



WORTHING BOROUGH  
C O U N C I L

27 November 2023

**Joint Strategic Sub-Committee (Worthing)**

<b>Date:</b>	<b>5 December 2023</b>
<b>Time:</b>	<b>6.30 pm</b>
<b>Venue:</b>	<b>The Gordon Room, Worthing Town Hall</b>

**Committee Membership:** Councillors Caroline Baxter, Dr Beccy Cooper (Chair), Sophie Cox, Rita Garner, Emma Taylor-Beal, 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 9 November 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 Thursday 30 November 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 Thursday 30 November 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. Council Tax Support Scheme (Pages 5 - 12)**

To consider a report from the Director for Housing and Communities, a copy is attached as item 6

#### **7. 2nd Quarter Capital Investment Programme & Projects Monitoring 2023/24 (Pages 13 - 22)**

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

#### **8. Redevelopment of 5&7 High Street to provide Emergency and Temporary Accommodation (EA/TA) (Pages 23 - 38)**

To consider a report by the Director for Housing and Communities and the Director for Place, copy attached as item 8

#### **9. Local Authority Housing Fund grant funding allocation for Worthing Borough Council (Pages 39 - 48)**

To consider a report by the Director for Housing and Communities, copy attached as item 9

#### **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

For Legal Services enquiries relating to

to this meeting please contact:	this meeting please contact:
Chris Cadman-Dando Senior Democratic Services Officer 01903 221364 chris.cadman-dando@adur-worthing.gov.uk	Andrew Mathias Senior Solicitor – Legal Services 01903 221032 andrew.mathias@adur-worthing.gov.uk

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

This page is intentionally left blank



WORTHING BOROUGH  
COUNCIL

Worthing Joint Strategic Sub-Committee  
5 December 2023

Key Decision: No

Ward(s) Affected: All

## Council Tax Support Scheme for Worthing Borough Council in respect of 2024/25

### Report by the Director for Housing & Communities

#### Officer Contact Details:

Sue Large, Revenues & Benefits Operations  
Manager  
(01903) 221111  
[sue.large@adur-worthing.gov.uk](mailto:sue.large@adur-worthing.gov.uk)

Emma Thomas, Chief Financial Officer  
(01903) 221232  
[emma.thomas@adur-worthing.gov.uk](mailto:emma.thomas@adur-worthing.gov.uk)

#### Executive Summary

##### 1. Purpose

- 1.1 Council Tax Support is a scheme to help some people pay their Council Tax. This depends on their income and personal circumstances and is only available to some people in the UK who are living on a low income.
- 1.2 The Council Tax Support scheme must be considered each year as part of the Local Government Finance Act 2012 (which introduced the framework for localism of Council Tax Support), with Members confirming revisions, continuing the scheme as is or replacing this with another scheme.
- 1.3 This Scheme forms an important part of this Council's ambition to become the fairest coastal town by supporting people who are living on the lowest incomes. It should be noted that whilst this Council is experiencing extreme budgetary pressures, this scheme is one way in which the Council is responding to the enduring impacts of the cost of living to help lift people out of poverty.
- 1.4 Given the importance of this scheme, the report asks Members to continue this scheme with no changes and to recommend this to the Full Council in respect of 2024/25.

## **2. Recommendations**

2.1 The Worthing Joint Strategic Sub-Committee is asked to:

- a. Note the content of this report
- b. Consider recommending to Worthing Borough Council that the Council Tax Support scheme for Worthing Borough Council in respect of working age customers for 2024/25 should
  - i. Be based upon the current Council Tax Support scheme for 2023/24 with no restrictions; and
  - ii. Not be further altered with any other changes beyond necessary technical amendments required to keep the scheme consistent with the national rules in respect of Housing Benefit

## **3. Context**

- 3.1 The Council Tax Support (CTS) scheme provides reductions in Council Tax to give financial assistance to people on low incomes. This scheme provides significant support to people experiencing hardship due to the enduring impact of the cost of living. It forms part of this Council's approach to become the fairest coastal town in the UK, assisting people on the lowest incomes in our communities, especially during a period of extreme budgetary pressures.
- 3.2 Each year the Council is required to consider whether to review its local scheme. The Local Government Finance Act 2012 sets out the process by which Councils must approve a local Council Tax Support scheme. Regulations include protection for pensioners and refugees but allow Councils to make changes in the way that support is calculated for working age claimants.
- 3.3 Council Tax Support replaced the former national Council Tax Benefit (CTB) scheme from April 2013. The CTS scheme for pensioners continues to be prescribed by the government and allows up to 100% support against Council Tax liability.
- 3.4 The scheme for Working Age claimants is determined locally, however the Government set out its expectations for local authorities to protect the vulnerable and for schemes to support incentives to work. Where Councils seek to amend their scheme it is necessary to consult major preceptors and stakeholders to inform a final scheme design.
- 3.5 The costs of the schemes directly impact on the overall budget-setting process for each Council and the scheme parameters therefore need to be determined at or before the annual tax-setting meeting held each February.

#### 4. Issues for consideration

- 4.1 The introduction of local schemes was accompanied by a reduction of around 10% in the amount of subsidy paid to local authorities. However, the cost of benefits fell during 2013/14 and the final net cost of introducing the scheme in 2013/14 was substantially lower than expected.
- 4.2 The scheme is demand led and the working age caseload will fluctuate. It remains difficult to forecast caseload and expenditure with any degree of certainty in the backdrop of the current economic climate and the enduring impacts of the cost of living on many of our communities.

2013/14 estimated cost of CTS	Council share of overall cost	Grant received	Net cost	Percentage shortfall in funding
£'000	£'000	£'000	£'000	%
7,049	1,004	-947	5.7	5.68%

- 4.3 Over the past few years the cost of Council Tax Support (CTS) has generally fallen, following local trends in employment. During the early part of 2020/21 the Council experienced an increase in the cost of CTS reflecting the impact of the COVID-19 pandemic but since June 2021 (when there were 3,493 working age claims in payment) there has been a continual decline in the number of live claims and as at 1 September 2023 there are 2,959 working age customers receiving CTS.
- 4.4 The removal of the £5.00 weekly restriction as part of the amended 2023/24 Council Tax Support Scheme was an important decision for this Council to demonstrate its change in policy to offer more help to those that are vulnerable. However, it has however seen an increase in the estimated cost of the scheme, the actual amount will depend on the number of claimants and their income levels. Members will recall that this important change was made to ensure this Council does more to assist people on the lowest incomes.
- 4.5 Council Tax Support replaced the former national Council Tax Benefit (CTB) scheme from April 2013. Since the introduction of the local scheme the costs of the CTS scheme is shown below:

Financial year	Cost of CTS	Overall Average Council Tax increase	Annual increase / decrease (-)	
	£'000	%	£'000	%
2012/13 Actual	7,287	N/A	N/A	N/A
2013/14 Actual	7,049	0.00	-238	-3.27
2014/15 Actual	6,754	0.18	-295	-4.18

2015/16 Actual *	5,201	0.18	-1,553*	-22.99
2016/17 Actual	5,167	3.63	-34	-0.65
2017/18 Actual	5,100	3.62	-67	-1.30
2018/19 Actual	5,188	4.95	88	1.73
2019/20 Actual	5,429	5.61	241	4.65
2020/21 Actual	5,800	3.87	371	6.86
2021/22 Actual	5,819	4.87	19	0.32
2022/23 Actual	5,679	3.05	-140	-2.41
2023/24 (estimate) **	6,583	4.93	904	15.92

\* Introduction of £5.00 weekly restriction in Worthing from 1 April 2015

\*\* Removal of £5.00 weekly restriction from 1 April 2023

- 4.6 However, the grant towards the cost of Council Tax Support Schemes has been consolidated into the Revenue Support Grant and the retained Business Rates scheme. The combined income from these sources has fallen each year, and the Revenue Support Grant has now ceased as a source of income to the Council. This means that the Council has faced an ever-increasing cost associated with the scheme. In 2023/24, the level of subsidy is estimated to be:

2023/24 cost of CTS	Council share of overall cost	Estimated Grant received	Net cost	Percentage shortfall in funding
£'000	£'000	£'000	£'000	%
6,583	802.0	-388.8	440.2	43.99

The table highlights that Worthing Borough Council has to fund locally £440.2k of the cost of the Council Tax Support scheme, with government funding only meeting 56.01% of the councils costs. As the largest proportion of the council tax set relates to the West Sussex County Council precept, the county council meets the largest share of the cost of the scheme with council tax income foregone.

- 4.7 For Members' information, the annual in-year collection rates for Council Tax in respect of the last five financial years has been:

2018/19	2019/20	2020/21	2021/22	2022/23
97.96%	97.59%	96.09%	97.07%	97.08%

- 4.8 During the current financial year Council Tax collection has remained challenging as the result of both the "cost of living" situation and seeking to recover sums that weren't paid during the pandemic. Due to resource constraints, formal recovery action ceased from April to the end of August 2023. However, as at 31 August 2023 the in-year



collection rate was 48.89% (-1.36% compared to 31 August 2022) which is still very comparable with neighbouring authorities. It should be noted that how we collect Council Tax is part of our overall digital transformation programme for the service. However the current budget pressures is creating additional pressure right now in terms of resourcing this work whilst it is transformed.

## 5. Engagement and Communication

5.1 Given that the recommendation for Members is to continue with this scheme with no changes, consultation is not required. Consultation is only required if the fundamental criteria of the schemes is amended. Further details are provided in section 7 of this report.

## 6. Financial Implications

6.1 In 2015/16 Worthing Borough Council introduced a £5.00 weekly restriction for working age residents within the Council Tax Support Scheme. The Council saw an immediate increase in Council Tax income, but to achieve this level of income the Council needed to invest in additional staff, a new hardship fund and allow for an increased level of write off.

6.2 A new scheme was approved and introduced for 2023/24 which removed the £5.00 weekly restriction for working age residents. The change in the estimated cost of the scheme can be seen in the table at 4.3 of the report.

6.2 If Worthing members choose to change this and implement a £5.00 per week restriction accompanied by a discretionary Council Tax Support Hardship Fund, the financial gain in respect of 2024/25 would be estimated to be:

	Overall gain	Worthing Borough Council share
	£000	£000
Estimated impact of reduced Council Tax Support cost on Council Tax income	807.1	98.3
Less: Hardship Fund	-97.7	-35.6
Less: Allowance for increased write offs @ 5%	-40.4	-4.9
	689.0	57.8

However the final cost will depend on the Council Tax that is set for 2024/25, the number of claimants, and their income levels.

## **7. Legal Implications**

- 7.1 The Local Government Finance Act 2012 amended the Local Government Finance Act 1992 in relation to Council Tax Reduction Schemes (England).
- 7.2 The 1992 Act provides that a billing authority's Council Tax Reduction Scheme must include prescribed matters set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.
- 7.3 Paragraph 3 in Schedule 1A of the 1992 Act states that before making a scheme the authority must consult the major precepting authority, publish a draft scheme and consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 7.4 Paragraph 5 in Schedule 1A of the 1992 Act states that each financial year each billing authority must consider whether to revise its scheme or to replace it with another scheme and that a duty to consult applies when revising a scheme in the same way as when the authority was making the scheme.
- 7.5 If Members determine that, beyond the necessary technical changes to keep the respective Council Tax Support schemes aligned with the national rules for Housing Benefit, no other changes will be made to the schemes for 2024/25, there will be no revision to the schemes and therefore the duty to consult with residents does not apply.

## **Background Papers**

Localising Support for Council Tax in England report to the Joint Strategic Committee held on 22<sup>nd</sup> July 2014

Welfare Reform Act 2012

Local Government Finance Bill 2012

Minutes of the meetings of the Joint Strategic Committee of Adur District and Worthing Borough Councils held on 26 July 2012, 28 November 2012, 3 December 2013, 2 December 2014, 2 February 2016, 10 January 2017, 5 December 2017, 31 January 2019, 14 January 2020 and 1 December 2020

Minutes of the Adur Full Council meeting held on 17 December 2020

Minutes of the Worthing Full Council meeting held on 15 December 2020

Minutes of the Joint Strategic Committee meetings held on 7 December 2021 and 11 January 2022

Minutes of the Worthing Full Council meeting held on 1 March 2022

## **Sustainability & Risk Assessment**

### **1. Economic**

Whilst Council Tax represents an important source of income to the Councils, financial support must be provided to residents on a low income via appropriate Council Tax Support schemes.

### **2. Social**

#### **2.1 Social Value**

Worthing's Council Tax Support Scheme plays a key part in the authority's work to ensure fairness by reducing inequality and directly address deprivation and poverty. This is against a backdrop of the pandemic and now the cost of living crisis that have both had a negative impact on a number of our most vulnerable residents. The cost-of-living crisis for example has seen an increasing need for financial and food support and demand still remains high across voluntary and community sector partners and frontline council services.

Despite the financial pressures faced by the council (in common with many others at this time) the authority remains committed to ensuring our services are progressive and fair and that residents are supported through this difficult time. As such the Council Tax Support scheme represents a significant commitment to providing financial support to residents on low incomes and sits alongside other work including our Cost of Living Action Plan, Proactive, our ethical debt policy and other support and prevention services.

Our Council Tax Support scheme is more important than ever in assisting the council's aims at reducing hardship and poverty within the borough yet it is also vital for the council's financial stability and resilience that the council is able to collect the money owed to it. Income from Council Tax plays a significant role in the Council's budget, paying for a range of critical services including waste collection, parks and open spaces and housing services. The council has a legal duty to bill Council Tax and enforce non-payment under the Local Government Finance Act but through our ethical debt policy we are striving to act with compassion to support residents facing debt and hardship and to proactively identify those in need. This not only means signposting those needing support from the Council Tax Support Scheme or other schemes managed directly by the council or central government (like Universal Credit) to assist them maximise income, but also signposting residents for debt and wellbeing advice and agreeing affordable repayment plans. In undertaking this work the council seeks to balance its fiduciary duties and be fair to those that do pay council tax and those struggling to pay.

## **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.



Worthing Joint Strategic Sub-Committee  
5th December 2023

WORTHING BOROUGH  
COUNCIL

Key Decision : No

Ward(s) Affected: All

## 2nd Quarter Capital Investment Programme & Projects Monitoring 2023/24

### Report by the Director for Sustainability and Resources

#### EXECUTIVE SUMMARY

##### 1. PURPOSE

1.1 This report updates the Sub-Committee on the progress made on the delivery of the 2023/24 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 changes to the current schemes as set out in section 6.2 report.

### 3. CONTEXT

3.1 In accordance with the Council's Capital Strategy, the Capital Working Group oversees the implementation and progress of the Council's capital investment programmes. The Capital Working Group also ensures that capital schemes are approved within financial regulations.

3.2 The Capital Working Group meets regularly and monitors the programme's 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 Council's control.

3.3 Full summaries of the progress of all the schemes in the 2023/24 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 Financial Regulations require officers to report each project on completion.

### 4. PROGRESS OF THE WORTHING BOROUGH COUNCIL 2023/24 CAPITAL INVESTMENT PROGRAMME – September 2023

4.1 There are 106 schemes in the 2023/24 current capital investment programme which are progressing as follows:

	Number of schemes	Percentage %
Schemes completed	7	6.6%
Schemes which are progressing satisfactorily	83	78.3%
Schemes where progress is being closely monitored	15	14.2%
Schemes with significant challenges or financial issues	1	0.9%

4.2 A summary of the financial movements of the 2023/24 Capital Investment Programme is attached as Appendix 2 to this report. A summary of the progress of all the schemes in the 2023/24 Capital Investment Programme is available from the Council's Intranet.

## **5.0 SUCCESSES AND CHALLENGES IN THE WORTHING BOROUGH COUNCIL 2023/24 CAPITAL INVESTMENT PROGRAMME**

5.1. The following schemes are progressing well:

### **5.1.1 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) Cyber Security Solutions

### **5.1.2 Church House Ground (Tarring) Pavillion**

The refurbishment of the pavilion has progressed well and is nearing completion in the next few weeks. The refurbishment included the pavilion and the toilet block.

### **5.1.3 Brooklands Park**

Whilst this programme of works has been delayed, the project is now nearing final completion with the new car park installed and the cafe structure in place. The new childrens' playground was successfully delivered and the toilets are now operational.

### **5.1.4 Disabled Facilities Grant**

This statutory service has been progressing above expectations with £1.2m of improvements delivered to the homes of residents in Worthing. The scheme is funded by the DCLG Better Care Fund.

### **5.1.5 Completed Schemes**

The following schemes have completed;

- i) Public convenience - Hand Washing Unit Installations
- ii) Parade Lighting Columns - Planned 2023 Structural Works Tranche
- iii) Palatine Park - Play Area Improvements
- iv) Data Migration to the Cloud
- v) Payroll Software - Bespoke System Improvements

## **5.2. Challenges in the 2023/24 Capital Investment Programme:**

5.2.1 There continues to be challenges to the delivery of a number of schemes due to a number of factors outside the Councils controls:

Delays have been encountered as follows:

- i) In obtaining quotes and estimates from suppliers.
- ii) Long lead in times for deliveries due to supply issues.
- iii) Significant inflation of costs within the construction industry

In addition there are staffing shortages in the Technical Services Department and projects have had to be prioritised and non urgent works may be deferred to 2024/25.

These issues have directly impacted on a number of projects which have required additional financial support which are set out below.

#### **5.2.2 Splashpoint Leisure Centre Ground Source Heat Pumps**

Negotiations are in an advanced stage to confirm the external contributions for the pumps from Morgan Sindell. The options for pumps are being considered with the optimum option slightly out of budget. The expected shortfall may be offset by a Public Sector Decarbonisation grant, the bid was submitted at the start of October and a decision is being delayed until the outcome is received.

#### **5.2.3 Worthing Pier, Southern Pavilion and Seafront Amusements Sprinkler System**

Planned works are to update the sprinkler systems to new automated systems. However the required budget to complete the update in all three sections of the pier is beyond the current financial constraints. A PID has been submitted for 2024/25 for additional funding, however a phased programme may be considered to update part of the system and leave the Northern Pavilion on the existing manual system in the short term.

### **6. ISSUES FOR CONSIDERATION**

6.1 Budgets totalling £7,827,040 have been reprofiled to 2024/25 and future years where the original project plan has changed and the schemes are unable to complete in 2023/24. £2,616,610 has also been brought forward and reprofiled from 2024/25 due to progress within the heat network scheme. A list of schemes reprofiled is attached as Appendix 2 to this report.

6.2 The following amendments to the Worthing Borough Council 2023/24 Capital Investment Programme are recommended:

#### **6.2.1 Parks - Ground Maintenance Equipment Replacements**

Sales of parks equipment in 2022/23 generated £17,750 which is currently held in the capital receipts reserve. The registered officer has requested that these receipts are ring-fenced for the parks department and are available to spend in this year's capital budget should any equipment require replacement. The current budget is £36,920, with approval this would rise to £54,670.

#### **6.2.2 CCTV Partnership**

Upgrades to CCTV in Adur and Worthing are required in partnership with Sussex Police. The upgrade will reduce revenue costs and improve



transmission. A virement is requested from the corporate hardware budget of £24,600. Sussex Police will fund 30% of the project via the Safer Streets Grant Fund.

## **7. ENGAGEMENT AND COMMUNICATION**

- 7.1 The purpose of this report is to communicate with stakeholders on the progress of the Worthing Borough Council 2023/24 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 2023/24 Capital Investment Programme was approved by the Council in February 2023. Subsequent changes have been reported to and approved by the Joint Strategic Committee or by Officers where a delegation exists. 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 2022/23 – 2025/26 Worthing Borough Council and Joint Committee.
- Capital Strategy 2023/26.

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

Emma Thomas  
Assistant Director for Finance  
01903 221233  
[emma.thomas@adur-worthing.gov.uk](mailto:emma.thomas@adur-worthing.gov.uk)

## **SUSTAINABILITY AND RISK ASSESSMENT**

## **1. ECONOMIC**

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

## **2. SOCIAL**

### **2.1 Social Value**

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

### **2.2 Equality Issues**

- The capital programme prioritisation model awards points for capital project proposals that address 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.

<b>CAPITAL MONITORING SUMMARY 2023/24</b>									<b>2nd Quarter</b>
<b>Executive Portfolios</b>	<b>(1) Total WBC Scheme Budgets</b>	<b>(2) Previous Years' Spend</b>	<b>(3) 2023/24 Original Budget</b>	<b>(4) Net Budget b/f from 2022/23</b>	<b>(5) Approved Changes to Original Budget</b>	<b>(6) 2023/24 Budget Reprofiled to and (from) 2024/25</b>	<b>(7) 2023/24 Current Budget</b>	<b>(8) 2023/24 Spend to Date</b>	<b>(9) Spend % of Current Budget</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Citizen Services	15,397,660	1,430,887	7,113,240	677,190	1,800,000	1,445,120	8,145,310	1,279,160	15.70%
Climate Emergency	14,325,960	633,715	592,000	334,610	2,402,590	(2,616,610)	5,945,810	250,161	4.21%
Community Wellbeing	1,112,190	23,083	230,000	82,270	544,130	40,000	816,400	22,996	2.82%
Culture and Leisure	2,103,790	217,141	1,137,310	170,580	135,000	-	1,442,890	187,430	12.99%
Environment	6,831,000	2,293,236	1,585,680	1,002,260	(47,660)	123,370	2,416,910	616,498	25.51%
Regeneration	65,754,600	26,353,565	3,203,290	2,117,830	8,330,000	-	13,651,120	2,328,748	17.06%
Resources	94,538,810	26,607,073	16,971,050	127,410	(7,696,180)	6,218,550	3,183,730	146,294	4.60%
<b>TOTALS</b>	<b>200,064,010</b>	<b>57,558,700</b>	<b>30,832,570</b>	<b>4,512,150</b>	<b>5,467,880</b>	<b>5,210,430</b>	<b>35,602,170</b>	<b>4,831,287</b>	<b>13.57%</b>

**Financing of 2023/24 Programme:**

	<b>£'000</b>
Borrowing:	19564
Capital Receipts:	958
Revenue Contributions and Reserves:	295
Government Grants:	7022
S106 and CIL Receipts	6066
Other Contributions:	1,697
	<b><u>35,602</u></b>

**Capital Monitoring - Summary of Progress:**

Schemes with significant challenges:	1
Schemes where progress is being closely monitored:	15
Schemes which are progressing satisfactorily or have completed:	90
<b>Total Schemes:</b>	<b><u>106</u></b>



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 2024</b>		
Opening Doors - Gratwicke Road	48,000	Total budget of £60,000 reprofiled from the Affordable Housing Registered Social Landlord project. Project spread over 5 year at £12,000 per annum. Budget reprofiled in line with anticipated expenditure
Commerce Way - Replacement floor coverings	50,000	Some reactive work has been carried out in 2023. Technical services are focused on delivering higher priority projects and anticipate this project will begin in 2024/25
Cyber Security	22,520	The mobile phone security software will go live from April 2024.
Durrington Cemetery Chapel Improvements	91,570	Technical services are focused on delivering higher priority projects. Improvement works are expected to begin in 2024/25
Equalities Act - Access Audits	40,000	Technical services are focused on delivering higher priority projects. Access Audits to council offices were conducted as part of the Workspaces project in previous years. Future audits are expected to take place in 2024/25
Housing Development - Acquisition and development of emergency, interim or temporary accommodation for the homeless	1,397,120	Budget reprofiled due to lead times for new schemes.
Strategic Property Investments	5,896,030	Investments in property for regeneration or service delivery. Currently no suitable properties have been identified that meet the council's strategic needs.
Street Cleansing Vehicles - EV charging points	31,800	Charging points to be installed in 24/25
Worthing Crematorium - Memorial Garden and Muntham Estate Walls Repair	250,000	Construction is due to begin in April and will be completed by August 2024.



WORTHING BOROUGH  
COUNCIL

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

Scheme	Reprofiled Budgets	Reason
<b>2. Schemes in Progress where the project schedule has changed</b>		
Worthing Heat Network	-2,616,610	Spend expected in 23/24 rather than initial estimate of 24/25. Budget reprofiled in line with anticipated expenditure.
<b>Total Reprofiled Budgets:</b>	<b>5,210,430</b>	
<b>Grants / Contributions Anticipated towards above schemes:</b>		
Worthing Heatwork - Public Sector Decarbonisation fund	2,616,610	
<b>Council Prudential Borrowing Budgets Reprofiled:</b>	<b>7,827,040</b>	

**WORTHING BOROUGH COUNCIL - 2ND QUARTER CAPITAL MONITORING SUMMARY**

**APPENDIX 2**

(1) SCHEME (Responsible Officer)	(2) Total WBC Scheme Budget	(3) Previous Years' Spend	(4) 2023/24 Original Budget	(5) Budget Reprofiles to and from 2024/25 and Future Years	(6) 2023/24 Current Budget	(7) 2023/24 Spend to Date	(8) Anticipated Completion Date (C) / Approval Report(D)/ P.I.D.(P)	(9) 2023/24 Anticipated (Underspend) /Overspend (Council Resources)	(10) COMMENTS AND PROGRESS # Progress Beyond Council's control £ Schemes with financial issues ▲ Scheme Progress Improved ▼ Scheme Progress Deteriorated	(11) Status
Broadwater Green Pavilion	89,600	0	89,600	0	89,600	0	PID Outstanding	0	The cricket club do not have the required resources to go forward with the project. The council funding may be used to repair the toilets or be vired elsewhere.	
<b>TOTAL:</b>	89,600	-	89,600	0	89,600	0.00		-		

RESPONSIBLE OFFICERS: Steve McKenna/ Kevin Smith



WORTHING BOROUGH  
COUNCIL

Worthing Joint Strategic Sub-Committee  
5th December 2023

Key Decision [Yes/No]

Ward(s) Affected: Central  
Cabinet Portfolio: Housing & Citizen Services

## **Redevelopment of 5&7 High Street to provide Emergency and Temporary Accommodation (EA/TA)**

**Report by the Director for Housing & Communities and Director for Place**

### **Officer Contact Details**

Johanne Thompson, Development Manager  
Jo.Thompson@adur-worthing.gov.uk

### **Executive Summary**

#### **1. Purpose**

- 1.1. The report seeks approval for the refurbishment and extension of the Council owned property at 5-7 High Street and 52 Ann Street, Worthing to provide emergency and temporary accommodation (EA/TA) and requests a budget to complete the redevelopment of the site.
- 1.2. The recommendations support the Council's ambition to directly deliver homes for EA/TA and, if approved, will make a contribution towards the achievement of the targets set out in the Adur and Worthing Housing Strategy for 2020-2023, 'Delivering Pathways to Affordable Homes' document and subsequent Delivery Plans.
- 1.3. This report examines the increasing demand for EA/TA in Worthing, the Council's commitment to owning its own stock of EA/TA, and reviews the options available to the Council for the future of the buildings. It identifies a Preferred Option (2) which entails the retention of the facade of both buildings, demolition of the rear extensions and reconfiguration of the building into EA/TA flats. This

option is the most economically viable and will help meet local housing needs.

- 1.4. The report also notes the continuation of Colonnade House as an economic contributor as well as the adjoining commercial / retail units. The introduction of temporary accommodation at 5-7 High Street will ensure all buildings have an 'active use' in this part of the town centre.

## **2. Recommendations**

- 2.1. Subject to the Director for Place being satisfied (in consultation with the Cabinet Member for Resources) that the overage provisions referred to in this report do not apply to the proposed preferred option and receipt of Homes England Funding referred to at paragraph 2.2 below, to approve the Preferred Option (2) to convert the buildings at 5 and 7 High Street and 52 Ann Street into EA/TA for the reasons outlined within this paper and to enable the council to fulfil its statutory housing duties under S188 and S193 of the Housing Act 1996.
- 2.2. To approve a budget of £1,745,300 from the unallocated temporary and emergency accommodation budget to deliver the project, alongside anticipated funding of c.£600,000 from Homes England
- 2.3. To delegate authority to the Director for Housing and Communities to invite tenders for the construction work, and to enter into all necessary contracts to enable the project to progress through the construction phase right through to completion.
- 2.4. To note the continuation of the commercial / retail uses to the south, including Colonnade House, as the adjoining buildings.

## **3. Context**

- 3.1. No's 5 and 7 High Street are two townhouses located on the north western corner of Steyne Gardens in Worthing to the north of Warwick Street. No. 5 High Street was acquired by the Council from West Sussex County Council on 24 July 2019, while No. 7 High Street has been in the Council's ownership for many years. The buildings consist



of small commercial premises with many of the rooms boarded up due to fire damage and concerns around asbestos, and are currently unoccupied. The property located at 52 Ann Street (to the rear of 7 High Street) is also owned by Worthing Borough Council and is currently occupied on a meanwhile / temporary use basis.

- 3.2. The Deed of Transfer for No. 5 High Street contains an overage clause. The interpretation of our Legal Team is that overage will only apply in the event that No.5 is comprehensively redeveloped but it will not apply if the building is retained and refurbished.
- 3.3. The redevelopment of this collection of buildings was the subject of a planning application (AWDM/2309/21) which sought full planning permission for the demolition of 2-7 High Street and 52 Ann Street adjacent, to create a mixed-use development comprising 5 no. residential flats with roof terrace, a new Digital and Creative Hub consisting of office and meeting room space, reception areas, art studios, exhibition space, cafe facilities, and associated cycle parking and waste storage facilities at the site of Colonnade House. The application was approved in February 2022.
- 3.4. Since then, due to increased costs of construction and higher interest rates, the consented scheme has become unviable to deliver. With both demand and costs rising for placements of households into temporary accommodation, both Members and officers were keen to explore decoupling Colonnade House (and adjoining commercial / retail units) and its associated uses from the redevelopment of no. 5 and 7 High Street and 52 Ann Street to see if this would have a favourable impact on viability. Three redevelopment options have been considered in Section 4 of this report ranging from basic internal refurbishment to the wholesale demolition and new construction of EA/TA units.
- 3.5. It should be noted that the decoupling of these two elements (housing and commercial / retail) increases the viability and deliverability of both uses in the current economic climate. Whilst this paper is focused on the release of funding to deliver EA/TA, it is important to recognise that the Council continues to support the retention of the adjoining commercial / retail units on the ground floor. It also provides ongoing support for cultural activities within Colonnade House, in partnership with the Adur & Worthing Trust, which has become a successful Creative / Cultural Hub serving both as a gallery (ground floor) and a

home for creative businesses (in the upper floors). The gallery spaces have proved very popular since inception with up to a 12 month waiting list whilst the upper floors haven't dropped below 80% occupancy to local businesses over the same period. This is a vital element in the delivery of the Council's commitments to harnessing and growing the cultural sector.

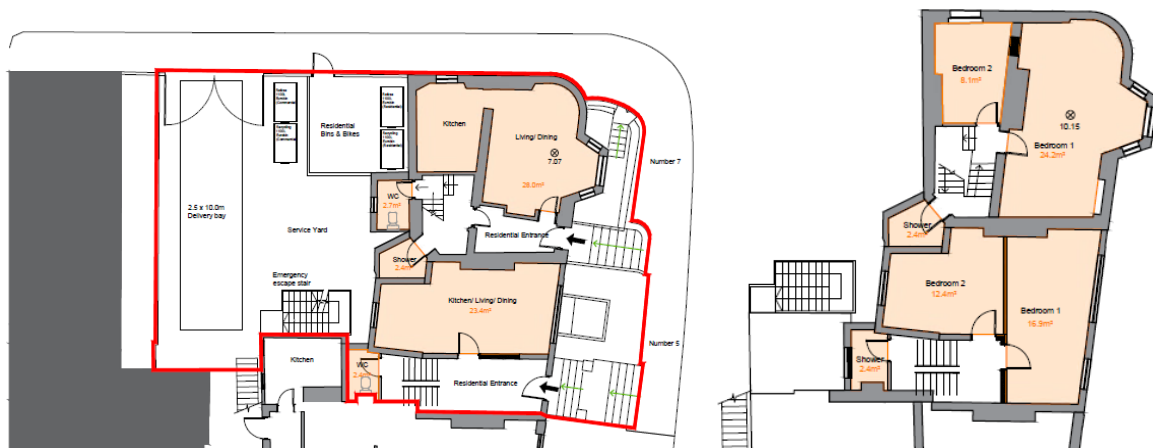
- 3.6. There is also overwhelming endorsement of the Council's approach to redeveloping this site into EA/TA, contained within several key housing policy documents. Chapter 3 of the Housing Strategy outlines the local need for affordable housing, in the context of increasing house prices and rents. Based on demographic projections, it identifies a need for 653 additional affordable dwellings (of all tenures) per annum across the region.
- 3.7. Priority 3 of the Housing Strategy demonstrates the Council's commitment to achieving its affordable housing targets, including a commitment to the direct delivery of 50 homes for EATA by Worthing Borough Council. This commitment is reiterated in 'Delivering Pathways to Affordable Homes' which was adopted in March 2021.
- 3.8. Since April 2021, placement of households in emergency accommodation (EA) and temporary accommodation (TA) has increased by 35%, from 215 to 329. Currently the Council has 200 rooms secured on a long lease, with 137 placements spot-booked (i.e. the most expensive type of accommodation). Most recent projections suggest that the number of EA/ TA units needed will be around 459 by March 2025. Without securing our own stock of EA/TA (whether owned or leased), this additional requirement will need to be accommodated through spot-booked accommodation, potentially outside the Adur and Worthing local authority area.
- 3.9. In addition, the cost of providing EA and TA accommodation continues to rise. Net average annual cost per placement is currently £9,150, which represents a year on year increase of 13%. Consequently, considerable savings are possible if the Council expands its own stock of EA/TA as proposed in Preferred Option (2).

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

- 4.1. During summer 2023, the Council's Development Team modelled three different options for the provision of EA/TA on the site, jointly with local architects (ECE) and cost consultants (MacConvilles). ECE Architects were chosen because they were the Lead Architect for the Planning Consented scheme and were already familiar with the site and its constraints. Similarly, MacConvilles produced some of the initial cost reports for the Consented scheme, it therefore seemed appropriate that they undertake the costing of the latest options.
- 4.2. Three development options were modelled, including:
- a) Reconfiguration of internal spaces to provide shared accommodation (HMOs)
  - b) Light demolition works to reconfigure internal spaces and provide a new central core to provide self-contained accommodation
  - c) Full demolition works and construction of a brand new building to create self-contained apartments
- 4.3. **Option (1) - Reconfiguration of internal spaces into HMOs**
- 4.3.1. This first option is the least intensive of all the options in terms of construction and demolition works and would be the speediest to deliver.
- 4.3.2. Works would entail the removal of internal walls to open up the space within the building in order to provide private rooms with shared facilities.
- 4.3.3. The floorplates of the buildings are slim. As a result, converting the existing building would not allow the provision of full, self-contained units as well as a stair core. Instead, the existing stair core would be reused in both buildings.
- 4.3.4. Both townhouses would be converted into two separate HMOs with shared living and dining rooms, kitchen and bathrooms on the ground floor and 6 self-contained bedrooms on the first, second and third floors. Storage for both HMOs would be provided in the basement.
- 4.3.5. The delivery bay to the rear of the building would remain in-situ and bins and bike stores would be provided in the yard.

4.3.6. Indicative ground floor and upper floor plans are provided in Fig 1.

Fig 1 - Option (1) Floor Plans



#### 4.4 Option (2) Light demolition works, reconfiguration and new extension to provide 8 EA/TA self-contained flats

- 4.4.1 This is the Council's preferred option.
- 4.4.2 Two surveys would need to be carried out to ascertain how much asbestos is contained within the fabric of the buildings and whether the fire damage caused to No. 5 has made the building structurally unsound. Works would then be carried out to remove the asbestos and ensure structural integrity.
- 4.4.3 The rear extensions to the buildings would need to be demolished and a new extension built to accommodate the stair core and allow for a better configuration of the internal layouts of the flats.
- 4.4.4 The basement would be infilled and 8 self-contained flats created (4 x studios and 4 x 1 bed 2 person).
- 4.4.5 The delivery bay to the rear of the building would remain in-situ and bin and bike stores would be provided in the yard.

4.4.6 Indicative ground floor and upper floor plans are provided Fig 2.

*Fig 2 - Option (2) Floor Plans*



#### **4.5 Option (3) Demolition of all buildings on site and construction of a new block of 10 flats**

4.5.1 This option would require surveys to be conducted of a similar nature to Option (2) i.e. structural and asbestos etc. followed by the demolition of Nos. 5 and 7 High Street, Worthing, as well as their associated outbuildings.

4.5.2 This would facilitate the construction of 10 new flats (6 x studios, 1 x 1B2P, 3 x 2B3P).

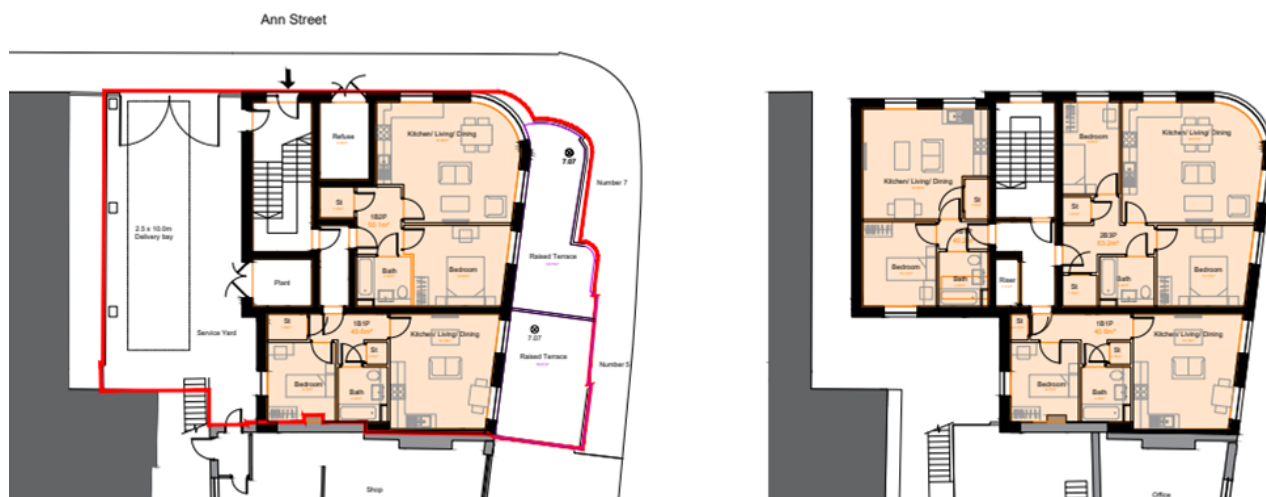
4.5.3 The retention of the basement is proposed but this could be infilled, if necessary.

4.5.4 The form of the new building would broadly replicate ECE Architect's previous Planning Consented scheme.

4.5.5 An undercroft from Ann Street would be created to facilitate access to the service yard and would have 2 storeys of accommodation above.

4.5.6 Indicative ground floor and upper floor plans are provided Fig 3.

Fig 3 - Option (3) Floor Plans



4.6 Table 1 provides a financial comparison of the options. Although Option 1 is the cheapest and would require less borrowing, the non-self contained units (i.e. bedrooms within a HMO) are unlikely to be eligible for Homes England subsidies even under its Specialist Funding programme. This is because Homes England specifies a minimum of 11 sq m per bedroom and a maximum of 3 persons sharing one bathroom. The current design drawn up by ECE Architects breaches both of these requirements. Achieving a compliant HMO design would lead to the loss of the 4 undersized bedrooms which would negatively impact on the cost per unit.

4.7 Option 1 would also not benefit from Brownfield Land Release Funding (BLRF) which is targeted at the delivery of self-contained residential units. Eligibility for BLRF is critical for buildings of this kind which are subject to concerns around asbestos and fire damage and often require specialist contractors to make them safe for development. Without this type of grant funding to support the enabling works package, this Option is unlikely to be viable. According to the council's latest Housing Needs Assessment, the need for this type of accommodation is also not as great as self-contained residential units like those proposed

under Options 2 and 3. For these reasons, Council officers have discounted Option 1.

**Table 1- Financial Comparison of Options**

	Units	Cost (inc 30% OB*)	HE Grant	Borrowing	Cost per unit
<b>Option 1</b> - Light refurbishment	12 bedspaces	£1,607,900	£0	£1,607,900	£133,992
<b>Option 2</b> - Refurbishment & extension (Preferred Option)	8 s/c	£2,345,300	£600,000	£1,745,300	£218,163
<b>Option 3</b> - Demolition & new construction	10 s/c	£3,039,000	£750,000	£2,289,500	£228,950

NB - OB stands for "Optimism Bias". 30% of total scheme scheme cost is the usual risk contingency set aside by the AD for Finance for construction projects of this kind.

- 4.8 Option 2 is the Council's Preferred Option for the reasons summarised in Table 2. It entails the retention of both buildings and conversion into 8 self-contained flats and is currently eligible for Homes England subsidies and Brownfield Land Release Funding (BLRF) under the terms of their grant conditions. The cost per unit is approximately £218,000, due to the high costs associated with the surveys and subsequent remedial work which would have to be undertaken to ensure that the buildings are safe enough to undergo redevelopment. Future proofing these buildings in the heart of the town centre and ensuring that they are brought back into active use is a key priority for the Council and will also fulfil its commitment to Circular Economy principles.

**Table 2 - Advantages and disadvantages of each option**

	Pros	Cons

<b>Option 1 - Light refurbishment</b>	<ul style="list-style-type: none"> <li>• Simplest to deliver</li> <li>• Lowest impact on surroundings</li> <li>• Aligns with carbon, circular economy and heritage objectives</li> <li>• Overage does not apply</li> </ul>	<ul style="list-style-type: none"> <li>• Doesn't meet local housing needs</li> <li>• No Homes England grant</li> <li>• Highest maintenance costs</li> <li>• Smallest no. bed spaces generated</li> </ul>
<b>Option 2 - Refurb &amp; extension</b>	<ul style="list-style-type: none"> <li>• Future-proofs existing building</li> <li>• Meets housing need</li> <li>• Aligns with carbon, circular economy and heritage objectives</li> <li>• Eligible for Homes England grant</li> <li>• Overage does not apply</li> </ul>	<ul style="list-style-type: none"> <li>• Retaining existing building poses risks</li> </ul>
<b>Option 3 - Demolition &amp; new build</b>	<ul style="list-style-type: none"> <li>• Delivers the most units</li> <li>• Lowest maintenance costs</li> <li>• Eligible for Homes England grant</li> </ul>	<ul style="list-style-type: none"> <li>• Most expensive option</li> <li>• Most difficult logistically</li> <li>• Loss of character buildings</li> <li>• Overage needs to be paid</li> </ul>

4.9 In recognition of the poor state of repair of both buildings, a liberal allowance has been made for professional fees and project contingency in the viability assessment that has been undertaken by the Chief Finance Officer.

4.10 Although the results show a slight loss in the first year of around £5,500, significant savings are made from Year Two onwards, with the average annual saving in the region of £44,000. By the end of the 40 year loan period, the Council will have realised in the region of £1.8m of savings which would have otherwise been paid out on B&B accommodation, as well as providing the Council with a useful and valuable asset.

4.11 The development team is likely to apply for Brownfield Land Release Funding of around £50,000 once Round 3 is launched in January 2024. If successful, the viability assessment will be improved with a reduction in the first year loss. To date, the council has experienced a very high success rate with all of the projects it has bid for from the OPE.

4.12 In the event that the Structural survey results reveal that there are substantial issues with the buildings which mean that they cannot be retained, then the Council will explore Option 3 (Comprehensive



Redevelopment) further and bring a Committee Report back to JSC. Not surprisingly, Option 3 is the most expensive and least viable of all of the Options at this point in time. The results of the viability assessment reveal that it would take five years before the development would start to see a return on investment. However, if this Option were to be successful in securing BLRF, the viability of the project is likely to improve. It also has the advantage of having been the subject of a Planning consented scheme which could be slightly modified and re-submitted to reflect the additional units that would be realised on the ground floor.

## **5. Engagement and Communication**

- 5.1. The Preferred Option 2 has been explored and agreed in consultation with the Council's Chief Finance Officer, following a thorough review of the funding options available to subsidise the scheme, including Homes England funding.
- 5.2. The legal position concerning the Overage to be applied to No. 5 High Street is currently being explored with West Sussex County Council to ensure that the Council's Legal Team's interpretation of the Overage clause within the Deed of Transfer the same as that of West Sussex County Council's legal team i.e. overage does not apply to the Preferred Option. Once this is determined, officers will be able to proceed at pace to appoint consultants to undertake the surveys and more detailed design work required to deliver this option.
- 5.3. A meeting was held with Cabinet Members to brief them on the various development options. They expressed full support for the Preferred Option 2 on the proviso that the survey results were favourable. If not, Cabinet Members expressed a desire to see Option 3 worked up into more detail so that it can be considered at a future meeting of JSC.
- 5.4. Conversations have also taken place with Homes England and the OPE who have indicated that it is highly likely that the Preferred Option will attract subsidies and grant funding. If the recommendations are endorsed, then bids will be submitted to both Homes England and BLRF Round 3 in the near future.
- 5.5. A letter has been sent to all businesses in advance of the JSC meeting on 5 December to brief them on the Council's decoupling strategy

contained in this report as well as the Council's capital bid to the Arts Council to improve Colonnade House. The letter reassures them that the Council will continue to support the cultural and arts sector.

## 6. Financial Implications

6.1. The Council currently has an unallocated budget of £3.2m for the provision of temporary and emergency accommodation. Schemes against this budget are considered as invest to save on the basis that the proposals meet the cost of borrowing either directly through funding and/or savings within the general fund.

6.2. It is expected that this scheme will attract Homes England Funding of £600,000 (£75,000 per unit).

6.3. Overall the scheme is expected to cost £2,345,300 which can be broken down as follows:

Build Cost	£1,631,000
Fees	£225,000
Allowance for optimism bias (30%)	£489,300
Total Proposed Budget	<u>£2,345,300</u>

6.4. The proposed scheme is expected a loss of £5,573 in the first year of operation, with an additional cost to the General Fund, as follows:

	Proposed refurbishment	Bed and Breakfast
Total debt charges	£108,770	
Maintenance	£16,320	
Insurance	£4,080	
Staff management	£12,780	
Bed and Breakfast charges		£139,600
Total Costs	<u>£141,950</u>	<u>£139,600</u>
Income	(£52,880)	(£52,880)
Allowance for Voids	<u>£3,220</u>	

Net Cost	£92,290	£86,720
<b>Net additional cost</b>		<b>£5,570</b>

6.5 In the longer term, it is expected that the proposed development will save council resources, with average annual savings of £44,465 over 40 years.

	Net cost / income(-) over 40 years	NPV over 40 Years Cost/ income (-)
Purchase for Temp Accommodation	£3,459,060	£723,245
Current B&B arrangements	£5,237,670	£3,011,428
Annual saving		
Average annual saving over appraisal period	£44,465	
% revenue saving	34%	
Saving over 50 Years build compared to B&B	£1,778,610	

6.6 The savings set out are on the assumption the Council does secure Homes England funding and that there are no overage liabilities associated with the refurbishment option. A further proposal would need to be prepared for consideration should either the funding not be allocated or the overage risk crystallises.

Finance Officer: Emma Thomas

Date: 23/11/2023

## 7. Legal Implications

7.1 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.

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

- 7.3 S1 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
- 7.4 The grant funding must be spent by the Council in a way that does not breach the funding terms and conditions or create any unlawful state aid to any commercial undertaking.
- 7.5 In procuring for a preferred developer, the Council is required to follow a lawful process as required by its Contract Standing Orders and have regard to the Public Contract Regulations 2015 and the Concession Contracts Regulations 2016. All the terms of the proposed arrangement are to be set out in a fair and transparent manner to all potential bidders.
- 7.6 In effecting the redevelopment of the site, the Council may incur liability to WSCC to pay an overage payment to them and officers are in the process of ascertaining whether such a payment will be incurred and if so, the amount.

Legal Officer: Joanne Lee

Date: 24/11/2023

### **Background Papers**

- Delivery of housing for Emergency & Temporary Accommodation - South Street, Lancing - JSC - 7 June 2022
- Adur & Worthing Councils Housing Strategy - 2020-2023
- Delivering Pathways to Affordable Homes (March 2021)
- Pathways to Affordable Homes - Delivery Plans (March 2022)
- Strategic Housing Land Availability Assessment (SHLAA, 2022 Update)

## **Sustainability & Risk Assessment**

### **1. Economic**

The Preferred Option will entail the use of Right to Buy capital receipts which, if unspent, the Council would have to return to Government. The procurement of a local main contractor, together with their subcontractors, will also have a positive impact on the local economy through the multiplier effect.

It should be noted that the Council will continue to support the active uses in the commercial / retail units, which includes Colonnade House as a key economic contributor.

### **2. Social**

#### **2.1 Social Value**

The Preferred Option supports the delivery of new affordable housing for people on the council's Housing Register who are currently living in inappropriate accommodation. The provision of good quality, spacious and secure accommodation will have a positive impact on the physical and mental wellbeing of some of our most vulnerable tenants.

All tenders submitted by Contractors will be scored against the Council's Social Value criteria. Only those Contractors who score the highest and are making a positive contribution through their Social Value programmes i.e. supporting community projects, creating employment and training opportunities etc. will be appointed.

#### **2.2 Equality Issues**

Adur District Council has a responsibility under the Homelessness Reduction Act 2017 to provide interim accommodation to eligible households with the criteria for eligibility set and agreed by the Council. The council's Allocations policies should ensure that fairness and equality is achieved throughout the allocations process.

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

The delivery of purpose-built accommodation in small clusters removes the need for eligible families or individuals to be housed in hostels where the Council has less ability to influence or address criminal or antisocial behaviour.

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

Matter considered, no issues identified.

### **3. Environmental**

The homes have been designed to be well insulated and gas-free, thereby allowing present and future consumption of renewable electricity. Their design also minimises the consumption of water, run-off to sewers, addresses overheating risks and promotes sustainable transportation measures.

**4. Governance**

The proposed development in this report is in conformity with the Councils' Housing Strategy and Platform for Places policy documents.



WORTHING BOROUGH  
COUNCIL

Worthing Joint Strategic Sub-Committee  
5 December 2023

Key Decision [Yes/No]

Ward(s) Affected:

## Local Authority Housing Fund grant funding allocation for Worthing Borough Council

### Report by the Director for Housing and Communities

Officer Contact Details: Anthony Probert, Senior Development Manager,  
[anthony.probert@adur-worthing.gov.uk](mailto:anthony.probert@adur-worthing.gov.uk), 07824521957.

### Executive Summary

#### 1. Purpose

- 1.1. The report seeks approval of the use of grant funding provided to Worthing Borough Council for the acquisition of homes for refugees under the Local Authority Housing Fund (LAHF) programme, administered by DLUHC. Approval is needed to allow the councils to deliver this programme.
- 1.2. This report sets out the need for these homes, the funding which the council can benefit from to deliver the homes, the borrowing necessary and viability of the programme and the options we have considered to deliver it.

#### 2. Recommendations

- 2.1. To accept the Local Authority Housing Fund grant of £809,083 from the government and to commit to delivering the accommodation required under the fund.
- 2.2. To approve a budget of £914,213 by way of a loan to enable the purchase of properties in Worthing. The loan accounts for 53% of the project budget, with the grant covering the remaining costs and the cost of borrowing to be covered from rental income in the first year of occupation.

- 2.3. To approve a total budget of £1,723,296, comprising £809,083 of grant funding, and £914,213 by way of a loan.
- 2.4. To note that when the homes are no longer needed by refugees they will be used to provide Emergency and Temporary Accommodation (EATA) for eligible local households in need.
- 2.5. To delegate authority to the Assistant Director for Housing and Homelessness Prevention to approve the selection of properties which we will acquire through the fund.

### **3. Context**

- 1.1. The Local Authority Housing Fund (LAHF) is a £500m capital grant fund, launched in December 2022. This funding enables delivery of additional housing to assist with the additional local pressures arising from those housed in the area in insecure arrangements. Specifically this fund provides support to local authorities in England for housing for refugees, in particular in response to the Afghan and Ukraine humanitarian schemes which offered a safe and legal entry route to those fleeing conflict. Further details can be found in the prospectus linked at the foot of this paper.
- 3.1. This funding pot sits outside the mainstream Affordable Housing Programme (AHP) managed by Homes England and is directly administered by the Department for Levelling Up, Housing and Communities (DLUHC).
- 3.2. Refugees were identified as one of five priority groups in Worthing's most recent (draft) Housing Needs Assessment (September 2023). The report stated that stakeholders reported many people seeking asylum and granted refugee status who have previously been accommodated in Adur and Worthing are no longer offered housing support. The funding currently available via the LAHF would assist in rectifying some of this.
- 3.3. Over 170,000 refugees have been welcomed to the United Kingdom following the government's response to the conflicts in Afghanistan and Ukraine. The LAHF aims to alleviate housing pressures on local authorities arising from this migration.
- 3.4. The South East Strategic Partnership for Migration retains statistics on the need for homes for refugees across the South East. The current data indicates that there are 159 Ukrainian and Afghan refugees in need of a home in Worthing. If these arrangements break down, then the families are eligible



to make homeless applications to our Council, placing additional pressures on temporary accommodation.

- 3.5. The LAHF funding is available to the Council until 31st March 2024. By this time, we must have purchased properties in Worthing, in order to benefit from the grant. The fund aims to provide local authorities with as much flexibility as possible to shape local delivery according to circumstances in each area.
- 3.6. Worthing Borough Council has been allocated £809,083 from the LAHF. This funding allocation is generally in excess of what we would receive from Homes England for our new developments. As set out in the Memorandum of Understanding which Worthing Borough Council has entered into with DLUHC, this would fund the purchase of 6 homes. One of these must be a 4-bed property, and the remaining five must be either 2-bed or 3-bed properties. We propose that the remaining five would be 2-bed properties, to make the most efficient use of the funding.
- 3.7. Initially the properties would be allocated to refugees. However after this time the dwellings can be used in accordance with Worthing's housing policies.
- 3.8. The Housing Team would work with West Sussex County colleagues to allocate the properties and ensure any issues around cohesion and safety are considered. It is also important to note that WSCC has funding to meet costs associated with move in and set up of a home as well as assist with rent and rent in advance if needed and there would be no additional financial burden to the council.
- 3.9. Importantly, once the properties are no longer in use by the scheme, their use would be retained by the council, delivering additional stock for future needs.

## **4. Issues for consideration**

### **4.1 Current position**

- 4.1.1 The LAHF is a £500m capital grant fund to support local authorities in England to provide housing for refugees, in particular in response to the Afghan and Ukraine humanitarian schemes. Worthing has an allocation of £809,083, of which the first tranche of £242,725 has been received and is being held in reserve.
- 4.1.2 To avoid handing back the grant, we must either have purchased or refurbished properties, ready for occupation, by 31st March 2024. The balance of the funding can be claimed on a per property basis as homes are delivered. If we request payment of spending by the 15th of each month we would receive the grant money that month.

## **4.2 Option for purchasing properties**

- 4.2.1 In Worthing 6 properties could be purchased using the LAHF. One of these must be a four-bed property (or 2 No. 2-bed properties located next to one another). The other 5 properties must be at least 2-bed properties.
- 4.2.2 Rightmove has been consulted to identify potential properties. A number of suitable properties have been identified. New build properties in the north and west of the borough have been considered most suitable, because they would be ready to purchase immediately without being part of a selling chain. A selling chain could delay the purchase of properties past 31st March 2024, at which point we would have to hand back the grant funding.
- 4.2.3 Purchasing properties which are not new builds, within our budget, would also likely incur further unknown costs such as detailed surveys to ascertain the condition of the properties, and repairs to the properties to ensure they are of a suitable standard for new occupants.
- 4.2.4 Whilst there is provision in the fund for refurbishing existing council-owned properties, Worthing does not own any housing stock. Therefore acquisition, which is the overall aim of the fund, is the only option for spending the fund.
- 4.2.5 For these reasons, we recommend seeking to purchase properties in Worthing, and they should be new build properties where possible.

## **5. Project Financing**

- 5.1 The LAHF allows funds to be spent on the purchase of properties. The funding proportion is different between the purchase of 2-bed/3-bed properties and the purchase of 4+ bed properties.
- 5.2 For 2-bed properties (which we would be seeking to purchase five of, to use the grant most efficiently and minimise the additional cost to the council), the amount of grant per property is calculated as 40% of the average lower quartile property price in the council area. A further £20k per property is then added to account for other costs, including refurbishment.
- 5.3 For 4+ bed properties, the amount of grant per property is calculated as 50% of the estimated lower quartile property price for a 4+ bedroom property in the council area. A further £20k per property is then added to account for other costs, including refurbishment.

5.4 Based on market research, we are confident we could purchase properties at a value which would make the programme viable - i.e. 2-bed properties within a budget of £240k-£265k, and a 4-bed property for £415k - and have a shortlist of new properties, some of which we have viewed and believe would be good contenders for use of this fund.

5.4 A financial appraisal has been prepared using the Optimix model showing likely project costs of purchasing properties as follows:

<b>Project Cost</b>	<b>6 homes - £</b>
Acquisitions	1,665,000
Legal fees	12,350
Surveyors	6,946
Works/fit out	9,000
Development management	10,000
Contingency	20,000
<b>Total</b>	<b>1,723,296</b>

5.5 This would be funded as follows:

<b>Fund</b>	<b>£</b>
Grant	809,083
Loan	914,213
<b>Total</b>	<b>1,723,296</b>

5.6 Appraisal work shows that the loan plus its costs would be covered through income from year one, assuming the properties are let at LHA levels (which is compliant with the terms of the funding). The loan accounts for 53% of the project budget, with the grant covering the remaining 47% of the project costs.

## **6. Engagement and Communication**

- 6.1 It is understood that we need to be sensitive to community dynamics. It is considered that this is highly achievable due to the comparatively low numbers of properties which would form part of this project, compared to the overall demographic of the borough.
- 6.2 Officers would ensure that any communications and engagement are carried out sensitively and proactively within local communities. We will also be consulting with the Safer Communities Team and Sussex Police to ensure the safety of refugees. Additional advice will be sought from the South East Strategic Partnership for Migration, and West Sussex County Council, as appropriate.

## 5. Financial Implications

- 5.1 A budget of £1,723,296 is recommended for approval to purchase 6 properties. This will be funded by the Worthing allocation of the Local Authority Housing Fund (LAHF) £809,083, and £914,213 from borrowing. The scheme is proposed as an invest to save scheme.
- 5.2 A full appraisal has been completed on the assumption that the properties would be allocated to refugees for the first 5 years and thereafter available for use as supply for emergency and temporary accommodation. On this basis the cost of borrowing will be met through income for the first 5 years and thereafter through revenue savings from use as EA/TA compared to the alternative cost of bed and breakfast.

### Period of assumed allocated to Refugees

	<u>Year 1</u>	<u>Years 1-5</u>
Cost of Borrowing	£50,078	£250,388
Maintenance costs	£3,141	£16,946
Service Charges	£5,671	£30,101
Income (based on LHA)	(£62,827)	(£326,956)
<b>Net income</b>	<b>(£3,937)</b>	<b>(£29,521)</b>

<u>Years 6 to 25</u>	<b>Purchased properties utilised as EA/TA</b>	<b>Alternative B&amp;B</b>
Cumulative Net cost	£628,777	£1,732,581
<b>Cumulative Net saving to General Fund</b>		<b>£1,103,804</b>

- 5.3 Whilst the properties are allocated to refugees the income from the Local Housing Allowance covers all costs, therefore in a scenario where the properties are allocated to refugees for longer than 5 years the scheme still meets the invest to save principle.

Finance Officer: Emma Thomas

Date: 22/11/23

## **6. Legal Implications**

- 6.1. 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.
- 6.2. Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness
- 6.3. s1 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
- 6.4. The Grant Funding must also be spent by the Council in a way that does not breach the funding terms and conditions or create any unlawful state aid to any commercial undertaking

## **Background Papers**

- [LAHF Prospectus:](https://drive.google.com/open?id=1kGdne2ZljWfzE3FaGaqTi1AiqnHplQbp&usp=drive_fs)  
[https://drive.google.com/open?id=1kGdne2ZljWfzE3FaGaqTi1AiqnHplQbp&usp=drive\\_fs](https://drive.google.com/open?id=1kGdne2ZljWfzE3FaGaqTi1AiqnHplQbp&usp=drive_fs).
- [Strategy / Policy Documents](#)
- [Guidance Documents](#)

## **Sustainability & Risk Assessment**

### **1. Economic**

The proposal permanently brings additional homes into the Council's control to support refugees, then once the refugees have moved on the Council would be able to permanently retain the properties and use in line with our housing policies.

### **2. Social**

#### **2.1 Social Value**

The proposals will provide good quality modern homes which will provide permanent accommodation, ultimately providing homes for residents and which will avoid the need to put households into substandard, small or cramped accommodation. In the immediate term they will provide homes for refugees who have been identified as a prosperity group in the recent housing needs assessment.

#### **2.2 Equality Issues**

Funding is provided by the DLUHC to provide homes for refugees in response to the global climate and the government's humanitarian response. Once this use has ceased the dwellings can be used in accordance with the Council's housing policies. The Council has a responsibility under the Homelessness Reduction Act 2017 to provide interim accommodation to eligible households with the criteria for eligibility set and agreed by the Council.

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

Not all dwellings will be provided in the same location in order to avoid a concentration of the proposed use.

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

Matter considered and no issue identified.

### **3. Environmental**

All dwellings have already been constructed, and it is understood they have been delivered in accordance with current legislation.

#### **4. Governance**

The proposals in this report are in line with the Local Authority Housing Fund prospectus.

This page is intentionally left blank