



WORTHING BOROUGH  
COUNCIL

24 February 2023

<b>Joint Strategic Sub-Committee (Worthing)</b>	
<b>Date:</b>	<b>6 March 2023</b>
<b>Time:</b>	<b>7.00 pm</b>
<b>Venue:</b>	<b>East Worthing Community Centre</b>

**Committee Membership:** Councillors Dr Beccy Cooper (Chair), Rita Garner, Martin McCabe, Helen Silman, Emma Taylor, John Turley, Carl Walker (Vice-Chair), Vicki Wells and Rosey Whorlow

## Agenda

### Part A

#### 1. **Declarations of Interest**

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

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

#### 2. **Minutes**

To approve the minutes of the Worthing Joint Strategic Sub-Committee meeting held on 1 February 2023, copies of which have been previously circulated.

#### 3. **Public Question Time**

To receive any questions from members of the public.

Questions should be submitted by **noon on Wednesday 1 March 2023** 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.)

#### **4. Members Questions**

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

Questions should be submitted by **noon on Wednesday 1 March 2023** to Democratic Services, [democratic.services@adur-worthing.gov.uk](mailto:democratic.services@adur-worthing.gov.uk)

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

#### **5. Items Raised Under Urgency Provisions**

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

#### **6. 3rd Quarter Revenue Monitoring Report 2022/23 (Pages 5 - 36)**

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

#### **7. 3rd Quarter Capital Monitoring Report 2022/23 (Pages 37 - 50)**

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

#### **8. The Principles Governing Climate Emergency Action for Worthing (Pages 51 - 64)**

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

#### **9. Trees for Streets (Pages 65 - 74)**

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

#### **10. Worthing Heat Network : Letting of contract to design, build, fund, operate and maintain a low carbon heat network for Worthing Town Centre and agreement to enter into heat supply and connection agreements for WBC estate (Pages 75 - 100)**

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

#### **11. Worthing Housing Strategy Roadmap (Pages 101 - 116)**

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

#### **12. Union Place Sign off of Roffey Homes Joint Venture (Pages 117 - 132)**

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

**13. Review of Governance and Procedures for Administering the CIL Neighbourhood Fund (Pages 133 - 144)**

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

**14. New Culture Principles for Worthing (Pages 145 - 156)**

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

**15. A27 Worthing and Lancing Improvements Scheme Options Consultation (Pages 157 - 166)**

To consider a report by the Director for the Economy, copy attached as item 15.

**Recording of this meeting**

Please note that this meeting is being live streamed and a recording of the meeting will be available on the Council's website. This meeting will remain on our website for one year and will be deleted after that period. The Council will not be recording any discussions in Part B of the agenda (where the press and public have been excluded).

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
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**Duration of the Meeting:** Three hours after the commencement of the meeting the Chairperson will adjourn the meeting to consider if it wishes to continue. A vote will be taken and a simple majority in favour will be necessary for the meeting to continue.

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## 3rd 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 Committee for Worthing Borough Council with the latest expenditure and income projections for both Adur District Council and Worthing Borough 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 31st December 2022, the forecast outturn position will reflect the latest information available to ensure an up-to-date forecast is presented.

As at quarter 3, the current outturn projection for the 2022/23 financial year for the Worthing Borough Council General Fund is a net overspend after reserve transfers of £2.1m. 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** Briefing Note on Service Performance
- (ii) **Appendix 2** (a) Worthing Summary  
(b) Worthing Use of Earmarked Reserves
- (iii) **Appendix 3** (a) Table of Variations over £20,000  
(b) Table of movements over £50,000 between

## **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).

### **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 the economic downturn, energy prices, rising inflation and interest rates visible in additional cost pressures falling on the Council over the last 7 months. Additional pressure has also been created by the national pay award which is higher than assumed and built into the 2022/23 budget.

4.3 The ongoing uncertainty around inflation, increased demand on services and energy resources and pricing, it is difficult to have certainty on the estimates and assumptions, the current projections indicate forecast year end overspends against budgets of £382k in Adur and £2.1m 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 forecast is comprised of a number of elements as set out in the table below:

<b>2022/23 Forecast Outturn</b>	Worthing	
	Q2 £000	Q3 £000
Over/(under)spend in operational services – including share from Joint	2,991	3,395
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.	(302)	(302)
Net Interest (increase)/decrease	(361)	(497)
Commercial property income shortfall and cost pressure (excluding business rates)	61	81
Property void allowance	(450)	(450)
Pay award - impact above budgeted allowance	606	606
Reduction in national insurance contribution rate	(45)	(45)
	<b>2,500</b>	<b>2,788</b>
<b>Net over/(under) spend before funding from reserves</b>		
Grant Funding	(111)	(129)
Transfer to/(from) reserves	(372)	(559)
<b>Forecast net over/(under) spend</b>	<b>2,017</b>	<b>2,100</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.

Once the above items are taken into account, the operational position is a net overspend by services of £3.395m 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 Q3 are as follows:

<b>Projected Outturn Summary</b>			
	<b>Joint £000s</b>	<b>Adur £000s</b>	<b>Worthing £000s</b>
Current Budget 2022/23	25,790	9,742	13,785
Forecast Outturn	28,752	10,582	16,572
<b>Projected Forecast over/ (underspend) before Government support packages or any transfer to reserves</b>	<b>2,962</b>	<b>840</b>	<b>2,788</b>
Reserves Funding		(419)	(559)
Grant Funding	(50)	(39)	(129)
<b>Projected Forecast over/ (underspend) after Government funding and proposed transfer to reserves</b>	<b>2,912</b>	<b>382</b>	<b>2,100</b>
Projected over/(underspend) percentage	11.29%	3.92%	15.23%



Comparison to the Q2 forecast:

	<b>Joint £000s</b>	<b>Adur £000s</b>	<b>Worthing £000s</b>
Forecast Over/(under)spend Q3	2,912	382	2,100
Forecast Over/(under)spend Q2	2,338	64	2,017
Change in Forecast Q2 to Q3 (improvement)/deterioration	574	318	83

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)	34,371	(6,510)	27,861
Projected Forecast (Under)/ Overspend	2,882	80	2,962
Forecast variance % before Government funding	9.15%	-1.21%	11.90%
<b>Worthing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	67,673	(51,494)	16,179
Forecast (after transfer to reserves)	69,510	(52,321)	17,190
Authority Projected Forecast (Under)/Overspend	1,837	(826)	1,011
Share of Joint (Under) / Overspend	1,729	48	1,777
Authority Projected Forecast (Under)/ Overspend	3,566	(778)	2,788
Forecast variance % before Government funding	5.27%	1.51%	17.23%

4.8 The Joint Strategic Committee (JSC) sub committee for Worthing Borough Council is asked to consider:-

- the current projections of variances in the Council's General Fund Revenue Budgets: and
- any amendments and virements to budgets 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 Commentary on service areas that are forecasting significant variances from budget are presented in appendix 1 of this report, summarised highlights are provided in this section 4.11.

4.11.2 The forecast in year deficit is set out in the following table with focus on the main factors that make up the estimated outturn position:

<b>In Year (surplus)/deficit</b>	<b>Joint (Memo) £000</b>	<b>Worthing £000</b>
Cross Cutting		
Pay Award	972	
National Insurance	(73)	
Utilities and Rates	138	360
Maintenance	198	(127)
Treasury		(799)
Services (detail in appendix 1)		
Waste	1,296	(84)
Car Parks		280
Homelessness		653
Bereavement		672
Strategic Property		(369)
Planning and Development		355
Revenues and Benefits	270	
Other	111	100
<i>Share of Joint</i>		<i>1,747</i>
<b>Total projected deficit before use of reserves</b>		<b>2,788</b>

Further detail on these factors is provided below.

#### 4.11.3 Pay Award and National Insurance contributions

The national pay award has been agreed with an increase of £1,925 to each spinal column pay point, this increase is higher than the budgeted allowance creating an in year cost pressure. Offsetting this is the reduction in employer national insurance contributions following the government decision to remove the 1.25% rate increase introduced at the start of April 2022 from November.

#### 4.11.4 Utilities and Rates

The contract for energy has now been renewed and the anticipated usage and price are expected to increase the costs to the council substantially by an average of 190% for electricity and 380% for gas over the next two years. However, this increase is lower than previously forecast due to the introduction by the Government of the Energy Price Relief Scheme which provides support to businesses through discounted energy rates for 6

months until the end of March 2023. The cost impact in the current year is as follows:

- Joint £150,000
- Worthing £276,000

Water and rates variances against budget make up the difference in the table at 4.11.2, further information is provided in appendix 1:

	Over/(under) spend against budget	
	Joint	Worthing
Water	£2,000	£3,000
Rates	(£14,000)	£81,000

#### 4.11.5 Maintenance

Costs are expected to be overspent within Joint Services and Adur District Council. In Worthing Borough Council it is expected there will be an underspend with demand on the service for reactive works lower than budget.

#### 4.11.6 Treasury

The Councils has an underspend against the MRP budget of £302k 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.

Increase in interest rates during the year has also led to higher investment return income:

Treasury Management (under)/overspends	Worthing
Minimum Revenue Provision	£000 (302)
Interest from Investment Income	(444)
Interest payable on borrowing	(53)
<b>Total</b>	<b>(799)</b>

#### 4.11.7 Waste

Additional costs resulting from the negotiated changes following the waste dispute earlier in the financial year and agency costs being incurred to cover vacancies, holiday and sickness. In addition there has also been a reduction in income against budget partly as a result of cancellations and refunds associated with the dispute. The service is also impacted by rising costs of fuel, parts, bins and consumables.

#### 4.11.8 Car Parks

Demand for parking in Worthing Borough is still below pre covid levels and income levels are underachieving against budget. This perhaps reflects a change in customer behaviour particularly the commuter group. In addition there have been some periods of closure to enable refurbishment works to be undertaken in the town centre car parks.

#### 4.11.9 Homelessness

Costs pressures continue to be experienced with caseload numbers (individuals, couples and families presenting themselves to the council in immediate housing crisis) continuing to increase:

	Caseload Number (Worthing)
Current (January 2023)	330
Quarter 2	313

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

#### 4.11.10 Bereavement

The deficit against budget is due to an underachievement in income, in Worthing this is associated with cremations and memorials and work is underway to address this. Further detail is set out in appendix 1.

#### 4.11.11 Strategic Property

Projected income in Worthing from strategic property portfolios are based on the assumption that the budgeted transfer to the Property Investment Risk Reserve of £450,000 is not made for 2022/23. There is currently one vacant property within the Worthing portfolio where the council picks up associated service costs and rates charges, and one lease under a rent free period.

#### 4.11.12 Planning and Development

As with Bereavement Services the budget shortfall is largely related to the underachievement of income. These income streams are largely demand led and can therefore fluctuate making forecasting difficult to predict. Worthing expenditure includes unbudgeted costs for the planning inspection of £85,000 which is to be funded by approved use of reserves. Based on current performance the forecast outturn position is:

	Worthing
Income	£235,000
Expenditure (including Planning Inspectorate costs)	£120,000
Total projected net overspend against budget	£355,000
Approved Use of Reserves	(£100,000)

#### 4.11.13 Revenues and Benefits

An overspend is projected due to the extension of agency staff to the end of March 2023 to process the backlog of work as a result of the additional work undertaken by the service relating to administering covid support measures and energy rebates.

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

The Council's individual Summary Projected Outturns are reported in Appendix 2a. The variations greater than £20,000, for this report, are detailed in Appendix 3a.

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

#### 4.13 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 (excluding the Business Rates Smoothing Reserve, the Tax

Guarantee Reserve and Grants and Contributions) will be reduced significantly. The predicted level of reserves undermines the Council's financial stability and potentially puts Worthing Council in an unsustainable financial position, as set out in the table below:

<b>Worthing Borough Council Available Reserves</b>	<b>Balance at 1.4.22</b>	<b>Projected Transfer In/(Out) 2022/23</b>	<b>Remaining balance</b>
	£	£	£
Capacity Issues Reserve	1,308,326	(860,826)	447,500
General Fund Working Balance	1,347,348		1,347,348
Property Investment Risk Reserve	450,000		450,000
Building Maintenance Reserve	326,259	(150,000)	176,259
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		(2,099,830)	(2,142,790)
<b>Total</b>	<b>3,818,489</b>	<b>(3,165,830)</b>	<b>683,283</b>

The current commitment on all the General Fund earmarked reserves are set out in appendix 2b. As set out in the '2023/24 Budget Update' report elsewhere on this agenda the council will need to plan for protecting and rebuilding reserve levels into the future to ensure we meet the guideline minimum level.

#### 4.14 Corrective action:

##### 4.14.1 To mitigate the impact of the identified cost pressures, the council:

1. Is holding any emerging underspend in the current year 2022/23 to manage in-year pressures.
2. Reviewed all major projects and capital projects and put on hold unless the project has 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 are in place 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.
- 4.14.2 As a result of these measures, the expected position for the General Fund is improving. Further work is ongoing with respect to the implementation of those savings approved for 2023/24 which could potentially benefit the 2022/23 position.

### **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 stage at the end of the second quarter of the revenue budgetary cycle, we continue to see the financial impact of the increase in inflation on the Councils.
- 6.2 Overall the projected outturn positions net of treasury savings, the performance in the strategic property portfolio and reserve transfers is an overspend in Worthing of £2.1m which includes the councils share of the estimated £2.912m overspend within the Joint Service.
- 6.3 The financial performance of the Councils will continue to be monitored closely against budgets and projections updated as the financial year continues.

### **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.

- 7.2 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, and s42A and 42B of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 7.3 There are a range of safeguards in place that help to prevent local authorities overcommitting themselves financially. These include a duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement

### **Background Papers**

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

## Appendix 1

### **Quarter 3 Budget Monitoring - Commentary on Services with significant outturn forecast to budget variances**

This information supplements the information in the 3rd Quarter Revenue Monitoring report providing more detail to the service forecast in areas where there are significant variances in the forecast outturn positions than budgeted. The variances are across the organisation but are mostly in the areas that are either volatile in nature or demand led which can make income streams more difficult to predict. There are also some areas where global and national economic activity are impacting causing costs pressures, such as inflation and energy supply.

#### 1.1 Car Parking

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 not expected to open until March 2023 and there are a number of 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 were 150 12-month season tickets 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 £182,000, which is marginally higher than the shortfall estimated in quarter 2. In addition there are unbudgeted cost pressures of £98,000 associated with transactional fees on electronic payment methods. The net shortfall £280,000 reflects 10% of the service budget in Worthing.

## 1.2 Homelessness

There continue to be cost pressures associated with homelessness within both Adur and Worthing, current forecast outturn overspend positions have increased from those predicted in quarter 2.

Worthing is seeing an increase in demand, the average caseload for quarter 2 was 313 increasing to 330 by the end of January. The outturn forecast includes an assumed increase in caseload of 3 cases per month for the remainder of the year.

The increase in the demand 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 compared to Quarter 2 is shown below:

### **Housing Needs Variances**

	<b>Worthing</b>	
	<b>Q3</b>	<b>Q2</b>
	<b>£000</b>	<b>£000</b>
Homelessness - Emergency and temporary accommodation costs - budget pressure/(underspend)	1,702	1,563
Local Housing Allowance Income - budget shortfall/(excess)	(1,016)	(897)
Additional MHCLG Domestic Abuse Accommodation Grant	(33)	(33)
Night Shelter (funded from reserves)	50	-
Net over/(under)spend forecast against budget	<u>703</u>	<u>633</u>
Variance as a percentage of Housing Needs Budget	64.5%	58.0%

## 1.3 Waste

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

£1,296,000. This will impact on Adur and Worthing by £518,000 and £778,000 respectively, however the use of £581k of reserves has been approved by members to fund some of this cost (£209k Adur and £372k Worthing).

The dispute has also meant that as well as pay increases, income from green waste collection is lower than expected due to refunds being issued as a result of missed collections during the period 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. Income from commercial waste is above budget due to an increase in the customer base.

Overall the net outturn forecast for Waste Services are overspends are:

	Joint (memo)	Adur	Worthing
Net forecast overspend/(underspend)	£1,296,000	(£24,000)	(£84,000)
Share of Joint		£518,000	£778,000
<b>Total cost pressure</b>		<b>£494,000</b>	<b>£694,000</b>
Approved use of reserves		(£209,000)	(£372,000)

#### 1.4 Bereavement Services

Worthing cemetery income is expected to exceed the income budget by £74,000 (26% overachievement). There have been 162 burials up to the end of December 2022 compared to 170 over the same period in the previous year. Offsetting this are some expected overspends against expenditure budgets of £43,000 associated with security costs and the installation of the mausoleum.

The crematorium is forecasting an overall 21% shortfall against the service income budgets of £704,000 as set out in the table below;

Cremations	£662,000	Average number of cremations per month 240 in 22/23 compared to an average of 300 in the previous 2 years. In addition the fees were not increased for 2022.
Memorial Garden	£75,000	Capacity has been reached at the garden and additional income would need to be generated. Extension to the memorial garden was approved by members in January 23.
Memorials	£29,000	
Cameo Reimbursement	£3,000	
Donations	(£13,000)	
Tribute Income	(£52,000)	
Total	<u>£704,000</u>	

There is currently no available space in the existing memorial garden. Additional income is expected from the delivery of the new garden which was considered and approved by members in January 2023.

There are some small offsetting savings to offset this within expenditure budgets. Overall the Bereavement Services budget in Worthing is predicting a net deficit against the budget of £672,000, which reflects 21% of the £3.265m service budget. This is a marginal improvement on the £708,000 deficit predicted at quarter2.

## 1.5 Strategic and Commercial Property

Within Worthing investment property and core estate portfolio the forecast is a net income surplus of £369,000 assuming that the transfer of the void allowance of £450,000 to the Property Investment Risk Reserve is not made in 2022/23. This is due to a combination of void periods and the re-letting of some properties with agreed rent free periods. 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.

Included within the budget is the assumption that there will be some modest growth in the commercial property income for 2022/23 of £186.5k, £166k of this target has already been achieved. Any shortfall in the budget is offset by the in year property void allowance. Across both Strategic Property Investment Funds, the occupancy level is at 97.5% which is extremely healthy.

The core estate portfolio is forecasting a net shortfall in income of £124,000 the largest driver of this being the rent free period provided to an existing tenant whilst works are ongoing at Buckingham car park due to the extensive disruption.

Major projects are predicting a £85k underspend within Worthing although this will be offset by a share of the £34k overspend in pay costs within Joint services.

#### 1.6 Planning and Development

In Worthing the projected outturn is an overall net overspend of £355,000 within Planning and Development. There is £5,000 in grants and £85,000 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	Net Total	Grant & Reserve Funding
Building Control	(£11,000)	£87,000	£76,000	
Development Control	£59,000	£100,000	£159,000	(£5,000)
Planning Policy	£85,000		£85,000	(£85,000)
Land Charges	(£13,000)	£48,000	£35,000	
Total	£120,000	£235,000	£355,000	(£90,000)

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. Income shortfall predictions have increased from that estimated at quarter 2 by £107,000, the largest variation in building control.



## 1.7 Revenues and Benefits

There has been significant additional work for the service over the last 2 years as a result of the government measures to support businesses and individuals during the pandemic through additional business rate reliefs and business grant and self isolation grants. In the current financial year the increase in workload continued with the introduction by the government of the energy rebate to householders, with the administration of the payments delegated to local government level. As a result additional temporary staff have been required and it is expected that this will continue for the remainder of 2022/23, some of the associated cost is funded from grant but there is forecast to be a cost pressure of £244,000 that will need to be met by the councils.

## 1.8 Place and Economy

Worthing is forecasting a small shortfall of £7,000 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 partly met from Place reserve funding. This is an improved outlook to the £39k shortfall forecast at quarter 2.

## 1.9 Parks

There are staff cost pressures associated with the job evaluation process that has been undertaken for roles within the Parks service, however these have been offset by savings on vacancies and forecast is now on budget. This is an improvement from quarter 2 when an overspend of £56,000 was projected. There has also been a shift from quarter 2 to quarter 3 in the non pay expenditure and income estimations are set out below:

	Joint		Worthing	
	Q3	Q2	Q3	Q2
Pay	£0	£56,000	£0	£0
Non Pay Costs	£79,000	£25,000	(£50,000)	£10,000
Income	£85,000	£28,000	(£99,000)	(£55,000)
Net overspend/(underspend)	£164,000	£109,000	(£149,000)	(£45,000)
Movement in Forecast	£55,000		(£104,000)	

The movement in income within Joint reflects the reduction in grounds maintenance in the year as a result of insufficient resources to carry out the additional work. Income within Worthing relates to additional receipts associated with both rental and sales. Increased expenditure items in Joint are mainly related to vehicle costs, both repair and fuel. These are offset in part by the underspends against supplies and services budgets in Worthing.

## 2.0 Treasury- 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.

Worthing Borough Council has underspend in the MRP budget of £302k 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. The reduced need to borrow also translates into a saving on interest payable of £53,000 in Worthing.

Interest receivable from treasury investments is forecast to be above budget due to the higher than forecast base rates available in the market.

Overall the outturn forecast is a net underspend of £799,000 for Worthing:

<b>Treasury Management (under)/overspends</b>	<b>Worthing</b>
	£000
Minimum Revenue Provision	(302)
Interest from Investment Income	(444)
Interest payable on borrowing	(53)
<b>Total</b>	<b>(799)</b>

The change in interest rates has led to an overall increase in the net interest receivable with a favourable movement from quarter 2 of £136,000 in Worthing.

### 3.0 Cross Cutting

#### 3.1 Energy:

The contract for energy has now been renewed and the anticipated usage and price are expected to increase the costs to the council substantially by an average of 190% for electricity and 380% for gas over the next two years, albeit an improvement on the growth assumed at quarter 1. The outturn projection has seen a positive impact from the Government support on energy prices through the Energy Price Relief Scheme.

The forecast cost pressure for the current year is unchanged from that projected at quarter 2:

	Q1 Forecast	Q2 Forecast	Q3 Forecast
Joint	£215,000	£150,000	£150,000
Adur	£238,000	£158,000	£158,000
Worthing	£670,000	£276,000	£276,000

Within Joint Services the overspends are, based on current consumption, largely associated with the Town Hall. Adur costs span across services and in Worthing significant overspends are anticipated to be associated with car parks, public lighting and the crematorium.

#### Water:

Overspends in both councils are across a number of services which include public conveniences, parks and offices. The predicted cost pressure has reduced since quarter 2;

	Q2 Forecast	Q3 Forecast
Joint	£8,000	£2,000
Adur	£22,000	£21,000
Worthing	£29,000	£3,000

Maintenance:

Costs are expected to be overspent within Joint Services with a considerable amount of work required at Commerce Way including necessary repairs to the roof. Current projections are a shortfall in the budget of £198,000, the Worthing share of this will be £119,000 and could be funded from the maintenance reserve.


In Worthing it is expected there will be an underspend with demand on the service for reactive works lower than budget. Planned maintenance has been reviewed and reprogrammed where possible to manage the increasing inflationary cost pressures.

## SUMMARY - 3RD QUARTER PROJECTED OUTTURN 022/23

## APPENDIX 2a

Actual Previous year 2021/22	WORTHING CABINET MEMBER PORTFOLIOS	Current Estimate 2022/23	Projected Outturn to 31st March 2023	Forecast Over/ (Under)
4,084,007	CM for Environment	3,253,680	4,567,480	1,313,800
2,004,253	CM for Community Wellbeing	1,080,300	1,278,420	198,120
6,519,553	CM for Citizen Services	3,211,100	3,977,080	765,980
	CM for Climate Emergency	124,450	461,650	337,200
	CM for Culture & Leisure	4,371,610	4,555,610	184,000
1,034,267	Leader	793,830	837,430	43,600
4,029,622	CM for Regeneration	2,200,240	2,571,640	371,400
369,594	CM for Resources	95,650	(28,620)	(124,270)
	Holding Accounts	732,220	732,220	0
18,041,296	<b>Total Cabinet Member</b>	15,863,080	18,952,910	3,089,830
(3,981,831)	Credit Back Depreciation	(4,160,610)	(4,160,610)	0
1,535,975	Minimum Revenue Provision	1,995,930	1,693,930	(302,000)
3,331,839	Non ring fenced grants	0	0	0
18,927,279		13,698,400	16,486,230	2,787,830
0	<b>Government Grant funding</b>	0	0	0
	<b>Transfer to/from reserves</b>			
0	Contribution to/(from reserves)	86,250	86,250	0
	Grant Funded	-	(129,000)	(129,000)
(4,283,473)	Transfer from reserves to fund specific expenditure (inc carry forwards)	0	(559,000)	(559,000)
	General Fund Working balance	0	0	0
(196,026)	Net Underspend/(Overspend)	0	(2,099,830)	(2,099,830)
	Recommended For Transfer To/(From) Reserves			
14,447,780	<b>Total Budget requirement before External Support from Government</b>	<b>13,784,650</b>	<b>13,784,650</b>	-

## Appendix 2b

 WORTHING BOROUGH COUNCIL <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	<b>Opening Balance 2022/23</b>	<b>Estimated Transfers 2022/23</b>	<b>Estimated Transfers 2022/23</b>	<b>Projected Balance 2022/23</b>
	€	€	€	€
<b>Capacity Issues Reserve including approved Carry Forward budgets</b> Development of Natural Burial Area (5 March 2019 JSC/105/18-19) Teville Gate housing initial project costs (03/11/2020 JSC/71/20-21) Hardship Fund Contribution (11/01/22 JSC/77/21-22) Platinum Jubilee (08/02/22 JSC/87/21-22) Funding of cost pressures on the Waste service (07/06/2022 JSC) Resourcing of community engagement, inclusion and participation activities (JSS-C('w')/4/22-23 5 July 2022) Business Development Fund Local Plan examination costs <b>Worthing carry forwards</b> from 2021/22 underspends Budgeted contribution (to)/from revenue <b>Balance</b>	1,308,326	(38,375) (100,000) (14,361) (371,530) (76,500) (175,000) (85,000)	-	447,500
<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	(1,335,672)		1,971,717
<b>Local Tax Income Guarantee</b>	301,949	(234,000)		67,949
<b>Property Investment Risk Reserve</b>	450,000			450,000
<b>Building Maintenance Reserve</b>	326,259	(150,000)		176,259
<b>Grants &amp; Contributions</b>	1,066,798	TBC	TBC	1,066,798
<b>Projected Underspend/ (Overspend) (Reserve to be identified at outturn).</b>		(2,099,830)		(2,099,830)
<b>General Fund Working Balance</b>	1,347,348			1,347,348
<b>TOTAL</b>	8,494,625	(4,735,578)	30,700	3,789,747

## Q3 Forecast Outturn Variations

Service Area	Joint £000s (under)/ over spend	Adur £000s (under) / over spend	Worthin g £000s (under)/ over spend	Description of Significant Variations
<b>Chief Executive</b>				
<b>Leader</b>	53	(140)	-	ADUR; Contingency underspend of £120k, used to offset cost pressures elsewhere plus a current projected underspend in leaders budget.
	53	(140)	-	
<b>Director of Communities</b>				
<b>Director of Communities</b>	285	-	-	Vacancy Provision underachievement
<b>Wellbeing</b>	(89)	82	66	Vacant post used to fund interim restructure costs shown within other areas
<b>Licensing &amp; Regulation</b>	10	1	8	ADC & WBC: Underachievement of income - reduction in number of taxi and gambling licences issued.
<b>Env Health - Housing</b>	(9)	(4)	(69)	ADC & WBC: HIA income forecast to exceed budget
<b>Housing Needs</b>	(56)	280	736	ADC & WBC: Increase in number of households supported in temporary accommodation. 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>	(114)	-	-	Post saving used to contribute towards the interim staff structure costs elsewhere
<b>Parks &amp; Foreshore</b>	164	(34)	(149)	JOINT: Mainly due to increased costs following post regradings ADUR: Additional income from Allotments & Parks WORTHING: Relates to additional income from Beach Huts & Chalets and underspends in supplies & services

<b>Environmental Services (Waste)</b>	1,296	(24)	(84)	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 commercial waste & garden waste missed collections, along with increased vehicle costs for fuel & maintenance
<b>Bereavement Services (Cemeteries &amp; Crematorium)</b>	30	8	672	ADC Burial income shortfall WBC: Additional burial income offset by net crematorium underachievement, which includes a shortfall in memorial garden income due to lack of capacity.
	<b>1,518</b>	<b>276</b>	<b>1,147</b>	
<b>Director of Digital and Resources</b>				
<b>Elections</b>	(2)	39	13	ADUR & WORTHING overspends in relation to extra requirements for putting on elections
<b>Director For Digital, Sustainability &amp; Resources</b>	104	-	-	Vacancy Provision underachievement
<b>Customer Services</b>	(12)	-	-	Projected underspend in staff costs
<b>Parking Services</b>	7	(34)	280	Adur: Adur continues to perform well and is expected to be on budget. Worthing: Income still has not improved to pre covid levels and is not expected to do so in 2022/23. Buckingham Road is still closed and is estimated to open in March and there are many bays closed at Liverpool gardens with the temporary move of the Central clinic 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. In addition the cost of card services have increased with the move away from cash.
<b>Digital &amp; ICT</b>	(32)	-	-	Overspends projected due to Google training, Xpress hosting and an increase in google licences. In addition there are telephony pressures associated with lines and supplier costs.



<b>Revenues</b>	26	59	1	ADUR & WORTHING; Under achievement of Court Cost income offset by savings in postage and other costs
<b>Benefits</b>	244	(27)	8	JOINT - Increased cost of recruiting temporary staff to deal with the backlog following increased work from Energy rebates and other Covid related work. ADUR - underachievement of overpayment income WORTHING: Favourable subsidy position compared to budget.
<b>Legal Services</b>	3	15	18	Underachievement of income
<b>Finance</b>	(225)	89	(157)	Joint includes £250k contingency saving offsetting the cost pressures elsewhere. ALL: Saving on inflation set aside which will be offset by overspends elsewhere.
<b>HR &amp; OD</b>	(60)	-	-	
<b>Sustainability</b>	(48)	-	-	Underspend in Salaries due to vacant posts.
<b>Finance: Treasury Interest</b>		(355)	(497)	Increase in investment income due to increased rates in the market following rise in Base Rate.
<b>Finance: Treasury MRP</b>	-	(469)	(302)	Reduced MRP due to re-profiling of capital budgets from 2021/22 and MRP review by external consultants
	<b>6</b>	<b>(683)</b>	<b>(636)</b>	
<b>Director of the Economy</b>				
<b>Director of the Economy</b>	80	-	6	Vacancy Provision underachievement
<b>Leisure</b>	-	14	184	ADUR overspend on Equipment leases. WORTHING: Contract dispute settlement relating to Splashpoint, offsetting saving in the capital programme.
<b>Major Projects and Investment</b>	37	(283)	(330)	ADUR: Void allowance budget offsetting the income shortfall from 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. WORTHING: Void Allowance Budget to offset net income shortfall mainly from Montague Street properties & Cannon House rent free period.
<b>Place and Economy (Economic Development)</b>	13	(7)	7	JOINT - Includes cost of putting together Levelling Up bids for each Authority ADUR Saving in advertising & service budget offset by reduced market income WORTHING: Overspend relates to reduction in Income from the Observation Wheel.

<b>Planning and Development (Building Control)</b>	7	67	76	Fee income is projected to not meet the budget.
<b>Planning and Development (Development Control)</b>	42	81	159	JOINT: Increased cost of using Agency staff to cover vacancies. WORTHING: Includes the cost of Inspectorate re Goring Gap development.
<b>Planning and Development (Planning Policy)</b>	(20)	1	85	WORTHING: Additional Local Plan costs for planning inspector offset by contribution from the Capacity Issues reserve.
<b>Planning and Development (Land Charges)</b>	13	48	35	A&W: Income not expected to meet the budget.
<b>Business &amp; Facilities</b>	(21)	15	23	Income for Portland House partial let has been delayed and the income will not meet the full year anticipated budget.
	<b>151</b>	<b>(64)</b>	<b>245</b>	
<b>Cross Cutting services</b>				
<b>Maintenance</b>	198	71	(127)	Maintenance projected to underspend in Joint and Adu due to demands on reactive budget.
<b>Pay Award - Latest offer</b>	972	3	23	The pay award offer has been agreed and increases each spinal column point by £1,925, higher than built into the 21/22 budget.
<b>Corporate Budgets</b>	(73)	(1)	(1)	Decrease in national insurance contribution percentage by 1.25% from November
<b>Water</b>	2	21	3	As per our other utility costs there are increased costs.
<b>Energy Costs</b>	150	158	276	Our current fixed deal for our energy supplies ran out in October and this increased substantially but is partially offset by the Government support through the Energy Price Relief Scheme.
<b>Rates</b>	(14)	14	81	WORTHING: This overspend relates to the business rates for vacant investment properties.
	<b>1,235</b>	<b>266</b>	<b>255</b>	
Allocation of Joint Variance		1,185	1,777	Share of joint services allocated 40:60 to Councils
<b>Total Variance</b>	<b>2,962</b>	<b>840</b>	<b>2,788</b>	

## Quarter 2 to 3 Movements over £50,000

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
<b>Director of Communities</b>				
<b>Community Wellbeing</b>	-	79	95	Grant funded posts to be met from reserves
<b>Parks &amp; Foreshore</b>	55	9	(104)	Joint: Increased cost of Job evaluation regradings of the parks staff as part of the Council commitment to fairer pay. WBC: Additional income from Foreshore Services and savings against expenditure budgets within the Parks Service.
<b>Environmental Services (Refuse &amp; Recycling)</b>	208	-	-	Additional cost of service resourcing (agency costs) and increased vehicle costs.
<b>Environmental Services - Compliance/Management</b>	85	-	(1)	Joint: Increase in resourcing costs and reduced income from external workshop customers due to insufficient capacity.
<b>Cleansing</b>	79	-	-	Joint: Increased forecast for resourcing costs.
<b>Commercial Waste</b>	(5)	(100)	(107)	Adur & Worthing Waste disposal underspend based on invoices to date - retail moving to food & drink resulting in heavier waste and change of service provider to WSCC.
<b>Bereavement Services (Crematorium)</b>	6	-	(50)	WBC: Improvement in forecast income underachievement.

<b>Director of Digital and Resources</b>				
<b>Digital &amp; ICT</b>	(51)	-	-	Forecast underspend within supplies and services.
<b>Revenue and Benefits</b>	85	(38)	30	Use of temporary staff has been extended to deal with the backlog of work created by the Pandemic and subsequent post pandemic support schemes. In Adur the Overpayment income is no longer predicted to meet the budget
<b>Finance</b>	62	30	(29)	JOINT: Reduced saving on inflation
<b>Finance:Treasury Interest</b>	-	(43)	(136)	Increases in investment income due to increased rates in the market following rise in Base Rate in recent months
<b>Director of the Economy</b>				
<b>Major Projects and Investment (Core Estates)</b>	-	34	80	WBC: Impact of works to Buckingham Road car park and the associated compensation to existing tenant.
<b>Major Projects and Investment (Major Projects)</b>	(3)	17	(85)	WBC: Forecast underspend against Major Projects budget.
<b>Planning and Development (Building Control)</b>	14	30	52	Increase in forecast underachievement of income for 2022/23.
<b>Planning and Development (Development Control)</b>	(39)	65	93	Increase in forecast underachievement of income for 2022/23.
<b>Leisure Client</b>	-	-	100	Revenue costs associated with contract dispute settlement. The negotiated settlement has a beneficial impact on the capital programme budget.
<b>Cross Cutting services</b>				
<b>Maintenance</b>	180	91	(36)	JOINT & ADC: Increased demand on reactive budgets and rising costs from suppliers and maintenance providers.



Worthing Joint Strategic Sub-Committee  
6 March 2023

WORTHING BOROUGH  
COUNCIL

Key Decision : No

Ward(s) Affected: All

## 3rd 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 Sub-Committee on the progress made on the delivery of the 2022/23 Capital Investment Programme for Worthing Borough Council. The programme includes 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:** Worthing Borough Council Capital Monitoring Summary

**Appendix 2:** Worthing Borough Council Reprofiled Budgets

##### 2. RECOMMENDATIONS

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

- i) To note the reprofiling of the Worthing Borough Council capital schemes as advised in paragraph 6.1 and appendix 2.
- ii) To approve the urgent Health and Safety works at Commerce Way, and the addition of the schemes to the 2023/24 Capital Investment Programme funded from the 2023/24 capital contingency budget as detailed in paragraph 6.2.1.
- iii) To approve the decommission of the old diesel tank at Meadow Road and restoration of the site, and the addition of the scheme to the 2023/24 Capital Investment Programme. The estimated cost of the works is £30,000 to be funded from the 2023/24 capital contingency budget as detailed in paragraph 6.2.2.

iv) To approve the additional funding of £100,000 for the Decoy Farm Business Case, funded from the Strategic Property Investment Fund 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 WORTHING BOROUGH COUNCIL 2022/23 CAPITAL INVESTMENT PROGRAMME – JANUARY 2023

- 4.1 There are 107 schemes in the 2022/23 current capital investment programme which are progressing as follows:

	Number of schemes	Percentage %
Schemes which are progressing satisfactorily or have completed	82	76.6
Schemes where progress is being closely monitored	24	22.4
Schemes with significant challenges or financial issues	1	1.0

- 4.2 A summary of the financial movements of the 2022/23 Capital Investment Programme is attached as Appendix 2 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 WORTHING BOROUGH COUNCIL 2022/23 CAPITAL INVESTMENT PROGRAMME

- 5.1. The following schemes are progressing well:

##### 5.1.1 AW Workspaces (Partnership Scheme with Adur District Council)

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

Whilst the project was initially expected to deliver a saving of £365,000 (£188,000 after funding the associated debt charges), an opportunity to increase the space rented to SPFT which will increase the saving after debt charges to circa £388k.

##### 5.1.2 Information and Communications Technology - Digital Programme (Partnership Scheme with Adur District Council)

The following projects are progressing well:

- i) Ultrafast Network / Gigabit Project
- ii) Wifi Upgrade / Network Refresh
- iii) Storage Area Networks have been replaced
- iv) Data migration to the Cloud

#### 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 and future years 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 2023/24.

### **5.2.2 Worthing Pier, Southern Pavilion and Seafront Amusements - Fire Safety Compliance Works**

Phase 1: Installation of the fire main and sewerage pipe completed in previous years.

Phase 2: New sprinkler system for seafront buildings. The tenant of the Southern Pavilion installed a new sprinkler system whilst undertaking renovation works to the building, and has been reimbursed by the Council for the cost of these works.

Discussions are currently in progress regarding the siting of the sprinkler pump and a new supply pipe underneath the Pier for the Seafront buildings. Two options are being considered for housing the new pump i) Conversion of a public convenience ii) New building. Costs are being obtained for both options and an additional budget provision has been included in the 2023/24 Capital Investment Programme.

### **5.2.3 Colonnade House - Extension of Digital Hub**

A total budget of £4.05m was approved for this scheme in March 2021. Adjoining properties were vacated and planning permission was approved.

However, tenders were received in excess of the current budget and options are now being considered. The budget has been reprofiled whilst the scheme is under consideration.

### **5.2.4 High Street MSCP - Major Refurbishment**

A budget provision of £2.7m for the major refurbishment of the High Street MSCP, funded from borrowing, was included in the Capital Investment Programme.

Due to the Council's current financial position, the major refurbishment has been put on hold and the budget deferred. However, a smaller refurbishment scheme now needs to be undertaken to address health and safety issues arising from structural works required to low railings, structural corrosion and windows. A detailed structural condition survey has been commissioned and Officers will use this information to determine a prioritised programme of



works and inform future investment proposals. A smaller budget provision of £300,000 been included in the Capital Investment Programme for any urgent works to be undertaken in 2023/24.

### 5.2.5 Major Projects

The Council has a number of construction projects underway at present. The construction industry has experienced significant inflation, material and labour shortages which has affected the cost and timely delivery of projects. A further detailed report will be submitted to provide a full update of market conditions on the Council's projects and the latest expected costs for the major projects.

## 6. ISSUES FOR CONSIDERATION

6.1 Budgets totalling £30,220,550 have been reprofiled to 2023/24 and future years where the original project plan has changed and the schemes are unable to complete in 2022/23. A list of schemes reprofiled is attached as Appendix 2 to this report.

6.2 The following amendments to the Worthing Borough Council 2022/23 Capital Investment Programme are recommended:

### 6.2.1 Commerce Way - Urgent Health and Safety Works at Depot

Commerce Way is the operational base for the Waste, Cleansing and Parks Service and also houses the Council's vehicle workshop. The site is in need of investment and work is already underway to improve toilet and shower facilities, carry out repairs to the roof and replace flooring. In addition to these works the oil tank on site needs replacing to comply with the latest standards and minimise the risk of oil pollution. The system to extract exhaust fumes from the workshop needs to be replaced, as does the machine to test vehicle brakes. The oil tanks and ventilation system are urgent H&S works and the brake tester is critical to business continuity.

The estimated cost of the works is:

- i) Replacement of Oil Tank £21,500
- ii) replacement of the workshop ventilation / exhaust £15,000
- iii) Replacement of the Brake Tester £30,000

It is recommended that the above schemes are added to the 2023/24 Adur District Council and Worthing Borough Council Capital Investment Programmes funded 50% from the 2023/24 Adur District Council Capital Contingency provision (£33,250) and 50% from the 2023/24 Worthing Borough Council Capital Contingency provision (£33,250).

### 6.2.2 Meadow Road Depot - Decommission of diesel tank and restoration of the site

There is a disused underground fuel tank at Meadow Road Depot. The contents and condition of the tank is unknown and it presents a potential

pollution risk to groundwater. It is proposed to remove any contents from the tanks, pressure test to check it is still sound and subsequently fill it with slurry to eliminate any future contamination risk.

The estimated cost of the works is £30,000 and it is recommended that the scheme is added to the 2023/24 Capital Investment Programme funded from the Worthing Borough Council 2023/24 Capital Contingency Provision.

### **6.2.3 Decoy Farm - Site Development**

All remediation works have been completed and the site has been handed back to the Council.

Phase 2 of the development and the output to deliver a new business park at Decoy Farm which will create jobs and provide new employment floor space is progressing well.

Specialist consultants and an architectural team have been appointed to design the scheme, submit a planning application and tender the construction of the development. A further report is due to be considered by members once the full costs of the proposal are known.

The Joint Strategic Committee 13th July 2021 approved the allocation of £600,000 for the development of a Full Business Case, and an additional £100,000 is now requested from the Strategic Property Investment Fund to complete the Business Case.

## **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 Worthing Borough Council 2022/23 Capital Investment Programmes were approved by the Council 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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## **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 Equalities Act 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**
**3rd Quarter**

Executive Portfolios	(1) Total WBC Scheme Budgets £	(2) Previous Years' Spend £	(3) 2022/23 Original Budget £	(4) Net Budget b/f from 2021/22 £	(5) Approved Changes to Original Budget £	(6) 2022/23 Budget Reprofiled to and (from) 2023/24 £	(7) 2022/23 Current Budget £	(8) 2022/23 Spend to Date £	(9) Spend % of Current Budget
Citizen Services	14,852,800	-	6,631,320	1,266,480	440,000	(6,238,240)	2,099,560	698,902	33.29%
Climate Emergency	5,644,470	2,450	1,520,000	-	-	(570,000)	950,000	321,945	33.89%
Community Wellbeing	472,860	-	165,240	10,120	50,000	(120,000)	105,360	2,391	2.27%
Culture and Leisure	2,081,880	415,960	1,395,710	71,810	(68,100)	(977,310)	422,110	159,310	37.74%
Environment	7,015,200	830,160	3,588,330	441,970	264,260	(1,023,930)	3,270,630	1,077,476	32.94%
Regeneration	63,499,770	26,157,640	32,819,420	4,269,340	(3,220,800)	(5,404,720)	28,463,240	20,505,746	72.04%
Resources	131,134,750	87,237,890	44,903,860	1,260,400	(3,682,000)	(15,886,350)	26,595,910	24,121,034	90.69%
<b>TOTALS</b>	<b>224,701,730</b>	<b>114,644,100</b>	<b>91,023,880</b>	<b>7,320,120</b>	<b>(6,216,640)</b>	<b>(30,220,550)</b>	<b>61,906,810</b>	<b>46,886,804</b>	<b>75.74%</b>

**Financing of 2022/23 Programme:**

	<b>£'000</b>
Borrowing:	55984
Capital Receipts:	50
Revenue Contributions and Reserves:	266
Government Grants:	3405
S106 Receipts	479
Other Contributions:	1,723
	<u><b>61,907</b></u>

**Capital Monitoring - Summary of Progress:**

Schemes with significant challenges:	1
Schemes where progress is being closely monitored:	24
Schemes which are progressing satisfactorily or have completed:	83
<b>Total Schemes:</b>	<u><u><b>108</b></u></u>

(1) SCHEME (Responsible Officer)	(2) Total WBC Scheme Budget  £	(3) Previous Years' Spend  £	(4) 2022/23 Original Budget  £	(5) Budget Reprofiles to and from 2023/24 and Future Years  £	(6) 2022/23 Current Budget  £	(7) 2022/23 Spend to Date  £	(8) Anticipated Completion Date (C) / Approval Report(D)/ P.I.D.(P)	(9) 2022/23 Anticipated (Underspend) /Overspend (Council Resources)  £	(10) COMMENTS AND PROGRESS	(11) Status
Extension of Colonnade House 1 Digital Hub	4,100,980	171,560	3,930,980	3,919,100	10,320	10,315	10.4.18 (D) 3.11.2020 (D) 30.3.2021(D)		<input checked="" type="checkbox"/> Progress Beyond Council's Control £ Schemes with financial issues ^ Scheme Progress Improved v Scheme Progress Deteriorated	RED
<b>TOTAL:</b>	<b>4,100,980</b>	<b>171,560</b>	<b>3,930,980</b>	<b>3,919,100</b>	<b>10,320</b>	<b>10,315.00</b>		-		

RESPONSIBLE OFFICERS: Phil Graham

Project Manager



WORTHING BOROUGH  
COUNCIL

**WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
<b>1. Schemes in Progress where the completion has been delayed beyond March 2023</b>		
Broadwater Green Pavilion - Contribution to refurbishment	89,600	Meetings in progress regarding the future lease and responsibility for undertaking the works. Budget reprofiled in line with anticipated expenditure.
Corporate Buildings - Condition Surveys	100,000	Budget reprofiled in line with anticipated expenditure.
IT - Network Refresh Wifi Upgrade	27,380	Scheme to continue into 2023/24. Budget reprofiled in line with anticipated expenditure.
Leased Buildings - Condition Surveys	100,000	Budget reprofiled in line with anticipated expenditure.
Portland House - Replacement of building management system	100,000	Scheme currently out for tender. Works anticipated in 2023/24.
Ultrafast Fibre Network Extension	1,221,440	Timescales extended, expected completion date is now Summer 2023. Budget reprofiled in line with anticipated expenditure.
Worthing Pier - Fire Safety compliance works	435,620	Discussions in progress regarding the siting of the sprinkler pump. PID submitted for additional resources in 2023/24.
<b>2. Schemes due to start in 23/24</b>		
Affordable Housing - Grants to Registered Social Landlords for the provision of affordable housing	2,671,800	Budget reprofiled due to lead times for new developments.
Church House Ground (Tarring) Pavilion - Contribution to refurbishment	50,000	Works anticipated January 2023 with completion expected April/May 2023.
Connaught Studio - Replacement of slate roof	200,000	Budget reprofiled due to resourcing issues in Technical Services.
Connaught Theatre - Replacement windows	85,000	Budget reprofiled due to resourcing issues in Technical Services.



WORTHING BOROUGH  
COUNCIL

**WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
Corporate Buildings - Decarbonisation Schemes	570,000	Budget reprofiled to 2023/24 to match expected grant funding.
Council Buildings - Asbestos	100,000	Budget reprofiled in line with anticipated expenditure.
Disability Discrimination Act Improvements - Provision of minor alterations and improvements to Council properties	20,000	Durrington Cemetery DDA works under discussion with bereavement services. Budget reprofiled in line with anticipated expenditure.
Economic Development - Montague Street Design Works	100,000	Design works to begin in the autumn, expected to be delivered by Summer 2023. Budget reprofiled in line with anticipated expenditure.
Housing Development - Acquisition and development of emergency, interim or temporary accommodation for the homeless	3,566,440	Budget reprofiled due to lead times for new schemes.
Match Funding - Hillbarn / Rotary Recreation Ground contribution to new changing rooms / building	13,320	Contribution to Chippendale Cricket Club dependent on external funding bids.
IT - Identity Governance and Admin System	31,800	Original system is being reviewed and may be incorporated as part of Single Sign On in 2023/24.
Montague Street - Essential Capital Works	248,210	There has been a change in the managing agents and tenant and the new tenant is responsible for repairs via a service charge. However, major water ingress works may still be the Council's responsibility.
Museum and Art Gallery - Redevelopment	69,190	£20,000 approved for structural and condition surveys. Remainder of budget reprofiled as match funding for the HLF Lottery bid.
Museum and Art Gallery - Replacement of display cases	41,400	Some display cases purchased in 2022/23, remainder to be purchased in future years as match funding for the HLF Lottery Bid.
Museum and Art Gallery - Refurbishment of roof lights	48,800	Works delayed by resourcing issues in Technical Services. Match funding for HLF lottery bid.
Office Equipment - Microphone System Replacement	15,900	New technical solutions under consideration. Replacement anticipated 2023/24.
Palatine Park - Replacement of Play Area	87,720	Start on site estimated April / May 2023.





WORTHING BOROUGH  
COUNCIL

**WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
Park Areas - Homefield Park Refurbishment	130,000	Installation anticipated May / June 2023.
Pavilion Theatre - Window Replacement	80,000	Budget reprofiled due to resourcing issues in Technical Services.
Planning and Building Control - Document Management System	50,370	System to be considered after corporate DMS upgrade.
Portland House - Replacement of boiler and heating upgrade	148,000	Public sector decarbonisation grants application to be submitted for works in 2023/24.
Public Conveniences - High Street Accessible Facilities	50,000	Refurbishments are likely to be delayed to 2023/24 due to staffing shortages in Technical Services.
Public Conveniences - Rolling Programme of upgrades and improvements	180,000	Further refurbishments of the rolling programme are likely to be delayed to 2023/24 due to staffing shortages in Technical Services.
Splashpoint - GSHP	300,000	The scheme has been delayed whilst discussions are in progress with the original contractor of Splashpoint regarding reimbursement of original works.
Strategic Property Investments - Investments in property for regeneration or service delivery.	13,748,250	Budget reprofiled as no investments identified to date.
Street Cleansing / Refuse / Recycling Service - Replacement Vehicles	576,210	2022/23 vehicle replacements budgets reprofiled to 2023/24 due to lead in times for the delivery of new vehicles.
Teville Gate Regeneration - Provision of housing and employment opportunities	950,000	Site to be sold within 3 years. Budget reprofiled in line with anticipated expenditure.
Worthing Town Hall - Fire and roof insulation	75,000	PID for 2023/24 submitted for additional resources. Grant application for PSDS funds is to be submitted.
Worthing Town Hall - Replacement of slate and asphalt roof coverings	20,000	Surveys have been undertaken to establish extent of works. PID submitted for additional resources in 2023/24.



WORTHING BOROUGH  
COUNCIL

**WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
<b>3. Schemes due to start in future years</b>		
Colonnade House - Extension of Digital hub	3,919,100	Scheme deferred to 2024/25. Budget reprofiled in line with anticipated expenditure.
<b>Total Reprofiled Budgets:</b>	<b>30,220,550</b>	



WORTHING BOROUGH  
COUNCIL

Worthing JSC Sub Committee  
6th March 2022

Key Decision [Yes/No]

Ward(s) Affected: All

## The Principles Governing Climate Emergency Action for Worthing

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

#### Officer Contact Details

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Director for Digital, Sustainability & Resources  
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#### Executive Summary

##### 1. Purpose

- 1.1. The purpose of this report is to outline the Council's principles which underlie its responses to the Climate Emergency Declaration (July 2019) and to propose an extension to the Declaration by adding the Ecological Emergency. The principles are relevant to work in all portfolios.
- 1.2. The supporting pillars of the Council's response are taken from the Labour Administration's commitment to be 'Fair, Green and Local' in policy and action. This paper gives some examples as to what this means in practice.
- 1.3. The paper sets out clearly the Council's commitment to putting Climate and Ecological action at the heart of policy actions. This reflects an approach which is both addressing the need to decarbonise across a range of realms at the same time as mitigating the impacts of climate damage on nature.

- 1.4. In recognition of being 'A Council for the Community', the paper explores ways the Council can support different organisations and community groups to work together to adapt to and mitigate the adverse consequences of Climate Change, to be coupled with working together to relieve the crisis in the Ecological sphere.

## **2. Recommendations**

- 2.1. To expand the Council's July 2019 Climate Emergency Declaration to include the Ecological Emergency.
- 2.2. To agree 'Fair, Green and Local' principles to underpin policies responding to the Climate and Ecological Crises.
- 2.3. To develop the Council's capacities to be effective leaders in delivering the policies – setting targets and reporting regularly on progress to all Members and citizens.
- 2.4. To recognise that most responses to the Climate and Ecological Crises - which are not contained within administrative boundaries, - demand working in partnership with other local authorities and local interested organisations.
- 2.5. Continue to work in partnership with Adur District Council and others, in recognition that many climate and ecology issues fundamentally require cross-border responses and solutions.

## **1. Introduction and Background**

- 1.1. The Climate and Ecological emergencies present a critically urgent set of challenges to everyone of us, to every community and organisation, particularly to the custodians of land, coast and sea.
- 1.2. The UN's 2019 Global Assessment Report (IPBES Global Assessment) warned the world that nature is in freefall, with biodiversity declining

faster than at any other point in human history. As a result, we are now facing what scientists are referring to as the world's sixth mass die-off, with a million species facing extinction across the globe, many within decades. The ecological crisis, and the resulting collapse of vital life-support systems that nature provides through clean air, clean water, pollination, food and natural resources, also therefore threatens our local economy and our communities.

- 1.3. 'The UN's International Panel on Climate Change Working Group 11 states - ' This report recognises the interdependence of climate, ecosystems and biodiversity, and human societies and assesses climate change impacts and risks as well as adaptation. Human society causes climate change. Climate change, through hazards, exposure and vulnerability generates impacts and risks that can surpass limits to adaptation and result in losses and damages. .... Taking integrated action for climate resilience to avoid climate risk requires urgent decision making for the new built environment and retrofitting existing urban design, infrastructure and land use. .... Stabilising the climate will require strong, rapid, and sustained reductions in greenhouse gas emissions to reach net zero emissions.'
- 1.4. Furthermore, according to Henri Brocklebank, Sussex Wildlife Trust 'We're losing nature at an alarming rate, and this matters – not just because wildlife and wild places are valuable for their own sake but because we depend on nature for everything, from the food we eat to the air we breathe”.
- 1.5. Even more broadly, the Faculty of Public Health in Britain reporting in 2022 declared that Climate Change is the biggest threat to Public Health. In the 2022 heat wave in England three thousand excess deaths were directly attributable to the high temperatures. This reality requires close partnership working with Community Health and Well Being colleagues (as well as the Regeneration and Housing teams.) The built and green parts of our town will be developed and managed to ensure that all citizens are protected to the highest possible extent from heat waves, torrential rainfall, storms, polluted air and food insecurity consequent on crop losses here and abroad directly linked to Climate Change events.
- 1.6. Together, the Climate and Ecological crises require change to almost everything the Council does. There are massive challenges to finding the funding necessary to finance these changes, especially challenging

is the imperative to create a workforce with the skills and capacity to bring about the transition from fossil fuels to renewable energy systems. Furthermore, business methods must be transformed together with core technologies and infrastructure.

- 1.7. In pursuit of the aim to reduce Global Warming Gases and fossil fuel derived energy, national Government funding has been obtained to make Council buildings more energy efficient, with the installation of improved glazing, insulation and solar panel arrays. A Heat Network project is being pursued using private sector and national Government funding. Heat will be provided from renewable energy sources for the Civic buildings, the Worthing Hospital and other town centre buildings.
- 1.8. In pursuit of ecological improvements to parks and green spaces in the Borough, the Council is working with local people from various organisations and Friends groups to allow more natural landscapes to emerge side by side with the necessarily more managed areas for human activities.
- 1.9. However there is a great deal more to do and a need to significantly step up the scope, scale and ambition of the Council's work if it is to lead the whole Community into countering and mitigating the effects of the Climate and Ecological crises so as to fulfil the commitment to make the Borough net zero carbon by 2045.
- 1.10. The Administration's principles are contained in the statement to be 'fair, green and local' in all its policies. Climate and Ecological factors will be at the heart of every decision and sphere of action and need to be embraced by the whole community, partner organisations, businesses, schools and colleges.
- 1.11. The Council will act to ensure that the transition to a net zero Council and Borough is fair and just to everyone. This is an imperative at a time when the Cost of Living crisis is disadvantageous to many people, some of whom are now having to choose between heating their energy inefficient homes or putting food on the table.

## **2. Establishing our Principles**

Worthing Borough Council will establish fair, green and local principles in climate and ecology, and work to embed them in all projects and services, and

across its work with communities and businesses.

## 2.1. Fair

- 2.1.1. The Council will work to ensure a just transition for all, recognising that those on low income, from deprived neighbourhoods or from excluded groups will need to be represented and may need additional support to access solutions and opportunities.
- 2.1.2. The Council will work to balance what people need, with the imperative changes to counter adverse climate conditions and ecological degradation. The different solutions to ensure this balance will be worked out with local people's participation. It is acknowledged that there are other urgent needs such as social housing, food security, affordable transport and digital access as well as health and well being considerations.
- 2.1.3. The Council will work to ensure inter-generational justice, inspired by the work of the Future Generations Commissioner in Wales, examining the long term implications of policy and practice by actively involving young people in policy formation and decision-making.
- 2.1.4. The Council will work with the appropriate partners and will push for fair and accessible active travel conditions together with greatly improved affordable, reliable and green public transport. In addition EV infrastructure will be provided for those people with an electric vehicle.
- 2.1.5. The Council recognises the significant public health impacts of the Climate emergency and we will ensure that this is reflected in our Public Health work going forward.

## 2.2. Green

- 2.2.1. The Administration aims to develop the 'Greenest town on the South Coast' by combining Regeneration with Climate Action. The Council's recently adopted 'New Economic Principles' paper sets out the Council's intention to support businesses, social housing providers, third sector organisations housing homeless people such as Turning Tides, private landlords and

homeowners as well as other public sector organisations to achieve net zero status.

- 2.2.2. The Council will work to restrict carbon and other greenhouse gas emissions to ensure a net zero result in all its new and repurposed building developments, projects and services. The Council will encourage net zero developments through the planning system and ensure as a minimum compliance with the policies of the new Local Plan and latest Building Regulations to ensure sustainable development. New developments and the regeneration of existing buildings will be expected to incorporate renewable energy sources, SUDS drainage schemes, green roofs, and high quality landscaping to offer shade, rainwater absorption and an environment to enhance the health and well being of the people living in and visiting the developments.
- 2.2.3. The Council will work towards measuring whole life carbon cost across its building developments, projects and services, making them carbon neutral by off-setting remaining emissions using local projects such as tree planting and resilient nature restoration where needed by 2030.
- 2.2.4. The Planning department will use the new Local Plan policies to ensure that developers contribute to increasing biodiversity in line with the Environment Act. If this is not possible on site developers will be required to make financial contributions to ensure biodiversity net gain can be achieved elsewhere in the Borough.
- 2.2.5. The Council will pursue policies to reduce air pollution and to improve water quality in its own projects and services and more widely throughout the Borough.
- 2.2.6. The Council will survey and evaluate the Borough's adaptation requirements in the light of increasingly frequent severe weather events such as heat waves, droughts, storms, heavy rainfall and flooding with a view to devising a long term strategy with participation by local residents and relevant local and regional partners.
- 2.2.7. The Council will collaborate with schools, colleges and local community organisations to educate and inform residents of all



ages about the Climate and Ecological Crises and to let individuals and groups know about the positive contributions they can make in response.

## 2.3. Local

- 2.3.1. The Council will work with community groups, schools, colleges and businesses to promote engagement with our natural spaces, green and blue, connecting people with nature and improving health and well-being.
- 2.3.2. The Council recognises and will harness the expertise and passion of our local community leaders, and work to involve residents in the development of projects, in volunteering opportunities and citizen science, working together to create the greenest coastal town in the UK.
- 2.3.3. The Council will develop relationships with farmers, landowners, fishers and business people to inform them about the Climate and Ecological Crises and will urge them to reduce carbon emissions and other pollutants which contribute to rising global temperatures and ecological degradation.
- 2.3.4. The Council will pursue policies to grow the circular economy and build community wealth. In particular it will work closely with local and regional leaders in the educational sector to ensure that courses are available locally to skill people who will be needed in increasing numbers to work in green trades such as retrofitting homes and business premises to become energy efficient together with the installation of green renewable energy systems.
- 2.3.5. The Council will work closely with Adur District Council to collaborate with partners from further afield on larger scale projects having a local impact such as The Sussex Bay scheme. Strategic partners include Sussex Wildlife Trust, Sussex Local Nature Partnerships, the Environment Agency, Sussex Inshore Fisheries Association, Shoreham Port, Living Coast Biosphere and all coastal local authorities.

### **3. Building the Worthing Climate & Ecological Emergency Action Plan**

- 3.1. A Climate and Ecological Emergency Response Group (the Response Group) will be set up as part of the Council for the Community approach outlined in the recent committee paper. This would comprise a number of committed and willing individuals from different local environmental community groups, and other local organisations who would offer a broadly based leadership to develop and pursue the Council's 'green fair and local' agenda in respect of the Climate and Ecological emergencies.
- 3.2. The Response Group will bring together the different aspects of the action plan which cuts across a number of executive portfolios and will bring together work on decarbonisation of the built environment, action on the ecological emergency, interventions with public health as well as active travel.
- 3.3. The Response Group group will tackle the challenges the two emergencies present to us all. They will identify opportunities to influence relevant regional policies, to advocate for funding for local projects and to galvanise and support urgently needed grass-roots action.
- 3.4. In terms of the Council's commitment to make the Borough net zero by 2045, the Response Group will explore the wider issues relating to the built environment both domestic and commercial, transport, waste, industrial activity and local renewable energy supply. It will look for opportunities to work with other Local Authority networks such as UK100. It may also choose to 'get on' and set up effective local interventions and solutions.
- 3.5. A link to the local economy agenda will be considered possibly through a Green Growth sub-group and other sub-groups may emerge to focus for example on carbon reduction, nature improvements, the circular economy and the Sussex Bay project.
- 3.6. The Council will renew its commitment to act urgently in response to the Climate and Ecological crises. The new Response Group will give support to projects already underway, some of which are crucial in the context of the 2045 net zero goal.

#### **4. Embedding the climate and ecological emergency in Council operations**

- 4.1. Work on the Climate and Ecological Emergencies is being embedded throughout the Council's organisation. Officers will have opportunities to expand their knowledge about the Emergencies and will be invited to contribute to policy development to make sure that Climate and Ecological considerations are always included.
- 4.2. The staff volunteering programme enables officers to engage in community projects, working alongside residents and businesses to create a greener, healthier town.
- 4.3. Addressing the climate emergency is one of the mission areas for Our Plan. This reflects the fact that throughout the Council there are staff who are passionate about climate and ecology issues.
- 4.4. Work on the climate emergency will be embedded throughout the organisation by a community of practice that will enable managers to consider opportunities to transition their decision making and operations towards climate and nature positive models. These considerations will also be embedded in learning and development and service planning approaches to ensure they are understood and actively considered.
- 4.5. Staff will be provided with opportunities through the staff volunteering programme to get involved in community projects, and work alongside our communities and businesses to create a greener, healthier town.

#### **5. Issues for consideration**

- 5.1. The Council needs to accelerate its work on climate change and ecological recovery to reflect the imperative need for urgent action throughout the organisation.
- 5.2. Driving area-wide change will be challenging given national, regional and local policy and funding constraints.
- 5.3. The formation of the Climate & Ecological Emergency Response Group will be critical. It is recommended that it be a "coalition of the willing", of organisations and groups who have a clear and active commitment to the agenda and can join forces to create a movement for change.

Organisations that can **pledge** themselves to action.

- 5.4. The Response Group should be set up for 'action' , not just 'talk'. This will require a good understanding of when interventions are appropriate, whether these are lobbying, influencing, promoting, obtaining funding and initiating projects to inspire local innovation and action.
- 5.5. In relation to the Council's own actions, there are capacity and resource constraints in the current funding environment. The dependence on external funding presents challenges and risks to the pace and scope of policy development and project delivery.
- 5.6. The Council is experienced in securing external funding in the climate and ecological arenas and this will remain a priority to support relevant Council and wider community activities.
- 5.7. Policy and legal imperatives will demand pragmatism and compromise from time to time. One example is the imperative to deliver truly affordable net zero constructed and operational social housing.

## 6. **Engagement and Communication**

- 6.1. The proposed Response Group will shape the community engagement and participation approach with support from the Council's participation, sustainability and communications teams. This will be done as part of the Council for the Community roadmap.

## 7. **Financial Implications**

- 7.1. The Council already has capital and revenue budgets in place for agreed initiatives.
- 7.2. Where possible, the Council will seek external funding to alleviate the pressure on the Council's own resources.
- 7.3. Any new unfunded initiative will be considered as part of the Council's budget setting process alongside any other requests for funding.

## **8. Legal Implications (draft)**

- 8.1 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%.
- 8.2 The 100% target was based on advice from the Committee on Climate Change's Report dated 2019 'Net Zero – The UK's contribution to stopping global warming.
- 8.3 The Climate Change Act requires the government to set legally-binding 'carbon budgets' to act as stepping stones towards the 2050 target. A carbon budget is a cap on the amount of greenhouse gases emitted in the UK over a five-year period.
- 8.4 Budgets must be set at least 12 years in advance to allow policy-makers, businesses and individuals enough time to prepare. The CCC advises on the appropriate level of each carbon budget. The budgets are designed to reflect a cost-effective way of achieving the UK's long-term climate change objectives. Once a carbon budget has been set, the Climate Change Act places an obligation on the Government to prepare policies to ensure the budget is met.
- 8.5 The Climate Change Act requires the UK Government to produce a UK Climate Change Risk Assessment (CCRA). The CCRA assesses current and future risks to and opportunities for the UK from climate change. In response to the CCRA, the Climate Change Act also requires the UK government to produce a National Adaptation Programme (NAP). The NAP covers England, while the devolved administrations produce their own programmes and policies. The Act also gives powers to the UK Government to require certain organisations to report on how they are adapting to climate change. This is called the Adaptation Reporting Power. Read more about government policy on adapting to climate change.
- 8.6 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 8.7 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

## **Background Papers**

[Adur & Worthing Carbon Neutral Plan 2019](#)

[Adur & Worthing Climate Assembly Recommendations Report 2020](#)

[A Carbon Neutral Study for Adur & Worthing 2019](#)

## **Sustainability & Risk Assessment**

### **1. Economic**

Significant opportunities arise for the local economy through the development of a concerted climate and ecological response. These include 'green growth' opportunities, building a low carbon and nature positive economy. Linking across to the Council's economic principles, work to address the skills agenda is key (e.g. low carbon heating and renewable energy technologies) as is working with schools, colleges and universities to create new pathways for young people and those seeking career change.

Strategic work to encourage green inward investment, and to aim the Council's procurement and contracting spend to local, green companies will also drive the transition of our economy.

The work on Sussex Bay could develop a whole new set of coastal industries including aquaculture, seaweed products, a Sussex Bay local fish brand etc.

### **2. Social**

#### **2.1 Social Value**

There are significant opportunities for social inclusion with regard to community projects across the whole agenda. However there are also key challenges in ensuring a **fair** transition - that those on lower incomes are not excluded from opportunities to move to low carbon living, enjoying locally produced and Fair Trade food, accessing low carbon transport options and so on. It will be critical to ensure that projects and interventions actively design for inclusion.

#### **2.2 Equality Issues**

Participation and engagement approaches must actively address the need to engage and include all members of the community, including the use of language, timings and locations of activities, and specific and appropriate outreach to excluded groups.

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

Matter considered and no issues identified

#### **2.4 Human Rights Issues**

Issues of climate justice will need to be considered across all work streams

### **3. Environmental**

This work is of course central to delivering environmental outcomes

### **4. Governance**

Matter considered and no issues identified





WORTHING BOROUGH  
COUNCIL

Worthing Joint Strategic Sub-Committee  
6 March 2023

Key Decision [**No**]

Ward(s) Affected: ALL  
Cabinet Portfolio: Environmental Services

## Trees for Streets

### Report ,by the Director for the Economy Officer Contact Details

Fiona Burn  
Place & Economy Manager  
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## Executive Summary

### 1. Purpose

- 1.1. The purpose of this report is to set out a new community tree planting initiative, working in partnership with specialist crowd funding and community engagement company, Trees for Streets.
- 1.2. To highlight how open space and urban tree planting supports Worthing council administration's core principles to be 'Fair, Green and Local'.
- 1.3. To highlight the benefits of local ownership and associated community power in the development of environmental improvements.
- 1.4. To recognise the emotional, environmental and economic betterment created through increased urban tree planting.

## **2. Recommendations**

- 2.1. Agree to enter into a 3 year contract with Trees for Streets for the facilitation of new street trees in Worthing Borough (circa £24K).
- 2.2. Delegate authority to the Director for the Economy to enter into all relevant contracts associated with the Trees for Streets programme.
- 2.3. Agree to allocate funds for the maintenance of young trees as they become established within the Trees for Streets and celebration trees in the WBC programme.
- 2.4. Agree to work collaboratively with WSCC in the licensing, future maintenance and ownership of the new street trees.

## **3. Introduction**

3.1. According to Ordnance Survey research in 2018 Worthing has the least square metres of green space, per person, in Great Britain. Only 3.9 square metres of green space per person. While this may be as a result of the borough's unique geographical position, environmental mitigation can be sought through increased tree planting and in particular street trees.

3.2. Worthing's Labour administration has pledged to address the climate emergency by creating the 'greenest town on the South Coast' and in doing so develop 'green corridors and projects which support nature and wildlife'.

3.3. In September 2022 a meeting to explore the development of a street trees planting scheme brought together local Community Tree Champions, Council members, officers and arborists and representatives from West Sussex County Council. As a result national organisation, Trees for Streets, was identified as a potential delivery partner and a short period of research, with council cousins in London Borough of Haringey and Cambridge City Council followed. The reports from Haringey and Cambridge were very positive and discussions with Trees for Streets commenced.

3.4. Trees for Streets is a programme created by CIC, Trees for Cities. The organisation acts as a community engagement and community crowdfunding arm to assist local authorities seeking to increase their street tree stock. Trees

for Streets is also suitable for business sponsorship opportunities. Once a tree sponsor, or sponsors are identified. Trees for Streets liaise with residents and councils in identifying good locations and in collecting the necessary sponsorship funds. New trees may be planted in residential areas, particularly roadsides and verges or as 'celebration' trees in council parks.

3.5. As the first tier authority with responsibility for street trees West Sussex County Council is a key partner in the development of this scheme. WSCC have agreed that licences for tree planting under this scheme can be self licensed by WBC, however, the responsibility for the lifetime of the new tree would also fall to WBC.

#### **4. Trees for Streets - Project Outline**

4.1. Following a marketing campaign and using the Trees for Streets portal community sponsors express an interest in a new tree online. The location is assessed by council engineers first and then by the Parks team/arborists to ensure suitability. Sponsorship is received by Trees for Streets, as either an outright individual payment or as a community crowdfunding campaign. WBC arranges ground works for planting, irrigation, tree supply and planting, and protection for the young tree.

4.2. Wherever possible the council will seek to re-open 'capped' roadside tree pits.

4.3. As a part of the sponsorship package sponsors will be expected to water their own tree, if this is a street tree. Celebration trees will be watered by the Parks team. As an incentive the trees will be fitted with an irrigation pipe and tree 'gators'. Tree gators deliver water evenly over time and prevent immediate water run off

4.4. As an added incentive the council is keen to partner with Southern Water to provide free domestic waterbutts to sponsors to recycle grey water for use in their tree watering obligations.

4.5. Tree planting has particular seasons (Autumn and Spring) and as such the project seeks to commence planting in Autumn 2023. This allows sufficient time to market the scheme effectively and to generate community support. Below is an approximate timeframe for the five year project and agreement with Trees for Streets.

<p><b>Year 1 2023/2024</b></p> <p>Governance &amp; WSCC agreements re licences - March/April  Trees for Street build platforms - April/May  Marketing the scheme inc comms and TFW - Start June  Planting and infrastructure inspections July - October  Planting - October to December (National Tree week, 1 December)  Target - 70 Community trees</p> <p><b>Year 2 2024/2025</b></p> <p>2 x Tree planting seasons - Spring/Autumn  Target - 100 Community trees</p> <p><b>Year 3 2025/2026</b></p> <p>2 x Tree planting seasons - Spring/Autumn  Target - 150 Community trees</p> <p><b>Years 4 &amp; 5 2026/2028</b></p> <p>Continuous maintenance of Year 3 trees</p>
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4.6. Trees for Cities have an annual subscription fee of £8,000 per annum plus £60 + VAT per tree planted, a total of £24,000 over a three year agreement period. The cost to sponsors for a Street Tree is expected to be no more than £395.

## 5. Strategic Focus

5.1. Worthing’s labour administration has adopted principles to be Fair, Green and Local. The benefits of street tree planting extends beyond that of the sponsor's immediate location through the positive environmental outcomes beneficial to all. Improved urban greening is of great importance to both council members and the wider electorate, featuring heavily in the Environmental Strategy 2022 (draft) which includes a Street Tree planting project.

5.2. Worthing’s Climate Principles (also on 6 March 2023 WJSSC agenda) highlights the importance of ‘putting Climate and Ecological action at the heart of policy actions’. Augmenting the ‘Our Plan’ missions themes Thriving Places & Thriving Environment.

5.2.1. Thriving Places - Street trees support the councils’ ambitions to design places for people and nature and in bringing a sense of belonging by empowering communities to influence how places change.

5.2.2. Thriving Environment - Street trees support the transitions to net zero (2045), helping to increase biodiversity and improve the negative effects of climate change.

5.3. The Trees for Streets scheme precedes Worthing Borough Council's Greening Guide (due Spring 2023) but is aligned to it and features as a project under areas of community intervention.

## **6. Engagement and Communication**

6.1. The marketing of the Trees for Streets scheme is very much a partner approach between the council and Trees for Cities. The on-the-ground community engagement is led by Trees for Streets, as is the sponsorship/crowdfunding platform. The marketing of the programme will also benefit from the support of the council's communications team (press release, social media etc) and Time for Worthing, given the scheme's attachment to Civic Pride.

6.2. Residents' associations, community champions and Friends groups are useful links to potential sponsors and will form a part of the first step engagement process. Trees for Streets offer a dedicated community engagement officer to support the programme where needed.

## **7. Outcomes/benefits**

7.1. Connecting with the changing seasons and facilitating growth through nurture are tangible outcomes from greening initiatives. Neighbours working collaboratively with each other through tree sponsorship schemes help to alleviate loneliness and build healthy communities. Green environments are known to reduce anxiety and help to prevent depression.

7.2. The use of street trees in urban design have been found to assist in traffic calming; open grey streetscapes encourage faster driving, where leafy residential landscapes achieve the reverse. Attractive and safer streets also encourage active travel through walking and cycling.

7.3. The beneficial impact of trees in our urban environments are many and varied. In addition to improved air and water quality, through the filtering of harmful pollutants, trees also assist in cooling urban heat islands and

improving biodiversity and ecological resilience. Street trees enable wildlife corridors, join up our open spaces, store carbon, increase Summer shade and help to prevent rainwater run off..

7.4. Street trees impact how we view our neighbourhoods. Streets which have the appearance of being leafy and cared for are less likely to suffer from anti-social behaviour. Neighbourhood street trees also help 'curb-side appeal' and contribute to the perceived attractiveness of a residential area, resulting in economic property uplift.

## **8. Considerations**

8.1. WBC will seek to offer a tree 'menu' to ensure sponsors not only receive a tree they would like but is also the correct species of tree for the chosen location, or put simply Right Tree - Right Place.

8.2. Early years nurture and ongoing stewardship - the first 12 to 24 months of a tree's life is crucial to its successful growth. Young trees need plenty of water and while sponsors are encouraged to monitor the health of their charges it is inevitable that the council's arborists will be keen to maintain a watching brief. In addition the continued maintenance of the sponsored tree will also be under the council's responsibility; a tree being for life and not just for Christmas.

8.3. WSCC have a current Donate a Tree Scheme available through the county council's website. In 2019/2020 and 2020/2021 WSCC planted 14 street trees p.a. in Worthing Borough Council.

8.4. The Trees for Streets scheme sits in addition to and not replacing the Adur & Worthing Councils' tree planting programme led by the Parks and Foreshore Service.

## **9. Financial Implications.**

9.1. The Council already has sufficient budget in place to meet the Trees for Cities three year subscription @ £8,000 p.a which will be funded from within the parks budgets.

- 9.2. The fee per tree, payable to Trees for Cities, will be deducted from the Sponsorship fees paid to the council.
- 9.3. The cost of the tree supply and planting will be supported by the income generated from tree sponsorship.
- 9.4. In the longer term, once the trees are established, the Council will be responsible for the maintenance of the trees including pruning on a regular basis. Whilst this may be possible to accommodate within the existing resources, if needed additional budget provision may be required.

## **10. Legal Implications**

- 10.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 10.2 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
- 10.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 10.4 s1 Local Government (Contracts) Act 1997 confers power on the Council to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the Council.
- 10.5 When entering into a public contract, the authority is required to comply with the Councils' Contract Standing Orders found at Part 4 of the Councils' constitution.

## **Background Papers**

- Addressing the Climate Emergency for Worthing - JSSC (Worthing) Report 6 March 2023
- [Our Plan - Our Missions \(Thriving Place & Thriving Environment\)](#)
- A&W Councils Trees Strategy - 2021
- [www.treesforstreets.org](http://www.treesforstreets.org)



## **Sustainability & Risk Assessment**

### **1. Economic**

Matters considered and no impact identified.

### **2. Social**

#### **2.1 Social Value**

The Trees for Streets scheme is highly suitable for building community cohesion through Crowd funding and civic pride engagement. Neighbourhoods are actively encouraged to join together to identify suitable areas for increased greening and to nurture young trees as they develop. Urban greening increases social well being, is seen to calm traffic and encourages active travel.

#### **2.2 Equality Issues**

Areas of low income, who express an interest, can be paired with business sponsored trees. The use of free water butts for grey water collection also negate the use of mains metered taps. All other equality issues have been considered and no barriers to participation have been identified.

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

Increased tree planting in urban areas lift the cared for and looked after feel of an environment through tangible actions resulting in civic pride. An area which is not well looked after is more likely to suffer the effects of anti-social behaviour and all that brings.

#### **2.4 Human Rights Issues**

Matter considered and no issues identified.

### **3. Environmental**

A positive environmental impact lays at the heart of the Trees for Streets scheme and aligns to the council's priorities in increasing borough wide sustainability. The environmental impact of trees of trees in urban areas are well documented and numerous as noted in section 7. Outcomes/Benefits

### **4. Governance**

Matter considered and no issues identified.

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WORTHING BOROUGH  
COUNCIL

Worthing Joint Strategic Sub-Committee  
6 March 2023

Key Decision [Yes/No]

Ward(s) Affected:  
Cabinet Portfolio: Climate Emergency

## Worthing Heat Network

**Letting of contract to design, build, fund, operate and maintain a low carbon heat network for Worthing Town Centre and agreement to enter into heat supply and connection agreements for WBC estate.**

**Report by the Director for Digital, Sustainability & Resources**

### Officer Contact Details

Dan Goodchild  
Carbon Reduction Manager  
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## Executive Summary

### 1. Purpose

- 1.1. To update members on work undertaken since March 2022 on the Worthing Heat Network, during which time the procurement exercise has been completed that has identified Pinnacle Power as the preferred organisation to become the council's concessionaire partner.
- 1.2. Subject to approval, Pinnacle Power will fund, design, build, operate and maintain a new, low carbon heat network for Worthing Town Centre that is estimated to save 55,000 tonnes of CO<sub>2</sub> within the first fifteen years of operation.
- 1.3. The report sets out information about:
  - the procurement exercise,
  - the preferred bidder's solution

- the contractual elements of the procurement
- funding arrangements
- next steps

1.4. Additionally, the report outlines a successful Public Sector Decarbonisation Scheme bid for £2.47m that will support the council in delivering enabling works to its estate in order to ensure that its town centre estate connects to the heat network efficiently.

## **2. Recommendations**

Members are recommended to:

- 2.1. Note the progress in the report below
- 2.2. To delegate to the Director for Digital, Sustainability & Resources authority, in consultation with the Executive Members for Resources and the Climate Emergency to:
- Negotiate final terms and enter into the Concession Agreement on behalf of Worthing Borough Council
  - Negotiate and enter into the Connection Agreement and Heat Supply Agreement for all Worthing Borough Council buildings listed at Section 4.25
  - Negotiate and let any contracts associated with the Public Sector Decarbonisation Scheme funded programme of works, providing the same are within the approved budget.
- 2.3. To recommend to Council approve an amendment to the General Fund capital programme budget of £7,454,490 funded as follows:
- £2,473,625 from the Public Sector Decarbonisation Scheme
  - £5,005,230 from additional prudential borrowing
- 2.4. To approve a budget virement of £255,000 HNIP funding. As outlined at 6.2, this will be used to support the procurement and contract work associated with the project.

- 2.5. To approve and authorise the appointment of Worthing Borough Council as the golden shareholder in the Special Purpose Vehicle as set out in this report and to authorise the Chief Executive Officer or their delegated nominee, in consultation with the Leader of the Council to take all actions and make all decisions required of the golden shareholder under the contractual arrangements with the appointed concessionaire.

### **3. Context**

- 3.1. The opportunity for a heat network (HN) on the Worthing Civic Quarter Site was identified by the council's Carbon Neutral Plan as the most economic and efficient way to reduce carbon emissions from heating in key council owned civic buildings in Worthing.
- 3.2. The Plan identified that the decarbonisation of heat is a key challenge in achieving the councils' 2030 carbon neutral target for its own estate. Heat is equally challenging in meeting the council's town-wide net zero 2045 target.
- 3.3. Heat Networks are a core tenet of the UK Strategy to decarbonise heat supply in the UK. They are utility-level infrastructure that consist of buried pre-insulated pipe that transports hot water from an Energy Centre to customers. Heat can be generated at the Energy Centre via a variety of technologies, which provides additional resilience to supply whilst also benefiting from the ability to add in additional generation assets in future, further lowering carbon emissions with little-to-no effect on customers.
- 3.4. The Committee on Climate Change estimates that heat networks could provide up to 20% of UK heating demand by 2050, with the overwhelming majority of this in urban areas.
- 3.5. CIBSE research has shown that district heating has a lower embodied carbon footprint than almost all alternative heating and hot water solutions<sup>1</sup>

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1

<https://www.cibse.org/knowledge-research/knowledge-portal/am16-heat-pump-installations-for-multi-unit-residential-buildings>

- 3.6. Following developments previously discussed at Committee in 2021 and 2022, the project aims to deliver a Heat Network initially focusing on the public sector estate and new developments in Worthing Town Centre (Appendix 1), with significant opportunity for growth in due course.
- 3.7. The investigation of this opportunity is a key initiative for the council, as set out in Worthing Council's New Economic Principles (Dec 2022). It will also assist the council in delivering a fair transition to net zero by 2045, a commitment made under the *Thriving Environment* Mission of *Our Plan*. The project is also referred to in the [Greater Brighton Energy Plan 10 Pledges](#) and in the Coast2Capital Local Enterprise Partnership's Energy Strategy Action Plan: [Energy South2East](#). Worthing Council's Fair, Green and Local principles are well served by this major project.
- 3.8. The council has received a significant contribution of finance and expertise from the government to develop the Worthing Heat Network project. This includes:
- The Head of Finance and Commercial for Heat Networks from the Heat Network Development Unit, (HNDU) providing commercial and technical support to the project, including drafting of the Outline Business Case.
  - Four rounds of HNDU funding, totalling £295,912 to appoint technical, project management, commercial and legal consultancy services
  - Additional funding from the Low Carbon Skills Fund (£109,800) and Greater South East Energy Hub (£38,160) to conduct further technical assessment
  - £5.383m of Heat Network Investment Programme (HNIP) funding, consisting of:
    - Two awards of £950,000 and £255,000 grant funding for Commercialisation (see 6.2)
    - £3.158m grant monies for Construction; plus
    - £1.275m loan funding (at 0.01% interest) for construction.
  - Two awards of £585,000 (in 2021/22) and £2.474m of Public Sector Decarbonisation Scheme (PSDS) funding to deliver enabling works within WBC buildings (see section 5)
- 3.9. The Heat Network Commercialisation stage has been in process since Autumn 2021, with the project team working with partners to conduct

the procurement exercise that will identify the best provider to deliver the Worthing Heat Network.

- 3.10. The Government launched the [Public Sector Decarbonisation Scheme](#) (PSDS) in 2020. This is a £1bn capital fund aimed at installing measures to replace fossil fuel heating systems with low carbon alternatives on the public sector estate.
- 3.11. PSDS funding rounds are held annually, with Worthing Borough Council receiving £585k of PSDS funding in 2021/22 to deliver energy reduction measures across the Town Hall, Assembly Hall and Portland House.
- 3.12. The delivery of the heat network has also delivered ways for other organisations, such as Worthing Hospital, to decarbonise their estate.
- 3.13. The remainder of this report sets out progress made to date and outlines next steps for the council, specifically the:
  - Appointment of the concessionaire partner
  - Heat Supply and Connection Agreements
  - Acceptance of PSDS-funds to deliver significant enabling works prior to connection of the heat network
  - Engagement with other public sector partners

## **4. Heat Network Procurement**

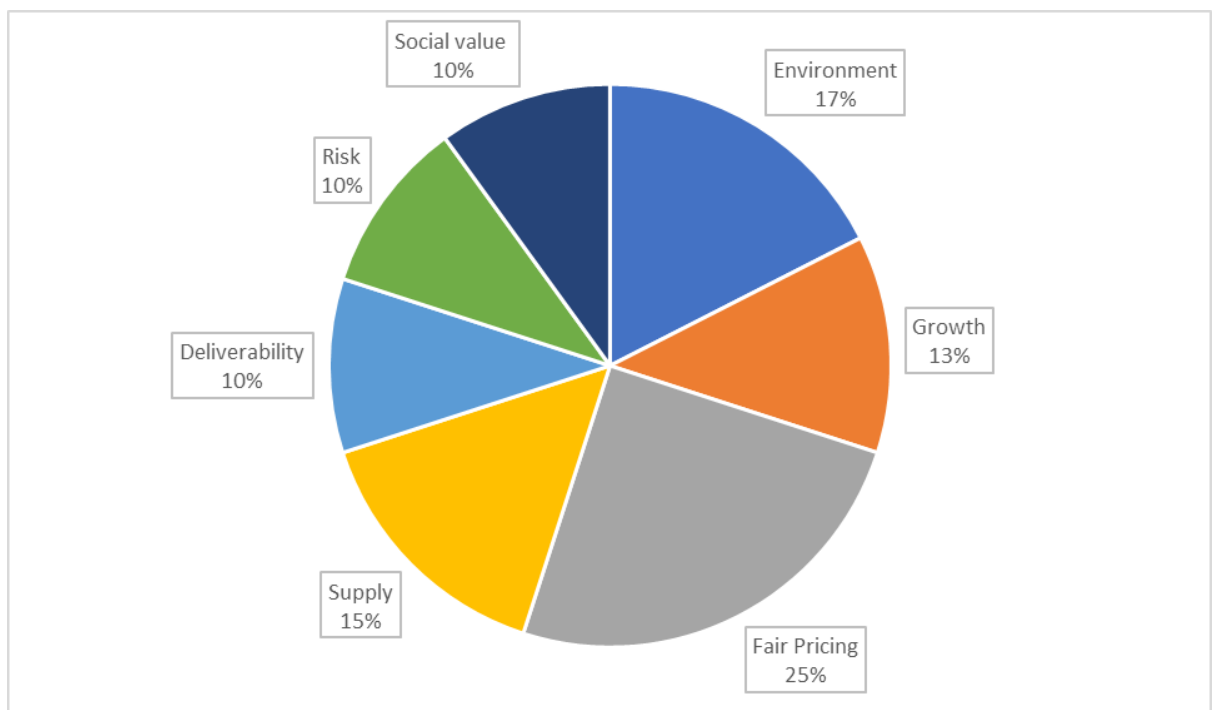
### **AIMS & PROCESS**

- 4.1. The principal aim of the procurement exercise was for the Council to procure a Concessionaire partner to fund, design, build, operate and maintain the Worthing Heat Network. This will be managed through a Corporate Concession Agreement. Bids were assessed by an evaluation on a 'most economically advantageous tender' basis as described at 4.11.
- 4.2. The Council and its advisors produced an Output Specification based on a 'Reference Design' for the Worthing Heat Network. This Reference Design Solution demonstrated that a heat network was deliverable that met the Council's requirements, whilst allowing the market significant freedom in creating alternative innovative solutions that still met these requirements.

- 4.3. Simultaneously, the procurement allowed the council and partners the opportunity to procure its heat supply for certain buildings within the same exercise.
- 4.4. As such, there will be a number of contracts created as a result of this procurement, which has been conducted under the Public Procurement Regulations. There are three key contracts for the council to sign:
- The Corporate Concession Agreement (explained more at 4.5)
  - The Connection Agreement (4.26)
  - The Heat Supply Agreement (4.30)
- 4.5. The principal aim of the procurement is for the Council to sign a Corporate Concession Agreement with the successful tenderer based on the most economically advantageous bidder
- 4.6. A Special Purpose Vehicle (SPV) will be established with WBC holding a 'Golden Share'. The Council will enter into arrangements with the SPV to provide the HNIP Construction funding (£3.158m grant, £1.275m loan) on identical terms to those the council has entered into with HNIP. This approach minimises the risk to the council.
- 4.7. This Golden Share entrenches a number of WBC's rights under the Corporate Concession Agreement, however the council will not participate economically. These rights include a wide-ranging, but passive, influence over how the SPV is operated (through the use of contract mechanisms) and rights (but no obligation) to terminate the concession contract if Pinnacle fails to perform to the requirements of the contract. Where this is the case, Pinnacle will be obliged to transfer its interests in the SPV as the council directs, subject to fair compensation.
- 4.8. The Council and all other offtakers participating in the initial procurement will also need to sign two further agreements with the SPV:
- The Connection Agreement - between the SPV and the freeholder, which details requirements for the initial heat network connection
  - The Heat Supply Agreement - between the SPV and the leaseholder/occupant, which details ongoing obligations relating to heat supply. This will essentially replace the gas supply contract that most offtakers currently have.



- 4.9. It will be the responsibility of the SPV to work with multiple subcontractors to ensure the smooth delivery and operation of the heat network. Where possible this will be in accordance with the council's 'Fair, Green and Local' principles, through the social value element of the contract.
- 4.10. After significant consultation with the council's supporting consultants, it was agreed to procure the contract via a Competitive Dialogue procurement process. This involved 2 stages:
- Selection Questionnaire - this was open to anyone interested and allowed the council to invite up to 5 bidders to submit detailed bids. Selection was based on financial suitability and past performance of delivering similar projects.
  - Competitive Dialogue - bidders invited to participate were scheduled to have 4 online meetings with the project team to firm up their proposals. Final bids would then be received and evaluated according to the agreed methodology.
- 4.11. There are 7 key criteria the procurement exercise evaluated, with weightings apportioned as follows. These map very effectively to Worthing Council's economic principles of Fair, Green and Local:



- 4.12. Within these criteria, there are over 50 (fifty) elements that have been evaluated and scored individually. Each of these areas were evaluated by at least one of the four specialist evaluating panels:
- Technical
  - Commercial/Financial
  - Legal
  - Social Value
- 4.13. Bids were evaluated by the project team, including the NHS and with additional specialist Social Value support from Brighton & Hove City Council (as part of the Orbis partnership of procurement advisors). West Sussex County Council and the Ministry of Justice were invited to evaluate but declined to participate due to resource constraints.
- 4.14. The winning bidder was Pinnacle Power. This section explains more about the proposed solution.

#### **TECHNICAL**

- 4.15. The technical solution is based on 95% of thermal energy being serviced via high efficiency Air Source Heat Pumps (ASHP) with gas fired boilers providing peaking capacity and resilience. The gas boilers will be providing less than 5% of the annual thermal energy. The sewer-source heat pump led Reference Design was assessed by the bidder as more costly than the proposed ASHP solution, and was therefore not brought forward. However, the carbon content of the energy in the proposed solution is identical (39g/kWh), which compares very favourably to the Government definition of 'low carbon heat' (100g/kWh).
- 4.16. Carbon savings will commence following the initial connections - projected to be Q1 2025. Over the first 15 years of the network, savings are assessed to be in excess of 55,000 tCO<sub>2</sub>e, equivalent to almost twenty times the annual emissions of Adur & Worthing Councils' activities for 2021/22.
- 4.17. The proposed solution is able to vary the temperature of the network, allowing the potential to deliver heat at higher temperatures during colder periods. This added flexibility of heat supply temperature is beneficial to the network as it will allow more buildings to connect more quickly, generating further carbon savings.

- 4.18. Over time, it is expected that all offtakers will improve their heating systems sufficiently for the overall temperature of the network to be lowered. This is partly incentivised by 'motivational pricing', whereby heating systems that perform better pay less for their overall heat demand than inefficient systems and will further decarbonise the heat supply of Worthing.
- 4.19. Pinnacle Power has also committed to assess the replacement of the gas boilers with electric alternatives (including additional heat pumps) providing they meet the carbon performance metrics required by the contract *and* still preserve the affordability of heat. The affordability of heat is determined by the agreed pricing mechanism, which will be based on beating the counterfactual cost of heat (i.e. comparing with building level ASHP costs).
- 4.20. As part of negotiations, the Council is exploring growth of the network beyond the core scheme. The long-term opportunity is to see the network grow significantly further, developing a town-wide network and connecting smaller 'satellite networks' at other clusters within Worthing.
- 4.21. As noted above, despite differing from the Reference Design, this solution meets the council's requirements in terms of carbon and cost performance and exceeds it in terms of growth and variability of supply temperatures.

## **COMMERCIAL**

- 4.22. As well as the Corporate Concession Agreement (see 4.5), the key building-level Commercial terms of the contract are as set out in the Connection and Pricing Policies.
- 4.23. The Connection and Pricing Policies, including indexation, will be fixed from the outset of the contract, ensuring that the solution is consistently the cheapest source of low carbon heat for offtakers in Worthing. Indexation will be based on a variety of factors directly related to the cost of maintaining the level of service required by offtakers.
- 4.24. The Connection Policy will be based on 'standard' and 'non-standard' connections, with the majority of offtakers likely to have standard (and therefore transparent and easily calculable) fees. The pricing per kW of

heat capacity will be lower than the alternative (building level Air Source Heat Pump) low carbon heating solution. This is known as the “counterfactual” comparison solution.

- 4.25. The Connection Policy will be applied to each individual building connection, with whom the heat network provider will enter into a Connection Agreement. For Worthing Borough Council, this will consist of the following buildings:
- Worthing Town Hall
  - Assembly Hall
  - Portland House
  - Museum
  - Connaught Theatre
- 4.26. The Connection Agreement sets out the rights and obligations of both parties when making a connection to the heat network, essentially replacing (or supplementing) existing gas-network connections. There is a 'Connection Fee' associated with the Connection Agreement that is payable to the heat network operator. For more information see Section 8.
- 4.27. It is expected that all gas connections for WBC buildings will be terminated.
- 4.28. Alongside the Connection Policy, the Pricing Policy sets out how heat charges are calculated on for the life of the concession agreement. It includes a variable and fixed element, each of which are indexed to appropriate metrics to ensure that a) the cost of heat from the heat network never exceeds the alternative low carbon heating solution and b) the heat network remains viable on an ongoing basis
- 4.29. The initial pricing is set at approximately 8% below the counterfactual low carbon heating solution. More information is presented in Section 8.
- 4.30. The Pricing Policy is translated at an individual building level to the Heat Supply Agreement, which acts as the ongoing transactional document between the offtaker and the heat network. This Heat Supply Agreement will have a minimum period of 9 years, after which the council can provide 12-months notice at any point to terminate the agreement and remove a building from the network.

- 4.31. The Worthing Heat Network will be required to be accredited to both the Heat Trust and the CIBSE Heat Networks Code of Practice (CP1).
- 4.32. The Heat Trust was launched in November 2015 and acts as an independent, non-profit consumer champion for heat network customers that is in place ahead of expected future market regulation. It provides:
- Strict customer service standards
  - Independent dispute resolution through the Ombudsman
  - Promotion of best practice and continuous improvement
- 4.33. CP1 is the principal document outlining the minimum standards for heat networks across the UK. It sets minimum requirements for best practice within the UK heat network market and covers all stages of the project, from design through to operation.
- 4.34. In addition to the above two accreditation schemes, the council has also included Guaranteed Standards of Service to which the provider must adhere. These were based on industry standards and give further reassurance that customers will be protected.

## **5. Public Sector Decarbonisation Scheme Bid**

- 5.1. As noted at 3.10, above, the Public Sector Decarbonisation Scheme is central government capital funding that is eligible to public sector bodies to decarbonise their estate. It focuses on replacing fossil-fuel heating with renewable alternatives, and projects that exclusively focus on energy efficiency or renewable electricity generation are ineligible.
- 5.2. Worthing Borough Council has previously secured PSDS round 1 (Autumn 2020) funding, receiving a total of £585k through two bids to install solar PV on multiple sites and energy efficiency, control and metering measures across Portland House and Worthing Town Hall.
- 5.3. As detailed at JSSC on 10 November 2022, a further £85,000 of Low Carbon Skills Funding<sup>2</sup> has been secured to conduct further work into

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<sup>2</sup> [https://www.salixfinance.co.uk/Salix\\_Funding](https://www.salixfinance.co.uk/Salix_Funding)

decarbonising the heat supplies of multiple WBC-owned buildings. This funding was partly used to prepare bids to the Autumn 2022 round of PSDS for the WBC buildings connecting to the Worthing Heat Network:

- Worthing Town Hall
- Assembly Hall
- Portland House
- Museum
- Connaught Theatre

- 5.4. A bid to replace the fossil-fuelled heating systems at all of the above buildings was submitted on 12 October 2022 and the council is now in receipt of a Grant Offer Letter worth £2.47m.
- 5.5. The bid, which is contingent on making connection to the heat network by 31 March 2025, secures funding for:
  - Energy efficiency measures
  - Control upgrades
  - Renewable electricity generation technologies
  - Metering
  - Heat Network Connection costs
- 5.6. A summary of these proposed measures is included at Appendix 2.
- 5.7. In order to deliver the project successfully, up to £5.05m of match funding is still required, including some 'invest to save' funding for measures that deliver a financial payback. More information is set out in Section 8.
- 5.8. The council is undertaking significant further due diligence with technical consultants and the heat network provider in order to refine this budget and finalise the measures that will be installed as part of the enabling works prior to heat network connection.
- 5.9. Alternative finance options are also being sought, including from the heat network provider (whereby the council would repay part of the capital funding to the heat network provider over a period of time). This forms part of the Commercial discussions currently ongoing.
- 5.10. As such, some of the financial elements outlined in Section 8 are subject to change and officers will consult with the relevant Executive

Members and provide an update to the Joint Strategic Sub-Committee via Quarterly Monitoring Reports when required.

5.11. In order to ensure the works are undertaken in a timely and cost effective manner, it is proposed to appoint external project management support to assist the council in the delivery of the capital works. Ongoing oversight and support will be provided by the Sustainability and Technical Services teams and Worthing Theatres & Museums, with other input as required. This support is included within the budget outlined at Section 8.

5.12. Once complete, the works will save in excess of 300 tonnes of carbon annually from these buildings, significantly reducing emissions from the council's estate.

## 6. Timeline and next steps

6.1. The timeline for the project is outlined in the table below.

Stage	Date
<b>Heat Network (Pinnacle Power)</b>	
Feasibility, Concept Design & Planning	March 23 - December 23
Network and substation works	November 23 - Connection Dates
Energy Centre Construction	December 23 - July 24
Connection of Town Hall, Portland House, Museum, Library, Law Courts, Connaught Theatre, Pavilion Theatre and Hospital	Q1 2025
Connection of future developments*	From Q1 2025/on completion of development
Connection of Hospital satellite sites	Q1 2026
<b>PSDS Works</b>	
Project Team establishment, further design	March 23 - September 23

Procurement exercise, Planning & Listed Building Applications	Oct 23 - Jan 24
Mobilisation	Feb 24
Works	Mar 24 - Mar 25

\* subject to Planning and agreement with developers

6.2. In order to continue progressing with the contract negotiations throughout the Preferred Bidder stage and into mobilisation, feasibility and concept design stages, the council made an additional HNIP Commercialisation funding bid for £255k. This bid was successful and will ensure that the council can continue to utilise external consultants to ensure the best outcome for the heat network is achieved.

## 7. Engagement and Communication

7.1. Since the project's inception, ongoing engagement has been done by the project team, including bi-monthly stakeholder engagement meetings chaired by WBC. The following organisations regularly attend these meetings:

- West Sussex County Council
- Worthing Theatres & Museums
- Southern Water
- University Hospitals Sussex NHS Foundation Trust (UHSx)
- Heat Network Delivery Unit (HNDU), DESNZ (formerly BEIS)
- Ministry of Justice
- Other relevant WBC departments (Major Projects, Technical Services, Planning etc)

7.2. Additional meetings have also been held with the following:

- Davison School
- Environment Agency
- Sussex Police
- Sussex Community NHS Foundation Trust
- Lyndhurst Infants School
- NHS England

7.3. Extensive engagement has been conducted with UHSx. Worthing Hospital is the single biggest heat demand on the pioneer network and as such represents a key anchor load for the heat network.



- 7.4. The council and UHSx have been working closely on the project for almost two years now, with regular meetings between both Directors and officers, as well as the wider heat network project team.
- 7.5. Both Worthing Library and Worthing County Court are also earmarked for an initial connection to the network, subject to agreement with the respective building operators.
- 7.6. The project team has also worked with Planning colleagues to meet developers prior to the development and submission of Planning Applications within Worthing. Generally this has been well received due to the network's cost and carbon competitiveness.
- 7.7. Positive engagement was also had with Southern Water to develop Heads of Terms for the heat network provider to access the sewer. As noted above, this is no longer required for the initial network, however the council and Pinnacle Power will continue to evaluate the opportunities to harness this heat and monitor progress Central Government makes in its discussions with the water industry.

## 8. Financial Implications

- 8.1. The previous estimate of the impact of the heat network indicated a net revenue cost to the Council of approximately £121,000 per year which can be analysed as follows:

Overall costs	Adur £	Worthing £
Additional heating costs	10,070	94,230
Capital costs		27,250
Indicative revenue costs	<u>10,070</u>	<u>121,480</u>

This was based on connection costs of £1m and increased energy costs of £104,000 and is included in the Medium Term Financial Plan.

- 8.2. However since this time energy costs have increased substantially, interest rates have risen, and inflation within the construction industry has been substantial adding to the costs of delivery. There has also been a detailed assessment of the works required on each of the buildings to support the effective operation of the heat network.
- 8.3. Whilst the negotiations are ongoing, there is still a degree of uncertainty about the final cost to the Council of future revenue charges for heat provision and the final connection costs. It is against this background that the likely costs of the proposal have been assessed.
- 8.4. To progress the heat network successfully, the council will need to invest into its buildings to fund both energy efficiency improvements and the connection to the heat network. Connection charges are now estimated to be £3.1m significantly higher than the £1m originally expected.
- 8.5. Overall capital investment of £7.5m is required although this is part funded through a successful bid to the Public Sector Decarbonisation Scheme. This includes significant investment in the theatres and museums buildings with £1.7m planned for the heating and cooling systems in the museum. The planned investment can be broken down as follows:

Capital investment required			
	Total cost	2023/24	2024/25
	£	£	£
<b><u>Corporate buildings:</u></b>			
Town Hall	1,766,590	639,080	1,127,510
Portland House	1,063,210	194,290	868,920
Total investment in corporate buildings	2,829,800	833,370	1,996,430
Less: PSDS funding	- 1,280,000	- 833,370	- 446,630
Borrowing required	1,549,800	-	1,549,800
<b><u>Theatre and museum buildings:</u></b>			
Museum	2,536,140	124,780	2,411,360
Assembly Hall	962,040	220,190	741,850
Connaught Theatre	1,126,510	19,250	1,107,260
Total investment required in Theatres and Museum buildings	4,624,690	364,220	4,260,470
Less: PSDS funding	- 1,169,260	- 364,220	- 805,040
Borrowing required	3,455,430	-	3,455,430
Overall scheme cost	7,454,490	1,197,590	6,256,900
Less: PCDS funding	- 2,449,260	- 1,197,590	- 1,251,670
Net borrowing required	5,005,230	-	5,005,230

8.6. The programme can be further broken down into strands of work:

	Corporate buildings	Theatres and Museum	Total
	£	£	£
Connection fees and associated works	1,663,580	1,477,300	3,140,880
New Solar Panels	50,550	178,940	229,490
Improved insulation	120,980	296,030	417,010
Improvements to heating/cooling arrays and systems	994,690	2,403,800	3,398,490
Other energy efficiency works	-	268,620	268,620
Total cost of works	2,829,800	4,624,690	7,454,490

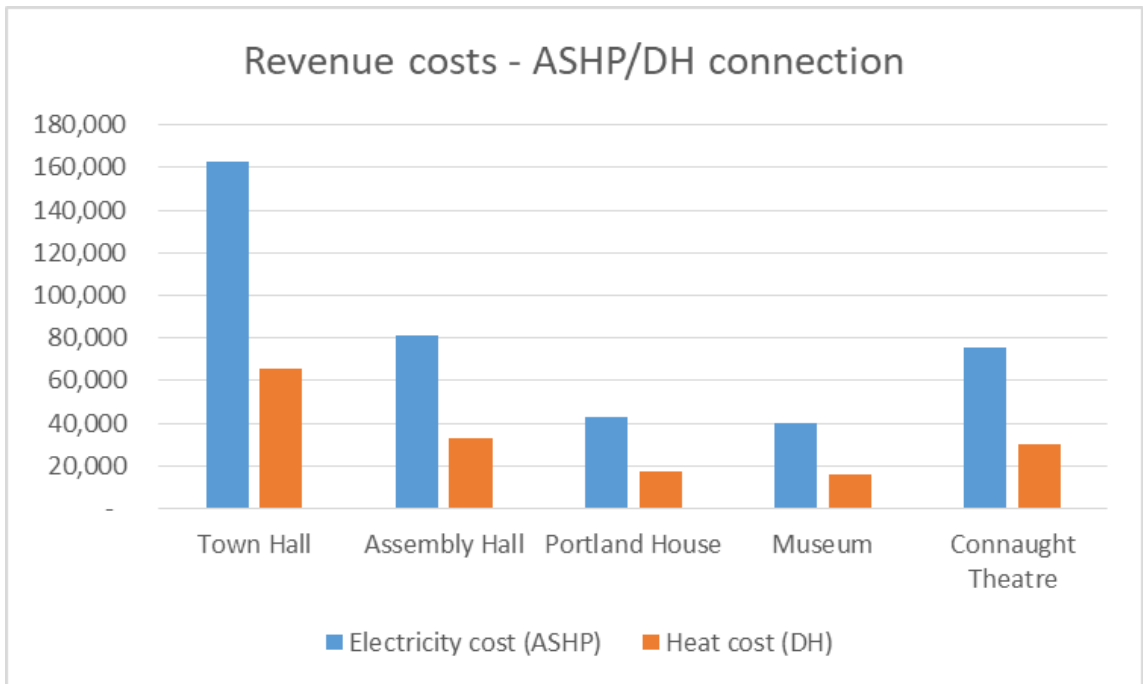
8.7. Consequently the Council will need to borrow substantially more than originally expected although due to the high energy costs, the impact of

the new heat charges will be lower. Overall the cost of the investment is estimated to be as follows:

Revenue implications	2024/25	2025/26
	£	£
Cost of borrowing	87,590	272,140
Impact of revised energy costs for corporate buildings	3,960	15,840
Net income from solar panels on Museum and Theatres buildings	- 8,780	- 35,120
Less: Recharge to Adur DC for energy costs and investment in shared facilities	- 8,360	- 27,380
<b>Net cost of investment programme</b>	<b>74,410</b>	<b>225,480</b>
<b>Allowance in the Medium Term Financial Plan</b>	<b>121,000</b>	<b>121,000</b>
<b>Additional provision required</b>		<b>104,480</b>

The final costs associated with the network are dependent on both the outcome of the current negotiations and the impact of the reletting of the current energy contracts from 1st April 2023. The costs will be reassessed once the contract has been finalised.

- 8.8. As a consequence of the likely increased revenue costs from 2025/26 onwards, additional budget provision will be required and the Medium Term Financial Plan updated to reflect the expected increases.
- 8.9. However, members are reminded that in terms of decarbonised heat, the heat network still represents the best value compared to other technologies.



- 8.10. Finally, members should be aware that the Worthing Theatres and Museum (WTaM) may be entitled to compensation for loss of income if any works deviate from an agreed schedule and disrupt the programme of events.

## 9. Legal Implications

- 9.1 Section 1 of the Localism Act empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 9.2 Section 1 of The Local Government (Contracts) Act 1997 provides that every statutory provision conferring or imposing a function on a local authority confers the powers on the local authority to enter into a contract with another person for the provision or making available of assets or services, or both for the purposes of, or in connection with, the discharge of the function by the local authority.
- 9.3 In any contractual arrangement with Pinnacle Power (PP) the Council must ensure that PP is bound by and fully compliant with the HNIP Funding Terms and Conditions and that appropriate indemnities are in place in favour of the Council in respect of any breach by PP of those terms and conditions.

- 9.4 The Climate Change Act 2008 (as amended in 2019) is the basis for the UK's approach to tackling and responding to climate change. It requires that emissions of carbon dioxide and other greenhouse gases are reduced and that climate change risks are prepared for, to achieve net zero carbon emissions by 2050.

### **Background Papers**

- JSS-C(W)/40/22-23: [New Economic Principles for Worthing](#)
- JSS-C(W)/29/22-23: [Carbon Emissions for 2021/22](#)
- JSC/100/21-22: [Carbon Neutral 2030: Worthing Heat Network Progress Update](#)
- JSC/47/21-22: [Carbon Neutral 2030: Worthing Heat Network: progress update](#)
- JSC/128/20-21 [Carbon Neutral 2030 - Worthing Civic Quarter Heat Network](#)

## **Sustainability & Risk Assessment**

### **1. Economic**

The installation of a key piece of low carbon infrastructure in Worthing will enable businesses and residents to decarbonise their heat supplies more easily and more cost effectively than building-by-building solutions. It will create significant investment in the town (including over £25m of grant funding) and deliver a minimum of 4.0FTE jobs directly employed by the heat network.

### **2. Social**

#### **2.1 Social Value**

The winning bidder has made a number of commitments to social value, including local volunteering days for staff, school and university visits/placements, the use of local subcontractors and the delivery of jobs (including apprenticeships) locally.

#### **2.2 Equality Issues**

None identified

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

None identified

#### **2.4 Human Rights Issues**

None identified

### **3. Environmental**

There will be significant environmental benefit from the installation of the heat network and delivery of associated projects. Without expansion, the heat network is projected to save 3,000 tonnes of carbon annually, delivering a substantial and meaningful mitigation of the town's impact on climate change.

### **4. Governance**

The alignment with the council's priorities are identified at Section 3.6. The council will secure a new, proactive delivery partner for low carbon heat infrastructure in the town, with sufficient control to ensure that the long-term climate change mitigation measures that are the core focus of the project are met.

Section 8 sets out the financial implications of connecting WBC buildings to the heat network. Adur District Council pay utility bills for the use of some WBC buildings and therefore there will be a minor cost associated with this, along with a reduction in emissions attributable to the council's operations.



## APPENDIX 1 - Potential Worthing Heat Network 'core cluster'



## APPENDIX 2 - Summary of PSDS-funded enabling works for WBC buildings

*Note these are not inclusive of project management fees and are subject to further due diligence and consultation with the heat network provider*

Site	Recommended Measures	Budget Cost
Town Hall	Loft insulation DRVs Replace DHW cylinder BMS works AHU upgrade Solar PV Heat Network Connection	£1,605,991
Assembly Hall	Replacement doors to Richmond Room Secondary Glazing BMS works DRVs LED Lighting upgrade (stage lighting) Heat Network Connection	£874,582
Museum	Draught proofing Loft insulation Secondary glazing New heating system Flow restrictors on taps LED Lighting upgrade Time switches Solar PV Heat Network Connection	£2,170,037
Connaught Theatre	Time switches Solar PV Draught proofing Loft insulation Replacement glazing Pipe insulation BNS works AHU upgrade Emitter upgrades Replace DHW cylinder Heat metering Heat Network Connection	£1,024,102
Portland House	New perimeter heating emitters Replace DHW cylinder BMS works Heat Network Connection	£966,559
<b>SUBTOTAL</b>		£6,641,272



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WORTHING BOROUGH  
COUNCIL

Worthing JSC Sub-Committee  
6 March 2023

Key Decision [Yes/No]

Ward(s) Affected: All Worthing

## Worthing Housing Strategy Roadmap

### Report by the Director for Communities

#### Officer Contact Details

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### Executive Summary

#### 1. Purpose

- 1.1. The purpose of this report is to request the extension of three housing strategies, including the:
  - ["Housing Strategy: Enabling communities to thrive in their own home" 2020-2023](#);
  - [Temporary Accommodation Placement and Procurement Policy](#), and
  - [Community Homelessness Strategy 2017-2022](#)
- 1.2. Access to quality, affordable and sustainable homes is a fundamental priority for this Council. This paper outlines a roadmap to renew these important strategies during 2023/24, to enable the development of a strategic approach which is shaped by the vision of Worthing to be the fairest and greenest coastal town and informed by

the needs of local communities and which places prevention and early intervention at its heart.

- 1.3. This report also updates some key interventions to tackle homelessness and rough sleeping in Worthing and sets out the key commitments around finding, enabling and supporting more sustainable accommodation for our residents to provide help when people need it most.

## **2. Recommendations**

- 2.1. The Worthing Strategic Committee is asked to agree to extend the following strategies/policies until the end of March 2024:
  - 2.1.1. [Housing Strategy: Enabling communities to thrive in their own home” 2020-2023 to March 2024;](#)
  - 2.1.2. [Temporary Accommodation Placement and Procurement Policy;](#) and
  - 2.1.3. [Community Homelessness Strategy 2017-2022](#)
- 2.2. Members are asked to note the progress and plans underway to tackle homelessness and rough sleeping [as set out below]
- 2.3. Members are asked to note and agree to the roadmap for the development of the new strategies/policies during 2023/24, which will be reported back to this Cabinet in January 2024.

## **3. Background**

- 3.1. Our Council believes that all of our citizens should have access to a safe, secure and sustainable home and that people need to be at the heart of a strategic approach. Our ambition is to develop a housing strategy that is better informed by the needs of our communities and which has the principle of participation deeply embedded, involving residents, communities and partners in its development and delivery.
- 3.2. Our Members understand the profound challenges around the demand for housing, with growing numbers of our citizens requiring access to high quality, affordable and sustainable housing. There are particular

challenges for Worthing, the first of which is in relation to the significant issues around affordability for many of our citizens. This has led to many being unable to afford their housing.

- 3.3. Our second and connected challenge is the lack of housing supply which is very much needed by our communities. There is a chronic shortage of affordable and social housing to meet our housing demand, with long waits for people in need and increasing numbers of people unable to source their own housing and who are in need of assistance from the council.
- 3.4. Along with this, a shortage of temporary and emergency accommodation has severely impacted the Council's budgetary position. More importantly this is having a profound impact on the lives of those families who we are trying to find temporary placements for and for those that we have to place out of the area, often away from their work, schools and support networks.
- 3.5. Our third challenge is the lack of adequate supported housing to meet the needs of those with multiple and complex needs, resulting in single people, with no housing option, either rough sleeping or facing multiple placements in temporary accommodation.
- 3.6. Having access to good quality, affordable and sustainable housing is a fundamental requirement for all of our citizens. Housing is the cornerstone to our work and is deeply connected to our broader work around health and wellbeing (Healthy AW - our Health and Wellbeing Strategy) and the Cost of Living work our Council has been prioritising over this last year.
- 3.7. As an adaptive Council, we need to use our resources and partnering in the most creative and effective ways to meet these challenges, which embed the principles of collaboration and co-production.
- 3.8. The period of the current Housing Strategy has witnessed much change: the Covid-19 pandemic and "Everyone In" (and the heroic efforts of the teams and community partners to support our homeless people during this period), the lasting impact on people's wellbeing, the enduring effects of the cost of living, all of which have and continue to exacerbate already chronic challenges.
- 3.9. The significant challenges in Worthing mean that we are an area of focus for the Department for Levelling Up, Housing and Communities (DLUCH). Our most recent meeting with our DLUCH representative

has highlighted a number of challenges and areas of focus. Our Council and its work has been compared to a number of other similar authorities, which takes account of population size and make up, percentages of: male/female; working age; overcrowding, ethnic minority population, indices of multiple deprivation, social housing; numbers of court orders and house prices.

- 3.10. The key issues identified are summarised as:
- Friends and family evictions are the biggest cause of homelessness for cases accepted into a Relief Duty. This is 30% compared to a national average of 24%;
  - End of Assured Shorthold tenancies is the biggest cause of homelessness for those entering Prevention Duty;
  - High rates of eviction from supported accommodation providers;
  - Good rates in relation to our Duty to Refer (which is the mechanism by which statutory bodies are required to refer people threatened with homelessness), which demonstrate good partnership working with statutory bodies, including for example Probation;
  - Higher levels of temporary accommodation, which is out of the area - 45% compared with 12% nationally;
  - Higher percentage of people being accommodated through the private sector (at 53.2%) compared to the national rate (33.5%).
  - Lower rate of people being accommodated via social housing (40.4%) compared to nationally (51.5%);
  - The need to re-establish an approach to co-location with other services, which has diminished since the pandemic. This needs to focus on making homelessness a shared priority and everyone's business;
  - Improve the information for the public on our website to make homelessness advice clearer for our citizens.
- 3.11. We have finite resources to do this work. It is therefore essential that we develop greater resilience in our teams, maximising external resources to support the work that we do. Alongside this we need to create a more preventative and early help approach using Proactive (reported to Members previously) and technology (for example through the use of Tell Jo), to maximise our ability to reach more people and enable them to self help, using our people-based resources efficiency.
- 3.12. We recognise the need for much stronger foundations in relation to data, insights and evidence so that the current and future needs of our citizens are better understood, predicted and planned for. We will continue to use LIFT (Low Income Family Tracker) as well as



re-establishing training and colocation with our stakeholders to facilitate and grow how we work with our partners.

3.13. Our developing strategic approach to housing is deeply connected with this Council's core ambitions:

:

- **Fair** - we want to ensure that everyone has access to safe, secure and sustainable housing. We recognise the deep inequalities that exist and challenges some of our residents face with the lowest levels of life expectancy experienced by those that are sleeping rough. Our Wellbeing Strategy, Cost of Living Road Map and Proactive work is utterly focused on how we focus our collective attention on prevention, early help and building greater resilience.
- **Green** - we want to ensure our housing plans actively address climate and ecological emergencies. We therefore want to take the opportunity to build on a wide range of climate action initiatives across carbon, nature and circular economy agendas. We want housing provision to support better mental health and wellbeing and we want homes to be more energy efficient, cheaper to run and, where possible, generate energy. In the context of the cost of living crisis, our strategic approach to housing will maintain a strong focus on just transition, mindful that potential inequities can be reinforced given the current costs involved in transitions to low carbon technology.
- **Local** - As a Council for the [Community](#) our strategic approach to housing will reflect our emerging map of neighbourhoods and places that make up our town, reflecting the unique assets and different opportunities and challenges we have to work with, building clearer and stronger foundations for our temporary housing supply to ensure, where we can, that people remain connected and rooted in their local communities.

3.14. Finally, a foundation for this work is around our [economic principles and community wealth building](#), focusing on local approaches to housing supply and the need to make strong connections between housing and access to good work.

#### **4. Housing Strategy: Enabling People to thrive in their own homes 2020-2023**

4.1. The current Housing Strategy: Enabling People to Thrive in their Own Homes was widely consulted on, produced and agreed by the Joint Strategic Committee in March 2020, setting out four key ambitions:

- secure and appropriate housing for the people of Adur and Worthing;
- individual and community resilience, and economic growth;
- communities to live healthy, secure and purposeful lives;
- partnership with businesses, people, and statutory and voluntary sector agencies.

It also set out three key priorities for action, including:

- Housing-related wellbeing support
- Better homes, stronger communities
- Improving levels of affordable housing supply

4.2 A review of this strategy has been provided annually to the Joint Overview and Scrutiny Committee, with the latest report (19 January 2023), setting out key performance data and progress in relation to the strategy (with the exception of priority three around levels of affordable housing supply).

4.3 Further to this report, some other areas of progress to highlight are set out below:

#### **4.4 Night shelter:**

In response to increased numbers of rough sleepers, the council opened a winter night shelter in the town, as a temporary use of a building. This was vital because of increased homelessness pressures and the loss of night shelter provision that was formerly run by faith groups. This provision is closing at the end of February and will be opened only during March should the SWEPP (Severe Weather Emergency Protocol) be activated.

Below sets out a summary of this work:

- 40 individuals have accessed the provision;

- A number of complex support needs have been identified. A review of this client group is being completed at the close of the current provision to highlight pathways for those that have used the provision and to highlight gaps in supported accommodation provision;
- A significant number of individuals have been in a cycle of sleeping rough for many years and there are significant physical and mental health needs which need to be addressed in order to end their cycle of rough sleeping;
- This provision has affirmed the need for 'Safe to Stay' beds for those new to sleeping rough who need to be assessed and then moved on to provide supported and temporary accommodation (i.e. providing short term stay beds of approx 3 days). This will enable people to move within a supported housing pathway and have their support needs met rather than be evicted and trapped in a cycle of rough sleeping.
- The need for female and male only provision.

#### **4.5 Private sector housing**

The private rented sector continues to be a significant provider of homes in the area. Ensuring these properties are safe not only protects the residents, it reduces the demand on the housing need function. The majority of interventions by the Council are reactive, responding to complaints about housing conditions, sometimes in support of housing applications.

The Private Sector Housing team are actively investigating schemes whereby the emphasis can move from reactive to proactive and provide a firm base to drive the overall improvement in the housing stock in line with the Housing Strategy.

#### **4.6 Housing supply**

As set out above, this has been an extraordinary time, coupled with significant challenges and change for the team tackling demand and supply.

Following publication of the Housing Strategy, In March 2021 the Council published 'Pathways to Affordable Homes', outlining an ambition to deliver 450 new affordable homes in Worthing in the period

between 2021 and 2025. 50 of these would be self-delivered by the Council for the purposes of providing Emergency and Temporary Housing (EA/TA) for eligible households in need. In 2021, refurbishment of the Downview Public House was completed, providing 9 units of EA/TA; added to this, in 2022, the Council completed development of a new block of 8 units adjacent to the Downview, and the refurbishment of an old Freemasons lodge in Rowlands Road was completed providing 19 units.

The Council has recently sought permission for an 11-unit block in Victoria Road, Worthing, which, if consent is granted, is due for completion by Q3 2024. One other refurbishment project is in the feasibility stage and will be brought to members later in 2023, which will potentially provide 5 units, bringing the total either delivered or in design to 52.

But bringing forward affordable housing requires a multi-agency approach. In recognition of this, the council has facilitated a very successful Housing Conference on 23 February 2023 bringing together a wide variety of providers and landlords with the aim of promoting innovation and partnerships to develop all streams of housing - temporary, affordable, social, supported, move on as well as exploring opportunities to increase our Opening Doors portfolio. This was very well attended by a number of partners and developers and demonstrated huge enthusiasm to collaborate locally.

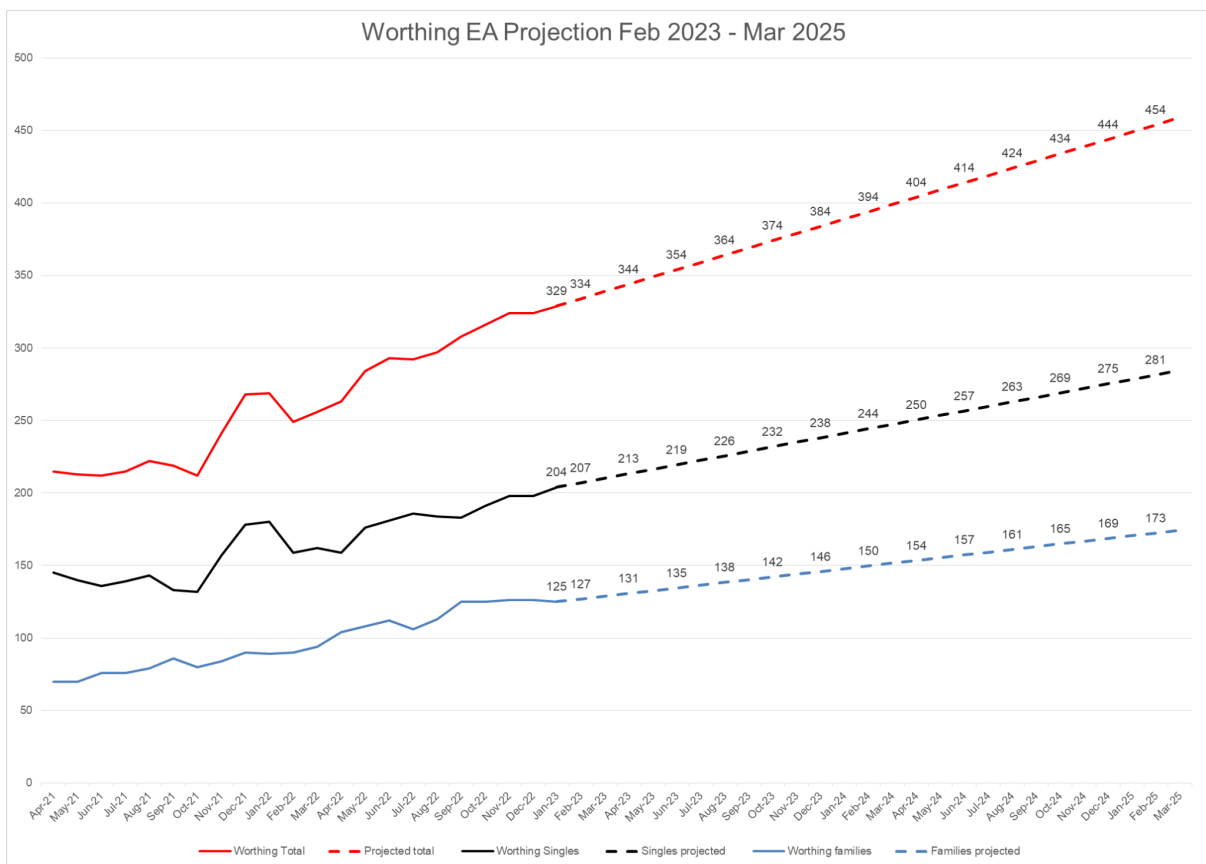
- 4.7 Members are asked to approve an extension of this strategy to the end of March 2024, to provide officers with the time needed to review this strategy and develop a new strategy for the town in line with this administration's ambitions.

## **5.0 Temporary Accommodation Placement and Procurement Strategy 2017-2020**

- 5.1 This strategy sets out the approach to the placement of households in temporary accommodation and the acquisition of suitable accommodation for people who we accept as having an 'interim' and full housing duty.
- 5.2. This strategy was due to be reviewed in 2020 and now needs to be fully reviewed and updated during this year. Members are therefore asked to approve its extension to the end of March 2024 to ensure that we are compliant with the requirement for local authorities to have an up to date policy for procuring sufficient units of temporary

accommodation to meet projected demand, as determined by R (N) v Westminster City Council [2015].

5.3. The service has continued to procure accommodation for the period 2020-2023 in accordance with our existing policy, but our local context: increasing rents and high demand, together with higher than average home ownership makes this a challenging market to achieve low cost contracted accommodation. The new strategy needs to take account of the new context to enable the council to deliver on our new strategy with partners and stakeholders.



## 5. Community Homelessness Prevention Strategy 2017-2022

6.1 This strategy was developed in collaboration with Adur and Worthing Homelessness Partnership, setting out a systematic approach to tackling homelessness through help and interventions to sustain and secure suitable accommodation.

6.2 The Partnership has since ceased to operate and work is now underway to reform a new Homelessness Prevention Partnership, which will include a number of statutory and voluntary sector partners involved in tackling homelessness, with a first meeting planned for

March 2023. This partnership will drive the development of a new homelessness prevention strategy for Adur and Worthing.

- 6.3 To inform this and our broader strategic work, a full [needs assessment](#) of housing needs and homelessness has been commissioned and will be complete in April which will provide important data and insights to inform the development of our approach to tackling demand and housing supply.
- 6.4 In addition to the housing needs assessment the council now has robust data from our homelessness system that will enable us to target prevention interventions, design solutions as well as understand the demographic and support needs of our citizens threatened with or experiencing homelessness.
- 6.5 It is recommended that this existing strategy is extended to enable the development of the new homelessness prevention strategy, again until the end of March 2024.

## 6. Our Roadmap

Officers are developing a broad roadmap to develop, produce and deliver these strategies during 2023/24, which will focus on some key elements:

- 7.1 **Needs assessment:** As described above, this needs assessment will provide the data required to inform the work around housing demand and supply to meet these needs, and needs of those homeless with a report to be provided by the end of April 2023.
- 7.2 **A&W Homelessness Prevention Partnership:** We will establish the new partnership to drive our homelessness and rough sleeping work forward, with the first meeting to be held in March 23 with partners and stakeholders, with partnering with local authority neighbours on workstreams to prevent and relieve homelessness to be explored.
- 7.3 **A&W Homelessness Prevention Strategy:** The Council will establish the new partnership to drive forward a collaborative approach to how we work together in line with council principles to prevent homelessness and rough sleeping and develop a housing first approach to homelessness, with the first meeting to be held in March 2023.

7.4 **Review the Housing Strategy:** with our Members and partners to assess our progress and learning and develop the work required to create our next strategy for Worthing.

7.4 **Review our Temporary Accommodation Placement and Procurement Policy:** we will review and renew our temporary accommodation policy, focusing much more on the use of evidence to inform this work and to develop innovative approaches to how we make the best use of our resources.

## **7. Engagement and Communication**

7.1. We will set out an approach to fully engage and involve our communities and partners in the development of this roadmap. This work will be guided and supported by the Council for the Community approach and the Corporate Plan's (Our Plan) principle of participation.

7.2. A communication and engagement plan will be developed to support this work and ensure our communities of place and identity, including those often excluded and most in need, are heard and responded to.

## **8. Financial Implications**

8.1. The Council has a range of budgets to support the delivery of the current housing strategies detailed above.

8.2. Any new investment needs arising from the development of the new strategies will need to be addressed in the development of the 2024/25 budgets.

## **9. Legal Implications**

9.1. 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.

9.2. Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.

9.3. 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

## Background Papers

- [Our Plan](#)
- [Housing Strategy: Enabling communities to thrive in their own home” 2020-2023;](#)
- [Temporary Accommodation Placement and Procurement Policy](#), and
- [Community Homelessness Strategy 2017-2022](#)
- [Becoming a council for the community: principles and approach](#)
- [Responding to the cost of living emergency in Worthing](#)
- [Adur & Worthing Health and Wellbeing Strategy](#)
- [Economic principles and community wealth building](#)



## **Sustainability & Risk Assessment**

### **1. Economic**

- 1.1 A thriving economy is a key priority for the council and through our new Economic Principles for Worthing we will seek to achieve this, wherever possible, through community wealth building approaches. Community Wealth Building is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people
- 1.2 Providing a decent home that is secure, affordable, warm and modern, supports the wellbeing of our residents, enabling those who are able to work to enter and sustain employment and contribute to economic activity.

### **2. Social**

#### **2.1 Social Value**

- 2.1.1 Helping communities to thrive is a key priority for the Council. Through facilitation and investment we will work to ensure people are healthy, resilient and resourceful, that they can access the right help when they need it and everyone has a safe, secure and sustainable home.
- 2.1.2 Our overarching principles of fairness and participation are based on the explicit intention to work more closely with citizens, to involve them in deeper and more meaningful conversations about service design and delivery. Our work to provide affordable and good quality housing therefore forms a central part of the council's commitments.

#### **2.2 Equality Issues**

- 2.2.1 The council is subject to the general equality duty set out in section 149 of the Equality Act 2010. This duty covers the following protected characteristics: age, gender, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation.
- 2.2.2 In delivering housing services the council must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation
  - Advance equality of opportunity between different groups
  - Foster good relations between different groups
- 2.2.3 The participative principle in Our Plan describes the council's commitment to providing truly inclusive services by listening to

underrepresented voices, creating equal access and meeting our equality duties. As part of our commitments to fairness we want to ensure everyone has access to safe, secure and sustainable housing. We recognise the deep inequalities that exist and that some of our residents face deep seated inequalities.

2.2.4 These commitments and the council's legal duties (Equality Act 2010) will inform the development and delivery of the road map, in relation to eliminating discrimination, advancing equality of opportunity and fostering good relations.

2.2.6 Decisions, actions and areas of investment relating to the road map may require Equality Impact Assessments.

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

2.3.1 The council is committed to the promotion of communities as safe places. We will progress delivery of the councils' community safety commitments by strengthening communities and working in partnership with the Police, communities, businesses and multidisciplinary teams across the council.

2.3.2 As part of our ongoing work to create fair and safe neighbourhoods we will cooperate with relevant partners to promote wellbeing and help prevent and tackle anti-social behaviour.

### **2.4 Human Rights Issues**

- The actions set out in the report will enable the council to identify solutions that will enable our residents, communities and neighbourhoods to flourish.

## **3. Environmental**

3.1 A Thriving Environment is one of the four Missions identified in Our Plan and key actions include achieving net zero carbon, resilience to climate change and increased biodiversity by restoring natural habitats and minimising waste.

3.2 The strategy development process will actively consider and contribute to carbon reduction, waste minimisation and biodiversity improvement objectives. In the context of the cost of living crisis, our green principles will help ensure this work maintains a focus on just transition, mindful of the potential for inequities to be reinforced given the current costs involved in transitions to low carbon technology.

## **4. Governance**

4.1 The draft Housing Strategy mirrors and extends the ambitions for housing set out in Platforms for our Places. It also links with a number of other strategies and plans, which are set out in Chapter 2 “A Connected Strategy”.

4.2 The Strategy will be monitored with regular reports to members on progress.

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WORTHING BOROUGH  
COUNCIL

Joint Strategic Committee  
7 March 2023

Key Decision Yes

Ward(s) Affected: Central Ward, Worthing

## **Union Place - Update on Joint Venture Partnership with Roffey Homes.**

### **Report by the Director for the Economy**

#### **Officer Contact Details**

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#### **Executive Summary**

##### **1. Purpose**

- 1.1 The purpose of this report is to advise members of the Committee on the progress with negotiations with the Council's preferred Joint Venture Partner on the development of the Union Place site, and to seek the Committee's comments on the proposed form of the joint venture agreement for the development of the site.
- 1.2 The report sets out the detailed nature of the proposed joint venture agreement through the formation of an LLP between the Council and Roffey Homes, and the proposal for the Council to invest land into the LLP company at the outset, with a further parcel of land being invested following grant of planning permission. The report sets out how the value of the Council's investment is then matched by Roffey Homes equity and sets out how the development will be funded.
- 1.3 The report updates members on key issues that remain to be resolved surrounding legal powers, procurement, state aid, and tax implications of the proposed joint venture.
- 1.4 The report summarises the work undertaken to date to design the scheme, agree land valuations, and sets out a proposed programme between the joint venture partners to finalise the agreement and deliver the site.

## **2. Recommendations**

- 2.1 To note the progress made in developing and enabling the site since the most recent update to the Joint Strategic Committee in March 2022.
- 2.2 To note the principal purposes of the Council in relation to the development of the site as set out in paragraph 3.3
- 2.2 To note that Officers will obtain updated procurement advice on the final proposals for developing the site and to authorise the Director for the Economy to take any recommended procurement action to appoint the Joint Venture Partner.
- 2.4 To note that a report will be brought back to the Joint Strategic Committee for consideration detailing the final proposed documents, and to seek any required authorisations to continue with the proposed Joint Venture arrangement.

### **3.0 Background to Union Place**

- 3.1 The Worthing Local Plan sets out a number of sites that will be brought forward to deliver market and affordable housing in Worthing over the 2020 - 2036 plan period. Of the fifteen sites identified, seven of these are to be delivered by Worthing Borough Council either directly (such as the Integrated Care Centre on the Civic Centre site), or in conjunction with partners including the Fulbeck Avenue Site, Teville Gate, Union Place and in due course the Grafton site.
- 3.2 Collectively these sites have the capacity to deliver approximately 900 homes and are a key workstream in the Pathways to the Affordable Homes strategy approved by the Committee in March 2021 to deliver the homes needed within the town. The housing-led sites included in the local plan are:
  - Union Place (150 homes)
  - Teville Gate (350 homes)
  - Camping & Caravanning Club (100 homes)
  - Fulbeck Avenue (152 homes)
  - Grafton Car Park (150 homes)
- 3.3 The Council's key purpose of the the council in working with the joint venture partner is to:

- Maximise the number of homes delivered, especially affordable homes
  - Maintain a focused approach to attract government funding and support to aid viability;
  - Bring forward other uses that will enhance the town's centre and promote economic recovery;
  - Deliver high quality design and architecture;
  - Deliver capital receipts that can be used to support the delivery and maintenance of new infrastructure;
- 3.4 This previously developed site lies east of the Connaught Theatre and west of the High Street. It comprises a surface car park adjacent to the theatre acquired by the Council in 2017; a cleared site of unmade ground and footings to the former Police Station acquired by the Council in 2018, and an adjoining small area of car park along the High Street. It is close to Chapel Road (secondary shopping area) and links to the central shopping area via the Guildbourne Centre.
- 3.5 Large parts of this sustainably located site have stood vacant for many years and its comprehensive redevelopment has been supported within planning policy. Its redevelopment will act as a catalyst for change, helping to revitalise the High Street and deliver new housing, amenities and jobs. As such, the site is identified as being strategically important in a number of key documents including the Worthing Investment Prospectus and the Worthing Town Centre Investment Strategy. Redevelopment also has the support of the Coast to Capital Local Growth Fund Local Economic Partnership.
- 3.6 To help accelerate the comprehensive redevelopment of the site, and to de-risk the development, Worthing Borough Council undertook the land assembly before entering into a land-pool agreement with government owned regeneration specialist LCR Property in 2018. A Development Strategy was prepared to deliver a mixed use scheme and planning permission approved by the planning committee in November 2020. The key objective of working with LCR Property was to bring clarity as to what could be delivered on the site in terms of uses, density, scale and height. Then with the risk element of planning reduced to bring in a delivery partner who would see out this agreed plan.
- 3.7 At the February 2022 meeting of JSC members considered an update on marketing the site following the successful enabling exercise with LCR Property. The report identified Roffey Homes as the preferred bidder for the site, and delegated authority to officers to negotiate a joint venture agreement.

This report provides an update on the various issues and seek to progress the scheme by agreeing to enter into the joint venture agreement.

#### **4.0 Unwinding the LCR Property Landpool and Promotion Agreement Arrangements**

- 4.1 There are two key items that need to be addressed to unwind the agreement with LCR Property.
- 4.2 Firstly, as part of the agreement the Council sold the freehold of the surface car park fronting high street to LCR Property. Independent valuations have been procured and a sale price is close to being agreed for this land. As part of the joint venture is it is proposed that the new LLP company would purchase this land directly using equity injected by the JV partner as it is more efficient, and to minimise transaction costs. This will take place as soon as possible following the formation of the company.
- 4.3 Secondly, the agreement formed a mechanism for the Council and LCR to share the costs of enabling and promoting the site. Essentially it allowed for the Council to pay either the costs of promoting the site, or for LCR to capture a percentage of the increase in land value as a result of the grant of planning permission. Officers have negotiated with LCR to cover the costs of promoting the site as this is more favourable to the development overall.
- 4.4 The resolution of these two issue, enable the Council to proceed with the new joint venture with

#### **5.0 Proposed Joint Venture**

- 5.1 Rationale
- 5.2 The Council is proposing to deliver the regeneration of Union Place through a joint venture structure. A Joint Venture is where two parties come together to undertake a property development. Decision making, risk, and reward are shared. Local authority property joint ventures with private sector partners might typically entail the council investing land and capital as equity, with a partner bringing matched investment. Both parties are responsible for delivering the development, which would be managed through a Board structure, and profits are distributed in proportion to investment stake. Joint Ventures are a common way for a public landowner to bring finance and expertise to a development, and are popular with developers as it provides access to land and a way of sharing risk.



5.3 Following a detailed analysis of the options against the key objectives of the council, and detailed discussions with the preferred partner, the joint venture approach was considered the most beneficial. For the Council it provides the following key benefits:

- An experienced Joint Venture partner will bring skills, expertise, capacity and funding to deliver what is a major regeneration project with a gross development value of £50m.
- Risk and reward will be shared on a 50:50 basis.
- The right level of control will be exercised by the Council to ensure that its objectives for the site are achieved.
- The long term opportunity, jointly incentivises both partners to work closely throughout the pre-development and delivery phase to achieve their objectives

5.4 Limited Liability Partnership (LLP)

5.5 A Limited Liability Partnership (LLP) with the preferred joint venture partner will be established to bring forward the development of Union Place. The LLP Members Agreement is the formal contract setting out the relationship between the Council and Roffey Homes. In that document the objectives of the LLP joint venture will be set out and are likely to contain the following:

- a comprehensive regeneration of the Union Place site that responds to the needs of the local community and town centre
- a transformed neighbourhood with a public realm led, high quality living environment and high quality architecture and urban design
- a guaranteed minimum of 20% of the development to be affordable housing assuming full delivery of the scheme, with an ability to achieve more affordable homes should the Council choose to invest returns.
- Appropriate returns to the LLP members as set out in the Business Plan

5.6 LLP Project Documents

5.7 There are a number of key project documents that are required to govern the working of the LLP:

- LLP Members' Joint Venture Agreement – the main agreement between the Council and the preferred joint venture partner setting out the objectives of the LLP, how the business of the joint venture will be

managed and arrangements for profit distribution, settling disputes, default events and termination of the joint venture.

- Loan Notes – these are the financial instruments that set out the arrangements for equity and debt investment into the joint venture to be made by both parties. Subject to the terms of the LLP Members Agreement they also provide for the timing of the repayment of the investment.
- Development Agreement – this agreement will set out how and when land will be transferred from the Council to the joint venture; this agreement is between the Council as landowner and the LLP and places obligations on the LLP to undertake the development in accordance with the Council's requirements.
- Business Plan – the suite of documents that contain the financial model, funding strategy and key delivery strategies
- CPO Indemnity Agreement - this agreement sets out the strategy for land acquisitions and confirms that the LLP indemnifies the Council for any further land acquisition and any CPO costs.

5.8 Other key project issues will be agreed between the parties as part of the business plan:

- Project Management – the delivery of the development requires close and careful management of each stage of the process from design and planning through to construction and handover of the completed homes; this is a core function of commercial developer and a key reason for entering into a partnership
- Construction Management – it is proposed that Roffey Homes will procure all of the individual works packages required to deliver the construction of the new development; the management of this process and the fees are captured in this project plan.
- Corporate Services – an agreement will be reached on company secretary, business support and accountancy and audit services.
- Sales and Marketing - the preferred partner will provide services to the LLP relating to the marketing and disposal of private for sale properties within the new development.

## 5.9 Business Plan

- 5.10 The LLP Board will prepare a Main Business Plan for each annual accounting period. This will be agreed and adopted in line with the provisions of the LLP Members Agreement. The approval of the business plan will be a 'reserved matter' for the relevant Council Committee at the appropriate time throughout the lifetime of the development. The business plan will be recommended for adoption by the LLP Board but approval will be reserved for the Council and Roffey Homes.
- 5.11 Should the development be completed in phases, for each phase of the development the LLP Board will also procure the preparation of a Phase Business Plan. The approval of these phase business plans follows the same format as for the main business plan.
- 5.12 The Main Business Plan and Phase Business Plans, will be subject to Joint Strategic Sub Committee approval at the appropriate time throughout the lifetime of the development.
- 5.13 An outline LLP Business Plan template has been prepared with Roffey Homes as part of the preferred bidder stage. The template business plan covers the following:
- 1) Financial model
  - 2) Funding strategy
  - 3) Governance & management
  - 4) Outline development proposals
  - 5) Site assembly strategy
  - 6) Planning strategy
  - 7) Participation & Engagement strategy
  - 8) Sales & marketing strategy
  - 9) Construction procurement
  - 10) Programme
  - 11) Risk register

## 6.0 Governance

### 6.1 LLP Board

- 6.2 In the event of the proposed Joint Venture being approved the LLP Board would start to operate formally as set out in the LLP Members Agreement. The Board is constituted for the purpose of delivering the agreed business plan. Board members are responsible for monitoring the project, agreeing strategy and making decisions within the parameters of the LLP Members Agreement. It is assumed that the LLP Board will meet monthly.
- 6.3 In terms of representation on the board, the proposal is for there to be one Council representatives and one representative from the joint venture partner. Each organisation have one vote. The Joint Venutre agreement will contain mechanisms for dispute resolution in the event of a deadlock in agreement.
- 6.4 It is proposed that the role of Chairperson will alternate annually between the Council and Roffey representatives.
- 6.5 The LLP Board will routinely receive reports on a range of project matters with a standing agenda likely to be as follows:
- approval of minutes of the previous meeting
  - review of actions from the previous meeting
  - urgent matters
  - Design update
  - resident engagement
  - social value
  - Business plan
  - statutory matters raised by the Company Secretary
- 6.6 The LLP Board will approve the initial business plan and periodic updates, the overall masterplan, and proposals for each phase of development including the scope, design and viability of each phase.
- 6.7 Executive Group
- 6.8 An Executive Group consisting of council officers and Roffey Homes staff with day to day responsibility for the project, and will report to the LLP Board. The Group will meet monthly to coordinate all of the workstreams, monitor progress and agree reporting to the LLP Board.
- 6.9 The Executive Group will consist of representatives from the development project management team, regeneration, housing and sales and marketing teams. The group will prepare reports for decision or review by the LLP Board.
- 6.10 Assurances Back to the Council

6.11 In addition to the governance arrangements set out above, the Council retains approvals rights for the following matters:

- as joint landowner, to approve the design prior to submission for planning
- Approval of the Business Plan and any phase business plans
- The Council will retain independent advisors outside the LLP governance to provide additional assurance and due diligence in approving matters such as the Business Plan
- Regular reports on the performance of the LLP will be reported back to the Council at appropriate points throughout the development

6.12 LLP Funding

6.13 The project will be funded and approved phase by phase on a 50:50 basis. At the establishment of the LLP:

- The Council will transfer Sites B & C into the LLP. Site A will be transferred as soon as agreement is reached with NCP on their lease. The value of the land will be matched by Roffey Homes with an equivalent cash facility which will be drawn down by the LLP as required.
- The Council's land and Roffey's matched funding is termed the 'equity' investment into the LLP
- The LLP will then establish how much funding is needed to build out the development phase in total, which includes planning and architects fees, construction, interest on loans during the development period, sales and marketing costs and project management and development profit.
- The 'equity' investment will not cover the total cost of developing the site. The LLP will need then secure debt financing to fund the balance. This debt financing or borrowing can come from either the Council, Roffey or a third party e.g. a bank.

6.14 Upon the successful delivery of a phase of the development the LLP Agreement sets out the following distribution of receipts held by the LLP. Receipts will be paid out in the following priority order:

- Debt financing will be repaid to the provider

- Any additional equity investment required from the Council and Roffey Homes will be paid back
- Payment to Council for land value and payment to Roffey Homes for matched cash investment
- Profit paid to both parties
- If WBC elects to retain commercial properties or the car park, the agreed value of these units will be 'off-set' against WBC share of distributions.

6.15 Should a profit be likely, the Council will have an option to use this profit to purchase additional homes for affordable housing in lieu of profit.

## **7.0 Proposed Scheme**

7.1 The proposed development is a housing led mixed use development including parking, and commercial space. The proposal incorporates a ground floor car park with residential housing blocks which face inwards to create residential courtyards, and outwards to form an attractive street frontage facing Union Place and the High Street. Taller elements would lie towards the centre of the site. The proposals include:

- Vehicular access is to move to Chatsworth Road to allow for a better urban treatment to Union Place.
- A further 5000 sq ft of commercial space is to be integrated at ground floor level.
- The current proposal will generate a proposed 217 housing units with an undercroft carpark that will replace the current Union Place (NCP) car park and provide parking for residents. 48 units will be a mix of social, affordable and intermediate housing, 10 units will be live work units
- The proposal is for the scheme to be policy compliant in terms of affordable housing delivering 48 affordable homes (22%). Nominations would be reserved to those on the Worthing Borough Council housing register. The Council would have the option to increase the amount of affordable homes using any profits that it makes from the development, and would take a decision on this when more evidence is available.
- The development would be required to comply with the Worthing Local Plan's requirement to connect to the proposed Worthing Heat Network contributing to the scheme's viability.

7.2 In line with planning policy requirements in the forthcoming Worthing Local Plan, the scheme would connect to the Worthing Heat Network that is reported on elsewhere on this committee agenda.

## **8.0 Proposed Milestones**

8.1 This report provides a late stage update for members but in advance of all the required advice on issues such as procurement, state-aid, tax, and valuations being completed and this report asks members to note and comment on the proposals rather than to confirm them and enter into the agreement. The final draft of the joint venture agreement will be amended to reflect this advice and to deal with any issues arising. It is anticipated that this advice will be forthcoming over the coming weeks and that final form of the agreement will be ready for consideration at the Joint Strategic Sub-Committee at the first meeting of the new municipal year.

8.2 Initial public consultation to identify issues and options for the proposed designs took place between November 16th and December 7th 2022 and a public display took place in the Guidlbourne Centre. A further round of consultation is planned to take place in March 2023.

8.3 Following final approval of the agreement it is anticipated that a planning application would be submitted in Summer 2023, with an aim for it to be approved by Christmas 2023.

8.4 A start on site would follow in Spring 2024, with the first completions and keys handed over to new homesowners in Spring/Summer 2025.

## **9.0 Financial Implications**

9.1 The proposed agreement will require the Council to transfer two substantial assets (NCP car park and land at Union Place) into the Joint Venture with a combined balance sheet value of £6.1m as at 31st March 2022. These values are based on the current use of the car park site and, in the case of the land at Union Place, on the potential use for affordable housing. These values will need to be reviewed and updated as part of the process of setting up the joint venture to ensure that they reflect any updated information regarding use. The Council has outstanding debt of £5.4m associated with the purchase of the car park.

9.2 The proposed development is split into two phases. As part of phase 1, the High Street Surface Car Park will be purchased by the Joint Venture Company

from LCR. Consequently, the Council will lose this site as a surface car park. Currently the Council achieves net income of £52,000 from this site. The Council will need to adjust the budget to reflect this loss of income as part of the 2024/25 budget development.

### 9.3 ***Union Place car park:***

9.3.1 As part of Phase 2, it is proposed to transfer the NCP car park into the Joint Venture provided that the Council can reach agreement with NCP regarding their current lease. Currently the Council benefits for £344,780 income per year. The current proposal is that the Council will benefit from the new car park and that the lease is offered to NCP on similar terms. However, until the new lease is agreed, it is uncertain what the potential income for the site is.

9.3.3 If the car park is redeveloped, the Council will also lose the business rate income. The car park has a rateable value of 60,500 and generates £39,190 business rates per year. If the site is redeveloped the Council will lose the business rate income which will result in a net loss of £6,040 to the Council in retained business rates.

9.3.3 If NCP does not agree to give up the lease on the existing site, then if the Council wishes to purchase the land substantial costs would be incurred. The lease on the car park is for 34 years and 11 months from June 2002 with a tenant-only option to extend the lease for a term of 20 years from the initial term expiry. The rents are increased annually by 3%. Given the terms of the lease, NCP would be eligible for significant compensation. However the Council is not bound to purchase the site under the proposed agreement with Roffey Homes.

### 9.4 ***Unwinding the land pooling agreement***

9.4.1 The Council is in a land pooling agreement with LCR as referred to in paragraph 3.6 above. LCR as part of this agreement purchased High Street Car Park for £456,000 and agreed to support the development of the whole site. Under the terms of the agreement, LCR would have the ability to reclaim any development costs from any profit generated from the development of the combined site based on it's share of the overall value of the land and any development costs.

9.4.2 As the Council is now entering into a Joint Venture with Roffey Homes, the Land Pooling Agreement with LCR will need to be brought to an end and



this process has commenced. Under the terms of this existing agreement it is proposed that:

- The new Joint Venture purchases the land at the original price; and
- WBC reimburses LCR for the costs incurred in promoting the site and obtaining outline planning consent

The current land pooling agreement contains provisions which allow for this to occur. The extent of any payment to LCR is still being established but will be reported to members as soon as the final figures are available.

#### **10.5 *Financial benefit of the proposed JV:***

10.5.1 The overall financial benefit of this proposal will depend on the final costs of development. Preliminary viability modelling indicates that the Council should receive a receipt to the value of £6m which will enable the Council to repay any debt associated with the purchase of the Union Place car park with a small surplus. Although the option remains to take assets to the value of the receipt in the form of the car park (retaining the rental income) or commercial property.

10.5.2 In addition to the capital receipt, the Council will also benefit from any Council Tax and 20% of any potential business rate income. As the site should generate 217 new flats when fully built out, this will generate additional Council Tax for the Council of approximately £58,000. In addition, the Council will benefit from 20% of any additional business rate income generated from the development.

#### **10.6 *Cost of setting up the joint venture:***

The Council is currently seeking legal advice on the proposed arrangements. It is likely that during the development of this project the council will incur a further £62,000 in legal advice and other specialist surveying and valuation advice. It is intended to fund these costs from within the Major Projects consultancy budget of £225,750. Any costs incurred to date (circa £45,000) have also been funded by this budget.

#### **10.5 *Accounting requirement for JVs:***

The Council will have a 50% interest in the new Joint Venture. Consequently the Council will need to recognise the value of its share of the Joint Venture within its own statement of accounts. As the parties have equal shares in the Joint Venture, the Council will need to recognise the asset within its accounts

as an investment in accordance with the accounting treatment set out in the CIPFA Local Authority Code of Practice.

To meet these requirements, the Council will need to seek technical advice on setting up the new arrangements and then on the valuation on an annual basis. It is intended that the Council externalise the valuation of the JV at a potential cost of £5k per year.

## **11.0 Legal Considerations**

- 11.1 Under section 111 of the Local Government Act 1972 the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 11.2 Section 3(1) of the Local Government Act 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.
- 11.3 Section 1 of the Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available of assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.
- 11.4 The Public Contract Regulations 2015 state that where a public authority is to enter into a works contract in excess of £5,336,937.00 any procurement exercise to contract for those services must be conducted in accordance with the regulations and a failure to do so may be declared upon receipt of a procurement challenge anti-competitive and in breach of the regulations. The Council must update its procurement advice on the terms of the proposed final arrangement prior to entering into a Joint Venture arrangement with a partner.
- 11.5 Section 123 of the Local Government Act 1972 provides the Council with the power to dispose of land with the caveat that the Council must not do so for a consideration less than the best that can be reasonably obtained.
- 11.6 Circular 06/03 Local Government Act 1972 General Disposal Consent (England) 2003 provides criteria and guidance for circumstances for when a local authority considers it appropriate to dispose of land as an under-value.
- 11.7 Section 8 of the Local Authorities (Executive Arrangements) Meetings and Access to Information (England) Regulations 2012 sets out the meaning of a

“key decision” which is further defined in Article 12 of the Council’s Constitution.

- 11.8 Paragraph 3.12.3 of the Officer’s Scheme of Delegations provides authority to the Head of Major Projects and Investment to dispose of land in connection with the Council’s functions and to grant leases, easements, licences and wayleaves of, in, or over buildings or land in connection with the Council’s functions.
- 11.9 Paragraph 1.11 provides that all delegations shall be exercised in accordance with the Constitution and paragraph 1.12 provides that any officer exercising a delegation shall only do so in accordance with the Financial Procedure Rules.
- 11.10 The Council has obtained external legal advice in respect of the creation of the LLP; the documents referred to in paragraph 4.7 of this report and the transfer of the land into the LLP referred to in paragraph 5.16 of this report.

### **Background Papers**

- Report to Joint Strategic Committee 06/11/2018 - Union Place Update
- Report to Joint Strategic Committee 10/04/2018 - Union Place Redevelopment
- Report to Joint Strategic Committee 08/02/2022 - Union Place - selection of preferred developer
- Report to Joint Strategic Committee 16/03/2022 - Union Place Joint Venture with Roffey Homes Update

## Sustainability & Risk Assessment

### 1. Economic

The proposal to market the site for a mixed use scheme accords with the Adur and Worthing Economic Plan 2013 - 2023 where the Economic Priorities are named as Support Business, Develop Growth, Enhance Business Environment, Advance Local Skills, Encourage Sustainability and Promote Health and Wellbeing. The Economic Plan also states “It is vital that Adur and Worthing provides foundations for business to operate effectively” and promotes the following aims:

- Support Business
- Develop Growth
- Enhance Business Environment
- Advance Local Skills
- Encourage Sustainability
- Promote Health and Wellbeing

### 2. Social

**2.1 Social Value** the proposed approach to development of the site with mixed use will enhance the town and help to support the economic prosperity of the District.

**2.2 Equality Issues** Matter considered and no issues identified.

**2.3 Community Safety Issues** Matter considered and no issues identified.

**2.4 Human Rights Issues** Matter considered and no issues identified.

### 3. Environmental

It is considered that the existing undeveloped site contributes little in terms of biodiversity or ecology and that the sensitive redevelopment of the site provides opportunities to enhance these aspects. Buildings will be built to high standards of sustainability.

### 4. Governance

An internal officer board consisting of representatives from key departments essential to successful delivery has met and reviewed the programme at key stages of the marketing exercise.



WORTHING BOROUGH  
COUNCIL

Worthing Joint Strategic Sub-Committee  
6 March 2023

Key Decision [~~Yes~~/No]

Ward(s) Affected: All  
Cabinet Portfolio: Regeneration

## **Review of Governance and Procedures for Administering the CIL Neighbourhood Fund**

### **Report by the Director for the Economy**

#### **Officer Contact Details**

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#### **Executive Summary**

##### **1. Purpose**

1.1. The purpose of this report is to present a change to the process for distribution of CIL funds that better reflects the Council's ambition to become a Council for the community. The intention is to drive meaningful change in our approach to decision making that empowers local communities to have more influence on how CIL monies are spent at a neighbourhood level.

##### **2. Recommendations**

2.1. The Committee is recommended to:

- a. approve the proposed changes to the CIL Neighbourhood Fund process
- b. note the suggested timeline for the next round of applications to the Fund

### **3. Context**

#### **Becoming a Council for the Community - the role of CIL**

- 3.1 The recent report 'becoming a council for our community,' adopted at the February JSC Sub-Committee, recognised the significance of a new approach to CIL as one of the first steps toward driving meaningful change by empowering local groups to make decisions on how and where funds are spent in their neighbourhoods.
- 3.2 The redesign of the CIL process will help to:
- Widen the reach and inclusivity of the CIL fund across our communities;
  - Strengthen inclusivity;
  - Provide greater transparency and openness;
  - And mindful of a genuine ambition to become a council for the community, it will allow the Council not just to collaborate, but, when necessary, 'step back' and enable communities to be better able to act for themselves.
- 3.3 Ultimately, CIL will need to respond to our work toward identifying 'map of place' referred to in 'building a council for our community,' and founded on insight and data on how people understand and recognise their neighbourhoods, rather than working within the traditional administrative boundaries such as local wards. In the meantime, the grouping of wards as part of a revised approach is intended as a confident 'first step' toward a neighbourhood based approach. Ward councillors will continue to play an important role in engaging with local communities and as part of the decision making process.

#### **The current position**

- 3.4 15% of all Community Infrastructure Levy (CIL) receipts are for 'neighbourhood funding', as detailed in the CIL Regulations (as amended). The intention of this proportion of CIL receipts is to provide infrastructure improvements in close proximity to where development takes place. It is up to the local community to decide how these funds should be spent.
- 3.5 In the absence of parishes and neighbourhood plans, which is the case in Worthing, the CIL Regulations allow the Council to design its own bespoke definition of what constitutes a local neighbourhood area for the purpose of

allocating the CIL neighbourhood fund. To date, wards have been the starting point for allocating neighbourhood funds.

3.6 A total of 12 applications were received in 2021 for the first round of funding. Of these, ten community groups have been awarded CIL Neighbourhood Funds totalling nearly £72,000. The applications were from 5 different wards and included a range of projects. As of January 2023, a total of over £40,000 has been distributed to the groups and spent on much needed infrastructure projects.

3.7 As CIL funds are collected at the commencement of a development, the amount of funds received has continued to increase. As at 7th February 2023, there was a total of over £650,000 available in the CIL Neighbourhood Pot. This included the following Wards with over £50k of receipts:

- Northbrook - £341,587.67
- Central - £166,989.21
- Marine - £55,546.47

3.8 Overall, for a new funding scheme and set of procedures, it was considered that the first round of CIL Neighbourhood bidding worked well. However, as with any new process, it was acknowledged that there were elements that could be improved. The redesign of the fund would help the Borough Council to:

- widen the reach of the fund
- make the process more transparent
- start to 'shift the dial' to enable more community input in determining how funds are allocated

### **Review Process**

3.9 Officers established a Multidisciplinary Team (MDT) in April 2022, which consisted of Officers from a range of Council departments: Community Infrastructure Officer; Participation Lead; Service Designer; and, Communications Officer. The aim was to gather different perspectives on the aims of CIL Neighbourhood Fund, as part of the review of how the fund could work more effectively. The MDT has also consulted with Community Works, a trusted partner with lots of knowledge of grant funding applications.

3.10 A shared understanding was developed into an applicant journey map which was then used to build a collective understanding of what could work differently

to enable the fund to better meet its aims. A number of internal workshops were held between officers and members between July 2022 and November 2022 to discuss how the CIL Neighbourhood Fund process could be improved.

- 3.11 A workshop was also held with a number of community groups in September 2022 and resulted in a map of the ideal pathway from their perspective, having previously applied for grant funding. A meeting with London Borough of Newham also helped gain an understanding of their community assemblies process which allocates funding to community groups and residents on an annual basis. They have a large team who organise the process and have built an in-house platform/tool (<https://newhamco-create.co.uk/en/>) that enables them to engage a much wider audience.
- 3.12 In November 2022, a meeting was held with the Worthing Community Chest (WCC) to gain an understanding of their panel assessment process for providing grant funding to community groups. WCC indicated that it gets positive feedback from community groups in particular that they feel part of the overall process. In this respect WCC felt that community groups who often have the best understanding of what the community 'needs' are and how best to run and support infrastructure projects in Worthing. Community groups represented were also keen to suggest that funding should be Borough wide as a number of the charities represented provided support and infrastructure to individuals and groups from across the whole of Worthing.
- 3.13 Meeting with Bournemouth, Christchurch and Poole Council in December 2022 to discuss how they run the CIL Neighbourhood Fund. They use wards for the allocation of CIL funding and run 2-3 funding rounds per year, however they receive a much larger amount of CIL funds than WBC. Their assessment panel is made up of 2 Planning Policy officers and 3 Councillors (from a mix of political parties). They will fund up to £50k for each community group.

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

- 4.1 After the workshops described above and reviewing best practice from other local authorities, the table below describes the proposed CIL Neighbourhood Funding process for 2023. The main changes from the previous process are:
- Introduce a new 'Expression of Interest' stage. This would also allow for formally constituted community groups/community 'umbrella' groups to support/sponsor locally based un-constituted groups to collaborate with the Council to direct CIL funds to specific neighbourhood projects. As part



of this commitment the sponsor body will need to commit to signing the CIL funding agreement with the Council and overseeing the use of funds.

- Allocate the funding based on 'CIL areas' (groupings of wards) where the development takes place, with the CIL receipts pooled and to be opened up to applications if an area has over £10k available - this meets the aim of the CIL Neighbourhood Fund to mitigate the local impacts of development, whilst allowing neighbouring areas to also receive funding. It also forms that first step towards a more place based model.
- Increased maximum allocation of CIL funds from £10k to £15k (only where this amount of money is available in a CIL area)
- A panel assessment of applications involving community groups and stakeholders and Ward Councillors
- Consider the scope for revenue funding rather than just capital projects. A number of community groups struggle with rising energy costs etc. and whilst it would be important that this is not seen as ongoing revenue support, providing one-off emergency funding could help keep organisations and facilities alive whilst longer term funding solutions are secured
- Ensure that any revenue funding to create a new role or rent premises is time limited and the community group seeks alternative funding once the neighbourhood funding runs out
- Allow for the Council to specify particular infrastructure types which would be supported through CIL Neighbourhood funds, i.e. to support addressing the climate change challenge

4.2 The suggested aggregated groups of Wards which will form the Worthing 'CIL areas' as set out below, together with the amount of Neighbourhood funding currently collected in each aggregated area (as at 07/02/2023):

**Coastal East: Heene, Central and Selden:**

Pot: H £5K; C £167K; S £3K - Total £175K

**Coastal West: Marine and Goring:**

Pot: M £55K; G £29K - Total £84K

**North West: Northbrook, Castle and Durrington:**

Pot: N £342K; C £0K; D £23K - Total £365K

**North: Tarring, Gaisford and Salvington:**

Pot: T £9K; G £0K; S £17K - Total: £26K

**North East: Broadwater and Offington:**

Pot: B £1K, O £7K - Total: £8K

- 4.3 This approach to aggregating Wards is a step towards a more place based way of working which can be shaped more directly by local communities based on the concept of 15 minute neighbourhoods rather than artificially defined administrative boundaries. As the CIL work develops this is one of the design questions which we will continue to explore in order to develop a ‘map of place’ which reflects how our communities live their lives.
- 4.4 The previously approved maximum bid was set at £10k, however, with aggregated Wards and having regard to the amount of CIL collected it would be appropriate to increase this figure. A total bid of up to £15k may be considered appropriate by Members (where funds allow in any given aggregated group of Wards). Applications for larger sums, of up to £30K, could be considered in CIL areas where the pot is greater than £50K, providing the applicants can demonstrate that they have actively sought matching funds from alternative funding providers. The minimum CIL bids would remain at £1k.
- 4.5 The proposed step-by-step application process is as follows:

Step	Stage	Why?
1	Wards are grouped as per above, with an area only being opened up to applications, if there is £10k collected in the CIL pot.	Allows for funds to be redistributed to neighbouring areas. Also, some projects do not necessarily fit into ‘wards’.
2	Open up ‘Expressions of Interest’ stage for community groups. Quick turnaround to let groups know the outcome. This stage includes the opportunity for sponsoring bodies to confirm their likely involvement.	Allows initial sifting of proposals. WBC can also refer groups to Community Works, should they need help, for example, getting constituted or a bank account etc.
3	Connect community groups with each other and to relevant ward members	Encourage ‘joint bids’ and consultation with Councillors.
4	‘Simple’ application form to be completed by applicant	Understand how much CIL is being requested and what the project is.
5	WBC officers check through	Checks should be only to

	applications	consider whether the application is duplicating something already planned and make sure there are no practical or technical questions with the application – it should not be to pass judgement on whether the application is appropriate.
6	Councillors have a say on projects in their ward	All ward members can comment on applications in their CIL area
7	Panel members are finalised, training is provided and members declare any conflicts of interest with applications which are to be assessed	Training to ensure all panel members are up to speed on process etc. Ensure a fair and transparent process
8	Projects are sent through to a (semi-formal) panel stage. The panel is to consist of councillors, including at least one Cabinet member, a local councillor and representatives of community and voluntary sector organisations active in the neighbourhood area (or the combined wards prior to the neighbourhoods being defined).	Panels discuss the plans with the applicants - to be held in public.
9	An assessment is made by the panel (in private) and published.	Scores undertaken by the panel using reasoned and pre-published criteria.
10	The panel shares their feedback with the group	Important to give feedback to applicants
11	Recommendations from the panel are included in a report to the Cabinet member for Communities and Young People who has the final say on which bids are approved	The member would have the opportunity to refer individual applications back to the panel concerned for further information. Only in exceptional circumstances would the Cabinet member be able to veto a recommendation.
12	Formal process starts for allowing transfer of funds, starting with signing CIL fund agreement	

4.6 A number of details need to be confirmed prior to the commencement of the application process and this can be agreed with the relevant Cabinet Members, however, this report sets out the principal changes. The proposed timeline for the next round of the CIL Neighbourhood Fund process is to open up the opportunity for submissions in April 2023 and look to make the next round of awards in July 2023.

## **5. Engagement and Communication**

5.1 As discussed above, a number of internal and external workshops have been held to review the CIL Neighbourhood Fund process.

5.2 The internal workshops have involved the CIL Multidisciplinary Team (MDT), Head of Planning & Development, Planning Policy Manager (Worthing), Democratic Services Lead, Cllr Carl Walker, Cllr Jim Deen and Cllr John Turley.

5.3 The external workshop involved 11 members of the public, from a range of community groups. These included: Residents' Associations; Not-for-profit organisations; Scout Groups; and Charities.

## **6. Financial Implications**

6.1 The CIL funding (15% of all receipts) gives the Council the opportunity to provide funding to community groups to provide much needed infrastructure which may not otherwise be delivered. This is in line with the CIL Regulations (as amended).

6.2 The Council employs an Officer to administer the scheme. This post is funded from the 5% administration share of the CIL generated.

6.3 There would be the requirement for some Council teams to provide assistance with regards to the assessment of the 'bids' for funding which are received. This would be delivered within existing resources.

## **7. Legal Implications**

7.1 Legislation governing the development, administration and governance of CIL is contained within the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (as amended). The Department for Levelling Up,

Housing and Communities (DLUHC) has also provided CIL guidance that needs to be followed.

- 7.2 Governance arrangements that are consistent with the CIL Regulations must be agreed. If they are not then the Council runs the risk of complaints and/or challenges from developers and these could then be upheld by the Local Government Ombudsman.
- 7.3 Under the Equalities Act 2010 the Council has a “public sector equality duty”. This means that in taking decisions and carrying out its functions it must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the 2010 Act; to advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it; and to foster good relations between persons who share a relevant protected characteristic and those who do not share it. All decisions on spending CIL will themselves be subject to assessment to ensure the 2010 Act duties are complied with.

### **Background Papers**

- Joint Strategic Committee 2 April 2019, agenda item 7 - Worthing Community Infrastructure Levy - Governance and Procedural Matters
- Joint Strategic Committee 1 February 2018, agenda item 7 - Community Infrastructure Levy - Governance Arrangements
- CIL Regulations (as amended)

## **Sustainability & Risk Assessment**

### **1. Economic**

- The efficient collection and distribution of money collected in the CIL Neighbourhood Pot (15%) will help to ensure that infrastructure is delivered alongside development to meet the identified needs of new and existing residents, communities and businesses.
- This money will be used by community groups to provide much needed infrastructure in the areas where development has taken place.

### **2. Social**

#### **2.1 Social Value**

- The efficient and transparent governance of the CIL Neighbourhood Fund will ensure that money collected is spent on projects that provide the greatest benefit to the community.

#### **2.2 Equality Issues**

- Issues relating to race, disability, gender and equality have been considered and it is not felt that CIL will have an adverse impact on any social group. Our Comms will try to ensure that all the relevant groups are made aware of the fund. In reality, by making communities more sustainable, CIL will facilitate economic growth and help to deliver improved services. The infrastructure and services that CIL can provide (such as community facilities and transport networks) could enhance liveability for all sectors of society, and could help to deliver new infrastructure that serves different needs within the community.

#### **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**

- The Council has overarching responsibility for the allocation of CIL monies and reporting of monies collected and spent. The protocols proposed and being taken forward, will enhance the Council's reputation as they will

ensure that CIL is managed in a transparent way and in accordance with the CIL Regulations.

- Without clear and robust governance arrangements being in place, the Council could be open to challenge on the basis of maladministration of CIL funds.
- The efficient distribution of money collected through CIL will help to ensure that infrastructure is delivered alongside development to meet the identified needs. This will help to contribute towards meeting many Council priorities.

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WORTHING BOROUGH  
COUNCIL

Worthing Joint Strategic Sub-Committee  
6 March 2023

Key Decision [No]

Ward(s) Affected: All  
Cabinet Portfolio: Culture & Leisure

## **New Culture Principles for Worthing**

### **Report by the Director for the Economy**

#### **Officer Contact Details**

Andy Willems  
Head of Place & Economy  
Tel: 01273 263179  
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#### **Executive Summary**

##### **1. Purpose**

- 1.1. The purpose of this report is to outline Worthing Council's approach for supporting the cultural and creative sector and to outline the headline principles that will guide the approach.
- 1.2. The key pillars of the Council's support to the sector reflect the vision of the Council: fair, green and local.
- 1.3. The report sets out the commitment to make the best use of Council assets to support the sector for the benefit of our residents together with the wider economic benefits associated with places that people value and enjoy.
- 1.4. A foundation to this cultural approach is community wealth building. This is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people.

## 2. Recommendations

- 2.1. To develop the Arts Forum (outlined in 3.6) to be an effective reference group linking, and working with, an Officer / Member Working Group. To share and develop the principles with the Arts Forum and engage them fully in the shaping of a Cultural Plan.
- 2.2. For the Officer / Member Working Group to manage progress and report back, and take influence from, the Arts Forum and other creative networks. To delegate to the Director for the Economy authority to agree the terms of reference for the working group in consultation with the Executive Member which shall include the requirement to report back to the Committee (at such intervals to be agreed in the terms of reference) with further recommendations to the Committee.
- 2.3. For the Working Group to design and develop outcome measures to be reported to the Committee within appropriate timeframes as directed by the terms of reference.
- 2.4. To further develop the principles, moving into the development of a Cultural Plan, as outlined in section 7. This should cross-reference to developing Service and Project Plans, as part of Our Plan.

## 3. Context

- 3.1. According to recent data from the Department for Digital, Culture, Media and Sport (DCMS), the [creative industries sector contributed £109bn to the UK economy in 2021](#). This is equivalent to 5.6% of the UK economy that year.
- 3.2. Growth in both the creative industries sector and the economy as a whole declined in September 2022 compared to the previous month. However, overall, the creative industries sector grew by 6.9% in September 2022 compared with the same month in 2021. The creative industries sector saw a faster recovery in employment after the pandemic when compared with the rest of the UK economy. In 2021, there were [3mn filled jobs in the creative industries](#).
- 3.3. The UK government provides funding to creative industries and the arts through direct funding (as below). It also provides funding through arms-length bodies such as [Arts Council England](#). The following programmes are currently available and should be targeted as part of the principles and Plan:

- **Cultural Investment Fund:** a package of the three capital funds made up of the Cultural Development Fund (CDF), Museum Estate and Development Fund (MEND) and Libraries Improvement Fund (LIF). Future rounds of funding are anticipated with £48 million already invested in the cultural sector.
  - **Create Growth Programme:** this fund is to ensure creative businesses (in targeted regions) are able to access finance to support growth. East and West Sussex has been identified as a priority region which should benefit our cultural businesses in Worthing.
- 3.4. In developing Culture Principles and a Plan in Worthing, the Council needs to be cognizant of regional and national policy. On 4 November 2022, [Arts Council England published its 2023–26 investment programme](#). This outlines the strategic intent of one of the main funders of cultural activity.
- 3.5. At a local level, the Council, in partnership with Adur District Council, developed the [Adur & Worthing Cultural Strategy - Commitment to Culture in 2016](#). Whilst a number of references and interventions are still valid today, due to the time lapse and change in political approach, the Council believes it's the right time to develop a new Plan for Worthing, built on community-led principles.
- 3.6. To ensure an immediate impact post May 2022, the Council has established an Arts Forum. Whilst still in its infancy, this group has quickly established itself as a key component of the Worthing cultural landscape and provides scope to ensure the finalised principles and Plan are embedded in the community and sector. This developing group is a 'collective' of organisations, venues and individuals representing the creative and cultural sector across Worthing.
- 3.7. In addition, the Council has continued to support the sector by supporting the delivery of outdoor events, whilst also working in contractual partnership with Worthing Theatres & Museum regarding the Council's cultural venues, as well as with the Adur & Worthing Trust regarding Colonnade House Creative Hub. As a new addition in 2023, and to provide a marked change, the Council are currently working with a number of organisations, venues and individuals to stage the first Worthing Festival. This multi-venue and multi-genre festival will take place from 10th - 18th June 2023.
- 3.8. It's important to note that the development of the cultural principles and Plan will clearly reference the Council's commitment to being fair, green and local. Broadly this includes:

- **Fair:** Worthing Council believes in an inclusive, resilient economy which provides stability, high quality opportunities for all and a social safety net at its core.
  - **Green:** With business partnerships and networks, providing effective tools to enable businesses to better understand their carbon footprint and take action to drive to net zero, supporting our ambition for Worthing to be net zero by 2045.
  - **Local:** Adopt an approach of community wealth building; a people-centred approach to local economic development that seeks to provide resilience where there is risk and local economic security where there is uncertainty.
- 3.9. Further details relating to the commitments under 3.8 can be found in the [New Economic Principles for Worthing paper](#), presented to the Worthing Joint Strategic Sub-Committee on 5 December 2022.
- 3.10. It should also be noted that the principles and Plan, will also investigate how the cultural and creative sectors, partnering with the Council, can also support the evening and night time economy of Worthing.

#### 4. Setting in a sub-regional context

- 4.1. As outlined in the Coastal West Sussex report (see background papers), the official business register data suggests that in March 2020 there were approximately 1,475 creative industry businesses operating in the Coastal West Sussex (CWS) region, with an additional 2,985 creative industry businesses operating in Brighton and Hove (B&H).
- 4.2. Across Coastal West Sussex (CWS), the data suggests Chichester and Worthing have a significant Creative Industries presence. In regards to the different subsectors of the Creative Industries, it found the majority of activity taking place in IT, software and computer services which accounts for 45% of all CI businesses and in Film, TV, video, radio and photography, which accounts for 13% of all creative businesses.
- 4.3. The CWS report also references the growth rates for Creative Industry businesses from 2016-2020, alongside some benchmark comparisons. The CWS area has seen growth of 10% in Creative Industries businesses over the past five years, exceeding the UK national average of 8%. Worthing shows the highest growth at 16%. The Worthing creative industries micro-cluster is the fastest growing micro-cluster in the CWS region. It is relatively diverse in its sectoral make-up, but has a high concentration of web design and branding companies alongside a growing number of video production, visual effects and animation companies. The cluster also houses at least 6

recording studios, suggesting strong links with the wealth of musical talent across the CWS and B&H region. This demonstrates the wealth and opportunity for the creative and cultural sector in relation to the principles.

- 4.4. As with other places, the Council is in positive dialogue with West Sussex County Council regarding a new Growth Deal between the parties. Due to the emergence of this work, it's envisaged that 'culture and creative' growth will play a significant role in any future Deal. Whilst further work is required ahead of a new Growth Deal being agreed in the Summer (2023), early indications that Worthing's cultural assets will feature in the Deal, as well as drawing on WSCC Officers' expertise in relation to cultural development.
- 4.5. In addition, a report commissioned by Greater Brighton Economic Board also signalled the creative and cultural opportunity in Worthing. Commissioned by GBEB, delivered by the University of Sussex Creative Industries Policy and Evidence Centre (PEC), it showed that *"real potential exists to seed "areas of excellence" across the Greater Brighton footprint"*, with Worthing identified as a particular place to develop expertise within this specialist cluster.

## 5. Developing the Principles

- 5.1. The Council has undertaken preparatory work to assist in the development of the emergent principles, as outlined in Section 6. This involved a series of conversations and a workshop which covered the following aspects:
  - **Why are we doing this?:** This explored the rationale behind the Council's decision to establish the principles. Findings included the sense of a real and established 'creative community', a new and dedicated political focus on culture, excellent assets (both buildings and people), a growth sector coming out of the pandemic, an opportunity to connect culture to wider issues more prominently and building on a strong momentum.
  - **What are our assets?:** In assessing the physical, financial and human assets, this signalled the excellent geographical 'cavass' (i.e "countryside to coast") for which culture can 'play', the potential economic impact of the sector, existing and future skills of the industry but also noted the potential disparity between those people who can and can't access the sector.
  - **What are the opportunities?:** This focused on the possibility of establishing a true 'collective' cultural ecosystem, enabling and

encouraging a spirit of experimentation and innovation, executing a place-based and community-led approach (through the culture lens) and thinking about the sector beyond the physical spaces.

- **What needs to be overcome?:** When reviewing this area, the most overriding consideration was inclusion and access is vital. Furthermore, the Council does need to establish a new relationship with the sector, giving confidence to how the Council can and will support in the context of the wider position of the Council.

5.2. As outlined throughout this report, the outcomes resulting from 5.1 need to be qualified and tested with the community, whilst also encouraging participation to share their own experiences and perceptions of the sector in and around Worthing.

## 6. Emergent Principles

6.1. The Council are committed to supporting the cultural and creative sector and whilst these headline principles have been developed it should be noted that these need to be tested and agreed with the community.

6.2. The principles are intended to act as 'guardrails' to support the sector, with the intention of a more comprehensive Cultural Plan being developed through active community participation.

6.3. The principles have been developed through a number of routes. Firstly, a critical analysis of the previous iteration of the Adur & Worthing Cultural Strategy - Commitment to Culture. Secondly, an assessment of similar ambitions in both coastal and urban communities and thirdly, an understanding of how this potentially maps against the Council's broad economic aims.

6.4. The emerging principles are as follows:

- **A place where culture and creativity can address systemic inequality** - ensuring no one is left behind
- **A place where cultural entrepreneurs can set up roots and flourish, where Createch and the culture and creative industries can thrive on innovation**- encouraging young entrepreneurship and sustainable growth with creativity at the heart

- **A place that celebrates its unique creative heritage** - through its past, present, and future as part of Worthing's contemporary cultural renaissance
  
- **Where culture grows sustainably in our place between the countryside and the coast** - championing sustainability at the heart of cultural participation and production
  
- **A place that platforms quality culture reaching beyond its borders to the creative coastline** - collaborating and championing high quality arts experiences at a local, coastal, regional, and national level
  
- **A place where culture welcomes everyone** – platforming full and dynamic cultural experiences of all genres and artforms
  
- **A place where culture and creativity delivers growth and regeneration** - enhancing the very places we live, work and study to their best potential

6.5. The statements will need to be refined with Worthing's creative community to achieve the necessary buy-in and support to deliver an effective plan.

6.6. As the principles develop, the intention is these will further align with other cross-cutting themes the Council are also working towards. This isn't an exhaustive list, however this could include how culture can support our climate emergency work, our young people strategy and our wellbeing ambitions.

## 7. Our Roadmap

7.1. In addition to the specific commitments above we will also ensure our cultural ambitions are positioned in a way that allows for the delivery of these principles through the daily operations of the Council.

7.2. To ensure these principles are tested with the community, with the aim of establishing a Cultural Plan, we will develop a comprehensive

roadmap in Q1 2023 to review relevant policies and strategies in order to move forward with these principles.

- 7.3. The broad timelines to establish the Plan, including key outcomes and key results includes:

**Month 1** – baseline data collecting and positioning of the culture plan, further evaluation of the impact of the existing culture plan and setting the wider culture context for Worthing across the coastline.

**Month 2** – evaluation of the challenges and opportunities for culture in Worthing, including a cultural asset audit. This will identify “where are we now?”

**Month 3** – Following more detailed stakeholder engagement and community participation, continue testing the top-line principles. This will establish “where do we want to go and who do we need?”

**Month 4** – Finalising the principles and development of a Cultural Plan. This needs to be built in a realistic way to coincide with the Council’s role and resources.

**Month 5** – Finalisation of the Plan through further testing with the cultural community of Worthing. Once signed off, this will enable commencement, allocation of resources and launch.

- 7.4. The timeline outlined above could be reduced or extended depending on resource, scope and capacity. However, to achieve this programme and to ensure the best result, and for Worthing to best capitalise on its creative coastal position, a minimum 5-month timetable is advised.

- 7.5. It should be noted that the timeline identified in 7.3 is subject to change and the delivery of ‘live’ projects will still happen in parallel (e.g. Worthing Festival) to the principles being agreed and the Plan coming forward.

- 7.6. In developing the Plan, the Council also needs to take into consideration a number factors, including:

- **Resourcing:** who will develop and lead the Culture Plan?
- **Expertise:** what skills and capabilities already exist at the Council that can help facilitate the Plan?
- **Funding:** are there routes to funding to create and deliver the Plan? (e.g. Arts Council England)
- **Managing Expectations:** framing this could help answer the resource, expertise and capacity questions.



- **Momentum:** a timely Culture Plan in line with the emerging Arts Forum and Worthing Festival could present the biggest impact and provide a 'springboard' for an effective Culture Plan and it's delivery.

7.7. In the setting of the principles and a Plan, the Council also need to be mindful of the connections to the sub-regional agenda and ensure any resulting actions connect to the wider coastal economy in West Sussex and beyond.

## **8. Engagement and Communication**

8.1. This document sets out plans to engage with the local organisations, venues and the wider community in order to develop the strategies and policies needed to respond to the principles and priorities laid out here.

8.2. Work has already commenced with the Arts Forum to assist in developing the principles, akin to 5.1. This group will be one of many opportunities for the community to engage with and be part of the principles development, as above.

## **9. Financial Implications**

9.1. The Council already invests significantly in the cultural sector within the Town through support to the Theatres and the Museum which will have a combined budget in 2023/24 of £2.4m. The Council's budget also contains

9.2. Contained within the report are the actions required to support and develop the cultural sector in Worthing. It is expected that much of the costs of this programme will be funded from our existing budgets or via external funding. However, if this is not possible then members will be consulted on the release of additional resources.

9.3. As outlined in Section 5, it's anticipated the culture principles will be led by the community, for the community, therefore the Council will play different roles in delivering the principles and the Plan, although this is initially seen in a supportive and facilitative role.

## **10. Legal Implications**

10.1. Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.

- 10.2. 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
- 10.3. Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

### **Background Papers**

- [Adur & Worthing Cultural Strategy - Commitment to Culture \(2016\)](#)
- [Coastal West Sussex Report - Creative Digital Economy \(2021\)](#)
- [New Economic Principles Paper - WJSSC \(December 2022\)](#)
- [Greater Brighton Creative Industries Strategy 2022 - 2025](#)

## **Sustainability & Risk Assessment**

### **1. Economic**

- This document describes a new approach to cultural activity which reflects the economic objectives and priorities of the Council administration. As such it is intended to have an ongoing effect on the Borough's cultural activity and an action plan to support this will be developed to support this work. This will be done with support of the proposed working group to ensure we develop it with the participation of our communities.

### **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.

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WORTHING BOROUGH  
COUNCIL

Worthing Joint Strategic Sub-Committee  
6 March 2023

Key Decision [Yes/No]

Ward(s) Affected: All  
Cabinet Portfolio: Regeneration

## A27 Worthing and Lancing improvements scheme Options consultation

### Report by the Director for the Economy

#### Officer Contact Details

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### Executive Summary

#### 1. Purpose

- 1.1. The purpose of this report is to provide members of the Joint Strategic Committee Sub-Committee with an opportunity to respond to the A27 Worthing and Lancing improvements scheme Options consultation currently being undertaken by National Highways.

#### 2. Recommendations

That Members of the Sub-Committee authorise the Council's response to National Highways consultation on the A27 Worthing and Lancing improvements scheme Options consultation in the following terms:

- 2.1. National Highways stated aim of making sure potential future improvements to transport in the Worthing and Lancing area can still happen is welcomed;
- 2.2. the limited scope of the project and reduction in the finances available to deliver it, even compared with the RIS1 scheme, mean

that Consultation Options do not reflect the strategic ambition set out in the Transport for the South East's Strategic Investment Plan (SIP) and in particular, the SIP's emphasis on integrating transport, digital and energy networks, together with a high-quality, reliable, safe, and accessible transport network;

- 2.3. at a local level, it is not clear how the proposals set out in the Options would integrate with Worthing's adopted Local Walking and Cycling Improvement Plan (LCWIP) as part of a more co-ordinated approach to delivering transport infrastructure that supports active travel;
- 2.4. the Consultation Options papers include welcome references to walking and cycling improvements but there is a concern that funding for these improvements is not identified at this stage;
- 2.5. the principal benefits for Worthing are reduced travel times between the key junctions on the A27 and that whilst significant in terms of the Department for Transport's Benefit Cost Ratio analysis, these represent only a modest improvement and would require a year-long construction period;
- 2.6. it is disappointing that only slight improvements are recorded for air quality and noise and the accident level impact is recorded as only neutral;
- 2.7. reduced levels of traffic for residents in Goodwood Road, Sompting Road, Upper Brighton Road and Hadley Avenue would be welcome. However, there is a concern that directing Sompting Road traffic through the Lyons Farm retail park prior to rejoining the A27 at the Lyons Farm junction could cause considerable congestion in the retail park area.

### **3. Background**

- 3.1. There is a long and chequered history of proposals for improving the stretch of the A27 across Worthing and through to Lancing. The most recent proposals prior to this current consultation were announced (by the then Highways England) as part of RIS1 (Road Investment Strategy 1 2015 – 2020) but were paused in 2018 for further review following lack of support from the local community and road users.
- 3.2. The current Consultation (now part of RIS2) began on Monday 6<sup>th</sup> February 2023 and ends on Sunday March 19<sup>th</sup> 2023. Consultation

follows a review of the 2018 scheme which presented just one option for consultation costed at £169m. 3 options are presented this time although it is noteworthy that the finance available for the scheme is significantly less at around £20m.

- 3.3. The Staged Overview of Assessment Report (SOAR) included with the Consultation acknowledges that given the reduced scope of the scheme from the original 2017 proposals, it is not intended to address all current and forecast capacity issues; rather to address specific areas of strategic road network (SRN) performance for both local and strategic movements, whilst also supporting active travel modes.
- 3.4. Congestion occurs daily at most of the junctions along this stretch of the A27, especially during peak travel times and seasonal periods. The traffic volumes and congestion also have an impact on air quality and noise in Worthing and Lancing. The Consultation document records that:

*‘Although vehicle speeds are expected to be lower in the urban areas it is noticeable that there are several sections along the A27 where speed reduces to less than 15mph in particular during the AM and PM peak periods. This includes the single carriageway section from west of Offington Corner roundabout to Lyons Farm and the sections around Busticle Lane junction and Grinstead roundabout.’*
- 3.5. National Highways also recognises that there is a significant amount of local development planned in the area and, without improvements, traffic congestion is likely to get worse.
- 3.6. The accompanying Staged Overview of Assessment Report (SOAR) indicates that:

*‘A key opportunity for capacity improvements is to ensure they are delivered in line with local strategic development plans. This ensures that any proposed housing developments are not delayed by capacity issues on the A27, and/or that such developments do not cause additional congestion. Future road improvement projects further east along the A27, such as Arundel may also have the effect of increasing traffic draw along the A27 from outside the region, which could further worsen the current situation around Worthing and Lancing.’*
- 3.7. Construction of the scheme could begin by **December 2024** and finish in **June 2026**.

## 4. The Options

4.1. Mindful of the context set out above, the proposals set out in the 3 Options are designed to:

- improve road safety for everyone on the A27 and the local road network
- reduce delays and improve journey reliability
- create facilities for other travel modes such as walking and cycling alongside and crossing the A27
- make sure potential future improvements to transport in the Worthing and Lancing area can still happen
- wherever possible, seek to enhance the local environment and biodiversity

4.2. **Option 1:** focuses on improvements at two key locations: Offington Corner Roundabout and Grove Lodge Roundabout. The Offington Corner Roundabout Improvements include small areas of widening including the entry and exit in order to increase the flow of vehicles during busy periods and facilitate safe movement of pedestrians. Access to Goodwood Road will be closed to reduce the number of entry points into the junction and vehicles that previously accessed Offington Corner Roundabout via Goodwood Road will use Offington Lane instead.

Grove Lodge Roundabout Improvements include widening of the roundabout to accommodate up to four lanes and widening of the A27 entry and exits in order to increase the flow of vehicles during busy periods. The existing traffic lights will be upgraded to optimise flow and to include enhanced pedestrian crossing facilities to improve safety for walkers and cyclists around Grove Lodge Roundabout.

4.3. **Option 2:** includes the same package of measures for Offington Corner and Grove Lodge Roundabouts, but in addition, includes improvements at Lyons Way Junction, including widening the A27 eastbound and adjusting the road layout slightly to accommodate three lanes in both directions through the junction. For vehicles travelling westbound towards Lyons Way Junction, it will also provide a dedicated turning lane into Sompting Road to avoid vehicles wishing to access the retail park interfering with the flow of vehicles on the A27.



It is also proposed to convert Sompting Road into a one-way northbound direction road and vehicles would be required to use Lyons Way in order to rejoin the A27. The intention is that this would reduce the duration vehicles are required to stop on the A27 in order to allow vehicles from the retail park to rejoin the A27.

Option 2 would also close access to the A27 from Hadley Avenue to reduce the number of entry points onto the A27. Vehicles that previously accessed the A27 via Hadley Avenue would be encouraged to use Sompting Road. Upper Brighton Road would be converted into a one way road eastbound to stop vehicles using this road as a 'rat-running' opportunity to avoid Lyons Way Junction.

- 4.4. **Option 3:** includes each of the measures set out in Options 1&2 as well as improvements at Busticle Lane Junction, including widening the A27 in the eastbound direction and adjusting the road layout slightly to accommodate three lanes in both directions. Access to the A27 from Hillbarn Parade would be closed to reduce the number of entry points onto the A27 at this junction. Vehicles that previously accessed the A27 via Hillbarn Parade would use Halewick Lane.
- 4.5. Each of the Options would include technological improvements such as Variable Message Signs (VMS) located at key decision points; Vehicle Activated Signs (VAS) to improve compliance with the speed limit; and upgrades of existing bus stops to include features such as Real Time Passenger Information (RTPI).
- 4.6. In addition to the options set out above, the Consultation refers to additional supporting measures, notably a new segregated shared use path for walkers and cyclists to improve connectivity between A27 Durrington Hill/ Salvington Hill and Grove Lodge Roundabout. A new toucan crossing between Offington Corner Roundabout and Grove Lodge Roundabout is proposed to make crossing safer for walkers and cyclists and National Highways also states that it is, "looking where we can upgrade existing crossing points along the route."
- 4.7. It is important to note however, that these measures are not funded as part of the proposed scheme and a different fund would need to be secured by National Highways if they are to be implemented.

## 5. Issues for Consideration

- 5.1. At its September 2022 Meeting, members of this Sub-Committee expressed support for Transport for the South East's (TfSE) Strategic

Investment Plan (SIP). The Sub-Committee welcomed 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; and the SIP's emphasis on linking regional policy with local initiatives such as those set out in Worthing's Local Cycling and Walking Improvement Plan (LCWIP).

5.2. The September 2022 report to the Sub-committee welcomed the inclusion in the SIP of a long-term solution to the challenge presented by the A27 through Worthing and the explicit link to a package of other measures which would mean that the A27 road infrastructure is not considered in isolation. In this context, the report highlighted 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 a longer-term option.

5.3. Whilst the Consultation Brochure refers to the SIP, the SOAR does not and this is significant as both an omission and a missed opportunity. The SOAR simply states:

'The scheme will contribute to the following vision set out within the strategy (Transport Strategy for the South East – Transport for the South East, June 2020 by improving the quality of the environment for all road users and enhancing the safety and sustainability of access along a key strategic route within the South East:

"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."

5.4. Similarly, at a local level, the Consultation misses the opportunity to establish how the Options would integrate with Worthing's Local Cycling and Walking Improvement Plan (LCWIP) adopted by the Borough Council and once again, it is disappointing to note that the LCWIP is not referred to in the SOAR.

5.5. Referring to the lack of support for the earlier RIS1 scheme, The SOAR states that there is:

"a risk that the same key stakeholders and general population of Worthing and Lancing also oppose the RIS2 proposals, which is

considered a significant constraint to the project. In order to improve public perception and secure stakeholder support this time around, the project will pursue the delivery of local, 'non-SRN,' interventions through National Highways' Designated Funds programme alongside the main scheme, which will offer further benefit to the local community.”

- 5.6. Whilst the cycling and walking improvements that are included in the Consultation are welcome if they can be funded; and broadly consistent with Worthing's LCWIP, this statement appears to underline a lack of integration and emphasise that these measures are rather more of a 'bolt-on' to overcome a “constraint.”
- 5.7. For all three options the beneficial impacts are principally those derived from travel time savings forecasts. Forecasting was prepared for the proposed opening year 2027 and interim forecast year of 2042 and a horizon year of 2051 for the AM, inter-peak and PM periods.
- 5.8. The forecasting for each option shows significant reductions in delay along the A27 in particular in the eastbound direction between west of Durrington Hill junction and Offington Corner roundabout. This aligns with the additional lane provided as well as the introduction of traffic signals at Offington Corner roundabout in all options.
- 5.9. The interim forecast for 2042 indicates that, “particularly in the eastbound directions significant savings of over 4 minutes are forecast based on the additional capacity proposed at Offington Corner roundabout. Savings are forecast in the eastbound direction for all time periods. The savings forecast for the westbound direction in the AM peak are less significant while slight additional delays are forecast across the route for the westbound direction during the PM peak.”
- 5.10. There are slight benefits assessed for noise due to the reduction in congestion. Slight disbenefits are assessed for local air quality and greenhouse gases. The accident impact is considered neutral with junction improvements resulting in accident benefits but increased traffic volumes on the faster speed roads without improvements results in a slight disbenefit.
- 5.11. Overall, Option 1 is assessed with the highest benefits and the lowest cost resulting in the highest Benefit Cost Ratio (BCR) of 3.74. This aligns with the increase in road capacity. Option 2 can be considered in the same range to Option 1 with only slightly higher costs and just over

10% less benefits. Option 3 has similar costs but significantly lower benefits than the other options and this a result of the highway improvements accommodating more traffic at each end of the scheme corridor while increasing congestion at some junctions within the corridor - <sup>1</sup>.

## 6. Engagement and Communication

- 6.1. The consultation period will run from Monday 6 February to Sunday 19 March 2023. Once the consultation closes, a consultation report will be published on the scheme website [www.nationalhighways.co.uk/our-roads/south-east/a27-worthing-and-lancing-improvements/](http://www.nationalhighways.co.uk/our-roads/south-east/a27-worthing-and-lancing-improvements/) to explain National Highways has considered feedback received during the consultation.

## 7. Financial Implications

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

Finance Officer: Emma Thomas

Date: 27/02/2023

## 8. Legal Implications

- 8.1. Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 8.2. 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.
- 8.3. The Climate Change Act 2008 (2050 Target Amendment) Order 2019 came into force on 27th June 2019 and increased the UK's 2050 net

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<sup>1</sup> The DfT's "Value for Money" guidance says a project will generally be regarded as "medium" if the BCR is between 1.5 and 2; and "high" if it is above 2. It is noteworthy that cycling based projects typically score a BCR above 5.

greenhouse gas emissions reduction target under The Climate Change Act 2008 from 80% to 100%

Legal Officer: Joanne Lee

Date: 27/02/2023

## **Background Papers**

- [Highways England - A27 Worthing and Lancing improvements scheme Options Consultation February 2023](#)
- [Highways England - A27 Maps Option 1](#)
- [Highways England - A27 Maps Option 2](#)
- [Highways England - A27 Maps Option 3](#)
- [Highways England - A27 Worthing and Lancing improvements scheme Environmental Assessment Report \(EAR\) February 2023](#)
- [Highways England - A27 Worthing and Lancing improvements scheme Staged Overview of Assessment Report \(SOAR\) February 2023](#)
- [Worthing JSC Sub-Committee - Transport for the South East Strategic Investment Plan - consultation response report - 6 September 2022](#)

## Sustainability & Risk Assessment

An integrated approach to transport infrastructure with an emphasis on active travel will help to mitigate the impact of climate change and is consistent with the Council's objectives for carbon reduction with measurable benefits. The current A27 Consultation does not adequately demonstrate how the proposals would contribute to an integrated transport system to the benefit of Worthing's residents and visitors.

### 1. Economic

The Economic benefits resulting from the proposed Options are mainly derived from improved travel times.

### 2. Social

#### 2.1. Social Value and Equality Issues

A more affordable and accessible transport network promotes social inclusion, improves health and wellbeing, and reduces barriers to employment, learning, social, leisure, physical and cultural activity for all communities. The A27 consultation offers some improvements in terms of connectivity, walking and cycling but there is no guarantee at this stage that these will be fully funded.

#### 2.2. Community Safety Issues (Section 17)

A safe, reliable and accessible transport system helps to create a safer environment for travel. The Consultation Options could deliver improved connectivity for walkers and cyclists and would improve aspects such as real time information at bus stops.

#### 2.3. Human Rights Issues

Matter considered and no direct impact identified.

### 3. Environmental

Accelerating decarbonisation of the South East, would enable the UK to achieve net zero by 2050 or sooner, and deliver a transport network better able to protect and enhance our natural, built, and historic environments. It is not clear from the current Consultation what contribution each Option would make to achieving net zero.

### 4. Governance

National Highways is a government company which plans, designs, builds, operates and maintains England's motorways and major A roads, known as the strategic road network (SRN).