



ADUR & WORTHING
C O U N C I L S

28 November 2022

Joint Strategic Committee	
Date:	6 December 2022
Time:	7.00 pm
Venue:	QEII Room, Shoreham Centre

Committee Membership:

Adur District Council: Councillors; Neil Parkin (Adur Chair), Angus Dunn (Adur Vice-Chair), Carson Albury, Kevin Boram, Emma Evans and Steve Neocleous

Worthing Borough Council: Councillors; Dr Beccy Cooper (Worthing Chairman), Carl Walker (Worthing Vice-Chairman), Martin McCabe, Helen Silman, Emma Taylor, John Turley, Vicki Wells, Rosey Whorlow and Rita Garner

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 11 October 2022, copies of which have previously been circulated.

3. Public Question Time

To receive any questions from members of the public.

Questions should be submitted by **noon on Wednesday 30th November 2022** to Democratic Services, democratic.services@adur-worthing.gov.uk

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

4. Members Questions

Pre-submitted Members questions are pursuant to rule 12 of the Council & Committee Procedure Rules.

Questions should be submitted by **noon on Wednesday 30th November 2022** to Democratic Services, democratic.services@adur-worthing.gov.uk

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

5. Items Raised under Urgency Provisions

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

6. 2023/24 Budget Update (Pages 5 - 28)

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

7. Joint Mid Year Treasury Management Review 2022/23 (Pages 29 - 50)

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

8. JOSC report on the review of Adur and Worthing Evening and Night-time Economy (Pages 51 - 62)

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

9. Falls Prevention - Inter Authority Agreement (Pages 63 - 70)

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

Part B - Not for Publication – Exempt Information Reports

None.

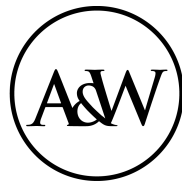
Recording of this meeting

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

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: Three 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.

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
6th December 2022

Key Decision [~~Yes~~/No]
Ward(s) Affected: All

2023/24 Budget update

Report by the Director for Digital, Sustainability & Resources

Officer Contact Details:-

Sarah Gobey, Chief Financial Officer
(01903) 221221
sarah.gobey@adur-worthing.gov.uk

Executive Summary

1. Purpose

- 1.1 This report provides members with a progress report on the delivery of our financial strategy for 2023/24, along with details of the proposals that will help deliver a balanced budget for the next financial year and beyond. These proposals have already been considered by the constituent authorities.
- 1.2 Contained within this report are the specific budget proposals to increase income, to deliver efficiency, and other savings initiatives for 2023/24 which impact on the Joint Strategic Committee.
- 1.3 The following appendices have been attached to this report:
 - (i) **Appendix 1** 5 year forecast for Joint Strategic Committee
 - (ii) **Appendix 2** Committed growth items; and
 - (iii) **Appendix 3** Savings proposals to be approved.

2. Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
- (i) Note the current 5 year forecasts at appendix 1;
 - (ii) Note the committed growth items as set out in appendix 2; and
 - (iii) Note the proposed savings as set out in appendix 3 which have already been considered by the constituent authorities.

3. Context

- 3.1 The Joint Strategic Committee considered the outline 5-year forecast for 2023/24 to 2027/28 and the Budget Strategy on 5th July 2022, which was subsequently adopted by each full Council. At this stage in the budget cycle, the report identified the following cumulative shortfall in funding for the Joint Strategic Committee:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Adur	3,770	4,650	5,038	5,650	6,275

- 3.2 The report to the JSC in July also identified that the JSC was under financial pressure with inevitable consequences for the two Councils. The major factors behind this pressure are: the current level of inflation with impacts both on salary and energy costs; and the impact of resolving the waste dispute. The most recent monitoring confirms that the likely overspend related to the Joint Strategic Committee will be £2.3m.
- 3.3 As reported to the two Councils, work has been ongoing over the summer to deliver balanced budgets. The overall success in delivering the savings required are detailed at appendix 3.
- 3.6 The approach to delivering a balanced budget was changed this year in light of the in-year pressures detailed above and the ongoing work to develop a new operating model to reflect the new corporate plan - 'Our Plan' which is based around the priorities of the two administrations. This was used to create a framework for the delivery of budget challenge work which was first focussed on savings which did not have an impact on staffing levels and services. Two rounds of budget challenge were completed over the first part of the summer: budget challenge #1 and #2

with the Organisational Leadership Team (OLT). Teams worked at pace to address both the in-year gap and to get ahead and start to build the 23/24 budget.

A third round of budget challenge work carried out early in the summer captured potential savings from staff and service changes to address the residual budget gap. Building on the principles in Our Plan, teams worked together to open up opportunities where they could work differently and preserve services to residents.

- 3.7 The forecast has also been updated by information captured on financial planning returns that provide a link between service planning and financial planning. The guidance was circulated to, and completed by, the Service Managers in the late Summer, and has been used to identify potential additional savings and committed growth items.
- 3.8 Individual savings proposals are subject to consultation with officers of the Council, Executive members, and the members of the Joint Overview and Scrutiny Committee prior to approval by the Councils of the overall budget in February.
- 3.10 There will be a further report after Christmas which will detail the final proposed budgets for the year, any further savings identified, any any requests for investment into the joint services.

4. Update of the 5-year Forecast

- 4.1 The updated forecast for the Joint Strategic Committee is attached at Appendix 1. This has been revised in the light of the latest information. This overall forecast will continue to change in the coming months as the detailed work on the budget progresses. As a result, the overall position will inevitably change over the next two months.
- 4.2 The main changes to the forecast for 2023/24 are summarised in the table below:

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 5 th July 2022	
	JSC
	£'000
Original 2023/24 budget shortfall	3,770
Other changes:	
(a) Review of inflationary provisions including energy costs	50
(b) Impact of triennial review of the pension fund	-22
(c) Impact of removal of 1.25% National Insurance payments	-180
(g) Changed assessment of impact of the Environment Act	-150
(h) Final impact of 2022/23 pay award and the settlement of the dispute	376
(i) Net committed growth items identified by Service Heads (See Appendix 1 and 2)	95
(j) Removal of contingency budget for committed growth	-100
Revised Budget Shortfall	3,839
(k) Potential savings identified to date (Appendix 3)	-2,018
Additional resources to be provided by the two Councils	1,821

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

(c) Review of inflationary provisions including energy costs:

The impact of likely changes to the energy costs have been reassessed. Currently we are expecting the cost of gas to increase by 380% and electricity by 190% which is a further increase on the assumptions made in July when we assumed that electricity would increase by 50% and gas by 300%.

There is a degree of uncertainty about the future cost of energy, partially as the energy market is very volatile at the moment and partially as there is a degree of uncertainty about any future support from the government towards energy inflationary pressures. The budget currently assumes that the energy support measures will end in March 2022.

The inflation provision will be reviewed in December after the Autumn Statement and once the detailed budget work is completed.

(e) Impact of triennial review of the pension fund

The Pension Fund contributions are subject to a three yearly review. The 2022 review by the actuary has estimated that all of the future liabilities are now fully funded:

Funding position	As at 31/3/2019	As at 31/3/2022
Adur	85%	108%
Worthing	89%	105%
Joint Strategic Committee	119%	128%

As a result of the funding position, the pension contributions to the fund will reduce for the next three years.

(f) Decrease in national insurance contributions.

In 2021/22 the Government announced an increase to national insurance payments of 1.25% which would be set aside to fund improvements in health and social care. However with the appointment of a new Prime Minister, this increase was reversed with effect from the 7th November 2022.

(g) Changed assessment of impact of the Environment Act

The Council is still awaiting details of the proposed regulations for new collection requirements for food waste and recycling, including time scales and any likely new burdens funding for the associated changes.

It will be vital to work in partnership with the County Council regarding the new requirements, developing a funding model that enables the new services to be delivered.

The impact for 2023/24 has been revised and will be reviewed once more information is forthcoming on both the timescales for implementation and the overall cost. At this stage it is still unclear when more guidance from the government will be provided.

(h) Final impact of 2022/23 pay award and the settlement of the dispute

The pay award has now been agreed for 2022/23 at £1,925 per spinal column point which is an average increase of 5.82%. This is higher than the previous estimate of a 5% average increase.

The negotiation with the Unions have concluded regarding the waste dispute with the final details of the settlement now known. Overall the cost impacts can be broken down as follows:

	JSC £'000
Final impact of pay award	219
Final impact of waste negotiations	157
Total	376

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

This is the sum total of financial effects identified via the Service Pro-formas. A full breakdown of the items identified is included within Appendix 1 and 2.

(j) Removal of contingency budget for committed growth items.

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

(k) Savings Identified by Service Heads:

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

4. Saving Proposals

- 4.1 The proposed detailed savings for 2023/24 are attached at Appendix 4 for noting. The total saving proposals identified are:

	2023/24	2024/25	2025/26	2026/27	2027/28
Adur	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	1,104	2,121	2,404	2,671	2,866
Savings identified to date	-1,333	-1,693	-2,093	-2,423	-2,753
Revised budget shortfall / Surplus (-)	-229	428	311	248	113

- 4.2 This has been a successful savings exercise to date and the savings identified will support both Councils to set balanced budgets. Some initiatives are targeted for delivery within the current year, supporting the Councils' in-year position as well as benefiting 2023/24. The Councils' have identified a significant amount of savings to meet the initial target; however Members should be aware that there is still some work to be completed which may impact on the final position.
- 4.3 Looking ahead to 2024/25 and beyond, the continuing financial pressure for the two Councils is not likely to ease especially if the fairer funding review is as significant as expected, however the proposed strategy will contribute significantly to meeting this challenge easing the burden on individual services.
- 4.4 The potential financial challenge remains significant although much depends on the timing of the fairer funding review, the final extent of the impact and whether the new funding levels are phased in. That said, the Councils will need to continue to build on existing work streams in preparation for addressing the potential shortfall.

5. Conclusion

- 5.1 The Councils continue to deal with the impact of changes to Government funding and the impact of the current economic downturn whilst building capacity in the budgets to take forward the key priorities of the Councils and where possible rebuild reserves. There is no prospect of any easing of the financial pressure for the next few years given the current economic challenges.
- 5.2 The both Councils are in a fairly strong position to set a balanced budget with minimal use of reserves for 2023/24 depending on the outcome of

the settlement. The Joint Strategic Committee has contributed over £2m savings to meet this challenge. There is a significant programme of change required to be delivered by 31st March 2023 in order to secure this budget position, and the Chief Executive has established a Budget Challenge Programme Board to drive and track delivery. The JSC and the Councils are currently managing a significant level of financial risk arising from inflationary pressures and the economic downturn which the Bank of England forecasts to last until 2024 and so any remaining Council reserves should be earmarked to support the Councils risks over the forthcoming year.

- 5.3 The report to be presented to members after Christmas will bring together any last changes to the revenue budget together with the implications of settlement and the final forecast of business rate income on the Councils' ability to fund the joint services.

6. Engagement and Communication

- 6.1 The Councils are planning to consult on any budget proposals which impact the public along with key budget changes proposed to deliver the ambitions set out in the Council's strategic direction and 'Our Plan' in December. The final form of the consultation will be developed in liaison with the Cabinet Member for Resources and the Leader.
- 6.2 Staff have been kept up to date on the development of these plans by the Chief Executive.
- 6.3 Officers and members have been consulted on the development of the savings proposals contained within the report. The savings will be presented to the Joint Overview and Scrutiny Committee to gain comment on the proposals.

7. Financial Implications

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

8. Legal Implications

- 8.1 Section 151 of the Local Government Act, 1972 requires the Councils to make arrangements for the proper administration of their financial affairs. Further, Local authorities have a statutory duty under the Local

Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.

- 8.2 The Local Government Act 2003 requires that the Councils set a balanced budget. This report demonstrates how the Councils intend to meet that requirement for 2022/23.
- 8.3 There are a range of safeguards in place that help to prevent local authorities overcommitting themselves financially. These include a duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement

Background Papers

Report to Joint Strategic Committee 8th February 2022 - Final Revenue Budget Estimates for 2022/23

Report to Joint Strategic Committee 7th July 2022 – Financial Performance 2021/22 - Revenue outturn.

Report to Joint Strategic Committee 7th July 2022 – Developing a revenue budget for 2023/24 against a backdrop of high inflation.

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

These proposals have been developed with regard to the Equality Act 2010. No proposals contained within the proposals would require a detailed Equalities Impact Assessment.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. ENVIRONMENTAL

Matter considered and no issues identified

4. GOVERNANCE

Matter considered and no issues identified

Appendix 1

JOINT STRATEGIC COMMITTEE Revenue Budget Summary Statement 2022/23 - 2027/28						
	2022/23 Base	2023/24	2024/25	2025/26	2026/27	2027/28
Base budget	£'000 24,477	£'000 24,477	£'000 24,477	£'000 24,477	£'000 24,477	£'000 24,477
(a) Annual Inflation						
Estimated inflation		1,343	2,093	2,839	3,568	4,313
Impact of 2022/23 pay award (Assume 5.82% budget contains 2%)		1,020	1,040	1,061	1,082	1,104
Reduction in employers national insurance by 1.25%		(180)	(184)	(188)	(192)	(196)
(b) Impact of funding Our Plan:						
Measures to reduce waste		50	50	50	50	50
(c) Impact of Cost of Living crisis						
Additional pay award - Usually budget for 2% assume 4.5%		667	680	694	708	722
Gas and electricity (380% gas, 190% electricity)		215	215	215	215	215
Diesel (50% increase)		244	244	244	244	244
(c) Other items						
Impact of waste dispute:						
Impact of negotiation on salaries costs		407	407	407	407	407
Impact of Triennial review:						
Reduction in pension rates		(22)	(22)	(22)	(22)	(22)
Provision for new growth items (see appendix 2).		95	195	295	395	495
Net cost to be reallocated to the Councils	24,477	28,316	29,195	30,072	30,932	31,809
Adur District Council	9,873	10,608	10,820	11,036	11,146	11,257
Worthing Borough Council	14,604	15,690	16,004	16,324	16,487	16,652
Total income for services provided to the constituent councils	24,477	26,298	26,824	27,360	27,633	27,909
(Surplus) / Shortfall in Resources	-	2,018	2,371	2,712	3,299	3,900
Savings identified to date:						
Commercial and Customer Board		263	263	263	263	263
Service and Digital redesign programme		178	178	178	178	178
Corporate initiatives		460	460	460	460	460
Departmental proposals		1,117	1,117	1,117	1,117	1,117
Total savings identified		2,018	2,018	2,018	2,018	2,018
Savings still to be found/ (surplus)		(0)	353	694	1,281	1,882
Savings required in each year		2,018	353	341	587	601

Appendix 2

Committed growth items:		Expected cost (cumulative)								
		2023/24			2024/25			2025/26		
		Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Description	Comments									
Impact of regardings within the parks and bereavement teams		95,000	38,000	57,000	95,000	38,000	57,000	95,000	38,000	57,000
Total growth identified through financial planning		95,000	38,000	57,000	95,000	38,000	57,000	95,000	38,000	57,000
Residual annual savings to be identified		-100,000	-40,000	-60,000	-100,000	-40,000	-60,000	-100,000	-40,000	-60,000
Net growth identified		-5,000	-2,000	-3,000	-5,000	-2,000	-3,000	-5,000	-2,000	-3,000

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Commercial income programme:							
Technical Services							
Review of service charge for Portland House	0.8 FTE Porter to be charged to tenants of Portland House	28,150	11,260	16,890	28,150	11,260	16,890
Public Health and Regulation							
Contract for dog warden service with Arun District Council		5,000	2,000	3,000	5,000	2,000	3,000
Financial Services							
Increase in fees following renewal of the SLA for treasury management		1,950	780	1,170	1,950	780	1,170

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Commercial income programme:							
<i>Waste, Customer, Parking and Elections</i>							
Increase commercial waste charges		90,000	32,400	57,600	90,000	32,400	57,600
Increase commercial recycling & food waste collection		50,000	18,000	32,000	50,000	18,000	32,000
Improve collection of bin rental		16,000	5,760	10,240	16,000	5,760	10,240
Bin rental new recycling customers		30,000	10,800	19,200	30,000	10,800	19,200
Review garden waste collection tariff	Increase from £85.00 to £89.00	20,000	7,200	12,800	20,000	7,200	12,800
Increase pricing of garden waste sacks		15,000	5,400	9,600	15,000	5,400	9,600
Increase price of bulky waste collection (domestic)		2,000	720	1,280	2,000	720	1,280
Increase price of bulky waste collection (commercial)		5,000	1,800	3,200	5,000	1,800	3,200
Introduction of 'heavy levy' for overweight commercial bins (subject to invest to save case)					40,000	14,400	25,600
Total commercial income target		263,100	96,120	166,980	303,100	110,520	192,580

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Service Redesign programme							
Digitisation of aspects of revenues and benefits workload	Deletion of posts from structure - can be managed using turnover and vacant posts	74,730	29,890	44,840	74,730	29,890	44,840
Review of customer services and business support structure	Digitisation of high transactional services and impact of revs and bens transformation project. The reduction in staff may be partially managed through turnover.	102,910	41,160	61,750	102,910	41,160	61,750
Total for Service Redesign Programme		177,640	71,050	130,960	177,640	71,050	130,960

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Corporate initiatives:							
Rental of accommodation to NHS - 1st floor of Portland House		210,000	84,000	126,000	210,000	84,000	126,000
Review of management structure	Estimated saving in management structure following organisation redesign (TBC)	250,000	100,000	150,000	250,000	100,000	150,000
		460,000	184,000	276,000	460,000	184,000	276,000

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
<u>Departmental proposals</u>							
Communities							
Wellbeing							
Review of structure of Communities team		113,380	45,350	68,030	113,380	45,350	68,030
Review of structure of Communities team		11,560	4,620	6,940	11,560	4,620	6,940
Public Health and Regulation							
Base budget review		2,300	5,720	1,430	2,300	5,720	1,430
Creation of new regulatory team	Rationalisation of management structure with investment back into lower graded role	23,890	9,560	14,330	23,890	9,560	14,330

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Economy							
Parks and Foreshore							
Review of roles and responsibilities within the Parks service	A review of the management structure will align the Parks & Foreshore service closer to our Place priorities set out in Our Plan.	72,730	29,090	43,640	72,730	29,090	43,640
Removal of overtime provision	Inability to respond to any out of hours activity or support out of hours events unless it is an emergency.	32,650	13,060	19,590	32,650	13,060	19,590
Economy							
Technical Services							
Increased recharges to WTAM to recoup increased energy costs		55,000	22,000	33,000	55,000	22,000	33,000
Review of health and safety budgets		2,000	800	1,200	2,000	800	1,200

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Economy							
Technical Services							
Review of structure of Technical Services team		40,380	16,150	24,230	40,380	16,150	24,230
Land Drainage responsibilities to be handed back to WSCC - net saving after income loss from WSCC	Requires engagement with WSCC.	12,440	4,980	7,460	12,440	4,980	7,460
Saving in Electricity and Gas following AW Workspaces project and decision to reduce building temperature		4,000	1,600	2,400	4,000	1,600	2,400
Planning and Development							
Development Management		5,000	2,000	3,000	5,000	2,000	3,000
Digital, Sustainability and Resources							
Human Resources							
Base budget review		10,000	4,000	6,000	10,000	4,000	6,000

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Digital, Sustainability and Resources							
Human Resources							
Change to training and development roles following departure of the organisational design manager		16,910	6,760	10,150	16,910	6,760	10,150
Consolidation of administration functions following digitisation of Revenues and Benefits Service		29,290	11,720	17,570	29,290	11,720	17,570
Revenues and Benefits							
	Universal credit is impacting on the work of the adjudication and overpayments team	99,400	39,760	59,640	99,400	39,760	59,640
Base budget review		370	5,300	8,190	370	5,300	8,190
Sustainability							
Reduction in consultancy budgets		23,600	9,440	14,160	23,600	9,440	14,160

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Digital Services							
Base budget review		22,960	9,180	13,780	22,960	9,180	13,780
Review of digital contracts		117,790	47,120	70,670	117,790	47,120	70,670
Deletion of digital developer role		46,550	18,620	27,930	46,550	18,620	27,930
Legal and Democratic Services							
Base budget review		35,570	20,590	35,580	35,570	20,590	35,580
Review of charge to the HRA for legal advice		23,000	9,200	13,800	23,000	9,200	13,800
Review of the delivery of support to the Committees		55,590	22,240	33,350	55,590	22,240	33,350
Deletion of vacant legal officer post	Reduction in contract and procurement legal support	32,270	12,910	19,360	32,270	12,910	19,360

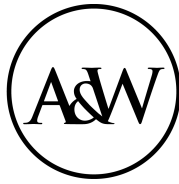
Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Financial Services							
Reduction in support via the Orbis Contract	Review of the level of support needed via Orbis has identified that the contract can be scaled back	35,000	14,000	21,000	35,000	14,000	21,000
Review of accountancy structure	Review of management roles within the team	35,820	14,330	21,490	35,820	14,330	21,490
Waste, Customer, Parking and Elections							
Base budget review		10,000	4,000	41,000	10,000	4,000	6,000
Review scope and resourcing around Insight, complaints, data, service design, proactive and admin to remove overlaps in resources.		87,110	34,840	52,270	87,110	34,840	52,270
Reduce staffing level in street cleansing	Reduce team by 1 member which would potentially impact service resilience. The team is holding a vacancy so no impact on the current workforce.	30,000	10,800	19,200	30,000	10,800	19,200

Appendix 3

Proposed savings for Adur District Council:		Expected contribution / cost (cumulative)					
		2023/24			2024/25		
Description	Comments and Actions	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Waste, Customer, Parking and Elections							
Review of roles and responsibilities in the waste and cleansing team		20,620	7,420	13,200	20,620	7,420	13,200
Replace 2 x HGV driver/Loader with 2 x Loader	This will be managed through turnover. This will leave the team with less resilience in managing sickness/ annual leave. This may result in us having to appoint agency drivers or on occasion not complete all rounds.	10,000	3,600	6,400	10,000	3,600	6,400
Total Departmental Savings		1,117,180	460,760	729,990	1,117,180	460,760	694,990
Total savings identified		2,017,920	811,930	1,279,560	1,880,280	826,330	1,270,160

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ADUR & WORTHING
COUNCILS

Joint Governance Committee
29 November, 2022

Joint Strategic Committee
6 December, 2022

Key Decision : No
Ward(s) Affected: All

Joint Mid Year Treasury Management Review 2022/23

Report by the Director for Digital, Sustainability & Resources

Officer Contact Details:-

Joel Goacher, Group Accountant (Strategic Finance)

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Executive Summary

1. PURPOSE

- 1.1 The purpose of this and the other treasury management reports that are submitted during the year is to ensure that proper scrutiny is undertaken of the treasury and capital expenditure activities of the Councils and that the activities are conducted in a prudent manner in order to safeguard the financial position of the Councils.
- 1.2 Councils are required by regulations issued under the Local Government Act 2003 to produce a mid-year treasury management review of activities; and a review of performance against the prudential and treasury indicators for the year.
- 1.3 The key message arising from this report is that both Adur and Worthing Councils have complied with the approved policies and the indicators agreed prior to the start of the financial year with the exception of one minor breach as detailed within the report.
- 1.4 This report asks Members to note the Treasury Management mid-year performance for Adur and Worthing Councils at the 30 September 2022, as required by regulations issued under the Local Government Act 2003.

2. RECOMMENDATIONS

- 2.1 The Joint Governance Committee is recommended to note this report, and refer any comments or suggestions to the Joint Strategic Committee meeting on the 6th December 2022.
- 2.2 The Joint Strategic Committee is recommended to note this report and forward the report to the Worthing Borough Council Meeting on 13th of December 2022 and Adur District Council 15th of December 2022
- 2.3 Worthing Borough Council is recommended to note this report at its meeting on 13th December 2022
- 2.4 Adur District Council is recommended to note this report at its meeting on 15th December 2022

3. CONTEXT

- 3.1 This report summarises the treasury management activities and portfolio for both Adur and Worthing Councils for the half year to 30th September 2022.
- 3.2 This is one of 3 treasury management reports that are required to be presented during the financial year (see Para. 4.1.3).

3.3 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. All local authorities are required to prepare a Capital Strategy which is intended to provide the following: -

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

A report setting out our Capital Strategy was approved by JSC on 11th October 2022.

3.4 Treasury Management

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

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

Accordingly, treasury management is defined as:

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

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

4. ISSUES FOR CONSIDERATION

- 4.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Councils' treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Councils will seek to achieve those policies and objectives.
3. Receipt by the full Councils of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Councils of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Councils of the role of scrutiny of treasury management strategy and policies to a specific named body. For these

Councils the delegated bodies are the Joint Governance Committee and the Joint Strategic Committee.

4.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2022/23 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Councils' capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Councils' investment portfolios for 2022/23;
- A review of the Councils' borrowing strategy for 2022/23;
- A review of any debt rescheduling undertaken during 2022/23;
- A review of compliance with Treasury and Prudential Limits for 2022/23

4.3 **RECOMMENDED ADDITIONS/AMENDMENTS TO COUNTERPARTIES**

There are no recommended changes to the Treasury and Capital Strategies.

5. **THE ECONOMY AND INTEREST RATES**

A commentary supplied by **Link Treasury Services Ltd**, the professional consultants for the Councils' shared treasury management services, is included as an appendix to this report. The context is significant as it describes the backdrop against which treasury management activity has been undertaken during the year.

6. **TREASURY MANAGEMENT STRATEGY STATEMENT and ANNUAL INVESTMENT STRATEGY UPDATE**

6.1 The Treasury Management Strategy Statement (TMSS) for 2022/23 was noted by the Joint Governance Committee on the 25th January 2022 and approved by Adur Council on 24th February 2022 and by Worthing Council on 22nd February 2022.

6.2 There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

7. **THE COUNCILS' CAPITAL POSITION (PRUDENTIAL INDICATORS)**

This part of the report is structured to update:

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

7.1 Prudential Indicator for Capital Expenditure

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

Adur District Council

	2022/23 Original Estimate	Actual at 30 Sept 2022	2022/23 Revised Estimate
	£m	£m	£m
HRA	19.513	5.060	16.006
Non HRA	52.997	1.055	7.102
Total capital expenditure	72.510	6.115	23.108

The change in the Adur capital expenditure estimate is due mainly to the decision that the Council no longer plans to use the Strategic Property fund to invest in property solely for commercial purposes, due to changes in government guidance, consequently this is not expected to be used in 2022/23 pending identification of appropriate projects. The budget was previously £44m, which has been reprofiled to 2023/24 to be used for regeneration projects. There has also been some reprofiling of the HRA maintenance programme.

Worthing Borough Council

	2022/23 Original Estimate	Actual at 30 Sept 2022	2022/23 Revised Estimate
	£m	£m	£m
Non HRA	74.896	22.727	63.627

There have been various changes to the Worthing capital expenditure programme, this has involved the review of some major projects which have been detailed in regular capital monitoring reports.

7.2 Changes to the Financing of the Capital Programme

The tables below draw together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the tables increases the underlying indebtedness of the Councils by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision).

This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Adur District Council

	2022/23 Original Estimate	2022/23 Revised Estimate
	£m	£m
Total Capital Expenditure	72.510	23.108
Financed by:		
Capital receipts	0.200	0.206
Capital Grants & contributions	1.546	1.121
Reserves & revenue contributions	5.976	4.031
Total financing	7.722	5.358
Borrowing requirement	64.788	17.750

Worthing Borough Council

	2022/23 Original Estimate	2022/23 Revised Estimate
	£m	£m
Total Capital Expenditure	74.896	63.627
Financed by:		
Capital receipts	0.918	0.023
Capital grants & contributions	6.385	7.259
Reserves & revenue contributions	2.398	0.266
Total financing	9.701	7.547
Borrowing requirement	65.195	56.079

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

The tables below show the CFR, which is the underlying external need to incur borrowing to fund the capital programme. They also show the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator - Capital Financing Requirement

As explained above, the CFR forecasts change with the capital expenditure forecasts, to the extent that the expenditure is not funded. Due to the reprofiling of capital expenditure, partly due to Covid 19, the CFR is below the

forecast for both Adur and Worthing.

**Prudential Indicator - the Operational Boundary for external debt
Adur District Council**

	2022/23 Original Estimate	Actual at 30 Sept 2022	2022/23 Revised Estimate
	£m	£m	£m
Prudential Indicator Capital Financing Requirement			
CFR - HRA	95.226	65.251	72.041
CFR - Non HRA	161.638	106.736	112.607
Total CFR	256.864	171.987	184.648
Net movement in CFR	64.788	3.214	15.875
	Operational Boundary	Actual Debt	Operational Boundary
Borrowing	248.000	156.678	248.000
Other long term liabilities	1.000	0.000	1.000
Total debt	249.000	156.678	249.000

Worthing Borough Council

	2022/23 Original Estimate	Actual at 30 Sept 2022	2022/23 Revised Estimate
	£m	£m	£m
Prudential Indicator Capital Financing Requirement			
CFR - Non HRA	175.400		
CFR - Strategic	68.791	172.806	209.256
Total CFR	244.191	172.806	209.256
Net movement in CFR	65.195	17.936	54.386
	Operational Boundary	Actual Debt	Operational Boundary
Borrowing	229.000	158.170	229.000
Borrowing re Worthing Homes	10.000	10.000	10.000
Borrowing re GB Met College	5.000	4.605	5.000
Other long term liabilities	1.000	0.000	1.000
Total debt	245.000	172.775	245.000

7.4 Limits to Borrowing Activity: CFR and debt

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital investment purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the next two financial years. This allows some flexibility for limited early borrowing for future years. The Councils have approved a policy for borrowing in advance of need which will be adhered to if this proves prudent. The Chief Financial Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

Adur District Council

	2022/23 Original Estimate	Actual at 30 Sept 2022	2022/23 Revised Estimate
	£m	£m	£m
Borrowing	247.304	156.678	170.276
Other long term liabilities	0.000	0.000	0.000
Total debt	247.304	156.678	170.276
CFR	256.864	171.987	184.648

Worthing Borough Council

	2022/23 Original Estimate	Actual at 30 Sept 2022	2022/23 Revised Estimate
	£m	£m	£m
Borrowing	242.272	172.775	207.946
Other long term liabilities	0.000	0.000	0.000
Total debt	242.272	172.775	207.946
CFR	244.191	172.806	209.256

7.5 Limits to Borrowing Activity: Authorised Limit and debt

A further prudential indicator controls the overall level of borrowing. This is the **Authorised Limit** which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing

need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Adur District Council

	2022/23 Original Indicator	Actual debt at 30 Sept 2022	2022/23 Revised Indicator
Authorised Limit for external debt	£m	£m	£m
Borrowing	252.000	156.678	252.000
Other long term liabilities	1.000	0.000	1.000
Total	253.000	156.678	253.000

Worthing Borough Council

	2022/23 Original Indicator	Actual debt at 30 Sept 2022	2022/23 Revised Indicator
Authorised Limit for external debt	£m	£m	£m
Borrowing re Worthing Homes and GB Met	14.500	14.500	14.500
Other Borrowing	233.000	157.775	233.000
Other long term liabilities	1.000	0.000	1.000
Total	248.500	172.775	248.500

8 BORROWING

- 8.1 The Capital Financing Requirement (CFR) denotes the Councils' underlying need to borrow for capital purposes. If the CFR is positive the Councils may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. For both Adur and Worthing Councils capital expenditure in 2022/23 is funded from grants, capital receipts, contributions, reserves and revenue contributions as well as borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.
- 8.2 Adur District Council's revised CFR forecast for 2022/23 is £184.648m. The relevant table in 7.4 shows the Council has borrowings of £156.678m at 30 September 2022 and has utilised £15.309m of cash flow funds in lieu of borrowing.

Worthing Borough Council's revised CFR for 2022/23 is £209.256m. The relevant table in 7.4 shows the Council has borrowings of £172.775m at 30

September 2022 and has utilised £0.031m of cash flow funds in lieu of borrowing.

- 8.3 Due to the overall financial position, the payments made on repayment loans and the underlying need to borrow for capital purposes, new external borrowing was undertaken for both councils as detailed in the tables below. It is anticipated that further borrowing will be undertaken by both Councils during this financial year to fund capital expenditure and any debt refinancing needs.

The capital programme is being kept under regular review in particular due to the effects of inflationary pressures, and the materials and labour market challenges facing both Council's capital programmes. Our borrowing strategy will, therefore, also be regularly reviewed for both councils and then revised, if necessary, in order to achieve optimum value and manage interest rate risk exposure in the long-term. Both Councils have made some use of short-term borrowing from other local authorities because interest rates in this market have been competitive.

8.4 **PWLB maturity certainty rates (the equivalent gilts yields plus 80bps) year to 30 September 2022**

Gilt yields and the linked PWLB rates were on a generally rising trend throughout the first 6 months of 2022, the exception being a short rally in gilts in July/August. However, they rose exceptionally sharply towards the end of September. The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% and finished the half year at 4.80%, albeit we forecast rates to fall back to 3.10% by the end of September 2025.

The current PWLB rates are set as margins over gilt yields as follows (100 basis points is equivalent to 1%):-

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)

9.0 DEBT RESCHEDULING

Debt rescheduling opportunities have been very limited in the current economic climate for both councils and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year. However, now that the whole of the yield curve has shifted higher there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

10.0 COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

It is a statutory duty for each Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2022, the both Councils operated within the treasury and prudential indicators set out in their respective Treasury Management Strategy Statements for 2022/23.

However, on the 31st of October 2022 a procedural error occurred. This caused the Worthing Council's investment balance to exceed the agreed counterparty limit of £3m with Federated Investments MMF for 2 days, at its peak the size of the breach was £425,000. Following recognition of the error, corrective action was taken to return the balance within limits. There was no loss of funds or additional expense to the Council as a result of this breach. A full review of controls has been completed and additional measures have now been implemented to mitigate future risk.

The Chief Financial Officer reports that no difficulties are envisaged for either Council in the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

11.0 ANNUAL INVESTMENT STRATEGY

11.1 The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by Adur Council on 24 February 2022 and by Worthing Council on 22 February 2022. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Councils' investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Councils will aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity and with the respective Councils' risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions. The shared Treasury Service uses information supplied by the Treasury advisers, Link Asset Services, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

As shown by the interest rate forecasts in the Appendix, investment rates have continued to rise. There have been 4 meetings of the MPC in the 6 months to 30th September 2022, at each meeting the decision has been made to increase the base rate. Following the September meeting the rate was set at

2.25%, its highest since 2008's Global Financial Crisis. It is widely anticipated that the bank rate will continue to increase throughout the remainder of 2022 and into early 2023, before stabilising and subsequently returning to around 2% gradually over the course of 2024 and 2025. Inflationary pressures continue to be driven by global fossil fuel markets, largely in response to sanctions placed on Russia as a result of its invasion and subsequent occupation of Ukrainian territory.

The UK government's "fiscal event" presented on September 23rd received a shock response from Gilt markets and prompted a fall and instability in Sterling against most world currencies, including a very strong US dollar.

In general the factors above present both opportunities and risks in our investment activities, chiefly it prompts a need for agility. Therefore our investments continue to follow a low risk and largely short term strategy for both councils. This increases our ability to respond to changes in market conditions and to changes in risk; which we continue to monitor closely. It is expected that as a result of increased market rates our investment income for the year will improve comparative to 2021/22 for both councils.

11.2 Creditworthiness

Following the Government's fiscal event on 23rd September, both S&P and Fitch have placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirements of the treasury management function.

Credit Default Swap prices

Credit Default Swaps (CDS) are credit derivative contracts that enable investors to swap credit risk on a company with another counterparty. They are market indicators of credit risk. Although CDS prices for UK banks spiked at the outset of the pandemic in 2020, they then subsequently returned to near pre-pandemic levels. **However, sentiment can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.**

11.3 Investment balances

The average level of funds available for investment purposes, excluding the Local Authorities' Property Fund, during the half year for Adur was £18.5m and for Worthing was £46.1m, excluding long term loans to Worthing Homes and GB Met College. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept

payments, receipt and payment of grants and progress on the capital programme.

11.4 Investment performance – Adur District Council

The investment portfolio yield for the first 6 months of the year is 1.21% p.a. against the average benchmark rate (supplied by Link) of 1.11% for 30 day deposits. This rate excludes the £3m investment in the Local Authorities' Property Fund, for which we project a return of 3.36% p.a. over the 6 months. The portfolio is shown in Appendix 1. Adur District Council's budgeted investment return for 2022/23 for both the General Fund and the HRA is £135k and the current forecast will result in a significant over achievement of about £228k. This is due mainly to the significant increases in interest rates available in the market as well as the additional liquidity arising from government grants held in respect of Covid and energy rebates grants. The interest payable budget is currently expected to underspend by around £69k for the General Fund and overspend by around £72k for the HRA by the year end.

11.5 Investment performance – Worthing Borough Council

The investment portfolio yield for the first 6 months of the year is 1.87% p.a. against the average benchmark rate (supplied by Link) of 1.11% for 30 day deposits. The portfolio yield excludes the £1.5m investment in the Local Authorities' Property Fund, for which we project a return of 3.36% p.a. over the 6 months.

In the previous years the Council has made two loans which are treated as capital expenditure rather than treasury investments:

- £10m to Worthing Homes at 0.7% above the rate at which the funds were borrowed, generating £70k p.a. for the Council
- £5m repayment loan to GB Met College at 2% above the rate at which funds were borrowed; the balance is now £4.605m, which will generate £213k in 2022/23 for the Council.

Worthing Borough Council's budgeted investment income for 2022/23, excluding the Worthing Homes and GB Met loans, is £62k and the current forecast will result in an over achievement of about £241k, this is in part due to the level of government grants still held at this time by the Council, in addition recent changes in economic conditions have improved the outlook for investment return. The use of internal borrowing and the reprofiling of the capital programme contribute to a saving in the interest payable budget which is currently expected to be overspent by £61k. This is largely due to increasing interest rates and Gilt market volatility following the UK Governments 'fiscal event' in late September 2022; both of which have contributed to increased borrowing costs.

Investment Performance – Approved Limits

The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the period ended 30 September 2022. The Local Authority Property Funds gave a briefing for Members on the 27th October 2021 to update them and answer any questions.

11.6 Counterparty commitment to sustainability

The Councils are committed to ethical investments and the use of counterparties which have appropriate sustainability, carbon reduction or ethical plans.

12. ENGAGEMENT AND COMMUNICATION

12.1 The Adur and Worthing Councils' treasury management team provides treasury services to Mid Sussex District Council through a shared services arrangement (SSA). The SSA is provided under a Service Level Agreement that was renewed from 18th October 2019, and which defines the respective roles of the client and provider authorities for a period of three years.

12.2 The Adur and Worthing Councils' treasury management team has also provided treasury services to Arun District Council through a shared services arrangement (SSA) since 1st March 2021 under a Service Level Agreement which defines the respective roles of the client and provider authorities for a period of three years.

12.2 Information and advice is supplied throughout the year by Link Treasury Services Ltd, the professional consultants for the Councils' shared treasury management service. This contract is due to be re-procured for 1st April 2024.

13. FINANCIAL IMPLICATIONS

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

14. LEGAL IMPLICATIONS

14.1 The presentation of the Half Year Report is required by regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators for 2022/23.

Background Papers

Joint Treasury Management Strategy Statement and Annual Investment Strategy Report 2022/23 to 2024/25 (Adur Council 24th February 2022 and Worthing Council 22 February 2022)

Annual Joint In-House Treasury Management Operations Report 1 April 2021 – 31 March 2022 (JGC 28 July 2022 JSC 11 October 2022)

Link Treasury Services Ltd Half Year Report Template 2022/23

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

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

SUSTAINABILITY & RISK ASSESSMENT

1. ECONOMIC

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

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. ENVIRONMENTAL

Matter considered and no issues identified.

4. GOVERNANCE

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

4.2 The operation of the treasury management function is as approved by the Councils' Treasury Management Strategy and Annual Investment Strategy 2022/23 - 2024/25, submitted and approved before the commencement of the 2022/23 financial year.

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

APPENDIX 1
Investment Portfolios at 30 September 2022
Adur District Council:

Counterparty	Issue Date	Maturity Date	Principal	Interest Rate	Long Term Rating
CCLA MMF	n/a	n/a	£10,000	var	AAA
Black Rock MMF	n/a	n/a	£10,000	var	AAA
Close Brothers Limited	09.08.22	09.08.23	£1,000,000	2.80%	A-
Close Brothers Limited	06.09.21	06.03.23	£1,000,000	0.60%	A-
Close Brothers Limited	09.08.22	09.08.24	£1,000,000	3.20%	A-
Federated Investments MMF	n/a	n/a	£10,000	var	AAA
Goldman Sachs Int Bank	06.04.22	06.04.23	£2,000,000	1.95%	A+
Handelsbanken call account	n/a	n/a	£5,000	0.02%	AA
HSBC ESG MMF	n/a	n/a	£350,000	var	AAA
NatWest Bank PLC	11.05.22	06.02.23	£1,000,000	1.65%	A+
Invesco MMF	n/a	n/a	£170,000	var	AAA
Standard Chartered Bank	05.07.22	19.12.22	£1,000,000	2.00%	A+
Standard Chartered Bank	14.04.22	13.01.23	£1,000,000	1.65%	A+
Clydesdale Bank PLC	20.07.22	20.01.23	£2,000,000	2.35%	A-
Nationwide Building Society	17.08.22	25.11.22	£2,000,000	1.90%	A+
Local Authority Property Fund	25.04.17	n/a	£3,000,000	var	n/a
Boom Credit Union	06.03.15	n/a	£25,000	n/a	n/a
TOTAL			£15,580,000		

Investment Portfolio - Worthing Borough Council

Counterparty	Issue Date	Maturity Date	Principal	Interest Rate	Long Term Rating
CCLA MMF	n/a	n/a	£3,000,000	var	AAA
Black Rock MMF	n/a	n/a	£3,000,000	var	AAA
HSBC ESG MMF	n/a	n/a	£3,000,000	var	AAA
Close Brothers Limited	05.01.22	05.01.23	£1,000,000	0.75%	A-
Close Brothers Limited	08.09.22	11.09.23	£1,000,000	3.90%	A-
Federated Investors MMF	n/a	n/a	£2,650,000	var	AAA
Goldman Sachs Int Bank	06.04.22	06.04.23	£3,000,000	1.95%	A+
Nationwide Building Society	29.06.22	05.10.22	£1,000,000	1.37%	A+
Nationwide Building Society	07.09.22	05.12.22	£1,000,000	2.23%	A+
Handelsbanken call account	n/a	n/a	£5,000	0.02%	AA
NatWest Bank PLC	09.03.22	06.03.23	£1,000,000	1.67%	A+
Invesco MMF	n/a	n/a	£3,000,000	var	AAA
Clydesdale Bank PLC	20.07.22	20.10.22	£2,000,000	1.80%	A-
Debt Management Office	28.09.22	03.10.22	£8,820,000	1.97%	AA-
Debt Management Office	30.09.22	03.10.22	£1,780,000	1.85%	AA-
Standard Chartered Bank	23.05.22	23.05.23	£1,000,000	2.13%	A+
Standard Chartered Bank	01.06.22	05.10.22	£2,000,000	1.38%	A+
Local Authority Property Fund	27.04.17	n/a	£1,500,000	var	n/a
Boom Credit Union	Various	n/a	£50,000	n/a	n/a
TOTAL			£39,805,000		

Appendix 2

New loans taken out by the Councils

Adur District Council – new loans

Lender	Principal	Type	Interest Rate	Maturity
Halton Borough Council	£1.0m	Fixed interest rate	1.90%	20/06/2024

Worthing Borough Council – new loans

Lender	Principal	Type	Interest Rate	Maturity
Great Yarmouth Borough Council	£3.0m	Fixed interest rate	0.30%	19/04/2024
Gloucestershire County Council	£5.0m	Fixed interest rate	1.70%	05/07/2024
Bedford Borough Council	£2.0m	Fixed interest rate	1.85%	30/09/2022
Vale of Glamorgan Council	£2.0m	Fixed interest rate	2.45%	29/09/2023
Public Works Loan Board	£2.0m	Fixed interest rate	2.50%	09/08/2031
Public Works Loan Board	£5.0m	Fixed interest rate	3.82%	13/09/2072
Public Works Loan Board	£5.0m	Fixed interest rate	4.00%	21/09/2067
Public Works Loan Board	£5.0m	Fixed interest rate	4.05%	21/09/2062

APPENDIX 3

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

Economics update

- The second quarter of 2022/23 saw:
 - GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
 - Signs of economic activity losing momentum as production fell due to rising energy prices;
 - CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
 - The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
 - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
 - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.
- The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households' bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.

- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to

around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23rd November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.

- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- Since the fiscal event on 23rd September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.
- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank

at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.

After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

Interest rate forecasts

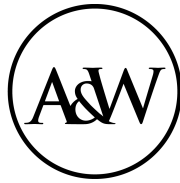
The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
6 December 2022

Key Decision [No]

Ward(s) Affected: N/A

JOSC report on the review of Adur and Worthing Evening and Night time economy

Report by the Director for Digital, Sustainability & Resources

Officer Contact Details

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Scrutiny and Risk Officer

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Executive Summary

1. Purpose

- 1.1 The Joint Strategic Committee (JSC) is asked to receive and consider the findings and revised recommendations of the Joint Overview and Scrutiny Committee (JOSC) review on the Adur and Worthing evening and night time economy (ENTE). These recommendations follow on from the discussions of a Working Group set up by JOSC and also the earlier consideration by the JSC on 5 July 2022. A copy of the revised recommendations from the Working Group to JOSC is attached as Appendix 1 to this report.
- 1.2 The Working Group has identified a number of findings and the Working Group considers that its report and findings/research can help the Councils and other agencies in developing the ENTE for the benefit of local communities, businesses and visitors to the areas.

2. Recommendations

- 2.1 That the JSC refers the findings and recommendations from JOSC and its Working Group to the relevant Adur and Worthing Cabinet Members who have responsibility for this area of work, for consideration and action, the outcomes from which should be reported back to JOSC as part of the annual review.

3. Context

- 3.1 In 2020 as part of its Work Programme, the Joint Overview and Scrutiny Committee (JOSC) agreed to set up a Working Group to review the Adur and Worthing ENTE to help improve the ENTE and to assist in the recovery process during and after the Covid-19 pandemic.
- 3.2 Former Councillor Bob Smytherman Chaired the Working Group and the other Members were Councillors Carol Albury and Joe Pannell (Adur) and Sally Smith (Worthing). Councillor Andy McGregor (Adur) was a co-opted member of the Working Group. The following terms of reference were agreed:-
1. To review the evening and night time economy in Adur and Worthing post Covid-19; and
 2. To consider if there is a need for any new approaches/changes to be introduced in Adur and Worthing to improve the evening and night time economies and to assist in the recovery process post Covid-19.
- 3.3 Recommendations from the Working Group report were agreed by JOSC in March 2022 for referral to the JSC which considered these at the meeting on 5 July 2022 but asked JOSC to review the report again in light of issues raised by JSC relating to the emerging cost of living crisis and the impact on the ENTE and wider economic planning. JSC asked JOSC to review if the recommendations are post-pandemic or general economy recommendations, to prioritise the recommendations based on realistic delivery and resource and to reframe the JOSC report to reflect that ENTE is part of a wider economic strategy question and any recommendations moving forward to be consumed into wider economic planning.

4. Issues for consideration

- 4.1 In order to consider the request from JSC, JOSC reconstituted a small Working Group to review the ENTE report again and then prioritise the recommendations in the report for JSC to consider. Councillors Carol

Albury, Daniel Humphreys (appointed as Chairman), Paul Mansfield and Dan Hermitage (replaced by Councillor Jon Roser) were appointed to the Working Group which met on 31 August to undertake its work. The Working Group has now reviewed and prioritised the recommendations, the details of which are set out in Appendix A to this report and these were also endorsed by JOSOC at its meeting on 13 October.

- 4.2 The Working Group was advised at the time of its meeting in August 2022, that the Worthing evening and night time economy situation was appearing to be holding up well with bars and restaurants opening, not closing. Nando's were planning on investing in Worthing and 4 places to eat and drink were due to open in the Autumn period.
- 4.3 At that time, Worthing footfall appeared to be strong with the visitors, both day and overnight, helping to keep restaurants and bars busy - a mix of both daytime and evening customers. Footfall covering Saturdays in August had been over 41,000 which was a lot higher than the average footfall of 32,000 and the feedback was that people were still treating themselves to evenings out.
- 4.4 However, whilst things were positive in Worthing, all businesses, not just pub bars and restaurants were extremely worried. The margins on food had already been cut back due to inflation and cost of living increases; therefore, the fuel and commodity increases in the winter were expected to make many businesses unsustainable. Another early sign that businesses were starting to see tough times ahead was an increase in 'businesses for sale' and over the previous 2 months prior to August 2022, 6 food related businesses had been advertised. Generally, it was considered that the weather and staycations had helped get businesses through the summer but October and November were set to be extremely challenging.
- 4.5 In Adur, business levels were holding up in Shoreham and Southwick, however, Lancing had experienced issues with some businesses closing.
- 4.6 Recruitment to the hospitality businesses was also an issue and businesses were having to offer inflated salaries to attract employees. Some restaurants had not been opening on a Monday or Monday and Tuesday to enable the staff they have to get time off, and some business owners were putting a shift in to cover absence. More businesses had managed to operate 7 days a week during the summer as they were able to take advantage of University students being home for the holidays, however, the impact of losing them back to University from Mid September was uncertain.

- 4.7 Since then, as Worthing moves into Autumn, footfall has dropped both for daytime and night-time businesses, this is in line with previous years so expected. The recent bad weather has kept people out of the Town Centre in the evenings on weekdays but the weekends are holding their own and footfall remains strong. Profits are substantially lower than earlier in the year. Businesses are mindful they cannot pass on all their increased costs to customers or this will discourage them eating out. The squeeze on margins appears to be affecting the smaller independents more than the larger restaurants as having more covers does help with absorbing the higher costs for food and energy.
- 4.8 Customers appear to be tightening their belts on a night out with more people driving into town and not drinking, it is not clear if this is down to the recent poor weather or a way of reducing the cost of a night out. This will be monitored to see if the trend continues.
- 4.9 The Town Centre Initiative has advised that without support, there will be businesses that will close in the New Year as profit margins continue to be squeezed. Two independent restaurants have decided not to renew leases in the new year and will be closing and another three businesses have gone up for sale recently. Businesses are still opening, and changing hands, but due to the uncertainties ahead, demand for property does seem to be slowing.
- 4.10 The impact of the World Cup may have a positive impact on trade if England do well in the competition but a winter competition with many day time games may have little impact on trade. Christmas, however, is looking positive though with a few restaurants already fully booked over the festive period; all businesses are committed to getting through Christmas and hoping that customers come out to enjoy themselves. Usually December takings help to cover the quiet January / February period and there is concern that many businesses won't have this cushion.
- 4.11 Although the information set out above is mainly a Worthing focus it is likely to be generally representative of Adur as well as there are national trends which cover a squeeze on margins for all businesses, larger businesses 'surviving', recent weather affecting trade and optimism for the World Cup and Christmas to help improve trade.
- 4.12 JSC is requested to consider the review from the JOSC Working Group and its revised recommendations as part of considerations of its work on the wider local economy and to provide the formal response from Cabinets. It should be

noted that the JOSC Working Group has highlighted in its revised recommendations an assessment on the potential impact and level of resources required from the Councils if the recommendations are implemented and some of these are higher than others. Further financial assessments and feasibility checks may need to be undertaken prior to implementation of the recommendations.

5. Engagement and Communication

- 5.1 The JOSC Working Group that undertook the ENTE review has held discussions with relevant Council Officers, local stakeholders, partners and those members of the community with an involvement in ENTE matters. As part of this process a public survey was also undertaken.

6. Financial Implications

- 6.1 There are no direct financial implications relating to this report but if implemented, some of the recommendations from the Working Group might have financial implications for the Councils.

7. 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 provides a Local Authority to do anything that individuals generally may do (subject to any current restrictions or limitations prescribed in existing legislation).
- 7.3 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.

Background Papers

Reports to the Joint Overview and Scrutiny Committee on 17 March and 13 October 2022

Report to the Joint Strategic Committee on 5 July 2022 [Covering report and JOSC report](#)

Sustainability & Risk Assessment

1. Economic

Matter considered. The issues contained in the Working Group report relate to the economic recovery of the evening and night time economy.

2. Social

2.1 Social Value

Matter considered. An improved evening and night time economy will improve social value for the communities of Adur and Worthing and visitors to the towns and village centres.

2.2 Equality Issues

Matter considered and no significant issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered. The report from the Working Group has investigated public safety and other community safety issues.

2.4 Human Rights Issues

Matter considered and no significant issues identified.

3. Environmental

The report from the JOSC Working Group has reviewed the environmental issues connected with the evening and night time economy and identified some issues to help climate change, air quality and encourage sustainability.

4. Governance

Matter considered. The JOSC Working Group was set up in accordance with the JOSC Procedure Rules and formed part of the agreed JOSC Work Programme. Recommendations from the review need to be presented to the Joint Strategic Committee for consideration and to provide a formal Executive response.

Appendix A - 2022 JOSC ENTE Review report recommendations	Type of recommendation	Potential impact	Level of resource required to deliver	Overall priority (Y/N/Later date) - Comments from Working Group	
(a) That the Councils should recognise and promote the ENTE as being a key part of the overall Adur and Worthing economy and do more to promote the ENTE and this should be seen as central to campaigns to rebuild confidence in the Sector; and (b) That this recognition and promotion should be included as a commitment in the Councils new Corporate Strategy that will replace 'Platforms for Places: Going Further'. The Councils should also measure the success of this commitment. Reason - To recognise the value of the ENTE. The ENTE should be seen as central to any future promotional campaigns for the areas and as a cornerstone of the local economy. This will demonstrate the Councils commitment to help it recover during the pandemic and beyond.	Post pandemic and general economy recommendation - Potentially easy to implement. New Corporate Plan being finalised now.	High	Low	Priority 1	
That the Councils should continue to support businesses and help them recover as we now deal with the cost of living crisis by promoting the availability of any business grants and seeking external funding opportunities available and applying for these grants. Support should also include providing advice on changes to legislation and governance issues and also consider reintroducing its business pre planning advice service which will help businesses seeking to rebuild. There needs to be a consistent and clear messaging approach to promote the ENTE and rebuild confidence. Reason - The Working Group welcomes the support that has already been provided to support businesses throughout the pandemic but considers that it is important that the support should continue to make businesses aware of the support available and help them. Evidence provided to the Working Group had indicated that some businesses were not always aware of support and grants available and were experiencing financial difficulties and also that the withdrawal of the pre planning advice service was potentially impacting on business growth. Communication on these issues should be clear and consistent to promote the ENTE.	Post pandemic	High	Low	Priority 2 - The Working Group has now referenced the cost of living crisis as part of this recommendation rather than the pandemic as now considered more relevant than the pandemic at this time.	

<p>That the Councils, working with stakeholders including the Police and the Safer Communities Partnership to address the aims of the 3 Year Partnership Strategy that has recently been approved, should review closely what action is being taken to improve general public safety in Adur and Worthing for all groups in the context of the ENTE. This review should be set out to address the concerns raised during this scrutiny review by stakeholders interviewed and public responses. It should also include tackling the issue of 'drink spiking' which appears to be a growing problem across the UK. Better messaging, information and advice and best practice for businesses and the public should be put in place to help with reporting this crime and to enable them to help businesses keep their customers safe. Reason - Public safety has been a key strand running through this review and a number of issues relating to public safety were raised as concerns from residents and stakeholders interviewed by the Working Group. The Working Group believes that these issues need to be reviewed to see what more can be done to make people feel safer whilst being out in the ENTE.</p>	<p>General economy and public safety recommendation. The Councils will need to work with other partners to achieve this recommendation.</p>	High	Medium	Priority 3	
<p>That the Adur and Worthing Joint Overview and Scrutiny Committee should continue to monitor the recovery of the ENTE by either receiving an annual report or agreeing to set up the ENTE Working Group again to closely monitor progress and recovery. Reason - Because of the need to continue to monitor the recovery of the ENTE which is a vital part of the local economy.</p>	<p>General economy recommendation.</p>	High	Low	Priority 4 - JOSC has agreed to receive an annual report as part of its Work Programme.	
<p>That the Councils should review its programme of events and consider any new opportunities for events, which will help facilitate longer visitor stays to help promote the ENTE and overnight stay economy. The events should be publicised using Time for Worthing and liaison with Worthing Theatres - Reason - The Working Group has heard from stakeholders that there is a need for more events to be held in Adur and Worthing, all year round, and considers that this will help promote the ENTE and also help with the recovery process. The Councils should ensure that these events take into account consultation with the local communities.</p>	<p>General economy</p>	Medium	Low	Priority 5	
<p>That the Councils working with other stakeholders monitor progress of the Levelling up Bill and explore the use of new powers they can use where possible to utilise the use of buildings for the evening and night time economy to help it recover rather than always being focused on using these buildings for day time activities. - Reason - To help in place making and the overall recovery of the ENTE.</p>	<p>General economy</p>	Medium	High	Priority 6 - The Working Group has amended this recommendation to incorporate Levelling Up options if possible.	

<p>That, working closely with the appropriate agencies, the Adur and Worthing Neighbourhood Watch coordinators are enlisted to help with an ENTE audit of the town and village centres, if possible, to identify areas for improvement covering issues such as street lighting, street furniture and other safety issues. - Reason -</p> <p>The Working Group has been made aware of the need to improve street lighting and street furniture in some areas of the town and village centres and believes that the Neighbourhood Watch coordinators could assist with this as they had volunteered to undertake the role.</p>	<p>General economy recommendation. Medium priority but the Councils will need to work with the Neighbourhood Watch coordinators to achieve this and it could take time to coordinate this.</p>	Medium	Medium	Priority 7	
<p>That the Councils should help coordinate the setting up of an Adur ENTE Hospitality Scheme (operating in a similar way to a Pub Watch but which also includes other licensed premises). - Reason -</p> <p>To address concerns from Licensees about crime and anti social behaviour in licensed premises in the Adur District. The Working Group has seen how the Worthing Pub Watch operates and the success of this system and considers that the introduction of an Adur District ENTE Hospitality scheme will help the ENTE, address concerns and reduce crime and anti social behaviour in Adur. The Working Group also acknowledges that a Hospitality scheme of this type will need to be designed to meet the needs of the area and will be different from the Worthing scheme in that the Adur District is more dispersed and, for example, therefore, it may not be practical to ban customers from every premises in the areas as is done in the Worthing scheme.</p>	<p>General economy and public safety recommendation. High priority. The Council will need to help get the scheme off the ground but it is important to ensure that it is owned and run by the businesses. The Councils will not have the resource to run the scheme on a permanent basis.</p>	Medium	High	Priority 8	
<p>(a) That the Councils and other stakeholders involved in the ENTE should help influence where possible to ensure that all the strands of improvements to the ENTE are in line with commitments to tackle climate change, which include helping in the shift to sustainable transport and improve air quality as well as ensuring that there is a reduction in waste, re-use is increased and there is more recycling. (b) That food premises in the ENTE should be encouraged to adopt sustainability practices and promote healthy eating.</p>	<p>Wellbeing and sustainability recommendation which can be achieved through proactive education and discussions with businesses.</p>	High	High	Priority 9	
Additional recommendations -					
<p>That the Councils should explore working with employers, local colleges, the Youth Hub and the Department for Work & Pensions to help signpost people into careers in the local hospitality sectors.</p>		High	Medium	Reason - The Working Group considered that this additional recommendation will help local hospitality traders long term with the workforce shortage and help the sector recover and help boost training for a new generation of skilled hospitality staff.	

That the Councils be requested to apply a pro rata charging schedule for tables and chairs on pavement licences to ensure that those businesses who have less tables and chairs pay less than those who have more tables and chairs.		High	Medium	Reason - The Working Group considers that this recommendation will assist local smaller businesses and apply the charge proportionately based on the number of chairs and tables required.	
2020 JOSC ENTE report recommendations	Type of recommendation - All recommendations from this review relate to the general evening and night time economy and include suggestions for improving public safety and public transport.	Impact	Level of resource required to deliver	Overall priority (Y/N/Later date) - Comments from Working Group	
(a) That the Councils help to coordinate the setting up of some form of focussed evening and late night Transport Working Group and (b) That the Councils request that the Worthing Quality Bus Partnership should be reconstituted as soon as possible and to include the Adur District	As above. The setting up of a Transport Working Group will rely on the input of others and not just the Councils.	High	High	Priority 1	
That the Councils help to coordinate a review of the lighting in the town and village centres and the delivery of other public realm improvements connected to the evening and night time economy. This should include improvements to the car parks run by the Councils.		High	High	Priority 2	
That the Councils review the issues which it is responsible for as raised by the witnesses and set out in Paragraph 5.5 of the report and also those issues raised in the public survey that relate to improvements to car parks and improvements to make the areas cleaner. This will enable the Councils to assess whether or not any interventions need to be made in the Councils approach to those issues to help improve the vitality of the areas;	As above	Medium	High	Priority 3	
That the Councils investigate the case for establishing longer opening hours for retail and eating establishments in partnership with the Chamber of Trade and Commerce/Worthing Town Centre initiative. This should also take into consideration appropriate licensing controls.	As above	Low	Medium	Priority 4 - The Working Group considered that this recommendation should also include a reference to the licensing controls.	
That the Councils consider providing some additional funding to promote Adur and Worthing town and village centres at night utilising the help from Time for Worthing;	As above	Low	Medium	Priority 5 - The Working Group considered that this recommendation should also include some support from Time for Worthing and should be included as part of recommendation 5 of the 2022 report.	
That the Working Group welcomes the various strategic commitments in place identified in 'Platform for our Places: Going further' and the excellent work being undertaken by the Councils to help create a vibrant and diverse ENTE and commends the Councils for its work in helping to achieve the 'Purple Flag' award for Worthing in Summer 2019;		High	Medium	Priority 6	

That the Councils consider setting out its approach to the ENTE in an holistic ENTE policy;	As above. The 2022 review includes a recommendation to promote the ENTE in the new Corporate Strategy.	Medium	Medium	Recommendation to be removed as the Working Group considers that the issue is now covered in the 2022 report and proposal for the matters to be included as part of the new Corporate Strategy.	
That the Councils lobby Government to introduce the same controls and regulations for Air BnB accommodation as applies to B&B and Guesthouse accommodation.	As above. This can be achieved via letter to Government and LGA.	High	Medium	Recommendation to be removed as Working Group considers that, whilst the issue is important, it is not directly relevant to the evening and night time economy and this review. A detailed accommodation analysis is currently taking place.	

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
6th December 2022

Key Decision [Yes]

Ward(s) Affected: All

Falls Prevention - Inter Authority Agreement

Report by the Director for Communities

Officer Contact Details

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Executive Summary

1. Purpose

- 1.1. To seek agreement to enter into an inter authority agreement with Mid Sussex District Council (MSDC) to deliver a countywide falls prevention programme, as part of the Wellbeing programme of activities, externally funded through the partnership arrangement with WSCC
- 1.2. Agreement will enable the procurement of a falls prevention programme consistent with other District and Boroughs in West Sussex, to be carried out by MSDC on behalf of Adur & Worthing Councils
- 1.3. The current contract with an external provider to deliver a Falls Prevention programme contract has been in place since 2019 and is due to end March 2023. We have been working in collaboration with WSCC Public Health and the other District and Boroughs with the aim of developing and procuring a coordinated countywide evidence based Falls Prevention programme based at District and Borough level, through a single contract from April 2023 to March 2027.

2. Recommendations

- 2.1. The Joint Strategic Committee is recommended to:

- 2.1.1. To consider entering into an inter authority agreement with MSDC for the provision of a local Falls Prevention Programme from 2023
- 2.1.2. MSDC has agreed to lead the procurement on behalf of West Sussex District and Borough Councils; tender documents have been drafted in collaboration with the District and Boroughs and WSCC Public Health, with the intention of carrying out market testing with potential providers during November-December 2022, before going out to tender. Due to the timescales there is likely to be a break in delivery from March 2023

3. Context

- 3.1. The Council's have delivered a local programme of public health activities through a partnership arrangement with WSCC since 2011. The programme aims to keep people healthy and well and prevent cardiovascular disease such as: strokes and heart attacks. The programme is designed to reflect the needs of the local population and includes activities such as: healthy weight management, increasing physical activity, smoking cessation, alcohol reduction and falls prevention.
- 3.2. Injuries sustained due to a fall are a common and serious problem for older people. People aged 65 and older have the highest risk of falling, with 30% of people older than 65, and 50% of people older than 80 falling at least once a year. Annually, approximately 5% of older people who fall obtain a fracture or require hospitalisation for a fall-related injury¹.
- 3.3. Falls are not an inevitable part of ageing and can be prevented. Falls occur as a result of a complex interaction of risk factors. The main risk factors reflect the multitude of health determinants that directly or indirectly affect well-being. Those are categorised into four dimensions: Biological, for e.g. illness such as Parkinson's; Behavioural for e.g. lack of exercise - we know this has been exacerbated due to the Covid-19 pandemic; Environmental, for e.g. uneven pavements and Socioeconomic factors, for e.g. low income and educational levels.
- 3.4. The demand prediction for Adur & Worthing areas, with regards to Falls Prevention, is as follows:

¹ West Sussex JSNA Website; Falls Prevention: link to web page [here](#)

3.4.1. Adur

Adur Wards with high prevalence of people aged 65+
St Nicholas (29.8%) pop = 3,984
Widewater (29.4%) pop = 6,093

Adur Wards with high prevalence of people on pension credit:
Eastbrook (14.8%) pop = 4,800
Mash barn (16.4%) pop = 4,395
Southwick (15.3%) pop = 4,529

3.4.2. Worthing

Worthing Wards with high prevalence of people aged 65+
Goring (37.2%) pop = 8,107
Offington (30%) pop = 7,938
Salvington (29.5%) pop = 8,983

Worthing Wards with high prevalence of pensioners in poverty
Central (19% 65+ and 18% in poverty) pop = 10,752
Heene (16% of pop with 26% of pop aged 65+) pop = 8,555
Selden (19% of pop 65+ with 14.7% in poverty) pop = 8,651

- 3.5. The pathways for Falls Prevention in Adur and Worthing includes a specialist longer term service for people who are at a high risk of falls, provided by Sussex Community NHS Foundation Trust, plus a lower level programme of strength and balance classes for those who are feeling more wobbly or finding it harder to rise from a chair, provided in Adur and Worthing through the West Sussex Wellbeing programme.
- 3.6. The Falls Prevention offer of strength and balance courses for Adur & Worthing has been in place since September 2019, commissioned with external funding through the Adur & Worthing Wellbeing Programme of activities, in partnership with WSCC Public Health, at a value of £35,000 per annum.
- 3.7. Similar Falls Prevention offers are in place across the county, delivered through a similar arrangement and in most areas, with the same Provider. Contracts with the external provider including the Council's, are due to end March 2023
- 3.8. In collaboration with WSCC Public Health and the other District and Boroughs a single tender for a coordinated countywide evidence based Falls Prevention Programme based at District and Borough level has been explored. The advantages of a single programme include:

3.8.1. Development of a single point of access

- 3.8.2. Consistency with regards to triage, screening & onward referral
- 3.8.3. Consistency of service across different areas
- 3.9. The intention is to deliver the coordinated Falls Prevention Programme through a single contract from April 2023 to March 2027 (option of 12-month extension subject to conditions post March 2027), with the exception of Crawley Borough Council, which will continue to provide their own in-house rolling programme for the Provider to refer into.
- 3.10. Mid Sussex DC has agreed to lead procurement and tender documents, including a draft specification ([here](#)) have been drafted. The suggested annual value for Adur District and Worthing Borough combined is £30,000.
- 3.11. Feedback from the current provider with regards to the proposed new arrangement has raised concerns which are important to acknowledge. These concerns include: the impact of rising costs on delivery and the lack of suitably qualified practitioners. A market testing exercise is being carried out during November and early December 2022 in order to gain a better understanding from providers of what's deliverable from their perspective, and to test our assumptions for the new contract before going out to tender.
- 3.12. Due to the extended timeline it seems highly likely that there will be a break in service from March 2023 until the new contract is in place, but the alternative is putting out a specification that no one applies to. Testing the market will also advertise the project to a wider audience and maybe encourage partnership bids or new interest.
- 3.13. Annual Business Plans are developed in partnership with WSCC Public Health and agreed locally in consultation with Executive members and the Director for Communities however agreement by JSC is required in order to progress with the collaborative arrangement.

4. Issues for consideration

- 4.1. The total value of the four year contract for Adur and Worthing combined is £120,000, making the decision to enter into the contract a Key Decision for members.
- 4.2. The alternative options are: to revert to a local tender process for the Adur and Worthing areas, recruit into the team to deliver through internal staff, or to remove Falls Prevention from the programme of activities beyond 2023.
- 4.3. The proposed option of entering into an inter authority agreement with MSDC is recommended in order to benefit from the development of a single point of access into Falls Prevention and to maintain consistency

with other areas across West Sussex with regards to triage, screening & onward referral.

5. Engagement and Communication

- 5.1. The proposal and specification detail has been developed in collaboration with the five other District and Borough Councils and WSCC Public Health consultants.
- 5.2. Discussions have been held with the current provider which indicated issues with the proposal, as outlined in 3.10 above.
- 5.3. MSDC has been in discussion with other potential providers, which have at this stage shown interest in tendering for the contract.
- 5.4. A market testing process is being carried out during November and December 2022 which includes a survey of potential partners and an online engagement event to answer any questions and issues raised as a result of the survey. The survey and event are being designed collaboratively by all seven Councils and WSCC Public Health.

6. Financial Implications

- 6.1. The proposed activities will be externally funded through the WSCC Public Health grant for Wellbeing which is already included in the Councils' budgets;
- 6.2. The combined total value of the four year contract for Falls Prevention in Adur and Worthing is £120,000;
- 6.3. Indicative funding for 2023-2024 will be shared by WSCC Public Health by early December 2022, with ratification of this anticipated in February 2023;
- 6.4. Any tendering process, either through an inter authority agreement with MSDC, or in house is subject to funding ratification by WSCC.

7. Legal Implications

- 7.1. 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.
- 7.2. 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.

- 7.3. Section 1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.
- 7.4. The Procurement of the falls prevention contract needs to comply with the full requirements of the Councils' Contract Standing Orders found at Part 4 of the Councils' constitution. Where the contract is an above threshold contract for goods and/or services as defined by the Public Contract Regulations 2015, any procurement exercise to contract for those goods and services must be conducted in accordance with those Regulations and its requirements for advertising, tender process, evaluation and standstill, and failure to do so may be declared upon receipt of a procurement challenge, anti-competitive and in breach of the Regulations.
- 7.5. Entering into the Inter Authority Agreement (IAA) will create a legally binding relationship between the Councils and the other Districts and Boroughs, that the parties will be able to rely on. It is anticipated that the IAA will govern relations between the parties in relation to the falls prevention contract. It is in the Councils' interest to be parties to the IAA in order to input into the outcome of the falls prevention contract procurement. The form of IAA must be reviewed and approved by the Councils' Legal Services.

Background Papers

- Report to JSC: Renewal of the Adur & Worthing Wellbeing Partnership, March 16 2022 Reports Pack [Item 7 Pages 67-104](#)
- [West Sussex Joint Strategic Needs Assessment \(JSNA\): Falls Prevention: Updated October 2022](#)
- [NICE Guidance Falls in older people: assessing risk and preventionClinical guideline \[CG161\]](#) Published: 12 June 2013
- NICE Guidance; Falls: assessment and prevention in older people and people 50 and over at higher risk (update); [In development \[GID-NG10228\]](#). Expected publication date: 21 August 2024
- Sussex Community NHS Foundation Trust Falls and Fracture Prevention Service website [here](#)

Sustainability & Risk Assessment

1. Economic

People at risk of falls are supported to increase their strength and balance to prevent issues occurring, reduce impact on support services and encourage more active participation in communities.

2. Social

2.1 Social Value

People more at risk of falls include people over 65 years of age, people with lower educational attainment and people on lower incomes. Interventions carefully designed and targeted to engage people in these cohorts to reduce the risk of falls

2.2 Equality Issues

People more at risk of falls include people over 65 years of age, people with lower educational attainment and people on lower incomes. Interventions carefully designed and targeted to engage people in these cohorts to reduce the risk of falls

2.3 Community Safety Issues (Section 17)

Matter considered; no impact or risk identified

2.4 Human Rights Issues

Matter considered; no impact or risk identified

3. Environmental

Matter considered; no impact or risk identified

4. Governance

- Supports our Thriving Communities ambition
- No implications to the Councils' reputation or relationship with our partners or community
- No implications for resourcing, risk management (including health and safety) or the governance of the either Council