



ADUR DISTRICT COUNCIL

25 January 2023

Adur Cabinet	
Date:	2 February 2023
Time:	6.30 pm
Venue:	QEII Room, Shoreham Centre

Committee Membership: Councillors Neil Parkin (Chairman), Angus Dunn (Vice-Chair), Carson Albury, Emma Evans, Kevin Boram and Steve Neocleous

Agenda

Part A

1. Declarations of Interest

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

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

2. Minutes

To approve the minutes of the Adur Executive meeting held on 31 January 2022, copies of which have been previously circulated.

3. Public Questions

To receive any questions from members of the public.

Questions should be submitted by noon on Monday 30 January 2023 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 Monday 30 January 2023 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. Investing in our Places - Capital Programme 2023/24 to 2025/26 (Pages 5 - 64)

To consider a report by the Director for Digital, Sustainability and Resources, copy attached as item 6

7. Housing Revenue Account: 2023/24 Budget (Pages 65 - 100)

To consider a report by the Director for Digital, Sustainability and Resources, copy attached as item 7

8. Budget Estimates 2023/24 and setting of the 2023/24 Council Tax (Pages 101 - 152)

To consider a report by the Director for Digital, Sustainability and Resources, copy attached as item 8

Recording of this meeting

Please note that this meeting is being live streamed and a recording of the meeting will be available on the Council's website. This meeting will remain on our website for one year and will be deleted after that period. 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 Officer 01903 221078 neil.terry@adur-worthing.gov.uk	Joanne Lee Solicitor to the Council and Monitoring Officer 01903 221095 Joanne.lee@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

Cabinet
2nd February 2023

Key Decision [Yes/No]

Ward(s) Affected: All

Investing in our Places - Capital Programme 2023/24 to 2025/26

Report by the Director for Digital, Sustainability and Resources

Executive Summary

1. Purpose

1.1 This report recommends the investment programmes for Adur District Council which supports both the strategic ambition of the Council, and the vital regular investment toward the upkeep and improvement of our public assets and the delivery of services.

1.2 Members are now asked to approve the new schemes for 2023/24. This report recommends:

- the schemes for inclusion in the overall Capital Investment Programmes for 2023/24; and
- an indicative list of schemes for 2024/25 which will be confirmed next year.

1.3 The report also informs the Cabinet of the resources available for future capital investment, and updates Members about the financing of the proposed programmes.

1.4 The following appendices have been attached to this report:

- | | | |
|-------|-------------------|--|
| (i) | Appendix 1 | 2022/23 Budgets reprofiled to 2023/24 for scheme delivery in 2023/24; |
| (ii) | Appendix 2 | New schemes to be included in 2023/24 Capital Investment Programme including the share of the Joint Strategic Committee programme; |
| (iii) | Appendix 3 | Full Adur District Council capital investment programme for 2022/23 - 2025/26 |

- | | | |
|------|-------------------|--|
| (iv) | Appendix 4 | Partnership capital investment programme for 2023/24 - 2025/26 |
| (v) | Appendix 5 | Amendments and additions to the Reserve List of schemes |

2. Recommendations

2.1 The Cabinet is recommended to:

- (a) Consider the General Fund Capital Investment Programmes for 2023/24 and confirm the schemes to be included as detailed in Appendix 2 and 3;
- (b) Recommend the full programme detailed at Appendix 3 for approval by Council on the 23rd February 2023;
- (c) Note the amendments and additions to the reserve lists as detailed in Appendix 5

3. Context

3.1 The development of the capital programme is guided by the Capital Strategy which outlines the level of resources available and sets the framework for the approval and delivery of the programme. The Adur and Worthing Capital Strategy 2023 - 26 was updated and agreed by the Joint Strategic Committee (JSC) on 11th October 2022. The financial impact of the proposed Capital Investment Programme was set out in the outline 5 year forecast included in the "Developing a revenue budget for 2023/24 against a backdrop of high inflation" report which was agreed by Joint Strategic Committee on 5th July 2022 and subsequently refreshed in the budget update report considered in December.

3.2 The Capital and Budget Strategies set out the following:

- (a) A maximum level of funding available per year for the next 5 years to fund new General Fund schemes was to be limited to £1.0m in 2023/24;

- (b) £5.6m was to be invested annually into the Housing Investment Programme which excludes any new developments which can be justified on a self-funding basis.
- (c) The Budget Strategy highlighted concerns about affordability in the medium term. Members of the Council were made aware that the number, age and condition of Council's assets continue to be a cause for concern. The funding of the programmes is to consist of prudential borrowing, capital grants, revenue/reserve funding and capital receipts.
- (c) Additional capital expenditure will only be agreed where additional funding from capital grants, contributions, earmarked receipts, approved additional prudential borrowing or use of reserves has been secured.

3.3 The Capital Strategy agreed in October 2022 confirmed the approach to setting the capital investment programme. The strategy confirmed the following resource allocations for 2022/23:

- £360,000 set aside for partnership schemes principally to fund the planned vehicle replacements.
- £100,000 for essential IT replacement .
- £90,000 to be set aside for essential capital maintenance schemes.
- £160,000 set aside for the delivery of the digital strategy.
- The Strategic Property Investment Fund to remain capped at an overall investment amount of £150m of which £43m remains. This can only be used to fund projects which support the wellbeing, affordable housing development and economic regeneration of the area.

3.4 As the October 2022 Capital Strategy explained, the top slicing of the capital programmes in each year to ensure funding for key strategic issues such as ICT and the other partnership programmes will mean that, of the overall resources available in 2023/24, only the £268,000 of resources would remain for other schemes.

4. Supporting the delivery of the Council's priorities

4.1 Included within the proposed programmes for 2023/24 - 2024/25 are a number of programmes of work which will deliver the Council's priorities as set out in 'Our Plan'. The paragraphs below highlight those schemes which are of significant importance in delivering our priorities over the next two years.

4.2 **Mission - Thriving People**

There are several schemes included within the programme which will support both improved housing and community facilities. Highlights include the following planned investments:

- Small Sites Programme (£13,979,910)
Housing programme to replace old under-used garages to build new homes for the community over seven sites. 56 homes will be built as part of the council's house building commitments.
- Improvements to Council Homes (£3,654,900)
The programme is part of the council's long term commitment to ensure dwellings to continue to accelerate the improvement of the quality of local homes. There is a significant and continued focus around our compliance and healthy and safety work, including asbestos management, electrical safety, lift servicing, fire safety, gas safety and inner rooms. We are also responding to the issues raised at the end of last year in Rochdale around our response to tenants and properties affected by damp and mould.
- Affordable housing - Grants to Registered Social Landlords (£2,069,800)
As part of the council's ongoing commitment to improve the supply of affordable housing for local residents, this funding is available as grants to social landlords to provide low cost-high quality accommodation.
- Temporary and Emergency accommodation (£1,836,000)
An unallocated budget is available to purchase land and buildings that could be used to provide high quality local temporary and emergency accommodation. Suitable sites within the Adur area are actively reviewed to ensure suitable developments can be identified and developed.
- Lancing Manor Leisure Centre (£497,730)
The leisure centre requires renewal to continue to provide fitness and community services. Replacement cladding, glazing is included in the programme.
- Eastbrook Community Centre (£291,050)

Refurbishments and renewals are required for the centre to enhance it as a resource for local residents. Development of a new multi games room and fabric repairs are included in the works.

- Public Convenience improvement (£260,000)

A rolling programme of refurbishment for public conveniences. Works will improve the quality and accessibility in a number of locations, improving standards for residents and visitors to the area. This includes a new Changing Places facility at The Shoreham Centre (Adur Civic presence) subject to a more detailed technical assessment.

4.3 Mission - Thriving Places.

The following investments are planned to project and improve our local areas:

- Shoreham Harbour Walls Project (£2,000,000)

Continuing development is being undertaken to protect Shoreham from potential flooding, using new sea defences and improved drainage for the areas most at threat

- Parks improvement programme

There are several initiatives currently underway to improve the parks and open spaces for residents. There are significant investments planned by the Council in these important local amenities over the next couple of years.

	2022/23 Approved	2023/24 Proposed	2024/25 Indicative	2025/26 Indicative
Adur	£'000	£'000	£'000	£'000
Play area improvements	237	80	80	80
General parks improvements	353	180	200	200
Buckingham Park Pavilion	0	172	0	0
	590	432	280	280

- Vehicular Incursion Prevention (£70,000)

Enhanced security and boundaries will be installed to prevent any unauthorised use of recreation grounds, helping to maintain and keep them in the condition our local residents expect.

4.4 Mission - Thriving Environment

- Adur Homes Heating and Energy Efficiency schemes (£150K)
Replacement heating will be provided to selected dwellings. Improvements include improved insulation and replacement of inefficient boilers. Work is being done to quantify the energy performance of current Adur Homes stock that will enable future bids to the Social Housing Decarbonisation Fund to be considered.

A new round of Public Sector Decarbonisation Scheme funding for corporate buildings is expected in Autumn 2023 and a bid will be submitted should the chance of success be considered high.

- Tree planting (Adur £25,720)
Programme to remove and replace trees affected by Ash dieback to ensure a suitable stock.
- Vehicle replacement programme (£345,000)
Smaller vehicles are being replaced with electric equivalent vehicles. At the moment a fleet strategy is being developed which will seek to identify the most carbon and cost effective solution to fully decarbonise the Council's fleet, including refuse and recycling collection vehicles. Most of the large fleet is due for replacement in 2026/27 giving some time for the technologies to develop and be tested before the Councils make a long term commitment. In the interim, second hand or adaptable vehicles will be acquired to ensure that the Council meets the objective of decarbonisation by 2030.

4.5 **Mission - Thriving Economy**

The Council plans to invest in the town centres to provide welcoming places for our residents:

- Public Space improvements - The Council has embarked on a project to improve Southwick Square in 2022/23. At the Sub Joint Strategic Committee on 10th November 2022, Members agreed to work in partnership with West Sussex County Council (WSCC) to invest £600k of Growth Deal monies to upgrade this area of public realm. The scheme will be tendered in January 2023 with the works planned to begin in Spring 2023. The scheme is due to complete in Autumn 2023. Further schemes in Adur are likely to come forward as part of the Growth Deal with WSCC in 2023/24, notably likely investment into Lancing as part of a Levelling Up bid.

4.6 **Good foundations**

Investments are planned to improve how we work across all of the services delivered by the Council:

- Hardware and infrastructure replacement programme (£77,550)
Our hardware and infrastructure will continue to be modernised to ensure resilience, reduce risks to business continuity and help mitigate against cyber security risks. The hardware budget also covers investment in our future data centre, which will have a significantly reduced footprint, and replacement equipment including laptops, PCs, and monitors used by staff.
- Commerce Way (£162,500)
Refurbishment and renewals are required at the commerce way office to ensure staff can work in safe, suitable surroundings. Improvements to the office will show the council's commitment to staff wellbeing and provide the facilities required to provide services to the local community and businesses.
- Digital Cyber Security (£56,400)
Purchases of new security software and training for staff to ensure information is protected from outside threats and meet with the council's commitments to Data Protection.
- Bereavement Services software (£20,510)
Modernisation of bereavement services will replace existing paper files and implement new electronic software to improve staff efficiency and customer service.

5. **Resourcing the programme:**

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

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

- 5.2 The financial position for Adur District Council remains challenging over the next five years. The need to invest in existing assets, as well as provide for partnership working and deliver significant projects set out in 'Our Plan', means the council will need to sustain relatively modest programmes as outlined in paragraph 3.2 for the foreseeable future. However, the programmes are under pressure due to the age and condition of many of our assets. Nevertheless, the need to increase the level of investment has to be balanced against the difficult financial position of the Council.
- 5.3 There is little change in the method of financing the programmes planned over the next 3 years. In addition, the council has approved a 'Strategic Property Investment Fund' which is an invest-to-save provision and specific investments which meet the criteria of the fund and support our local communities will be funded through prudential borrowing.
- 5.4 The proposed programme assumes a phased use of the available prudential borrowing, capital receipts, reserves and the Major Repairs Reserve for Adur Homes which is generated from the depreciation set aside on an annual basis. These are discussed in more detail below:

5.5 Usable Capital Receipts derived from the sale of assets

- 5.5.1 Usable capital receipts are generated through the sale of Council owned assets. The Council actively looks for opportunities to increase the available receipts. This forms part of our budget strategy as the generation of additional receipts will enable the Council to reduce the cost of financing the capital programme.
- 5.5.2 In the past, the main source of capital receipts for Adur District Council has come from council housing sales which are used to support the HRA Investment Programmes. However, the sale of Adur Civic Centre will lead to a substantial capital receipt.
- 5.5.3 Adur has signed up to the DCLG agreement allowing 100% of Right to Buy (RTB) receipts to be retained to finance new affordable homes within the Adur area. However, the receipt can only provide 40% of the cost of any new build which means that the remaining 60% has to be financed from other sources including borrowing. The previous condition of being able to retain capital receipts arising from RTB sales was that they must be spent within a 3 year time limit, although this has been temporarily suspended in the light of the Covid 19 emergency. Receipts have to be returned if we cannot allocate the

receipts to any new homes. Properties may be built by Adur Homes or another Registered Provider. These receipts have been allocated to support the HRA development programme.

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

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

	Year 1 £	Year 2 £
Interest at say 3.5% (current average return on investments)	17,500	35,000

However, the use of these resources avoids the need to use more expensive forms of financing such as borrowing.

In the past capital receipts have been a major source of funding for the Council's capital programmes. Members will be aware that the Council now has only limited access to capital receipts as:

- a) The Council does not own large tracts of land that can be easily disposed of when capital receipts are needed. Indeed, any such tracts of land may give the Council the opportunity to either directly or indirectly improve the supply of affordable housing. There are some disposals which are currently taking place and which could be made available in time, but these are unlikely to meet all the investment needs of the Council in the immediate future;
- b) There are very few other options for future disposals of operational assets, owned by either council, without service provision implications;
- c) Any benefits that might accrue from the sale of non-operational assets, such as the commercial properties, will be largely negated by the loss of significant rental and lease income. Consequently, the disposal of

such assets can only be undertaken when there is a clear business case to justify such an action;

5.5.6 In addition, due to the pressure on the reserves, some of the receipts generated in the period 2016 - 2023 have been set aside to fund the costs associated with delivering the savings necessary to balance the revenue budget.

5.5.7 In light of the budget strategy and the limitations on generating additional capital receipts, the estimated balance of capital receipts to fund the 2023/24 and 2024/25 Capital Investment Programmes will be:

Adur District Council		Balance at 1st April £'000	* Receipts Generated £'000	Planned Use £'000	Balance at 31st March £'000
2023/24	General	-	6,000	(6,000)	-
	Ring-fenced				
	- HRA	1,286	606	(1,000)	892
	- General Fund	221	66	(91)	196
	Total	1,507	6,672	(7,091)	1,088
2024/25	General	-	-	-	-
	Ring-fenced				
	- HRA	892	606	(400)	1,098
	- General Fund	196	11	(17)	190
	Total	1,088	617	(417)	1,288

The lack of capital receipts as a source of funding is a problem for the Council. It is inevitable that the Council will need to borrow to sustain the capital programme with inevitable higher revenue consequences as a result.

5.6 Prudential Borrowing

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

5.6.2 Since the removal of the debt cap for the Housing Revenue Account, the position for the HRA has been similar to the General Fund. The limitation on any future borrowing will be the affordability of the revenue consequences of the borrowing for the HRA.

5.6.3 Whilst, the HRA has the option to make a voluntary revenue provision (VRP) for the repayment of debt, at the moment, this option is not being exercised due to the financial position of the HRA. This will be reassessed once the HRA has addressed the current deficit. The repayment of debt can also be funded from the depreciation which is set aside into the Major Repairs Reserve (see 5.7.1 below).

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

	Year 1 £	Year 2 £
Principal repayment based on the annuity method *	0	53,770
Interest at say 3.5%	17,500	35,000
Total costs	17,500	88,770

* The Council has a policy of repaying any debt over the life of the asset acquired. On average the assets funded will have a life of 15 years which is equivalent to a 8.9% revenue provision each year.

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

5.7 Adur Housing Revenue Account - Major Repairs Reserve contribution

5.7.1 The Council is allowed to set-aside amounts into a Major Repairs Reserve, equivalent to at least the annual depreciation charge for the housing stock made to the Housing Revenue Account. This can be used to fund the repayment of debt or to finance new capital expenditure. The major repairs allowance calculation for 2023/24 is initially estimated at £4.4m which will be used to finance the capital programme.

- 5.7.2 New capital expenditure on housing will be financed from direct revenue contributions, capital receipts, the Major Repairs Reserve or from Prudential Borrowing. Any new borrowing will require amounts to be set aside from the Major Repairs Reserve for repayment of debt.

5.8 Revenue Contributions and Reserves

- 5.8.1 The HRA has a 'New Acquisition and Development' reserve specifically to fund initiatives to increase the supply of affordable housing.

5.9 Capital Grants and other external funding

- 5.9.1 The following capital grants and other contributions are expected and have been taken into account within the overall resources for the 2023/24 capital programmes:

Adur District Council External Funding

	£
Disabled Facilities Grant (Better Care Fund)	375,000
Contribution from Worthing Borough Council towards improvements at Commerce Way	162,500

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

6. Draft Programmes

General Fund Programme

- 6.1 The 2023/24 and 2024/25 draft General Fund programmes are attached at Appendix 2 and 3 which also includes the proposed changes to the 2022/23 programme. The indicative programmes have been prepared on the basis of the agreed guidelines and the estimated resources. Each scheme has been scored using the priority scoring system devised under the Capital Strategy, producing a balanced programme in accordance with the overall available

funding. At this stage, the schemes recommended for inclusion 2024/25 are indicative only and will be reassessed next year.

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

6.3 **Invest to save schemes**

The Council will consider 'invest to save' capital proposals which produce revenue savings that exceed the cost of borrowing by at least 10% over the life of the investment. The following schemes are included in the capital programme. Funding will be released on presentation of a business case to the Executive Member.

(i) **Empty Properties**

This scheme has been funded from New Homes Bonus. However, the future of the New Homes Bonus is uncertain and it may cease to be paid to the Council and is due to be fundamentally reformed. Consequently, this scheme will be funded in future from the repayment of empty property grants and loans. The effectiveness of the scheme is reviewed annually.

The Council will continue to build on the working relationship with the nominated private sector letting agent that we are currently in partnership with to manage our guaranteed rent scheme. There has been a growing number of empty home owners interested in the schemes and new approaches continue to be sought to promote the funding to Empty Property owners. Increasing the supply of private sector rental properties available at Local Housing Allowance levels remains a key objective.

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

The Council will continue to focus on achieving the objectives set out in the Empty Property Strategy and working with partners in the charitable

sector as well as individual empty property owners to increase the supply of affordable housing as these properties are let at social rents.

The success of this initiative will be monitored.

(ii) Strategic Property Investment Fund

The Council has committed to investing in commercial property and other income generating assets which support the Council's economic regeneration ambitions, carbon reduction initiatives or supports improvements to the supply of housing. The intention is to provide long term assets that both support the delivery of the Council's corporate strategy and produce a long term sustainable income for the Council which will fund the borrowing consequences of the investment and support the future aspirations of the Council. The investment in such property is governed by the Commercial Property Investment Strategy which was approved by the Joint Strategic Committee on the 30th March 2021.

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

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

(iii) Temporary accommodation

The cost of temporary and emergency accommodation has been escalating. In response to this, the Council has created a budget to purchase temporary accommodation for residents who the Council has a duty to house temporarily. Each proposal is assessed for financial and operational viability before a business case is approved by the Executive Member.

(iv) Energy Efficiency / Carbon Reduction Schemes

The Council currently has a provision within the capital programme for energy efficiency / carbon reduction schemes which produce savings to offset any potential borrowing costs.

	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Adur	300,000	270,000	82,210	325,000
Worthing	300,000	270,000	239,020	400,000

A report, elsewhere on the agenda, details the expected programme of work.

6.4 **Adur Housing Investment Programme**

6.4.1 The estimated resources available to fund the 2023/24 - 2026/27 HRA Investment Programme are sufficient to fund all the schemes detailed in Appendix 3.

6.4.2 The first priority for the programme is the safety of tenants and the continued maintenance of Council homes to address issues arising from the condition survey.

6.5 **Overall**

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

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

6.6 The following tables are a summary of total resources used to fund the new schemes included in the draft programmes for 2023/24, 2024/25 and 2025/26.

Programme Year	Revenue Contributions and Reserves £	Major Repairs Reserve £	Capital Grants and Contributions £	Usable Capital Receipts £	Borrowing £	TOTAL £
2023/24						
General Fund	68,420	-	537,500	21,000	994,560	1,621,480
HRA	-	4,200,000	-	100,000	9,509,480	13,809,480
Total	68,420	4,200,000	537,500	121,000	10,504,040	15,430,960
2024/25						
General Fund	85,420	-	672,770	4,000	1,085,060	1,847,250
HRA	-	4,200,000	-	100,000	1,300,000	5,600,000
Total	85,420	4,200,000	672,770	104,000	2,385,060	7,447,250
2025/26						
General Fund	89,420	-	512,080	-	1,281,130	1,882,630
HRA	-	4,200,000	-	100,000	1,300,000	5,600,000
Total	89,420	4,200,000	512,080	100,000	2,581,130	7,482,630
Overall total						
General Fund	243,260	-	1,722,350	25,000	3,360,750	5,351,360
HRA	-	12,600,000	-	300,000	12,109,480	25,009,480
TOTAL	243,260	12,600,000	1,722,3500	325,000	15,470,230	30,360,840

6.7 Members will note that the total planned new spending for 2023/24, 2024/25 and 2025/26 is £30,360,840. The table above indicates how this proposed programme will be financed.

7. Revenue Implications

7.1 The revenue implications (excluding the revenue impact of financing the Capital Investment Programme) of all the capital projects in the draft programmes are shown in the last column of appendices 2 and 3. An assessment of the revenue implications of the planned programme has already been built into the Medium Term Financial Plan. This has already been recognised as a genuine expenditure within the overall revenue budget.

There is, of course, no obligation to spend merely because resources are available. In considering the merits of any capital investment proposal, the opportunity cost of using the resources, the revenue cost associated with any borrowing and the interest earnings foregone by utilising capital receipts and reserves, require full consideration.

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

Adur District Council

Programme Year	Revenue Impact		Cumulative		Full-Year Impact in
	General Fund £	HRA £	General Fund £	HRA £	
2023/24	124,060	1,182,676	124,060	1,182,676	2024/25
2024/25	134,687	164,700	258,748	1,347,376	2025/26
2025/26	158,860	164,700	417,608	1,512,076	2026/27

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

8. Prudential Indicators

- 8.1 The statutory framework for the Prudential System is set out in Chapter 1 of the Local Government Act 2003 and in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended. The framework incorporates four statutory codes. These are:

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

- The Statutory Guidance on Minimum Revenue Provision prepared by DCLG

8.2 Part of the core process for the Prudential Code is for Members to set Prudential Indicators as detailed in the Prudential Code against which the performance of the Capital Investment Programme and Treasury Management can be measured and monitored throughout the year. These indicators will be calculated once the programme has been fixed and reported to the Cabinet and Council as part of the annual Revenue Budget report.

9.0 Engagement and Communication

9.1 The development of the programme is the subject of extensive internal consultation with Officers.

9.2 Members were consulted on the capital bids to be included in the draft programmes. Their comments are included in this report. The final recommendations for the capital programmes will be made to Adur District Council on the 7th February 2023.

9.3 Individual programmes of work, for example the design of playgrounds, will be the subject of consultation with local communities where appropriate to ensure that they meet local needs

10.0 Conclusion

10.1 Due to the overall financial position of the Council, there are only limited revenue resources with which to fund the cost of financing the capital programme. Consequently the overall size of the core programme is relatively modest at £1m for Adur District Council and £5.6m for Adur Homes which this year has been increased to accommodate projects which need to be urgently progressed.

10.2 The Council has insufficient capital resources available to meet all of the identified demands for capital investment for 2023/24, 2024/25, and 2025/26. Where schemes are unable to be delayed due to pressing maintenance requirements, these have been recommended for inclusion. However, some schemes must remain on the respective Reserve List. This is a particular issue for the maintenance of our housing stock where there are several pressing problems that are being addressed with priority being given to fire safety and health and safety.

- 10.3 The implication of this restriction in capital investment is that some maintenance needs are not currently being met. The Council will need to continue to critically review their asset base over the coming years with a view to retaining a sustainable level of assets to support service delivery.
- 10.4 The continuing constraints on the availability of capital resources in the medium to long term and the direct impact on the revenue budget leaves little room for manoeuvre. Work needs to commence now to ensure sufficient resources are available to the Council to provide adequate funds for financing the respective Capital Investment Programmes from 2024/25 onwards. In any event, the revenue consequences of spending scarce resources must always be borne in mind in judging the merits of any capital investment proposal.

11. Financial Implications

- 11.1 The detailed financial implications associated with the development of the budgets are detailed throughout the report.
- 11.2 The final programme is marginally higher than the £1m approved as part of the capital strategy. The additional £15,560 can be accommodated within the revenue budget as detailed elsewhere on the agenda.

12. Legal Implications

- 12.1 Part 1 of the Local Government Act, 2003 sets out the framework for capital finance and expenditure.
- 12.2 The Local Government (Capital Finance and Accounting) (England) Regulations 2003 provide more detailed requirements.
- 12.3 Section 111 of the Local Government Act, 1972 allows the Council to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.
- 12.4 The Local Government Act 2003, Sections 16(2)(b) and 20: Treatment of costs as capital expenditure allows the Council to use any capital receipts generated in 2022/23 - 2024/25 to fund revenue expenditure which will generate an on-going saving via a direction from the Secretary of State which was issued on 2nd August 2022 subject to a limitation on the type of departure costs which can be funded. Departure costs are restricted to statutory payments only, any enhancement must be funded from within the Council's revenue resources.

Background Papers

- CIPFA Prudential Code for Capital Finance in Local Government
- Capital Estimates 2023/24 – Working papers
- Investing for our future - Capital Strategy 2023/26 – Report to Joint Strategic Committee on
- Developing a revenue budget for 2023/24 against a backdrop of high inflation – Report to Joint Strategic Committee on 5th July 2022
- 2nd Capital Investment Programme and Projects Monitoring 2022/23 – Report to Adur Joint Strategic Sub-Committee on 6th December 2022
- Adur District Council - Housing Revenue Account Capital Programme 2019-2022 – Report to Joint Strategic Committee on 9th October 2018
- Improving supply of temporary accommodation - Report to Joint Strategic Committee on 13th September 2016
- Strategic Property Investment Fund 2021 - Annual Commercial Property Investment Strategy 2021/22 - Report to Joint Strategic Committee on 30th March 2021

Officer Contact Details

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

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

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

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

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

SUSTAINABILITY AND RISK ASSESSMENT

2. SOCIAL

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. ENVIRONMENTAL

Matter considered and no issues identified

4. GOVERNANCE

Matter considered and no issues identified



ADUR DISTRICT COUNCIL - 2022/23 CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
1. Schemes in Progress where the completion has been delayed beyond 31st March 2023		
Adur Homes Capital Investment Programme Albion Street Development	1,000,000	Slight delay to works due to material shortages, expected completion May 2023. Budget reprofiled in line with anticipated expenditure.
Development of Properties	15,245,420	i) Small Sites Programme - Construction expected to begin in the winter 2022/23 and will be on site for approximately 1 year. Completion anticipated March 2024.
	1,854,900	iii) Southwick Estate Remedial Works - Design, specification and procurement of initial works to be undertaken in 2022/23, main works anticipated 2023/24.
General Fund Schemes Coast Protection Works - Shoreham Harbour Walls Project	2,000,000	Tendering and design works in 2022/23. Works anticipated in 2023/24. Budget reprofiled in line with anticipated expenditure.
Corporate Buildings - Condition Surveys	20,000	Surveys to continue in 2023/24. Budget reprofiled in line with anticipated expenditure.
Council Buildings - Leased out properties condition surveys	40,000	Surveys to continue in 2023/24. Budget reprofiled in line with anticipated expenditure.
IT / Digital - Network Refresh Wifi Upgrade	24,280	Scheme to continue into 2023/24. Budget reprofiled in line with anticipated expenditure.
Lancing Leisure Centre - External Cladding	38,200	Retendered as original tenders were over budget. Works anticipated 2023/24.
Lancing Leisure Centre - Renewal of flat roof and replacement glazing	199,530	Retendered as original tenders were over budget. Works anticipated 2023/24.
Ultrafast Fibre Network Extension	1,083,160	Timescales extended, expected completion date is now Summer 2023. Budget reprofiled in line with anticipated expenditure.
Street Cleansing / Refuse / Recycling Service - Replacement Vehicles	345,600	2022/23 vehicle replacements budgets reprofiled to 2023/24 due to lead in times for the delivery of new vehicles.



ADUR DISTRICT COUNCIL - 2022/23 CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
2. Schemes due to start in 2023/24		
Adur Homes Capital Investment Programme		
Building Services - Replacement Vehicles	48,000	Budget reprofiled due to lead in times for deliveries of new vehicles.
Decarbonisation Schemes - Invest to Save	100,000	Replacement heating scheme being investigated for installation 2023/24.
Development of Properties	453,170	Contingency / Purchase of Properties - Allocation anticipated 2023/24.
External Structural Works	500,000	Works planned on Penstone / Osborne / Warren Court balconies and various roofing replacements. Works anticipated 2023/24 and 2024/25.
	1,300,000	Milfield Remedial Works - Currently in initial stages, works anticipated 2023/24 and 2024/25.
Fire Safety Works	2,500,000	Fire Door Replacements - New contractor being sourced for the project due to quality issues. Works anticipated 2023/24 and 2024/25.
Heating and Energy Efficiency Schemes	150,000	Replacement heating scheme under consideration. Possible invest to save scheme. Works anticipated 2023/24.
Professional and Consultancy Services for Adur Homes major repairs schemes	756,580	Budget reprofiled in line with lead in time for construction schemes.
General Fund Schemes		
Affordable Housing - Grants to Registered Social Landlords for the provision of affordable housing	2,069,800	Budget reprofiled due to lead times for new developments.
Buckingham Park - Replacement Pavilion	172,000	Budget profiled to 23/24 while options are under consideration
Corporate Buildings - Carbon Reduction Schemes (Invest to Save)	498,000	Reports to be submitted for any schemes which meet the "invest to save criteria".
Council Buildings - Asbestos removal and management	100,000	Budget reprofiled in line with anticipated expenditure.
Eastbrook Community Centre - Provision of Multi Use Games Area and Building Fabric Repairs	291,050	Due to reporting and lead in times for works, external works likely to be undertaken in 2023/24. Budget reprofiled in line with anticipated expenditure.




ADUR DISTRICT COUNCIL - 2022/23 CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Equalities - Access Audits	40,000	Budget reprofiled in line with anticipated expenditure.
Fishersgate Recreation Ground - Car Park Resurfacing	140,000	Scheme to be undertaken alongside the Community Centre redevelopment scheme. Budget reprofiled in line with anticipated expenditure.
Housing - Empty Properties	42,000	To date no grants or loans have been identified. Budget reprofiled.
Housing Development - South Street Car Park	1,836,000	Planning approval anticipated 2022/23 with development in 2023/24.
Housing Development (General Fund) - Acquisition and development of emergency and temporary accommodation for the homeless	1,040,960	Reprofiled due to lead in times for new developments.
IT / Digital - Identity Governance and Admin System	28,200	Original system is being reviewed and to be implemented 2023/24.
Lancing Ring - Replacement Trees	25,720	Budget reallocated to 2023/24 for further felling and planting. Budget reprofiled in line with anticipated expenditure.
Office Equipment - Microphone System Replacement	14,100	New technical solutions under consideration. Replacement anticipated 2023/24.
Play Areas - Southwick Recreation Ground Refurbishment	90,000	Installation anticipated June 2023.
Planning and Building Control - Document Management System	44,670	System currently being considered for implementation in 2023/24.
Public Conveniences - Rolling Programme of upgrades and improvements	110,000	Refurbishments of public conveniences delayed to 2023/24 due to staffing shortages in Technical Services.
Shoreham Harbour Projects	145,000	Budget reprofiled in line with anticipated expenditure.
Southwick Community Centre - Replacement of windows to the café area	35,000	Due to resourcing issues in Technical Services budget reprofiled to 2023/24.
Southwick Community Centre - Replacement of windows to the Porter Room and floor replacement	30,000	Due to resourcing issues in Technical Services budget reprofiled to 2023/24.


ADUR DISTRICT
COUNCIL**ADUR DISTRICT COUNCIL - 2022/23 CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
Strategic Property Investments - Investments in property for regeneration or service delivery.	43,488,420	Budget Reprofiled as no investments have been identified to date.
3. Schemes due to start in future years		
Mill Lane Cemetery - replacement of boundary fence	95,000	Scheme delayed by Technical Services staffing issues. Budget to be transferred to Mill Lane Cemetery replacement of vehicle compound and fuel storage scheme in order to address health and safety issues. The boundary fence is currently being maintained from revenue and a PID will be submitted for works in future years.
Total Reprofiled Budgets:	77,994,760	


ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2023/24 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL Description	Priority Score	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2022/23 £	Council Resources Funding 2023/24 £	External Funding 2023/24 £	Total Scheme Budget 2023/24 £
PROPOSED CHANGES TO 2022/23 CAPITAL INVESTMENT PROGRAMME 1 Mill Lane Cemetery - Replacement of vehicle compound and fuel storage (The current arrangement for vehicle management is very hazardous resulting in health and safety issues. This needs to be rectified as a priority. To be funded from 2022/23 Capital Investment Programme)		KS	NB	95,000	-	-	-
Proposed Changes to 2022/23 CIP:				95,000	-	-	-
Proposed Funding: Mill Lane Cemetery - Replacement of boundary fence (Fence is currently being maintained from revenue and a PID will be submitted in future years to replace the fence) Contingency							
ADUR / WORTHING PARTNERSHIP SCHEMES FUNDED FROM RING FENCED FUNDING (See full Partnership Programme in Appendix 4) 2P Bereavement Services - Cemeteries and crematorium software (New system to replace existing paper records. Total costs £102,506. Revenue costs of £16,620 p.a. Additional revenue costs £14,037 p.a.)		KG	NB	-	20,510	-	20,510


ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2023/24 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL Description	Priority Score	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2022/23 £	Council Resources Funding 2023/24 £	External Funding 2023/24 £	Total Scheme Budget 2023/24 £
3P Corporate ICT hardware and infrastructure replacement programme (ICT Hardware and Infrastructure 2023/24 Replacement programme: i) Ongoing replacement of 10% of laptop and PC estate reduced from £130k to £65k ii) Replacement of Commerce Way Monitors and Portland House Contact Centre £10k, iii) Data Centre power strips and some UPS £45k iv) Replacement of data centre servers £25k, v) Contingency £20k. Total cost £165,000)		JJ	EB	-	77,550	-	77,550
4P Digital Strategy Digital Cyber Security 2023/24: i) New Mobile phone and tablet antivirus and anti phishing software £30k ii) Information Security Resource £25k, iii) Software Solutions Cyber £50k, Contingency £15k. Total cost £120,000)		JJ	EB	-	56,400	-	56,400
5P Parks and Open Spaces - Rolling programme of large machinery / equipment replacements (Replacement of a ride on grass cutting machine £30k plus replacement of hand held powered machinery such as strimmers, hedge cutters, leaf blowers, etc. Total cost £50,000)		SM	EB	-	20,000	-	20,000
6P Parks and Open Spaces - Street litter and dog bins replacement programme (Total annual cost £15,000 p.a.)		MQ	EB	-	5,700	-	5,700


ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2023/24 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL Description	Priority Score	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2022/23 £	Council Resources Funding 2023/24 £	External Funding 2023/24 £	Total Scheme Budget 2023/24 £
7P Operational Vehicles - Replacement of 3 vehicles for the Public Convenience Service (Total cost £90,000, £63,200 c/f from 2022/23)		MQ	EB	-	8,040	-	8,040
8P Refuse and Recycling Service - Wheeled bin replacements (Total annual cost £96,000 p.a., £30,000 funded from green bin income)		MQ	EB	-	24,750	10,920	35,670
9P Trade Waste Bins - Replacement Programme (Total annual cost £76,370, £25,000 funded from green bin income)		MQ	EB	-	15,410	7,500	22,910
Total Adur / Worthing Partnership Schemes:					228,360	18,420	246,780
SCHEMES FUNDED FROM GENERAL FUND SCHEMES WITH HEALTH AND SAFETY ISSUES							
10 Commerce Way - Refurbishment of floor coverings (Floors contain asbestos which needs to be removed or managed. Contribution of 50% of costs from Worthing Borough Council)	N/A	KS	EB	-	50,000	50,000	100,000


ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2023/24 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL Description	Priority Score	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2022/23 £	Council Resources Funding 2023/24 £	External Funding 2023/24 £	Total Scheme Budget 2023/24 £
11 Commerce Way - Refurbishment of offices (Health and Safety Issues identified from unsafe working conditions. Works required: partitioning, new kitchen, new I.T., door controls and flooring. Contribution of 50% of costs from Worthing Borough Council)	N/A	KS	NB	-	37,500	37,500	75,000
12 Commerce Way - Replacement roof covering including relocation of solar panels and thermal upgrade. (Health and Safety issues from water ingress and danger of falling ceilings. Contribution of 50% of costs from Worthing Borough Council)	N/A	KS	NB	-	75,000	75,000	150,000
13 Corporate Buildings - Fire Door Replacements (Identified from Fire Risk Assessments)	N/A	KS	EB/NB	-	25,000	-	25,000
14 Lancing Manor Leisure Centre - Roof access (Health and safety issues identified for contractors needing to access roof area)	N/A	KS	NB	-	11,200	-	11,200
PRIORITY SCORED SCHEMES							
15 Housing Renewal Assistance - Mandatory Disabled Facilities Grants (Funded from the DCLG Better Care Fund)	48	BR	EB	-	-	375,000	375,000


ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2023/24 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL Description	Priority Score	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2022/23 £	Council Resources Funding 2023/24 £	External Funding 2023/24 £	Total Scheme Budget 2023/24 £
16 Disability Discrimination Act Improvements (Provision of minor alterations and improvements to Council Properties)	42	KS	EB	-	11,000	-	11,000
17 Play Area Improvements - Replacement of play equipment, safety surfaces and perimeter fencing	41	SM	EB	-	80,000	-	80,000
18 Community Alarm Service - Procurement of community alarm equipment (Purchase of new alarm units for new customers and to replace units which have reached the end of their useful lives to attract new and retain existing customers. Funded from Community Alarm Trading Account)	36	BR	EB	-	-	50,000	50,000
19 Parks and Open Spaces - Vehicular incursion prevention measures (Enhanced security for priority sites, boundary aesthetics and vehicular incursion deterrent measures across the District's parks and open spaces. 2023/24 works at Adur and Southwick Recreation Grounds)	36	MP/SM	EB	-	70,000	-	70,000


ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2023/24 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL Description		Priority Score	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2022/23 £	Council Resources Funding 2023/24 £	External Funding 2023/24 £	Total Scheme Budget 2023/24 £
20 Housing Renovation Assistance Scheme - Discretionary Grants (Provision of grants and loans to owner-occupiers to carry out essential repairs or improvements and provision of grants to landlords to bring properties up to standard in return for nomination rights)		35	BR	EB	-	40,000	-	40,000
21 Fire Risk Assessment Works - Remedial works identified from Fire Risk Assessment Surveys		32	KS	EB	-	12,500	-	12,500
22 Lancing Manor Leisure Centre - External cladding replacement, renewal of flat roof area over the entrance hall and replacement of glazing units in the entrance hall (Continuation of 2022/23 project. The scheme has been retendered as the original tenders were over the current budget of £237,730. Total costs are now estimated at £497,730, £260,000 over budget)		32	KS	EB	-	260,000	-	260,000
23 Public Conveniences - Rolling programme of refurbishments (Sites to be agreed with the Executive Member)		30	KS	EB/NB	-	50,000	-	50,000

ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2023/24 CAPITAL INVESTMENT PROGRAMME


 ADUR DISTRICT COUNCIL Description		Priority Score	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2022/23 £	Council Resources Funding 2023/24 £	External Funding 2023/24 £	Total Scheme Budget 2023/24 £
24	Contingency provision for urgent / priority schemes, inflation and unavoidable overspends	N/A	SG	EB	-	50,000	-	50,000
25	Contingency Provision for Project Management of Grant Funded Decarbonisation Schemes	N/A	JJ	NB	-	15,000	-	15,000
TOTAL 2023/24 CAPITAL SCHEMES:						1,015,560	605,920	1,621,480
FUNDING FOR PROPOSED CAPITAL INVESTMENT PROGRAMME								
Capital Grants						-	375,000	375,000
Capital Contributions						-	162,500	162,500
Revenue Contributions / Reserves								
AWCS Refuse/Recycling Service						-	18,420	18,420
Community Alarm Service						-	50,000	50,000
Capital Receipts / Prudential Borrowing						1,015,560	-	1,015,560
TOTAL FUNDING:						1,015,560	605,920	1,621,480


ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2023/24 CAPITAL INVESTMENT PROGRAMME


 ADUR DISTRICT COUNCIL Description	Priority Score	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amend- ments to Council Resources	Council Resources Funding	External Funding	Total Scheme Budget
				2022/23 £	2023/24 £	2023/24 £	2023/24 £


Lead Officers:


BR	Bruce Reynolds	Team Leader, Environmental Health
JJ	Jan Jonker	Head of Customer and Digital Services
KG	Kate Greening	Bereavement Services Manager
KS	Kevin Smith	Principal Building Surveyor
MP	Martyn Payne	Senior Engineer
MQ	Mark Quartly	Assistant Operations Manager
SM	Steve McKenna	Operations Manager, Parks and Foreshore


SUMMARY							
ADUR DISTRICT COUNCIL CAPITAL INVESTMENT PROGRAMME 2022/23 - 2025/26							
 ADUR DISTRICT COUNCIL	Total Estimate £	CAPITAL ESTIMATES					
		Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025 Draft Estimate £	2025/2026 Future Estimate £
			Original £	Current £	Current £		
Column Reference (1)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
BUDGETS							
Executive Member for Adur Homes and Customer Services	73,556,320	6,194,880	36,344,670	16,523,100	34,706,340	8,046,000	8,086,000
Executive Member for Environment and Leisure	4,043,789	235,779	2,218,150	1,058,350	1,728,840	579,270	441,550
Executive Member for Communities and Wellbeing	927,510	-	522,600	138,460	607,050	61,000	121,000
Executive Member for Regeneration and Strategic Planning	7,235,200	4,068,990	2,568,250	691,590	2,241,270	96,270	137,080
Executive Member for Resources	132,635,620	84,146,760	45,992,350	1,304,360	45,822,790	664,710	697,000
	218,398,439	94,646,409	87,646,020	19,715,860	85,106,290	9,447,250	9,482,630
FINANCING							
Capital Grants and Contributions							
Communities and Local Government			989,650	695,710	682,280	375,000	375,000
Environment Agency			560,990	87,080	699,270	96,270	87,080
S106 Contributions from Planning Agreements			167,450	77,890	150,000	-	-
Other Contributions			65,000	127,500	825,000	201,500	50,000
Prudential Borrowing			81,632,510	12,415,040	78,360,320	4,385,060	4,581,130
Revenue Contributions and Reserves							
Revenue Contributions			130,420	88,420	68,420	85,420	89,420
Revenue Reserves			3,900,000	6,000,000	4,200,000	4,200,000	4,200,000
Usable Capital Receipts			200,000	224,220	121,000	104,000	100,000
			87,646,020	19,715,860	85,106,290	9,447,250	9,482,630

SUMMARY FUNDING CAPITAL INVESTMENT PROGRAMME 2022/23 - 2025/26					
 ADUR DISTRICT COUNCIL	CAPITAL ESTIMATES				
	2022/2023		2023/2024	2024/2025 Draft Estimate	2025/2026 Future Estimate
	Original £	Current £	Current £	£	£
Column Reference (1)	(6)	(7)	(8)	(9)	(10)
DETAILED FUNDING					
Capital Grants and Contributions					
<u>Department for Levelling Up Housing and Communities</u>					
Better Care Fund (Disabled Facilities Grants)	375,000	442,310	375,000	375,000	375,000
Changing Places Fund (Shoreham Centre - Accessible toilet facilities)	-	50,000	50,000	-	-
Local Enterprise Partnership (Governments Growth Deal) (Shoreham Harbour Walls Project)	-	-	112,280	-	-
Public Sector Decarbonisation (Adur Homes - Carbon reduction works in Council dwellings)	100,000	-	-	-	-
Shoreham Harbour Growth Point Grant (Shoreham Harbour Projects)	145,000	-	145,000	-	-
(Shoreham Harbour Walls Coast Protection Project)	369,650	203,400	-	-	-
	989,650	695,710	682,280	375,000	375,000
<u>Environment Agency</u>					
Coast Protection Grant (Strategic Monitoring Project for the South East Phase 5)	87,080	87,080	96,270	96,270	87,080
(Shoreham Harbour Walls Coast Protection Project)	473,910	-	603,000	-	-
	560,990	87,080	699,270	96,270	87,080
<u>S106 Receipts from Planning Agreements</u>					
(Adur Recreation Ground - Replacement of aging play equipment)	-	25,000	-	-	-
(Contribution to the Sir Robert Woodward Academy for the provision of CCTV cameras)	-	5,000	-	-	-
(Buckingham Park - Installation of recreational facilities)	-	30,440	-	-	-
(Buckingham Park Pavilion - Replacement)	150,000	-	150,000	-	-
Southlands Hospital - Play area improvements	17,450	17,450	-	-	-
	167,450	77,890	150,000	-	-
<u>Other Contributions</u>					
Business Rate Pool (Extending Ultrafast Fibre Network)	-	-	662,500	-	-
External Funding (Parks and Open Spaces - Artwork)	15,000	15,000	-	-	-
Sompting BIG Local (Play Area Improvements - Sompting Recreation Ground)	50,000	50,000	-	-	-
Worthing Borough Council (Contribution to improvements at Commerce Way)	-	62,500	162,500	201,500	50,000
	65,000	127,500	825,000	201,500	50,000


SUMMARY FUNDING CAPITAL INVESTMENT PROGRAMME 2022/23 - 2025/26					
 ADUR DISTRICT COUNCIL	CAPITAL ESTIMATES				
	2022/2023		2023/2024	2024/2025 Draft Estimate	2025/2026 Future Estimate
	Original £	Current £	Current £	£	£
Column Reference (1)	(6)	(7)	(8)	(9)	(10)
Prudential Borrowing					
<i>Housing Revenue Account - Housing Capital Investment Programme</i> (Carbon Reduction Schemes)	25,485,400 100,000	7,805,890 100,000	25,208,070 -	1,300,000 -	1,300,000 -
<u><i>Invest to Save Schemes</i></u> (Carbon Reduction Schemes)	498,000	-	498,000	82,210	325,000
(Property Acquisition - Acquisition of emergency or temporary property for the homeless)	3,142,470	1,234,690	2,642,470	2,000,000	2,000,000
(Strategic Property Investment Fund for investments in commercial property)	43,488,420	-	43,488,420	-	-
<u><i>General Fund Schemes</i></u> (Other Schemes)	8,918,220	3,274,460	6,523,360	1,002,850	956,130
	81,632,510	12,415,040	78,360,320	4,385,060	4,581,130
Revenue Contributions and Reserves					
<u><i>Revenue Contributions</i></u> Community Alarm Service (Purchase of community alarm equipment)	60,000	60,000	50,000	50,000	50,000
<u><i>Revenue Contributions (Continued)</i></u> Digital Services (Network Refresh Project)	10,000	10,000	-	-	-
Housing Service (Empty Properties - Grants and loans to bring empty properties back into use)	42,000	-	-	17,000	21,000
Adur and Worthing Refuse and Recycling Service (Wheeled bin replacements)	10,920	10,920	10,920	10,920	10,920
Adur and Worthing Refuse and Recycling Service (Trade waste bin replacements)	7,500	7,500	7,500	7,500	7,500
	130,420	88,420	68,420	85,420	89,420
<u><i>Revenue Reserves</i></u> Major Repairs Reserve (Adur Homes Capital Investment Programme)	3,900,000	6,000,000	4,200,000	4,200,000	4,200,000
	3,900,000	6,000,000	4,200,000	4,200,000	4,200,000
Usable Capital Receipts					
Adur Homes Capital Investment Programme	100,000	100,000	100,000	100,000	100,000
Ring-Fenced (Empty Property Grants)	-	-	21,000	4,000	-
(Flexible Use of Capital Receipts - Adur / Worthing Accommodation Project)	-	18,000	-	-	-
(Grounds Maintenance Equipment)	-	6,220	-	-	-
(Shoreham Renaissance - Town Centres Public Space Improvements)	50,000	50,000	-	-	-
(Shoreham Renaissance - Southwick Football Club refurbishment)	50,000	50,000	-	-	-
	200,000	224,220	121,000	104,000	100,000


EXECUTIVE MEMBER FOR ADUR HOMES AND CUSTOMER SERVICES CAPITAL INVESTMENT PROGRAMME								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025 Draft Estimate £	2025/2026 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
GENERAL FUND SCHEMES								
Affordable Housing Grants to Registered Social Landlords for the provision of affordable housing	AA	2,789,800	-	2,789,800	720,000	2,069,800	-	-
Community Alarm Service Purchase of community alarm equipment to replace old equipment (Funded from the Community Alarm Service)	BR	210,000	-	60,000	60,000	50,000	50,000	50,000
Housing Empty property grants and loans to bring empty properties back into use (Part funded from ring-fenced capital receipts)	BR	63,000	-	42,000	-	21,000	21,000	21,000
Housing Renewal Assistance <u>Discretionary Grants</u> Home Repair Assistance Grants	BR	140,210	-	50,000	60,210	40,000	-	40,000
<u>Mandatory Grants</u> Disabled Facilities Grants (Funded by DCLG Better Care Fund)	BR	1,567,310	-	375,000	442,310	375,000	375,000	375,000
Housing Property Development Acquisition and development of emergency, interim, temporary accommodation for the homeless (Invest to Save Schemes)								
i) Albion Street refurbishments	AA	930,010	381,640	200,000	548,370	-	-	-
ii) Land at North Road	AA	1,097,480	911,160	-	186,320	-	-	-
iii) South Street Housing Development	AP	2,336,000	-	-	500,000	1,836,000	-	-
iii) Unallocated budget	AA	4,806,470	-	3,142,470	-	806,470	2,000,000	2,000,000
TOTAL GENERAL FUND SCHEMES		13,940,280	1,292,800	6,659,270	2,517,210	5,198,270	2,446,000	2,486,000
ADUR HOMES - HOUSING INVESTMENT PROGRAMME								
1 Disability Adaptations for Homes On-going programme providing access and home facilities for Council tenants with disabilities	AA	1,000,000	-	250,000	250,000	250,000	250,000	250,000
2 External Structural Works i) Flat Roof Recovering/Replacement Programme ii) Re-Pointing Programme and Structural Works iii) Pitched Roofs Recovering/Replacement Renewal of roof coverings, timber structures, chimney stacks and firewalls iv) External Joinery and Window Replacements v) Replacement of double glazed windows, external doors and timber frames vi) Replacement/Upgrade of door entry systems	AA	12,673,710	-	3,625,900	1,135,230	6,941,480	1,371,000	3,226,000

EXECUTIVE MEMBER FOR ADUR HOMES AND CUSTOMER SERVICES CAPITAL INVESTMENT PROGRAMME								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025 Draft Estimate £	2025/2026 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ADUR HOMES - HOUSING INVESTMENT PROGRAMME (continued)								
3 Carbon Reduction Schemes Invest to Save Scheme. Funding to be released on submission of a business case to the Executive Member for Resources	DG	100,000	-	100,000	-	100,000	-	-
4 Electrical Safety Works Rolling programme of works to ensure electrical compliance. Works include testing and replacement of electrical wiring	AA	1,750,000	-	690,000	200,000	400,000	690,000	460,000
5 Fire Safety Order Works Rolling programme of works to meet Regulatory Reform (Fire Safety) Order 2005 identified from Fire Risk Assessments	AA	8,896,000	-	3,060,000	2,396,000	4,200,000	2,300,000	-
6 Heating and Energy Efficiency Schemes i) Carbon reduction works including installation of heat pumps to replace or complement gas boilers. ii) Boiler replacement programme	AA	930,800	-	230,000	200,800	75,000	130,000	525,000
7 Stock Condition Survey To inform a planned programme of structural works	AA	590,000	-	40,000	80,000	200,000	40,000	270,000
8 Asbestos Management Management and removal of asbestos found in council dwellings	AA	325,000	-	75,000	100,000	75,000	75,000	75,000
9 Responsive Capital Repairs Urgent capital repairs identified in advance of planned capital works	AA	620,000	-	100,000	270,000	100,000	100,000	150,000
10 Capital Works on Empty Properties Over the course of a year approximately 120 council dwellings become vacant and require capital works before they can be re-let	AA	600,000	-	100,000	200,000	200,000	100,000	100,000
11 HRA Development Programme The development of new properties for let by Adur Homes. ii) Albion Street iii) Hidden Homes iv) Hidden Homes - Future Programme v) Ashcroft vi) Purchase of properties/Contingency (Funded from borrowing, external funds S106 receipts and capital receipts)	AA AA AA AA AA	12,191,010 15,935,000 - 540,000 453,170	4,102,610 689,580 - 109,890 -	6,000,000 14,394,500 - - 428,000	7,088,400 1,000,000 - 430,110 -	1,000,000 14,245,420 - - 453,170	- - - - -	- - - - -
12 Building Services Vehicle replacements	AA	48,000	-	48,000	-	48,000	-	-
13 Professional and Consultancy Services	AA	2,963,350	-	544,000	655,350	1,220,000	544,000	544,000
TOTAL HOUSING INVESTMENT PROGRAMME		59,616,040	4,902,080	29,685,400	14,005,890	29,508,070	5,600,000	5,600,000
TOTAL		73,556,320	6,194,880	36,344,670	16,523,100	34,706,340	8,046,000	8,086,000


EXECUTIVE MEMBER FOR ENVIRONMENT AND LEISURE CAPITAL INVESTMENT PROGRAMME								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025	2025/2026
				Original £	Current £	Current £	Draft Estimate £	Future Estimate £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Bereavement Services								
New operational vehicles - 3 way tipper transit with towbar and trailer and mini tractor and flair (Partnership scheme with Worthing Borough Council. Total cost £105,970)	KG	52,990	-	20,000	20,000	-	32,990	-
Replacement of grounds maintenance equipment (Partnership scheme with Worthing Borough Council)	KG	12,800	-	12,800	12,800	-	-	-
Cemeteries								
Mill Lane Cemetery - Replacement of boundary fence (Fence being maintained from revenue. Replacement deferred)	KG	-	-	90,000	-	-	-	-
Mill Lane Cemetery - Replacement of vehicle compound and fuel storage	KG	95,000	-	-	-	95,000	-	-
Dog Warden Service								
Replacement of 1 vehicle (Partnership scheme with Worthing Borough Council. Total cost £45,000)	NS	22,500	-	-	-	-	22,500	-
Foreshore								
Kingston Beach - Environmental improvements (Works under review. To be considered in future years)	SM	-	-	20,000	-	-	-	-
Leisure Centres								
DDA accessible entrance doors for Southwick Leisure Centre, Lancing Manor Leisure Centre and Wadurs Swimming Pool	KS	33,600	-	33,600	33,600	-	-	-
Lancing Manor Leisure Centre								
Car Park - Vehicle access reconstruction at main entrance and vehicle restriction barriers to the grounds and car park	MP	88,480	74,280	14,200	14,200	-	-	-
External cladding replacement	KS	50,000	11,800	50,000	-	38,200	-	-
Renewal of flat roof area over the entrance hall and replacement of glazing units in the entrance hall	KS	460,000	470	195,000	-	459,530	-	-
Roof access system	KS	11,200	-	-	-	11,200	-	-
Parks and Open Spaces								
Art Work (Commissioning and installation of art in the parks both traditional and contemporary. Subject to external funding)	SM	15,000	-	15,000	15,000	-	-	-
Buckingham Park - Contribution to the replacement of the pavilion (£150,000 funded from S106 receipts)	SM	172,000	-	172,000	-	172,000	-	-

EXECUTIVE MEMBER FOR ENVIRONMENT AND LEISURE CAPITAL INVESTMENT PROGRAMME								
<div><div><div>ADC</div></div><div>ADUR DISTRICT COUNCIL</div><div>Scheme</div></div>	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025 Draft Estimate £	2025/2026 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Parks and Open Spaces (Continued)</i>								
Buckingham Park - Replacement of fencing, resurfacing of footpaths and other hard landscaping to improve access, including disability access across the site	SM	55,990	17,770	30,000	38,220	-	-	-
Buckingham Park - Hard standing area and recreational equipment (Funded from S106 receipts)	SM	52,770	22,330	20,000	30,440	-	-	-
Fishersgate Recreation Ground - Car Park resurfacing	MP	140,000	-	140,000	-	140,000	-	-
<i>Grounds Maintenance Service</i>								
Replacement of operational vehicles (Partnership scheme with Worthing Borough Council. Total cost £439,500)	SM	72,000	-	72,000	72,000	-	-	-
Rolling programme of equipment replacements (Partnership scheme with Worthing Borough Council. Total cost £80,000 p.a)	SM	80,640	-	32,000	44,640	20,000	8,000	8,000
Infrastructure improvements to the Council's Parks (Improvements to include signage, recycling features, landscape enhancements and improved community facilities to meet Green Flag Award submissions)	SM	15,000	-	15,000	15,000	-	-	-
Landscape Adaptations - A series of initiatives designed to help cope with the changing climate. Schemes to include rain gardens, wildflower planting, prairie planting, edible landscapes, rewilding and wildlife habitat	SM	60,000	-	60,000	60,000	-	-	-
Replacement of trees affected by Ash Dieback	SM	50,020	4,300	50,020	20,000	25,720	-	-
Signage - Rolling programme of replacements	SM	19,990	11,340	-	8,650	-	-	-
Street litter and dog bins replacement programme (Partnership scheme with Worthing Borough Council)	MQ	20,900	-	3,800	3,800	5,700	5,700	5,700
Sustainable landscaping by creating successional bulb planting areas along major gateways into Adur (To reduce mowing, support pollinators and create outstanding visual impacts)	SM	30,000	-	30,000	30,000	-	-	-


EXECUTIVE MEMBER FOR ENVIRONMENT AND LEISURE CAPITAL INVESTMENT PROGRAMME								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025	2025/2026
				Original £	Current £	Current £	Draft Estimate £	Future Estimate £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Parks and Open Spaces (Continued)								
Vehicular Incursion Prevention Measures (Enhanced security for priority sites, boundary aesthetics and vehicular incursion deterrent measures across the District's parks and open spaces)	MP	315,000	-	65,000	65,000	70,000	90,000	90,000
Play Area Improvements								
Adur Recreation Ground - Replacement of aging equipment (Funded from S106 Receipts)	SM	25,000	-	-	25,000	-	-	-
Replacement of safety surfaces, equipment and perimeter fencing	SM	566,810	-	330,000	236,810	170,000	80,000	80,000
Sompting Recreation Ground (Contribution of £50,000 from Sompting BIG Local)	SM	100,810	7,170	90,000	93,640	-	-	-
Southlands Way Play Area Improvements (Funded from S106 receipts)	SM	17,450	-	17,450	17,450	-	-	-
Public Conveniences								
Hand washing units - Replacement	KS	54,999	29,279	25,000	25,720	-	-	-
Rolling programme of upgrades and improvements	KS	110,000	-	110,000	-	110,000	-	-
Public Conveniences Van Replacements (Partnership scheme with Worthing Borough Council. Total cost £90,000)	MQ	27,000	-	-	-	27,000	-	-
Refuse/Recycling Service								
Provision of trade waste bins (Partnership scheme with Worthing Borough Council. Total cost £76,370 p.a. Revenue contribution of £25,000 p.a.)	MQ	91,640	-	15,000	22,910	22,910	22,910	22,910
Provision of wheeled bins (Partnership scheme with Worthing Borough Council. Total annual cost £96,000, £30,000 funded from green bin income)	MQ	132,850	-	25,480	28,030	34,940	34,940	34,940
Street Cleansing / Refuse / Recycling Service								
Replacement vehicles (Partnership scheme with Worthing Borough Council. Total cost £2,142,410)	MQ	808,870	-	345,600	-	326,640	282,230	200,000
Fleet Management System (Partnership scheme with Worthing Borough Council. Total cost £23,840)	MQ	8,680	7,040	-	1,640	-	-	-
Southwick Football Ground								
Rectification of building defects, floodlighting and boundary walling (£50,000 Funded from S106 receipts and £50,000 funded from capital receipts)	JA	150,000	50,000	100,000	100,000	-	-	-


EXECUTIVE MEMBER FOR ENVIRONMENT AND LEISURE CAPITAL INVESTMENT PROGRAMME								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025 Draft Estimate £	2025/2026 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Transport Workshop Replacement of HGV Vehicle Lifts (Partnership scheme with Worthing Borough Council. Total cost £48,000)	MQ	23,800	-	19,200	23,800	-	-	-
TOTAL		4,043,789	235,779	2,218,150	1,058,350	1,728,840	579,270	441,550


**EXECUTIVE MEMBER FOR COMMUNITIES AND WELLBEING
CAPITAL INVESTMENT PROGRAMME**

 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025 Draft Estimate £	2025/2026 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Community Centres								
Eastbrook Manor Community Centre - Provision of Multi Use Games Area and Building Fabric Repairs	KS MP	346,050	-	286,000	55,000	291,050	-	-
Southwick Community Centre - Replacement of windows to café area	KS	35,000	-	35,000	-	35,000	-	-
Southwick Community Centre - Replacement of windows to Porter Room and floor replacement	KS	30,000	-	30,000	-	30,000	-	-
Equalities								
Access Audits required under the Equalities Act	KS	150,000	-	50,000	10,000	40,000	50,000	50,000
Disability Discrimination Act Improvements - Rolling programme of improvements to Council buildings	KS	34,600	-	1,600	1,600	11,000	11,000	11,000
Shoreham Centre - Accessible toilet facilities (Part funded from the Changing Places Fund)	KS	150,000	-	-	50,000	100,000	-	-
Public Health								
Asbestos Management - Provision for management and removal of asbestos found in Council buildings	KS	181,860	-	120,000	21,860	100,000	-	60,000
TOTAL		927,510	-	522,600	138,460	607,050	61,000	121,000

**EXECUTIVE MEMBER FOR REGENERATION AND STRATEGIC PLANNING
CAPITAL INVESTMENT PROGRAMME**

 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025	2025/2026
				Original £	Current £	Current £	Draft Estimate £	Future Estimate £
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Adur Town Centre Public Space Improvements Rolling programme of works to improve the environment of Adur District	AW	221,070	9,820	144,740	161,250	-	-	50,000
Coast Protection Works Shoreham Harbour Walls Project (Part funded from the Government's Growth Deal and the Environment Agency)	CC	6,419,000	4,030,840	2,153,030	388,160	2,000,000	-	-
Strategic Monitoring Project for the South East Phase 5 (Contribution to the Maritime Authorities Partnership Scheme. Funded by the Environment Agency)	MP	390,130	23,430	87,080	87,080	96,270	96,270	87,080
Land Drainage Realignment of the ditch and stabilisation of banks in the vicinity of Larkfield playing field, Lancing	MP	55,000	4,900	38,400	50,100	-	-	-
Shoreham Harbour Projects (Approved by the Shoreham Harbour Project Board and funded from Shoreham Harbour Growth Point Grant)	CJ	145,000	-	145,000	-	145,000	-	-
Sport and Recreation Facilities in the Community S106 Contributions: CCTV Cameras at the Sir Robert Woodard Academy	JA	5,000	-	-	5,000	-	-	-
TOTAL		7,235,200	4,068,990	2,568,250	691,590	2,241,270	96,270	137,080

EXECUTIVE MEMBER FOR RESOURCES CAPITAL INVESTMENT PROGRAMME								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025 Draft Estimate £	2025/2026 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Admin Buildings								
Commerce Way								
External door replacements (Funded 50% by Worthing Borough Council)	KS	50,000	-	-	-	-	50,000	-
Provision of female facilities (Funded 50% by Worthing Borough Council)	KS	55,000	-	-	55,000	-	-	-
Refurbishment of floor coverings (Funded 50% by Worthing Borough Council)	KS	300,000	-	-	-	100,000	100,000	100,000
Refurbishment of offices, new kitchen, door controls and flooring (Funded 50% by Worthing Borough Council)	KS	75,000	-	-	-	75,000	-	-
Replacement roof covering including relocation of solar panels and thermal upgrade (Funded 50% by Worthing Borough Council)	KS	150,000	-	-	-	150,000	-	-
Replacement of vehicle workshop roof (Funded 50% by Worthing Borough Council)	KS	253,000	-	-	-	-	253,000	-
Upgrade of male showers (Funded 50% by Worthing Borough Council)	KS	70,000	-	-	70,000	-	-	-
Adur and Worthing Workspaces Project								
Portland House - Asbestos removal and fire safety works	KS	613,610	404,000	23,180	209,610	-	-	-
Town Hall - Refurbishment for new ways of working (Funded 40% by Worthing Borough Council)								
Corporate Buildings								
Condition Surveys (To provide an assessment of the current condition of the Council's corporate buildings to inform a programme of planned maintenance works)	KS	102,060	33,760	51,100	23,300	20,000	-	25,000
Carbon Reduction Schemes General Provision (Invest to Save Schemes)	DG	933,000	27,790	498,000	-	498,000	82,210	325,000
Carbon Reduction Schemes - Project Management	DG	45,000	-	-	-	15,000	15,000	15,000
Public Sector Decarbonisation Schemes Shoreham Centre - Installation of Air Source Heat Pumps	DG	658,620	426,490	100,000	232,130	-	-	-
Fire Risk Assessment Works (Remedial works identified from Fire Risk Assessment Surveys)	KS	50,000	-	25,000	25,000	12,500	-	12,500
Replacement of Fire Doors (Identified from Fire Risk Assessments of Council Properties)	KS	78,000	-	-	53,000	25,000	-	-

EXECUTIVE MEMBER FOR RESOURCES CAPITAL INVESTMENT PROGRAMME								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 1.4.2022 £	2022/2023		2023/2024	2024/2025 Draft Estimate £	2025/2026 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Leased Out Properties								
Condition Surveys (To provide an assessment of the current condition of the Council's leased out properties to inform a programme of planned maintenance works)	CC	130,630	-	75,630	35,630	40,000	-	55,000
Office Equipment								
Microphone system replacement (Partnership scheme with Worthing Borough Council. Total cost £30,000)	SS	14,100	-	14,100	-	14,100	-	-
Information and Communications Technology								
Cemeteries and Crematorium Software (Partnership scheme with Worthing Borough Council. Total cost £102,560)	KG	20,510	-	-	-	20,510	-	-
Corporate ICT hardware and infrastructure replacement programme (Partnership scheme with Worthing Borough Council. Total cost £878,370)	JJ	412,830	-	103,400	119,080	77,550	108,100	108,100
COSHH Management Software To support Risk Management and Health and Safety Issues (Partnership scheme with Worthing Borough Council. Total cost £13,500)	JJ	6,340	-	-	6,340	-	-	-
Digital Strategy - General Provision (Partnership scheme with Worthing Borough Council. Total cost £646,890)	JJ	280,400	-	97,360	83,000	84,600	56,400	56,400
Network Refresh Project Wifi upgrade across all sites, improvements to remote working, network resilience and robustness (Partnership scheme with Worthing Borough Council. Total cost £879,690)	JJ	368,670	245,930	10,000	98,460	24,280	-	-
Extending Ultrafast Fibre Network (Community fibre connections. £317,950 funded by the Local Enterprise Partnership)	JJ	1,952,070	599,740	1,308,010	269,170	1,083,160	-	-
Planning and Building Control Document Management Solution (Partnership scheme with Worthing Borough Council. Total cost £95,040)	JA	44,670	-	44,670	-	44,670	-	-
Strategic Property Investments								
Investments in property for regeneration or service delivery	CC	125,897,470	82,409,050	43,488,420	-	43,488,420	-	-
Contingency: Inflation, Fluctuations and Urgent Schemes	SG	74,640	-	153,480	24,640	50,000	-	-
TOTAL		132,635,620	84,146,760	45,992,350	1,304,360	45,822,790	664,710	697,000

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ADUR & WORTHING
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ADUR AND WORTHING PARTNERSHIP SCHEMES C/F FROM 2022/23 AND PROPOSED ADUR AND WORTHING CAPITAL INVESTMENT PROGRAMMES 2023/24 - 2025/26

		Scheme	Requesting Officer	Split of Costs ADC / WBC	Budgets c/f from 2022/23 to 2023/24 £	BUDGETS PROPOSED			TOTAL BUDGET £
						2023/24	2024/25	2025/26	
						£	£	£	
1	Bereavement Services	Bereavement Services - Cemeteries and Crematorium Software	Kate Greening	20 / 80	£ -	£ 102,560	£ -	£ -	£ 102,560
2	Bereavement Services	Bereavement Services - New operational vehicle; mini tractor and flail	Kate Greening	50 / 50	£ -	£ -	£ 65,970	£ -	£ 65,970
3	Dog Warden Service	Replacement of one operational vehicle	Mark Quartly	50 / 50	£ -	£ -	£ 45,000	£ -	£ 45,000
4	Information and Communications Technology	Replacement of Microphone System	Neil Terry	47 / 53	£ 30,000	£ -	£ -	£ -	£ 30,000
5	Information and Communications Technology	Corporate ICT hardware and infrastructure replacement programme	Jan Jonker	47 / 53	£ -	£ 165,000	£ 230,000	£ 230,000	£ 625,000
6	Information and Communications Technology	Digital Strategy - Identity and Access Management (Single Sign On)	Jan Jonker	47 / 53	£ 60,000	£ -	£ -		£ 60,000
7	Information and Communications Technology	Digital Strategy - Digital Cyber Security	Jan Jonker	47 / 53	£ -	£ 120,000	£ 120,000	£ 120,000	£ 360,000



ADUR AND WORTHING PARTNERSHIP SCHEMES C/F FROM 2022/23 AND PROPOSED ADUR AND WORTHING CAPITAL INVESTMENT PROGRAMMES 2023/24 - 2025/26

		Scheme	Requesting Officer	Split of Costs ADC / WBC	Budgets c/f from 2022/23 to 2023/24 £	BUDGETS PROPOSED			TOTAL BUDGET £
						2023/24	2024/25	2025/26	
						£	£	£	
8	Information and Communications Technology	Gigabit Project / Extension of Ultrafast Fibre Network	Jan Jonker	47 / 53	£ 2,304,600	£ -	£ -	£ -	£ 2,304,600
9	Information and Communications	Network Refresh Project	Jan Jonker	47 / 53	£ 51,660	£ -	£ -	£ -	£ 51,660
10	Information and Communications Technology	Planning and Building Control Document Management Solution	Jan Jonker	47 / 53	£ 95,040	£ -	£ -	£ -	£ 95,040
11	Parks and Open Spaces	Street litter and dog bins replacement programme	Mark Quartly	38 / 62	£ -	£ 15,000	£ 15,000	£ 15,000	£ 45,000
12	Parks and Open Spaces	Replacements of equipment used in parks and open spaces	Steve McKenna	40 / 60	£ -	£ 50,000	£ 20,000	£ 20,000	£ 90,000
13	Parks and Open Spaces	Replacement of vehicles used in parks and open spaces	Steve McKenna	40 / 60		£ -	£ -	£ -	£ -
14	Public Conveniences	Replacement of 3 essential operational vehicles with electric or low emission vehicles where available	Mark Quartly	30 / 70	£ 63,200	£ 26,800	£ -	£ -	£ 90,000
15	Refuse / Recycling / Street Cleansing	Replacement of essential operational vehicles with electric or low emission vehicles where available	Mark Quartly	36.4 / 63.6 (Refuse/Recycling) 39.4 / 60.6 (Street Cleansing)	£ 858,610	£ -	£ 783,800	£ 500,000	£ 2,142,410

ADUR & WORTHING
COUNCILS

ADUR AND WORTHING PARTNERSHIP SCHEMES C/F FROM 2022/23 AND PROPOSED ADUR AND WORTHING CAPITAL INVESTMENT PROGRAMMES 2023/24 - 2025/26

		Scheme	Requesting Officer	Split of Costs ADC / WBC	Budgets c/f from 2022/23 to 2023/24 £	BUDGETS PROPOSED			TOTAL BUDGET £
						2023/24	2024/25	2025/26	
						£	£	£	
16	Refuse and Recycling Service	Wheeled Bin Replacements	Mark Quartly	36.4 / 63.6	£ -	£ 96,000	£ 96,000	£ 96,000	£ 288,000
17	Trade Waste Service	Trade Waste Bins Replacements	Mark Quartly	30 / 70	£ -	£ 76,370	£ 76,370	£ 76,370	£ 229,110
BUDGET PROPOSED:					£ 3,463,110	£ 651,730	£ 1,452,140	£ 1,057,370	£6,624,350
FUNDING FROM ICT RING FENCED PROVISION:						£ 165,000	£ 230,000	£ 230,000	£ 625,000
FUNDING FROM DIGITAL STRATEGY PROVISION:						£ 120,000	£ 120,000	£ 120,000	£ 360,000
FUNDING FROM PARTNERSHIP RING FENCED PROVISION:						£ 366,730	£ 1,102,140	£ 707,370	£2,176,240

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ADUR DISTRICT
COUNCIL

ADUR DISTRICT COUNCIL - ADUR HOMES AND CUSTOMER SERVICES

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

Scheme	Estimates £	Reason	Officers Recommendations
COMMUNITY ALARM SERVICE Purchase of community alarm equipment (Annual provision)	50,000	Estimate revised	Amend Reserve List
HOME REPAIR ASSISTANCE GRANTS Discretionary grants and loans to finance home repairs and home insulation works	40,000	Estimate revised	Amend Reserve List

ADUR DISTRICT COUNCIL - ENVIRONMENT AND LEISURE

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

Scheme	Estimates £	Reason	Officers Recommendations
CEMETERIES			
Mill Lane Cemetery - Replacement of boundary fencing	90,000	The current fence is being maintained from revenue but needs to be replaced to ensure it is compliant with guidelines, safe, secure, long lasting and fit for purpose	Add to Reserve List
Mill Lane Cemetery - Compound replacement	95,000	Scheme included in the proposed 2023/24 Capital Investment Programme	Remove from Reserve List
Mill Lane Cemetery - Toilet refurbishment	120,000	Amend Reserve List to extend the scope of the works to include refurbishment of staff welfare facilities and public convenience	Amend Reserve List
GROUNDS MAINTENANCE			
Rolling programme of equipment replacements (Partnership scheme with Worthing Borough Council. Total annual provision £20,000)	8,000	Estimate revised	Amend Reserve List
HIGHWAYS			
Upgrading and enhancing WSCC new or planned highway street lights in Conservation Areas or near to Heritage Sites or Listed Buildings	Not Costed	Costings to be reviewed prior to submitting capital PID	Amend Reserve List

ADUR DISTRICT
COUNCIL

ADUR DISTRICT COUNCIL - ENVIRONMENT AND LEISURE

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

Scheme	Estimates £	Reason	Officers Recommendations
PARKS AND OPEN SPACES Adur Recreation Ground - Cycleway link between the railway bridge and the highway	Not Costed	Costings to be reviewed prior to submitting capital PID	Amend Reserve List
Play Areas - Rolling programme of replacements, upgrades and improvements including outdoor fitness equipment (Annual provision)	80,000	Estimate revised due to scope of works revised to equipment upgrades rather than site refurbishments	Amend Reserve List
Vehicular Incursion Prevention Measures including height barriers, provision of bunds, ditches, bollards and gates (Annual provision)	90,000	Estimate revised	Amend Reserve List
PUBLIC CONVENIENCES Refurbishment programme (Annual provision)	100,000	The Council's stock of public conveniences is dated and requires some modernisation. Annual investment required to make improvements to the facilities to ensure they adequately cater for our community and visitors	Add to Reserve List
REFUSE / RECYCLING / STREET CLEANSING SERVICE Wheeled bins replacement programme (Partnership scheme with Worthing Borough Council. Total joint annual provision £96,000)	24,750	Estimate revised	Amend Reserve List

ADUR DISTRICT COUNCIL - ENVIRONMENT AND LEISURE

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

Scheme	Estimates £	Reason	Officers Recommendations
SOUTHWICK LEISURE CENTRE Replacement of roof to the main hall storeroom	55,000	Estimate revised	Amend Reserve List
WADURS SWIMMING POOL Replacement of flat roof coverings and insulation	25,000	Estimate revised	Amend Reserve List

ADUR DISTRICT
COUNCIL

ADUR DISTRICT COUNCIL - COMMUNITIES AND WELLBEING

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

Scheme	Estimates £	Reason	Officers Recommendations
EQUALITIES Disability Discrimination Act Improvements - Provision for minor alterations and improvements to Council properties (Annual provision)	11,000	Estimate revised	Amend Reserve List
PUBLIC HEALTH Asbestos removal from Council buildings (Annual provision)	60,000	Estimate revised	Amend Reserve List

ADUR DISTRICT COUNCIL - REGENERATION AND STRATEGIC PLANNING

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

Scheme	Estimates £	Reason	Officers Recommendations
COAST PROTECTION WORKS Strategic Monitoring Project for the South East Phase 5 Contribution to the partnership scheme between Maritime Authorities (Funded by the Environment Agency)	87,080	Continuation of works, final year	Amend Reserve List

ADUR DISTRICT
COUNCIL

ADUR DISTRICT COUNCIL - RESOURCES

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

Scheme	Estimates £	Reason	Officers Recommendations
ADMIN BUILDINGS			
Commerce Way			
Improvements to south car park area (50% contribution from Worthing Borough Council)	Not Costed	Scheme to be reviewed and specific works to be bid for in future years if required	Remove from Reserve List
Replacement of floor coverings, lighting and internal joinery	76,800	Works included in the proposed 2023/24 and 2024/25 Capital Investment Programmes	Remove from Reserve List
Vehicle Workshop - Replacement of roof (Total cost £253,000, Contribution of £126,500 from Worthing Borough Council)	253,000	Scheme included in the proposed 2024/25 Capital Investment Programme	Remove from Reserve List
Shoreham Centre			
Provision of staff shower facilities	60,000	There are currently no shower provisions for staff who cycle or walk to work. As more staff relocate to Shoreham Centre, this work will need to be included in the future capital programme	Add to Reserve List
Replacement of main hall roof	168,000	The roof covering is nearing the end of its useable life and the replacement will be required in the future	Add to Reserve List
CORPORATE BUILDINGS			
Condition surveys of commercial leased out properties (Annual provision)	55,000	Estimate revised	Amend Reserve List

ADUR DISTRICT COUNCIL - RESOURCES

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

Scheme	Estimates £	Reason	Officers Recommendations
<i>CORPORATE BUILDINGS (Continued)</i> Fire Risk Assessment Works - Remedial works identified from Fire Risk Assessment Surveys (Annual provision)	12,500	To carry out required works to Corporate properties highlighted by our fire risk advisors and to comply with our Statutory obligations under the Regulatory Reform Order 2005	Add to Reserve List
<i>INFORMATION AND COMMUNICATIONS TECHNOLOGY</i> ICT Corporate Hardware Replacement Programme (Partnership scheme with Worthing Borough Council. Total annual provision £230,000)	108,100	Estimate revised	Amend Reserve List



ADUR DISTRICT COUNCIL

Adur Cabinet
2 February 2023

Key Decision [Yes/~~No~~]

Ward(s) Affected: All

Housing Revenue Account: 2023/24 Budget

Report by the Director for Digital, Sustainability & Resources

Executive Summary

1. Purpose

- 1.1 This report sets out the current and future financial prospects for the Housing Revenue Account and requests that Members agree to set the rent levels and service charges for 2023/24 as set out in the report. The report also considers some of the strategic challenges facing the Housing Revenue Account over the next few years and the impact that these will have over the next 30 years.
- 1.2 Members will be very aware that the rent limitation announced in 2015/16 has significantly affected the financial viability of the Housing Revenue Account for the past few years which has been in deficit for five years. However, the Council is now permitted to increase rents on social rent properties by up to the September CPI +1% each year from 2020. It is the Government's intention that this arrangement should remain in place for a period of at least five years although for 2023/24 the rent increase will be limited to 7% as part of the measures to support the community through the cost of living crisis.
- 1.3 The following appendices have been attached to this report:
 - (i) **Appendix 1** Proposed budget for 2023/24
 - (ii) **Appendix 2** 30 year financial forecast
 - (iii) **Appendix 3** HRA Treasury Management Strategy

2. Recommendations

2.1 The Cabinet is recommended to:

- (i) consider and approve the Housing Revenue Account estimates for 2023/24 as set out in Appendix 1;
- (ii) approve that the rents of Council Dwellings (excluding sheltered accommodation) will increase by 7.0% increasing the average council dwelling rent by £6.94 to £106.10 per week (average rent currently £99.16 per week) – (Paragraph 6.2);
- (iii) Consider the increase to the rents of Sheltered Accommodation as set out in paragraph 6.3 which can be increased by up to 11.1%.
- (iii) determine the level of associated rents and charges with effect from week one of 2023/24:
 - (a) **Rents of Council garages** – agree an increase of 10.0% to £12.29. (currently £11.17 per week, plus VAT for non-Council tenants) (Paragraph 6.9)
 - (b) **Service Charges** - delegate to the Head of Housing and Chief Financial Officer in consultation with the Cabinet Member for Customer Services, the setting of the service charges (paragraph 9.2)
- (iv) To approve the HRA Treasury Management Strategy contained in Appendix 3.

3.0 CONTEXT

- 3.1 This report seeks to explain the current challenges impacting the budgets for the Housing Revenue Account to enable Members to set rent levels for 2023/24.
- 3.2 The Housing Revenue Account (HRA) represents the total costs and income of the Council in its provision of the Housing Landlord Service. This account is ring-fenced and is separate from all other income and expenditure of the Council.
- 3.3 From 1 April 2012 the Localism Act replaced the former complicated HRA subsidy system with a new self-financing regime. The regime allows the

Council more freedom to determine its own budget, albeit some financial restrictions still apply, most notably around the use of Right To Buy (RTB) capital receipts and limitations on the level of rent that can be levied.

- 3.4 The Council is required to operate the HRA on a sustainable basis at no detriment to the General Fund (and vice versa). To facilitate this the Council, as with all housing authorities, was required to produce a thirty year financial Business Plan showing how the HRA could be run on a self-financing basis. This report updates the Financial Plan which forms part of the overall business plan and informs members of the key budgetary assumptions which underpin the financial projections from 2023/24 onwards.
- 3.5 The challenge of creating a sustainable business plan was made more difficult by the announcement by the Chancellor in the Spring Budget 2015 that rent levels would be reduced by 1% for four years from 2016/17. This is now at an end and a new rental regime was introduced for 2020/21 onwards. Nevertheless the impact of the rental limitation is still felt on the HRA and it is not expected that the account will return to financial health until 2024/25 at the earliest.
- 3.6 The setting of rent levels is now an integral part of the financial planning decision making process. The underlying government policy is that the Council can increase rents by up to CPI + 1% for a period of at least 5 years from 2020/21 to 2024/25. However, the current economic situation has meant that inflation is running much higher than the government target of 2%. The September 2022 CPI upon which the 2023/24 rental increases would be based is 10.1%. Consequently, the government consulted with Local Authorities on the impact of capping rents for 2023/24 at a lower level and the Chancellor subsequently announced a cap of 7% in the Autumn 2022 budget statement for most properties, although tenants of sheltered properties will be subject to a maximum increase of 11.1%. Officers are therefore recommending these maximum increases to allow the HRA to gradually return to financial stability and deal with a number of pressing issues.

4.0 STRATEGIC RISKS AND CHALLENGES

- 4.1 There are some specific challenges faced by the Housing Revenue Account over the next 5 years which will influence the 30 year business plan.

- Government rent policy and the legacy of rent limitation
- Impact of Right to Buy
- Changes to Housing Benefit and Welfare Reform
- Outcome of the condition survey (including fire protection works)
- Impact of new developments

4.2 Government rent policy

- 4.2.1 The rent limitation measure announced by the Chancellor in 2015 has had a profound impact on the HRA and still continues to impact on the HRA's future financial sustainability. Over the period of the reduction, the Council has lost and continues to lose a substantial amount of annual rental income of around £2m per year.

This lost income has compromised the financial stability of the HRA, and more importantly, affected the amount that can be invested both in existing homes and in the development of new homes.

- 4.2.2 However, Council rents have been under the remit of the Regulator of Social Housing who has set Rent Standards since April 2020. Consequently the Council now has greater freedom in setting the rent for at least the next 5 years. The key features of the current rental arrangements are:

- Local authority registered providers will be able to increase formula rents by up to CPI + 1% (as at September of the previous year) each year for a period of at least five years. Any affordable rent can only be increased by CPI. As per para 3.6, for 2023/24 this increase has been capped at 7% for general needs properties although the Council still has greater flexibility for Sheltered Accommodation and homeless hostels.
- Local authorities have the same rent standard as registered providers.
- Formula rent (with a 5% flexibility level) will be the limit on the initial rent that can be charged for a social rent property.
- The Council can let property at an affordable rent with the agreement of the Secretary of State or Homes England. Affordable rent is defined as a rent that must not exceed 80% of gross market rent.
- With the introduction of Universal Credit, not all local authority tenants will receive Housing Benefit. Consequently, limit rent

(the maximum chargeable for which the HRA will be reimbursed via the Housing Benefit system) has been abolished.

4.2.3 The fall in income resulting from rent limitation to the HRA has limited the scope to address both the issues raised by the condition surveys and the ability to invest in new properties. The Council is committed to the redevelopment of Albion Street and small scale development using the land owned by the HRA. In addition, the council is seeking other opportunities to increase the number of homes within the HRA provided that there is a business case for such development.

4.2.4 During 2022/23 the financial pressures on the HRA are such that by the end of the year the HRA reserves are expected to be exhausted. However under the legal framework governing the HRA, the costs of providing Council homes must be funded by the associated rental streams. It is against this background that a balanced budget for the HRA has been recommended.

4.3 Impact of Right to Buy

4.3.1 Council housing stock numbers have reduced over the past few years and will continue to decline in the short term as follows:

	Stock at 1 st April	Plus: Additions	Less: Sites being redeveloped	Less: Right to Buy sales	Stock at 31 st March
2014/15 - Actual	2,631	2		16	2,617
2015/16 - Actual	2,617	1		9	2,609
2016/17 - Actual	2,609	0		10	2,599
2017/18 - Actual	2,599	0		8	2,591
2018/19 - Actual	2,591		30	9	2,552
2019/20 - Actual	2,552	2		12	2,542
2020/21 - Actual	2,542			4	2,537
2021/22 - Actual	2,537	16	21	15	2,517
2022/23 - Estimate	2,517			8	2,509
2023/24 - Estimate	2,509	49		8	2,550

4.3.2 For 2023/24 the signs are that interest from tenants in the possible take up of RTB sales continues. The consequential loss of rental income from these sales may in future be partly mitigated by the aim to purchase or develop additional dwellings each year.

- 4.3.3 A depleting housing stock base means that the fixed costs per property increase and rental income available to fund these costs reduces. The level of capital receipts retained by the Council to replace the reducing housing stock base is limited due to the increase in the level of discount offered and the DLUCH restrictions placed under the new RTB arrangements. Underpinning this constraint are the principles contained in the 2012 CLG publication “Reinvigorating Right To Buy and One For One Replacement – Information for Local Authorities” and the subsequent revised RTB agreement from 1st April 2021.
- 4.3.4 The RTB scheme applies to all secure tenants who have been tenants for more than 3 years. The maximum percentage discount for a property is 70% up to a maximum cash value (the current maximum discount is £87,200). The cash cap increases in April every year in line with the Consumer Price Index.
- 4.3.5 As a condition of being able to retain capital receipts arising from RTB sales, the Council entered into an agreement with the Secretary of State in 2012. The terms of this agreement were revised with effect 1st April 2021, the key features now being:
- (i) the retention of receipts only applies to the RTB sales above the number assumed each year in the HRA self-financing settlement. For Adur the original 75% central pooling arrangement continued for the first 4 properties sold post 1 April 2012, and thereafter is calculated in accordance with a DLUCH formula
 - (ii) the Council use the receipts for the provision of “affordable” rented homes (i.e. those with rents up to 80% of market rents), albeit that in practice the Council may exercise discretion to set rent below this figure;
 - (iii) the retained share of receipts constitute no more than 40% of total investment in such homes (net of any contribution from another public body)
 - (iv) the retained receipts are used within 5 years to provide new affordable homes, otherwise they will be required to be paid into the CLG pool plus accrued compound interest of 4% above base rate.

4.3.6 Properties may be built by Adur Homes or another Registered Provider. Receipts from RTB will be returned to the Government if we cannot allocate the receipts to any new homes.

4.3.8 The impact of the Right to Buy policy has significant implications for both the HRA and the wider housing strategy. The Council will see a fall in the number of social housing units for rent in the area as the policy applies equally to all social housing providers. The limitation on land availability makes it difficult to build additional units to replace those lost, whether these are built directly by the Council or via others. Current demand for affordable housing far outstrips supply which has inevitable consequences for the local community. The loss of units will also compromise the financial viability of the HRA as outlined in paragraph 4.3.3.

4.4 Changes to Housing Benefit and Welfare Reform

4.4.1 The Welfare Reform Act received Royal Assent in 2012 and introduced the most significant changes in the welfare system in over 60 years. The reforms reflect the Government's aim to reduce the cost of welfare benefits generally, and are being implemented across the Country. In 2018 Adur residents were included in the full roll out of Universal Credit for new claimants. The Government now expects to have fully implemented the change by the end of 2028 with the migration of legacy benefits.

4.4.2 Experience from other areas suggests that the reforms can increase the financial pressures on some of the most vulnerable people of society, due to the introduction of caps within the Housing Benefit System on the total amount of weekly benefit paid and introducing further reductions for the under occupation of homes.

4.4.3 For working age people, Universal Credit has replaced a number of former out of work benefits, including housing benefit, income support, job seekers allowance, income related employment and support allowance, child benefit, child tax credit, and carer's allowance. Universal Credit will be paid directly to claimants rather than the current arrangement of direct payment to the Local Authority as landlord unless an Alternative Payment Arrangement is agreed. Consequently, the decision that any funds will be spent on rent, as opposed to other expenditure, is in the hands of the individual recipient.

- 4.4.5 Research undertaken by the London Councils who own 13% of all social housing stock in England indicates that:

‘for the majority of tenants the experience of claiming Universal Credit is accompanied by a significant increase in rent arrears. Arrears rise sharply in the weeks immediately following a Universal Credit claim, before plateauing after approximately 12 weeks. Although arrears generally stop increasing further, they do not get paid down, suggesting that the five-week wait creates a spike in claimant debt that they are then unable to pay off.’

The impact of Universal credit and the cost of living crisis on the level of arrears will present the Council with financial challenges as the level of bad debt will need to be addressed.

- 4.4.6 Inevitably the cost of living is also having an impact on tenant’s lives. Research undertaken by the Chartered Institute of Housing indicates that 68% of social housing residents were worried about being able to meet normal monthly living expenses all or most of the time.
- 4.4.7 The recent trend in Adur District Council shows that overall arrears have been increasing since the welfare changes, with a particular spike in 2021.

As at 31st March	2018	2019	2020	2021	2022	2022 (as at Sep)
Current tenant arrears (as % of rent due)	3.37%	3.57%	3.63%	3.90%	3.56%	3.67%

Approximately 1,067 Adur Homes tenants are in receipt of Housing Benefit and a further 627 in receipt of Universal Credit. This represents 67% of all tenants.

- 4.4.7 The benefit changes continue to present a challenge. There is a continuing risk that more households will fall into arrears. This will impact on the levels of rent collected and subsequently the overall position of the Housing Revenue Account. 115 tenancies were terminated in 2021/22. 74 tenancies have been terminated to date this year. Recent data analysis work with Policy in Practice has produced data at a granular level that can help the Councils provide targeted

support for Adur Homes households. This includes support for self-employed tenants and for non-dependants who are unemployed.

4.4.8 Some mitigation is in place to reduce tenants' arrears from growing, with a greater emphasis on tenancy sustainment. The residents are signposted for support; and internal teams work together to join up a package of engagement that fulfils both the landlord obligations and support to sustain the tenancy.

4.4.9 The number of tenants with rent arrears over £3,000 was 28 at the end of last year (2021/22). Adur Homes stock has been split into patches, with an officer dedicated to each patch. This will ensure residents falling into rent arrears are identified early and provided with appropriate support. An Income Support Officer has been recruited to focus on tenants with significant rent arrears. Arrangements are now being made to mainstream the learnings from the Proactive work and use a multidisciplinary approach to target support at households both in rent arrears or at risk of rent arrears using intelligence from the LIFT and TellJo platforms and housing management data.

4.5 **Current stock condition**

4.5.1 Stock condition surveys have identified that the Council needs to invest significantly over the next 5 years. Additional investment will also be required to make the stock compliant with the Regulatory Reform (Fire Safety) Order 2005, the Fire Safety Act and the Fire Safety Regulations 2022. . This had already been recognised within the Council's capital strategy which has recommended increasing the level of investment in new schemes from £3.7m in 2016/17 rising to £5.6m in 2022/23 and beyond, an increase of £1.9m per year. However this will not be sufficient to meet the immediate investment needs of the housing stock especially in light of the additional fire safety investment needed. As the financial position of the HRA recovers, additional sums will need to be set aside for maintenance.

4.5.2 The dilemma that the Council faces is how to balance the need to spend more on the current stock with the need to provide more Council housing to meet local needs at a time when the HRA is in deficit. However, the lack of investment in the current stock has significant implications. Consequently there are a number of areas of significant focus around our compliance and healthy and safety work, including asbestos management, electrical safety, lift servicing, fire safety and

gas safety. We are also responding to the issues raised at the end of last year in Rochdale around our response to tenants and properties affected by damp and mould. A number of contracts have either been procured and mobilised or still in the process of being procured to support this programme.

4.5.3 The Council currently spends £3.008m (£1,195 per property) on revenue maintenance. Overall our direct spend on responsive and void repairs in 2021/22 was £1,000 per property which is significantly higher than the benchmark figure of £789. The benchmark is based on Local Authority providers across the UK with less than 56,456 properties. The level of spend partially reflects the under investment in the condition of the properties in previous years when the amount of annual investment was very constrained. However, the current improvement programme is looking to reduce costs by:

- Improving procurement of repairs provided by sub-contractors; and
- Improving cost effectiveness of the repairs service.



Source: 2021/22 Housemark Survey

4.5.4 The capital programme funding for property maintenance was significantly increased over the last few years from £3.7m in 2016/17 to £5.6m in 2021/22 and is set to remain at this level until 2024/25. This funding is specifically to address the issues raised by the condition survey. However a significant proportion of the capital budget is now being utilised to address compliance issues. Increasing the capital programme should ultimately reduce the level of spend on day-to-day revenue maintenance in future. Consequently, the 30 year business plan assumes that the level of capital investment will continue to increase over the next few years with a reducing level of revenue

maintenance as the capital investment begins to impact on demand for the responsive repair service as follows:

Proposed budgets	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Capital maintenance programme	5,600	5,600	5,600	5,600	6,000
Proposed increase			-	-	400
Total revenue maintenance	2,653	3,021	3,143	3,338	3,420
Estimated cash increase (+) / reduction (-) per year		+368	+122	+195	+82

4.5.5 By addressing the capital maintenance issues, it is expected that with time the cost of day to day maintenance should reduce.

4.5.6 Once the backlog maintenance issues have been addressed, the level of capital investment required each year will need to be reassessed.

4.5.7 The capital funding for 2023/24 will be used to fund the following improvements:

- Significant programme of fire safety works
- External works programme to a number of blocks including replacement roofs and balconies
- Works to support tenants with disabilities
- Works to bring void properties back into use

4.6 Impact of new developments

4.6.1 The Council has ambitions to build new homes or extensively refurbish existing properties. To date the focus of this programme has been on existing properties held by the HRA. Whilst in the longer term, these improvements will be self-funding, the costs (including any financing costs) funded by the associated rental streams and the avoided high maintenance costs, in the short term the HRA is faced with lost rental income whilst these properties are redeveloped. In the current development programme, there are two schemes of this type which

have resulted in lost income to the HRA - Ashcroft and the small sites. Whilst the HRA has accommodated these losses, in the current climate it will be difficult for the HRA to absorb any more losses until it has rebuilt the financial position:

Rental income lost	2022/23 £'000	2023/24 £'000
Hidden Homes - Garage rents	137	151
Ashcroft - Rental income	106	118
Total lost income	243	269

5.0 THE HOUSING REVENUE ACCOUNT FOR 2023/24

5.1 The projected expenditure and income for the HRA in 2023/24 is as follows:

	Estimate 2023/24	
	£'000	£'000
Expenditure		
Supervision and management	4,898	
Rent, rates, taxes and other charges	64	
Repairs and maintenance	3,143	
Depreciation	4,422	
Interest payments	2,305	
Movement in provision for bad debt	50	14,882
Income		-14,882
Net (Surplus)/Deficit for the year		0
Estimated HRA working balance brought forward 1 st April, 2023		0
Balance carried forward 31 st March, 2024		0

More detailed estimates for the Housing Revenue Account for 2022/23 and 2023/24 are shown in Appendix 1.

5.2 The challenge faced by the HRA for 2023/24 is twofold:

- The need to address the deficit in the light of the level of reserves;
- The need to build capacity to rebuild the reserves, transform the service and increase the level of investment in Council properties.

5.3 For 2023/24 the council is expecting a number of new cost pressures that will need to be funded which have contributed to the overall position:

	£'000
<ul style="list-style-type: none"> • Income losses due to increased level of voids in both Council Homes and garages. 	389
<ul style="list-style-type: none"> • Inflationary pressures. An allowance of 4.5% has been made for salaries. Contracts are assumed to increase by an average of 8% 	390
<ul style="list-style-type: none"> • Impact of energy performance certificates 	62
<ul style="list-style-type: none"> • Reduction in vacancy provision 	79
<ul style="list-style-type: none"> • Changes to interest forecasts 	71
Total upward cost pressures	991
Less:	
<ul style="list-style-type: none"> • Reduction in pension costs due to triennial review of pension rate 	-230
<ul style="list-style-type: none"> • Review of recharges from the general fund 	-86
Net pressures to be funded	675

5.4 To offset these pressures, it is recommended that a 7.0% rental increase is approved for general needs housing and up to an increase of 11.1% for sheltered housing.

5.5 Looking ahead to 2023/24, the overall position will gradually improve as rental level continues to increase faster than other inflationary pressures. The financial position of the HRA is expected to gradually improve albeit over a period of 3 years although the delivery of the transformation programme is critical in ensuring that the position will improve.

6.0 RENT SETTING FOR 2023/24

- 6.1 Rent setting for the HRA is now governed by the The Regulator of Social Housing and the Council has the ability to increase rents by CPI (Sept) + 1% under normal circumstances. The Government has made the commitment for Councils to retain the flexibility for at least 5 years.

For 2023/24 the government has capped this increase at 7% for the majority of tenants due to the cost of living crisis which sees the September 2022 inflation rate at 10.1%. The Council does have the ability to increase the rents for Sheltered Housing and other supported housing by 11.1%.

Over the last 10 years, the Council has increased rents by 10.48% whilst inflation has increased by 19.1% (Sept 2011 to Sept 2021) over the equivalent period, consequently historically our rents have not kept pace with the associated inflationary pressures.

This year's proposed average dwelling rent level

- 6.2 It is proposed to increase the rents for most tenants by the maximum amount allowable (7%) to enable the HRA to tackle the deficit that has been generated from the previous government policy of enforced 1% rent reductions and build capacity to address known issues. This will increase the average rent for general needs tenants by an average of £6.94 to £106.10 per week
- 6.3 The Council can increase rents for sheltered tenants by up to 11.1%, given the financial position of the HRA it is financially advisable to take advantage of this flexibility and increase the rent for sheltered tenants by an average of £9.66 to £96.66 per week. This is suggested as a significant proportion of our tenants are in receipt of housing benefit; and pensions are due to increase by 10.1% from 1st April 2023. However members have the flexibility to approve a lower increase with the following financial implications:

Proposed rental increase	Annual income raised over a 7% increase £'000	Annual increase £	Average weekly rent £
11.1%	55	9.66	96.66
10.1% (in line with pension increase)	41.3	8.79	95.79
7% - same as general needs tenants	-	6.09	93.09

If members opt for a lower increase, then the Head of Housing will have to identify equivalent savings to the level of income lost.

- 6.4 This rent increase will apply to all current tenants who are at formula rent or below.
- 6.5 Any rent above formula rent will be increased by 7% in line with the guidance issued by the Regulator of Social Housing for affordable rents.
- 6.6 It is intended to relet vacant properties to new tenants at formula rent which is the maximum allowable under the new rental regime.

Garage Rents

- 6.7 Garage rents were increased by 4.0% in 2022/23 to £11.17 per week (plus VAT for non-Council tenants). It is proposed that the garage rents be increased in 2023/24 by 10.0% to £12.29 per week which is in line with current inflation rate (Sep22 CPI) of 10.1%. These proposals will maintain current income levels after allowing for increased void loss as a result of proposed development schemes.

7.0 DEBT FINANCING COSTS

- 7.1 The debt financing costs chargeable to HRA in 2023/24 relate to interest payments.

The costs relate to three types of debt:

- i) historic debt of £17.491m in existence at 1 April 2012 (less any subsequent repayments) attributable to the HRA via the “two-pool split” of the Council’s total debt at that date;

- ii) debt incurred in 2012 to pay the HRA self-financing settlement payment of £51.185m and any associated refinancing costs;
- iii) new borrowing for capital expenditure or to refinance existing debt.

7.2 The budgeted costs are:

2023/24 Budget	Interest £000
Historic Debt	974
Settlement Debt (including refinancing)	969
New Borrowing	249
Total Budget	2,192

8.0 REPAIRS AND MAINTENANCE

8.1 The condition of housing stock is maintained and improved in two ways:-

- Routine revenue repairs of a day-to-day nature and by planned maintenance such as repainting or boiler servicing.
- Capital investment programme of refurbishment and improvement on a larger scale.

8.2 Planned capital investment to buildings such as Rock Close and Lock Court which is scheduled which will result in a reduction in unplanned major works. An asset management strategy, which will include a schedule of cyclical maintenance, will be developed in the coming year. Regular planned maintenance will reduce the cost of unplanned costly repairs. Targeted changes are planned to improve how we deliver repairs and maintenance. These changes will focus on quality, efficiency and effectiveness of the entire repair and maintenance service. Consequently, the budget for routine repair and maintenance will decrease in real over the next 3 - 5 years to reflect the higher level

of capital investment and improvements in service management, procurement and contract management.

8.3 Housing Capital Investment Programme

8.3.1 The capital investment programme typically comprises refurbishment and improvement on a larger scale for schemes such as fire safety works, replacement roofs and balconies, new central heating and double-glazing as well as new housing development schemes.

8.3.2 Future investment in the council housing stock is funded from:-

- (i) revenue contributions to capital expenditure;
- (ii) the Major Repairs Reserve. This will increase each year the depreciation charged to the HRA (£4.4m). This contribution is ring-fenced for repayment of debt or for direct financing of capital expenditure;
- (iii) capital receipts from the sale of Council houses;
- (iv) prudential borrowing (subject to affordability); and
- (v) capital grants towards specific programmes of work.

8.3.3 The new programme of schemes to be added to the HRA capital renovation programme for 2023/24 and 2024/25 is due to be approved at £5.6m elsewhere on this agenda. This reflected the recent condition survey and concerns about affordability due to the on-going deficit within the HRA.

8.3.4 The programme also includes a continuing development programme of £15.7m over the next year.

8.3.5 A detailed analysis of both the revenue maintenance spend and the capital spend is currently being undertaken to ensure that expenditure is targeted effectively.

9.0 SERVICE CHARGES – CONTRACT PRICE INCREASES

9.1 As well as core rent charges, some tenancies are also subject to service charges as they receive services which are specific to their properties. These charges are made in line with actual costs. Contracts

in respect of services to tenants, such as door entry maintenance and communal way cleaning, are normally subject to an annual Retail Price Index (RPI). This increase is passed on to tenants receiving those services by way of an equivalent increase in their weekly service charge. Some costs have to be retendered and not all increases are applied at the beginning of a financial year. This means that such increases cannot be incorporated into the annual rent increase process and additional costs are incurred in notifying tenants separately and amending Housing Benefit entitlements when such an increase arises.

- 9.2 Guidance from the government indicates that the Council should as far as practical keep increases to the same level as the rent although this may not be feasible depending on the inflation on the contract prices.
- 9.3 Members are therefore requested to delegate to the Head of Housing and the Chief Financial Officer in consultation with the Cabinet Member, Customer Services, authority to set service charges.

10.0 REALLOCATIONS OF SALARIES AND CENTRAL COSTS

- 10.1 All salaries, staff expenses, administration buildings and central support services are collated centrally within the Adur and Worthing Joint services and the Council's general fund budget. It is then re-allocated to services to show the full-cost of service provision. A more detailed explanation of this is included in the Budget Book for Adur and Worthing Councils. The Housing Revenue Account has benefited in recent years from savings achieved from joint shared support services. These costs are reviewed each year as part of the budget setting process.

11.0 LEVEL OF RESERVE BALANCES

- 11.1 In line with a more sustainable long term business approach the HRA is adopting a prudent approach to the level of reserves maintained.

Reserves	Estimated balance at 01/04/22	Increase	Decrease	Forecast balance at year end 2022/23
	£000's	£000's	£000's	£000's
HRA - working balance	545	-	-545	-
Discretionary Assistance Fund	116	-	-	116
New Development and Acquisition Fund	352	-	-	352
Business Dev. Fund	99	-	-	99
Major Repairs Reserve	9,372	4,422	-6,000	7,794
TOTAL	8,707	4,422	-6,545	8,361

11.2 HRA general reserve balances are forecast to be exhausted as at 1st April 2023. This is significantly under the target level explained in detail in paragraph 11.3 below, but reflective of the current cost pressures on the HRA.

11.3 In the General Fund a target level of balances of between 6-10% of net expenditure has been set. The general principles behind retaining a minimum target level of balances are similar for both the General Fund and HRA in that it should be sufficient to withstand foreseeable 'worst case' scenarios but not so large as to constitute unnecessary retention of tenants' monies.

11.4 Therefore, in principle, given that the large majority of the costs and incomes of the HRA are relatively stable (or effectively fixed at the start of each year) it should be possible to operate on a reserve balance within the 6-10% range.

11.5 However, the council is still addressing the legacy of rent limitation and the HRA is not expected to return to surplus until 2024/25 at the earliest. Whilst it is predicted that the level of the general reserves will be below the target 6% for 2023/24, the 30 year business plan expects that the reserves will gradually return to more prudent levels over the next 5 years. To ensure that there are sufficient reserves to manage any risks in this period, it is intended to use the other earmarked

reserves only when absolutely necessary. This will help ensure financial stability over the short to medium term

- 11.5 Any balance in the Major Repairs Reserve (MRR) is utilised to fund planned capital expenditure or to repay debt. The final position at year end may fluctuate to reflect the spend on the capital programme. Altogether, the 2023/24 capital budget includes provision for £4.2m to be utilised for financing HRA capital expenditure, comprising the carried forward balances and in-year contribution of £4.4m.

12.0 IMPACT ON FUTURE YEARS

- 12.1 Attached at appendix 2 is the 30-year financial forecast. The focus for the 2023/24 budget has been to ensure that the HRA remains sustainable in the longer term whilst ensuring that the most important maintenance issues are addressed. The proposed budget allows for a high level of investment in the maintenance of properties than has been afforded prior to the self-financing regime. The first priority for the new freedoms has to be the continued maintenance of the Council homes for the benefit of our existing tenants with priority currently given to fire safety and external maintenance issues.
- 12.2 The financial plan assumes that the rent will increase in 2023/24 and thereafter rent increases are in line with the Council's rent policy and the Government's proposals (i.e. CPI plus 1%). The legacy of the four years of rent decreases has placed the HRA under significant financial pressure at the very time when the Council needs to invest more in maintaining the housing stock and needs to invest in new affordable homes for local residents.
- 12.3 The Council has managed the impact of the falling rent levels in the first two years of rent limitation, setting a balanced budget in 2016/17 and with only a limited withdrawal from reserves in 2017/18. However the HRA has become increasingly reliant on reserves since 2018/19 whilst the rent level remains constrained, drawing down funds from the reserve. Now that rent limitation has come to an end, the Council should be able to begin to restore the reserves to the previous levels over the next few years.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Expected	2023/34 Expected	2024/25 Expected
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at the start of the year	1,939	1,752	1,013	349	545	0	0
Expected drawdown (-) / Contribution	-187	-739	-664	+196	-545	0	+67
Balance at the end of the year	1,752	1,013	349	545	0	0	67

12.6 To bring all of these considerations together, it is proposed to refresh the Adur Homes Business Plan periodically, and incorporate into the plan an assessment of the future of the housing stock – including the outcome of the feasibility investigation into the new build proposals. This will also include an update to the asset management plan which will validate the assumptions in the 30-year forecast about the capital programme and maintenance provision.

13.0 SUMMARY

13.1 The Council has the opportunity to increase rents by 7.0% this year. Given the legacy of the rent limitation and the current inflationary pressures, it is critical to increase the rents to enable the HRA to return to financial stability and position itself to improve the housing stock over the medium term. Over the longer term, the HRA remains in a financially viable position, able to invest in its stock to address backlog maintenance and to maintain a development programme. However, caution will need to be exercised over the coming years as the financial position will be difficult for at least another 3 years until the HRA has become financially sustainable with an adequate level of reserves to manage future risks.

14.0 CONSULTATION

14.1 Officers and members have been consulted on the development of the budget.

15.0 FINANCIAL IMPLICATIONS

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

16.0 LEGAL IMPLICATIONS

- 16.1 The Local Government and Housing Act 1989 requires the Council to maintain a housing revenue account (HRA) in relation to its social housing stock. The HRA operates separately from the Council's main budget and accounts. The Act also sets out how the HRA is funded and requires the Council to set a balanced budget for the HRA each year and to keep that budget under review.
- 16.2 The Government has issued the Direction on the Rent Standard 2019 under the Housing and Regeneration Act 2008. This allows the Council to increase social rents by no more than CPI plus 1% each year. The direction also sets out how social rents are to be calculated. For 2023/24 interim limits have been introduced as set out in the relevant guidance.
- 16.3 The Housing and Planning Act 2016 gives the Secretary of State the power to issue a determination that requires any Local Housing Authority in England to make a payment to the Secretary of State in respect of any given financial year that represents an estimate of:
1. the market value of the authority's interest in any higher value housing that is likely to become vacant during the year, less
 2. any costs or other deductions of a kind described in the determination.
- 16.4 There are no other legal implications arising from the proposed budget other than those relating to the use of capital receipts under Right To Buy regulations, and emanating from the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended)

Local Government Act 1972

Background Papers:

Reinvigoration the Right to Buy and one for one replacement

Laying the Foundations: A Housing Strategy for England

Guidance On Rents for Social Housing

<https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing>

Adur Capital Investment Programme 2021/22 - 2023/24

Welfare Work and Reform Act 2016

2021/22 Housemark Benchmarking Survey

Falling Behind: Impact of Universal Credit on rent arrears in London (The Smith Institute) July 2020

How the cost of living crisis is impacting social housing tenants - Research by the institute of Chartered Housing [How the cost of living crisis is impacting social housing tenants](#)

Contact Officers:

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

Akin Akinyebo
Head of Housing
01903 221189
akin.akinyebo@adur-worthing.gov.uk

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

Matter considered and no issues identified

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. ENVIRONMENTAL

Matter considered and no issues identified

4. GOVERNANCE

Matter considered and no issues identified

HOUSING REVENUE ACCOUNT		
	ORIGINAL ESTIMATE 2022/23	ESTIMATE 2023/24
	£	£
EXPENDITURE		
General Management	4,075,920	4,102,590
Special Services (including repairs related to specific properties or groups of tenants)	748,080	796,020
Rent, Rates, Taxes & Other Charges	61,100	64,010
General repairs and Maintenance	3,008,370	3,142,880
Depreciation	4,421,760	4,421,760
Bad/Doubtful Debt	50,000	50,000
Capital Financing Costs		
Interest charges	2,262,200	2,304,920
TOTAL EXPENDITURE	14,627,430	14,882,180
INCOME		
Dwelling Rents	(12,750,170)	(13,330,160)
Non-Dwelling Rents	(550,510)	(537,320)
Heating and Service Charges	(623,110)	(706,760)
Leaseholder Service Charges	(265,940)	(307,940)
Interest Received	(28,000)	-
TOTAL INCOME	(14,217,730)	(14,882,180)
NET (SURPLUS)/DEFICIENCY	409,730	-

30 YEAR FINANCIAL PLAN

APPENDIX 2

HOUSING REVENUE ACCOUNT										
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000
EXPENDITURE										
General Management	4,213	4,103	4,287	4,403	4,504	4,626	4,733	4,860	4,973	5,106
Special Services	761	796	832	853	874	896	918	941	965	989
Rents, Rates, Taxes & Other Charges	118	64	67	69	70	72	74	76	78	80
OVERALL RUNNING COSTS	5,092	4,963	5,186	5,325	5,448	5,594	5,725	5,877	6,016	6,175
Annual Revenue Maintenance Costs	3,021	3,143	3,338	3,420	3,505	3,591	3,670	3,750	3,832	3,916
Revenue Contribution to Capital	0	0	0	100	150	700	800	1,000	1,150	1,500
Charges for Capital										
Depreciation	4,422	4,422	4,696	4,812	4,931	5,053	5,163	5,276	5,391	5,509
Interest payable										
Interest - on historic debt	974	974	963	938	932	932	932	932	932	932
Interest - on assumed debt	1,163	1,218	1,244	1,184	1,124	1,064	1,004	945	885	825
Interest - on capital programme	45	112	202	278	329	380	425	468	499	530
Provisions For Bad Debt	50	50	50	50	50	50	50	50	50	50
TOTAL EXPENDITURE	14,767	14,882	15,679	16,107	16,469	17,364	17,769	18,298	18,755	19,437
INCOME										
Dwelling Rents	-12,329	-13,330	-14,156	-14,727	-15,239	-15,769	-16,192	-16,626	-17,072	-17,530
Other Rents and Charges	-1,282	-1,552	-1,590	-1,599	-1,642	-1,686	-1,731	-1,777	-1,824	-1,872
Interest Received	-70	0	0	0	0	0	0	0	0	0
TOTAL INCOME	-13,681	-14,882	-15,746	-16,326	-16,881	-17,455	-17,923	-18,403	-18,896	-19,402
NET COST OF SERVICES	1,086	0	-67	-219	-412	-91	-154	-105	-141	35

HOUSING REVENUE ACCOUNT										
	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE										
General Management	5,225	5,364	5,489	5,635	5,767	5,920	6,060	6,220	6,367	6,534
Special Services	1,014	1,039	1,065	1,091	1,119	1,147	1,175	1,205	1,235	1,266
Rents, Rates, Taxes & Other Charges	82	84	86	88	90	92	95	97	99	102
OVERALL RUNNING COSTS	6,321	6,487	6,640	6,814	6,976	7,159	7,330	7,522	7,701	7,902
Annual Revenue Maintenance Costs	4,001	4,088	4,177	4,268	4,361	4,456	4,553	4,652	4,753	4,857
Revenue Contribution to Capital										
Charges for Capital	1,580	1,780	1,980	2,280	2,480	2,680	2,880	3,180	3,480	3,780
Depreciation										
Interest payable	5,629	5,752	5,877	6,005	6,136	6,270	6,406	6,545	6,687	6,832
Interest - on historic debt	932	932	932	932	932	932	932	932	932	932
Interest - on assumed debt	765	705	645	586	529	472	488	360	308	256
Interest - on capital programme	557	578	589	600	609	616	618	616	608	593
Provisions For Bad Debt	50	50	50	50	50	50	50	50	50	50
TOTAL EXPENDITURE	19,835	20,372	20,890	21,535	22,073	22,635	23,257	23,857	24,519	25,202
INCOME										
Dwelling Rents	-18,000	-18,482	-18,977	-19,485	-20,006	-20,541	-21,090	-21,654	-22,233	-22,826
Other Rents and Charges	-1,922	-1,974	-2,026	-2,080	-2,136	-2,193	-2,251	-2,311	-2,373	-2,436
Interest Received	0	0	0	0	0	0	0	0	0	0
TOTAL INCOME	-19,922	-20,456	-21,003	-21,565	-22,142	-22,734	-23,341	-23,965	-24,606	-25,262
NET COST OF SERVICES	-87	-84	-113	-30	-69	-99	-84	-108	-87	-60

HOUSING REVENUE ACCOUNT										
	2042/43 £'000	2043/44 £'000	2044/45 £'000	2045/46 £'000	2046/47 £'000	2047/48 £'000	2048/49 £'000	2049/50 £'000	2050/51 £'000	2051/52 £'000
EXPENDITURE										
General Management	6,689	6,865	7,028	7,212	7,384	7,577	7,758	7,961	8,151	8,363
Special Services	1,297	1,330	1,363	1,397	1,432	1,468	1,505	1,542	1,581	1,620
Rents, Rates, Taxes & Other Charges	104	107	110	112	115	118	121	124	127	130
OVERALL RUNNING COSTS	8,090	8,302	8,501	8,721	8,931	9,163	9,384	9,627	9,859	10,113
Annual Revenue Maintenance Costs	4,962	5,070	5,180	5,292	5,407	5,524	5,643	5,765	5,890	6,017
Revenue Contribution to Capital	4,080	4,380	4,680	4,980	5,280	5,580	5,880	6,180	6,480	6,780
Charges for Capital										
Depreciation	6,980	7,131	7,286	7,444	7,605	7,770	7,938	8,110	8,285	8,464
Interest payable										
Interest - on historic debt	932	932	932	932	932	932	932	932	932	932
Interest - on assumed debt	204	165	164	164	164	163	163	163	162	162
Interest - on capital programme	572	545	512	471	426	381	336	291	246	205
Provisions For Bad Debt	50	50	50	50	50	50	50	50	50	50
TOTAL EXPENDITURE	25,870	26,575	27,305	28,054	28,795	29,563	30,326	31,118	31,904	32,723
INCOME										
Dwelling Rents	-23,436	-24,061	-24,703	-25,362	-26,038	-26,731	-27,443	-28,174	-28,924	-29,693
Other Rents and Charges	-2,501	-2,568	-2,636	-2,707	-2,779	-2,853	-2,929	-3,008	-3,088	-3,171
Interest Received	0	0	0	0	0	0	0	0	0	0
TOTAL INCOME	-25,937	-26,629	-27,339	-28,069	-28,817	-29,584	-30,372	-31,182	-32,012	-32,864
NET COST OF SERVICES	-67	-54	-34	-15	-22	-21	-46	-64	-108	-141

2023/24 HRA TREASURY MANAGEMENT STRATEGY

1.0 INTRODUCTION

- 1.1 This Appendix sets out the HRA Treasury Management Strategy Statement for 2023/24. The requirement to produce a separate strategy specifically for HRA is a direct consequence of the introduction of the self-financing regime, as it reflects the underlying principle that borrowing and debt management decisions should operate equitably and independently from the General Fund.
- 1.2 The treasury management and investment strategies presented and proposed for 2023/24 are unchanged from 2022/23, as it has been accepted by the Council's external auditors as an appropriate method of apportioning debt management costs and interest accrued from balances and investments between HRA and General Fund. However, in order to provide additional capital funding to address a backlog of maintenance, the Voluntary Revenue Provision will be suspended until 2025/26 at the earliest.
- 1.3 Underpinning all Treasury Management activity of the Council is the CIPFA Treasury Management Code of Practice, which was revised in November 2011 to address the implications for introducing HRA Self-financing from 2012/13. An updated Code published in December 2021 did not include any changes to the HRA guidance.
- 1.4 The published Code identified the need for local authorities "...to allocate existing and future borrowing costs between housing and the General Fund as the current statutory method of apportioning debt charges between the General Fund and HRA will cease".
- 1.5 The Council has adopted the "Two-Pooled Approach". This entailed allocating historic debt at 31 March 2012 between HRA and General Fund, with any new debt acquired after this date to be assigned to the HRA or General Fund according to the purpose for which it is acquired.
- 1.6 Additionally, the Strategy aims to achieve borrowing outcomes that are affordable, sustainable and prudent in keeping with the requirements of the Prudential Code for Capital Finance in Local Authorities. This Code requires

the Council to consider the impact of borrowing as well as address a number of other fundamental principles, being:

- (i) The splitting of loans (i.e. debt) at the HRA Settlement transition date must be of no detriment to the General Fund.
- (ii) The Council is required to deliver a solution that is broadly equitable between the HRA and the General Fund;
- (iii) Future charges to the HRA in relation to borrowing are not influenced by General Fund decisions, giving the HRA greater freedom, independence, certainty and control;
- (iv) Uninvested balance sheet resources which allow borrowing to be below the CFR are properly identified between General Fund and HRA.

1.6 Points (i) – (iii) above were addressed by adopting the “Two-Pool Approach”. The last point is met in the Strategy in accordance with the CIPFA Treasury Management Code recommendation that the effect should be included in the interest on balances calculation to appropriately allocate the respective portions to HRA and General Fund.

1.7 With these background principles and approaches in place the HRA Treasury Management Strategy aims to cover:

- Overall Objectives
- The Current & Future Position – Underlying Need to Borrow compared to Actual Borrowing
- The Debt Maturity Profile
- How to allocate debt and attributable financing costs between HRA and General Fund equitably
- How to recognise HRA cash balances and reserves which form part of the Council’s total investments
- How to recognise any costs or revenues generated from over/under borrowing

1.8 Accordingly, these aspects of the Strategy are approached in turn.

2.0 OVERALL OBJECTIVES OF THE HRA TREASURY MANAGEMENT STRATEGY

The central aim of the Strategy agreed for 2022/23 and unchanged for 2023/24 is:

- to provide borrowing that is affordable, sustainable and prudent, as required by The Prudential Code, and which underpins the requirements of the HRA Capital Investment Programme, 30 year Business Plan, and any other corporate plans.
- to manage the HRA investments and cash flows, its banking, money market and capital market transactions within the purview of the Council's overall Treasury Management Strategy, and to provide effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- to support budget and service delivery objectives for the benefit of tenants at no detriment to the General Fund or council taxpayers generally.

3.0 THE CURRENT POSITION – UNDERLYING NEED TO BORROW COMPARED TO ACTUAL BORROWING

- 3.1 The underlying need to borrow for capital investment is called the Capital Financing Requirement (CFR) and relates to the amount of planned capital expenditure that is not financed from internal resources, which for HRA are primarily capital receipts, revenue contributions, and the Major Repairs Reserve.
- 3.2 Capital expenditure in any year above the amount allocated to be used from these resources must be financed from borrowing or other credit arrangements (e.g. leasing), and results in an increase to the CFR. By comparing the CFR to the amount of actual borrowing, the extent to which the Council is under or over borrowed is determined, and this provides a key prudential indicator for performance management. The current estimates, based on the capital investment programme for the next three years, are shown in the table below:

Adur District Council	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Capital Financing Requirement (CFR)					
General Fund	106.971	109.971	159.994	158.2900	156.765
Housing Revenue Account	61.802	69.608	94.816	96.116	97.416
Total CFR	168.773	179.190	254.810	254.406	254.181
Actual Debt					
General Fund	(104.892)	(109.605)	(163.017)	(158.313)	(156.788)
Housing Revenue Account	(60.687)	(68.493)	(93.701)	(95.001)	(96.301)
Total Debt Amount	(161.517)	(174.036)	(249.656)	(249.252)	(249.027)
(Over)/Under Borrowing					
General Fund	6.141	4.039	4.039	4.039	4.039
Housing Revenue Account	1.115	1.115	1.115	1.115	1.115
Total	7.256	5.154	5.154	5.154	5.154

(Note that the General Fund position is shown for comparative purposes and is extracted from the Annual Treasury Management & Annual Investment Strategy Report 2023/24-2025/26 submitted to the meeting of the Joint Strategic Committee on 7th February 2023).

- 3.3 The comparison shows the HRA was under-borrowed at the end of 2021/22 by £1.115.m, reflecting the amount by which debt outstanding and Minimum Revenue Provision (MRP) has reduced over and above the incidence of new capital expenditure financed from borrowing since 2012/13. In the following years the amount by which actual borrowing is below CFR changes as the value of debt repaid in each year exceeds the amount of new borrowing anticipated to fund capital investment. The suspension of Voluntary Revenue

Provision means that debt is not being repaid and therefore will increase in line with the Capital Financing Requirement.

- 3.4 The propensity to bring actual borrowing into line with the CFR was previously constrained by the requirement to stay within the HRA Debt Limit of £68.912m imposed by the Central Government. However this cap was removed in October 2018. For all years from 2023/24 to 2025/26 the HRA CFR is projected to be above the debt as reflected in the capital investment proposals to be approved by the meeting of the Joint Strategic Committee on 7th February 2023.

4.0 HOW TO ALLOCATE DEBT AND ATTRIBUTABLE FINANCING COSTS BETWEEN HRA AND GENERAL FUND EQUITABLY – THE TWO POOLED APPROACH

- 4.1 The methodology adopted in the Strategy draws upon CIPFA guidance relating to the two pooled approach, the essence of which is:
- to disaggregate historic debt at the HRA Debt Settlement transition date by the CIPFA methodology and allocate the respective portions to the HRA and General Fund. To each share is added new debt arising after the transition date according to the purpose for which it was incurred.
- 4.2 In adopting this methodology, the Council was mindful of its Treasury Management Consultant's comments that "The two pool approach is the preferred option by CIPFA and DCLG. It is relatively simple and allows the HRA to present a preferred funding structure to the Treasury Management team. It allocates a greater proportion of fixed rate borrowing to the HRA, which may suit its needs as it provides a greater degree of certainty over initial costs".
- 4.3 Another reason for adopting the two pool approach was that an assessment was made of the impact of the resultant financing costs at transition on the HRA and it was concluded that the effect was negligible.
- 4.4 For historic debt at the transition date, the two pooled approach assumed the HRA was fully borrowed at the level of its CFR, with the residual debt attributed to the General Fund. Thus, any over borrowing at that date was attributed to the General Fund, rather than shared with the HRA. The effect at 31 March 2012 of applying the two pooled approach was:

CFR Allocations at Transition Date		Debt Allocations at Transition Date	
	£000		£000
HRA	68,676	HRA	68,676
General Fund	11,160	General Fund	13,430
TOTAL	79,836	TOTAL DEBT	82,106

5.0 HOW TO RECOGNISE HRA CASH BALANCES AND RESERVES WHICH FORM PART OF THE COUNCIL'S TOTAL INVESTMENTS

- 5.1 Before 2012/13, the former subsidy system provided for a statutory determination – the Item 8 credit – to attribute interest on notional average HRA cash balances to the HRA Comprehensive Income and Expenditure statement.
- 5.2 This recognised the general principle that the HRA should benefit from its cash balances and reserves, and the introduction of the self-financing arrangements did not alter this principle.
- 5.3 The Strategy adopts the CIPFA recommended approach for all investments to be pooled, since it states that the “interest on cash balances calculation can be used to manage the charge between HRA and General Fund”. Accordingly, to do this the Strategy retains the use of the notional average cash balance approach used within the former Statutory Item 8 calculation as the basis for crediting the HRA share of interest receivable.

6.0 HOW TO RECOGNISE ANY COSTS OR REVENUES GENERATED FROM OVER/UNDER BORROWING

- 6.1 In practice it is recognised that there will be timing differences between the Council's underlying need to borrow (the CFR) and actual borrowing.
- 6.2 Where under borrowing occurs, the Council is drawing upon internal reserves and balances to fund capital expenditure, and therefore bears the cost of

interest foregone on the amount of cash consumed that might otherwise be invested.

- 6.3 Conversely, where over borrowing occurs surplus cash to requirements is held that forms part of surplus cash available for investment. This may arise where borrowing for capital expenditure is undertaken in advance of actual expenditure to take advantage of low interest rates.
- 6.4 In both scenarios the CIPFA Treasury Management code states that the effect should be included in the interest on balances calculation to appropriately allocate the respective portions to HRA and General Fund.
- 6.5 Accordingly, the Strategy adopts the approach whereby the relevant credit or debit shall be computed with reference to the difference between the HRA and General Fund CFR and the respective actual debt during the year. Where an over-borrowing position occurs interest shall be credited at the average rate of interest on all investments prevailing for the period during which the over borrowing was sustained. For an under-borrowed position, interest shall be charged to reflect the interest foregone through consumption of internal resources and at the average rate of all investments achieved during the period of under borrowing.



ADUR DISTRICT COUNCIL

Adur Cabinet
2nd February 2023

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

Budget Estimates 2023/24 and setting of the 2023/24 Council Tax

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 is the final budget report of the year, the culmination of the annual budgeting exercise, and asks members to consider:

- The final revenue estimates for 2023/24 including any adjustments arising from settlement;
- An updated outline 5-year forecast; and
- The provisional level of Council Tax for 2023/24, prior to its submission to the Council for approval on the 23rd February 2023. This will be subject to any proposals to change the draft revenue budget following the consideration of the budget by the Cabinet.

1.2 The report outlines the medium term financial challenge through to 2027/28, discusses the impact of the current high inflation is having on the budget over the next year, and sets out performance in the key strategic areas of commercialisation, digital transformation and strategic asset investment. This has been updated to include the latest information regarding the impact of the inflation on the Council's financial position. The current budget strategy is having a significant effect on how the Council will be funded in the future with increasing income generated from commercial income and rents. Following the

delay to the fairer funding review, the challenge still remains significant for 2023/24, however the delivery of the budget strategy will ensure that this is met.

1.3 These budgets reflect the Council's ambitions set out in the JSC Sub-Committee report 'Priorities for Adur District Council' supported by '*Our plan*', and agreed savings proposals contributing to the financial sustainability of the Councils.

1.4 The major points raised within the report include:

- A full update on the impact of settlement. The Council should prepare itself for a continuation of the reduction in Government resources for 2023/24 and beyond (see section 4);
- Highlights the proposed funding for initiatives to support the Councils' ambitions set out in *Our Plan*;
- Details the proposals to invest in services outlined in Appendix 2;
- The Cabinet will need to consider whether to increase Council Tax by 2.00% or by a different amount (section 5.10).

1.5 The budget is analysed by Cabinet Member portfolio. In addition, the draft estimates for 2023/24 have been prepared, as always, in accordance with the requirements of the Service Reporting Code of Practice for Local Authorities (except in relation to pension costs adjustments that do not impact either on the Budget Requirement or the Council Tax Requirement).

1.6 The Police and Crime Commissioner (PCC) has been informed that the referendum criteria for this year is an increase of £15.00 per Band D property which would be equivalent to an increase of 6.67% and a further £10.00 in 2024/25. The proposed 2023/24 budget is due to be considered by the Sussex Police and Crime Panel (PCP) on 27th January 2023. If the proposals are vetoed by the PCP, revised proposals will be considered by the Panel on the 20th February 2023 at which point the Commissioner will be in a position to confirm the Council Tax for 2023/34 in time for Council on the 23rd February 2023.

- 1.7 The draft Local Government Settlement allows Councils to increase core Council Tax by up to 2.99%. Those Councils with responsibility for Adult Social Care can increase Council Tax by up to a further 2%. Therefore a Council Tax increase of 4.99% for Councils with social care responsibilities is allowed for 2023/24.
- 1.8 The precept for West Sussex County Council has not yet been finalised and will not be confirmed until 17th February 2023. The formal detailed resolution setting the overall Council Tax for next year will be presented directly to the Council Meeting on 23rd February 2023.
- 1.9 The following appendices have been attached to this report:
- (i) **Appendix 1** 5 year forecast for Adur District Council
 - (ii) **Appendix 2** Proposals for investment in services
 - (iii) **Appendix 3** Estimated Reserves
 - (iv) **Appendix 4** Council Tax base for 2023/24
 - (v) **Appendix 5** Outcome of consultation exercise
 - (vi) **Appendix 6** Summary of Cabinet Member Portfolio budgets for 2023/24

2. Recommendations

2.1 The Cabinet is recommended to:

- (a) Consider and approve, if agreed, the proposals to invest in services outlined in Appendix 2;
- (b) Agree to recommend to Council the draft budgets for 2023/24 at Appendix 6 as submitted in Cabinet Member Portfolio order, and the transfer to Reserves leading to a net budget requirement of £10,611,720 which includes provision for the

proposals in Appendix 2, subject to any amendments agreed above; and

- (c) Consider which Band D Council Tax to recommend to Council for Adur District Council's requirements in 2023/24 as set out in section 5.10
- (d) Recommend to Council that special expenses of £26.28 per Band D equivalent to be charged in all areas of the District except Lancing.
- (e) Approve the Council Tax base of 21,937.30 for 2023/24 as set out in paragraph 12.3.

3. INTRODUCTION

- 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 shortfalls in funding for the General Fund:

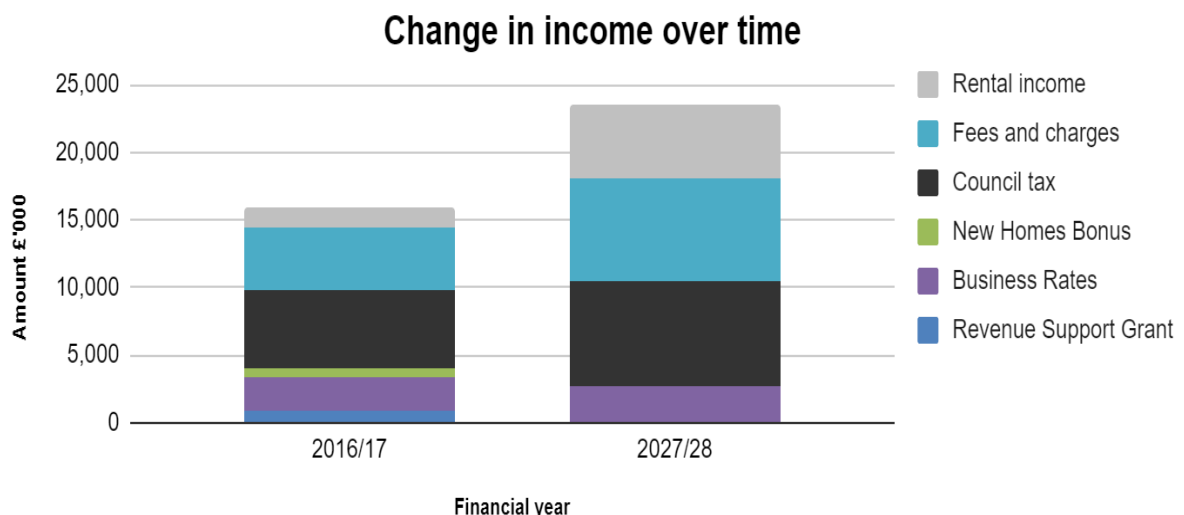
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Budget shortfall	1,001	1,958	2,338	2,692	2,943

- 3.2 The Councils had already set-up several strategic programmes which are responsible for taking forward key initiatives aimed at delivering savings for the future. These are now in the process of being reviewed in the context of Our Plan and new political priorities but the overarching structure is sound and we continue to organise our work in these programmes:

1. The Major Projects programme leads on delivering regeneration projects to increase employment space and additional housing;
2. The Strategic Asset Management programme will lead on delivering the income growth associated with the Strategic Property Fund and any proposed new developments;

3. The Commercial programme is developing initiatives for income growth from commercial services and seeks to improve the customer experience;
4. The Affordable Homes Working Group leads on initiatives to improve the supply of affordable homes and to reduce the cost of temporary and emergency accommodation;
5. The Corporate Landlord programme which seeks to rationalise accommodation use and generate capital receipts from the sale of surplus assets and thereby reducing the costs associated with funding priority projects identified in the Council strategic plans; and
6. The Service and Digital Redesign Programme which continues to deliver new digital services and improvements to existing systems.

3.3 The successful delivery of our strategy has fundamentally changed how the Council is funded while pursuing transformational approaches to how we deliver services and work with our partners. The Council has moved increasingly away from government funding towards funding from the local community via Council Tax, and will become increasingly reliant on income from commercial activities over time. Between 2016/17 and 2027/28 income from locally controlled sources (including Council Tax) is expected to increase from £11.8m to £20.9m, whilst at the same time income controlled by central government (including a share of business rates) will reduce from £4.1m to £2.6m.



3.4 The subsequent report to the Adur Joint Strategic Sub-Committee, on 6th December 2022 updated Members as to the latest budgetary information and the forecast shortfall was revised as follows:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Overall shortfall – December forecast	1,104	2,121	2,404	2,671	2,866
Savings identified in December 2022	-1,333	-1,693	-2,093	-2,423	-2,753
Revised budget shortfall/ Surplus(-) as at December 2022	-229	428	311	248	113

3.5 The 2023/24 savings proposals identified within the report amounted to £1.3m.

3.6 Since the meeting in December, the Adur District Council budget has been finalised and the last adjustments have been included subject to the final considerations about the level of Council Tax and any proposals to reinvest back into services. Overall, therefore, the current financial position of the Council for 2023/24 can be summarised as:

	£'000
Original 2023/24 budget deficit	1,001
<i>Changes to income from grants and taxation:</i>	
(a) Changes to the income from Council Tax	-44
(b) Impact of current forecast Council Tax Collection Fund deficit	-135
<i>Other changes:</i>	
(c) Review of inflationary provisions including energy costs	21
(d) Impact of interest rates:	
Increased investment income	-129
Increase in costs associated with the capital investment programme	146
(e) Impact of triennial review of the pension fund	-122
(f) Impact of removal of 1.25% National Insurance payments	-74
(g) Changed assessment of impact of the Environment Act	-54
(h) Final impact of 2022/23 pay award and the settlement of the dispute	147
(i) Net committed growth items identified by Service Heads approved in December	417
(j) Removal of contingency budget for committed growth	-70

Revised budget deficit as at 5th December 2022	1,104
<i>Impact of Settlement</i>	
Final change to business rate income and expenditure following confirmation of the new rateable values, the tariff and new multiplier and review of current income levels	-180
One off funding:	
New Homes Bonus	-79
Changes to existing grant streams	7
Funding guarantee grant	-227
Budget Surplus following settlement	625
<i>Adjustment for final items identified</i>	
Impact of increased demand for homelessness	300
Review of interest rates and profiling of the capital programme	24
Review of inflation on energy costs	128
Creation of contingency budget for cost of living pressures and one-off projects	123
Removal of contingency for new service investment proposals.	-70
Revised Budget shortfall	1,130
Less: Net savings agreed in December	-1,333
Budget surplus based on a 2.00% Council Tax increase available to fund new initiatives (before any further action is agreed)	-203

+/-

4.0 2023/24 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 4.1 The government published the provisional local government finance settlement for 2023/24 on 19th December 2022 via a written statement. Consultation on the provisional settlement closed on the 16th January 2023. This is a one-year settlement but contains some details for 2024/25.

- 4.2 Settlement confirmed the referendum principles set out above. The Council will be able to increase Council Tax by up to 3% or £5.00 whichever is the lower.
- 4.3 Local Government as a whole was a major beneficiary of the Autumn Statement 2022, with larger increases in funding than any other part of the public sector. Whilst a significant proportion of the increase was directed towards social care, even authorities without social care responsibilities have received an increase in funding. However, whilst the year's settlement was better in cash terms than any for over a decade; in real terms, the settlement will still leave many local authorities with a significant financial gap to close as it was less than the inflationary pressures currently being experienced across the sector.
- 4.4 The impact of settlement can be summarised as follows:

- ***Revenue support grant***

The Council will receive some Revenue Support Grant in 2023/24 (£74,160), this is due to the inclusion of Council Tax Support Administration Grant as part of Revenue Support Grant for the first time. Since 2016/17 the Council has seen Revenue Support Grant fall by £0.9m and had received no grant since 2018/19 until 2023/24.

- ***Business grant income and baseline funding***

The business rate system has been reset this year following the national revaluation which resulted in an overall increase nationally in rateable values.

The government's decision to freeze the business rates multiplier will be fully funded, and, from 2023-24 onwards, compensation to authorities for under-indexation would be paid based on Consumer Price Index (CPI) (10.1%).

Compensation to authorities will be part-paid via an uplift to Baseline Funding Level (BFL) (3.74%), with the remainder paid via section 31 grant. Baseline funding for 2023/24 will be £1,833,280.

Overall, councils will be compensated for the impact of freezing of business rates via grants and the net overall impact of all of these

changes is an increase of £191,000 in income from the business rate system.

- ***Funding Guarantee grant (£111m nationally)***

A new grant has been created to ensure every authority has an increase in Core Spending Power (the total funding received from Council Tax, Business Rates, and Government Grant) of at least 3% in 2023/24. This new guarantee will be funded from the previous Lower Tier Services Grant (LTSG) and the reduced cost of New Homes Bonus (NHB).

The cost of the 3% Funding Guarantee will be £136m in 2023-24. Adur District Council will receive £226,630. It is expected that this funding will remain in place in 2024/25.

- ***Services Grant (£464m nationally)***

The Services Grant was created in 2022/23 to fund core services which was distributed using the 2013/14 Settlement Funding Assessment methodology. This has been subsequently reduced to reflect the estimated benefit from the changes to National Insurance. Adur District Council will receive £68,650.

This funding will be excluded from any proposed baseline for transitional support as a result of any proposed system changes.

- ***New Homes Bonus***

New Homes Bonus (NHB) will continue for another year but the government very clearly intends to phase out the current scheme although the timing of this is unclear. For 2023/24, there is no change in the operation of the scheme: the scheme works in the same way and applies the same threshold (0.4%). The threshold means that NHB payments will only be made on an increase in the council tax base that exceeds 0.4%.

NHB allocations of £290m will be made nationally. This is a one off allocation in 2023/24 and the Council will receive an additional grant of £78,980.

4.5 Changes to local government funding in 2024/25 and beyond:

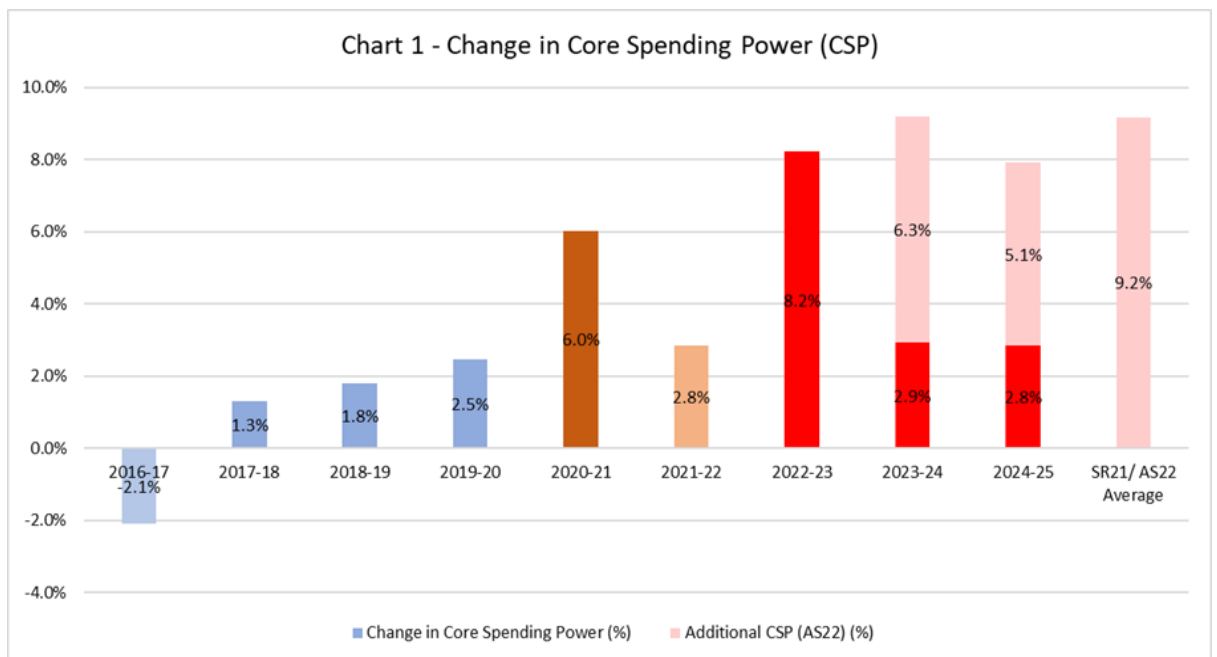
This is not a fixed two-year settlement and so there is uncertainty around 2024/25. We do not yet know the future of NHB. However, the policy statement made earlier in December, was clear that “the core settlement

will continue in a similar manner for 2024-25. The major grants will continue as set out for 2023-24.”

The Funding Review and the changes to the Business Rate Retention Scheme have now been delayed until 2025/26 at the earliest, effectively delayed until after the next election.

4.6 Summary of 2024/25 Local Government Settlement

4.6.1 In overall terms, the settlement announced for 2023-24 and 2024-25 represent the largest increases in Core Spending Power (CSP) that local government has received for more than a decade. Assuming authorities increase their Band D by the maximum allowed, CSP will increase by 9.2% in 2023-24 and 7.9% in 2024-25. These increases follow a pattern of strong increases in CSP since 2020-21.



* Source - Pixel Financial Management

2022/23 to 2024/25: Red = change in core spending power (CSP) from the Spending Review 2021 and Pink = additional CSP from the Autumn Statement 2022.

4.6.2 However, for District Councils the increases are much lower at around 3% which is well below actual inflationary pressures. District Councils have the lowest amount of flexibility for Council Tax increase when compared to other types of authority; the £5 rather than the 3% uplift on Council Tax will only benefit a handful of authorities and even then only minimally.

Consequently, whilst the settlement is to be welcomed, it does not address the pressures that District Councils are experiencing.

4.6.3 Members should be aware that the settlement figures quoted above are provisional only. The consultation period ended on 16th January 2023 with final settlement expected in February.

4.6.3 There were few significant changes at this late stage in previous years. If there are any significant changes arising from the final information members will be briefed before Council.

4.7 **Update on current Business Rate Retention Scheme**

4.7.1 The business rate retention scheme has now been in place for several years. There are two key features which members are reminded of:

- 1) There is a 'safety net' in place for any Council whose actual business rates income falls short of the target income for business rates. The safety net arrangements will be 7.5% of Baseline Funding which is equivalent to a maximum fall in income below the baseline funding level of £137,490.
- 2) A 'levy' is in place for any Council whose business rates exceed the target set. The levy will mean that the Council can keep 50p of every additional £1 generated over its share of the business rate target.

For each additional £100,000 raised the Council will keep the following amounts:

	Share of additional income	Additional Levy paid to treasury	Kept locally
	£'000	£'000	£'000
HM Treasury	50		
County Council	10	5	5
Borough Council	40	20	20
	100	25	25

4.7.2 The forecast for 2023/24 is currently being finalised. The 2023/24 NNDR return which underpins this forecast is due to be submitted by the 31st

January 2023 and any substantial changes resulting from the final assessment of the business rate income will be managed through the business rate smoothing reserve which has been set up for this purpose. This is a particularly complex year for forecasting business rates due to the national revaluation.

4.7.3 The Collection Fund will have another deficit at the end of the current year, largely due to the additional reliefs (£1.7m) granted in the year; together with a share of the losses incurred in 2020/21 which are now being recovered over a three year period.

4.7.8 Overall a deficit of £3.1m will need to be recouped in 2023/24 which can be broken down as follows:

	2022/23 £'000	Share of 2020/21 loss £'000	Total to be recovered in 2023/24 £'000
Adur District Council	1,109.5	130.6	1,240.6
West Sussex County Council	277.4	32.6	310.0
Government (HMT)	1,386.9	163.2	1,550.1
Total recovered	2,773.8	326.4	3,100.2

The Council will receive compensation in 2022/23 for the additional reliefs granted. The losses are supported by the business rate smoothing reserve in 2023/24 which has been set up to address timing differences in the business rate system.

4.7.4 Looking further ahead, the generation of additional business rates is one of the solutions to the Council's ongoing financial pressures. Members will be aware that there are several schemes progressing which will create employment space. Examples include: Adur Civic Centre site phase 2

4.7.5 Finally, it should be appreciated that there are still a number of risks associated with the business rate forecast:

- It is difficult to establish the number of appeals which are likely to come forward. There is no time limit on when an appeal might be lodged. However to date far fewer appeals have been received

following the 2017 revaluation following the introduction of the new 'Check, Challenge, and Appeal' process by the VOA.

- Major redevelopments will temporarily reduce business rate income whilst the site is being redeveloped.
- Conversion of office blocks and retail space into accommodation will result in a permanent loss of income however, this will be mitigated to some extent by the additional Council Tax generated once the conversion is completed.

4.7.6 Consequently there could be significant swings in the amount of business rate income in any one year. However, any shortfall in income will be recovered in the following financial year. The Council will provide for any known backdated business rates appeals at the 2022/23 year end. To help mitigate these risks the Council has created a Business Rate smoothing reserve.

4.7.7 Finally, as in previous years, Adur District Council will participate in the County Business Rate Pool which was suspended last year due to the uncertainty surrounding the impact of the pandemic on the business rate income. This has no direct impact on the budget itself as the Council is guaranteed under the terms of the pool to be no worse off by pooling, but it enables the County area to retain around £5.9m additional business rates to invest in local economic regeneration initiatives, income which would have been paid to the Treasury. The pool is administered by the County Council and funding is distributed by a collective meeting of all of the Leaders of the West Sussex Councils.

4.8 **Long term implications of current government policy**

4.8.1 The financing of local government has continued to change. We are moving from a grant based on need (Revenue Support Grant) to funding based on the delivery of homes (Council Tax) and the creation of employment space (Business Rate Retention Scheme).

The income from Council Tax forms an increasingly significant proportion of the Council's overall taxation income over the next 5 years and so the decision regarding the annual increase has a greater strategic importance for both the current year and future years as well.

Breakdown of taxation income to the Council:

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/26
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax *	6,793	7,204	7,266	7,428	7,594	7,763
Business Rates **	2,533	2,899	2,977	2,470	2,518	2,570
New Homes Bonus	157	79	0	0	0	0
Government grants	259	429	301	74	74	74
Total funding from taxation	9,742	10,611	10,544	9,972	10,186	10,407

* Includes any surplus or deficit on the collection fund

** Includes the surplus or deficit on the collection fund and any levy account payment

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/26
Council Tax	69.73%	67.89%	68.91%	74.49%	74.55%	74.59%
Business Rates	26.00%	27.32%	28.23%	24.77%	24.72%	24.70%
Government grants (incl New Homes Bonus)	4.27%	4.79%	2.86%	0.74%	0.73%	0.71%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

5.0 DRAFT REVENUE ESTIMATES 2023/24

5.1 Detailed budgetary work is now complete and the estimate of the budget requirement (net of any proposed transfers to reserves) is £10,611,720. This includes the savings and committed growth proposals agreed in December.

5.2 *Impact of the current high inflation on the Council's budgets:*

5.2.1 As part of settlement the Council received a number of additional grants. These include:

	£'000
Services Grant	105
Funding Guarantee	69
New Homes Bonus	79
Total allocated to support the budget	253

5.2.2 The current challenges due to inflation will continue to impact on the Council's finances throughout 2023/24. Where these impacts have been able to be quantified, provision has been included in the draft budget. Nevertheless, the rate at which income recovers is difficult to quantify with any certainty. Risk areas relating to the economic climate include:

- Fees and charges income.
- Impact on homelessness caseload. There remains a risk that demand and associated costs may increase further over the coming year.
- Additional staffing costs. Currently there are a number of areas where it is proving difficult to recruit new staff, consequently there is increasing pressure on staffing budgets.

5.3 ***Delivering the Council's priorities:***

5.3.1 The budget is fundamental to realising the Council's ambitions set out in the Council strategic priorities and 'Our Plan'. The budget enables the Council's role to lead and work with partners to develop our communities and our economies. Attached at Appendix 2 are some proposals for investment back into services to deliver the outcomes committed to for member consideration.

5.3.2 The budget includes specific funding for the commitments outlined in 'Our Plan'. Examples include:

5.3.3 **Thriving Economy**

The Council recognises the importance of ongoing investment in our places to ensure that they remain vibrant locations for social, economic and culture hubs for our communities.

There is also investment through the capital programme, investing in facilities to improve the local economy.

5.3.4 **Thriving People**

The Council has continued to support those on the lowest income during the cost of living crisis protecting the current level of Council Tax Support.

The Council continues to see an increase in demand for our Housing Service, in particular from those who are experiencing homelessness. The Council has increased its investment in this service as part of the 2023/24 budget. The Council has also made funding available for new investments to acquire Council-owned temporary and emergency accommodation to improve the accommodation offered to clients and reduce the costs for the Council.

5.3.5 **Thriving Places**

The Councils are also aware of the importance of our communities to have active lives and enjoy our parks and open spaces. Funding is proposed to improve parks and play areas throughout the area to promote health and wellbeing of our communities through the capital programme.

5.3.6 **Thriving Environment**

In July 2019 the Councils declared a climate emergency and have developed a comprehensive Carbon Reduction Plan, outlining a set of ambitious and detailed actions designed to make the Councils carbon neutral by 2030.

Alongside the organisational work, the Councils have developed an area wide framework called SustainableAW which was published in December 2019. This was followed by a major community-led conference Zero2030 and a Climate Assembly process which provided a representative forum for residents over six one day sessions to engage with the climate and ecology challenge, creating ideas for action.

5.3.4 **Good Foundations**

Much of the Medium-Term Financial Strategy is underpinned by new approaches to how we design and deliver our services, and develop our commercial activities and investment portfolios. These approaches are not only designed to improve the financial sustainability of the Councils, but also the services that our communities, clients and customers experience. We will continue to invest in service improvement, using research and design methods to understand what needs to change in our services, working with

staff to drive a customer first ethos and using our digital platforms to deliver simple, efficient digital service channels.

- 5.4 The final budget will be dependent on Members' consideration of the non-committed growth proposals, and the Council Tax increase that Members are prepared to support.
- 5.5 The key question of how the net budget requirement translates into the Council Tax charge can now be determined as the proposed details of the Local Government Finance Settlement have been received. Any final changes arising from settlement will be dealt with through the reserves. However, if there is a significant reduction in government resources, in-year action will be needed to reduce the final impact on the reserves.
- 5.6 Details of all of the main changes in the base budget from 2022/23 to 2023/24 are at Appendix 1. A breakdown of each Cabinet Member's summary budget is attached in Appendix 5. The changes can be summarised briefly as follows:

	£'000	£'000
2022/23 Original Estimate		9,742
Add: General Pay and Price Increases		1,286
Add: Committed and Unavoidable Growth:		
Impact of high inflation on demand for services	300	
Impact of delivering Council's priorities	46	
Other committed growth	787	
Increased Expenditure as per 5 year forecast (net of any proposed use of reserves)	1,133	
Reduced income	27	
Impact of Capital Investment Programme	332	1,492
Less: Compensatory savings and additional Income:		
Compensatory savings	(456)	
Additional income	(323)	(779)
2023/24 budget prior to agreed savings		11,741

	£'000	£'000
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2023/24 budget prior to agreed savings		11,741
Less: Savings agreed by members		
Approved in December	-1,333	-1,333
Cabinet Member requirements		10,408
Potential contribution to reserves / amount available to invest in services (see Appendix 2)*		203
Potential budget requirement before external support		10,611
Collection fund surplus		-97
2023/24 BUDGET REQUIREMENT		10,514
* The planned contributions to and from the reserves are analysed in Appendix 3. The final amount will depend on the decisions made about the proposals to invest in services at Appendix 2 and the Council Tax increase.		

- 5.7 The estimates reflect the Council's share of the Joint Strategic Committee budget. The allocation of the costs of joint services under the remit of the JSC has been the subject of an annual review this year for any significant changes.

Further details can be provided by request from Emma Thomas (Chief Accountant) or Sarah Gobey (Chief Financial Officer).

- 5.8 The projected surplus on the Council Tax element of the Collection Fund is estimated to be £672,870, of which £96,960 is the Borough Council share. Deficit relating to 2020/21 which is being recouped over the three years 2021/22 - 2023/24 in line with the Covid regulations and this offsets the in-year surplus of £922,710. Consequently, current surplus will be shared as follows:

	Deficit re 2020/21	In year Surplus	Total
Split of deficit (-)	£	£	£
Adur District Council	-36,000	132,960	96,960
West Sussex County Council	-186,830	690,000	503,170
Sussex Police and Crime Commissioner	-27,010	99,750	72,740
Total deficit	-249,840	922,710	672,870

- 5.9 Members are now faced with two questions:

- What level of Council Tax to set?
- Whether to accept the growth items detailed in Appendix 2?

The decisions made today will be reflected in the budget papers presented to Council.

5.10 The Council Tax increase:

5.10.1 The decision over the level of increase to the Council Tax influences not only the current budget but future budgets as well. Over the past 10 years, the Council Tax has been increased by 15.6%, an average of 1.56% per year (in 2012/13 the average Band D tax was £274.72, in 2022/23 it was £317.61). Over the equivalent period, inflation (CPI) has been 25.0%.

5.10.2 The budget forecast currently assumes that Council Tax will increase by 2.0% in 2023/24. The most recent inflation index was 10.7% (CPI in November 2022) and so the forecast rate is significantly below current inflation rates.

5.10.3 A 2% uplift would only be a modest increase in the Council share of the bill for 2023/24. The table below details how the Council Tax will change as a result of a 1%, 1.5%, 2.0% and 2.99% increase.

	2022/23	Annual increase for 2023/24			
		1%	1.5%	1.75%	2.00%
	£	£	£	£	£
Council Tax Band D	317.61	320.79	322.37	323.17	324.00
Annual increase		3.18	4.76	5.56	6.39
Weekly increase		0.06	0.09	0.11	0.12
Council Tax Band C	282.32	285.15	286.55	287.26	288.00
Average annual increase		2.83	4.23	4.94	5.68
Average weekly increase		0.05	0.08	0.10	0.11
Total additional Council Tax raised compare to 2022/23		69,760	104,420	121,970	140,180
Additional Council Tax raised over a 1% increase			34,660	52,210	70,420

- 5.10.4 Members should also be aware that the Police and Crime Commissioner has the flexibility to increase the Band D tax by £15.00 (6.67%) for their share of the overall bill. Whilst the level of increase to be set by the County Council is unknown at this stage, given the financial pressures that the County is under, there are indications that the increase will be close to the maximum permitted (4.99%). Consequently, the total overall increase in the Council Tax bill for a Band D property based on the Council opting to set the tax at 4.72%:

	2022/23	2023/24 (Indicative only)	%
	£	£	
Adur District Council - average	317.61	324.00	2.00%
West Sussex County Council	1,555.74	1,633.32	4.99%
Sussex Police and Crime Commissioner	224.91	239.91	6.67%
	2,098.26	2,197.23	4.72%

If Adur increased its share of the Council tax by the maximum allowable (2.99%), then the overall increase to the annual charge would be 4.86%.

- 5.10.5 The decision to raise Council Tax influences not just the 2023/24 budget but future years and should be considered alongside the projected budget shortfalls for the next 5 years, as there are long term consequences to setting a Council Tax increase lower than the maximum permitted. This is particularly significant at the moment given the scale of the financial challenge faced by the Council. Potentially the next few years are financially challenging with significant savings required in each financial year of:

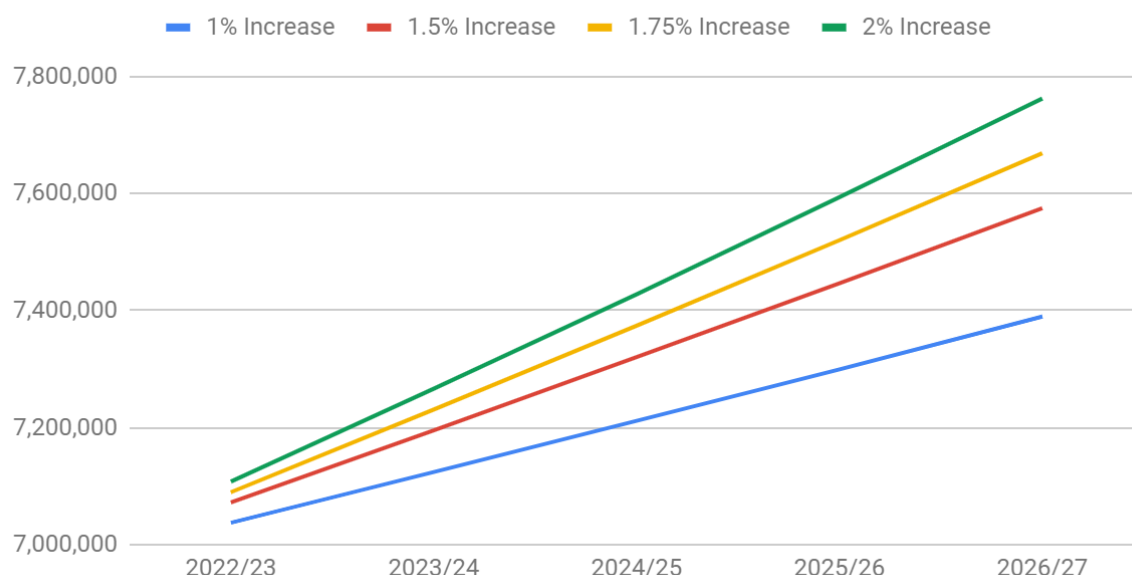
Estimated budget shortfall	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Annual saving	135	1,231	287	182
Cumulative Savings	135	1,366	1,653	1,835

- 5.10.6 The impact of changing the Council Tax by 1%, 1.5%, 1.75% and 2.00% annually would be as follows:

Total income	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
1% annual increase	7,037,270	7,123,890	7,211,490	7,299,410	7,389,650
1.5% annual increase	7,071,930	7,195,120	7,320,570	7,446,510	7,574,940
1.75% annual increase	7,089,480	7,230,740	7,374,120	7,520,060	7,668,580
2% annual increase	7,107,690	7,266,360	7,427,670	7,593,610	7,762,220

Over the longer term, a higher increase will give the Council significant additional income:

Adur District Council - Long term impact of Council Tax increases



5.10.6 Members are asked to consider which level of Council Tax increase that they support. An increase of 2.00% would enable the Council to set a balanced budget and fund all of the proposals for investment in services recommended for approval in Appendix 2. However, if a lower rate is set, then additional savings will have to be identified to fund the financial consequences as it would be inappropriate to use the reserves to balance the budget.

5.10.7 At this late stage in the budget process, it would be difficult to make any decisions that result in service reductions as these should be the subject of consultation, however the option remains to defer projects or the proposed investments into services to generate an in-year saving and fund the desired level of Council Tax increase.

5.11 Summary of budget position

Depending on the choices made regarding the Council Tax increase and the new growth items; the overall budget position will be (based on a 2.00% increase):

Net budget requirement	£'000	£'000 10,408
Less:		
Baseline Funding	1,833	
Share of additional Business Rate income	1,066	
Council Tax (2.00% increase)	7,107	
Other grants	508	
Collection Fund Surplus	97	
		-10,611
Budget surplus based on 2.00% Council Tax increase		-203
Maximum impact of accepting the growth items (Appendix 2)		203
Budget balanced at a 2.00% Council Tax increase		-

6.0 IMPACT ON FUTURE YEARS

- 6.1 The impact of the proposed changes on the overall revenue budget for the next 5 years is shown in Appendix 1 (which includes an assumed 2.00% tax increase for 2023/24 which is to be considered as part of this report). The settlement, together with the other agreed changes to the budget means that the Council is likely to face a minimum shortfall of:

	Expected shortfall (Cumulative)				
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Budget shortfall prior to approving growth	1,130	1,265	2,496	2,783	2,965
Impact of accepting the growth items at appendix 2	203	203	203	203	203
Cumulative budget shortfall as per appendix 1	1,333	1,468	2,699	2,986	3,168
Less:					
Net savings identified in 2023/24 budget round	-1,333	-1,333	-1,333	-1,333	-1,333
Adjusted cumulative budget shortfall	-	135	1,366	1,653	1,835
Savings required each year	-	135	1,231	287	182

6.2 The continuation of the withdrawal of government funding has significant consequences for the Council . Looking ahead, the stimulation of the local economy and provision of additional housing will be two of the measures which will help protect the Council's services. There are potentially three benefits which flow from an improving economy and which will directly improve the council's financial position:

- Increased income from business rates which is discussed fully in section 4 above;
- Reduced cost of Council Tax benefits from any new jobs created;
- Additional Council Tax income from each new home;

6.3 However, these measures are unlikely to be enough. The Council has previously approved a budget strategy to:

- Generate £100k more commercial income per year;
- Rationalise the use of assets to reduce running costs and generate opportunities for disposal;
- Invest in new assets where these provide the opportunity to improve the local economy, the supply of housing or to reduce our carbon footprint;
- Promote efficiency whether this is through the digital strategy or by improving customer service; and
- Reducing the cost of temporary and emergency accommodation.

Overall, if the Council delivers upon the current budget strategy then the level of new initiatives required each year to balance the budget will reduce as follows:

	Expected shortfall per year			
	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000
Annual budget shortfall	135	1,231	287	182
Future savings from budget strategy:				
Annual increase to set-aside into commercial property reserve	100	100	100	100
Commercial activities	-150	-150	-150	-150
Service and digital redesign	-80	-80	-80	-80
Asset rationalisation and disposal programme	-30	-70	0	0
Excess savings (-) / new savings initiatives to be identified	-25	1,031	157	52

- 6.4 With the delay to the fairer funding review, the challenge has now moved onto 2025/26 which becomes a more challenging year. It is intended to do a full refresh of the strategy to ensure the Council meets the challenges of the next few years and continues to set a budget without reliance on reserves.

7.0 RESERVES

- 7.1 Sections 26 and 27 of The Local Government Act 2003 require the Council's Chief Financial Officer to comment on the adequacy of the Council's reserves. The reserves have therefore been reviewed in accordance with best practice.
- 7.2 To enable a view to be taken on the adequacy of reserves, Members need to be aware that, broadly speaking, there are two categories of revenue reserves relevant to the Council. The General Fund Working Balance which primarily is available to cushion the impact of uncertain cash flows and act as a contingency to meet unforeseen costs arising during a budget year (e.g. unexpected increases in the demand for services or losses in income); and Earmarked Reserves which are sums held for specific defined purposes and to meet known or predicted liabilities. Both categories of reserves can be used on a planned prudent basis to underpin the annual budget.
- 7.3 The Council has successfully protected and built the reserves over a number of years. In the past five years the reserves have generally increased as follows:

History of reserves	Year ended 31st March				
	2018	2019	2020	2021	2022
	£'000	£'000	£'000	£'000	£'000
General Earmarked Reserves (a)	760	646	658	1,219	1,360
Tax Smoothing Reserves	0	402	31	4,035	1,884
Grants and Contributions	553	563	623	1,343	1,203
Total earmarked reserves	1,313	1,611	1,312	6,597	4,447
General Fund Working Balance (b)	518	519	952	951	1,051
Total reserves	1,831	2,130	2,264	7,548	5,498
Available reserves for general purposes (a+b)	1,278	1,165	1,610	2,170	2,411

However the past three years have been very difficult, firstly due to the impact of the pandemic on the Council's finances and more recently the significant impact that the current historically high level of inflation is having on the Council's financial position.

- 7.4 The Council's established policy is to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. The current balance as at 31st March 2022 is £1,051,500. The working balance was increased in 2019/20 to mitigate the additional risks that the Council is carrying in the light of the pandemic. The balance is 9.9% of net 2022/23 revenue expenditure and is in the upper part of the range of 6% -10% set by the Council. There are no plans to draw down from the working balance other than to fund any potential overspend from 2021/22 and if needed this reserve will be boosted over the next few years from any in-year underspend to ensure that it remains sufficient to manage risks.

The year-end level on the General Fund Working Balance for the foreseeable future, therefore, is estimated as follows:

		£'000	%
31.03.2022	Balance carried forward – per Final Accounts	1,051	9.8
31.03.2023	Use of reserves expected to part fund the potential 2022/23 overspends.	681	6.4
31.03.2024	No planned drawdown or contribution expected	751	7.1
31.03.2025	No planned drawdown or contribution expected	821	8.2
31.03.2026	No planned drawdown or contribution expected	891	8.7

- 7.5 On the basis of the year-end figures above, and taking into account past performance and the acknowledged track record of sound financial management in this Council, I believe the working balance is adequate for its purpose. In forming this view I have considered the following factors:

1. The Government has provided additional funding for 2023/24 which has been placed into a contingency budget to enable the Council to manage financial risks next year.

2. The Council has created specific budgets to manage any void losses related to commercial property and where there are likely to be ongoing losses these have been built into the revenue budget.
3. A pay award of 1% more than currently allowed for within the budget would cost the General Fund approximately £.
4. Any use of the working balance would be difficult to recoup in the short term. Consequently, the reserve needs to be sufficient enough to cope with at least two years of adverse impacts.

Against this background, and especially given the current economic climate and the impact of the pandemic, it is important that the Council maintains its reserves at the planned amount for the foreseeable future.

7.6 However, with the planned expansion of commercial activity, especially the investment in commercial property, the council has taken two other measures to further manage risk and bolster the reserves:

- i) As part of the initiative to invest in commercial property, an element of the additional rent raised every year is being set aside into a specific reserve to manage void periods on these properties and to set aside resources to fund future investment needs. The annual provision will be £750,000 in 2023/24. This provision will be gradually built up over the next 5 years to a level of £1,250,000 per year by 2027/28.
- ii) Following the LGA peer review, there was a change in approach to the management of general inflation (excluding inflation on items such as salaries, rates, utilities, and contractual commitments). This is no longer allocated out this year but held centrally in the Corporate Management budget. This budget will be allocated out where the inflationary pressure can be demonstrated. Any unutilised budget at the year end will be transferred to the reserves and the budget offered up as a budget saving for the forthcoming year. This also provides a contingency budget for in-year pressures.

7.7 In the medium term, once the challenges of the next couple of years have been addressed, the council should review the position and take proactive steps to further bolster the overall reserves.

7.8 The estimated balance of general fund earmarked reserves as at 31st March, 2023 is £751,000, excluding the Business Rates Smoothing Reserve, any

Section 106 sums held for future environmental improvements, grants, and any specific capital resources. Overall, the level of reserves held by the Councils is expected to improve over the forthcoming years as follows:

	Balance as at 31st March				
	2022 Actual	2023 Est.	2024 Est.	2025 Est.	2026 Est.
	£'000	£'000	£'000	£'000	£'000
General Earmarked Reserves	464	756	1,606	2,556	464
Tax Smoothing Reserves	1,876	636	505	505	1,876
Grants and Contributions	1,203	1,203	1,203	1,203	1,203
Total earmarked reserves	3,543	2,595	3,314	4,264	3,543
General Fund Working Balance	681	752	822	892	681
Total reserves	5,498	4,224	3,747	4,536	5,556

A detailed schedule of the earmarked reserves is attached at Appendix 3. The significant risks to the overall budget and the Council's reserves are detailed below.

- 7.9 Given the relatively low level of reserves, it is now critical that these reserves be used only as a funding resource of last resort until such time as the reserve level has recovered to some extent. The Council has over the past year minimised new calls on such resources, utilising the ability to use capital receipts to fund initiatives to generate budget savings where possible.
- 7.10 In all probability, the Council will continue to have occasional opportunities to put money into earmarked reserves rather than solely to drawdown on a planned basis. Even without this, I believe the earmarked revenue reserves are adequate for their particular purposes provided that they are used sparingly.
- 7.11 However the size and nature of the risks to the overall budget leaves the Council with little room for using these reserves for new on-going spending initiatives. The Council should maintain its current policy of spending its scarce earmarked reserves on:
- supporting one-off rather than recurring revenue expenditure;
 - dealing with short-term pressures in the revenue budget; and
 - managing risk to the Council's budget.

SIGNIFICANT RISKS

- (i) **Inflation** - A provision for 4.5% inflation has been built into pay budgets; with significantly higher amounts built in for energy costs and business rates; general non-pay budgets have been increased by 2%. Whilst the Bank of England inflation forecasts expect that inflation will begin to fall in 2023 and return to 2% in two years time, there is a risk that inflation will run at a higher rate than allowed for within the budget. Each 1% increase in inflation is equivalent to the following amount:

	1% increase
	£'000
Pay	112
Non-pay	29

- (ii) **Withdrawal of funding by partners**

All budgets within the public sector are under scrutiny which may lead to partners reassessing priorities and withdrawing funding for partnership schemes. Consequently, the council may lose funding for key priorities and be left with unfunded expenditure together with the dilemma about whether to replace the funding from internal resources.

- (iii) **Income** - The Council receives income from a number of services which will be affected by demand particularly at the moment due to the continuing impact of the pandemic and the cost of living crisis. These include land charges, trade and green waste services, development control and now business rates. Whilst known further reductions in income have been built into the proposed budgets for 2023/24: the pace of recovery may be slower than anticipated; income may fall further than expected; or new targets for commercial income may not be met.

The Council is investing in new commercial property, as leases expire there is an increased risk of loss of income from voids. To mitigate this risk the Council has introduced an annual provision for void rents which will be £750,000 in 2023/24. This will be increased annually in line with the level of investment in the property portfolio and the associated risk.

(iv) **Demand for housing services -**

Demand has been increasing for housing services at a significantly higher rate than in previous years. Whilst this may be a temporary pressure, the Council has increased investment in this service to manage these costs. There remains a risk that demand for the service will continue to escalate.

9.0 CONSULTATION

9.1 The Council has undertaken a public consultation exercise this year. The council received 1,239 responses. The outcome of the consultation is included at Appendix 5.

9.2 Officers and members have been consulted on the development of the budget.

10.0 UPDATE TO PRUDENTIAL INDICATORS

10.1 The Council's budget fully reflects the cost of financing the capital programme. Members have previously approved sufficient growth to accommodate the proposed capital programme. The Council has a fully funded capital programme and the associated revenue costs are built into the budget for 2023/24 and future years.

10.2 Under the Prudential Code of Practice and the capital finance system introduced in April 2004, the capital programme is based on the Council's assessment of affordability. This includes any new borrowing which the Council wishes to undertake.

10.3 The Code of Practice has been revised with a new code due to be introduced for 2023/24. The freedom for local authorities to set the scope and size of their capital plans remains unrestricted, but the prudential system processes have been strengthened to set out greater consideration of prudence, with sustainability and risk reporting improved through the governance procedures. There is also stronger guidance on commerciality which effectively prohibits solely commercial investment and requires the Council to regularly review current commercial investments. However this change was pressaged by the new rules surrounding borrowing from the PWLB and the Council has long since adapted its property investment criteria.

10.4 The Prudential Code of Practice requires the Council to set a series of indicators to show that the capital programme has due regard to affordability, sustainability and prudence. These are included with the annual Treasury Management Strategy Statement which is due to be considered by JSC on the 7th February 2023 and which will be included in the Council budget pack for approval.

11.0 COMMENTS BY THE CHIEF FINANCIAL OFFICER

11.1 Section 25 of the Local Government Act 2003 requires an authority's Chief Financial Officer to make a report to the authority when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions. The Section requires Members to have regard to the report in making their decisions.

11.2 As Members are aware, local authorities decide every year how much they are going to raise from Council Tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services. Because they decide on the Council Tax in advance of the financial year in question, and are unable to increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:

- making prudent allowance in the estimates for each of the services, and in addition;
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient which has been considered in detail on section 7 of the report.
- Creating contingency budgets to help manage the greater risks associated with the pandemic as set out in paragraph 5.2.2

11.3 Overall view on the robustness of the estimates:

Subject to the important reservations below, a reasonable degree of assurance can be given about the robustness of the estimates and the adequacy of reserves. The exceptions relate to:

(1) The provision of estimates for items outside of the direct control of the Council:

- Income from fees and charges in volatile markets particularly at the moment given the pandemic, e.g. car parks and development control fees.
- External competition and declining markets, particularly during a recession. E.g. Local land charges and building control fees.
- Changes to business rate income due to revaluations, redevelopments and increases in mandatory rate relief.

(2) Cost pressures not identified at the time of setting the budget. This would include items such as excess inflation.

(3) Initiatives and risks not specifically budgeted for.

It will therefore be important for members to maintain a robust budget monitoring regime during 2023/24.

11.4 The Chief Financial Officer's overall view of the robustness of the estimates is, therefore, as follows:

The processes followed are sound and well established and identical to those that produced robust estimates in the past. The Council has also demonstrated that it has a sound system of financial management in place.

12.0 COUNCIL TAX SETTING

12.1 The Council is obliged to raise the balance of its resources, after allowing for any government grant and business rates, to finance the General Fund Revenue Budget from its local Council Taxpayers. The Adur District Council Tax will be added to the Precepts from West Sussex County Council and the Sussex Police and Crime Commissioner to form a combined Council Tax to levy on the taxpayers of Adur. This will be formally approved by Council on the 23rd February 2023 via a report on the Council Tax Determination. The following paragraphs brief members on the overall content of the determination and seeks approval for both the tax base and special expenses.

12.2 Once the Cabinet has reached a decision on the Total Budget Requirement it wishes to recommend to the Council for the 2023/24 Budget, the resulting

Council Tax for the District can be set. This takes into account the Total Aggregate External Finance (Government grants and Business Rates contributions) and any contribution to or from the local Collection Fund.

12.3 Adur District Council:

- (a) The following table shows the net sum to be raised from local Council Taxpayers in 2023/24 prior to the consideration of the budget proposals. This is based on 2.00% Council Tax increase, below the maximum increase permitted without triggering the requirement for a referendum:

	£	£
Net 2023/24 Budget *		10,408,380
Less: Aggregate External Finance		
Baseline Funding	-1,833,280	
Additional Retained Business Rate income	-1,066,360	
Funding Guarantee Grant	-226,630	
New Homes Bonus	-78,980	
Revenue Support Grant	-74,160	
Services Grant	-68,650	
Local Tax Guarantee Scheme - use of set aside grant	-59,010	
Contribution to the Collection Fund deficit (as per paragraph 5.8)	-96,960	
Total Aggregate External Finance		-3,504,030
Minimum amount to be raised from Council Tax		6,904,350
Net additional impact of proposals identified in Appendix 2 if all approved		203,340
Amount to be raised from Council Tax based on 2.00% Council Tax		7,107,690

- * 2022/23 budget requirement after any contribution to or from reserves required to balance the budget or any further increase to Council Tax.

Within section 5 of the report, members are given the options for the Council Tax and approving the service investment proposals.

- (b) Council Tax Base

The Council's Tax base for 2023/24 is 21,937.3 Band D equivalent properties. There is an increase to the current year base of 21,699.7

which is largely due to increasing housing numbers. The full calculation of the tax base is shown in Appendix 4.

	2022/23 Tax Base	2023/24 Tax Base
Lancing	6,415.3	6,511.8
Sompting	2,759.9	2,790.9
Other areas	12,524.5	12,634.6
TOTAL	21,699.7	21,937.3

(c) Special Expenses

At the extraordinary meeting of Council held on 10th January 1995, maintenance of recreation grounds and provision of community buildings were agreed as special expenses not chargeable in the Lancing area under the terms of section 35 of the Local Government Finance Act 1992. In 2023/24 expenditure of £405,170 (£386,140 in 2022/23) falls under the resolution and will need to be financed by a Band D tax of £26.28, to be charged in all areas of the District except Lancing.

(d) Adur District Council Band D Council Tax

In Section 5.10, the options for the Council Tax increase are discussed in detail. An average Council Tax increase of 1.24% will ensure that the Council has a balanced budget, an average increase of 2.00% will lever in sufficient additional resources to fund the service investment proposals recommended for approval at Appendix 2 and deliver a balanced budget.

The actual amount charged in each area will depend on whether Special Expenses is charged and the level of the Basic Council Tax. The final agreed amounts will be incorporated into the Council Tax determination.

Area	2022/23	2023/24 (Average 1% increase)	2023/24 (Average 1.5% increase)	2023/24 (Average 1.75% increase)	2023/24 (Average 2.0% increase)
Lancing - Basic Council Tax	£ 299.79	£ 302.31	£ 303.93	£ 304.74	£ 305.55
Percentage increase		0.84%	1.38%	1.65%	1.92%
Annual increase (Band D)		2.52	4.14	4.95	5.76
Weekly increase (Band D)		0.05	0.08	0.10	0.11

Area	2022/23	2023/24 (Average 1% increase)	2023/24 (Average 1.5% increase)	2023/24 (Average 1.75% increase)	2023/24 (Average 1.98% increase)
Shoreham, Southwick, Sompting and Coombes	£	£	£	£	£
Basic Council Tax	299.79	302.31	303.93	304.74	305.55
Special Expenses	25.29	26.28	26.28	26.28	26.28
TOTAL in Shoreham, Southwick, Sompting and Coombes	325.08	328.59	330.21	331.02	331.83
Percentage increase		1.08%	1.58%	1.83%	2.08%
Annual increase (Band D)		3.51	5.13	5.94	6.75
Weekly increase (Band D)		0.07	0.1	0.11	0.13

12.4 West Sussex County Council and Sussex Police Authority

- (a) The County Council requirements are expected to be confirmed on 17th February, 2023. The proposed Police and Crime 2023/24 budget is due to be considered by the Sussex Police and Crime Panel (PCP) on 27th January 2023.

	2022/23 £	2023/24 £
West Sussex County Council	1,555.74	t.b.c
Sussex Police Authority	224.91	t.b.c
TOTAL	1,780.65	t.b.c.

12.5 The final figures for all authorities including the parish councils will be incorporated into the formal Council Tax setting resolution to be presented to the Council at its meeting on 23rd February 2023.

13.0 LEGAL IMPLICATIONS

13.1 The Local Government Act 2003 requires that the Council sets a balanced budget. This report demonstrates how Adur District Council will meet this requirement for 2022/23.

14.0 CONCLUSION

14.1 This has been a difficult year in which the Council has had to address a budget shortfall of £1.3m whilst contending with the impact of high inflation and the current economic climate. The Government is providing more support in 2023/24 however much of this support is time limited in nature and there is a lack of clarity about the future of local government funding reform. To meet this challenge the Council has identified significant savings of £1.333m of savings and is now in the position to set a balanced budget.

14.2 With the further delay to the Fair Funding Review, the financial challenge now moves to 2025/26, with 2024/25 set to be a relatively benign year. The strategy of delivering commercial income growth and business efficiencies continues to play a vital role in balancing the budget. Nevertheless, given the scale of the potential challenges ahead, a refreshed budget strategy will be presented in July next year which will bring forward new savings initiatives.

14.3 Provided we continue to deliver on our agreed budget strategy, the Council will become increasingly financially resilient over the next 5-10 years as government funding reduces and we become largely funded by our community through Council Tax, retained Business Rates and income from our commercial services.

- 14.4 The strategic aims of the Council are critical to our success. Developing the local economy to increase employment space and local jobs together with the provision of new homes is one of the strategic measures that the Council can take to protect its longer term financial interests, however there will inevitably be some difficult days ahead as the Council seeks to address the remaining budget shortfall and rebuild our financial health.
- 14.6 Finally, in preparing the strategy and forecast for 2023/24 an assessment was carried out of the significant risks and opportunities which may have an impact on the Council's budget. Where quantifiable, the budget has been adjusted accordingly but it is important to acknowledge that there are still some risks to the overall position which may have to be funded from reserves. Members will continue to receive regular budget monitoring reports and updates to the Council's 5-year Medium Term Financial Plan, to ensure that the financial challenges ahead are effectively met.

Local Government Act 1972

Background Papers:

- Developing a revenue budget for 2023/24 against a backdrop of high inflation – Report to Joint Strategic Committee on 5th July 2022
- Report to the Adur Joint Strategic Sub-Committee 6th December 2022 - 2023/24 Budget update
- Local Authority Finance (England) Settlement Revenue Support Grant for 2023/24 and Related Matters: MHCLG Letters and associated papers of 19th December 2022.
- Local Government Act 2003 and Explanatory Note
- 'Guidance Note on Local Authority Reserves and Balances' – LAAP Bulletin No. 77 - CIPFA -published in November 2008
- Statement of Accounts 2021/22
- Report to Adur Joint Strategic Sub-Committee 6th December 2022 – 2nd Revenue Budget Monitoring Report (Q2)

Contact Officer:

Sarah Gobey,
Chief Financial Officer
Town Hall, Worthing
01903 221221

sarah.gobey@adur-worthing.gov.uk

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

Matter considered and no issues identified

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. ENVIRONMENTAL

Matter considered and no issues identified

4. GOVERNANCE

Matter considered and no issues identified

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2022/23 - 2027/28						
Net Spending to be Financed from Taxation	2022/23 Base	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	9,742	9,742	9,742	9,742	9,742	9,742
(a) Annual Inflation						
Estimated inflation		220	516	810	1,109	1,405
Impact of 2022/23 pay award (Current offer 5.82%, budget contains 2%)		420	429	438	447	456
Reduction in employers national insurance by 1.25%		(74)	(75)	(77)	(79)	(81)
(b) One -off / non-recurring items						
Local Elections (held every other year)		18	-	19	-	20
(c) Impact of Cost of Living crisis						
Additional pay award - Usually budget for 2% assume 4.5%		286	294	303	299	305
Gas and electricity (380% gas, 190% electricity)		293	293	293	293	293
Diesel (50% increase)		67	67	67	67	67
Additional cost of housing service due to increasing demand including prevention work		381	385	385	385	385
Additional grant funding for homelessness prevention		(81)	(85)	(85)	(85)	(85)
Removal of inflation contingency budget		(67)	(67)	(67)	(67)	(67)
Contingency budget for initiatives to manage the impact of the cost of living on the Council's finances		123				
(d) Impact of funding the Council's priorities						
Measures to reduce waste - Impact of the Environment bill		18	18	18	18	18
Bike share scheme (part year cost included in 2022/23)		28	28	28	28	28
Heat Network		-	10	10	10	10
(e) Capital Programme and Treasury Management						
Capital programme financing costs		317	377	533	626	605
Revenue contribution to capital programme to fund proposals outlined in the capital budget		15	-	-	-	-
Investment income		(323)	(337)	(378)	(421)	(465)
(f) Other items						
Impact of waste dispute:						
Impact of negotiation on salaries costs		147	147	147	147	147
Impact of dispute on net income		27	27	27	27	27

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2022/23 - 2027/28

	2022/23 Base	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000
(f) Other items (continued):						
Removal of one-off budgets:						
Removal of 2022/23 Covid contingency budget		(175)	(175)	(175)	(175)	(175)
Impact of Triennial review:						
Reduction in pension rates		(27)	(28)	(29)	(30)	(31)
Reduction in back funded contributions		(95)	(190)	(285)	(285)	(285)
Final cost of new leisure contract		(18)	(117)	(117)	(117)	(117)
Delay to Fairer Funding Review - Homeless funding to continue until 2025/26		-	-	263	263	263
Impact of rate revaluation 2022		11	16	24	53	54
Consolidation of Council Tax Support grant into RSG		71	71	71	71	71
Allowance for committed growth items as approved in December 2022		417	437	407	477	547
(g) Approved Growth items						
Proposals for new growth items (see appendix 2)		203	228	298	368	438
Total Cabinet Member Requirements	9,742	11,944	12,011	12,670	13,171	13,575
Income from taxation:						
Baseline funding	1,767	1,833	1,870	1,907	1,945	1,984
Add: Retained additional business rates	766	1,066	1,107	563	573	586
Adjusted Business Rate income	2,533	2,899	2,977	2,470	2,518	2,570
Council Tax						
Council Tax income	6,892	7,107	7,265	7,427	7,593	7,763
Other grants						
New homes bonus (2019/20 - 2022/23)	10	-	-	-	-	-
New homes bonus - One off payments	147	79	-	-	-	-
Total NHB	157	79	-	-	-	-
Lower Tier Services Grant / Revenue Support Grant	79	74	74	74	74	74
Local Tax Guarantee Scheme - Council Tax	59	59	-	-	-	-
Services Grant	121	69	-	-	-	-
Funding guarantee	-	227	227	-	-	-
Collection fund surplus/deficit (-)	(99)	97	-	-	-	-
Total other grants and contributions	317	605	301	74	74	74
Total Income from Grants and Taxation	9,742	10,611	10,543	9,971	10,185	10,407
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,333	1,468	2,699	2,986	3,168

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2022/23 - 2027/28

	2022/23 Base	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET		1,333	1,468	2,699	2,986	3,168
Savings strategy:						
Strategic Property Investment Fund						
Future developments						
Provision for future voids		(100)	(200)	(300)	(400)	(500)
Commercial and Customer Activities		305	455	605	755	905
Efficiency Measures						
Service and Digital redesign - Rapid improvement programme		71	151	231	311	391
Corporate initiatives		244	244	244	244	244
MRP review		350	350	350	350	350
Commercial Landlord Programme		30	60	130	130	130
Departmental proposals		433	433	433	433	433
Total initiatives identified		1,333	1,493	1,693	1,823	1,953
Cumulative savings still to be found/ (surplus)		-	(25)	1,006	1,163	1,215
Annual savings still to be found		-	(25)	1,031	157	52

Description		Expected cost (cumulative)								
		2023/24			2024/25			2025/26		
		Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Delivery manager	New post to build our programme management capability as outlined in Our Plan and manage our budget challenge programme	55,310	22,120	33,190	60,340	22,120	33,190	60,340	22,120	33,190
ASB Officer	Mainstreaming of one post to reflect that this remains an important service for the Councils despite the fact that external funding has now ceased for this role	41,000	16,400	24,600	41,000	16,400	24,600	41,000	16,400	24,600
Broadcasting of council meetings - Software licencing	Mainstreaming our prototype approach to broadcasting council meetings as this saves considerable staff time and resource compared to the temporary solution developed during the pandemic	4,000	1,600	2,400	4,000	1,600	2,400	4,000	1,600	2,400

Description		Expected cost (cumulative)								
		2023/24			2024/25			2025/26		
		Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
	Notes									
Time to spare platform for participation	Planned expenditure to increase our participation and community engagement infrastructure (NB this will slightly different text in Adur and Worthing	15,000	6,000	9,000	15,000	6,000	9,000	15,000	6,000	9,000
Asana licences	Software which will enable the development of an enhanced programme management capability and reporting	6,170	2,470	3,700	6,170	2,470	3,700	6,170	2,470	3,700
Place based officers to support Adur communities	Place based delivery managers who will support the different locations outlined in the Adur priorities paper		74,750			89,700			89,700	
Investment in sustainability projects	An increase in car parking income is to be set aside for future sustainability and nature based projects		20,000			20,000			20,000	

Description		Expected cost (cumulative)								
		2023/24			2024/25			2025/26		
		Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Western Harbour Arm Development Programme Manager	Programme/Project Manager to oversee implementation of the Western Harbour Arm Review; to liaise with the respective development teams; liaise directly with infrastructure providers; and oversee implementation of the Review's recommendations and ensure that these are communicated clearly and consistently.		60,000							
Total growth identified through financial planning		121,480	203,340	72,890	126,510	158,290	72,890	126,510	158,290	72,890
Removal of growth provision		-100,000	-70,000	-90,000	-100,000	-70,000	-90,000	-100,000	-70,000	-90,000
Net growth identified		21,480	133,340	-17,110	26,510	88,290	-17,110	26,510	88,290	-17,110




SCHEDULE OF EARMARKED RESERVES							
Reserve	Balance as at 01.04.22	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.23	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 CAPACITY ISSUES FUND Purpose: To enable the Council to fund one-off initiatives.	831	-	(525)	306	-	-	306
2 INSURANCE FUND Purpose: To offset the costs of insurance excesses and fund insurance risk management initiatives.	153	31	(60)	123	30	(30)	123
3 PROPERTY INVESTMENT RISK RESERVE Purpose: To offset future void rental periods in investment properties and provide for maintenance.	376	-	-	376	750	-	926
4. BUSINESS RATES SMOOTHING RESERVE Purpose: This reserve is intended to smooth the impact of timing differences in the business rate system largely due to in-year changes to business rate reliefs .	1,766	110	-	1,876	-	(1,240)	636

PROPERTY ANALYSIS AND CALCULATION OF TAX BASE - Budget year 2023/24										
Properties	Band A -	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Number of Dwellings	0.0	2,769.0	5,122.0	11,480.0	6,307.0	2,021.0	762.0	335.0	8.0	28,804.0
Less: Exemptions	0.0	-96.0	-91.0	-149.0	-90.0	-28.0	-8.0	0.0	0.0	-462.0
	0.0	2,673.0	5,031.0	11,331.0	6,217.0	1,993.0	754.0	335.0	8.0	28,342.0
Disabled Relief Adjustment (net)	7.0	6.0	40.0	-7.0	-26.0	-16.0	4.0	-2.0	-6.0	0.0
Chargeable Dwellings	7.0	2,679.0	5,071.0	11,324.0	6,191.0	1,977.0	758.0	333.0	2.0	28,342.0
Broken down as follows:										
Full Charge	5.0	905.0	2,777.0	7,624.0	4,465.0	1,518.0	610.0	277.0	1.0	18,182.0
25% Discount	2.0	1,757.0	2,266.0	3,682.0	1,720.0	456.0	144.0	49.0	0.0	10,076.0
50% Discount	0.0	1.0	3.0	12.0	4.0	2.0	4.0	7.0	0.0	33.0
Empty property premiums	0.0	16.0	25.0	6.0	2.0	1.0	0.0	0.0	1.0	51.0
Total Equivalent Number of Dwellings	6.5	2,239.3	4,503.0	10,397.5	5,759.0	1,862.0	720.0	317.3	2.0	25,806.5
Reduction in taxbase as a result of the Family Annex discount	0.0	-5.3	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	-5.8
Flex empty property adjustment	0	17.1	25.0	7.0	2.0	1.0	0.0	0.0	1.0	53.1
Total Equivalent Number of Dwellings (after family annexe and empty property adjustments)	6.5	2,251.1	4,527.5	10,404.5	5,761.0	1,863.0	720.0	317.3	3.0	25,853.8
Reduction in tax base due to Council Tax Support	-2.2	-658.9	-879.2	-974.8	-239.2	-36.2	-3.8	-1.6	0.0	-2,795.9
Adjusted equivalent total dwellings	4.3	1,592.2	3,648.3	9,429.7	5,521.8	1,826.8	716.2	315.7	3.0	23,057.9

PROPERTY ANALYSIS AND CALCULATION OF TAX BASE - Budget year 2023/24										
Properties	Band A -	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Adjusted equivalent total dwellings	4.3	1,592.2	3,648.3	9,429.7	5,521.8	1,826.8	716.2	315.7	3.0	23,057.9
Band D Equivalents:										
Band D equivalent dwellings	2.4	1,061.4	2,837.6	8,381.9	5,521.8	2,232.8	1,034.4	526.1	6.0	21,604.4
Add: Forecast new homes	0.0	45.7	92.2	215.6	62.5	14.1	-0.7	0.0	0.0	429.2
Less: Adjustments for Losses on Collection, and Void Properties	0.0	0.0	0.0	0.0	5.0	0.0	0.0	0.0	0.0	5.0
Less: Allowance for further increase in Council Tax Support Claims	0.0	17.6	27.3	34.8	9.6	1.7	0.2	0.1	0.0	91.3
COUNCIL TAX BASE	2.4	1,089.5	2,902.5	8,562.7	5,569.7	2,245.2	1,033.5	526.0	6.0	21,937.3

Adur Budget Consultation Survey 2023

1. Firstly, do you live, work or study in the Adur area? Please tick all that apply (if you have a connection to Worthing by living, working or studying there, you can also complete the Worthing survey).

Answer Choices			Response Percent	Response Total
1	I live in Adur		95.72%	1186
2	I work in Adur		21.07%	261
3	I study in Adur		0.73%	9
			answered	1239
			skipped	0

2. Imagine you are in charge of setting the Council's budget. Consider the following service areas – for each of the ten areas of work below, please tell us whether you would be comfortable or not with a reduction in spending.

Answer Choices	Very comfortable	Partly comfortable	Not comfortable	Don't know/no opinion	Response Total
Parks and open spaces	11.39% 141	40.47% 501	45.96% 569	2.18% 27	1238
Leisure services through our partner South Downs Leisure	20.92% 259	42.65% 528	30.53% 378	5.90% 73	1238
Supporting our high streets	12.61% 156	35.89% 444	48.99% 606	2.51% 31	1237
The Cost of Living emergency and supporting the most vulnerable	9.94% 123	19.97% 247	66.45% 822	3.64% 45	1237
Health and wellbeing services	9.78% 121	19.97% 247	67.74% 838	2.51% 31	1237
Waste and recycling services	8.65% 107	19.00% 235	71.62% 886	0.73% 9	1237
Keeping streets clean	7.03% 87	30.64% 379	61.52% 761	0.81% 10	1237
Housing and homelessness prevention	9.45% 117	24.96% 309	61.39% 760	4.20% 52	1238
Planning	27.32% 338	42.52% 526	23.44% 290	6.71% 83	1237
Supporting business growth in our area	18.11% 224	47.53% 588	28.78% 356	5.58% 69	1237





2. Imagine you are in charge of setting the Council's budget. Consider the following service areas – for each of the ten areas of work below, please tell us whether you would be comfortable or not with a reduction in spending.

answered	1239
skipped	0

3. Reduction in spending is intended to help us balance the books while we are continuing to invest in the areas which are most important to residents. Which of the following areas would you like to see prioritised? (Please note, some of the areas listed below are not our direct responsibility but we will use this information to work more effectively with partners such as West Sussex County Council.)

Answer Choices	Low priority	Medium priority	High priority	Don't know/no opinion	Response Total
Do more to support vulnerable people with our Cost of Living action plan	11.70% 139	40.07% 476	45.71% 543	2.53% 30	1188
Increase our fees and charges in order to fund other services	39.81% 473	40.49% 481	15.07% 179	4.63% 55	1188
Invest more in young people / children. Example: investing in play areas and services for young people	18.43% 219	47.73% 567	32.41% 385	1.43% 17	1188
Invest in more sustainable travel infrastructure. Example: creating more cycling infrastructure	60.27% 716	19.53% 232	19.11% 227	1.09% 13	1188
Do more to protect / develop more green spaces. Example: doing more to increase the biodiversity of our parks and green spaces	30.13% 358	42.59% 506	26.01% 309	1.26% 15	1188
Do more to support our high streets. Example: doing more promotion and marketing of our farmers markets	37.88% 450	42.17% 501	18.77% 223	1.18% 14	1188
Do more to address the cost and availability of housing. Example: working with others to improve the supply of housing	20.03% 238	33.75% 401	44.78% 532	1.43% 17	1188
Do more to invest in facilities in parks such as pavilions or public toilets	24.41% 290	49.75% 591	24.92% 296	0.93% 11	1188
				answered	1188
				skipped	51

4. In February we will need to set our Council Tax. The money that we collect is split between West Sussex County Council (WSCC), the Office of the Sussex Police & Crime Commissioner (OSPCC) and us. Last year, of the total of £1865.12 paid by an Adur Band C household on average, £1382.88 went to WSCC, £199.92 went to the OSPCC and just £282.32 on average went to us to fund all the services we provide. Which of the following options do you think is most appropriate:

Answer Choices			Response Percent	Response Total
1	Freeze Council Tax and reduce spending by the council by £140,000		34.57%	402
2	Increase Council Tax by 1.99% again and protect services		41.10%	478
3	Increase Council Tax to 2.99% in order to increase the Council's ability to invest in services by £70,000		18.57%	216
4	None of the above / don't know / no opinion		5.76%	67
			answered	1163
			skipped	76

ADUR BUDGET 2023/2024

Summary of Executive Member Portfolios



APPENDIX 6

EXECUTIVE PORTFOLIO	ESTIMATE 2022/2023	ESTIMATE 2023/2024
	£	£
Environment	3,075,710	3,344,830
Health and Wellbeing	1,360,290	1,315,900
Customer Services	1,565,670	1,887,080
Leader	771,920	703,030
Regeneration	1,748,630	1,894,200
Resources	163,680	650,620
Support Services Depreciation Not Charged To Services	246,010	268,270
NET SERVICE EXPENDITURE	8,931,910	10,063,930
Credit Back Depreciation / Impairments	(1,534,510)	(1,625,520)
Minimum Revenue Provision	2,344,950	1,969,970
	9,742,350	10,408,380
Transfer to / from Reserves	-	-
Investment in Services to be Approved	-	203,340
Total budget requirement before external support from government	9,742,350	10,611,720
Baseline Funding	(1,767,150)	(1,833,280)
Additional business rate income	(765,580)	(1,066,360)
Lower Tier Services Grant	(79,270)	-
Appropriation from Reserves for Local Tax Guarantee Scheme	(59,000)	(59,010)
Services Grant	(121,820)	(68,650)
Revenue Support Grant	-	(74,160)
Funding Guarantee Grant	-	(226,630)
Other unfenced grants (New homes bonus)	(156,520)	(78,980)
Contribution to/ (from) Collection Fund	99,030	(96,960)
Amount required from Council Tax	6,892,040	7,107,690
Council Tax Base	21,699.7	21,937.3
Average Band D Council Tax - Adur District	317.61	324.00
% increase	1.99%	2.00%