case, and the re-opening of leisure in the UK remains very uncertain.
- 3.5 When leisure services do re-open, they will be subject to rigorous restrictions which will prevent the use of leisure facilities as we have previously known it to be, with social distancing being paramount and restrictions on numbers using the facilities. These restrictions are likely to remain in place until COVID-19 Alert Level 1 (no presence of the virus in the UK) is reached or a widely available vaccine is developed. This means that the leisure operating industry, like many others, faces an extremely uncertain and financially challenging period over the coming months during which the operating capacity of gyms, pools and other sports and leisure activities will be significantly reduced.
- 3.6 Although the reopening of leisure facilities will allow leisure providers to re-establish services and income streams, the likely restrictions and safety measures that will be required in order to enable services to safely resume will significantly reduce the range of services they can provide and the capacity of facilities. The reopening of facilities will also mean a significant increase in costs compared with “lockdown” levels.
- 3.7 Under normal circumstances, leisure operators are reliant on their ability to generate high levels of income through the leisure facilities to cover the substantial operating costs associated with the services. There will be a substantial reduction in income levels whilst costs remain similar to pre-closure levels resulting inevitably in a substantial operating deficit across each local authority’s leisure portfolio. There are also likely to be cost increases due to the need for additional cleaning, new Personal Protective Equipment (PPE) for staff and customer safety, new signage and safety screens, staff training, additional supervisory staff, marketing and communications upon reopening.
- 3.8 It is nationally recognised that the leisure industry is facing an absolute crisis and it is anticipated that many leisure providers will fail.

The request for financial support

- 3.9 As a result of these unprecedented circumstances, leisure providers across the country have been seeking financial support from their local authority partners to subsidise these retained closure costs.
- 3.10 Following the closure of the facilities and prior to the commencement of this review, ADC agreed (under the terms of the existing budget) to support ACL with an advance payment of the annual service fee for the period 1 April 2020 – 31 March 2021 (£125k). This advance payment was agreed on 28 April 2020 in response to a request for support from the operator to help manage immediate cash flow pressures resulting from the closure of the facilities.
- 3.11 Also under consideration by the Council prior to the commencement of this review, was a request from the operator for further funding, and for the reasons discussed in the exempt part of this report that deals with the financial of ACL, to date the request has not been granted.
- 3.12 Mindful of the a level of urgency and the importance of understanding the parameters, officers commissioned SLC Leisure Consultants, a team with a nationally recognised profile, to obtain information from ACL and:
- a. Analyse the financial position of ACL and to consider the ability for ACL to recover financially and trade successfully and sufficiently to enable ACL to repay any loan that ADC members may authorise;
 - b. Identify the costs to ADC of the closure of ACL's leisure portfolio as a result of the COVID-19 crisis, in order to identify what level of financial support was fair, reasonable and proportionate, required by the operator during lockdown. Please see Table 1 of the SLC Report. The costs are summarised as follows in Table as ,including and excluding additional facilities operated by ACL outside of the District.
 - c. SLC was also engaged to investigate what an outline business plan would look like to enable the Council and ACL to develop and, if possible, agree a business plan for the recovery period which establishes a provisional management fee position for the agreed recovery period, based on revised income and expenditure projections and reopening scenarios.
 - d. The findings of SLC and the Report are at Exempt Appendix A to the Agenda.

4. Alternative approaches and the future of leisure, health and well-being

- 4.1 Given the significant risk of insolvency being faced by all leisure industry providers, some initial thought has been given to alternative management options.
- 4.2 Operating the facilities in-house would carry additional costs, both during the recovery period and in steady state, and doing so for an interim period prior to seeking a new operator would have significant financial implications for any incoming provider given that any staff previously taken in house would be entitled to TUPE over to the new provider as well as a continuation of the usual local government terms and conditions relating to pensions which would then be carried forward into any future contractual arrangements, and could potentially make the delivery of leisure services by an incoming service provider unviable.
- 4.3 The Council could set up a new Local Authority Trading Company (LATC) to operate the services (or transfer the services to an existing Council LATC and save some costs), and this would theoretically provide some savings in recovery and in steady state compared with the existing operation.
- 4.4 Prior to any procurement exercise being carried out to find a new operator, there is an opportunity to reflect upon the impact of the Pandemic on the leisure industry and to set out a new approach which helps to integrate more successfully, the leisure, health and well being aspirations of our residents. It is already clear that the Pandemic has changed the outlook of many people to the role of exercise in their lives.
- 4.5 In the meantime, mindful of the importance of the facilities to local residents, it is proposed that the Council should actively seek one or more temporary franchisees and/or concessionaires for the Adur outdoor spaces as well as the leisure facilities so that some or all of these can be reopened safely at the soonest opportunity and prior to the full procurement exercise for a longer term provider being completed.

5. Issues for consideration

- 5.1 In the event Members approve the recommendations for the reasons set out in this Report and the exempt part of it, and do not approve any further financial support to ACL, the Council must take immediate steps to protect its leisure buildings and seek concessionaires that may be able to deliver

short term leisure support to the Community using our open parks and if possible accessing our buildings.

6. Engagement and Communication

- 6.1 The relevant executive councillors and financial and legal officers have been consulted in preparing this report. The content of the report has been shared with ACL at an early stage. In developing any future alternative vision for leisure, wellbeing and health it will be important to consult members of the local community and other stakeholders.

7. Financial Implications

- 7.1 The Council has a budget of £125,000 per annum for the contract payment to ACL. Under Cabinet Office guidance, Councils were asked to support suppliers by considering advance payments to assist in cashflow issues during the early phases of the pandemic.
- 7.2 In April the Council was approached by ACL for additional funding. In the light of their significant cashflow pressures caused by COVID-19, the full fee for 2020/21 was paid in advance in May whilst a review of their financial position was undertaken.
- 7.3 The further financial implications are set out at Exempt Appendix B to this report.

8. Legal Implications

- 8.1 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.
- 8.2 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.
- 8.3 Section 1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

- 8.4 Section 1 of The Local Government (Contracts) Act 1997 provides that every statutory provision conferring or imposing a function on a local authority 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 the function by the local authority.
- 8.5 Section 93 of The Local Government Act 2003 provides that there is a general power to charge for any discretionary service such as leisure and cultural services.
- 8.6 Section 19 of The Local Government (Miscellaneous Provisions) Act 1976 allows a local authority to provide either indoor or outdoor 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.
- 8.7 Any advance to ACL that members may elect to authorise must not offend the rules on state aid. During the current COVID-19 crises the allowable de minimis level of state aid to any undertaking must not exceed the sum of 800,000 euros.
- 8.8 Under the Council's constitution at 9.1 and 9.2 of the Access to Information Procedure Rules, information is exempt if it includes 'information relating to the financial or business affairs of any particular person' (or organisation) and includes information relating to the Authority's own financial or business affairs.
- 8.9 In taking its next steps as authorised by Members the Council must ensure that it also complies with any existing arrangements in its Funding and Management Agreement with ACL and its lease arrangements for the leisure properties.
- 8.10 In entering into any future agreement with a further leisure provider the Council must have regard to the Contract Standing Orders and Public Contract Regulations 2015, as amended by any relevant Government Public Procurement Policy Note which may be in force.
- 8.11 Paragraph 14 of the Access to Information Rules found at Part 4 of the Council's constitution confirms that where a Key Decision and/or a Confidential/Exempt Decision has not been included in the 28 Day Notice, then (subject to Access to Information Rule 15), the decision may still be taken if; the decision needs to be taken by such a date that it is impracticable

to defer the decision until 28 clear day's notice has been given by Notice; and the Director for Communities has, in writing, informed the Chairmen of the Overview and Scrutiny Committee of the matter to which the decision is to be made; the Director for Communities has made copies of the Notice (relating to the Key Decision and Exempt Information) available on Councils' website and at least 5 clear working days have elapsed since the Director for Communities complied with these requirements.

Background Papers

- EXEMPT APPENDIX A - The SLC Report
- EXEMPT APPENDIX B - The further financial considerations

Officer Contact Details:-

Martin Randall

Director for the Economy

01903 221209

martin.randall@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

The pandemic has had a major impact on the wider economy and has made operating conditions in the leisure sector challenging. Remaining limitations on operating leisure facilities will need to be taken into account in any financial plan for re-opening facilities.

2. Social

2.1 Social Value

The pandemic has had a major impact on the lives of individuals, families and our communities. Leisure and its relationship with health and well being will be of vital importance to local communities as we recover.

2.2 Equality Issues

The pandemic has had a disproportionate impact on some communities and this will need to be reflected in our recovery planning for leisure.

2.3 Community Safety Issues (Section 17)

The pandemic has raised a number of community safety issues both direct and indirect. Leisure, health and well being have an important role to play in this regard.

2.4 Human Rights Issues

No specific matters.

3. Environmental

The environmental impact of leisure provision is an increasingly important consideration and encompasses aspects such as travel and the management of buildings and facilities.

4. Governance

The Council has a formal contract arrangement with ACL. Any change to this position will need to be reflected in robust governance arrangements.

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

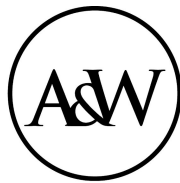
Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



ADUR & WORTHING
COUNCILS

Joint Strategic Committee

7 July 2020

Agenda Item 14

Key Decision Yes

Ward(s) Affected:Southwick

Partnership working - Brighton Marina to River Adur Coastal Scheme - Funding

Report by the Director for the Economy

1. Purpose

- Following the report to this Committee of 3rd April 2019, this report updates Members in Adur of the progress made of the partnership working for the coastal defence scheme from Brighton Marina to The River Adur. These works are now planned for 2030/31.
- To agree the Councils continued support to the partnership scheme led by Brighton & Hove City Council and make provision in the 2030/31 Capital Investment Budget for the project costs estimated at £1.7m

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- i) Agree Adur District Council's continued support to the partnership scheme led by Brighton & Hove City Council; and
- ii) Note that budget provision will need to be made in the 2030/31 Capital Investment Budget for the project costs estimated at £1.7m for coastal defence works at Kingston Beach funded by Adur District Council and that a provision of £65,050 will be needed in the revenue budget for the associated debt charges.

3. Context

- 3.1 In 2014 a Flood and Coastal Risk Management (FCRM) strategy for the area Brighton Marina to River Adur was approved by Brighton & Hove City Council, Shoreham Port Authority, the Environment Agency and Adur District Council . This strategy set out in broad terms how the coast defences could be improved and maintained in an effective condition for the next 100 years for open coastal frontage between Shoreham Port and Brighton Marina.
- 3.2 The FRCM strategy sets out in broad terms how the coast defences can be improved and maintained in an effective condition for the next 100 years across this entire 10 km frontage. A partnership approach was agreed with Brighton & Hove CC (BHCC) leading the project on behalf of partners. BHCC commissioned independent consultants to provide technical guidance and assist with seeking external government funding from the Environment Agency where appropriate in an Outline Business Case.
- 3.3 Adur District Council has responsibility for an area of approximately 2km including the area of sea wall and rock groynes at Basin Road South, Southwick. This report and financial contribution relates to this frontage. These works are not planned until financial year 2030/31.
- 3.4 The project will be carried out in phases with priority works carried out in Brighton & Hove and Shoreham Port in financial years 2023/24 and 2024/25.
- 3.5 A Project Board consisting of technical representatives of each organization has been established and meets quarterly. This is attended by a representative of the Engineering Team (Technical Services) . An Executive Board has also been established and this has more recently been attended by the Councils Chief Financial Officer where finances and apportionment of costs have been discussed.
- 3.6 In April 2019 a report was presented to this Committee agreeing to delegate to the Director for Digital & Resources the authority to agree and approve a Memorandum of Understanding and requesting a further report outlining the financial implications of the scheme and the contribution required by Adur District Council.

4. Issues for consideration

- 4.1 At the last meeting of the Executive Board the Council was asked to request their continued commitment to the project and to the indicative apportionment of costs.
- 4.2 The percentage of estimated capital costs for each partner is shown in the Financial Section below. Adur District Council apportionment is approximately 17% of the costs (Brighton CC - 29%, and Shoreham Port Authority - 54%). These costs are indicative only at this stage and further financial information will be provided as the project progresses and the procurement process advances.
- 4.3 The procurement and project management of the scheme will be undertaken by Brighton and Hove CC on behalf of all the partners utilising the Environment Agency's procurement frameworks for the design and construction.

5. Engagement and Communication

- 5.1 The project involves partnership working between Brighton & Hove CC, Shoreham Port Authority and Adur District Council. An Executive Board and Project Board has been established consisting of representatives from each organisation to provide governance and strategic management at project and work stream level.
- 5.2 A Memorandum of Understanding (MOU) is proposed between the parties to agree the governance and contributions towards construction of each party to the scheme.
- 5.3 The coastline between the western arm of Brighton Marina and the River Adur varies in its standard of defence against flooding and erosion. A strategy covering the next 100 years for improving and sustaining the defences to a 1 in 200 year standard has been approved by all 3 parties and the Environment Agency.
- 5.4 BHCC as lead authority will be engaging with residents, local groups, stakeholders and statutory consultees. ADC will also engage with the local community, residents and businesses where any construction work may cause significant disruption to the local area

6. Financial Implications

- 6.1 The overall cost of the scheme will be £21.7m funded by the partners as follows:

	Total cost £	Grant funding £	Net cost £
Detailed Design for Whole Scheme	754,600	754,600	0
Brighton and Hove City Council	6,754,200	3,968,400	2,785,800
Adur District Council area:			
Shoreham Port Authority	12,530,900	7,362,500	5,168,400
Adur District Council - Kingston Beach	1,673,700	0	1,673,700
Total	21,713,400	12,085,500	9,627,900

Contained within the estimates provided are an allowance of 30% for optimism bias together with provisions for risk and inflation. Consequently, it is hoped that these costs will reduce when the contract is tendered.

- 6.2 Each partner has been asked to commit to the indicative costs for their share of the project. Adur District Council's part of the scheme is currently programmed for 2030/31 and as such will not be eligible for grant funding which will only be paid in the first 5 years of the project. However, discussions are underway with the EA to see if further funding can be secured and these works brought forward.
- 6.3 Coastal defence schemes typically have a design life of 50 years. Consequently any borrowing required for this project can be repaid over a 50 year period reducing the revenue impact of the proposed works. Based on a 50 year life, interest of 3%, and a cost of £1.67m, the Council will have to fund debt charges of £65,050 per year from 2030/31 onwards.
- 6.4 However, to enable a joint procurement to progress a commitment of £1.67m in the 2030/31 Capital Programme is requested together with an increase to the revenue budget of £65,050 to fund these works. It is unusual to pre commit to funding so far in advance but this will secure funding of £12m which will benefit our areas.

Legal Implications

- 7.1 Adur District Council is a Coast Protection Authority (CPA) under Section 1 of the Coast Protection Act 1949. By Section 2A of that Act a Coast Protection Authority is also a Coastal Erosion Risk Management Authority.
- 7.2 By Section 4 of the Coast Protection Act 1949, a CPA shall have the power to carry out such coast protection work whether within or outside of its area, as may appear to the CPA necessary or expedient for the protection of any land in its area providing that; (a) the work is desirable having regard to the national flood and coastal erosion risk management strategies; and (b) the purpose of the work is to manage coastal erosion risk within the meaning of Part 1 of the Flood and Water Management Act 2010.
- 7.3 There is an existing Memorandum of Understanding dated 4th February 2019 between Brighton & Hove City Council, Adur District Council and the Shoreham Port Authority which is expressed to be non legally binding, subject to available finances a further legally binding agreement will be required by the Parties to secure the financial commitments of each contributing Party to the flood defence scheme, subject to authority and approved budget.
- 7.4 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.
- 7.5 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.
- 7.5 Section 1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.
- 7.6 The Council must ensure that a contract for the Coast Protection Works is procured in accordance with the Public Contract Regulations 2015 and the Council's Contract Standing Orders.

Background Papers

JSC 2nd April 2019 - Brighton Marina to River Adur Coastal Protection Scheme.

JOSC 2nd Sept. 2014 - Adoption of the Brighton Marina to River Adur Flood and Coastal Erosion Risk Management Strategy Review.

Brighton Marina to River Adur Flood and Coastal Erosion Risk Management Strategy, 24th June 2013

Urgent Coast Protection Scheme - Southwick beach 17th July 2014

JSC 6th May 2014 Coast Protection Schemes – Worthing Beach Management Plan, Adur Kingston Beach Groyne Repair/Replacement and Revetment Repairs

Officer Contact Details:-

Steve Spinner

Head of Facilities & Technical Services

Telephone: 01903 221019 / 07717867708

Sustainability & Risk Assessment

Sustainability matters were considered as part of the development of the Strategy. The proper management of the coastline is essential and the programme of works for the 100 year period of the study will maintain the standard of defence keeping pace with current climate change predictions.

Adur District Council is the Operating Authority for significant parts of this coastline and has certain duties and permissive responsibilities under the Coast Protection Act 1949 and 1991 Land Drainage acts. The 2014 Strategy contains a more detailed risk assessment of the assets across the whole frontage. A loss of life and property risk assessment will be incorporated within the proposed option.

1. Economic

The 2014 Strategy preferred option was developed for outline design taking into account the newly available information and taking consideration of technical viability, buildability, sustainability, access restrictions and health and safety. The option was considered over an appraisal of 100 years. A detailed costing exercise was undertaken to develop costs for the option based on these outline designs using Early Supplier Engagement (ESE).

2. Social

2.1 Social Value

Engagement, with the local community, will also be necessary to inform residents and businesses of key activities being planned where any construction work may cause significant disruption to the local area.

2.2 Equality Issues

Matter considered but no issues identified

2.3 Community Safety Issues (Section 17)

Matter considered but no issues identified

2.4 Human Rights Issues

Failure to protect property could be construed as interfering with the right to quiet enjoyment of property and possessions.

3. Environmental

The Project Steering Group work in partnership to guide the development of technically, economically and environmentally sustainable coastal flood and erosion risk defences along the coastline from Brighton Marina to the River Adur.

4. Governance

The scheme is being led by Brighton and Hove City Council in their capacity as Risk Management Authority under the Coast Protection Act 1949 and 1991 Land Drainage acts. The scheme will be managed in accordance with the agreed MOU.

This page is intentionally left blank



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 15

Key Decision: No

Ward(s) Affected: Southwick

Southwick Green

Report by the Acting Director for Environmental Services

Executive Summary

1. Purpose

The purpose of this report is to request that Adur District Council, as sole trustee of Southwick Green, grants permission for the installation of vehicular exclusion measures via Joint Strategic Committee under its delegated authority to act.

Decision will require the virement of monies to fund the immediate installation of gates, bollards and benches in strategic positions around the Green to prevent unauthorised vehicular access.

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- i. Grant permission to install proposed Southwick Green vehicular exclusion measures in positions highlighted in Appendix 1.
- ii. Approve the creation of a budget for these works of £60,000 funded by budget virements as set out in paragraph 6.2.
- iii. Recommend that Adur District Council, as Trustees of Southwick Green, note this resolution of the Joint Strategic Committee, made on behalf of the Trustees.

3. Context

- 3.1 Southwick Green has been subject to various incursions of vehicles and regular settlement over the years. These uses do not constitute using the Green for recreational purposes, and in fact are adverse to recreational use. Adur District Council as sole trustee is under a positive duty to protect the integrity of the Green and its general recreational enjoyment. It is required, therefore, that effective measures are put in place to prevent any future incursions.

4. Issues for consideration

- 4.1 Options do exist for the exclusion works. Initial plans for strategic tree planting in 21/22 have now been altered since planting has already been maximised on the site. Gates, bollards, and benches are seen as the best, and only, possible strategy to prevent future incursion. Virement of the tree planting budget from 21/22 (£22k) is therefore requested to aid the funding of the works proposed here in 2020/21.
- 4.2 Possible options relate to 1.5m spacing between obstacles, or 2m spacing. 1.5m spacing is recommended to minimise distances should any single object be removed by extreme force or accident.
- 4.3 Doing nothing, as an option, would result in additional costs to the Council associated with clean-up of settlements, or remediation following unauthorised vehicle access. Members of the public would also have reduced recreational enjoyment of the space at certain times of the year.
- 4.4 The Council assumes the role of sole trustee of Southwick Green. Joint Strategic Committee received delegated authority to act on behalf of the Council in December 2019. As such the JSC is asked to authorise the installation of the proposed Southwick Green exclusion measures in positions highlighted in appendix 1.

5. Engagement and Communication

- 5.1 Ward member feedback has been sought, and the recommendations are very much supported.
- 5.2 The public were invited to an on-site drop-in meeting on site. Approximately 50 people attended and were supportive of the recommended works outlined here. Local houses received a mail drop outlining the proposals, and a

further, more concentrated, local group also met to discuss the proposals; again this communicated support of the recommendations here.

5.3 The Council's Planning Department have advised that the recommended works are permissible under Local Authority permitted development rights. Feedback?

6. Financial Implications

6.1 The cost of the works are estimated to be £60,000. There is currently no budget provision in 2020/21 to fund the costs of this proposed project.

6.2 However, contained within the 2021/22 budget are some schemes which could be deferred and re-bid for in a future year, with the funding allocated for this purpose. Consequently it is proposed that the following budgets be utilised to fund the works:

	£
2021/22 - Southwick Green Environmental Improvements	25,000
2021/22 - Lancing Manor Leisure Centre - Vehicle access reconfiguration	33,600
Allocation from contingency budget	1,400
Total funding	<u>60,000</u>

6.3 There will be a minor revenue cost associated with accelerating the spend from 2021/22 to 2020/21 of £300 which can be accommodated within the treasury management budgets.

Finance Officer: Sarah Gobey

Date: 25th June 2020

7. Legal Implications

7.1 s12 Inclosure Act 1857 prohibits any act which causes injury to a green or undertakes any act which interrupts the use or enjoyment of the green as a place of exercise or recreation

7.2 s29 Commons Act 1876 prohibits the erection of any structure on, disturb, interfere with or occupy the soil of, a green unless this is done with a view to the better enjoyment of such green

7.3 The intended works will not prevent pedestrian access of the green by the local inhabitants nor will they detract from the character of the green as a

recreational ground and therefore the works will not , in the opinion of a Queen's Counsel, constitute a breach of the legislation referred to above.

7.4 As the works will not constitute a "disposal" or create a formal legal interest in the green the consent of the Charity Commission will not be required.

Legal Officer: Andrew Mathias

Date: 22 June 2020.....

Background Papers

- Appendix 1: Proposed works

Officer Contact Details:-

Name: Ben Milligan

Role: Acting Director Environmental Services

Telephone: 07384799560

Email: ben.milligan@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

- The green, once safeguarded, will continue to be an important asset for the Council.

2. Social

2.1 Social Value

The proposal will ensure that the general public's recreational enjoyment of Southwick Green is maintained.

2.2 Equality Issues

[Details of any equality issues, any equality impact assessment undertaken, or how the proposal impacts on access or participation.](#)

2.3 Community Safety Issues (Section 17)

Installation of exclusion measures would prevent unauthorised encampments in the future. Therefore associated Police time will be reduced to nil, and remediation of the site once it's vacated will no longer be required. ASB will be reduced should these recommendations be authorised.

2.4 Human Rights Issues

This recommendation does not impinge on anyone's human rights as the land is owned by the Local Authority, and any encampments on the said land would be unauthorised.

3. Environmental

- Matter considered and no issues identified.

4. Governance

- [Anything you'd add here?](#)

This page is intentionally left blank



ADUR & WORTHING
COUNCILS

Joint Strategic Committee

7 July 2020

Agenda Item 16

Key Decision: No

Ward(s) Affected: Marine Ward:

Shoreham Beach Neighbourhood Forum

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1 The Shoreham Beach Neighbourhood Forum was designated on 20th November 2014, to become the qualifying body to progress the Shoreham Beach Neighbourhood Plan. A Forum has a 5 year life, which expired in November 2019. The Shoreham Beach Neighbourhood Forum has since reapplied for designation and the Council has undertaken the necessary consultation with the local community. This report considers the representations received and whether to redesignate the Forum for a further 5 years.
- 1.2 The application for the designation of the Shoreham Beach Neighbourhood Forum will enable the Forum to continue to prepare the Shoreham Beach Neighbourhood Plan. In line with the Localism Act the Council has advertised the application for designation and this report sets out the results of consultation and considers the responses received.
- 1.3 Whilst, the consultation exercise has revealed concerns about how the previous Forum has been operated, these matters cannot directly impact on any consideration of redesignation. However, your Officers will raise these concerns with the Forum and potentially these concerns can be addressed if further requests for funding are submitted by the Forum. The report recommends that the Forum should be designated in line with the considerations set out in the Localism Act.
- 1.4 If designation is made, no other body or organisation may be designated for

this neighbourhood area until that designation expires or is withdrawn.

2. Recommendation

- 2.1 That the Committee designates the Shoreham Beach Neighbourhood Forum.

3. Context

- 3.1 The production of Neighbourhood Plans was introduced by the Localism Act 2011, with the aim of enabling local communities to influence how their areas will change and develop in the future. The procedures for producing a neighbourhood plan are set out in the Neighbourhood Planning (General) Regulations 2012 (as amended).
- 3.2 The Shoreham Beach Neighbourhood Forum was designated 20th November 2014. The five year life of this Forum expired in November 2019.
- 3.3 The Shoreham Beach Neighbourhood Area was also designated in November 2014. However, under the legislation neighbourhood areas do not have a time-restricted life. As a result it is not necessary for this report to consider the geographical area covered by the neighbourhood area designation.
- 3.4 It should be noted that if designation is made, no other body or organisation may be designated for this neighbourhood area until that designation expires or is withdrawn.

4. Issues for consideration

- 4.1 For the Forum designation application, the following must be submitted to the local planning authority:
- (a) The name of the proposed neighbourhood forum;
 - (b) A copy of the written constitution of the proposed neighbourhood forum;
 - (c) The name of the neighbourhood area to which the application relates and a map which identifies the area;
 - (d) The contact details of at least one member of the proposed neighbourhood forum to be made public under regulations 9 and 10; and,
 - (e) A statement which explains how the proposed neighbourhood forum meets the conditions contained in section 61F(5) of the 1990 Act.

- 4.2 An application meeting these requirements was submitted, and is appended to the Adur Planning Committee Report (6th July 2020). In line with the Regulations, the application was made available for consultation by this Council, commencing on Thursday 19th March, and originally to last until 30th April 2020.

Consultation

- 4.3 In order to publicise the consultation, the application was made available on the Council's website; an item was published in Beach News shortly before the consultation exercise commenced (this is the magazine of the Shoreham Beach Residents Association, which is delivered to every home on Shoreham Beach); and an advert was placed in the Shoreham Herald (and Worthing Herald). Several site notices were also put up around the Forum area.
- 4.4 Given the pandemic, the consultation was extended for a further 3 weeks, to 22nd May. Additional site notices were put up to advertise the extension, and another advert placed in the Shoreham Herald (also Worthing Herald).
- 4.5 The application and Statement of Consultation were made available on the Council's website throughout this period together with a response form (although responses could also be submitted by email or post).
- 4.6 The application and Statement of Consultation were also made available for inspection at the Shoreham Centre, Pond Road, and Portland House Worthing. However as the lockdown commenced shortly afterwards, this information was not accessible. The Council's Legal Team was consulted on this matter. In contrast to Local Plan consultations, the Neighbourhood Planning Regulations do not require documents to be made available for consultation in the same way; as a result it was concluded that legislative requirements have been complied with.
- 4.7 A total of 7 separate responses were received (although one was sent on behalf of several people); one of these was sent by Shoreham Beach Residents Association. In general, one supported the Forum redesignation, the others raised concerns and objections.
- 4.8 The key matters to be considered in the designation of a Forum are set out in legislation as follows:
- ☐ Is the Forum representative of people who live in the area?
 - ☐ Is the Forum representative of different geographical parts of the area?

- ☐ Is the Forum representative of people who work in the area?
- ☐ Is the Forum representative of different sections of the community?

Responses received and LPA response to the matters raised, can be found at appended to the Adur Planning Committee Report of 6th July 2020.

Analysis of Responses

4.9 Is the Forum representative of people who live in the area?

The submitted application contains a map showing the distribution of members in the Forum area (Map 2, page 2 of application). The document states the Forum has 540 members. As required by the Regulations, the details of 21 members have been provided to the Council. (These have not been published on the Council's website due to Data Protection issues).

With regards to the consultation responses 1 agreed that it was representative, others raised matters such as communication which are addressed below; another expressed concerns that few people seem to be aware of the neighbourhood plan's existence or potential impact.

Some demographic information regarding the ages of those engaged has been provided, although it is noted that this dates from 2017, and relates to all those engaged, not just members. This document also states: the vast majority of Forum Committee members are 50+'. Whilst, this might not be truly representative in age profile of residents on the Beach it does generally reflect those residents that have the time to be engaged in neighbourhood planning.

4.10 Is the Forum representative of all the different geographical parts of the area?

According to the map provided, membership appears to come from all parts of the geographic area of the Forum. Comments have been made in the consultation responses - some relate to content of the actual neighbourhood plan (eg Shoreham Fort and Local Nature Reserve) but these do not relate to membership of the Forum and can be best addressed through consultation on the Plan itself. One states the Forum is not representative of the geographical area (although doesn't make clear why not); one states it is representative.

4.11 Is the Forum representative of people who work in the area?

The Forum has confirmed that the details of the 21 named members contain at least one who works in the area. Given that the Beach is a largely residential area this is considered acceptable.

4.12 Is the Forum representative of different sections of the community?

This question is very similar to question 1; however the Application states: The Forum has succeeded in attracting a diverse group of members from across the designated neighbourhood plan area... these members represent a varied range of age groups and interests. Details of this diversity within the Forum have not been provided but your Officers consider that it would be difficult to argue that this requirement has not been met.

Other Matters

- 4.13 Members will note that other matters relating to the Forum have been raised in the responses received. Some of these relate to the specific contents of the emerging Neighbourhood Plan. These matters can be addressed through consultation on the Plan, if the Forum is redesignated. However, other matters relate to the Forum itself, and these are considered below.

Matters relating to the Forum's Constitution

- 4.14 A number of responses refer to issues regarding failure of the Forum to comply with its own Constitution, and communication issues. Specifically; a lack of Annual General Meetings; committee papers/ minutes not posted on the website; lack of clarity as to whether Finance reports are presented to Management Committee monthly, and a lack of accountability. The application explains that the 2019 AGM was postponed due to lack of advance notice; the application states that an AGM will be held once the Forum is redesignated, alongside a 'Have Your Say Day'. The latest Management papers available on the Forum's website (as at 15th June 2020) are dated September 2019.
- 4.15 This Council has no powers to take action if the Forum does not act consistently with its Constitution. However, given the concerns raised as part of this consultation exercise it seems appropriate for the Council to raise these with the Forum. As these matters do not directly relate to the application for

designation, and cannot be taken into consideration as part of this process, Officers will address these separately. It should also be noted that Officers have already raised these concerns with the Forum prior to the recent consultation exercise.

- 4.16 The application also includes a request from the Forum for reapproval of their Constitution (Section 3). However, there is no requirement for ADC to agree to the Forum's Constitution, and therefore no action is recommended with regard to it.

Communication.

- 4.17 Several representations raise concerns regarding allegedly poor communication between the Forum, its members and the wider community of Shoreham Beach, as follows: members are not being invited to 3 meetings a year; there is infrequent communication with members other than Beach News, and the Forum website is not kept up to date. Concerns are raised that the Forum cannot be truly representative if there is inconsistent communication between the local community and the Forum. These concerns, plus the matter of the awareness of residents about the emerging Plan, have been raised by respondents. It does appear that the Forum website has not been updated for some time (for example, the consultation on the application for designation was not advertised by the group on their website) and it is not clear how much liaison there is between the Forum and its members.
- 4.18 The Application sets out (page 5) a range of community engagement and evidence, although dates/ frequency are not clear. Much of the survey work took place between 2015-17, and according to the application, the last community consultation 'Have Your Say Day' event took place in 2016. As such, there will be a considerable period of time between this early work and the examination of the Plan. However, these matters cannot be taken into account with regards to determining designation of the Forum. Nevertheless, these concerns will be relayed to the Forum if redesignated.

Progress on the Neighbourhood Plan

- 4.19 The key stages of neighbourhood plan making are:
- ☐ Gathering baseline information and evidence, and preparing a draft Plan;
 - ☐ Undertaking 'pre-submission' consultation (a consultation held for at least 6 weeks)

- ☐ Following this consultation, developing a revised version of the Plan (having regard to findings of the consultation) and submitting it to the Local Planning Authority (ADC)
- ☐ Independent Examination
- ☐ Referendum.
- ☐ Bringing the Plan into force.

4.20 Of the over 700 made neighbourhood plans in England, which have been completed and ‘made’ the average time to make a plan has been 3 years, 4 months (Source: Locality). The five year life of a forum should provide sufficient time for the preparation and making of a neighbourhood plan.

4.21 Section 8 of the Application (page 5) sets out progress from 2015 - 2019. However it is worth noting that the Shoreham Beach Neighbourhood Plan has not yet reached the initial stage of a pre-submission consultation. Several ‘Have Your Say Day’ community consultation events have been held - however these do not constitute the six week pre-submission consultation on a Draft Plan that the Regulations require. As such it would seem that little progress has been through the statutory stages over the last 5 years. This may be in part due to changes in membership/chair of the group, but there are concerns as to how long the Plan may take to progress, and the impact on ADC resources to support it.

4.22 The Application states on page 4 that the Forum aims to submit the Regulation 16 plan to ADC in Autumn 2020; however given that the Regulation 14 consultation has not yet taken place, this appears to be an overly ambitious timetable. Given the impact of Covid-19 it is likely this timetable will need to be updated. However this should not impact on the determination of the application for designation.

5. Engagement and Communication

The necessary statutory consultation has been carried out, and is described above.

6. Financial Implications

6.1 There are no direct financial implications arising from the report. Adur District Council has in the past provided a small grant to the Shoreham Beach Neighbourhood Forum (£2,000) funded from within existing resources.

- 6.2 Whilst Local Authorities have a duty to 'advise and assist' in the preparation of neighbourhood plans, there is no statutory requirement for a Local Planning Authority to provide funding to support the progression of a neighbourhood plan. The Adur & Worthing Councils note 'Neighbourhood Plans: Offer of Support' (available on the Councils' website) clearly states: *"The Councils are not able to offer advice or assistance in the following areas...Direct financial support (the Councils can apply and use CLG grants)"*.
- 6.3 However, the Council can apply for funding from the Ministry of Housing, Communities and Local Government (MHCLG) at certain stages of neighbourhood plan development (including designation). This grant is to support the additional workload arising from the development of the neighbourhood plan with regards to its statutory requirements (such as organising and funding the independent examination, and referendum stages). Payment of any proportion of grant to a Forum or Parish preparing a neighbourhood plan is entirely at the discretion of the local authority.
- 6.4 Forums (or parish councils, where these are preparing neighbourhood plans) can apply to Locality - a national network supporting local community organisations for financial support. It is understood that the Shoreham Beach Neighbourhood Forum has already received the maximum possible funding from Locality in terms of general grant allowance (although they may be eligible for specific technical support packages which Locality offer, for example, with regards to Design Codes).
- 6.5 Any future request from a redesignated Forum to the Council for financial assistance would give the opportunity to provide some conditions attached to any funding to potentially address some of the issues highlighted during the consultation.

7. Legal Implications

- 7.1 Statutory requirements regarding the designation of neighbourhood forums are set out in Section 61F of the 1990 Town and Country Planning Act. The Council may designate an organisation if it is satisfied that it meets the criteria set out in paragraph 4.1 of this report. The Neighbourhood Planning (General) Regulations 2012 set out further detail of the neighbourhood forum designation process.

Background Papers

- ❑ Report to Adur Planning Committee 6th July 2020.
- ❑ Application for the Redesignation of Shoreham Beach Neighbourhood Forum for a Further Five years - Shoreham Beach Neighbourhood Forum
- ❑ Support for Neighbourhood Plans - Adur & Worthing Councils. (Note on website)

Officer Contact Details:-

Moira Hayes

Adur Planning Policy Manager

Portland House

01273 263247

moira.hayes@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

Neighbourhood Plans provide an opportunity for communities to work together to contribute to the planning of their area, and to address economic issues as far as possible using the planning process.

2. Social

2.1 Social Value

Neighbourhood Plans provide an opportunity for communities to work together to contribute to the planning of their area, and to address social issues as far as possible using the planning process.

2.2 Equality Issues

The Forum constitution addresses equalities issues.

2.3 Community Safety Issues (Section 17)

No issues identified.

2.4 Human Rights Issues

No issues identified.

3. Environmental

Those bodies making neighbourhood plans must consider the impact their plan will have on the environment. A neighbourhood plan should be screened to ascertain whether Strategic Environmental Assessment is required.

4. Governance

There are opportunities for the neighbourhood plan to contribute to a range of priorities linked to Tackling Climate Change and supporting our natural environment; and thriving people and communities, as set out in Platforms for Our Places: Going Further.

The Council has a statutory duty to advise and support neighbourhood forums in producing neighbourhood plans.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee

7 July 2020

Agenda Item 17

Key Decision - Yes

Ward(s) Affected: Broadwater

Acquisition of Industrial Development Site

Report by the Director for the Economy

Executive Summary

To approve the acquisition of an industrial development site on Southdownview Road for the delivery of new employment floorspace for the town

1. Purpose

- 1.1 To seek authority to purchase the approximately 2.5 acre site for the development of new employment floorspace within Worthing.

2. Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
- i. Approve the acquisition of the development site at Southdownview Road for a residual land price of up to £1,800,000.
 - ii. Authorise the Head of Major Projects and Investment to agree detailed terms of the transaction and enter the contract for the purchase subject to satisfactory legal and technical due diligence
 - iii. Authorise the Head of Major Projects and Development to undertake procurement and enter into a construction contract subject to a viable business case to deliver the site in consultation with the Executive Member for Resources
 - iv. Authorise an overall budget of £5.8m to meet the costs of acquisition

and construction to be funded from the Strategic Property Investment Fund.

3. Context

- 3.1. Worthing Borough Council, like most other councils, is a significant landholder. The council has circa 500 assets and in excess of 300 tenancies within the borough. As part of the Asset Management Plan and in order to meet the needs of the councils Medium Term Financial Strategy the use of these assets are balanced across both our operational and investment needs, with assets used to generate both social and commercial value.
- 3.2. Officers continue to seek to add value to the historic estate through proactive management of the assets as well as seeking new opportunities by purchasing, renovating and disposing of assets according to the principles of the strategy set out in the Asset Management Plan.
- 3.3. The councils have been proactive in acquiring properties for investment purposes to generate additional revenue for the council, usually out of borough and in accordance with the Strategic Commercial Property Investment Strategy, as well as sites in borough which facilitate increased housing delivery, or strategic and long term regeneration opportunities.
- 3.4. As a result of this ongoing work, officers have identified a new opportunity to acquire the former 'EDF car park' on Southdownview Road and have agreed terms to purchase the site, subject to member approval and satisfactory legal and technical due diligence.
- 3.5. The site comprises a surplus surface car park providing approximately 2.5 acres of underutilised land with an existing planning permission for 22 new light industrial units totalling 26,000 ft² of light industrial B1c accommodation with 97 parking spaces and cycling provision.
- 3.6. A site plan is shown at Appendix 1, along with site layout plans from the planning permission that was granted in April 2020, under reference AWDM/1008/19.

- 3.7. This acquisition presents an opportunity for the council to invest in a site to secure the delivery of new, modern and fit for purpose employment space within the borough, that can be used to generate economic growth, positive revenue return as well as business rate income for the council.
- 3.8. This acquisition will provide the council with the opportunity to develop this new space and safeguard employment space for local economic generation as we seek to kick start and boost the local economy following the impacts of Covid-19.
- 3.9. It has been identified that there is a shortage of both affordable and fit for purpose modern industrial units within the town. This shortage often means that occupiers valuable to the town's local economy cannot find suitable business space to lease or they are constrained to existing poorer quality properties with little room for growth. By seeking to control the development of the site, the council can work with local occupiers and trusted partners, to deliver a well managed, high spec employment and business incubation hub.
- 3.10. The council can ensure the development is delivered in such a way it supports our local economy and business community with a different approach to the private developer market, but focusing on recycling the developers standard profit back into the development and securing the delivery of the new space. With uncertainty surrounding lending markets and developer's current risk approach due to Covid-19, delivery may be delayed. The council can seek to ensure the development's full potential and existing planning permission is delivered and ensure that the site is not mothballed for better market conditions or land banked/traded in the future, by the private sector.
- 3.11. Through a clear tenant mix policy, the council can curate a mix of like minded occupiers that align with the councils strategic goals of generating positive local employment and social-economic outputs. Work on the detail of this will involve teams across the Economy directorate, ensuring a cohesive approach to cultivating this employment space.
- 3.12. An initial review of the scheme shows the site will create up to 47 new FTE jobs.

- 3.13. The council through its delivery and ownership of the site can ensure affordability whilst remaining commercial - industrial rents and demand has undergone significant growth within the town due to a lack of existing supply and future development pipeline. This has resulted in typical rents currently range from £7.00ft² - £13.00ft² per annum, depending on size and specification. By the council delivering the scheme, there is no requirement for a developer's profit, usually 20% of construction cost, which can be recycled and reinvested into the development to deliver a higher quality specification, with sustainability at its heart, and a more affordable and flexible workspace environment which supports business growth.
- 3.14. The council can also work to standardise the leasing procedure for tenants, providing flexible leases that adjust to their business needs, supporting growth without tying them into lengthy inflexible agreements.
- 3.15. The council can also seize opportunities with its trusted partners, to join with our local businesses, and those with active requirements in the town which cannot be satisfied, by delivering 'build to suit' units on a pre-let basis which meet their specific needs and reduce future letting risk and exposure for the council.
- 3.16. Through delivering and managing this key site the council will also have a better ability to monitor economic benefit through curating a landmark employment hub for the town.
- 3.17. The current business case and proposed purchase price shows a net positive return to the council and therefore can be recommended to members.

4. Issues for consideration

- 4.1. An initial risk assessment has been undertaken and identified the following key risks to delivery:
- 4.2. Acquisition
 - 4.2.1. As with all property acquisitions there are risks associated with the purchase including purchase price and technical due diligence. The council has commissioned two separate red book valuations of the site in accordance with RICS standards and full

technical and legal due diligence will be undertaken by appropriate colleagues or outsourced where required.

4.3. Development

- 4.3.1. With any proposed development there is risk and uncertainty in construction cost and management, as well as future letting risk. This site has been de-risked as it is already in receipt of a full planning permission. Construction and development risk cost is a risk to delivery and the council has commissioned a robust cost analysis has been undertaken by a qualified cost consultant (RLF) with significant experience in industrial development. This has been used to underwrite development appraisal assumptions, business case and the proposed purchase price.
- 4.3.2. This cost plan will continue to be refined and value engineered as the scheme progresses.
- 4.3.3. The council is also in the process of undertaking intrusive geotechnical surveys which will identify any contamination, ground condition and utility issues. This will be used to inform the risk contingencies of the financial modelling and the purchase price if there are unforeseen factors identified which impact value.
- 4.3.4. The council is already delivering a number of key housing sites and with the support of professionally qualified consultants, and it is felt that the subject development risk can be managed through robust pre-acquisition due diligence and ongoing risk management.

4.4. Demand

- 4.4.1. The council will need to satisfy itself that there is sufficient demand for the development once completed, at a rent level to ensure viability of the scheme. As part of the pre-acquisition process, a comprehensive occupational report has been commissioned which includes data surrounding existing supply and occupiers, rents, current availability and future competing development stock to inform the council's business case.
- 4.4.2. This work is being undertaken by a local RICS regulated consultancy with input from the Economy Team and LEP to fully understand occupier demand and requirements. This will help

de-risk future lettings and ensure a 'future proofed' development is delivered which accommodates a range of business types and sizes.

4.4.3. To improve viability and unlock additional value during the pre-acquisition process, we have further appointed a specialist industrial architectural firm to review the existing permission and identify alternative layout and design options which improve site coverage and lettable area, optimise unit sizes based on local demand, and reduce construction costs by identify cost efficiencies such as minimising the amount of roadways and hard landscaped areas or other items that may impact viability.

4.4.4. Given the lead time to delivery, the council has sufficient time to refine its marketing strategy working with local businesses and agents to ensure the proposed development is a success.

5. Engagement and Communication

5.1 Engagement with internal council officers, Chief Financial Officer, Place and Economy Team has been undertaken to date and input has been considered in progressing with this transaction.

5.2 Both the Executive Member for Resources and Leader have also been engaged and any input provided has been taken into account in this report.

5.3 Officers will also seek to engage with the Local Enterprise Partnership to support the delivery of new, sustainable employment space within the town.

5.4 Officers will also engage with local employers at the right time to ensure that appropriate market feedback and involvement in the proposals

5.5 Councils also propose to engage with local educational establishments regarding potential incubator opportunities

6. Financial Implications

6.1 Worthing Borough Council has a budget of £34,217,000 in 2020/21 for the purpose of acquiring and developing commercial property.

6.2 The proposed scheme is estimated to cost £5.8m comprising of land costs and subsequent development costs as follows:

	£
Purchase of land	1,800,000
Stamp duty	79,500
Fees on purchase of land	36,000
Cost of land purchase	1,915,500
Potential build cost	2,890,000
Optimism bias @ 25%	731,630
Other fees	36,500
Interest	227,290
Proposed scheme budget	5,800,920

- 6.3 It is expected that the units developed will be let for £13.50 per sq ft. This is higher than normal within the Worthing market (£12.50- £13.00) but there has been very little development of such units for some substantial time, and the occupier will benefit from a newly built premise. At this rental level, the units will generate an initial return of £149,170 per year, although even lower rents in line with the current market will still give the Council a reasonable level of return

	Industrial units	Industrial units	Industrial units
Rental yield per sq ft	£13.50	£13.00	£12.50
	£	£	£
Minimum Revenue Provision	59,510	59,510	59,510
Interest costs at 2.5%	145,020	145,020	145,020
Total debt charges	204,530	204,530	204,530
Less: Income	-353,700	-340,600	-315,370
Overall net cost / income (-)	-149,170	-136,070	-110,840
Yield	6.10%	5.87%	5.44%

- 6.4 The investment has a net present value of £3.5m (net income) and an internal rate of return of 5.375%.
- 6.5 Interest rates are currently 2.44% for a 50 year maturity loan. The investment has been appraised using a 2.5% interest rate and rates are expected to

remain stable. However if the interest rate was to rise to say 3.5%, the Council would still receive a net income from the project of £87,890 per year.

Legal Implications

- 7.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything to facilitate or which is conducive or incidental to the discharge of any of their functions.
- 7.2 Section 1 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.
- 7.3 Section 1 of the Local Government (Contracts) Act 1997 allows the Council to enter into a contract in relation to any of its functions.
- 7.4 In procuring for a preferred developer the Council is required to follow a lawful process as required by its Contract Standing Orders and have regard to the Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016. All the terms of the proposed arrangement are to be set out in a fair and transparent manner to all potential bidders.

Background Papers

- Commercial Property Asset Management Plan 2020
- Platforms for our Places: Going Further

Officer Contact Details:-

Robert Crossan

Property and Investment Manager

07795856195

robert.crossan@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

- This report will provide the council with control over positively influencing the local economy with the creation of new employment opportunities (47 FTE equivalent), much needed creative incubator space, a positive financial return to the council and business rates income

2. Social

2.1 Social Value

- In addition to economic output, through controlling the occupational mix at the site there is opportunity to increase social value through the occupiers and business operations at the site

2.2 Equality Issues

- Matter considered, no issues identified

2.3 Community Safety Issues (Section 17)

- Matter considered, no issues identified

2.4 Human Rights Issues

Matter considered, no issues identified

3. Environmental

- The proposed development presents an opportunity to incorporate where viability permits, sustainable design and measures such as EV charging points, solar panels and other opportunities to deliver a truly sustainable development. Sustainable development will also lead to lower running costs for occupiers increasing business sustainability.
- The acquisition of the site will also be subject to an intrusive phase I and II geotechnical environmental survey

4. Governance

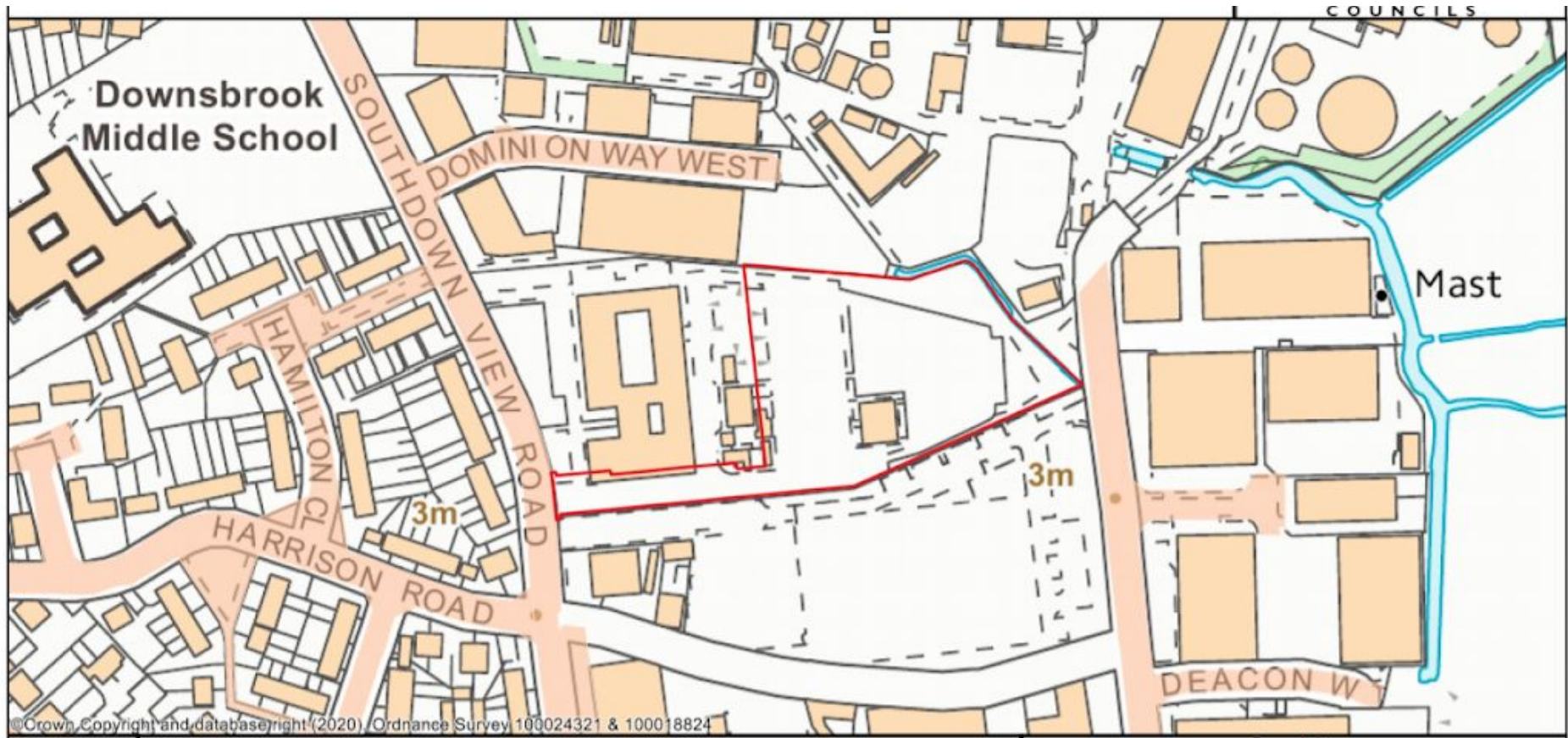
- This purchase accords with the objectives of the asset management plan as well as the Platforms For Our Places: Going Further and demonstrate a strong response from the local authority in supporting and investing in local businesses following Covid-19



ADUR & WORTHING
COUNCILS

Appendix 1:

Site Plan - edged red



PROPOSED CAR PARKING SPACES PLAN

1000

Permitted Development Scheme

Unit 1 - 831sqm

Unit 2 - 387sqm

Unit 3 - 290sqm

Unit 4 - 580sqm

Unit 5 - 343sqm

Total - 2431

Parking - 97 spaces

Cycles - 48 no.

Planning Application Boundary

New Site Levels

New 2.4m High Boundary Fence

New tactile paving

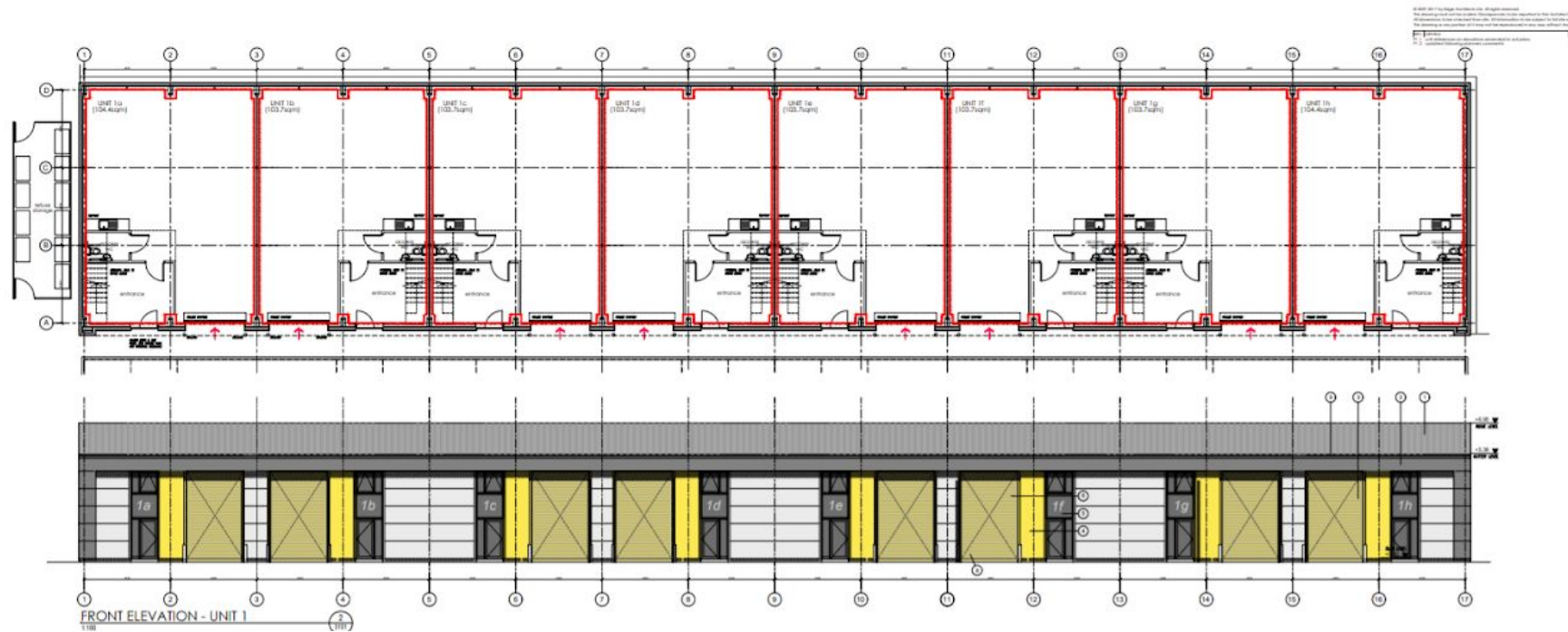
New 2.0m High Acoustic Fence

edge architect



ADUR & WORTHING
COUNCILS

Sample proposed floor plates and elevations:



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank