



ADUR DISTRICT  
C O U N C I L

31 August 2022

**Joint Statagic Sub-Committee (Adur)**

<b>Date:</b>	<b>8 September 2022</b>
<b>Time:</b>	<b>6.30 pm</b>
<b>Venue:</b>	<b>QEII Room, The Shoreham Centre</b>

**Committee Membership:** Councillors Neil Parkin (Chairman), Angus Dunn (Vice-Chairman), Carson Albury, Kevin Boram, Emma Evans 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. Public Question Time**

To receive any questions from members of the public.

Questions should be submitted by noon on Friday 2nd September 2022 to Democratic Services, [democratic.services@adur-worthing.gov.uk](mailto:democratic.services@adur-worthing.gov.uk)

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

### 3. Items Raised under Urgency Provisions

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

### 4. 1st Quarter Revenue Monitoring Report 2022/23 (Pages 3 - 32)

To consider a report from the Director for Digital, Sustainability and Resources, a copy is attached as item 4.

### 5. 1st Quarter Capital Investment Programme & Projects Monitoring 2022/23 (Pages 33 - 46)

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

### 6. Transport for the South East Strategic Investment Plan - consultation response (Pages 47 - 56)

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

## Part B - Not for Publication – Exempt Information Reports

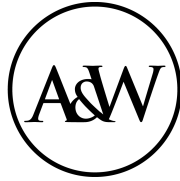
None.

#### Recording of this meeting

Please note that this meeting is being live streamed and a recording of the meeting will be available to view on the Council's website. This meeting will be available to view 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).

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ADUR & WORTHING  
COUNCILS

Joint Strategic Sub Committee Worthing  
6 September 2022

Joint Strategic Sub Committee Adur  
8 September 2022

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

## 1st Quarter Revenue Monitoring Report 2022/23

### Report by the Director for Digital, Sustainability and Resources

#### Executive Summary

##### 1. Purpose

1.1. This report updates the Joint Strategic Sub Committees for Adur District and Worthing Borough Councils with the latest expenditure and income projections for each Council for the current financial year 2022/23, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at the 30th June 2022, the forecast outturn position will reflect the latest information available to ensure an up-to-date forecast is presented.

As at quarter 1, the current projection for the 2022/23 financial year General Fund outturn are net overspends after reserve transfers of £239k in Adur and £2.345m in Worthing. A breakdown is set out in section 4.4 of the report.

1.2. The following appendices have been attached to this report:

- (i) **Appendix 1** (a) Adur Summary  
(b) Adur Use of Earmarked Reserves
- (ii) **Appendix 2** (a) Worthing Summary  
(b) Worthing Use of Earmarked Reserves
- (iii) **Appendix 3** (a) HRA Summary  
(b) HRA Briefing note
- (iv) **Appendix 4** Table of Variations over £20,000

## **2. Recommendations**

- 2.1. The Joint Strategic Sub Committee for Worthing Borough Council is asked to note the report and projected outturn position for the Joint Committee and Worthing Borough Council against the approved revenue budgets and proposed use of reserves (Appendix 2b).
- 2.2. The Joint Strategic Sub Committee for Adur District Council is asked to note the report and projected outturn position for the Joint Committee and Adur District Council against the approved revenue budgets and proposed use of reserves (Appendix 1b).

## **3.0 Context**

- 3.1 The Joint Strategic Committee last considered the 5-year forecast for 2022/23 to 2026/27 on 5th July 2022.
- 3.2 The report outlined the financial context, and updated the outline 5 year forecast, the key budget pressures and the savings proposals for addressing the budget gap for Adur and Worthing Councils. The report built on previous strategies whose aim was to ensure that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax income and business rate income.
- 3.3 The successful delivery of the strategy is fundamentally changing how the Councils are funded. The Councils are moving increasingly away from ever reducing government funding towards funding from the local community via Council Tax and Business Rates, and will become increasingly reliant on income from commercial activities.

## **4.0 Issues for consideration - Revenue 2022/2023 Forecast**

- 4.1 As part of the 2022/23 budget the Councils committed to savings of £0.168m for Adur District Council and £1.136m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Services were required to carry out efficiency, procurement and base budget reviews to identify where income could be increased or expenditure reduced.

4.2 However, the financial landscape has changed due to the impact of rising inflation and interest rates visible in additional cost pressures falling on the Council over the last 4 months. Additional pressure will also be created by the proposed national pay award which is higher than assumed and built into the 2022/23 budget.

4.3 It is very early in the financial cycle and difficult to have certainty on the estimates and assumptions, the preliminary projections indicate forecast year end overspends against budgets of £239k in Adur and £2.345m in Worthing. This includes meeting the challenges of the impact of the inflationary cost pressures, reduced levels of income together with the significant savings requirements to balance the 2022/23 budget. The main factors influencing the level of spend are discussed in detail in section 4.11 of the report.

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

<b>2022/23 Forecast Outturn</b>	Adur	Worthing
	£000	£000
Over/(under)spend in operational services – including share from Joint	781	2,557
Reduced borrowing requirement: A lower than forecast call on the MRP (provision to repay debt) and net interest in 2020/21, due to reprofiling of the capital programme.	(584)	(308)
Commercial property income shortfall and cost pressure (excluding business rates)	509	375
Property void allowance	(650)	(450)
Proposed pay award	392	606
<b>Net over/(under) spend before Transfer to/(from) Reserves</b>	<b>448</b>	<b>2,781</b>
Transfer to/(from) reserves	(209)	(436)
<b>Forecast net over/(under) spend</b>	<b>239</b>	<b>2,345</b>

4.5 The key factors underpinning the current financial position include:

- The financial impact of rising inflation and interest rates.
- A net underspend in the Minimum Revenue Provision (MRP) and interest budgets. The budgets are calculated on both the historic

financing of previous years capital programmes and the impact of financing the current year's capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2022/23.

- Shortfall in commercial property income with the requirement to use the property void allowance to manage the pressure.

Once the above items are taken into account, the operational position is a net overspend by services of £781k in Adur and £2.557m in Worthing. This projection demonstrates the pressure on the Councils finances as a result of an increase in inflation, increased homelessness caseloads and income levels in some areas still below pre pandemic levels.

4.6 In summary the overall revenue outturn projections reported for Q1 are as follows:

<b>Projected Outturn Summary</b>			
	<b>Joint</b>	<b>Adur</b>	<b>Worthing</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Current Budget 2022/23	25,790	9,742	13,785
Forecast Outturn	28,130	10,190	16,565
<b>Projected Forecast over/ (underspend) before Government support packages or any transfer to reserves</b>	<b>2,340</b>	<b>448</b>	<b>2,781</b>
Reserves Funding		(209)	(436)
<b>Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves</b>	<b>2,340</b>	<b>239</b>	<b>2,345</b>
Projected over/(underspend) percentage	9.07%	2.45%	17.01%

The Adur and Worthing projected forecasts in the table above include the respective share of the estimated Joint Services overspend.

4.7 In the table below, projections have been separated between authority and by Income and Expenditure, to indicate the level of overall

under/overspend of costs and the over/under achievement of income targets.

	<b>Expenditure</b>	<b>Income</b>	<b>Net Total</b>
<b>Joint</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	31,489	(6,590)	24,899
Forecast (after transfer to reserves)	33,560	(6,321)	27,239
Projected Forecast (Under)/ Overspend	2,071	269	2,340
Forecast variance % before Government funding	6.58%	-4.08%	9.40%
<b>Adur</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	35,693	(26,754)	8,940
Forecast (after transfer to reserves)	35,289	(26,837)	8,452
Authority Projected Forecast (Under)/ Overspend	(405)	(84)	(488)
Share of Joint (Under) / Overspend	829	108	936
Authority Projected Forecast (Under) / Overspend	424	24	448
Forecast variance % before Government funding	1.19%	-0.09%	5.01%
<b>Worthing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	67,673	(51,494)	16,179
Forecast (after transfer to reserves)	69,489	(51,934)	17,555
Authority Projected Forecast (Under)/Overspend	1,816	(439)	1,376
Share of Joint (Under) / Overspend	1,243	161	1,404
Authority Projected Forecast (Under)/ Overspend	3,059	(278)	2,781
Forecast variance % before Government funding	4.52%	0.54%	17.19%

4.8 The Joint Strategic Committee (JSC) sub committees for Adur District Council and Worthing Borough Council are asked to consider:-

- the current projections of variances in the two Councils' General Fund Revenue Budgets:
- the current projections of variances in the Adur Housing Revenue Account; and
- any amendments and virements to budgets for each Council which may require a recommendation onto Council for approval;

4.9 We adopt a more structured approach to services which have more volatile budgets or hard to predict income streams. For 2022/23, these services are:-

- Car Parking
- Crematorium
- Development Management
- Homelessness
- Commercial Waste
- Cross cutting services including maintenance and utilities

4.10 Most of these services are subject to closer monitoring because they meet one or more of the following criteria:-

- Demand led
- Income based
- Specialist
- Significant changes to the service are being made in the near future.

4.11 Headline budget variations across both the Councils' and the Joint account

4.11.1 Car Parks

Worthing car park income continues to be one of the main income streams that is most impacted by the pandemic's longer term effect of changing behaviour by customers.

One of the main reasons for this is that previous town centre workers are choosing to work remotely some or part of the time reducing the levels of town centre worker deal income and season tickets.



Understanding that this decline was likely to continue an additional £55,000 reduction was built into the 22/23 budget following the £359,000 reduction in 21/22 that had already been built in.

Buckingham Road is currently closed for refurbishment and will not open till November and there are many bays closed at Liverpool gardens while works are completed on the former mobility shop section. Whilst some of these drivers will be displaced to other council owned car parks (particularly High Street and Grafton) the closures will have some impact on income.

However, there are 150 12-month season tickets being purchased across Worthing car parks in July and the council are working with the NHS Trust on leasing the smaller part of Lyndhurst Road car park which will assist with income. Despite these measures income is still predicted to be below the budget set by £141,000.

There are no current pressures identified for the Adur Parking budget.

#### 4.11.2 Housing Needs

There continue to be cost pressures associated with homelessness with estimates of net costs exceeding the budget.

In Adur the average caseload in quarter 1 was 79 and it is expected that this will increase by 2 cases per month for the remainder of 2022/23 due to the shortages of affordable properties in the private sector creating difficulties with available move on accommodation.

Worthing is also seeing an increase in demand. The average caseload for quarter 1 was 256 and although there has since been a small decrease the assumptions built into the forecast include an increase in caseload of 5 per month for August and September and 3 cases per month for the remainder of the year.

The increase in the demand within both Adur and Worthing has led to an increase in the average nightly cost for temporary accommodation, with the need to use hotel chains. Cost pressures have been compounded further with some bed and breakfast providers increasing their prices to meet growing inflationary costs pressures.

The current forecast is as follows:

## Housing Needs Variances

	Adur £000	Worthing £000
Homelessness - Emergency and temporary accommodation costs - budget pressure/(underspend)	322	1,460
Local Housing Allowance Income - budget shortfall/(excess)	(143)	(863)
Additional DLUHC Domestic Abuse Accommodation Grant	(33)	(33)
Net over/(under)spend forecast against budget	146	564

### 4.11.3 Environment - Waste and Cleansing

The Waste and Cleansing services have significant cost pressures largely following the recent pay dispute by its employees. The agreed pay deal and subsequent knock on impact to the service whilst the dispute continued during April, has contributed towards an estimated overspend in the joint service of £870,000. This will impact on Adur and Worthing by £348,000 and £522,000 respectively.

The dispute has also meant that as well as pay increases, income is lower than expected due to refunds being issued as a result of missed collections during the period (£99,000) along with other cost pressures that the service has had to meet including payments to waste contractors to meet our statutory obligation regarding environmental health safety plus the cost of extended opening of the West Sussex County Council refuse and recycling sites.

In addition to the impact of the pay dispute, there are inflationary pressures in fuel costs and on the maintenance budgets as the fleet gets older.

Food waste customer accounts continue to increase, despite a difficult trading year so far. Industrial action meant that no active promotional work took place as resources were re-prioritised. The focus is now on gaining food waste customers in Adur to get our total account base to 65. An account base of 65 will save the Councils around £15k per year as food waste is diverted from general waste to the service.

### 4.11.4 Environment - Bereavement Services

Adur cemeteries is forecasting a shortfall in income of £57,000. This is due to a predicted drop in the demand that follows three years of higher than expected excess deaths. There is also a small overspend expected on expenditure budgets of £3,000 which includes survey costs for Lancing and Sompting associated with the extension and consecrated areas, plant hire and health and safety requirements.

Worthing cemetery income is expecting a shortfall in income of £40,000. As in Adur this is due to a predicted drop in the demand that follows three years of higher than expected excess deaths but also includes a shortfall in rental income from Durrington Lodge which is currently unoccupied requiring work. In addition there are expected to be overspends against expenditure budgets of £54,000 associated with security costs and the installation of the mausoleum.

The crematorium is also forecasting a shortfall against the income budgets of £309,000 as set out in the table below. The memorial Garden income is dependent on delivering the new garden which is not estimated to be complete until January 2023.

Cremations	£268,000
Memorial Garden	£77,000
Memorials	£41,000
Cameo Reimbursement	£3,000
Donations	(£13,000)
Tribute Income	(£67,000)
Total	<u>£309,000</u>

There are some small offsetting savings to offset this within expenditure budgets. Overall the Bereavement Services budget in Worthing is predicting a shortfall against a budget of £400,000.

#### 4.11.5 Planning & Development

Adur Planning and Development is currently anticipated to have an overall shortfall in income against budget of £79,000 for 2022/23 with the breakdown in service as follows:

Building Control	£66,000
Land charges	£13,000
Total	£79,000

Expectation is that, although the pandemic is no longer a significant factor the economy, inflationary price increases are expected to suppress growth and therefore fee income. Expenditure is expected to be on budget.

In Worthing the projected outturn is an overall overspend of £66,000 within Planning and Development. There is £43,000 in reserves to help fund some of the costs within this forecast. A breakdown of the variation in the service budget is provided below:

	Expenditure	Income	Reserve Funding
Building Control	(£1,000)	(£5,000)	
Development Control	£42,000	(£12,000)	(£5,000)
Planning Policy	£38,000		(£38,000)
Land Charges	(£7,000)	£11,000	
Total	£72,000	(£6,000)	(£43,000)

Within Development Control the costs include those associated with the Goring Gap appeal with the reimbursement built into the income figure. The expenditure within Planning Policy relates to unbudgeted inspectorate costs which are to be met from reserves.

#### 4.11.6 Parks and Foreshore

Within Adur the Parks and Foreshore service are projecting an underspend against the budget of £43,000, a combination of anticipated savings in spend and additional income from beach huts, allotments and cafe rental.

The position is the same in Worthing with a net underspent projected of £91,000, the largest part of this being expected savings against supplies and services budgets within the Parks service of £67,000.

In addition there is forecast to be a savings within the Joint service budgets of £28,000 that are not included within the above outturn projections.

#### 4.11.7 Place and Economy

In Adur the service is expecting an overall underspend against a budget of £25,000. Savings against expenditure budgets offset a small shortfall in income.

Worthing is forecasting a small shortfall of £16,000 against budget with savings in expenditure budgets offsetting the shortfall in concession income. The budget included income expected from the Worthing Observation Wheel which did not return to the seafront for the summer of 2022. The net shortfall will be met from Place reserve funding.

#### 4.11.8 Major Projects and Investment

Adur Investment property budgets are anticipated to meet the net budget, however this includes use of an estimated £510,000 of the in year void allowance of £650,000. On this basis there will be circa £140k available for transfer to the Property Risk Reserve at the end of the year. There are some voids in the portfolio, the largest being One York Road (ground floor unit). Across both Strategic Property Investment Funds, the occupancy level is at 97.5% which is extremely healthy

Within the Worthing investment property and core estate portfolio the forecast is that the void allowance of £450,000 will be fully utilised in 2022/23, with no available transfer to reserves predicted. This is due to a combination of void periods and the re-letting of some properties with agreed rent free periods. These rent free periods are normal commercial practice and allow us to capture a greater rent in the future whilst the occupier pays business rates and all other outgoings during that period. Use of the void allowance includes the associated cost of business rates that are the responsibility of the council during periods whilst properties are vacant.

Included within both council budgets are assumptions that there will be some modest growth in the commercial property income for 2021/22 Adur £101k and Worthing £186.5k, any shortfall in this target is met from the in year property void allowance.

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

The Minimum Revenue Provision (MRP) is a statutory charge to the revenue budget to provide for the repayment of debt. The calculation is based on the level of historic capital spend that has been financed from borrowing. Consequently, once the accounts have been closed and the calculation has been updated for the capital spend in 2021/22, there is certainty about the charge for the forthcoming year.

Both Councils have underspends on their MRP budgets (Worthing £308k and Adur £469k) due to reprofiling to 2022/23 of a proportion of the 2021/22 Capital Programme and the impact of changes to planned financing due to increased levels of capital receipts and capital grants both of which offset the need to borrow.

Adur interest receivable from treasury investments is forecast to be above budget by £115k due to the higher than forecast base rates available in the market.

Overall there are forecast net underspends of £584k for Adur and £308k for Worthing.

<b>Treasury Management (Under) / Overspends</b>	<b>Adur (General Fund)</b>	<b>Worthing</b>
Minimum Revenue Provision	£000 (469)	£000 (308)
Interest from Investment Income	(115)	0
<b>Total</b>	<b>(584)</b>	<b>(308)</b>

#### 4.11.10 Pay Award

The current pay award offer is a £1,925 increase to each spinal column point. The union's members are being balloted on this offer with results not due back until September / October. The estimated impact to Adur and Worthing Councils pay bill is £998,000 (Adur £392,000, Worthing £606,000).

#### 4.11 Budget variations greater than £20,000

The Council's individual Summary Projected Outturns are reported in Appendix 1a for Adur District Council and Appendix 2a for Worthing Borough Council. The variations greater than £20,000, for this report, are detailed in Appendix 4.

There are some expenditure items that are not identified until the year end that will impact on the final outturn. These items can have a positive or negative impact on the final position.

They include:-

- Movement in the estimate for doubtful debts
- A review of any amounts needed to be set aside for liabilities that are likely to occur in the future
- Changes in allocations of staff time to outside the General Fund

#### 4.12 Cross Cutting Budgets

The following categories of expenditure are analysed across various services. It is anticipated that this will be on target:

- Equipment, furniture and materials
- Postage
- Printing stationery and office supplies
- Consultancy costs
- Travel costs

#### *Utilities*

The contract for energy is currently being relet. Preliminary information from the energy purchasing group used by the Council is that the prices are expected to increase substantially by an average of 202% for electricity and 694% for gas over the next two years. The cost impact in the current year is as follows:

Adur	£215,000
Worthing	£670,000
Joint	£238,000

#### *Maintenance*

Currently maintenance budgets are expected to be underspent in both Adur £79,000 and Worthing £115,000 for 2022/23. This is based on the level of reactive works to date, however it is early in the year and expenditure in this budget can be difficult to predict. In addition inflationary costs pressures are being felt and it is anticipated that this will continue, the budgets will continue to be monitored and updated as we progress through the year. There is an expected overspend anticipated within the Joint service of £42,000.

#### 4.13 Future Risks

##### 4.13.1 *Inflation*

Inflation is currently the biggest risk on Council finances with the pressure on rising costs across all budget areas, particularly in utilities, fuel, supplies, salaries and construction costs. The forecast outturn positions will be reviewed during the year and adjusted to reflect the changes in actual experience and economic forecasts.

##### 4.13.2 *Demand for housing*

Any increase in demand on Housing services through homelessness caseloads will cause additional cost pressures on the councils finances. With demand levels in excess of the availability of cheaper supply in the form of Council owned accommodation or private leasing, the costs will escalate further as the service is forced to utilise more expensive hotels.

##### 4.13.3 *Financial sustainability*

The level of earmarked reserves will reduce if they are required to meet the overspends currently forecast for the year.

This is a particular issue for Worthing where the level of available reserves will be reduced significantly (excluding the Business Rates Smoothing Reserve, the Tax Guarantee Reserve and Grants and Contributions). The predicted level of reserves undermines the Councils financial stability and potentially puts Worthing Council in an unsustainable financial position, as set out in the table below:

Worthing Borough Council Available Reserves	Balance at 1.4.22	Projected Transfer In/(Out)	Remaining balance
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		2021/22	
	£	£	£
Capacity Issues Reserve	1,306,206	(874,036)	432,170
General Fund Working Balance	1,347,348		1,347,348
Property Risk Reserve	450,000		450,000
Building Maintenance Reserve	326,259		326,259
Insurance Reserve	252,394	(4,550)	247,844
Museum Reserve	106,396	(20,000)	86,396
Leisure Lottery & Other	27,766		27,766
Projected overspend 2021/22		(2,345,000)	(2,345,000)
<b>Total</b>	<b>3,816,369</b>	<b>(3,243,586)</b>	<b>572,783</b>

Adur has been in a position to increase the level of available reserves over the last couple of years which puts the Council in a better position to meet the current level of forecast overspend. However, any overspend in the Housing Revenue Account in excess of the HRA available reserve balance will need to be funded from General Fund Reserves, currently this is estimated to be £196,000.

The current commitment on all the General Fund earmarked reserves for both Adur and Worthing are set out in appendix 1b and 2b.

#### 4.14 Housing Revenue Account

4.14.1 The Adur Housing Revenue Account is a ring fenced account. The HRA forecast is shown in Appendix 3.

4.14.2 The HRA is forecast to overspend against the budget for 2022/23 by £678,000. A detailed analysis of the HRA position is included at Appendix 4. The most significant pressures are due to:

- Void properties (including losses in associated service charges) - £326,000
- Void garages - £104,000
- Impact of inflation on salary budgets - £110,000
- Non achievement of vacancy provision - £138,000

By the end of 2022/23, the HRA will have used all of its reserves unless corrective action is taken in-year to mitigate these cost pressures.

4.15 Corrective action:

4.15.1 To mitigate the impact of the identified cost pressures, the council is:

1. Holding any emerging underspend in the current year 2022/23 to manage in-year pressures.
2. Reviewing all major projects and capital projects to put these on hold unless it is an initiative that either:
  - a. Improves our financial position; or
  - b. We are committed to delivery via a funding agreement; or
  - c. We are already contractually committed to the project; or
  - d. Addresses health and safety concerns; or
  - e. The project is identified as a key priority in the new corporate strategy.
3. Vacancy control measures have been introduced for all posts including agency staff. This will also support the budget measures required to balance the 2023/24 budget.
4. Seeking to implement savings needed to balance the budget in 2023/24 early to also support the budget in 2022/23.

## **Engagement and Communication**

5.1 The Corporate Leadership Team and budget managers have all collaborated in the content of this report providing explanation and narrative on the forecast variances.

## **Financial Implications**

6.1 At this early stage at the end of the first quarter of the revenue budgetary cycle, we can already see the financial impact of the increase in inflation on the Councils. Currently, operational overspends are anticipated in Adur District Council of £781k, and in Worthing Borough Council of £2.557m, included within these projections is a forecast overspend within the Joint Committee of £2.34m. As set out in section 4.15 corrective actions are being taken to reduce the cost pressures and budgets will continue to be monitored closely.

Overall the projected outturn positions net of treasury savings, the performance in the strategic property portfolio and reserve transfers is an overspend in Adur of £239k and an overspend in Worthing of £2.345m.

## **Legal Implications**

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

## **Background Papers**

Joint Overall Budget Estimates 2022/23

<https://democracy.adur-worthing.gov.uk/documents/g1623/Public%20reports%20pack%2008th-Feb-2022%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

Adur District Council Budget Estimates 2022/23 and Setting of the 2022/23 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/g1626/Public%20reports%20pack%2024th-Feb-2022%2019.00%20Adur%20Council.pdf?T=10>

Worthing Overall Budget Estimates 2022/23 and Setting of 2022/23 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/g1625/Public%20reports%20pack%2022nd-Feb-2022%2018.30%20Worthing%20Council.pdf?T=10>

Financial Performance 2021/22 - Revenue Outturn

<https://democracy.adur-worthing.gov.uk/documents/g1714/Public%20reports%20pack%2005th-Jul-2022%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

## **Officer Contact Details:-**

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## **Sustainability & Risk Assessment**

- 1. Economic**  
Matter considered and no issues identified
  
- 2. Social**
  - 2.1 Social Value**  
Matter considered and no issues identified
  
  - 2.2 Equality Issues**  
Matter considered and no issues identified
  
  - 2.3 Community Safety Issues (Section 17)**  
Matter considered and no issues identified
  
  - 2.4 Human Rights Issues**  
Matter considered and no issues identified
  
- 3. Environmental**  
Matter considered and no issues identified
  
- 4. Governance**  
Matter considered and no issues identified

## SUMMARY - 1ST QUARTER PROJECTED OUTTURN 2022/23

## APPENDIX 1a


Actual Previous year 2021/22	ADUR EXECUTIVE MEMBER PORTFOLIOS	Original Estimate 2022/23	Current Estimate 2022/23	Projected Outturn to 31st March 2023	Forecast Over/ (Under)
3,305,819	CM for Environment & Leisure	3,093,620	3,093,620	3,444,620	351,000
1,368,016	CM for Communities & Wellbeing	1,355,950	1,355,950	1,493,090	137,140
1,605,369	CM for Adur Homes & Customer Services	1,556,680	1,556,680	1,595,100	38,420
668,467	Leader	699,440	699,440	546,840	(152,600)
1,730,959	CM for Regeneration & Strategic Planning	1,748,130	1,748,130	1,680,730	(67,400)
96,312	CM for Finance & Resources	95,920	95,920	706,320	610,400
0	Holding Accounts	382,170	382,170	382,170	0
8,774,942	<b>Total Cabinet Member</b>	8,931,910	8,931,910	9,848,870	916,960
(1,465,168)	Credit Back Depreciation	(1,534,510)	(1,534,510)	(1,534,510)	0
2,314,250	Minimum Revenue Provision	2,344,950	2,344,950	1,875,950	(469,000)
1,793,626	Non ring fenced grants	0	0	0	0
11,417,650		9,742,350	9,742,350	10,190,310	447,960
0	<b>Government Grant funding</b>	0	0	0	0
	<b>Transfer to/from reserves</b>				
0	Contribution to/(from reserves)	0	0	0	0
	Budgeted contribution to/(from) Reserves	0	0	0	-
(2,019,787)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	(209,000)	(209,000)
	General Fund Working balance	0	0	0	0
183,437	Net Underspend/(Overspend)	0	0	(238,960)	(238,960)
	Recommended For Transfer To/(From) Reserves				
9,581,300	<b>Total Budget requirement before External Support from Government</b>	9,742,350	9,742,350	9,742,350	-

 ADUR DISTRICT COUNCIL <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	<b>Opening Balance</b>  <b>2022/23</b>	<b>Estimated Transfers Out</b>  <b>2022/23</b>	<b>Estimated Transfers In</b>  <b>2022/23</b>	<b>Projected Closing Balance</b>  <b>2022/23</b>
	£	£	£	£
<b>Capacity Issues Reserve including approved Carry Forward budgets</b>	831,053			
New Salts Farm Lancing (JSC/047/20-21 8 September 2020)		(36,000)		
Platinum Jubilee (JSC/87/21-22 8 Feb 2022)		(20,000)		
Shoreham Centre decarbonisation funding if required (JSC/34/21-22 7 Sept 2021)		(118,000)		
Funding of cost pressures on the Waste service (07/06/2022 JSC)		(209,020)		
Business Development Fund		(102,743)		
<b>Adur carry forwards from 2021/22 underspends</b>		-		
Budgeted contribution (to)/from revenue			-	
Balance				345,290
<b>Insurance Fund</b>	152,699	(60,250)	30,700	123,149
<b>Business Rates Smoothing Reserve</b>	1,765,540	(366,408)		1,399,132
<b>Local Tax Income Guarantee</b>	118,666	(59,000)		59,666
<b>Grants and Contributions held in Reserves</b>	1,203,102	TBC	TBC	1,203,102
<b>Property Investment Risk Reserve</b>	375,674	TBC	TBC	375,674
<b>Projected Underspend/(Overspend) (Reserve to be identified at outturn)</b>		(239,000)		(239,000)
<b>General Fund Reserve</b>	1,051,497	-	-	1,051,497
<b>TOTALS</b>	5,498,231	(1,210,421)	30,700	4,318,510

## SUMMARY - 1ST QUARTER PROJECTED OUTTURN 2022/23

APPENDIX 2a

Actual Previous year 2021/22	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2022/23	Current Estimate 2022/23	Projected Outturn to 31st March 2023	Forecast Over/ (Under)
4,084,007	CM for Environment	3,253,680	3,253,680	4,081,280	827,600
2,004,253	CM for Community Wellbeing	1,080,300	1,080,300	1,239,860	159,560
6,519,553	CM for Citizen Services	3,211,100	3,211,100	3,666,580	455,480
	CM for Climate Emergency	124,450	124,450	937,250	812,800
	CM for Culture & Leisure	4,371,610	4,371,610	4,455,610	84,000
1,034,267	Leader	793,830	793,830	798,430	4,600
4,029,622	CM for Regeneration	2,200,240	2,200,240	2,486,640	286,400
369,594	CM for Resources	95,650	95,650	553,850	458,200
	Holding Accounts	732,220	732,220	732,220	0
18,041,296	<b>Total Cabinet Member</b>	15,863,080	15,863,080	18,951,720	3,088,640
(3,981,831)	Credit Back Depreciation	(4,160,610)	(4,160,610)	(4,160,610)	0
1,535,975	Minimum Revenue Provision	1,995,930	1,995,930	1,687,930	(308,000)
3,331,839	Non ring fenced grants	0	0	0	0
18,927,279		13,698,400	13,698,400	16,479,040	2,780,640
0	<b>Government Grant funding</b>	0	0	0	0
	<b>Transfer to/from reserves</b>				
0	Contribution to/(from reserves)	86,250	86,250	86,250	0
	Budgeted contribution to/(from) Reserves	-	-	-	-
(4,283,473)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	0	(436,000)	(436,000)
	General Fund Working balance	0	0	0	0
(196,026)	Net Underspend/(Overspend)	0	0	(2,344,640)	(2,344,640)
	Recommended For Transfer To/(From) Reserves				
14,447,780	<b>Total Budget requirement before External Support from Government</b>	13,784,650	13,784,650	13,784,650	-

 WORTHING BOROUGH COUNCIL <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	Opening Balance 2022/23	Estimated Transfers Out 2022/23	Estimated Transfers In 2022/23	Projected Balance 2022/23
	£	£	£	£
<b>Capacity Issues Reserve including approved Carry Forward budgets</b>	1,306,206			
Development of Natural Burial Area (5 March 2019 JSC/105/18-19)		(100,000)		
Teville Gate housing initial project costs (03/11/2020 JSC/71/20-21)		(38,375)		
Hardship Fund contribution (11/01/2022 JSC/77/21-22)		(100,000)		
Platinum Jubilee (08/02/2022 JSC/87/21-22)		(28,500)		
Funding of cost pressures on the Waste service (07/06/2022 JSC)		(371,590)		
Resourcing of community engagement, inclusion and participation activities (JSS-C(W)/4/22-23 5 July 2022)		(76,500)		
Business Development Fund		(159,071)		
<b>Worthing carry forwards</b> from 2021/22 underspends		-		
Budgeted contribution (to)/from revenue			-	
<b>Balance</b>				432,170
<b>Insurance Reserve</b>	252,394	(35,250)	30,700	247,844
<b>Leisure Lottery &amp; Other Partnerships</b> - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	27,766	0		27,766
<b>Museum reserve</b>	106,396	(20,000)		86,396
<b>Business Rates Smoothing Reserve</b>	3,307,389	(3,152,964)		154,425
<b>Local Tax Income Guarantee</b>	301,949	(37,000)		264,949
<b>Property Investment Risk Reserve</b>	450,000	TBC		450,000
<b>Building Maintenance Reserve</b>	326,259	TBC		326,259
<b>Grants &amp; Contributions</b>	1,066,798	TBC	TBC	1,066,798
<b>Projected Underspend/ (Overspend) (Reserve to be identified at outturn).</b>		(2,345,000)		(2,345,000)
<b>General Fund Working Balance</b>	1,347,348			1,347,348
<b>TOTAL</b>	8,492,505	(6,464,250)	30,700	2,058,955



**HOUSING REVENUE ACCOUNT SUMMARY**

**Appendix 3a**

	<b>ORIGINAL BUDGET</b>	<b>FORECAST ACTUAL</b>	<b>VARIANCE</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>EXPENDITURE</b>			
General Management	4,075,920	4,223,898	147,978
Special Services	748,080	765,843	17,763
Rent, Rates, Taxes & Other Charges	61,100	86,892	25,792
Repairs & Maintenance	3,008,370	2,973,939	(34,431)
Bad/Doubtful Debt	50,000	50,000	0
<b>Capital Financing Costs</b>			
Depreciation and Revenue Contribution to Capital	4,421,760	4,421,760	0
Interest charges	2,262,200	2,230,495	(31,705)
<b>TOTAL EXPENDITURE</b>	<b>14,627,430</b>	<b>14,752,827</b>	<b>125,397</b>
<b>INCOME</b>			
Dwelling Rents	(12,750,170)	(12,464,170)	286,000
Non-Dwelling Rents	(550,480)	(446,480)	104,000
Heating and Other Service Charges	(623,110)	(498,507)	124,603
Leaseholder's Service Charges	(265,940)	(225,940)	40,000
Interest Received	(28,000)	(30,000)	(2,000)
<b>TOTAL INCOME</b>	<b>(14,217,700)</b>	<b>(13,665,097)</b>	<b>552,603</b>
<b>NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE</b>	<b>409,730</b>	<b>1,087,730</b>	<b>678,000</b>

## **HRA Briefing Note - Financial Issues 2022/23**

### **1.0 Budget Context**

The HRA budget for 2022/23 was set at a deficit of £409,730, i.e. with the assumption £409k would be drawn from reserves in order to balance the budget.

This £409k net budget for 2022/23 is based on the following key assumptions:

#### **1.1 Income**

- Rental Income increased by the maximum allowable of CPI + 1% (4.1%).
- Dwelling void loss budget of 30 properties (1.2% of total stock) vacant for the full year, in addition to the Ashcroft flats.
- Garage void loss budget of 230 units (21% of total stock) vacant for the full year, to allow for Small Sites developments.
- New service charges would be raised for communal area EICR Electrical Inspections (£42k) and Asbestos Inspections (£39k).

#### **1.2 Repairs**

- Over £200k was added to the budget for planned maintenance and compliance requirements. EICR Electrical Inspections (£75k), Asbestos Inspections (£112k), Energy Performance Certificates (£50k), Fire Door Inspections (£30k).

#### **1.3 Staffing Costs**

- A pay award of 2% (£55k)
- A vacancy provision of 5% (£138k)

### **2.0 Current Pressures**

#### **2.1 Income**

- HRA dwelling voids numbered 72 (2.8% of total stock), excluding Ashcroft on 25/07/22. There are also 5 PSL voids which affect the General Fund TA stock and are expensive to hold void as lease payments to the freeholder still need to be made even though the property is not in use as accommodation.
- Garage voids numbered 344 on 25/07/22 (32% of total stock).
- The new Service charges have not been raised for Electrical and Asbestos inspections as the contract tenders have been delayed.

#### **2.2 Repairs**

- The planned compliance areas are broadly on budget, with the Electrical and Asbestos budgets expected to under spend and therefore offset the service charge income loss.
- There is no significant variance forecast for the Repairs service at present, but there is still some risk around this area, particularly as a consequence of the volume of void repairs that need to be undertaken.

### 2.3 Staffing Costs

- A pay award for 2022/23, although not yet agreed, has been proposed at a flat rate of £1,925 per head. This is likely to equate to an average increase of approx. 6% which would exceed the budgeted pay award by £110k.
- The vacancy provision of 5% is unlikely to be achieved under these circumstances.

### 3.0 Current Year Potential Variances

The table below provides a summary of and indicative figures for the comparisons detailed above.

Service Area	Budget Assumption	Latest Estimate	Budget Effect
Rental Income	CPI + 1% (4.1%)	CPI + 1% (4.1%)	n/a
Dwelling Voids	30 voids per year (1.2% of total stock) Avg loss of £3,000/wk	Current voids at end July = 72 (excluding Ashcroft and Inner Rooms) (2.8% of total stock) Avg loss of £8,500/wk	£ 286,000
Garage Voids	230 voids per year Avg loss of £2,500/wk	Current voids at end July = 344 Avg loss of £4,500/wk	£ 104,000
Service Charges	Inflationary increase of 2% to match expected contract inflation.	Contracts are generally fixed and have therefore not yet been affected by recent inflation rises. However, void loss has a proportionate effect on service charge income.	£ 40,000
Staffing Costs	Pay award of 2% = £55k	Potential flat rate increase of £1,925 per head. Likely to equate to an average of 6% = £165k	£ 110,000
Staffing Costs	Vacancy provision of 5%	This is unlikely to now be achieved since the Senior roles which were creating large under spends last year have now been filled.	£ 138,000
POTENTIAL OVER SPEND			£ 678,000
DEFICIT BUDGET			£ 409,730
POTENTIAL IMPACT ON RESERVES			£ 1,087,730

#### **4.0 Reserve Balances**

- The HRA general and earmarked reserves have been drawn upon in recent years in order to maintain service levels when the government's rent reduction policy required a 1% per annum reduction between 2016/17 and 2019/20. Since the 2020/21 budget, rents can be increased by a maximum of CPI + 1% but this has not yet been enough to counter cost pressures and bring us back to a balanced budget position.
- This rent policy and ongoing cost pressures have reduced the level of reserves significantly over the last six years. The table below sets out the reserve balances as at 1<sup>st</sup> April 2022. Aside from the General Reserve, the other earmarked reserves have been committed but not yet fully spent.
- Even if some of this committed spend were suspended and deferred, the latest balance of £891k would not be sufficient to meet the potential requirement from reserves as per the above table at 3.0.

<b>HRA Reserves</b>	<b>Opening Balance 22/23</b>	<b>Spend to date</b>	<b>Latest Balance</b>
General Reserve	£ 544,948		£ 544,948
Discretionary Assistance Fund [committed to Ashcroft Home Loss payments)	£ 115,627	£ 99,400	£ 16,227
New Development Reserve [committed to Southwick development]	£ 352,100	£ 70,000	£ 282,100
Business Improvement Reserve [committed to HRA specialist HR support]	£ 91,664	£ 43,600	£ 48,064
	<b>£ 1,104,339</b>	<b>£ 213,000</b>	<b>£ 891,339</b>

#### **5.0 Future Budget Opportunities and Pressures**

- Rental income has the potential to provide some additional space in the budget as CPI is currently running so high (9.4% for Jun22). An increase of 10.4% would provide an extra £1.2m, some of which is likely to be needed to increase the void loss budget as we are unlikely to reduce to a stable level of 30 properties by April 2023. Circa £900k is more realistic.
- A further compliance-related need of £35k for Energy Performance Certificates has already been identified as a pressure.
- The Small Sites development appraisal work, although capital cost at present, will continue to create revenue pressures as:
  - a) The appraisal costs relating to sites which will not be taken forward for development must be charged to revenue budgets. We already know that this will be the case for the Downsway and Shadwells Road sites. The abortive costs are yet to be confirmed.
  - b) The income loss as a result of ending rental agreements. The ability to transfer affected residents to another garage is hampered by the poor general condition of the stock which was already creating void rent loss pressures before the Small Sites scheme commenced.

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
<b>Chief Executive</b>				
<b>Leader</b>	(9)	(160)	-	ADUR; Contingency underspend of £120k, used to offset cost pressures elsewhere plus a current projected underspend in leaders budget of £42k.
	(9)	(160)	-	
<b>Director of Communities</b>				
<b>Director of Communities</b>	285	-	-	Vacancy Provision underachievement
<b>Wellbeing</b>	(47)	3	(12)	Vacant post used to fund interim restructure shown within other areas
<b>Licensing</b>	25	29	13	Underachievement of income - reduction in number of taxi and gambling licences issued. ADC: income under incl £18k taxi & £10k alcohol/gambling WBC: income under - Taxi/gambling
<b>Env Health - Housing</b>	(2)	(24)	(55)	ADC & WBC: HIA income forecast to exceed budget
<b>Housing Needs</b>	(40)	179	597	ADC: Caseload average 79 for Q1 estimated to increase by +2/mth for the remainder of 22/23. Average nightly rate for TA estimated at £40/night. Shortages in affordable properties within the private sector creating difficulties with move-on from TA including landlords entering our Opening Doors Scheme. Increased use of budget hotel chains and price increase in one of our largest B&B providers  WBC: Caseload average 256 for Q1, estimated +5mth for Aug and Sept, then +3/mth increase for remainder 22/23. Average nightly rate for TA estimated at £39/night. Shortages in affordable properties within the private sector creating difficulties with move-on from TA including landlords entering our Opening Doors Scheme. Increased use of budget hotel chains and price increase in one of our largest B&B providers
<b>Housing Needs Grant</b>	-	(33)	(33)	ADC & WBC: DLUHC Domestic Abuse - Safe Accommodation grant 2022-23
<b>Head of Environment</b>	(47)	-	-	Post saving used to contribute towards the interim staff structure costs elsewhere
<b>Parks &amp; Foreshore</b>	(28)	(43)	(91)	JOINT: Underspend in overtime costs ADUR: Additional income from Allotments & Parks WORTHING: Projected underspend in Supplies & Service
<b>Environmental Services (Waste)</b>	870	3	(10)	The overspend for the Waste service relates to increased pay costs following the recent pay dispute settlement plus consequential catch up costs including income refunds for garden waste missed collections
<b>Bereavement Services (Cemeteries &amp; Crematorium)</b>	(2)	60	400	WBC: £167k crematorium income shortfall, £14.3k memorial income shortfall, £69.6k memorial garden income shortfall, less £51.5k additional tribute income and £13k donations for trees. ADC £5.8k rental income shortfall due to sale of Mill Lane property and £11k customer receipts shortfall
	<b>1,014</b>	<b>174</b>	<b>809</b>	
<b>Director of Digital and Resources</b>				
<b>Elections</b>	(10)	15	16	ADUR & WORTHING overspends in relation to extra requirements for putting on elections
<b>Director For Digital, Sustainability &amp; Resources</b>	258	-	-	Vacancy Provision underachievement
<b>Customer Services</b>	(10)	-	-	Projected underspend in staff costs

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
<b>Parking Services</b>	-	(19)	224	Worthing: Income still has not improved since covid and is not likely to, however there are 150 season tickets being purchased across MSCP's in July that should help income. Buckingham Road is still closed and will not open till September at the earliest and there are many bays closed at Liverpool gardens while works are completed on the mobility shop. There are still a number of businesses where staff are working from home and not returned to the office which has had an impact on the income the council would normally have received through the town centre workers income. The council are working with the NHS Trust on leasing out the smaller part of Lyndhurst Road car park which will assist with income.  Adur: Adur continues to perform well and will hopefully do well in the summer months to offset the poor winter months.
<b>Digital &amp; ICT</b>	41	-	-	Overspends projected due to Google training, Xpress hosting and an increase in google licences, plus in telephony where there is an increase of lines and supplier costs
<b>Revenues</b>	9	74	14	ADUR & WORTHING ; Under achievement of Court Cost income
<b>Benefits</b>	(1)	(144)	(47)	ADUR & WORTHING Favourable subsidy position compared to budget
<b>Legal Services</b>	2	14	(2)	Slight underachievement of income
<b>Finance</b>	(291)	(50)	(129)	Joint includes £250k contingency saving offsetting the cost pressures elsewhere. Joint, ADC & WBC Saving on inflation set aside which will be offset by overspends elsewhere.
<b>HR &amp; OD</b>	(69)	-	-	Various underspends in Pay and operational costs projected
<b>Finance: Treasury Interest</b>		(115)	-	Increase in investment income due to increased rates in the market following rise in Base Rate
<b>Finance: Treasury MRP</b>	-	(469)	(308)	Reduced MRP due to re-profiling of capital budgets from 2021/22 and MRP review by external consultants
	<b>(71)</b>	<b>(694)</b>	<b>(232)</b>	
<b>Director of the Economy</b>				
<b>Director of the Economy</b>	78	-	6	Vacancy Provision underachievement
<b>Leisure</b>	-	14	84	Adur overspend on Equipment leases WBC Additional support to SDL (still to be agreed with members)
<b>Major Projects and Investment</b>	31	(129)	(31)	ADUR: Net cost of awarding an initial 6 month free rent period during negotiations of one of our Investment Properties plus loss of income from the One York Way, Uxbridge site which is vacant - offset by utilising the Void reserve transfer allowance budget. WORTHING: Void Budget to transfer to Reserve offset by net income shortfall mainly from Montague Street & Canon House properties.
<b>Place and Economy (Economic Development)</b>	(2)	(25)	16	ADC Saving in advertising & service budget offset by reduced market income WBC Overspend relates to reduction in Income from the Observation Wheel ADC: mainly relates to additional income from Markets.
<b>Planning and Development (Building Control)</b>	(4)	66	(6)	Adurs fee income is projected to not meet the budget
<b>Planning and Development (Development Control)</b>	6	-	30	Cost of Inspectorate re Goring Gap development challenge funded from Reserves
<b>Planning and Development (Planning Policy)</b>	(9)	-	38	Additional Local Plan costs for planning inspector
<b>Planning and Development (Land Charges)</b>	(3)	13	4	Income not expected to meet the budget

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
<b>Business &amp; Facilities</b>	50	4	31	Income for Portland House partial let has been delayed and the income will not meet the full year anticipated budget
	<b>147</b>	<b>(57)</b>	<b>172</b>	
<b>Cross Cutting services</b>				
<b>Maintenance</b>	42	(79)	(115)	Maintenance projected to underspend
<b>Pay Award - Latest offer</b>	972	3	23	The current pay award offer is for each spinal column point to be increased by £1,925
<b>Water</b>	-	3	(7)	
<b>Energy Costs</b>	238	215	670	Our current fixed deal for out energy supplies runs out in October and this will increase substantially due to the current forecast projecting a 300% increase in Gas and the doubling of the electricity costs
<b>Rates</b>	7	107	56	This overspend relates to the Rates for vacant properties
	<b>1,259</b>	<b>249</b>	<b>627</b>	
Allocation of Joint Variance		936	1,404	Share of joint services allocated 40:60 to Councils
<b>Total Variance</b>	<b>2,340</b>	<b>448</b>	<b>2,781</b>	

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ADUR & WORTHING  
COUNCILS

Adur Joint Strategic Sub-Committee  
8 September 2022

Key Decision : No

Ward(s) Affected: All

## 1st Quarter Capital Investment Programme & Projects Monitoring 2022/23

Report by the Director for Digital, Sustainability and Resources

### EXECUTIVE SUMMARY

#### 1. PURPOSE

1.1 This report updates the Adur Sub-Committee of the Joint Strategic Committee on the progress made on the delivery of the 2022/23 Capital Investment Programmes for Adur District Council, Worthing Borough Council. The programmes include schemes which support the delivery of services by the Joint Services Committee.

1.2 The following appendices have been attached to this report:

**Appendix 1:** Adur District Council Capital Monitoring Summary

**Appendix 2:** Adur District Council Reprofiled Budgets

#### 2. RECOMMENDATIONS

2.1 The Adur Sub Committee of the Joint Strategic Committee is asked to:

- i) To note the reprofiling of the Adur District Council capital schemes as advised in paragraphs 7.2.1 and Appendix 2.
- ii) To approve the ring-fencing of capital receipts from the sale of the Parks Service redundant equipment and vehicles for funding new equipment and vehicles for the Parks Service as detailed in paragraph 6.1.1.
- iii) To approve the addition of the replacement of end of life play equipment in Adur Recreation Ground, funded by S106 receipts, to the 2022/23 Capital Investment Programme as detailed in paragraph 6.2.2.
- iv) To approve the addition of the £100,000 Changing Places Facilities Grant to the 2022/23 Capital Investment Programme as detailed in paragraph 6.2.3.

### 3. CONTEXT

3.1 In accordance with the Councils' Capital Strategy, the Capital Working Group oversees the implementation and progress of both Councils' Capital Investment Programmes.

3.2 The Capital Working Group meets quarterly and monitors the programmes' progress and finance, seeking to address any problems at an early stage in order for schemes to be completed within budget and timescales. Where problems are highlighted the Group considers possible remedies including virements between schemes, reprofiling of budgets between years and the withdrawal of schemes from the programme when schemes are unable to proceed. This could be due to resourcing problems, time delays or other factors beyond the Councils' control.

3.3 Full summaries of the progress of all the schemes in the 2022/23 Capital Investment Programmes are prepared each quarter highlighting:

Schemes with significant challenges	<b>Red</b>
Schemes where progress is being closely monitored	<b>Amber</b>
Schemes progressing well	<b>Green</b>
Schemes where progress is beyond officers' control	▣
Schemes with financial issues	£
Schemes where progress has improved	↑
Schemes where progress has deteriorated	↓

3.4 The Capital Working Group also ensures that capital schemes are approved within financial regulations.

3.5 Financial Regulations require officers to report each project on completion.

### 4. PROGRESS OF THE ADUR DISTRICT COUNCIL 2022/23 CAPITAL INVESTMENT PROGRAMME – AUGUST 2022

4.1 There are 71 schemes in the 2022/23 current capital investment programme which are progressing as follows:

	Number of	Percentage
--	-----------	------------

	schemes	%
Schemes which are progressing satisfactorily or have completed	57	80.3
Schemes where progress is being closely monitored	13	18.3
Schemes with significant challenges	1	1.4

4.2 A summary of the financial movements of the 2022/23 Capital Investment Programme is attached as Appendix 1 to this report. A summary of the progress of all the schemes in the 2022/23 Capital Investment Programme is available from the Councils' Joint Intranet.

## 5.0 SUCCESSES AND CHALLENGES IN THE 2022/23 ADUR DISTRICT COUNCIL CAPITAL INVESTMENT PROGRAMME

5.1. The following schemes are progressing well:

### 5.1.1. Adur Homes Capital Investment Programme

The Adur Homes Capital Investment Programme for 2021/22 and 2022/23 was approved by the Joint Strategic Committee on 2nd March 2021.

Delivery of the Capital Improvement Programme continues to be shaped by guidance issued to local authorities by the Regulator of Social Housing in the aftermath of the Grenfell fire and better knowledge of our stock.

The appointment of a Fire Safety Officer has allowed us to focus on fire safety remedial works. Several fire remedial work schemes are now being implemented across our stock.

### 5.1.2 Adur Homes External Works Programme

The external capital works programme is being compiled and the following schemes are under consideration or progressing:

- The original project to undertake external works to Rocks Close and Locks Court has been reviewed and the scheme will now include the wider Southwick Estate. A prioritised package of interim works has been compiled to address essential structural works required to keep the Estate in good repair for the next 10 years and is now being progressed.
- The project to undertake external works to Bushby Close was delayed by variations to the contract but this has now been completed.
- External works to Beachcroft Place are also behind the delivery programme and completion is now anticipated by September 2022.
- A programme of replacement door entry systems has been agreed and is now in progress.

- The replacement of the Frazer Court roof is scheduled for 2022/23.
- A further roof replacement program is being established and is scheduled to commence the last quarter of 2022/2023.
- A window / door replacement programme is due commence in 2022/23.
- Preparatory works are also being compiled for external works at the following sites:
  - i) Millfield
  - ii) Nelsons Close
  - iii) Manor Court
  - iiii) Raffa Balconies and external fire exits
  - iiiii) Warren Court Balconies and external works

### 5.1.3 Housing Development and Acquisition Programme

Covid-19 has had a significant impact on all of the housing development schemes. The nationwide lockdown, site shutdowns and subsequent updated guidance on site operation and safety in a post Covid environment has impacted on supply chains, deliveries and on-site productivity. In particular the social distancing measures have meant that on-site staffing levels (site staff and site subcontractors/labour) have, in many cases, needed to be reduced to 50% of normal capacity.

Whilst the above will mean an inevitable impact on programme delivery, during the past 6 months the team have still overseen the completion of two sites and signed contracts and made a start on 2 new sites (55 homes). A report identifying a further 9 pipeline sites was approved by the Joint Strategic Committee in October 2020.

#### Albion Street Refurbishment of 2 semi-detached houses into 6 flats for temporary accommodation

The contract has been let and the construction started on site in November 2021 with completion anticipated October 2022. The costs are anticipated to be within the current budget.

#### Albion Street New Build

Covid-19 had a significant impact on the timescales for the contract award. However, works are now on site with piling due for completion. Works have been delayed whilst on site due to material and labour shortages; delivery is now anticipated for March / April 2023.

#### Small Sites (Hidden Homes)

Following approval of the small sites programme to deliver 56 new homes, the Council is progressing with 7 sites, 5 of these have planning consent and the remaining planning applications are in progress. The contract for the initial design has been tendered with start on site estimated Winter 2022.

Construction will take approximately one year to complete. Land Release Funding of £566,000 was received to help unlock unviable sites.

#### Ashcroft

Following JSC approval in July 2021 to progress with the demolition and design of a new building for sheltered housing, and extensive site due diligence, dialogue with the planning department and consultation with residents and neighbours of the site, a planning application was made in July 2022 for the construction of a new block of 44 homes. The Council have been awarded £407,000 in Land Release Fund money which will be used to enable demolition of the existing building and diversion of services where required. A decision is expected in Autumn 2022.

#### **5.1.4 AW Workspaces (Partnership Scheme with Worthing Borough Council)**

All works have now completed and the Sussex Partnership NHS Foundation Trust will occupy part of Portland House. As part of this project, improvement works have been undertaken at Portland House and Worthing Town Hall..

Overall the project is on target to deliver a saving of £365,000 (£188,000 after funding the associated debt charges).

#### **5.1.5 Information and Communications Technology - Digital Programme (Partnership Scheme with Worthing Borough Council)**

The following projects are progressing well:

- i) Ultrafast Network / Gigabit Project
- ii) Wifi Upgrade / Network Refresh

#### **5.2. Challenges in the 2022/23 Capital Investment Programme:**

- 5.2.1 There has been significant reprofiling of budgets from 2022/23 to 2023/24 this financial year caused by both Brexit and Covid 19 resulting in significant supply problems for equipment and materials, and also increases in prices:

Delays have been encountered as follows:

- i) In obtaining quotes and estimates from suppliers.
- ii) In placing orders due to supplier's availability of stock.
- iv) Long lead in times for deliveries due to supply issues.

In addition there are staffing shortages in the Technical Services Department and projects have had to be prioritised and non urgent works deferred to 2022/23.

#### **5.2.3 Shoreham Harbour Walls Coast Protection Scheme**

The purchase of land from the Sussex Yacht Club was completed in 2019/20 enabling them to build a new club house and planning permission was granted for a new flood wall in 2018.

A delay has been caused due to the nature of the flood defence design and further testing of the permeability of the water flows is to be undertaken and is estimated to cost £133,000. This work will inform the final designs for the scheme.

A further grant of £106,000 has been secured from the Environment Agency and the Council has allocated additional funds of £120,000.

Adur District Council is working with West Sussex County Council and key stakeholders to agree a suitable solution to Public Rights of Ways access associated with the project.

The redundant yacht club house has been demolished and tendering is anticipated Autumn 2022 with the works estimated to commence March / April 2023.

#### **5.2.4 Lancing Manor Leisure Centre - External cladding, flat roof and glazing units replacements**

The 2022/23 Capital Investment Programme includes a budget £237,730 for replacing the external cladding, renewal of the flat roof area over the entrance hall and replacement of glazing units in the entrance hall.

The works have been tendered and the tenders were considerably over budget with a poor tender response. Scheme currently being rendered but additional resources likely to be required.

## **6. ISSUES FOR CONSIDERATION**

### **6.1 Adur and Worthing Joint Service Schemes**

#### **6.1.1 Ground Maintenance Equipment Replacements - Use of capital receipts**

The current joint services grounds maintenance equipment replacement budget is under considerable pressure due to the age of the current equipment, which needs to be replaced to meet current demands, to comply with the decarbonisation programme and to comply with health and safety requirements.

Some of the existing equipment is not fit for purpose and a programme of sales is in progress. It is recommended that any 2022/23 sales receipts from the sale of old equipment is ring-fenced for updates to the grounds maintenance equipment purchases.

To date one tractor and some equipment have been sold for £17,255 and it is requested that this funding is added to the joint services grounds maintenance equipment budget of £94,350 to make a total budget of £111,610.

### **6.2 Adur District Council**

6.2.1 Budgets totalling £73,812,900 have been reprofiled to and from 2023/24 and future years, where the original project plan has changed and the schemes are not expected to complete in 2021/22. A list of schemes reprofiled is attached as Appendix 3 to this report.

#### **6.2.2 Adur Recreation Ground Play Area Equipment - Funding from S106 Receipts**

The Council has received a S106 receipt towards upgrading the play equipment and play area safety surface on the Adur Recreation Ground.

It is proposed that £25,000 of the above S106 receipt is used to replace ageing play equipment in Adur Recreation Ground. The equipment to be replaced will have reached the end of its economic life and needs to be replaced for public safety.

It is recommended that the scheme is added to the 2022/23 Capital Investment Programme funded from S106 receipts.

#### **6.2.3 Changing Places Facilities Grant**

The Council has secured a £100,000 Changing Places Facilities Grant to create a DDA toilet in the Adur District.

The works will need to be undertaken in 2022/23 and discussions are in progress as to the location. Additional funds may be required to top up this budget which will be taken from the existing Public Convenience Capital budget.

The grant funding needs to be added to the 2022/23 Capital Investment Programme and a Project Initiation Document (PID) will be completed to release the funding when the site is agreed.

## **7. ENGAGEMENT AND COMMUNICATION**

7.1 The purpose of this report is to communicate with stakeholders on the progress of the Adur District Council and Worthing Borough Council 2021/22 Capital Investment Programmes. Officers of the Council have been consulted on the progress of the schemes which they are responsible for delivering.

7.2 Specific schemes are subject to public consultation (e.g new playgrounds) to ensure that they meet community needs.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 There are no unbudgeted financial implications arising from this report as the Adur District Council 2022/23 Capital Investment Programmes were approved by the Councils in December 2021. Subsequent changes have been reported to and approved by the Joint Strategic Committee. The issues considered in this report can be funded from within existing resources or through external funding.

## **9. LEGAL IMPLICATIONS**

- 9.1 Section 28 Local Government Act 2003, as amended by the Localism Act 2011, provides that where in relation to a financial year, a Local Authority has made the calculations required by section 43 Local Government Finance Act 1992, it must review them from time to time during the year. If it appears that there has been a deterioration in its financial position it must take such action, if any, as it considers is necessary to deal with the situation.
- 9.2 Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.

### **Background Papers**

- Capital Investment Programme 2021/22 – 2023/24 Adur District Council, Worthing Borough Council and Joint Committee
- Capital Strategy 2022/25.
- Enabling the Digital Future for Adur & Worthing: Extending Ultrafast - Report to the Joint Strategic Committee dated 2nd April 2019.

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

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Chief Financial Officer

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## **SUSTAINABILITY AND RISK ASSESSMENT**

### **1. ECONOMIC**

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

### **2. SOCIAL**

#### **2.1 Social Value**

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

#### **2.2 Equality Issues**

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

### **3. ENVIRONMENTAL**

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

### **4. GOVERNANCE**

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

**CAPITAL MONITORING SUMMARY 2022/23**
**1st Quarter**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Executive Portfolios	Total ADC Scheme Budgets	Previous Years' Spend	2022/23 Original Budget	Net budget b/f from 2021/22	Approved Changes to Original Budget	2022/23 Budget Reprofiles to and from 2023/24	2022/23 Current Budget	2022/23 Spend to Date	Spend % of Current Budget
	£	£	£	£	£	£	£	£	
Adur Homes and Customer Services	63,532,320	6,194,880	36,344,670	8,575,260	500,000	(26,854,830)	18,565,100	3,406,909	18.35%
Environment and Leisure	4,296,379	235,779	2,218,150	40,030	-	(615,600)	1,642,580	33,756	2.06%
Communities and Wellbeing	656,510	-	522,600	6,910	55,000	(356,050)	228,460	280	0.12%
Regeneration and Strategic Planning	7,285,200	4,068,990	2,568,250	42,340	226,000	(2,000,000)	836,590	31,563	3.77%
Resources	131,859,430	84,146,760	45,992,350	444,340	51,000	(43,986,420)	2,501,270	106,847	4.27%
<b>TOTALS</b>	<b>207,629,839</b>	<b>94,646,409</b>	<b>87,646,020</b>	<b>9,108,880</b>	<b>832,000</b>	<b>(73,812,900)</b>	<b>23,774,000</b>	<b>3,579,355</b>	<b>15.06%</b>

**Financing of 2022/23 Programme:**

<b>Adur Homes Capital Programme:</b>	<b>£'000</b>
Capital Receipts:	100
Major Repairs Reserve:	3,900
Capital Grants:	100
Prudential Borrowing:	11,906
	<hr/>
	<b>16,006</b>
	<hr/> <hr/>

<b>General Fund Capital Programme:</b>	<b>£'000</b>
Prudential Borrowing:	6,226
Capital Receipts:	100
Government Grants:	1,044
Revenue Reserves and Contributions	130
S106 Receipts	203
Other Contributions	65
	<hr/>
	<b>7,768</b>
	<hr/> <hr/>

**Summary of Progress:**

Schemes with significant challenges:	1
Schemes where progress is being closely monitored:	13
Schemes progressing well or completed:	57
<b>Total Schemes:</b>	<hr/> <b>71</b> <hr/>

(1) SCHEME (Responsible Officer)	(2) Total ADC Scheme Budget £	(3) 2022/23 Original Budget £	(4) Budget Reprofiles to and from 2022/23 and Future Years £	(5) 2022/23 Current Budget £	(6) 2022/23 Spend to Date £	(7) Anticipated Completion Date (C) / Approval Report(D)/ P.I.D.(P)	(8) 2021/22 Anticipated (Underspend) /Overspend (Council Resources) £	(9) COMMENTS AND PROGRESS	(10) Status
								<input checked="" type="checkbox"/> Progress Beyond Council's Control £ Schemes with financial issues ▲ Scheme Progress Improved ▼ Scheme Progress Deteriorated	
<b>Lancing Manor Leisure Centre</b> i) External cladding replacement and renewal of flat roof area and replacement glazing	250,000	157,730	-	237,730	-	Mar-23 02/01/20 (P) 13/07/21 (P)		Tenders received were over budget and the scheme is now being retendered. Additional resources likely to be required.	£ RED
<b>TOTAL:</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>237,730</b>	<b>-</b>				

**RESPONSIBLE OFFICER:** Kevin Smith Principal Building Surveyor, Facilities & Technical Services



ADUR DISTRICT  
COUNCIL

**ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
<b><u>Adur Homes Capital Investment Programme</u></b>		
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. Budget reprofiled in line with anticipated expenditure.
Development of Properties	13,979,910	i) Small Sites Programme - Construction expected to begin in the winter and will be on site for approximately 1 year. Budget reprofiled in line with anticipated expenditure.
	453,170	ii) Contingency / Purchase of Properties - Reprofiled as no properties have been identified to date.
External Structural Works	500,000	Works planned on Penstone / Osborne / Warren Court balconies and various roofing replacements. Due to lead in times for consultation and tendering, budget reprofiled to 2023/24.
	1,300,000	ii) Milfield Remedial Works - Currently in initial stages, budget reprofiled in line with anticipated expenditure.
	1,854,900	iii) Southwick Estate Remedial Works - Design, specification and procurement of initial works to be undertaken in 2022/23, remainder of budget reprofiled to future years.
Fire Safety Works	2,500,000	i) Fire Door Replacements - New contractor being sourced for the project due to poor quality. Budget reprofiled in line with anticipated expenditure.
Heating and Energy Efficiency Schemes	150,000	Replacement heating scheme under consideration. Possible invest to save scheme. Budget reprofiled due to lead times for works.
Professional and Consultancy Services for Adur Homes major repairs schemes	756,580	Budget reprofiled in line with lead in time for construction schemes.
Affordable Housing - Grants to Registered Social Landlords for the provision of affordable housing	2,069,800	Reprofiled due to lead times for new developments



ADUR DISTRICT  
COUNCIL

**ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
Coast Protection Works - Shoreham Harbour Walls Project	2,000,000	Tendering for the scheme is anticipated in the Autumn with works estimated for 2023/24. Budget reprofiled in line with anticipated expenditure.
Corporate Buildings - Carbon Reduction Schemes (Invest to Save)	498,000	Reports to be submitted for any schemes which meet the "invest to save criteria".
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.
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 Development - South Street Car Park	1,836,000	Budget profiled in line with anticipated expenditure.
Housing Development (General Fund) - Acquisition and development of emergency and temporary accommodation for the homeless	1,306,470	Reprofiled due to lead in times for new developments.
Kingston Beach - Environmental Improvements	20,000	Works to be undertaken after the Coast Protection Works have completed. Budget reprofiled in line with anticipated expenditure.
Public Conveniences - Rolling Programme of upgrades and improvements	110,000	Refurbishments of public conveniences likely to be delayed to 2023/24 due to staffing shortages in Technical Services.
Southwick Community Centre - Replacement of windows to the café area	35,000	Scheme unlikely to progress this financial year due to resourcing issues in Technical Services.
Southwick Community Centre - Replacement of windows to the Porter Room and floor replacement	30,000	Scheme unlikely to progress this financial year due to resourcing issues in Technical Services.
Strategic Property Investments - Investments in property for regeneration or service delivery.	43,488,420	Budget Reprofiled as no investments have been identified to date.
Street Cleansing / Refuse / Recycling Service Replacement Vehicles	345,600	The purchase of 2 x 26 tonne refuse vehicles is on hold while options are reviewed. All other 2022/23 vehicle replacements budgets reprofiled to 2023/24 due to lead in times for the delivery of new vehicles.
<b>Total Reprofiled Budgets:</b>	<b>73,812,900</b>	

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ADUR DISTRICT  
COUNCIL

Adur Joint Strategic Sub-Committee  
8 September 2022

Key Decision [Yes/No]

Ward(s) Affected: All

## Transport for the South East Strategic Investment Plan - consultation response

### Report by the Director for the Economy

#### Officer Contact Details

Martin Randall, Director for the Economy

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### Executive Summary

#### 1. Purpose

- 1.1. The purpose of this paper is to report on the publication of the Transport for the South East (TfSE) Draft Strategic Investment Plan (SIP) and to provide an opportunity for members of the Sub-Committee to respond to the current consultation on the SIP.

#### 2. Recommendations

- 2.1.1. That in response to the consultation on the Draft Strategic Investment Plan (SIP), members of the Sub-Committee welcome:
  - the potential environmental, social and economic benefits that could be delivered from the SIP's emphasis on integrating transport, digital and energy networks, together with a high-quality, reliable, safe, and accessible transport network;
  - recognition in the SIP that achieving the scale of investment needed to reduce carbon emissions in line with national policy

will require fundamental changes to existing funding mechanisms for transport infrastructure;

- the SIP's emphasis on linking regional policy with local initiatives such as those set out in Adur's Local Cycling and Walking Improvement Plan (LCWIP).

**2.1.2** That members of the Sub-Committee support:

- the SIP's emphasis on transforming east – west connectivity and enhancing east – west corridors to the same level as radial links to and from London;
- the package of place based 'Solent and the Sussex Coast' interventions that would benefit Adur, including Sussex Coast Rail; Sussex Coast Bus Mass Transit; and Sussex Coast Active Travel packages;
- the specific inclusion in the SIP of a long term highways proposal to resolve the challenges presented by the A27 road in Worthing as part of an integrated approach to planning for transport in the region.

**2.1.3** That members of the Sub-Committee:

- recognise that statutory status for Transport for the South East would help to drive delivery of the SIP and empower TfSE to explore funding solutions; procurement options and work with constituent local authorities to leverage funding of the scale needed to deliver major infrastructure projects;
- would welcome the inclusion of references in the SIP to Adur District and the regeneration of the Western Harbour Arm of Shoreham Port in particular, as a strategically significant contributor to the business case for rail and mass transit interventions;
- recognise that whilst the SIP's inclusion of a long term solution to the A27 is welcome, the impact of congestion in Worthing remains a major problem that has an adverse impact on local quality of life and is of regional significance. The SIP's long term proposal should not therefore preclude other bodies such as National Highways, making short and medium term interventions to improve local quality of life that are consistent with the SIP's decarbonisation objectives.



### 3. Context

3.1. Transport for the South East was established in 2017 as a sub-national transport body supported by the 16 constituent local transport authorities (unitary and County councils); 46 district and borough councils and a wide range of other stakeholders with an interest in transport strategy. In common with other sub-regional transport bodies, TfSE does not have statutory status, but is supported by the Department of Transport and encouraged to deliver the TfSE **Transport Strategy** (published in 2020).

3.2. TfSE's overall Vision is: sustain

*By 2050, the South East of England will be a leading global region for net-zero carbon, sustainable economic growth where integrated transport, digital and energy networks have delivered a step-change in connectivity and environmental quality. A high-quality, reliable, safe, and accessible transport network will offer seamless door-to-door journeys enabling our businesses to compete and trade more effectively in the global marketplace and giving our residents and visitors the highest quality of life. (TfSE Transport Strategy for the South East, 2020)*

3.3. The Draft **Strategic Investment Plan (SIP)** for South East England was published in June and is the subject of a consultation period that runs to 12<sup>th</sup> September 2022. The SIP is intended to provide a framework for investment in strategic transport infrastructure, services, and regulatory interventions through to 2050. It is a regional plan with evidenced support in which partners can link their own local strategies and plans (*diagram below*) and is intended to provide advice to the Secretary of State for Transport to inform investment in the South East.



3.4. The total capital cost of the SIP’s recommendations is in the region of £48bn between now and 2050. The SIP recognises that to achieve this level of investment, existing funding regimes will need fundamental changes and sets out a range of opportunities for a more integrated approach, including tax incremental funding; growth deals; and a ‘beneficiary model’ to secure funding over the long term to support the funding of major infrastructure projects.

3.5. **Priorities and benefits**

3.5.1. In line with the Transport Strategy, the investment packages set out in the SIP are intended to address 8 investment priorities, including decarbonisation of the South East, to help enable the UK to achieve net zero by 2050 at the latest and to deliver a transport network better able to protect and enhance our natural, built, and historic environments. The SIP is also intended to enable the South East’s economy and transport systems to adapt sustainably to changing

travel patterns and new ways of working and to promote social inclusion, improve health and wellbeing, and reduce barriers to employment.

- 3.5.2. Significantly, for Worthing, one of the 8 investment priorities is set out as:

**Transforming east – west connectivity:** enhance our east – west corridors to the same level as radial links to and from London to boost connectivity between our major economic hubs, international gateways (ports, airports, and rail terminals) and their markets.

- 3.5.3. By securing investment in these priority areas, the SIP raises the prospect by 2050 of:

- An additional 20,000 jobs;
- £41bn per annum growth in GVA;
- 1.6 million additional mass transit and ferry trips each year;
- a reduction of 4 million car trips per day.

- 3.5.4. Conversely, the SIP warns that ‘doing nothing is not an option’ on the basis that the transport system will not de-carbonise quickly enough to meet the carbon challenge.

### 3.6. **Intervention packages**

- 3.6.1. 8 interventions applicable across the South East are designed to deliver very significant reductions in carbon emissions. This is achieved through reducing overall demand (virtual working), managing demand (road pricing), and making lower-carbon transport options more attractive (new mobility and public transport fares).

- 3.6.2. **At a sub-regional level**, TfSE has worked with a range of stakeholders and technical advisors to develop **24 place-based packages** of complementary, multi-modal interventions.

- 3.6.3. Whilst other package elements such as unblocking bottlenecks on the London-Brighton main rail line are important; the 4 measures of particular significance to Adur is set out in ‘Solent and the Sussex Coast’ which represents £11.9bn of investment:

**Sussex Coast Rail** – faster journeys between Brighton and Southampton; more long distance journeys linking Brighton – Portsmouth – Southampton; and additional capacity between

Worthing and Brighton). The net result would be 10,000 additional rail trips per day.

**Sussex Coast Bus Mass Transit** – a high quality public transport system (bus based rapid transit based on the ‘turn up and go’ principle) focussing on Brighton & Hove, to extend along the coast into West Sussex with the potential for a reduction of 65,000 car trips each weekday.

**Sussex Coast Active Travel** – the significant aspect here is the inclusion of the Local Walking and Cycling Improvement Plans (LCWIP) as part of the overall Investment Plan. LCWIP measures are recognised as:

- delivering improvements to the urban realm of the Sussex Coast built up area;
- unlocking active travel and regeneration opportunities; improvements in air quality in urban areas;
- promoting a significant mode shift from car to active travel, with associated health benefits.

**Solent and Sussex Coast Highways** – the intention here is to consider roads as part of the wider transport picture. Targeted interventions are proposed:

‘to deliver high-quality east – west connections for freight, private and mass transit vehicles that de-conflict local and longer-distance traffic, with the greatest benefit when supporting and supported by public transport improvements.

Of particular interest is the recognition of the need to find a longer term solution to the A27 as it passes through Worthing.

A potential “long-term” solution is the construction of a new stretch of road, much of which would be within a 4-5km tunnel, potentially making it the longest road tunnel in the UK.

For the purposes of the SIP, a cost of around £2 billion is assumed for this scheme, to be delivered between 2045 and 2050, although this figure may vary as it is highly dependent on detailed design, especially if the solution were to involve a tunnel which would have options for different lengths and configuration (e.g. single or multiple bore).

The SIP acknowledges that the As an SRN scheme, the government-funded National Highways' Roads Investment Strategy (RIS) would be the 'default' funding source for the scheme; but also identifies the potential of new pieces of infrastructure such as tunnels that have a transformational impact on connectivity to be part funded through tolls, the future value of which can be used to support the borrowing needed to fund such an ambitious scheme.

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

- 4.1. In formulating a response to the consultation on the SIP it is worth acknowledging that this consultation marks a significant change from earlier 'single mode' consultations, notably on the future of the A27. The SIP provides an important opportunity to consider transport in the wider environmental, social and economic contexts and to link initiatives that are part of Adur's Local Cycling and Walking Improvement Plan to wider objectives for sustainable travel in the region.
- 4.2. The significance of the SIP is underlined by the wide ranging partnership that constitutes TfSE. It is important to note however, that the SIP recommendations would be of greater significance were TfSE to be granted statutory status by government and until then, TfSE is only fulfilling an advisory role.
- 4.3. The SIP offers clear advice that 'doing nothing is not an option' if the South East region is to contribute to national carbon reduction targets and the benefits of active travel are to be realised for its citizens.
- 4.4. The SIP's place based measures offer potentially significant benefits for Worthing and are consistent with the LCWIP and a focus on improving public realm and helping to promote active travel.
- 4.5. A bus based mass transit system would complement rail and road highway improvements. Adur and the regeneration of the Western Harbour Arm of Shoreham Port in particular, would benefit from this infrastructure and should be identified in the SIP as an important contributor to the business case for strategic improvements, a mass transit scheme linked to Brighton & Hove. A frequent and efficient mass transit system would help alleviate congestion on the A259.
- 4.6. The inclusion in the SIP of a long term solution to the challenge presented by the A27 through Worthing is welcome; as is the explicit link to a package of other measures which mean that the A27 road infrastructure is not considered in isolation. Congestion on the A27

has a significant impact on the highway network in Adur District and the A259 in particular.

- 4.7. The SIP offers the potential to consider short term improvements for the A27 likely to be proposed by National Highways as part of the national Road Investment Strategy (RIS2) in the context of the longer term option. However, greater certainty over the delivery of a satisfactory long term option is only likely to be secured alongside TfSE gaining a statutory function and status. It should be acknowledged that even allowing for cost, a long term option that doesn't commence until 2045 may seem 'too distant a prospect' for many residents, businesses and other stakeholders who have been campaigning for a solution over so many years.

## **5. Engagement and Communication**

- 5.1. The SIP is the subject of a wide ranging consultation exercise and comments are requested by 12th September 2022.

## **6. Financial Implications**

- 6.1. There are no direct financial implications arising from the consultation response.

## **7. Legal Implications**

- 7.1. Transport for the South East was established as a sub-national transport body under s102E of Part 5A to the Cities and Local Government Devolution Act 2016.
- 7.2. Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 7.3. s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

- 7.4. The Climate Change Act 2008 (2050 Target Amendment) Order 2019 came into force on 27th June 2019 and increased the UK's 2050 net greenhouse gas emissions reduction target under The Climate Change Act 2008 from 80% to 100%.

### **Background Papers**

- [TfSE - A Strategic Investment Plan for the South East - Consultation Draft](#)

## Sustainability & Risk Assessment

The SIP aims to deliver a faster trajectory towards net-zero than current trends, including rapid adoption of zero emission technologies, to help mitigate the impact of climate change. The SIP identifies the potential for an holistic approach to planning for carbon reduction with measurable benefits.

### 1. Economic

- The SIP explicitly supports sustainable economic growth and unlocking regeneration and growth opportunities where this has been held back by inadequate infrastructure or poor integration between land use and transport planning

### 2. Social

#### 2.1 Social Value and Equality Issues

- Delivering a more affordable and accessible transport network for the South East that promotes social inclusion, improves health and wellbeing, and reduces barriers to employment, learning, social, leisure, physical and cultural activity for all communities. TfSE's stated objective is to reverse the real terms increase in the cost of public transport compared to motoring.

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

- A safe, reliable and accessible transport system with many more opportunities for active travel will help to create a much safer environment for travel.

#### 2.4 Human Rights Issues

- Matter considered and no direct impact identified.

### 3. Environmental

- Accelerating decarbonisation of the South East, would enable enabling the UK to achieve net zero by 2050 or sooner, and delivering a transport network better able to protect and enhance our natural, built, and historic environments.

### 4. Governance

- The SIP is geared toward making the link between national, regional and local policy. It will then have implications for local strategies and plans including the Local Plan and Local Cycling and Walking Improvement Plan (LCWIP).