



ADUR & WORTHING  
COUNCILS

2 September 2019

<b>Joint Strategic Committee</b>	
<b>Date:</b>	<b>10 September 2019</b>
<b>Time:</b>	<b>6.30 pm</b>
<b>Venue:</b>	<b>Gordon Room, Worthing Town Hall</b>

**Committee Membership:**

**Adur District Council:** Councillors; Neil Parkin (Adur Chairman), Angus Dunn (Adur Vice-Chairman), Carson Albury, Brian Boggis, Emma Evans and David Simmons

**Worthing Borough Council:** Councillors; Daniel Humphreys (Worthing Chairman), Kevin Jenkins (Worthing Vice-Chairman), Edward Crouch, Heather Mercer, Elizabeth Sparkes and Val Turner

**Agenda**

**Part A**

**1. Declarations of Interests**

**2. Minutes**

To approve the minutes of the Joint Strategic Committee meeting held on 9 July 2019, copies of which have been previously circulated.

**3. Public Question Time**

To receive any questions from members of the public.

In order for the Committee to provide the fullest answer, questions from the public should be submitted by noon on Friday 6 September 2019.

Where relevant notice of a question has not been given, the person presiding may either choose to give a response at the meeting or respond by undertaking to provide a written response within three working days.

Questions should be submitted to Democratic Services,  
democratic.services@adur-worthing.gov.uk

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

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

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

#### **5. 1st Revenue Budget Monitoring Report (Q1) (Pages 1 - 24)**

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

#### **6. 1st Quarter Capital Investment Programme & Projects Monitoring 2019/20 (Pages 25 - 46)**

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

#### **7. Reconsideration of the locally-determined Council Tax “long-term empty” premium and discounts (Pages 47 - 64)**

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

#### **8. Annual Treasury Management Report 2018-19 Adur District Council and Worthing Borough Council and Revised Treasury Management Policy and Practices (Pages 65 - 82)**

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

#### **9. Our Growing Regional Economy - An Update on the Greater Brighton Economic Board (Pages 83 - 140)**

To consider a report from the Chief Executive, a copy is attached as item 9.

#### **10. Wadurs - Changing Room extension and M&E Works (Pages 141 - 148)**

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

#### **11. Referral of Motion on Notice from Adur District Council (Pages 149 - 154)**

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

**12. Referral of Motion on Notice from Worthing Borough Council**  
(Pages 155 - 160)

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

**13. Worthing Homes Ltd: Corporate Structure and Governance Arrangements**  
(Pages 161 - 168)

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

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

None

**Recording of this meeting**

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

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Neil Terry Senior Democratic Services Officer 01903 221073 nel.terry@adur-worthing.gov.uk	Joanne Lee Solicitor 01903 221134 Joanne.lee@adur-worthing.gov.uk

**Duration of the Meeting:** Four 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



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 September 2019  
Agenda Item 5

Key Decision: No

Ward(s) Affected: All

## 1st Revenue Budget Monitoring Report (Q1)

### Report by the Director for Digital & Resources

#### Executive Summary

#### 1. Purpose

1.1 This report updates the Joint Strategic Committee with the latest expenditure and income projections for each Council in the current financial year 2019/20, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at the 30th June 2019, the forecast position will reflect the latest information available to ensure an up-to-date forecast is presented.

1.2 The following appendices have been attached to this report:

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

## **2. Recommendations**

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

## **3. Context**

- 3.1 The Joint Strategic Committee considered the 5-year forecast for 2019/20 to 2023/24 on 4<sup>th</sup> December 2018.
- 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 the strategy first proposed in 2016/17 whose strategic 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. Issues for consideration - Revenue 2019/2020 Forecast**

- 4.1 As part of the 2019/20 budget the Councils committed to savings of £0.767m for Adur District Council and £1.373m 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. Current budget monitoring indicates that the majority of these savings are being delivered as expected.
- 4.2 Following the LGA peer review which referenced the low level of the reserves, the Councils have positioned themselves to better manage risk and contribute to reserves for the future through three separate initiatives:

- The centralisation of inflation provisions which if not needed will contribute to the savings required in 2020/21. Currently the Council expects £88k for the Joint service, £5k for Adur and £100k for Worthing to be unspent at the year end;
- The creation of contingency budgets for areas of uncertainty in the budget. For 2019/20, the Councils set aside £300k for the risks associated with the changes to the County's supported housing budget. This contingency remains largely unused and will be placed into reserves at the year end; and
- Accelerating savings initiatives where possible - including the investment by the Strategic Property Investment Fund and generating additional commercial income.

Consequently, members should expect the Councils to underspend this year as a result of these proactive measures.

- 4.3 The current year end forecasts indicate, that at this early stage, the operational position will be a net operational underspend by services of £235,000 in Adur and £228,000 in Worthing. This includes meeting the challenges of significant savings requirements to balance the 2019/20 budget. The main factors influencing the level of spend are discussed in detail in section 4.9 of the report.
- 4.4 The current year-end forecasts are comprised of a number of elements as set out in the table below:

<b>2019/20 Forecast Outturn</b>	<b>Adur £000</b>	<b>Worthing £000</b>
<u>Over/(under)spend in operational services – including share from Joint</u>	(235)	(228)
<u>Underspend against Supported Housing contingency budget</u>	(57)	(133)
<u>Reduced borrowing requirement:</u> _____ A lower than forecast call on the MRP (provision to repay debt) and net interest in 2019/20, due to reprofiling of the capital programme already adjusted for in 2020/21 budget.	0	(266)
<u>Budgeted contributions to reserves:</u>		
Set aside for inflation	(40)	(153)
Allowance for Investment Property voids	(100)	(150)
Strategic Investment Property - accelerated purchases	(500)	(500)
<u>Budget provision related to timing differences:</u>		
Major Project funding to Carry forward to 2020/21 for projects that have yet to commence or will complete next year	0	(140)
<b>Net over/(under) spend before contributions to/from Reserves</b>	<b>(932)</b>	<b>(1,570)</b>

4.5 The key factors underpinning the current financial position include:

- An underspend in the Minimum Revenue Provision (MRP) and net interest budgets for Worthing Borough Council. The budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current years capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2020/21.
- Increased income from the Strategic Property Investment Fund. The fund has been successful in identifying suitable properties to acquire, and the associated income is benefiting the budget in 2019/20.

Once the above items are taken into account, including the contribution from reserves, the operational position is a net underspend by services of £235,000 in Adur and £228,000 in Worthing. The factors influencing the operational position have been addressed as part of the 2019/20 revenue budget.



4.6 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.

	Expenditure	Income	Net Total
<b>Joint</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	30,082	(6,978)	23,104
Forecast	29,909	(6,754)	23,156
Projected Forecast (Under)/ Overspend	(173)	225	52
Forecast varaince percentage	-0.57%	3.22%	0.23%
<b>Adur</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	34,390	(25,967)	8,423
Forecast	33,839	(26,369)	7,470
Authority Projected Forecast (Under)/ Overspend	(551)	(401)	(952)
Share of Joint (Under) / Overspend	(69)	90	21
Authority Projected Forecast (Under) / Overspend	(620)	(311)	(932)
Forecast varaince percentage	-1.80%	-1.20%	-11.06%
<b>Worthing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	66,658	(51,481)	15,177
Forecast	66,346	(52,771)	13,575
Authority Projected Forecast (Under)/Overspend	(312)	(1,289)	(1,601)
Share of Joint (Under) / Overspend	(104)	135	31
Authority Projected Forecast (Under)/ Overspend	(416)	(1,154)	(1,570)
Forecast varaince percentage	-0.62%	-2.24%	-10.35%

4.7 The Joint Strategic Committee (JSC) is asked to consider:-

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

4.8 We adopt a more structured approach to services which have more volatile budgets or hard to predict income streams. For 2019/20, these services are:-

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

4.9 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.

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

4.10.1 Car Parks

Worthing car parks budgets are projected to be on target for the full year. The temporary surface car park at Teville Gate was expected to be operational from April 2019 but did not open until the last week in July, although this has had an impact on the financial performance year to date the income shortfall is expected to be offset by the projected underspend in expenditure. Adur income is currently expected to over achieve its target by £30,000.

4.10.2 Housing

The demand for emergency and temporary accommodation continues to be a cost pressure due to the rising demand across the South East, including Adur and Worthing, and the lack of housing supply for those needing affordable accommodation, whether this is to prevent homelessness or to move people on from emergency accommodation.

Across the South East there is competing demand between local authorities for both emergency and temporary accommodation, the latter often being leased private sector accommodation.

Whilst Adur and Worthing have made significant progress in leasing more affordable units of temporary accommodation, competition does mean that prices in some areas (e.g. Worthing) are being pushed beyond the reach of the Councils, and the supply of suitable emergency and temporary accommodation within the Borough is reduced.

At the end of Quarter 1, there is a projected underspend of £56,000 in Adur and an overspend of £139,000 in Worthing. This estimate assumes the current caseload numbers in temporary accommodation increase by an average of 2 per month, with an average room rate of £46 per night. 40+ units of leased, affordable temporary accommodation, are due to come on stream in the coming months, as is phase 1 of the Worthing Borough Council owned accommodation at Downview (9 units). Assuming agreements are finalised, it is anticipated that this, combined with a continued focus on preventing homelessness, will result in a reduction in the predicted overspend in Worthing at Q2.

<b>Housing Management - Full Year forecast</b>						
	2018/19			2019/20 - Full Year Projection		
	Budget for Year	Actual for Year	Variance for Year Over / (Under)	Budget for Year	Forecast for Year	Projected Variance for year Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>ADUR</b>						
ETA Expenditure	635	769	134	907	798	(109)
ETA rental income	(411)	(325)	86	(379)	(326)	51
Grant funding	-	(206)	(206)	(140)	(139)	1
	223	238	15	388	333	(56)
<b>WORTHING</b>						
ETA Expenditure	1,267	1,724	457	1,814	2,140	326
ETA rental income	(589)	(685)	(96)	(689)	(874)	(185)
Grant funding	-	(233)	(233)	(150)	(152)	(2)
	678	807	129	976	1,115	139
	901	1,044	143	1,364	1,447	83

<b>Housing Management - Comparative Financial position at June</b>						
	2018/19 Year to Date			2019/20 Year to Date		
	Budget to P3	Actual to P3	Variance to P3 Over / (Under)	Budget to P3	Actual to P3	Variance to P3 Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>ADUR</b>						
ETA Expenditure	159	178	19	227	167	(60)
ETA rental income	(103)	(71)	31	(95)	(74)	20
Grant Funding	-	(206)	(206)	(140)	(139)	1
	56	(100)	(156)	(8)	(46)	(38)
<b>WORTHING</b>						
ETA Expenditure	317	405	88	453	477	24
ETA rental income	(147)	(164)	(17)	(172)	(207)	(35)
Grant Funding	-	(138)	(138)	(150)	(152)	(2)
	169	103	(66)	131	119	(13)
	225	4	(222)	123	72	(51)

It should also be noted that the 2019/20 budget included a £300,000 allowance for supported housing cost pressures expected as a result of reduced housing budgets from West Sussex County Council. A cross county wide working group has been established to recommission the supported housing programme to meet this challenge and the full budget is unlikely to be required this year. Currently it is anticipated that there will be an underspend of £190,000 against this contingency.

#### 4.10.3 Environment - Waste and Recycling

Income for green and bulky waste is broadly on target to meet the income budget with only small shortfalls currently projected. However, there are concerns that there are cost pressures relating to levels of sickness requiring agency cover, higher than expected repair costs on the new vehicle fleet and additional resource required to rollout the new bin deliveries.

Trade waste income for Adur is estimated to come in on budget. This will be monitored closely as the months progress as new business is unpredictable. Tipping charges however for Adur, based on current costs, are forecast to be higher than expected (£30,000 to date). Further analysis by the service area is being done to identify if this will continue for the remainder of the year. Worthing's income and tipping charges are expected to be as per the budget.

#### 4.10.4 Environment - Bereavement Services

Net income for the Cemeteries in both authorities is projected to fall marginally short of the budget (£10,000 Adur, £17,000 Worthing). This is based on the number of burials in-year, which is lower than the same period in 2018/19.

Crematorium income is forecast to be on target for the year.

#### 4.10.5 Environment - Parks and Open Spaces

Worthing has received a one off receipt of £40,000 relating to an inconvenience payment from Rampion for the continued use of Brooklands park during the construction of the Rampion wind farm. This income will be partly offset by unbudgeted expenditure of £11,000 for the rates charges for 2018/19 and 2019/20. Rental income is on target.

The income budget for beach hut income in Worthing included an allowance for additional huts being built, these are not yet available and this could impact on the annual target being achieved. Adur beach hut income is currently underachieving by 10%.

A new Electronic Communication Code (part of the Digital Economy Act 2017) will have an impact on the rental income receivable from operators for telephone mast leases when renewed. Currently Adur has two sites with a combined annual income of £13,000, under the new regulations this could potentially fall to £300 per annum.

#### 4.10.6 Planning & Development

Planning application fee income is forecast to achieve targets if the anticipated major applications in both Adur and Worthing are received during the year. In Worthing this includes West Durrington and Union Place and in Adur it includes Free Wharf and the Riverside development.

#### 4.10.7 Place and Economy

The Worthing Observation Wheel is now in place on Worthing seafront and operational. This is set to attract £70,000 additional income to the Council (offset in 2019/20 by £10,000 set up costs). This added attraction will draw in more visitors to the town, having a wider positive impact on the local economy. The service has identified expenditure areas which further supports the experience in the town centre (e.g. Spin Out Programme in partnership with Worthing Theatres).

Income from Markets and bus shelter advertising are currently projecting to exceed budget in Adur by £32,000. Income generated through activities such as seafront concessions and open space hire together with estimated expenditure underspends sees Worthing predicting to exceed the budget by £60,000. The service is currently looking at key spend areas to ensure both places continue to improve and regenerate, therefore there is likely to be a different net position at the end of 2019/20.

#### 4.10.8 Major Projects and Investment

The Major Projects team has actively been working on a number of development sites and investments across the areas. The nature of these projects inevitably spans over a number of budget years and commissioning timetables vary according to projects' complexity and challenges that arise from market forces, public engagement, and viability issues. The effect of this is that projects have an uneven spend profile often with large amounts of money being paid over short time periods. For 2019/20 there is projected to be an underspend of £140,000 in the budget set aside for this in 2019/20. The majority of this is to be earmarked to be used as revenue contribution to capital projects in 2020/21.

The investment in Commercial properties is expected to exceed the budget for both Authorities with the combination of completed and projected purchases in the year. In addition, a budget for void rental income which has been created to allow for any vacant properties is not anticipated to be spent in 2019/20 so will be transferred to the Reserve set up in 2018/19 for this purpose (Adur £100,000 and Worthing £150,000).

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

The Minimum Revenue Provision (MRP) is a statutory charge to the revenue budget to provide for the repayment of debt. The calculation is based on the level of historic capital spend that has been financed from borrowing. Consequently, once the accounts have been closed and the calculation has been updated for the capital spend in 2018/19, there is certainty about the charge for the forthcoming year.

Worthing has an underspend on its MRP budget of £266,000 due to the reprofiling to 2019/20 of a proportion of the 2018/19 Capital Programmes 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.

#### 4.10.10 Revenues and Benefits

Currently, the recovery of court costs and overpayments income are both projected to meet their budgets in 2019/20. However these can be unpredictable and will continue to be monitored.

#### 4.10.11 Business Rates

Additional net income is anticipated in relation to Business Rates S31 grants by Worthing £160,000. However, the councils were using the Business Rate Smoothing Reserves to offset losses incurred in previous years due to timing differences. The planned use of reserves will be reduced by any in-year additional income. So there will be no overall under spend this year.

Business Rate income is volatile and can be affected by many factors: government decisions, changing use of commercial properties, valuations, appeals. It will therefore be recommended to members that where there is available capacity at outturn, they agree to put any additional business rates income into reserves. The reserves can then be used, when required, to smooth the effect of the business rates volatility in future years.

#### 4.10.12 Culture

Worthing Theatres are performing well particularly live events and, although it is early in the financial year, there is a strong possibility for the income target to be exceeded. The current forecast, excluding the capital levy element, is an underspend of £90,000 after allowing for the new contract payment due to the Trust.

From 1st November 2019, Worthing Theatres will become an independent trust

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

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

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

They include:-

- Movement in the estimate for doubtful debts

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

#### 4.12 Cross Cutting Budgets

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

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

Energy costs are on budget based on current activity, however the energy contracts are due for renewal and this may have an impact on the outturn position. Indications are that prices may increase, particularly gas.

Water - this is forecast to overspend against budget by an estimated £50,000 across all sites based on current activity. There are a number of sites where the usage is being investigated, as it is higher than expected possibly due to unidentified leaks. This will continue to be monitored. The costs include the water supply to the Splash Pad and Rocks water fountain at Marine Parade for which there is no budget.

Business Rates - Adur and Joint Services are broadly on budget. Worthing is forecast to exceed by an estimated £34,000, this includes the unbudgeted costs at Brooklands mentioned in section 4.10.5 that will be offset by the Rampion compensation payment.

Corporate Inflation savings are projected of £100,000 in Worthing and £88,000 within Joint services. In Adur the saving is likely to be much more marginal, it is forecast currently at £5,000. These savings will be transferred to reserves to increase these balances.

#### 4.13 Future Risks

There is a risk that the vacancy provision target of £758,000, will not be met. It is early in the year to predict the year end position but it will be monitored closely on a monthly basis.



#### 4.14 Housing Revenue Account

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

4.14.2 The HRA is forecast to remain largely within budget for 2019/20 with a small shortfall of £22,685. The approved budget includes the use of HRA reserves of £724,950 which is required to meet the cost pressures from rent limitation and maintenance and repair work required to the housing stock resulting from the condition survey.

### **5. 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.

### **6. Financial Implications**

6.1 At this early stage at the end of the first quarter of the revenue budgetary cycle, it is anticipated that Adur District Council will have an operational underspend of £235,000, Worthing Borough Council an underspend of £228,000 and the Joint Committee an overspend of £52,000.

### **7. Legal Implications**

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

## **Background Papers**

Revenue Budget 2019/20 Joint, Adur and Worthing – 2019/20 Budget Book

<https://www.adur-worthing.gov.uk/media/media.148471.en.pdf>

Joint Overall Budget Estimates 2019/20

<https://www.adur-worthing.gov.uk/media/media.152367.en.pdf>

Adur District Council Budget Estimates 2019/20 and Setting of the 2019/20 Council Tax

<https://www.adur-worthing.gov.uk/media/media.152404.en.pdf>

Worthing Overall Budget Estimates 2019/20 and Setting of 2019/20 Council Tax

<https://www.adur-worthing.gov.uk/media/media.152393.en.pdf>

Financial Performance 2018/19 - Revenue Outturn

<https://www.adur-worthing.gov.uk/media/media.154334.en.pdf>

## **Officer Contact Details:-**

Emma Thomas

Chief Accountant

01403 221232

[emma.thomas@adur-worthing.gov.uk](mailto:emma.thomas@adur-worthing.gov.uk)


## **Sustainability & Risk Assessment**

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

SUMMARY - 1st QUARTER PROJECTED OUTTURN 2019/20

APPENDIX 1a


Actual Previous year 2018/19	ADUR CABINET MEMBER PORTFOLIOS	Original Estimate 2019/20	Current Estimate 2019/20	Projected Outturn to 31st March 2020	Forecast Over/ (Under)
2,591,947	CM for Environment	2,272,600	2,309,370	2,310,230	860
1,234,340	CM for Health & Wellbeing	1,269,140	1,281,140	1,283,030	1,890
1,317,721	CM for Customer Services	1,507,950	1,464,950	1,205,940	(259,010)
574,158	Leader	624,800	627,800	651,540	23,740
1,521,078	CM for Regeneration	1,765,060	1,831,010	1,644,080	(186,930)
1,661,187	CM for Resources	1,111,680	854,350	342,154	(512,196)
-	Holding Accounts	249,790	249,790	249,790	
<b>8,900,430</b>	<b>Total Cabinet Member</b>	<b>8,801,020</b>	<b>8,618,410</b>	<b>7,686,764</b>	<b>(931,646)</b>
(1,320,741)	Credit Back Depreciation	(1,385,100)	(1,385,100)	(1,385,100)	-
1,015,897	Minimum Revenue Provision	1,242,940	1,242,940	1,242,940	-
272	Non ring fenced grants	-	-	-	-
1,087	Financial Instruments Adjustment Account				-
<b>8,596,946</b>		<b>8,658,860</b>	<b>8,476,250</b>	<b>7,544,604</b>	<b>(931,646)</b>
	<b>Transfer to/from reserves</b>				
-	Contribution to/(from reserves)		-	-	-
	Budgeted contribution to/(from) Reserves		-	-	-
(481,767)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	182,610	182,610	-
603	General Fund Working balance	-	-	-	-
511,979	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-		931,646	931,646
<b>8,627,760</b>	<b>Total Budget requirement before External Support from Government</b>	<b>8,658,860</b>	<b>8,658,860</b>	<b>8,658,860</b>	<b>-</b>

 ADC ADUR DISTRICT COUNCIL <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
	£	£	£	£
<b>Capacity Issues Reserve including approved Carry Forward budgets</b>	425,749			
Funding for waste savings proposals (4 Dec 2018 JSC/066/18-19)		(43,200)		
Friends of Shoreham Fort (JSC 6 May 2014)		(10,000)		
<b>Adur carry forwards from 2018/19 underspends</b> , agreed Joint Strategic Committee 9th July, 2019		(151,720)		
Budgeted contribution (to)/from revenue			-	
Balance				220,829
<b>Insurance Fund</b>	152,893	(36,750)	30,700	146,843
<b>Business Rates Smoothing Reserve</b>	402,161			402,161
<b>Grants and Contributions held in Reserves</b>	562,570			562,570
<b>Election Reserve</b>	7,880	(7,880)		-
<b>Special and Other Emergency Reserve</b>	60,254			60,254
<b>Property Investment Risk Reserve</b>	-		100,000	100,000
<b>Projected Underspend/(Overspend) (Reserve to be identified at outturn)</b>			831,646	831,646
<b>General Fund Reserve</b>	518,773	-	-	518,773
<b>TOTALS</b>	2,130,280	(249,550)	962,346	2,843,076

SUMMARY - 1st QUARTER PROJECTED OUTTURN 2019/20

APPENDIX 2a

Actual Previous year 2018/19	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2019/20	Current Estimate 2019/20	Projected Outturn to 31st March 2020	Forecast Over/ (Under)
850,001	CM for Digital & Environment	2,991,380	3,164,240	3,168,500	4,260
3,594,064	CM for Health & Wellbeing	1,729,230	1,746,290	1,754,730	8,440
1,816,036	CM for Customer Services	5,172,460	5,231,960	4,920,560	(311,400)
4,954,410	Leader	802,300	802,300	813,900	11,600
2,217,162	CM for Regeneration	1,907,660	2,098,810	1,960,570	(138,240)
1,750,527	CM for Resources	2,232,150	1,702,050	823,372	(878,678)
-	Holding Accounts	513,700	513,700	513,700	-
15,182,200	<b>Total Cabinet Member</b>	15,348,880	15,259,350	13,955,332	(1,304,018)
(3,262,239)	Credit Back Depreciation	(3,224,030)	(3,224,030)	(3,224,030)	-
1,110,658	Minimum Revenue Provision	1,492,910	1,492,910	1,226,910	(266,000)
69,736	Non ring fenced grants	-	-	-	-
13,100,355		13,617,760	13,528,230	11,958,212	(1,570,018)
	<b>Transfer to/from reserves</b>				
	Contribution to/(from reserves)	86,250	86,250	86,250	-
	Budgeted contribution to/(from) Reserves	-	-	-	-
(731,199)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	89,530	89,530	-
1,147,435	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-	-	1,570,018	1,570,018
13,516,590	<b>Total Budget requirement before External Support from Government</b>	13,704,010	13,704,010	13,704,010	-

 WORTHING BOROUGH COUNCIL  <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	<b>Opening Balance</b>	<b>Estimated Transfers Out</b>	<b>Estimated Transfers In</b>	<b>Projected Closing Balance</b>
	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>
	£	£	£	£
<b>Capacity Issues Reserve including approved Carry Forward budgets</b>	1,643,480			
Marketing/legal costs re disposal of High St & Civic Centre car park sites (28/02/12 JSC/094/11-12) up to £50k each		(40,560)		
Funding for Decoy Farm survey (22/7/14 JSC/031/14-15)		(108,404)		
Preliminary costs of Theatre Trust bid (10 July 2018 JSC/026/18-19)		(16,488)		
Funding for savings proposals (4 Dec 2018 JSC/066/18-19)		(76,800)		
Development of Natural Burial Area (5 March 2019 JSC/105/18-19)		(100,000)		
<b>Worthing carry forwards</b> from 2018/19 underspends, agreed Joint Strategic Committee 9th July, 2019		(425,900)		
Budgeted contribution (to)/from revenue			-	
<b>Balance</b>				875,328
<b>Insurance Reserve</b>	273,678	(36,750)	30,700	267,628
<b>Joint Health Promotion Reserve</b>	3,353			3,353
<b>Leisure Lottery &amp; Other Partnerships</b> - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	37,205	(9,439)		27,766
<b>Museum reserve</b> - 12/09/17 JSC/037/17-18 release of funds to support grant bid	97,702	(77,000)		20,702
<b>Theatres Capital Maintenance Reserve</b>	170,486	(92,000)	83,000	161,486
<b>Special and Other Emergency Reserve</b>	3,053			3,053
<b>Business Rates Smoothing Reserve</b>	905,174			905,174
<b>Property Investment Risk Reserve</b>	50,000		150,000	200,000
<b>Grants &amp; Contributions</b>	741,784			741,784
<b>Capital Expenditure Reserve</b>	29,658			29,658
<b>Projected Underspend/ (Overspend) (Reserve to be identified at outturn).</b>			1,420,018	1,420,018
<b>General Fund Working Balance</b>	868,625			868,625
<b>TOTAL</b>	4,824,198	(983,341)	1,683,718	5,524,575

**HOUSING REVENUE ACCOUNT QUARTER 1 BUDGET MONITORING**
**APPENDIX 3**

	<b>ORIGINAL BUDGET 2019/20</b>	<b>YTD ACTUAL 2019/20</b>	<b>PROJECTED OUTTURN 2019/20</b>	<b>PROJECTED OVER/ (UNDERSPEND) 2019/20</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>EXPENDITURE</b>				
General Management	4,207,350	573,873	4,207,879	529
Special Services	665,450	164,095	681,362	15,912
Rent, Rates, Taxes & Other Charges	31,690	28,978	47,128	15,438
Repairs & Maintenance	2,630,360	851,737	2,646,319	15,959
Bad/Doubtful Debt	50,000	-	50,000	-
<b>Capital Financing Costs</b>				
Depreciation and Revenue Contribution to Capital	3,992,810	-	3,992,810	-
Interest charges	2,289,860	2,675	2,289,860	-
<b>TOTAL EXPENDITURE</b>	<b>13,867,520</b>	<b>1,621,358</b>	<b>13,915,358</b>	<b>47,838</b>
<b>INCOME</b>				
Dwelling Rents	(11,826,460)	(3,848,841)	(11,827,521)	(1,061)
Non-Dwelling Rents	(581,430)	(201,987)	(575,844)	5,586
Heating and Other Service Charges	(482,330)	(167,753)	(512,008)	(29,678)
Leaseholder's Service Charges	(224,350)	(221,791)	(224,350)	-
Interest Received	(28,000)	-	(28,000)	-
<b>TOTAL INCOME</b>	<b>(13,142,570)</b>	<b>(4,440,372)</b>	<b>(13,167,723)</b>	<b>(25,153)</b>
<b>NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL</b>	<b>724,950</b>	<b>(2,819,014)</b>	<b>747,635</b>	<b>22,685</b>



## Quarter 1

The variations greater than £20,000, for this report, are detailed below

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
<b>NET TRADING</b>				
<b>Parking</b>	-	(30)	-	ADUR: Over-achievement of income against budget
<b>Theatres</b>			(90)	Worthing Theatres are performing well particularly live events and, although it is early in the financial year, there is a strong possibility for the income target to be exceeded pre Theatre Trust
<b>Environment - Commercial Waste Services</b>		30	-	ADUR & WORTHING Commercial Waste : Increase in tonnages for Adur not fully budgeted for
<b>Total Net Trading</b>	-	-	(90)	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
<b>INCOME:</b>				
<b>Place and Economy</b>			(60)	Worthing Big Wheel is now in place on Worthing seafront and operational. This added attraction will draw in more visitors to the town, having a wider positive impact on the local businesses
<b>Economic Development</b>	-	(32)	(60)	ADUR & WORTHING: Additional income from Markets and Bus Shelter Advertising anticipated
<b>Investment Properties</b>		(600)	(650)	Income from new investments is projected to exceed the approved budget by £500k for both councils. In addition the budget set up for voids has not been required, so this will be transferred to Reserves at Outturn to fund future possible voids in excess of the budget; £100k Adur and £150k Worthing. ADUR & WORTHING: Shortfall of Cemetery Income projected based on current numbers and prior years profiles
<b>Environment - Bereavement Services</b>		10	17	WORTHING : Crematorium income on target to meet the budget but there is a Shortfall of Cemetery Income projected based on current numbers and prior years profiles
<b>Environment - Parks &amp; Open Spaces</b>	-	-	(29)	Additional inconvenience payment from Rampion for for the late reinstatement of the par 3 at Brooklands offset in part by shortfall in income
<b>Environmental Health</b>	-		(85)	ADUR & WORTHING: Houses in Multiple Occupation (HMO) income - increase expected due to change in regulations which make more properties eligible for licensing.
<b>Finance</b>				Business Rates Section 31 Grant
<b>Total Income</b>	-	(622)	(867)	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
<b>COSTS:</b>				
<b>Major Projects</b>			(140)	Current estimated underspend against major projects budget
<b>Homelessness</b>		(113)	6	ADUR: The monthly average in cases for Adur has dropped from 50 cases at the end of January 2019 to 41 cases at the end of July 2019 and projecting an underspend of (£56k). In addition the provision of support housing is predicted to cost less than initially budgeted (£57k). WORTHING: Increased use of temporary accommodation to meet increased demand Currently 122 cases at the end of July 2019 (98 cases at the end of January 2019) £139k offset by less than projected the provision of support housing initially budgeted (£133k).
<b>Finance: Treasury</b>	-	-	(266)	MRP underspends due to reprofiling of capital programme
Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
<b>Corporate Budgets</b>	(88)	(5)	(100)	The inflation for Supplies and services was centralised to allow for a budgeted contribution to Reserves net of any departmental cost pressures
<b>Other minor variances</b>	140	(213)	(145)	Various minor over and underspends
<b>Allocation of Joint Variance</b>		21	31	Share of joint services allocated 40:60 to Adur and Worthing Councils
<b>Total costs</b>	52	(310)	(613)	
<b>Total Variance</b>	52	(932)	(1,570)	

This page is intentionally left blank



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 September 2019  
Agenda Item 6

Key Decision : No

Ward(s) Affected: All

## 1st Quarter Capital Investment Programme & Projects Monitoring 2019/20

### Report by the Director for Digital and Resources

#### EXECUTIVE SUMMARY

##### 1. PURPOSE

1.1 This report updates the Joint Strategic Committee on the progress made on the 2019/20 Capital Investment Programmes for Adur District Council, Worthing Borough Council. The programmes include schemes which support the delivery of services by the Joint Services Committee.

1.2 The following appendices have been attached to this report:

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

**Appendix 2:** Worthing Borough Council Capital Monitoring Summary

**Appendix 3:** Adur District Council Reprofiled Budgets

**Appendix 4:** Worthing Borough Council Reprofiled Budgets

##### 2. RECOMMENDATIONS

2.1 The Joint Strategic Committee is asked:

(a) **With respect to the Capital Investment Programme of Adur District Council.**

i) To note the reprofiling of the Adur District Council capital schemes as advised in paragraphs 8.2.1 and Appendix 3.

ii) To note that a virement of £50,000 from the DDA coastal footpath to the Southwick Leisure Centre outdoor all weather pitch as detailed in paragraph 8.2.3 was approved by the Director of Communities to resolve a potential overspend against this budget.

- iii) To note the confirmation of £590,000 external funding from the Environment Agency towards the Coast Protection Works at Shoreham Western Harbour Arm as detailed in paragraph 8.2.5.
- iv) To approve the addition of the purchase of Trade Refuse Bins to the 2019/20 and 2020/21 Capital Investment Programme funded from revenue contributions of £7,500 p.a.as detailed in paragraph 8.1.2.
- v) To approve the inclusion of Play Area Improvements at Sompting Recreation Ground funded from a virement of £100,800 from the Middle Road Play Area Improvements as detailed in paragraph 8.2.4.

**b) With respect to the Capital Investment Programme of Worthing Borough Council.**

- i) To note the reprofiling of the Worthing Borough Council capital schemes as advised in paragraphs 8.3.1 and Appendix 4.
- ii) To approve the virements from the budget provision for the Town Hall Asbestos Removal to support a re-prioritised scheme of asbestos management surveying and works, Seafront Fire Safety Works Budget and the Durrington Cemetery Extension for Additional Burial Spaces Budget as detailed in paragraph as detailed in paragraph 8.3.3 and 8.3.6.
- iii) To approve the virements to amalgamate all the budgets in the Capital Investment Programme for the Brooklands Park Development into one programme of works totalling £502,610 as detailed in paragraph 8.3.7.
- iv) To approve the virement of £150,000 from the unallocated public convenience budget to the Highdown Gardens Infrastructure Scheme for the improvement to the Highdown Gardens public convenience detailed in paragraph 8.3.8.
- v) To approve the ring-fencing of 2019/20 Capital Investment Programme Contingency as a provision for the internal works to the new Durrington Community Centre to ensure the building is ready for use by a new tenant detailed in paragraph 8.3.9.
- vi) To approve the procurement of a cremulator and transfer table for the Crematorium be included in the 2019/20 Capital Investment Programme funded from the 2019/20 Capital Investment Programme General Contingency Budget as detailed in paragraph 8.3.4.
- vii) To approve the inclusion of the development of the Crematorium Children's Garden in the 2019/20 Capital Investment Programme funded from the unallocated Crematorium Improvements Budget in 2020/21 as detailed in paragraph 8.3.5.
- viii) To agree to the addition of the purchase of Trade Refuse Bins to the 2019/20 and 2020/21 Capital Investment Programme funded from revenue contributions of £17,500 p.a.as detailed in paragraph 8.1.2.

- ix) To approve the inclusion within the capital programme of a new digital camera for the Connaught Theatre funded by £20,000 from the levy budget and £45,000 from the Treasury Management budget as detailed in paragraph 8.3.10.

### **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 2019/20 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 detailing the original estimate, tender estimate and the final outturn.

#### 4. **SUCCESSSES AND CHALLENGES IN THE 2019/20 CAPITAL INVESTMENT PROGRAMMES**

4.1 The following schemes are progressing well:

##### 4.1.1 **Adur Homes Capital Investment Programme**

The Adur Homes Capital Investment Programme for 2019/20 and 2020/21 was approved by the Joint Strategic Committee 09 October 2018.

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

The appointment of a Fire Safety Officer has allowed us to focus on fire safety remedial works. Several fire remedial works are now being implemented across our stock. This includes the front entrance fire door replacement programme which has already seen the replacement of 181 'critical' doors in tenanted properties. Engagement with leaseholders to identify and support them to bring their doors into compliance with the current legislation, has also commenced.

The upgrade of the Community Alarm Systems in our sheltered housing schemes is now at the planning stage.

##### 4.1.2 **Adur Homes External Works Programme**

The external capital works programme is being revised in light of the need to re-profile fire safety works and also critical health and safety works. However



The following is underway:

Work at Southwick Square to repair guttering, soffits and fascias was brought forward into this year's programme, and work started on site this summer. This will be completed this autumn.

The project to undertake external works to Rocks Close and Locks Court is advancing well. Letters have been issued to residents inviting them to a meeting to discuss the plans on the 2nd October, with an aim to be on site in the spring of 2020. Planning is also at an advanced stage to take forward the work to replace doors at Bushby Close and Beachcroft Place with a similar time frame. A date has yet to be set to meet with residents.

Standard specifications for all external works are being reviewed to ensure best value and support the development of a programme of works that is in line with priorities that have emerged as the result of condition surveys and new urgent matters being added to the work programme.

#### **4.1.3 Adur Homes Development and Acquisition Programme**

Following the lifting of the Housing Revenue Account (HRA) borrowing cap, the Council has now taken over the development of Albion Street, which will see the delivery of 50 affordable homes in contrast to the 15 affordable homes that would have been delivered under the former scheme. Planning permission has been granted and a tender for construction is being finalised. .

The development of Cecil Norris House is well underway. Pilbeam construction started on site in July 2019 and will commence external demolition in the coming weeks. This project will deliver 15 units of social housing.

Earlier this year Adur Homes also completed the conversion of a former staff office at 101 North Rd, Lancing into 2 one bedroom flats which have already been advertised via the Choice Based Lettings system to those on the Adur Housing Register.

Officers are also working up plans for the development of infill and other garage sites owned by the HRA, with the potential to deliver up to 60 new homes.

In August 2019 Jake Lock joined the Adur and Worthing major projects team as a senior development lead and will be taking over the leadership of this work and creation of the future Development Strategy for affordable homes.

#### **4.1.4 Adur Civic Centre – Redevelopment**

- i) Demolition of the Civic Centre. The demolition completed 1<sup>st</sup> June 2017.
- ii) Phase I: North New Office Development. The construction completed June 2019 and has the building is now occupied by new tenants.
- iii) Phase II South development of the Civic Centre Site. The Council has now identified a developer to take this scheme forward which should

see significant new housing units developed on-site including 171 affordable housing units.

4.2 The following schemes are presenting the Councils with challenges:

#### 4.2.1 **Wadurs Swimming Pool - New Changing Room and Replacement Boilers**

The 2019/20 Capital Investment Programme currently includes separate budget provisions for Wadurs Swimming Pool as follows:

- i) Contribution to Impulse Leisure for the expansion of Wadurs Swimming Pool changing facilities £120,000.
- ii) Boiler and Plant Replacement £90,000.

A review of both schemes advised that the above budgets are insufficient to fund the works required and an additional £174,870 is required. Some of this is due to the passage of time that this project has taken to come forward, but a significant element is down to the need to replace boilers, plant and air handling systems within the pool that are at the end of their economic life. Without replacement, a risk remains that the system will fail, rendering the facility un-useable.

A separate report is to be submitted to the Joint Strategic Committee, also on this Agenda, for the approval to amalgamate the 2 schemes and vire 2 other existing budgets in the 2019/20 Capital Investment Programme in order for this scheme to proceed.

#### 4.2.2 **Theatres / Museum Capital Investment Programme**

Following the decision to set up a new charitable organisation to deliver the town's cultural venues, the Worthing Theatres' Cultural Capital Investment Programme is being reviewed and re-assessed to prioritise works in line with the recently received condition surveys, prior to the establishment of the Trust.

#### 4.2.3 **Decoy Farm - Development of site to provide office space**

The above scheme was added to the Capital Investment Programme on 9th July 2019 in order to develop the site in order to provide the best outcome for the Council.

The scheme is to be funded by the Local Enterprise Partnership and the intention is to procure a Developer to assist and inform the remediation process to maximise the best use of LEP funding. The Developer would be granted an Option to purchase the site for development at full market value on terms to be set out in the procurement process.

Procurement of the scheme is currently being considered and the scheme is likely to be delivered in 2020/21.

#### 4.2.4 Wheeled Bin - Replacements

Following the approval by the Joint Strategic Committee November 2018 to change to alternate weekly collections of refuse and recycling, the increase in demand for larger refuse and recycling bins created an overspend of £103,118 in 2018/19.

The 2019/20 Capital Investment Programme includes a current budget of £50,000. The budget has already been spent and further commitments have resulted in a current joint services overspend of £10,000. Demand remains high for replacement bins and a review of stock is being undertaken.

### 6. PROGRESS OF THE ADUR DISTRICT COUNCIL 2019/20 CAPITAL INVESTMENT PROGRAMME – AUGUST 2019

6.1 There are 53 schemes in the 2019/20 current capital investment programme which are progressing as follows:

	Number of schemes	Percentage %
Schemes which are progressing satisfactorily or have completed	32	60.4
Schemes where progress is being closely monitored	20	37.7
Schemes with significant challenges	1	1.9

6.2 A summary of the schemes with significant challenges or where there are financial issues is attached as Appendix 1 to this report. A summary of the progress of all the schemes in the 2019/20 Capital Investment Programme is available from the Councils' Joint Intranet.

### 7. PROGRESS OF THE WORTHING BOROUGH COUNCIL 2019/20 CAPITAL INVESTMENT PROGRAMME – AUGUST 19

7.1 There are 73 schemes in the 2019/20 current capital investment programme which are progressing as follows:

	Number of schemes	Percentage %
Schemes which are progressing satisfactorily or have completed	44	60.2
Schemes where progress is being closely monitored	28	38.4

Schemes with significant challenges	1	1.4
-------------------------------------	---	-----

7.2 A summary of the schemes with significant challenges or where there are financial issues is attached as Appendix 2 to this report. A summary of the progress of all the schemes in the 2019/20 Capital Investment Programme is available from the Councils' Joint Intranet.

## **8. ISSUES FOR CONSIDERATION**

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

8.1.1 The following amendment to the Adur District Council and Worthing Borough Council Joint Services 2019/20 Schemes is recommended:

#### **8.1.2 Trade Refuse Bins - Replacements**

The Adur District and Worthing Borough Councils' 2019/20 Capital Investment Programmes include budget provisions for the replacement of refuse and recycling wheeled bins and it is requested that annual budget provisions of £25,000 are included in the Adur District and Worthing Borough Councils' Joint Services 2019/20 and 2020/21 Capital Investment Programmes for the replacement of Trade Refuse Bins.

The replacement of Trade Refuse Bins is currently funded from a budget provision in the revenue budget and it is requested that a revenue contribution of £25,000 (Adur District Council Share 30% £7,500, Worthing Borough Council Share 70% £17,500) is used to finance the annual replacement of Trade Refuse Bins from the Capital Investment Programmes.

### **8.2 Adur District Council**

8.2.1 Budgets totalling £10,995,260 have been reprofiled to 2020/21 and future years, where the original project plan has changed and the schemes are not expected to complete in 2019/20. A list of schemes reprofiled is attached as Appendix 3 to this report.

8.2.2 The following amendments to the Adur District Council 2019/20 Capital Investment Programme are recommended:

#### **8.2.3 Southwick Leisure Centre - Outdoor All Weather Pitch**

The 2019/20 Capital Investment Programme includes a budget of £315,910 to replace the eastern set of tennis courts with an outdoor all weather pitch for football / tennis / netball and refurbish the remaining tennis courts.

Tenders have been received and the total cost of the scheme is now estimated to cost approx £366,000, resulting in a shortfall of £50,000. A virement has been approved from the construction of the DDA coastal footpath between Ferry Road to the existing concrete path opposite 5 Beach Road where a potential underspend has been identified.

#### **8.2.4 Sompting Recreation Ground - Play Area Improvements**

The 2019/20 Capital Investment Programme includes a budget of £100,800 for play area improvements at Middle Road Recreation Ground. However, a review of this Play Area has advised that no improvements are required at this time.

It is therefore proposed that this budget is vired to a new play area scheme at Sompting Recreation Ground to enlarge the existing play area and replace the equipment.

#### **8.2.5 Coast Protection Works - Shoreham Western Harbour Arm**

The purchase of land from Sussex Yacht Club to enable the construction of coastal defences has completed. It is expected that the yacht club will now commence the construction of a new club house.

The Council has now received confirmation of grant funding of £590,000 from the Environment Agency (EA) and the Capital Investment Programme. This is slightly lower than expected last January when the Council was planning for a contribution from the EA of £661,000.

Briefs are currently being prepared for consultants to prepare a detailed design for the scheme which will provide costings for the works. A report to JSC will be prepared to confirm the final scheme costs and funding sources.

The works will commence with the demolition of the old Yacht Club estimated early in 2020/21. This will be followed by the coast protection works.

### **8.3 Worthing Borough Council**

8.3.1 Budgets totalling £7,868,650 have been reprofiled to 2020/21 and future years where the original project plan has changed and the schemes are unable to complete in 2019/20. A list of schemes reprofiled is attached as Appendix 4 to this report.

8.3.2 The following amendments to the 2019/20 Capital Investment Programme are recommended:

#### **8.3.3 Asbestos Surveys and Remediation Works**

The current 2019/20 Capital Investment Programme includes the following budget provisions:

- i) Asbestos Management £64,840.
- ii) Town Hall - Removal of asbestos from roof space £353,420.

Specialist advice from an accredited Asbestos Survey and Management contractor has been obtained on the Town Hall roof space and in particular the area where many of our services are located that require access for maintenance. The asbestos in this area has been temporarily sealed to allow safe working for maintenance contractors and an air test has also been carried out. This area of the town hall roof space has been contained and

there is no risk to staff or visitors. A new PID has been submitted for the Town Hall asbestos removal project to be reprofiled to 2022/23 and the current budget is diverted to assist with other pressures and priority projects.

It is therefore proposed to transfer this budget to fund the following budget pressures:

1. Virement of £250,000 to the Asbestos Management Budget for the completion of asbestos surveys on corporate buildings and for any remedial works that need to be undertaken as a result of these surveys.
2. Virement of £50,000 to the contingency budget ring fenced for the Seafront Fire Safety sprinkler system for the Pavilion Theatre, Amusements and Southern Pavilion where the system is being designed by consultants and a budget shortfall is anticipated.
3. Virement of £50,000 to the contingency budget ring fenced for the Durrington Cemetery Extension of Burial Ground as detailed below in 8.3.6.

#### **8.3.4 Crematorium - Provision of Cremulator and Transfer Table**

A recent Health and Safety Audit highlighted that a change in practice for processing cremated remains was required to remove the inhalation risk to staff resulting from the transfer of cremated remains from the collection tray in the cremators to the cremulator machine and again following processing the cremated remains into an urn.

To combat this risk, the purchase of a new ash processor and ash transfer table that would remove the need to transfer cremator remains from one container to another is recommended. This new machinery is compatible with the cremators ash collection tray and will remove the potential for residual particulate to be generated and inhaled, preventing further exposure and work related illness.

The estimated cost of the equipment is £50,000 and can be funded from the Worthing Borough Council 2019/20 Capital Investment Programme Contingency Budget.

#### **8.3.5 Crematorium - Redevelopment of the Children's Garden**

The Worthing Crematorium Children's Garden was installed in 2007 to provide a final resting place and place of remembrance dedicated to children where families and bereaved could remember their loved one.

The Garden is now in need of redevelopment to provide a dignified, peaceful and private area for a final resting place and also for families and bereaved to visit and remember their loved ones. The redevelopment will enhance the Memorial Gardens as a whole and create a new legacy for the Bereavement Service.

The 2020/21 Capital Investment Programme includes a budget provision for £132,600 for improved signage and other improvements at the Crematorium. The new signage was completed as part of the Crematorium Phase 1 improvements and it is requested that £50,000 of this budget is brought

forward to 2019/20 to fund the development of the Children's Garden. The revenue implications of bringing forward this budget will be offset by the budgets that have been reprofiled to 2020/21.

### 8.3.6 Durrington Cemetery Extension to Provide Additional Burial Spaces

The scheme was delayed by the need to obtain tree / ecological surveys and the installation of an off-site monitoring ground well. In addition the extension was originally to be undertaken in 2 phases, but the outcomes from the ground water and ecological surveys required the full scheme to be constructed in one phase. This required the allocation of additional funding.

Construction works commenced on site March 2019 and completed July 2019. Planting of the area will be undertaken in the autumn 2019.

However, a number of design changes were necessary during the construction phase which has increased the overall delivery costs. The Engineering Section has mitigated the increases in costs by value engineering elements of the design through the build phase. The Final Account has still to be agreed but it is estimated there could still be a funding shortfall of £50,000.

It is recommended that the anticipated overspend is funded from the 2019/20 Capital Investment Programme Contingency Budget when the extent of the overspend is understood.

### 8.3.7 Brooklands Park Redevelopment as detailed in the Brooklands Masterplan

The Brooklands Masterplan was adopted by the Council in November 2018. Included in the plan is the refurbishment of the public conveniences and it is proposed to fund this improvement from the unallocated budget for the public conveniences rolling programme of upgrades and improvements.

A virement of £150,000 is requested from the budget provision for the rolling programme of public conveniences upgrades and improvements to the Brooklands Park Redevelopment budget.

The 2020/21 Capital Investment Programme includes a budget provision of £140,000 for a new adventure play area at Brooklands Park which will continue to provide a variety of specialised play equipment for children living with disabilities that the park currently provides. It is recommended that this budget is added to the overall Brooklands Park Redevelopment Budget.

The total budget for the redevelopment of Brooklands Park after the above virements will be as follows:

Current Budget:	212,610
Public Conveniences:	150,000
Play Area:	140,000
<b>Total Budget:</b>	<b>502,610</b>

A Capital PID has also been submitted for £250,000 for the implementation of the Masterplan works for 2021/22. This will increase the budget available to

accommodate the cost pressures arising from the asbestos works undertaken during the removal and demolition of old parks pavilions and outbuildings.

### 8.3.8 Highdown Gardens Infrastructure Improvements

Worthing Borough Council has been successful in its application to the National Lottery Heritage Fund (HF) (formerly HLF Heritage Lottery Fund) for funding of £813,200 to preserve the horticultural heritage and increase and improve accessibility to the gardens.

The 2019/20 current budget profile for the Phase 2 project is:

Heritage Lottery:	£813,200
Council Resources:	£46,040
S106 receipts:	£73,960
Southdowns National Park:	£5,000
<b>Total Budget:</b>	<b>£938,200</b>

In addition to the above funding it is recommended that £150,000 is vired from the unallocated budget for the public convenience rolling programme of upgrades and improvements to refurbish the Highdown Gardens public convenience.

### 8.3.9 West Durrington Community Centre

A new community building in West Durrington is due to be built by the developers of the West Durrington Housing Estate in the autumn of 2019. Whilst some fixtures and fittings for the building are anticipated, for example, kitchen surfaces, sink, cooker, cupboards, we need to establish the full extent of other fixtures and fittings for the building with the developer. An organisation is being sought to take on this building and a contingency budget to complete the fixtures and fittings for the building will increase the likelihood of a successful tenancy.

It is recommended that £50,000 is ring-fenced from 2019/20 Capital Investment Programme General Contingency Budget to ensure the building is ready for use prior to the new tenancy, in the event that the developers do not provide interior fixtures and fittings.

Discussions are in progress with a prospective tenant who has advised that they intend to apply for external funding to improve the building and the Council might not be required to provide any additional funding.

### 8.3.10 Connaught Studio - Replacement of the digital camera

The existing camera was purchased 6 1/2 years ago and following an engineer's report is now in need of urgent replacement. The replacement camera is estimated to cost £65,000 and the theatres team have identified £20,000 of maintenance levy that can be used to contribute to the cost.

It is proposed to use £45,000 of the underspend within the revenue Treasury Management budgets to fund the remainder of the cost.



The new Trust has offered to reduce down the annual contract payment by £15,000 for the next three years to repay the Council for this investment which will take place just ahead of the transfer of responsibilities to the new body.

## **9. ENGAGEMENT AND COMMUNICATION**

- 9.1 The purpose of this report is to communicate with stakeholders on the progress of the Adur District Council and Worthing Borough Council 2018/19 Capital Investment Programmes. Officers of the Council have been consulted with on the progress of the schemes which they are responsible for delivering.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 There are no unbudgeted financial implications arising from this report as the Adur District Council and Worthing Borough Council original 2019/20 Capital Investment Programmes were approved by the Councils in December 2017. 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.

**Finance Officer:** Sarah Gobey

**Date:** 27th August 2019

## **11. LEGAL IMPLICATIONS**

- 11.1 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.
- 11.2 Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.

**Legal Officer:** Susan Sale

**Date:** 27 August 2019

### **Background Papers**

- Capital Investment Programme 2018/19 – 2020/21 Adur District Council, Worthing Borough Council and Joint Committee
- Capital Strategy 2018/21.

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

Sarah Gobey  
Chief Financial Officer  
01903 221233  
sarah.gobey@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 DDA requirements and reduce inequalities.

## 3. ENVIRONMENTAL

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

## 4. GOVERNANCE

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

**CAPITAL MONITORING SUMMARY 2019/20**
**AUGUST 2019**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Executive Portfolios	Total ADC Scheme Budgets	Previous Years' Spend	2019/20 Original Budget	Net budget b/f from 2018/19	Approved Changes to Original Budget	2019/20 Budget Reprofiles to and from 2020/21	2019/20 Current Budget	2019/20 Spend to Date	Spend % of Current Budget
	£	£	£	£	£	£	£	£	
Customer Services	20,122,390	-	8,286,000	2,371,650	9,464,740	(8,291,800)	11,830,590	116,220	0.98%
Environment	2,596,090	817,200	477,650	64,650	1,216,590	(2,000)	1,756,890	91,449	5.21%
Health and Wellbeing	277,250	3,360	220,000	(2,400)	56,290	-	273,890	-	0.00%
Regeneration	4,934,750	189,640	1,162,900	3,393,550	121,900	(1,400,000)	3,278,350	3,350,838	102.21%
Resources	64,309,000	9,860,110	26,577,070	103,140	26,598,130	(1,301,460)	51,976,880	7,673,489	14.76%
<b>TOTALS</b>	<b>92,239,480</b>	<b>10,870,310</b>	<b>36,723,620</b>	<b>5,930,590</b>	<b>37,457,650</b>	<b>(10,995,260)</b>	<b>69,116,600</b>	<b>11,231,996</b>	<b>16.25%</b>

**Financing of 2019/20 Programme:**
**Adur Homes Capital Programme:**

Capital Receipts:	1,883
Major Repairs Reserve:	3,800
Homes England:	900
S106 Receipts:	144
New Development Reserve:	39
Prudential Borrowing:	527
	<u><u>7,293</u></u>

**General Fund Capital Programme:**

Prudential Borrowing:	57,269
Capital Receipts:	68
Government Grants:	670
Revenue Reserves and Contributions:	82
Other Contributions:	3,735
	<u><u>61,824</u></u>

**Summary of Progress:**

Schemes with significant challenges:	1
Schemes where progress is being closely monitored:	20
Schemes progressing well or completed:	<u>32</u>
<b>Total Schemes:</b>	<u><u>53</u></u>

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
SCHEME (Responsible Officer)	Total ADC Scheme Budget  £	Previous Years' Spend  £	2019/20 Original Budget  £	Budget Reprofiles to and from 2020/21 and Future Years  £	2019/20 Current Budget  £	2019/20 Spend to Date  £	Anticipated Completion Date (C) / Approval Report(D)/ P.I.D.(P)	2019/20 Anticipated (Underspend) /Overspend (Council Resources)  £	<b>COMMENTS AND PROGRESS Status</b> <input checked="" type="checkbox"/> Progress Beyond Council's Control £ Schemes with financial issues ^ Scheme Progress Improved v Scheme Progress Deteriorated	
<b>Customer Services</b> <b>Wadurs Swimming Pool</b> 1 Contribution towards expansion of changing facilities (£100,000 funded from S106 receipts) (KS)	124,490	4,490	-	-	120,000	10,099.80	Mar 20 (C) Report to be submitted to Sept JSC	-	Report to be submitted to Sept 19 JSC outlining the total costs for this scheme and the replacement of the boiler and plant. The report will also request the allocation of additional funding from underspends in the capital programme and to report external funding confirmed.	£
<b>TOTAL:</b>	<b>124,490</b>	<b>4,490</b>	<b>-</b>	<b>-</b>	<b>120,000</b>	<b>10,099.80</b>		<b>-</b>		

**RESPONSIBLE OFFICERS:**

KS Kevin Smith

Principal Building Surveyor

<b>CAPITAL MONITORING SUMMARY 2019/20</b>									<b>AUGUST 2019</b>
<b>Executive Portfolios</b>	<b>(1) Total WBC Scheme Budgets</b>	<b>(2) Previous Years' Spend</b>	<b>(3) 2019/20 Original Budget</b>	<b>(4) Net Budget b/f from 2018/19</b>	<b>(5) Approved Changes to Original Budget</b>	<b>(6) 2019/20 Budget Reprofiled to and (from) 2020/21</b>	<b>(7) 2019/20 Current Budget</b>	<b>(8) 2019/20 Spend to Date</b>	<b>(9) Spend % of Current Budget</b>
	£	£	£	£	£	£	£	£	
Customer Services	5,572,040	59,870	4,053,830	1,279,710	194,940	(223,480)	5,305,000	775,894	14.63%
Digital and Environment Services	8,066,460	1,404,360	2,142,180	764,960	2,694,200	(2,761,150)	2,840,190	686,167	24.16%
Health and Wellbeing	467,140	5,080	39,200	(6,250)	429,110	-	462,060	16,605	3.59%
Regeneration	13,628,770	2,664,790	703,720	935,060	7,384,720	(4,575,000)	4,448,500	734,475	16.51%
Resources	56,289,960	55,600	25,264,500	471,300	32,091,200	(309,020)	57,517,980	12,779,675	22.22%
<b>TOTALS</b>	<b>84,024,370</b>	<b>4,189,700</b>	<b>32,203,430</b>	<b>3,444,780</b>	<b>42,794,170</b>	<b>(7,868,650)</b>	<b>70,573,730</b>	<b>14,992,816</b>	<b>21.24%</b>

**Financing of 2019/20 Programme:**

	<b>£'000</b>
Borrowing:	66061
Capital Receipts:	1465
Revenue Contributions and Reserves:	268
Government Grants:	1256
S106 Receipts	114
Other Contributions:	1,410
	<u><b>70,574</b></u>

**Capital Monitoring - Summary of Progress:**

Schemes with significant challenges:	1
Schemes where progress is being closely monitored:	28
Schemes which are progressing satisfactorily or have completed:	44
<b>Total Schemes:</b>	<u><u><b>73</b></u></u>

12

(1) SCHEME (Responsible Officer)	(2) Total WBC Scheme Budget  £	(3) Previous Years' Spend  £	(4) 2019/20 Original Budget  £	(5) Budget Reprofiled to and (from) 2020/21 and future years  £	(6) 2019/20 Current Budget  £	(7) 2019/20 Spend to Date  £	(8) Anticipated Completion Date (C) / Approval Report(D)/ P.I.D (P)	(9) 2019/20 Anticipated (Underspend) /Overspend (Capital Resources)  £	(10) COMMENTS AND PROGRESS  ● Progress Beyond Council's Control £ Schemes With Financial Issues ▲ Scheme Progress Improved ▼ Scheme Progress Deteriorated	(11) Status
<b>Regeneration</b> <b>Decoy Farm</b> 1 Development of site to provide office space (Total funding £4,844,000 funded by Local Enterprise Grant)	4,844,000	-	-	3,000,000	-	-	T.B.A. (C) 9.7.19 (D)	-	Scheme has been reprofiled to 2020/21 as procurement options are under consideration.	R
<b>TOTAL:</b>	<b>4,844,000</b>	<b>0</b>	<b>0</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>		

RESPONSIBLE OFFICER:

CC

Cian Cronin

Head of Major Projects and Investment



ADUR DISTRICT  
COUNCIL

ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Adur Homes Capital Investment Programme	4,706,200	<b>External Works Programme:</b> The external capital works programme is being revised in light of the need to re-profile fire safety works and also critical health and safety works. Standard specifications for all external works are being reviewed to ensure best value and support the development of a programme of works that is in line with priorities that have emerged as the result of condition surveys and new urgent matters being added to the work programme.
	130,000	<b>Central Heating</b> Works to be undertaken are being revisited and works required are anticipated in 2020/21.
	100,000	<b>Environmental Improvements:</b> Properties are currently being inspected to identify and prioritise works.
	150,000	<b>Kitchen and Bathroom Improvements:</b> Quality assurance being undertaken on works already completed prior to commencing further works.
	2,000,000	<b>Fire Safety Works :</b> Works are progressing well and the programme of works will continue in 2020/21.
	45,000	<b>ICT Systems Housing Repair System</b> Housing Repairs System on hold whilst Orchard System is reviewed for priority works.
	500,000	<b>Professional and Consultancy Services</b> Costs reprofiled in line with anticipated expenditure on 2019/20 schemes.
Affordable Housing Programme 2019/2020 - Unallocated budget	660,600	One grant for £720,000 has been approved in 2019/20 to the Hyde Group for the provision of 14 rented units. Remaining budget reprofiled to 2020/21 due to likely lead in times for any further grants identified.

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

Scheme	Reprofiled Budgets	Reason
Coast Protection Works - Shoreham Western Harbour Arm	1,400,000	The purchase of land from Sussex Yacht Club enabling them to commence construction of a new club house has completed.  Briefs are currently being prepared for consultants to prepare a detailed design for the scheme which will provide costings for the coast protection works. The works will commence with the demolition of the old Yacht Club estimated early in 2020/21. This will be followed by the coast protection works.
Foreshore Management - Kingston Beach Area Improvements (Total budget £22,000)	2,000	Environmental improvements in the Kingston Beach Area are to be undertaken following the completion of coast protection works in the area. Budget profiled in 2020/21.
Information and Technology - Extending Ultrafast Fibre Network	992,000	Works are being undertaken with consultants to create a digital infrastructure programme. The estimated spend in 2019/20 is estimated at £70,000 (Adur Share £28,000) and the remaining budget has been reprofiled to future years.
Payroll System - Replacement (Partnership scheme with Worthing Borough Council. Total cost £175,000.	82,250	Scheme to be tendered imminently for a 2020/21 implementation.
Carbon Reduction Schemes General Provision	227,210	The Carbon Reduction Plan will be produced in 2019 and will identify prioritised interventions to deliver cost effective carbon reduction and long term cost savings by the implementation of energy efficiency, renewable energy and transport projects.
<b>Total Reprofiled Budgets:</b>	<b>10,995,260</b>	





WORTHING BOROUGH  
COUNCIL

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

Scheme	Reprofiled Budgets	Reason
Boundary Signs - Replacement of existing boundary signs on main entry routes into Worthing and additional signs on the A27	42,000	Future direction and sign design still under consideration. Timescales for scheme uncertain.
Car Parks - Buckingham Road MSCP Refurbishment	1,533,000	Scheme added to the Capital Investment Programme November 2018 and the works are anticipated to be undertaken in 2020/21.
Connaught Studio - Installation of air conditioning	33,000	Following the decision to set up a new charitable organisation to deliver the town's cultural venues, the Worthing Theatres' Cultural Capital Investment Programme is being reviewed and re-assessed to prioritise works in line with the recently received condition surveys, prior to the establishment of the Trust. Non priority schemes have been profiled in future years.
Connaught Theatre - Refurbishment of public toilets	92,000	Following the decision to set up a new charitable organisation to deliver the town's cultural venues, the Worthing Theatres' Cultural Capital Investment Programme is being reviewed and re-assessed to prioritise works in line with the recently received condition surveys, prior to the establishment of the Trust. Non priority schemes have been profiled in future years.
Connaught Theatre - Installation of a ventilation system	66,080	Following the decision to set up a new charitable organisation to deliver the town's cultural venues, the Worthing Theatres' Cultural Capital Investment Programme is being reviewed and re-assessed to prioritise works in line with the recently received condition surveys, prior to the establishment of the Trust. Non priority schemes have been profiled in future years.
Decoy Farm - Development of the site to provide office space	3,000,000	Procurement of the scheme is currently being considered and timescales for delivery are anticipated in 2020/21.
Information and Technology - Extending Ultrafast Fibre Network	1,488,000	Works are being undertaken with consultants to create a digital infrastructure programme. The budget has been profiled in line with anticipated timescales.



WORTHING BOROUGH  
COUNCIL

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

Scheme	Reprofiled Budgets	Reason
Museum and Art Gallery - Replacement of 3 display cases and purchase of additional display cases	32,400	Budget to be used as match funding for the Museum's Project "Let the Light In" external funding bid to the National Lottery Heritage Fund.
Payroll System - Replacement (Partnership scheme with Adur District Council. Total cost £175,000.	92,750	Scheme to be tendered imminently for a 2020/21 implementation.
Public Conveniences - Broadwater Green Pavilion Refurbishment	89,600	Contribution to Broadwater Cricket Club to be used as match funding for a total refurbishment of the pavilion including the refurbishment of the public toilet block. Timescales for works dependent on successful funding bids.
Public Conveniences - Church House Ground Pavilion Refurbishment	150,000	Contribution to Bowls Club to be used as match funding for a total refurbishment of the pavilion including the refurbishment of the public toilet block. Timescales for works dependent on successful funding bids.
Palatine Park - Provision of an artificial football pitch	840,000	Budget profiled to 2020/21 due to external funding timescales. Planning Approval to be considered in Sept 19, and the external funding outcome is expected Oct 19.
Palatine Park - Play Area Improvements	100,800	Play area to be relocated to an area which does not flood. Consultation in progress with local groups and residents. Works to be undertaken alongside the installation of the artificial pitch.
Carbon Reduction Schemes - General Provision	309,020	The Carbon Reduction Plan will be produced in 2019 and will identify prioritised interventions to deliver cost effective carbon reduction and long term cost savings by the implementation of energy efficiency, renewable energy and transport projects.
<b>Total Reprofiled Budgets:</b>	<b>7,868,650</b>	



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 September 2019  
Agenda Item 7

Key Decision: No

Ward(s) Affected: all

## **Reconsideration of the locally-determined Council Tax “long-term empty” premium and discounts**

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

### **Executive Summary**

#### **1. Purpose**

- 1.1. Since 1 April 2013 local authorities have been able to charge an additional fifty percent Council Tax in respect of properties that have been unfurnished and unoccupied for more than two years. This is known as the “long-term empty premium”.
- 1.2. Legislation has now been introduced allowing local authorities the ability to increase the premium to one hundred percent from 1 April 2019, thereby charging two-hundred percent of the Council Tax that would otherwise be due.
- 1.3. This report invites Members to consider whether they wish to increase the long-term empty premium, and also whether they wish to amend the periods when no Council Tax is payable in respect of properties that are
  - Unoccupied and unfurnished
  - Undergoing or requiring structural alteration or major repair

#### **2. Recommendations**

The Joint Strategic Committee is asked to

- (i) Note the content of this report

- (ii) Consider whether public consultations should be conducted in respect of the “long-term empty premium”, the local discount in respect of properties undergoing structural alterations or major repairs and the local discount in respect of unoccupied & unfurnished properties for
  - a) Adur District Council
  - b) Worthing Borough Council
- (iii) Delegate authority to the Head of Revenues & Benefits in consultation with the respective Executive Members for Customer Services to conduct a public consultation if Members wish to conduct a consultation, with the results and any recommendations to be reported back to a future meeting of the Joint Strategic Committee.

### **3. Context**

- 3.1 Since 1 April 2013 local authorities have been able to determine certain reductions in Council Tax bills in respect of unoccupied properties that had previously been statutory discounts or exemptions that were defined in legislation.
- 3.2 Following the “Outline 3-Year Forecast And Savings Proposals” report that the Joint Strategic Committee considered on 29 November 2012, both Adur and Worthing Councils determined that
1. The previous 10% discount in respect of “second homes” (i.e. properties that are furnished but not someone’s main residence) should be ended
  2. The previous Class A exemption in respect of properties undergoing structural alterations or major repairs that lasted for up to twelve months should be replaced with a local discount of 100% lasting for a maximum period of three months
  3. The previous Class C exemption in respect of unoccupied and unfurnished properties that lasted for up to six months should be replaced with a local discount of 100% lasting for a maximum period of one month
- 3.3 Additionally, local authorities have been able to introduce a “long-term empty premium” such that 150% of the usual Council Tax liability was payable in respect of unfurnished properties that had been unoccupied for at least two years. Both Adur and Worthing determined that the additional premium should be introduced from 1 April 2013.

- 3.4 These changes mean that, currently, throughout Adur and Worthing the Council Tax liability in respect of properties that are unoccupied and unfurnished is
- £nil in respect of the first month
  - The usual charge from month two to month twenty-four
  - 150% of the usual charge from month twenty-four onwards
- 3.5 On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent and as a result local authorities are able to consider increasing the “long-term empty premium” in respect of unfurnished and unoccupied properties such that with effect from
- 1 April 2019, the premium can be increased from 50% to 100% (meaning that 200% of the usual Council Tax liability is payable) in respect of properties that have been unoccupied for at least two years
  - 1 April 2020, the premium can be increased to 200% (meaning that 300% of the usual Council Tax liability is payable) in respect of properties that have been unoccupied for at least five years
  - 1 April 2021, the premium can be increased to 300% (meaning that 400% of the usual Council Tax liability is payable) in respect of properties that have been unoccupied for at least ten years
- 3.6 The changes detailed in paragraph 3.5 take effect from 1 April 2019, 1 April 2020 or 1 April 2021 irrespective of whether the date when the property initially became unfurnished and unoccupied was before or after the three effective dates.
- 3.7 This report therefore invites Members to consider revising
1. The “long-term empty premium” in respect of unoccupied and unfurnished properties; and
  2. The local discount of 100% that lasts for a maximum period of three months in respect of properties undergoing structural alterations or major repairs; and
  3. The local discount of 100% that lasts for a maximum period of one month in respect of unoccupied and unfurnished properties.

#### 4. Issues for consideration

##### 4.1 Long-term empty premium

4.1.1 As at 20 May 2019 there were 21 properties in Adur and 59 properties in Worthing that were subject to the premium as detailed below

Council Tax Property Band	Adur		Worthing	
	Number of properties	Additional annual Council Tax due @50%	Number of properties	Additional annual Council Tax due @ 50%
Band A	3	£1,909	20	£12,075
Band B	5	£3,712	17	£11,974
Band C	8	£6,788	8	£6,440
Band D	2	£1,909	10	£9,056
Band E	2	£2,333	1	£1,107
Band F	0	£nil	1	£1,308
Band G	0	£nil	2	£3,019
Band H	1	£1,909	0	£nil
<b>Total</b>	<b>21</b>	<b>£18,560</b>	<b>59</b>	<b>£44,979</b>

4.1.2 Therefore, based on the position as 20 May 2019, an additional £18,560 and £44,979 Council Council Tax would become due in Adur and Worthing respectively if the premium was increased from 50% to 100%.

4.1.3 An analysis of the premiums that were charged throughout the course of 2018/19 is shown in appendix A.

4.1.4 Members should nevertheless be mindful that the district/borough elements (precepts) of the Council Tax charge relate to approximately 17% of the total liabilities, with the remainder relating to West Sussex County Council and the Sussex Police and Crime Commissioner (and in some areas of Adur, parish councils). Consequently, if the premium was increased to 100% this would result in approximately £3,155 and £7,646 additional income per annum for Adur and Worthing Councils respectively.

4.1.5 The financial gain to the Councils is therefore modest but Members may consider that in the context of the pressures on the local housing supply, the additional charges may encourage Council Tax payers to bring these properties back into use.

4.1.6 Members may wish to be aware that other neighbouring local authorities charge the following premiums from 1 April 2019

	Premium	Total charge
Arun	50%	150%
Chichester	100%	200%
Crawley	50%	150%
Horsham	50%	150%
Mid Sussex	100%	200%
Brighton & Hove	100%	200%

#### 4.2 Properties undergoing structural alterations or major repairs

4.2.1 The local discount of 100% currently lasts for a maximum period of three months (although if the repairs or alterations are completed before the end of this period a normal charge will become due).

4.2.2 As at 20 May 2019 there were no properties in either Adur or Worthing that were subject to this reduction but awards are constantly changing and an analysis of the discounts awarded from 1 April 2018 to 31 March 2019 is shown in appendix B.

4.2.3 In the context of the 17% value of the district/borough precept detailed in paragraph 4.1.4 of this report, if the discounted period was abolished this would result in very little additional income for Adur and Worthing respectively.

4.2.4 However, Members may consider that in the context of the pressures on the local housing supply, the abolition of the discount may encourage Council Tax payers to complete the alterations/repairs promptly, thereby bringing these properties back into use more quickly. It would also simplify the administration of Council Tax.

4.2.5 Members may wish to be aware that other neighbouring local authorities provide the following discounted periods from 1 April 2019

	Discount
Arun	50% discount for a maximum period of twelve months
Chichester	No discount
Crawley	No discount
Horsham	No discount
Mid Sussex	No discount
Brighton & Hove	No discount

#### 4.3 Unoccupied and unfurnished properties

4.3.1 This discount is most commonly awarded in respect of rented properties during the period when one tenancy ends (and the former tenant vacates) and a new tenancy starts. However, it is also awarded when properties are sold and either the former owner vacates the property prior to the completion date or the new owner doesn't immediately occupy after the date of completion. There can only ever be a single one-month discounted period.

4.3.2 In respect of rented properties, the landlord/owner becomes liable for Council Tax during periods between tenancies and the discount is typically applied to their account. However, it is not uncommon for the former tenant to vacate the property shortly before the end of the tenancy and in these circumstances

- The former tenant is awarded the discount from their date of vacation until the end of the tenancy
- The landlord is awarded the balance of the one-month discounted period

4.3.3 This can result in uncertainty about the Council Tax to be charged to landlords/owners and challenges are frequently received about whether the former tenant vacated prior to their tenancy end date.

4.3.4 The local discount of 100% currently lasts for a maximum period of one month and thereafter the full Council Tax charge becomes payable. As at 20 May 2019 there were

- 394 unoccupied and unfurnished properties in Adur of which 36 were in receipt of the 100% discount (with the remaining 358 subject to the full charge); and



- 835 unoccupied and unfurnished properties in Worthing of which 64 were in receipt of the 100% discount (with the remaining 771 subject to the full charge)

4.3.4 Details of those properties that were subject to the one-month 100% discount reduction are shown below

Property Band	Number of properties in Adur	Value <sup>1</sup> of Council Tax discounts	Number of properties in Worthing	Value <sup>1</sup> of Council Tax discounts
Band A	11	£1,167	24	£2,415
Band B	9	£1,114	18	£2,113
Band C	13	£1,838	17	£2,281
Band D	3	£477	3	£453
Band E	0	£nil	2	£369
Band F	0	£nil	0	£nil
Band G	0	£nil	0	£nil
Band H	0	£nil	0	£nil
<b>Total</b>	<b>36</b>	<b>£4,596</b>	<b>64</b>	<b>£7,631</b>

*Note 1: the value is an approximation because Council Tax is a daily charge and there are a variable number of days in each month*

4.3.5 The totals shown above assume that the 100% discount is awarded for a full one-month period although if the property is re-occupied before the end of this period a normal charge will become due. As with the discount in respect of properties undergoing structural alterations or major repairs, properties subject to the “unoccupied and unfurnished” discount constantly change but an analysis of the discounts awarded from 1 April 2018 to 31 March 2019 is shown in appendix C.

4.3.6 In the context of the 17% value of the district/borough precept detailed in paragraph 4.1.4 of this report, if the discounted period was abolished this would result in approximately £781 and £1,297 additional income per annum for Adur and Worthing respectively.

4.3.7 Again, whilst the financial gain to the Councils is modest, Members may consider that in the context of the pressures on the local housing supply the abolition of the discount may encourage Council Tax payers to bring these properties back into use more quickly. It would also simplify the administration of Council Tax because disputes about the date on which a property became unoccupied would be removed.

4.3.8 Members may wish to be aware that other neighbouring local authorities provide the following discounted periods from 1 April 2019

	Discount
Arun	50% discount for a maximum period of three months
Chichester	No discount
Crawley	100% discount for a maximum period of seven days
Horsham	No discount
Mid Sussex	No discount
Brighton & Hove	No discount

## 5. Engagement and Communication

5.1 If Members wish to consider amending the “long-term empty premium” and the local discounts in respect of unoccupied & unfurnished properties and properties undergoing structural alterations or major repairs, it will be appropriate to undertake public consultations with Council Tax payers throughout Adur and Worthing.

5.2 The consultations would be made available online and in paper format, and will be publicised widely.

5.3 The results from the consultation would be reported back to the Joint Strategic Committee in order that formal recommendations can be made to the Joint Strategic Committee to determine any changes that should be made.

## **6. Financial Implications**

Finance Officer: .....

Date: .....

## **7. Legal Implications**

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings Act 2018 allows the councils to charge an additional premium in respect of empty properties as set out in this report.

### **Background Papers**

The “Outline 3-Year Forecast And Savings Proposals” report that the Joint Strategic Committee considered on 29 November 2012

Minutes of the Joint Overview and Scrutiny “Council Tax Freedoms Working Group” meeting held on 24 September 2012

Minutes of the Joint Strategic Committee meeting held on 29 November 2012 (page 3)

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

### **Officer Contact Details**

Paul Tonking  
Head of Revenues & Benefits  
(01903) 221290  
[paul.tonking@adur-worthing.gov.uk](mailto:paul.tonking@adur-worthing.gov.uk)

## **Sustainability & Risk Assessment**

### **1. Economic**

Income from Council Tax represents an important source of income to the Councils. The additional income that would be received if the local discounts were abolished and the “long term empty premium” was increased are modest, but they may encourage properties to be brought back into use more quickly.

### **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 A - analysis of unfurnished and unoccupied properties that were subject to a long-term empty premium between 1 April 2018 and 31 March 2019

Adur - eighteen properties

Property Band	Empty since	Date from	Date to	Value of premium
A	01.04.1993	01.04.2018	31.03.2019	£604.28
A	01.03.2017	01.03.2019	31.03.2019	£51.32
A	05.09.2016	05.09.2018	31.03.2019	£343.83
B	19.12.2016	19.12.2018	31.03.2019	£195.33
B	08.10.2015	01.04.2018	31.03.2019	£692.18
B	19.01.2017	19.01.2019	31.03.2019	£139.07
B	03.07.2014	01.04.2018	31.03.2019	£703.90
C	01.12.2013	01.04.2018	31.03.2019	£791.06
C	20.02.2016	01.04.2018	31.03.2019	£791.06
C	12.11.2010	01.04.2018	31.03.2019	£791.06
C	28.02.2013	01.04.2018	31.03.2019	£791.06
C	11.07.2016	11.07.2018	31.03.2019	£582.76
C	02.04.2016	02.04.2018	31.03.2019	£802.26
D	09.02.2017	09.02.2019	31.03.2019	£126.65
D	15.01.2013	01.04.2018	31.03.2019	£906.41
E	05.04.2015	01.04.2018	31.03.2019	£1,087.71
E	10.12.2014	01.04.2018	31.03.2019	£1,107.84
H	29.06.2007	01.04.2018	31.03.2019	£1,779.88
			<b>Total</b>	<b>£12,287.66</b>

Average time since properties were last occupied: 5 years, 210 days

Worthing - fifty five properties

Property Band	Empty since	Date from	Date to	Value of premium
A	11.03.2017	11.03.2019	31.03.2019	£32.89
A	07.02.2017	07.02.2019	31.03.2019	£83.01
A	17.02.2017	17.02.2019	31.03.2019	£67.35
A	19.06.2015	01.04.2018	31.03.2019	£571.67
A	10.08.2016	10.08.2018	31.03.2019	£366.49
A	01.04.1993	01.04.2018	31.03.2019	£571.67
A	05.02.2005	01.04.2018	31.03.2019	£571.67
A	27.03.2017	27.03.2019	31.03.2019	£7.83
A	04.09.2010	01.04.2018	31.03.2019	£571.67
A	01.11.2010	01.04.2018	31.03.2019	£571.67
A	10.07.2016	10.07.2018	31.03.2019	£415.05
A	03.07.2016	03.07.2018	31.03.2019	£426.01
A	31.10.2016	31.10.2018	31.03.2019	£238.07
A	14.09.2015	01.04.2018	31.03.2019	£571.67
A	12.07.2016	12.07.2018	31.03.2019	£411.91
A	10.12.2015	01.04.2018	31.03.2019	£571.67
A	19.10.2003	01.04.2018	31.03.2019	£571.67
A	01.12.2004	01.04.2018	31.03.2019	£571.67
A	21.12.2015	01.04.2018	31.03.2019	£571.67
A	19.08.2010	01.04.2018	31.03.2019	£571.67
A	09.01.2016	01.04.2018	31.03.2019	£571.67
B	31.01.2013	01.04.2018	31.03.2019	£666.94
B	30.04.2016	30.04.2018	31.03.2019	£599.33
B	01.04.1989	01.04.2018	31.03.2019	£666.94

B	06.12.2014	01.04.2018	31.03.2019	£666.94
B	20.02.2017	20.02.2019	31.03.2019	£73.09
B	13.10.2015	01.04.2018	31.03.2019	£666.94
B	30.05.2015	01.04.2018	31.03.2019	£666.94
B	06.12.2013	01.04.2018	31.03.2019	£666.94
B	21.12.2016	21.12.2018	31.03.2019	£184.55
B	01.06.2009	01.04.2018	31.03.2019	£666.94
B	16.02.2016	01.04.2018	22.05.2018	£95.02
B	26.09.2011	01.04.2018	31.03.2019	£666.94
B	08.06.2015	01.04.2018	31.03.2019	£666.94
B	24.01.1998	01.04.2018	31.03.2019	£666.94
B	14.02.2017	14.02.2019	31.03.2019	£65.78
B	07.12.2015	01.04.2018	31.03.2019	£666.94
C	18.12.2013	01.04.2018	31.03.2019	£762.22
C	31.08.2014	01.04.2018	31.03.2019	£762.22
C	08.08.2012	01.04.2018	31.03.2019	£762.22
C	23.01.2017	23.01.2019	31.03.2019	£142.01
D	31.03.2017	31.03.2019	31.03.2019	£2.35
D	16.12.2016	16.12.2018	31.03.2018	£249.03
D	09.12.2016	09.12.2018	31.03.2018	£258.43
D	12.09.2016	12.09.2018	31.03.2019	£472.21
D	08.06.2016	08.06.2018	31.03.2019	£486.31
D	08.09.2015	01.04.2018	31.03.2019	£857.50
D	04.11.2016	04.11.2018	31.03.2019	£347.70
D	25.08.2009	01.04.2018	31.03.2019	£857.50
D	23.03.2016	01.04.2018	31.03.2019	£857.50
D	05.12.2016	05.12.2018	31.03.2019	£63.43

E	09.11.2012	01.04.2018	31.03.2019	£1,048.05
F	18.11.2016	04.03.2019	31.03.2019	£95.02
G	04.11.2016	04.11.2018	31.03.2019	£579.50
G	16.08.2016	16.08.2018	31.03.2019	£892.74
			<b>Total</b>	<b>£26,758.70</b>

Average time since properties were last occupied: 5 years, 259 days



Appendix B - analysis of properties undergoing structural alterations or major repairs that were awarded a discount between 1 April 2018 and 31 March 2019

Adur - twelve properties

Property Band	Date from	Date to	Value of discount
A	15.01.2018	15.04.2018	£285.99
B	26.09.2018	26.12.2018	£351.53
C	16.10.2018	16.01.2019	£398.78
C	05.02.2018	14.04.2018	£288.46
C	16.03.2018	16.06.2018	£402.74
C	15.08.2018	15.11.2018	£406.16
C	26.01.2018	26.04.2018	£383.64
D	17.04.2018	01.07.2018	£365.73
D	23.02.2018	23.05.2018	£425.62
D	31.01.2018	30.04.2018	£420.42
D	04.05.2018	04.08.2018	£456.93
D	19.07.2018	19.10.2018	£456.93
		<b>Total</b>	<b>£4,642.93</b>

Average length of discount award: 87.7 days

Worthing - sixteen properties

Property Band	Date from	Date to	Value of discount
A	07.02.2018	01.03.2018	£68.91
A	11.08.2018	11.11.2018	£288.18
A	10.09.2018	25.09.2018	£46.99
A	08.04.2018	24.05.2018	£168.13
A	23.03.2018	01.11.2018	£286.85
A	01.06.2018	17.08.2018	£241.20
A	12.02.2018	12.05.2018	£271.70
B	01.07.2018	01.10.2018	£427.57
B	28.02.2018	28.05.2018	£319.73
B	19.06.2018	19.09.2018	£336.21
B	23.04.2018	23.07.2018	£412.98
C	04.08.2018	04.11.2018	£384.24
D	24.03.2018	24.06.2018	£448.41
D	12.06.2018	12.09.2018	£432.27
D	18.04.2018	18.07.2018	£427.57
E	24.07.2018	24.10.2018	£528.33
		<b>Total</b>	<b>5,089.27</b>

Average length of discount award: 78.5 days

Appendix C - analysis of unfurnished and unoccupied properties that were awarded a discount between 1 April 2018 and 31 March 2019

Adur - 1,502 awards

Property Band	Number of discounts awarded	Average number of days that the discounted period was awarded for	Total value of discounts
A	320	25	£22,480
B	407	23	£30,779
C	488	23	£39,824
D	200	22	£16,121
E	52	21	£5,137
F	26	24	£3,908
G	8	20	£504
H	1	31	£298
<b>Total</b>	<b>1,502</b>	<b>N/A</b>	<b>£119,051</b>

Average length of award for all Council Tax Bands: 23.24 days.

Worthing - 3,659 awards

Property Band	Number of discounts awarded	Average number of days that the discounted period was awarded for	Total value of discounts
A	1,288	23	£79,321
B	1,071	23	£77,021
C	706	23	£56,354
D	388	22	£32,120
E	145	22	£14,288
F	41	25	£4,893
G	20	27	£3,234
H	0	N/A	£nil
<b>Total</b>	<b>3,659</b>	<b>N/A</b>	<b>£267,231</b>

Average length of award for all Council Tax Bands: 22.77 days.



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 September 2019  
Agenda Item 8

Key Decision : No  
Ward(s) Affected: All

## **ANNUAL TREASURY MANAGEMENT REPORT 2018-19 ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL and REVISED TREASURY MANAGEMENT POLICY and PRACTICES**

### **REPORT BY THE DIRECTOR FOR DIGITAL AND RESOURCES**

#### **EXECUTIVE SUMMARY**

##### **1. PURPOSE**

- 1.1 This report asks Members to note the Treasury Management performance for Adur and Worthing Councils for 2018/19 as required by regulations issued under the Local Government Act 2003.
- 1.2 Members are recommended to approve the revised Treasury Management Policy and Practices, which have been updated to incorporate new CIPFA and MHCLG guidance and are attached as appendices 1 and 2

##### **2. RECOMMENDATIONS**

###### **2.1 Recommendation One**

The Joint Governance Committee is recommended to note the annual report and the revised Treasury Management Policy and Practices and refer any comments or suggestions to the next meeting of the Joint Strategic Committee on 10th September 2019.

###### **2.2 Recommendation Two**

The Joint Strategic Committee is recommended to note the annual report and to approve the revised Treasury Management Policy and Practices.

##### **3. CONTEXT**

- 3.1 This report presents the treasury management activities and portfolio positions for the 2018/19 financial year for Adur District Council and Worthing Borough Council.

- 3.2 This is one of three treasury management reports that are required to be presented during the financial year (see Para. 4.1).
- 3.3 The presentation of the Annual Report is required through regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators for 2018/19. This report also meets the requirements of both the Treasury Management Code of Practice (The Code) and the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), both of which are issued by The Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.4 To put the report in context, Treasury Management is defined by CIPFA as:
- “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 3.5 The Councils’ Treasury Management Strategy and Annual Investment Strategy place the security of investments as foremost in considering all treasury management dealing. By so doing it contributes towards the Councils’ priorities set out in Platforms for our Places.

#### **4. ISSUES FOR CONSIDERATION**

- 4.1 For 2018/19 the minimum reporting requirements specified within the treasury management policy is that the Councils should receive the following:

**The Annual Treasury Management Strategy Statement (TMSS)** in advance of the financial year – this was submitted to the meeting of Adur Council on 22nd February 2018 and to Worthing Council on 20th February 2018.

**A mid-year treasury update report** – a joint in-house operations report for both Councils was submitted to the meeting of JSC on the 4th December 2018 and JGC on 22nd January 2019.

**An annual review** (this report) - to be submitted by 30th September after the year end, which compares the actual activity with the planned strategy.

- 4.2 The regulatory environment places a significant onus on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury management activities and highlights compliance with the Councils’ policies previously approved by members.
- 4.3 The Annual Report also confirms that the Councils have complied with the requirement under the Code to give scrutiny to all of the above treasury management reports by the Joint Governance Committee and the Joint Strategic Committee before they were reported to the full Councils. Member training on treasury management issues was conducted on 19<sup>th</sup> June 2018 by the Councils’ treasury advisors, Link Asset Services, in order to support members’ scrutiny role.

## 5. The Councils' Capital Expenditure and Financing

5.1 The Councils undertake capital expenditure on long-term assets. These activities may either be:

- financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Councils' borrowing need; or
- if insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

5.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed. The difference between the budget and actual spend is due to re-profiling of the capital budgets.

<b>Adur District Council General Fund</b>	2017/18 Actual	2018/19 Budget	2018/19 Actual
<b>Capital expenditure £m</b>	<b>17.364</b>	<b>57.832</b>	<b>36.573</b>
Financed in year £m	<b>3.773</b>	<b>5.807</b>	<b>1.926</b>
<b>Borrowing for capital expenditure £m</b>	<b>13.591</b>	<b>52.025</b>	<b>34.647</b>

<b>Adur District Council HRA</b>	2017/18 Actual	2018/19 Budget	2018/19 Actual
<b>Capital expenditure £m</b>	<b>2.937</b>	<b>9.583</b>	<b>2.993</b>
Financed in year £m	<b>2.937</b>	<b>6.487</b>	<b>2.993</b>
<b>Borrowing for capital expenditure £m</b>	<b>0.000</b>	<b>3.096</b>	<b>0.000</b>

<b>Worthing Borough Council</b>	2017/18 Actual	2018/19 Budget	2018/19 Actual
<b>Capital expenditure £m</b>	<b>29.550</b>	<b>60.350</b>	<b>38.273</b>
Financed in year £m	<b>12.784</b>	<b>2.799</b>	<b>6.749</b>

<b>Borrowing for capital expenditure £m</b>	<b>16.766</b>	<b>57.551</b>	<b>31.524</b>
---	---------------	---------------	---------------

## 6. THE COUNCILS' OVERALL BORROWING NEED

6.1 The Councils' underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Councils should ensure that their gross external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement in the preceding year (2017/18), plus the estimates of any additional capital financing requirement for the current (2018/19) and next two financial years. This essentially means that the Councils are not borrowing to support revenue expenditure. This indicator allowed the Councils some flexibility to borrow in advance of immediate capital needs in 2018/19. The tables below highlight the Councils' gross borrowing positions against the CFRs. The Councils have complied with this prudential indicator.

<b>Adur District Council General Fund</b>	31 March 2018 Actual	31 March 2019 Strategy	31 March 2019 Actual
CFR General Fund (£m)	<b>28.500</b>	<b>79.785</b>	<b>63.147</b>
Gross borrowing position (£m)	<b>27.263</b>	<b>75.677</b>	<b>57.999</b>
Under/overfunding (-) of CFR (£m)	<b>1.237</b>	<b>4.108</b>	<b>5.148</b>

<b>Adur District Council HRA</b>	31 March 2018 Actual	31 March 2019 Strategy	31 March 2019 Actual
CFR HRA (£m)	<b>60.103</b>	<b>61.474</b>	<b>60.103</b>
Gross borrowing position (£m)	<b>57.875</b>	<b>60.971</b>	<b>58.168</b>
Under/overfunding (-) of CFR (£m)	<b>2.228</b>	<b>0.503</b>	<b>1.935</b>

As at 31 March 2019, for Adur District Council, the HRA was under borrowed by £1.935m. The General Fund was under borrowed by £5.148m due to the use of internal resources to support capital expenditure, which reduces the amount of



interest payable on external borrowing. Interest rates on investments remain low in comparison the the rates charged on borrowed sums, so this is a cost-effective strategy reducing the overall net cost of borrowing. The difference between the budgets and the actual CFR figures is due to re-profiling of the Capital budgets.

<b>Worthing Borough Council</b>	31 March 2018 Actual	31 March 2019 Strategy	31 March 2019 Actual
CFR General Fund (£m)	<b>39.150</b>	<b>100.445</b>	<b>70.674</b>
Gross borrowing position (£m)	<b>41.564</b>	<b>93.585</b>	<b>67.250</b>
Under/overfunding of CFR (£m)	<b>(2.414)</b>	<b>6.860</b>	<b>3.424</b>

Worthing Borough Council was under-borrowed based on long term debt by £5.424m at 31 March 2019, but it also held temporary borrowing of £2m which was repaid in June.

- 6.2 The **authorised limit** is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Councils do not have the power to borrow above this level. The Councils did not breach the authorised limit during the year.

The **operational boundary** is the expected borrowing position of the Councils during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

**Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

<b>Adur District Council</b>	<b>2018/19</b>
Authorised limit	<b>£146.000m</b>
Maximum gross borrowing position during the year	<b>£117.966m</b>
Operational boundary	<b>£141.000m</b>
GF Financing costs as a proportion of net revenue stream	<b>22.10%</b>
HRA Financing costs as a proportion of net revenue stream	<b>23.82%</b>

Adur’s financing cost proportions are lower than the forecasts of 30.55% (General Fund) and 25.01% (HRA) due to re-profiling of the capital programme and the availability of loans at lower interest rates than forecast. The net revenue stream

definition does not include the additional rental income received from the properties which were purchased through borrowing, adding to the financing costs. If the rental income is included, the financing cost proportion for the General Fund reduces to 7.79% - this figure is particularly low because MRP (see 12.1) is not payable in the year of purchase of the properties.

<b>Worthing Borough Council</b>	<b>2018/19</b>
Authorised limit	<b>£106.000m</b>
Maximum gross borrowing position during the year	<b>£67.450m</b>
Operational boundary	<b>£101.00m</b>
Financing costs as a proportion of net revenue stream	<b>11.09%</b>

Worthing's financing cost proportion is lower than the forecast of 18.65% due to re-profiling of the capital programme and the availability of loans at lower interest rates than forecast. As for Adur, the net revenue stream definition does not include the additional rental income received from the properties which were purchased through borrowing, adding to the financing costs. If the rental income is included, the financing cost proportion reduces to 2.40% - this figure is particularly low because MRP (see 12.1) is not payable in the year of purchase of the properties.

## 7. TREASURY POSITION AS AT 31 MARCH 2019

7.1 Adur District Council's position at the beginning and end of the year was as follows:-

	Principal at 31.03.18 £m	Average Rate of Return	Average Life in Years	Principal at 31.03.19 £m	Average Rate of Return	Average Life in Years
<b><u>Debt Portfolio</u></b>						
PWLB	(67.198)	3.4%	24.2	(98.227)	2.9%	20.0
Other Borrowing	(17.940)	5.2%	48.0	(17.940)	5.2%	47.0
<b>Total Debt</b>	<b>(85.138)</b>			<b>(116.167)</b>		
<b>CFR</b>	<b>88.603</b>			<b>123.250</b>		
<b>(Over)/under borrowing</b>	<b>3.465</b>			<b>7.083</b>		
<b><u>Investments</u></b>						
Bonds	0.080	n/a	n/a	0.055	n/a	n/a
Property Fund	0.968	4.54%	n/a	0.983	4.37%	n/a
Long Term	0.000	n/a	n/a	0.000	n/a	n/a
Short Term	9.800	1.04%	< 1 year	9.514	0.97%	< 1 year
<b>TOTAL INVESTMENTS</b>	<b>10.848</b>			<b>10.552</b>		

<b>NET DEBT</b>	<b>(74.290)</b>			<b>(105.615)</b>		
-----------------	-----------------	--	--	------------------	--	--

<b>Adur District Council Maturity Structure of Debt</b>	<b>31 March 2018 actual</b>	<b>2018/19 original limits</b>	<b>31 March 2019 actual</b>
under 12 months	4%	20%	6%
12 months and within 24 months	3%	25%	5%
24 months and within 5 years	10%	30%	14%
5 years and within 10 years	16%	50%	19%
10 years and within 20 years	26%	60%	27%
20 years and within 30 years	8%	60%	4%
Over 30 years	33%	60%	25%

7.2 Worthing Borough Council's position at the beginning and end of the year was as follows:-

	<b>Principal at 31.03.18 £m</b>	<b>Average Rate of Return</b>	<b>Average Life in Years</b>	<b>Principal at 31.03.19 £m</b>	<b>Average Rate of Return</b>	<b>Average Life in Years</b>
<b><u>Debt Portfolio</u></b>						
PWLB	(31.536)	1.90%	12.02	(61.222)	1.87%	11.31
Other Borrowing	(10.028)	0.87%	1.05	(6.028)	1.21%	0.81
<b>TOTAL BORROWING</b>	<b>(41.564)</b>			<b>(67.250)</b>		
<b>CFR</b>	<b>39.150</b>			<b>70.674</b>		
<b>(Over)/under borrowing</b>	<b>(2.414)</b>			<b>(3.424)</b>		
<b><u>Investments</u></b>						
Bonds	0.075	n/a	n/a	0.075	n/a	n/a
Property Fund	0.484	4.54%	n/a	0.491	4.37%	n/a
Long Term	-	-	-	-	-	-
Short Term	11.000	0.54%	< 1 year	9.200	0.86%	< 1 year
<b>TOTAL INVESTMENTS</b>	<b>11.559</b>			<b>9.766</b>		
<b>NET DEBT</b>	<b>(30.005)</b>			<b>(57.484)</b>		

<b>Worthing Borough Council Maturity Structure of Debt</b>	<b>31 March 2018 actual</b>	<b>2018/19 original limits</b>	<b>31 March 2019 actual</b>
under 12 months	20%	45%	16%
12 months and within 24 months	10%	75%	12%
24 months and within 5 years	18%	75%	24%
5 years and within 10 years	39%	75%	31%

Over 10 years	13%	75%	17%
---------------	-----	-----	-----

### 7.3 Investments held by Adur District Council at 31 March 2019:

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Long Term Rating
Goldman Sachs Int Bank	03/04/2018	03/04/2019	£2,000,000	1.28%	A
Goldman Sachs Int Bank	24/04/2018	24/04/2019	£1,000,000	1.21%	A
Barclays Bank	26/04/2018	26/04/2019	£1,000,000	0.91%	A
Santander Bank	03/05/2018	03/05/2019	£1,000,000	0.90%	A
Lloyds Bank	26/06/2018	25/06/2019	£1,000,000	1.00%	A+
CCLA MMF	10/04/2018	n/a	£2,950,000	variable	AAA
Invesco MMF	01/02/2019	n/a	£553,900	variable	AAA
Handelsbanken	16/07/2018	n/a	£10,000	0.50%	AA-
CCLA Local Auth Property Fund	25/04/2017	n/a	£982,941	variable	n/a
Local Auth Cap Finance Co	30/09/2014	n/a	£25,000	n/a	n/a
Boom Credit Union & War Bond	06/03/2015	n/a	£29,630	n/a	n/a
<b>TOTAL</b>			<b>£10,551,471</b>		

#### Non-treasury investments

Adur District Council has approved a strategy to invest in commercial properties. Full details can be found in the Capital Strategy and Commercial Property Investment Strategy.

### 7.4 Investments held by Worthing Borough Council at 31 March 2019:

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Long Term Rating
Santander Bank	09/05/2018	09/05/2019	£1,000,000	0.90%	A
Goldman Sachs Int Bank	09/07/2018	09/07/2019	£1,000,000	1.23%	A
Santander Bank	11/07/2018	11/04/2018	£1,000,000	0.93%	A
Santander Bank	19/07/2018	25/07/2019	£1,000,000	0.95%	A
Lloyds Bank	14/01/2018	05/04/2019	£1,000,000	1.00%	A+
Barclays Bank	19/04/2018	23/04/2019	£1,000,000	0.93%	A
Lloyds Bank	02/05/2018	16/05/2019	£1,000,000	1.00%	A+
CCLA MMF	03/04/2018	n/a	£2,200,000	variable	AAA
CCLA Local Auth Property Fund	25/04/2017	n/a	£491,472	variable	n/a
Local Auth Cap Finance	30/09/2014	n/a	£25,000	n/a	n/a

Co					
Boom Credit Union	06/03/2015	n/a	£50,000	n/a	n/a
<b>TOTAL</b>			<b>£9,766,472</b>		

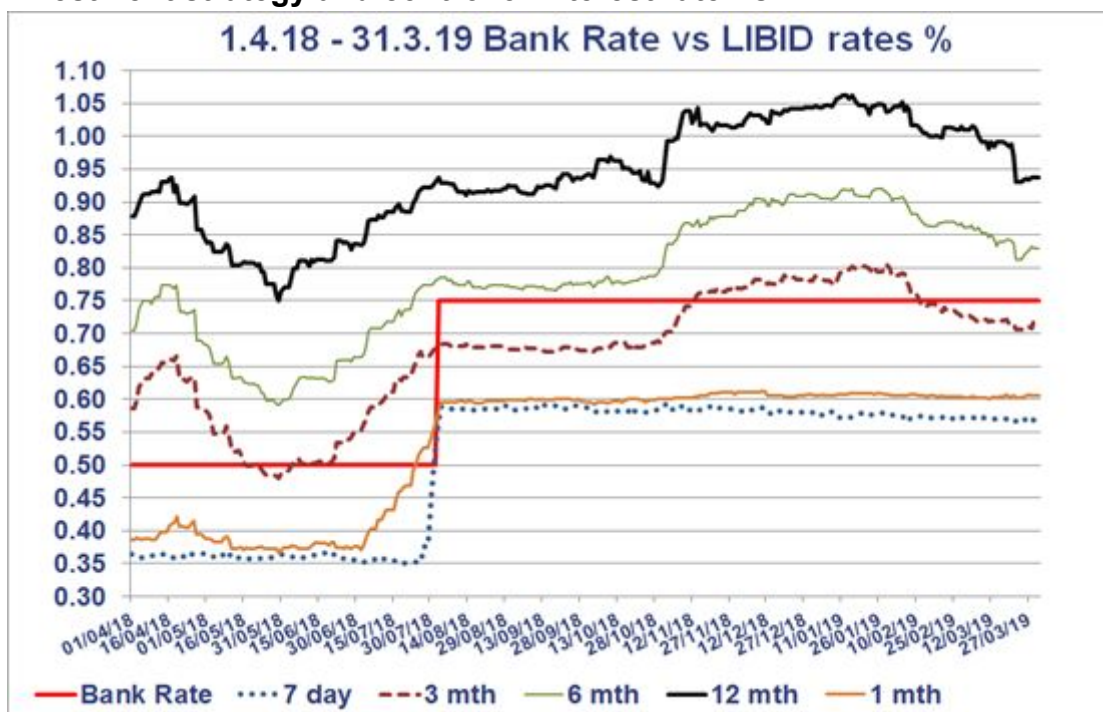
### Non-treasury investments

Worthing Borough Council has made two loans of £5m each to Worthing Homes to support the building of homes. The Council receives £70k per annum net in interest over and above the cost to the Council of borrowing the £10m from the Public Works Loan Board.

Worthing Borough Council has approved a strategy to invest in commercial properties. Details can be found in the Capital Strategy and Commercial Property Investment Strategy.

## 8. THE STRATEGY FOR 2018/2019

### Investment strategy and control of interest rate risk



Investment returns remained low during 2018/19. The expectation for interest rates within the treasury management strategy for 2018/19 was that Bank Rate would rise from 0.50% to 0.75%. At the start of 2018-19, and after UK GDP growth had proved disappointingly weak in the first few months of 2018, the expectation for the timing of this increase was pushed back from May to August 2018. Investment interest rates were therefore on a gently rising trend in the first half of the year after April, in anticipation that the MPC would raise Bank Rate in August. This duly happened at the MPC meeting on 2 August 2018. During this period, investments were, therefore, kept shorter term in anticipation that rates would be higher later in the year.

It was not expected that the MPC would raise Bank Rate again during 2018-19 after August in view of the fact that the UK was entering into a time of major uncertainty

with Brexit due in March 2019. Value was therefore sought by placing longer term investments after 2 August where cash balances were sufficient to allow this.

Investment rates were little changed during August to October but rose sharply after the MPC meeting of 1 November was unexpectedly hawkish about their perception of building inflationary pressures, particularly from rising wages. However, weak GDP growth data after December, plus increasing concerns generated by Brexit, resulted in investment rates falling back again.

Continued uncertainty in the aftermath of the 2008 financial crisis has promoted a cautious approach whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

## **9. BORROWING STRATEGY and CONTROL of INTEREST RATE RISK**

- 9.1 During 2018/19, the Councils maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Councils' reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low in relation to the cost of borrowing and minimising counterparty risk on placing investments also needed to be considered.

A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

- 9.2 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Chief Financial Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks

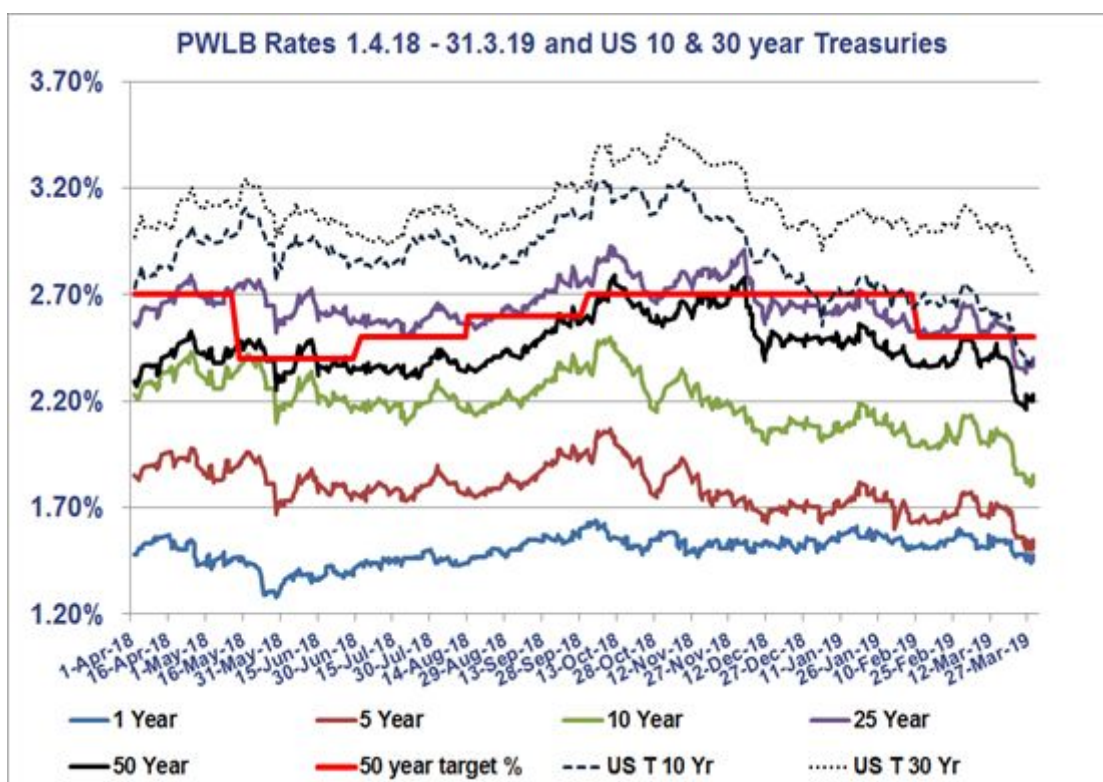
- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.

- if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would

have been drawn whilst interest rates were lower than they were projected to be in the next few years.

9.3 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2018/19 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

Link Asset Services Interest Rate View 2.1.18													
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
5yr PWLB rate	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB rate	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB rate	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%



Since PWLB rates peaked during October 2018, most PWLB rates have been on a general downward trend, though longer term rates did spike upwards again during December, and, (apart from the 1 year rate), reached lows for the year at the end of March. There was a significant level of correlation between movements in US Treasury yields and UK gilt yields -which determine PWLB rates. The Fed in America increased the Fed Rate four times in 2018, making nine increases in all in this cycle, to reach 2.25% – 2.50% in December. However, it had been giving forward guidance that rates could go up to nearly 3.50%. These rate increases and guidance caused Treasury yields to also move up. However financial markets considered by December 2018, that the Fed had gone too far, and discounted its expectations of further increases. Since then, the Fed has also come round to the view that there are probably going to be no more increases in this cycle. The issue

now is how many cuts in the Fed Rate there will be and how soon, in order to support economic growth in the US. But weak growth now also looks to be the outlook for China and the EU so this will mean that world growth as a whole will be weak. Treasury yields have therefore fallen sharply during 2019 and gilt yields / PWLB rates have also fallen.

## 10. BORROWING OUTTURN

10.1 No debt was rescheduled during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

10.2 The following fixed interest rate loans were taken during the year:

### Adur General Fund

Lender	Principal	Purpose of Loan	Interest Rate	Maturity
PWLB	£2m	Office Block Construction	2.44%	26/04/2038
PWLB	£2m	Office Block Construction	2.20%	21/06/2038
PWLB	£2.8m	Commercial property purchase	2.05%	06/09/2033
PWLB	£11.4m	Commercial property purchase	2.10%	14/09/2033
PWLB	£5m	Commercial property purchase	1.62%	17/01/2024
PWLB	£7.241m	Commercial property purchase	1.93%	17/01/2034
PWLB	£2m	HRA refinancing	2.00%	28/01/2035
PWLB	£1m	Office Block Construction	1.61%	28/01/2024
PWLB	£1m	Office Block Construction	1.75%	28/01/2029

### Worthing Borough Council

Lender	Principal	Purpose of Loan	Interest Rate	Maturity
PWLB	£5m	Commercial property purchase	1.56%	17/07/2023
PWLB	£5m	Commercial property purchase	2.18%	17/07/2038
PWLB	£4.515m	Commercial property purchase	1.98%	31/10/2033
PWLB	£1.2m	Housing purchase - Temporary accommodation	1.79%	14/11/2027
PWLB	£5m	Commercial property purchase	1.58%	14/01/2024
PWLB	£6.812m	Commercial property	1.89%	14/01/2034



		<b>purchase</b>		
<b>PWLB</b>	<b>£1.62m</b>	<b>Housing purchase - Temporary accommodation</b>	<b>2.07%</b>	<b>04/02/2039</b>
<b>PWLB</b>	<b>£3.352m</b>	<b>Commercial property purchase</b>	<b>1.59%</b>	<b>14/03/2024</b>
<b>Yorkshire Purchasing Org</b>	<b>£2m</b>	<b>Capital programme financing</b>	<b>0.72%</b>	<b>18/06/2019</b>

10.3 As shown above, the Councils have borrowed to fund the purchase of commercial properties. Members are reminded that in choosing to invest in Commercial Property, the Councils do not fully comply with the Prudential Code. This is allowable provided that the Councils have an Investment Strategy that explains:

- Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and
- The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

The requirement is met through the publication of a Commercial Property Investment Strategy which sets out the Councils' approach to developing and managing the commercial property portfolio including how the associated risks will be managed.

<https://www.adur-worthing.gov.uk/media/media.152857.en.pdf>

## 11. INVESTMENT OUTTURN

### 11.1 Investment Policy

The Councils' investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Councils had no liquidity difficulties.

### 11.2 Resources

The Councils' cash balances comprise revenue and capital resources and cash flow monies. The Councils' core cash resources comprised as follows:

#### Adur District Council

<b>Balance Sheet Resources (£m)</b>	<b>31 March 2018</b>	<b>31 March 2019</b>
<b>General Fund Balances</b>	<b>(480)</b>	<b>156</b>

HRA Balances	(3,616)	(5,081)
Earmarked reserves	(2,991)	(3,476)
Provisions	(853)	(802)
Usable capital receipts & grants	(5,678)	(9,012)
<b>Total</b>	<b>(13,618)</b>	<b>(18,215)</b>

#### **Worthing Borough Council**

Balance Sheet Resources (£m)	31 March 2018	31 March 2019
Balances	(730)	(83)
Earmarked reserves	(3,091)	(3,954)
Provisions	(875)	(772)
Usable capital receipts & grants	(9,632)	(7,205)
<b>Total</b>	<b>(14,328)</b>	<b>(12,014)</b>

#### **11.3 Investments held by Adur District Council:**

Adur District Council maintained an average balance of £8.849m of internally managed funds, which earned an average rate of return of 1.32%. The comparable performance indicator is the average 6 month LIBID rate, which was 0.79%. This compares with a budget assumption of an average £16.683m investment balance earning an average rate of 1.15%. The difference between the budget and actual balances is partly due to the use of internal funds in preference to external borrowing. Adur benefited from a long term £2m investment taken out in 2013 at 1.9%.

The treasury investment returns included in the reported income of Adur Council for 2018/19 amount to £180k, which exceeded the budget by £4k.

#### **11.4 Investments held by Worthing Borough Council:**

Worthing Borough Council maintained an average balance of £16.087m of internally managed funds, which earned an average rate of return of 0.89%. Those figures exclude the £10m loan to Worthing Homes, which earned 0.70% above the rate at which the funds were borrowed from the PWLB, amounting to £70k. The comparable performance indicator is the average 6 month LIBID rate, which was 0.79%. This compares with a budget assumption of £10.262m investment balance earning an average rate of 0.90%. The difference between the budget and actual balances is partly due to funding received from the LEP in relation to several schemes, including some funds paid in advance.

The Treasury investment returns included in the reported income of the Council for 2018/19 amount to £148,884, excluding Worthing Homes, £61k over budget, due to the rise in Base Rate, the higher than forecast average balance and the high return on the Local Authorities' Property Fund investment.

## **12. MINIMUM REVENUE PROVISIONS (MRP) FOR REPAYMENT OF DEBT**

- 12.1 The Councils, in accordance with legislation, make a provision from revenue to enable the repayment of borrowing that has been undertaken to fund the capital programme. This provision is known as the Minimum Revenue Provision (MRP) and is charged to the General Fund Revenue Account each year.
- 12.2 For 2018/19 an amount of £1.016m has been provided in the Adur District Council General Fund. No voluntary amount has been set aside for the HRA.
- 12.3 For 2018/19 an amount of £1.111m has been provided in the Worthing Borough Council revenue accounts, including £300k of voluntary revenue provision, which can be used to reduce the provision in future years.

## **13. CURRENT PERIOD TREASURY MATTERS**

- 13.1 Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, (MHCLG), on IFRS9, the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency. This applies to Adur and Worthing Councils in respect of the investments in the Local Authorities' Property Fund.

## **14. ENGAGEMENT AND COMMUNICATION**

- 14.1 The Adur and Worthing Councils' treasury management team provides treasury services to Mid Sussex District Council through a shared services arrangement (SSA). The SSA is provided under a Service Level Agreement that was renewed from 18th October 2016, and which defines the respective roles of the client and provider authorities for a period of three years.
- 14.2 Information and advice is supplied throughout the year by Link Asset Services Ltd, the professional consultants for the Councils' shared treasury management service.

## **15. FINANCIAL IMPLICATIONS**

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

## **16. LEGAL IMPLICATIONS**

The presentation of the Annual Report is required by regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators for 2018/19.

### **Background Papers**

Joint Treasury Management Strategy Statement and Annual Investment Strategy Report 2018/19 to 2020/21 – Joint Governance Committee 30 January 2018, Joint Strategic Committee, 1 February 2018

Joint Half-Year In-House Treasury Management Operations Report 1 April – 30 September 2018 for Adur District Council and Worthing Borough Council – Joint Strategic Committee, 4 December 2018 and Joint Governance Committee, 22 January 2019

Link Asset Services Annual Report Template 2018/19

CIPFA Code of Practice on Treasury Management

CIPFA Code for Capital Finance in Local Authorities

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

Pamela Coppelman

Group Accountant (Strategic Finance)

01903 221236

[pamela.coppelman@adur-worthing.gov.uk](mailto:pamela.coppelman@adur-worthing.gov.uk)

## **SUSTAINABILITY & RISK ASSESSMENT**

### **1. ECONOMIC**

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

### **2. SOCIAL**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

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

Matter considered and no issues identified.

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

Matter considered and no issues identified.

### **3. ENVIRONMENTAL**

Matter considered and no issues identified.

### **4. GOVERNANCE**

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

- 4.2 The operation of the treasury management function is as approved by the Councils' Treasury Management Strategy and Annual Investment Strategy 2018/19 - 2020/21, submitted and approved before the commencement of the 2018/19 financial year.
- 4.3 In the current economic climate the security of investments is paramount, the management of which includes regular monitoring of the credit ratings and other incidental information relating to credit-worthiness of the Councils' investment counterparties.



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 September 2019  
Agenda Item 9

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

## **Our Growing Regional Economy - An Update on the Greater Brighton Economic Board**

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

#### **Executive Summary**

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

**1.1** This report provides the Joint Strategic Committee an update on the benefits Adur and Worthing have gained from the Councils' membership of the Greater Brighton Economic Board, this includes:

- securing funding through the Local Growth Fund;
- advocating for local infrastructure issues at regional and national level
- promoting economic development as part of the Greater Brighton region

**1.2** This report also seeks approval from the Joint Strategic Committee to recommend to meetings of the full councils that Arun District Council are confirmed as members of the Greater Brighton Economic Board. This additional capacity further strengthens the Board's position as a voice for economic development, across the Greater Brighton region, advocating at local, regional, national and international level.

## **2. Recommendations**

**2.1** Note the contents of this report and the ongoing benefits gained from Adur and Worthing Councils membership of the Greater Brighton Economic Board.

**2.2** Agree to recommend Adur District Council, and Worthing Borough Council respectively to ratify the proposed amendment to the Greater Brighton Economic Board's Head of Terms (Attachment A) relating to Arun District Council's membership of the Greater Brighton Economic Joint Committee (which meets with the Greater Brighton Business Partnership as the Greater Brighton Economic Board), subject to the decision of other constituents authorities, and to delegate authority to the Solicitor to the Council to make consequential changes to the Joint Committee Agreement and the Councils' Constitutions.

**2.3** Note the Greater Brighton Economic Board's 5 Year Strategic Priorities (Attachment B) and Annual Report 2018 ([Attachment C](#)).

## **3. Context**

**3.1** The Greater Brighton Economic Board was founded in April 2014 as part of the Greater Brighton City Region City Deal proposal to Government.

**3.2** Formally the Board comprises of the Greater Brighton Economic Joint Committee ("GBEJC"), on which the local authorities are represented; and the Greater Brighton Business Partnership ("GBBP"), on which the Coast to Capital Local Enterprise Partnership, business, university and further education sectors, and South Downs National Park Authority are members (full list of current and proposed members are set out in section 5 of the revised Head of Terms - [Attachment A](#)).

**3.3** Greater Brighton Economic Board is currently home to:

- 400,000 jobs across 40,000 businesses
- An economy worth £21 billion a year
- Two leading universities, two international ports and a growing international airport
- World-class digital, creative and engineering industries



**3.4** The functions of the Board are as follows:

- To make long term strategic decisions concerning regional economic development and growth;
- To be the external voice to Government and investors regarding the management of devolved powers and funds for regional economic growth;
- To work with national, sub-national (in particular the Coast to Capital Local Enterprise Partnership) and local bodies to support a coordinated approach to economic growth across the region;
- To secure funding and investment for the region;
- To ensure delivery of, and provide strategic direction for, major projects and work stream enabled by City Deal funding;
- To enable those bodies to whom section 110 of the Localism Act 2011 applies to comply more effectively with their duty to co-operate in relation to planning of sustainable development.
- To incur expenditure on matters relating to economic development where funds have been allocated directly to the Board for economic development purposes.

**3.5** Board membership has been extended once since the Board's inception; in February 2018 Crawley Borough Council and Gatwick Airport joined the GBEJC and GBBP respectively.

**3.6** Arun District Council attended as observers to the Board meeting on 16 October 2018, and on 29 October 2018. Following this Arun District Council formally wrote a letter to the Chair formally requesting to join the Board.

**3.7** The Board's success and growing reputation has gained interest across the region. At the start of 2019 a set of Five Year Strategic Priorities (Attachment B) was agreed by the Board. As part of developing the priorities, consideration was given to what the future membership of the Board would look like, and how it might evolve over the next five years. It was agreed that the Board should adopt a fair and consistent approach to organisations that express an interest in joining, and for proposed new members consideration would need to be given to the following five questions;

- i. Does the organisation buy into the Board's agreed vision and priorities?
- ii. Do they share economic characteristics and represent the Greater Brighton functional economic area?
- iii. Do they add capacity to help the Board deliver on its agreed vision and priorities?

iv. Will they add to the Board's reputation, in terms of legitimacy, standing and reach?

v. Are they going to actively participate and commit resources to supporting the Board and deliver the work programme?

**3.8** The Board was asked to extend its geographical remit and membership; formally inviting Arun District Council to become a constituent member of the Joint Committee.

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

##### **4.1 Benefits of Adur & Worthing Councils members of the Greater Brighton Economic Board:**

**4.1.1** Working in partnership, the Greater Brighton City Region has brought significant benefits to the partner Local Authorities and agencies. Together the partnership has secured approximately £150 million of Growth Deal funding held by the Coast to Capital Local Enterprise Partnership.

**4.1.2** Of this sum Adur and Worthing have secured £27.5 million to support projects such as:

- Adur Tidal Wall (£6 million)
- Union Place (£2.4 million)
- Teville Gate (£3.3 million)
- Decoy Farm (£4.84 million)
- New Monks Farm and Airport Business Estate (£5.7 million)
- Western Shoreham Harbour Arm (£3.5 million)
- Adur Civic Centre (£1.7 million)

Adur and Worthing Councils continue to explore additional external investment with the support of Greater Brighton Economic Board. This includes recent submissions to the Future High Streets Fund.

**4.1.3** As the Committee can see in the Board's Annual Report (Attachment C), Greater Brighton has also provided a platform to highlight local issues at a regional and national level. For example, the Board has taken action to highlight the importance of rail infrastructure to the City Region, in particular upgrades to the Brighton Main Line.

**4.1.4** Providing opportunities to promote the Adur and Worthing economies to a national audience, most recently as part of a regional conference held

with senior Government Officials to identify opportunities for increased economic reach and awareness of the region, aligned to the Industrial Strategy.

## **4.2 Expanding membership of the Greater Brighton Economic Board**

**4.2.1** Work undertaken by the West Sussex and Greater Brighton Strategic Planning Board has recognised that Arun lies within both the Housing Market area and Functional Economic Market Area of that part of the coast including all or parts of Adur, Worthing, Brighton & Hove, Lewes and Mid Sussex.

**4.2.2** With the inclusion of Arun, Greater Brighton can more clearly articulate how the City Region economy can benefit from its links along the A27 Corridor, specifically the economics around its coastal communities.

**4.2.3** Arun's membership will strengthen Greater Brighton's voice to Government through:

- Arun can add much to the critical mass and economic diversity of the Greater Brighton City Region economy. Arun's economy supports around 55,000 jobs, and the addition of Arun to Greater Brighton would take the City Region's job base (currently circa 475,000) to over half a million, which would be a significant milestone. The current Gross Value Added (GVA) of Greater Brighton is around £23.1bn. Arun's economy currently generates around £2.3bn GVA, which would represent a 10% uplift to the current Greater Brighton Economy.
- Arun can add much to the critical mass and economic diversity of the Greater Brighton City Region economy. Arun's economy supports around 55,000 jobs, and the addition of Arun to Greater Brighton would take the City Region's job base (currently circa 475,000) to over half a million, which would be a significant milestone. The current Gross Value Added (GVA) of Greater Brighton is around £23.1bn. Arun's economy currently generates around £2.3bn GVA, which would represent a 10% uplift to the current Greater Brighton Economy.
- In addition, Arun has a distinct local concentration of knowledge-based manufacturing and engineering activities. Supporting growth in specialised and highly-productive industries is a key objective of the Government's Industrial Strategy. There are a number of advanced engineering/manufacturing firms within Arun, hence Arun's businesses could be well placed to respond.

- Arun may also have an increasingly important role in accommodating some of the commercial property needs of Greater Brighton and the A27 corridor in particular. This might apply both to occupiers relocating from more constrained locations, but importantly being retained within the City Region, or working to a model whereby they structure their operations and supply chains across a range of locations.
- Finally, Arun will also supply further networks and partnerships, in particular Chichester University. The University has invested over £50m into the new Learning and Resource Centre and the new Tech Park at the Bognor Regis Campus. The Learning Resource Centre will promote STEM courses, amongst other academia, bringing an additional 1,500 new students to the Greater Brighton Region.

#### **4.2.4 Enabling joint-work on strategic priorities, including:**

- Articulating the economic case for continued investment in infrastructure, with an immediate focus on influencing investment to the A27 and other road infrastructure.
- Developing a proactive Inward Investment and Trade strategy (encompassing supply chain development), working with the Department for International Trade and the Coast to Capital Local Enterprise Partnership.
- Supporting the work of the West Sussex and Greater Brighton Strategic Planning Board in developing the Local Strategic Statement 3; a process to support better integration and alignment of strategic spatial and investment priorities and deliver a spatial framework for the area that brings together in one place the housing and employment space required over the next ten years linked to the long term strategic infrastructure and other transport plans

## **5. Engagement and Communication**

**5.1** This report has been developed following advice from Greater Brighton Business Partners based in Brighton & Hove City Council as lead authority for the Greater Brighton Economic Joint Committee.

**5.2** Any media engagement the expansion of the Board’s membership will be coordinated by the Adur & Worthing Communications team, who currently hold the contract for the Board’s communications and media engagement.

## **6. Financial Implications**

**6.1** Constituent members make annual contributions toward the operational costs of the Greater Brighton Economic Board. These operational costs include running costs such as employees, legal, finance, administrative and democratic services support. The contribution also supports specific work plans which are reported to this board throughout the year. The member’s contributions are based upon the organisation’s percentage of working population.

**6.2** Budgets for the contributions from Adur and Worthing Councils for 2019/20 are included within the Councils’ budget (Adur £12,350 and Worthing £19,220). These are highlighted below, with a comparison to 2018/19 when less authorities were in the Greater Brighton Economic Board:

	<b>18/19</b>	<b>19/20</b>
<b>Adur</b>	£12,345	£9,789
<b>Worthing</b>	£19,215	£17,011

**6.3.** Contributions will be sought from Arun District Council for the financial years following ratification in accordance with the methodology used to calculate the contributions from current members.

## **7. Legal Implications**

**7.1** The GBEJC is a joint committee established pursuant to section 102 of the Local Government Act 1972. The Local Government Act 1972 and The Local Authorities (Arrangement for the Discharge of Functions (England) Regulations 2012 requires the constituent authorities of a joint committee to decide the membership of that committee. The constituent authorities can make the decision that Arun District Council can become a constituent member of the Board.

## Background Papers

- **Attachment A** - Draft Revised Heads of Terms
- **Attachment B** - Greater Brighton 5 Year Strategic Priorities (2018 - 2022)
- **Attachment C** - Greater Brighton Annual Report (2018)
- [Greater Brighton City Deal & Greater Brighton Economic Board Report to the Joint Strategic Committee - 10 October 2017](#)

## Officer Contact Details:-

Alan Higgins  
Chief Executive's Policy Officer  
01903 221003  
[alan.higgins@adur-worthing.gov.uk](mailto:alan.higgins@adur-worthing.gov.uk)

## **Sustainability & Risk Assessment**

### **1. Economic**

- 1.1** The Greater Brighton Economic Board represents the economic development interest of the City Region. Officers and elected members representation ensures that the local interests of Auld and Worthing are reflected and considered in the deliberations and activities of the Board and the promotion of Greater Brighton.

### **2. Social**

#### **2.1 Social Value**

- What impact does the proposal/issues raised have on our communities or specific groups within our communities?

#### **2.2 Equality Issues**

- Details of any equality issues, any equality impact assessment undertaken, or how the proposal impacts on access or participation.

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

- Details of how the proposal helps to reduce crime and disorder and meet the Council's duties regarding crime and disorder reduction targets.

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

- Does the proposal impinge on anyone's human rights and if so how is it justified under the Human Rights Act? Human rights include: Right to a fair trial, respect for family life, private life, home and correspondence, freedom of thought, expression, assembly and association and protection and quiet enjoyment of property and possessions. Also ask, is the action proportionate to the anticipated response or outcome?

### **3. Environmental**

- Are there any implications for the management, custodianship and protection of our natural resources?

### **4. Governance**

- Are there any implications for or alignment with the Councils' priorities, specific action plans, strategies or policies?
- Are there any implications to the Councils' reputation or relationship with our partners or community?
- Any implications for resourcing, risk management (including health and safety), the governance of the either Council?





**Heads of Terms for Greater Brighton Economic Board (26 March 2019)**

**1. Establishment, Purpose and Form**

- 1.1. The Greater Brighton Economic Board (“The Board”) shall be established from the Commencement Date
- 1.2. The over-arching purpose of the board is to bring about sustainable economic development and growth across Greater Brighton (‘the City Region’). To achieve this, the principal role of the Board is to co-ordinate economic development activities and investment at the regional level.
- 1.3. The Board comprises the Greater Brighton Economic Joint Committee (“GBEJC”), on which the local authorities will be represented; and the Greater Brighton Business Partnership (“GBBP”), on which the Cost to Capital Local Enterprise Partnership, business, university and further education sectors will be separated.
- 1.4. Meetings of the Board comprise concurrent meetings of GBEJC and GBBP.
- 1.5. GBEJC shall be a joint committee appointed by two or more local authorities represented on the Board, in accordance with section 120(1)(b) of the Local Government Act 1972.
- 1.6. The Board may appoint one or more sub-committees.
- 1.7. For the two years starting with the Commencement Date, the lead authority for the Board shall be Brighton & Hove City Council (“BHCC”), whose functions in that capacity shall include the provision of scrutiny (see paragraph 4.3), management of the call-in and review process (see paragraph 8), and the support detailed in paragraph 12.
- 1.8. Unless the Board resolves otherwise, before the start of the third year following the Commencement Date, and every two years thereafter, the Board shall review the lead authority arrangements and, subject to paragraph 1.9, invite each of the local authorities represented on the Board to submit an expression of interest in fulfilling the role of lead authority for the subsequent two year period. The Board shall then instigate a procurement exercise to select the most appropriate authority for that role.
- 1.9. Notwithstanding the appointment of a successor lead authority pursuant to paragraph 1.8, the incumbent lead authority may retain such of their Accountable Body functions as are necessary to enable that local authority to comply with its on-going commitments and liabilities associated with its Accountable Body status.

**2. Interpretation**

- 2.1. In these Heads of Terms –
  - i. ‘Commencement Date’ means 1st April 2014.

- ii. 'City Region' means the area encompassing the administrative boundaries of BHCC, Adur District Council, Worthing Borough Council, Lewes District Council, Mid Sussex District Council and Crawley Borough Council as lie within the Coast to Capital Local Enterprise Partnership area; and 'regional' shall be construed accordingly;
- iii. 'economic development' shall bear its natural meaning but with particular emphasis given to :
  - Employment and skills;
  - Infrastructure and transport
  - Housing;
  - Utilisation of property assets;
  - Strategic planning;
  - Economic growth.
- iv. 'Accountable Body' means the local authority represented on the Board carrying out the function set out in paragraph 12.2.

### **3. Functions**

- 3.1. The Functions of the Board are specified in paragraph 3.2 below and may be exercised only in respect of the Region.
- 3.2. The functions referred to in paragraph 3.1 are as follows:
  - i. To make long term strategic decisions concerning regional economic development and growth;
  - ii. To be the external voice to Government and investors regarding the management of devolved powers and funds for regional economic growth;
  - iii. To work with national, sub-national (in particular the Coast to Capital Local Enterprise Partnership) and local bodies to support a co-ordinated approach to economic growth across the region;
  - iv. To secure funding and investment for the Region;
  - v. To ensure delivery of, and provide strategic direction for, major projects and work stream enabled by City Deal funding and devolution of powers;
  - vi. To enable those bodies to whom section 110 of the Localism Act 2011 applies to comply more effectively with their duty to co-operate in relation to planning of sustainable development.
  - vii. To incur expenditure on matters relating to economic development where funds have been allocated directly to the Board for economic development purposes; and for the avoidance of doubt, no other expenditure shall be incurred unless due authority has been given by each body represented on the Board.

- 3.3. In discharging its function specified in paragraph 3.2 (Viii) above, the Board shall-
- i. (save in exceptional circumstances) seek to invest funding on the basis of-
    - a Proportionality, by reference to the economically active demographic of each administrative area within the city Region;
    - b Deliverability;
    - c Value for money and return on investment / cost benefit ratio; and
    - d Economic impact to the City Region as a whole.
  - ii. Delegate implementation of that function to the lead authority, who shall also act as Accountable Body in relation to any matters falling within that function.

#### **4. Reporting and Accountability**

- 4.1. The Board shall submit an annual report to each of the bodies represented on the Board.
- 4.2. The Greater Brighton Officer Programme Board shall report to the Board and may refer matters to it for consideration and determination.
- 4.3. The work of the Board is subject to review by an ad hoc joint local authority scrutiny panel set up and managed by the lead authority.

#### **5. Membership**

- 5.1. The following bodies shall be members of the Board:
- i. Brighton & Hove City Council
  - ii. Adur District Council
  - iii. Worthing Borough Council
  - iv. Lewes District Council
  - v. Mid-Sussex District Council
  - vi. Crawley Borough Council
  - vii. [Arun District Council]\* \*subject to confirmation
  - viii. University of Sussex
  - ix. University of Brighton
  - x. Further Education Representative
  - xi. Coast to Capital Local Enterprise Partnership
  - xii. Brighton & Hove Economic Partnership
  - xiii. Adur & Worthing Business Partnership
  - xiv. Coastal West Sussex Partnership
  - xv. South Downs National Park Authority
  - xvi. Gatwick Airport Ltd
- 5.2. GBEJC shall comprise the bodies specified in paragraphs 5.1(i) to (vii); and GBBP shall comprise the bodies specified in paragraphs 5(viii) to (xvi).
- 5.3. Each of the bodies listed in paragraph 5.1 shall be represented at the Board by one person, save that BHCC shall, by reason of it being a unitary authority, be represented by two persons (as further specified in paragraph 5.4).

- 5.4. Each local authority member shall be represented at the Board by its elected Leader and, in the case of BHCC, by its elected Leader and the Leader of the Opposition.
- 5.5. Each business sector member shall be represented at the Board by the Chairman of that member or by a person nominated by the Board of that member.
- 5.6. Each university member shall be represented by a Vice Chancellor or Pro Vice-Chancellor of that university or by a person nominated by that university member.
- 5.7. Each further education member shall be represented by its Principal or the Chair of its Governing Body or by a person nominated by that further education member.

## **6. Chair**

- 6.1. The Chair of GBEJC shall, by virtue of his/her democratic mandate, be Chair of the Board
- 6.2. If the Chair of GBEJC is unable to attend a Board meeting, the Board shall elect a substitute from its local authority member representatives provided that no such member representative attending in the capacity of a substitute shall be appointed as Chair of GBEJC / the Board.
- 6.3. The Chair of GBEJC for its first year of operation shall be the Leader of BHCC
- 6.4. The Chair will be elected annually by members of the GBEJC. Election of the Chair will be conducted through a formal process performed by the Democratic Services Team of the Lead Authority. The elected Chair will be appointed at the first meeting of the Board in the new municipal year. A Chair may be re-elected but shall not serve as Chair for more than 4 years.

## **7. Voting**

- 7.1. Each person represents a member of GBEJC, and each person representing a member of the GBBP, shall be entitled to vote at their respective meetings.
- 7.2. Voting at each of the concurrent meetings of GBEJC and GBBP shall be by show of hands or, at the discretion of the chair, by any other means permitted by law, and voting outcomes reached at those meetings shall be on a simple majority of votes cast.
- 7.3. Where voting at a meeting of GBEJC results in an equal number of votes cast in favour and against, the Chair of GBEJC shall have a casting vote.
- 7.4. Where voting at a meeting of GBEJC results in an equal number of votes cast in favour and against, the motion/proposal/recommendation under consideration shall fall in relation of GBBP.
- 7.5. Where the respective voting outcomes of GBEJC and GBBC are the same, that shall be taken as the agreed Board decision and the Board may pass a resolution accordingly.

- 7.6. Where the respective voting outcomes of GBEJC and GBBP differ, the Board –
- i. May not pass a resolution relating to that matter; and
  - ii. May refer the matter to the Chief Executive of the lead authority, who may consult with members of the Board or such other persons as are appropriate, with a view to achieving agreement on the matter between GBEJC and GBBP by discussion and negotiation.
- 7.7. Where, pursuant to paragraph 7.6(ii), agreement is reached the matter at issue shall be remitted to, and voted upon at, the next meeting of the Board.
- 7.8. Where, pursuant to paragraph 7.6(ii), no agreement is reached the motion/proposal/recommendation at issue shall fall.

## **8. Review of decision**

- 8.1. Decisions of the Board will be subject to call-in and review in the following circumstances:
- i. Where a local authority voted to agree a recommendation at a GBEJC meeting, but the decision of the Board was not to agree the recommendation.
  - ii. Where a local authority voted against a recommendation at a GBEJC meeting, but the decision of the Board considered that the interests of the body they represent had been significantly prejudiced; or
  - iii. Where any local authority represented on the Board considered that the interests of the body they represent had been significantly prejudiced; or
  - iv. Where any local authority represented on the Board considered that the Board had made a decision beyond its scope of authority.
- 8.2. The procedure for Requesting, validation, and implementing a call-in and review is specified in Schedule 1.
- 8.3. Where a request for call-in is accepted, the Board decision to which it relates shall be stayed pending the outcome of the call-in
- 8.4. Following call-in, the panel convened to review a Board decision may refer the decision back to the Board for re-consideration. Following referral, the Board shall, either at its next scheduled meeting or at a special meeting called for the purpose, consider the panel's concerns over the original decision.
- 8.5. Having considered the panel's concerns, the Board may alter its original decision or re-affirm it. Paragraph 8.1 shall not apply to the Board's follow-up decision. In consequence, the latter decision may be implemented without further delay.

## **9. Substitution**

- 9.1. Subject to paragraph 9.2, representatives are expected to attend all meetings however, where a representative of a member of the Board is unable to attend a Board meeting, a substitute representative of that member may attend, speak and vote, in their place for that meeting.

9.2. A substitute member must be appointed from a list of approved substitutes submitted by the respective member to the Board at the start of each municipal year.

## **10. Quorum**

10.1 No business shall be transacted at any meeting of the Board unless at least one third of all member bodies are present, and both GBEJC and GPBBP are quorate.

10.2 Quorum for GBEJC meetings shall be three member bodies.

10.3. Quorum for GBBP meetings shall be three member bodies.

## **11. Time and Venue of Meetings**

11.1 Ordinary meetings of the Board shall be convened by the lead authority and will rotate around the City Region

11.2 The Chair of the Board may call a special meeting of the Board at any time, subject to providing members with minimum notice of two working days.

## **12. Administrative, financial and legal support**

12.1 The lead authority shall provide the following support services to the Board:

- i. Administrative, as more particularly specified in the Memorandum of Understanding pursuant to paragraph 13;
- ii. Financial (including the Accountable body function specified in paragraph 12.2); and
- iii. Legal, comprising Monitoring Officer and Proper Officer functions in relation to GBEJC meetings.

12.2 The function of the Accountable Body is to take responsibility for the financial management and administration of external grants and funds provided to the Board, and of financial contributions by each member of the Board, as more particularly specified in the Memorandum of Understanding Pursuant to paragraph 13. In fulfilling its role as Accountable Body, the lead authority shall remain independent of the Board.

12.3 Other members of the Board shall contribute to the reasonable costs incurred by the lead authority in connection with the activities described in paragraphs 12.1 and 12.2, at such time and manner as the Memorandum of Understanding shall specify.

## **13 Memorandum of Understanding**

13.1 Members of the Board may enter into a memorandum of understanding setting out administrative and financial arrangements as between themselves relating to the functioning of the Board.

13.2 The memorandum may, in particular, provide for –

- 13.2.1 Arrangements as to the financial contributions by each member towards the work of the Board, including:
  - 13.2.1.1 The process by which total financial contributions are calculated;
  - 13.2.1.2 The process for determining the contribution to be paid by each member;
  - 13.2.1.3 The dates on which contribution are payable;
  - 13.2.1.4 How the Accountable Body shall administer and account for such contributions;
- 13.2.2 Functions of the Accountable Body; and
- 13.2.3 The terms of reference for the Greater Brighton Officer Programme Board.

#### **14. Review and Variation of Heads of Terms**

- 14.1 The Board shall keep these Heads of Terms under review to ensure that the Board's purpose is given full effect.
- 14.2 These Heads of Terms may be varied only on a resolution of the Board to that effect, and subject to the approval of each body represented on the Board





# Greater Brighton Strategic Priorities

January 2019

## Background & Context

At the Greater Brighton Economic Board meeting on 16 July 2018, the new chair of the Board, Cllr Garry Wall, outlined his views on a vision for the next five years and Board members were asked to provide their responses to this vision. These responses formed the basis of a discussion paper that was presented at the Board Meeting on 16 October 2018. The main recommendation in the discussion paper was that a facilitated session be held in which Board Members could talk through the points raised in that paper in more detail, and work towards developing a Five Year Strategic Plan. This meeting took place on 11 December 2018, and this paper represents a draft set of priorities and recommendations on changes to governance based on the agreed conclusions from that meeting.

## Objectives

Three main themes have been considered;

### 1. ASPIRATIONAL & STRATEGIC

*Purpose and vision of the Board – what does the Board want to achieve?*

### 2. OPERATIONAL & GOVERNANCE

*How does the Board need to be organised to achieve the agreed vision and priorities?*

### 3. RESOURCING & DELIVERY

*What resources need be in place or available to deliver the agreed vision and priorities?*

This paper is in two parts. The first focuses on the emerging vision and strategic priorities for the Board whilst the second half focuses on the more operational aspects of the Board.

## Aspirational & Strategic

After four years of operation the Board must step-up its level of ambition and aspiration. To continue seeing success in the future, the Board needs a clear direction of travel accompanied by the strongest possible political voice.

## Vision Statement

A high-level vision statement for Greater Brighton City Region would be to enable;

<b>A growing, modern economy that is international, creative, connected, talented and resilient</b>
---

### International

- An international brand, identity and recognition
- A clear and compelling inward investment proposition
- Maximising the potential of our international gateways to exploit opportunities

- Utilising the connections of our universities to gain access to international skills and expertise

### **Creative**

- Acknowledged innovation in specific sectors
- Maximising the opportunities through knowledge sharing and commercialisation
- Investing in hard and soft infrastructure of our creative and cultural economies
- Capitalising on the benefits of innovation and entrepreneurial spirit

### **Connected**

- An efficient travel network with effective regional, national and international connections
- Ubiquitous fibre-to-the-premises digital infrastructure
- The most 5G-enabled City Region in the UK

### **Talented**

- Attracting the world's most talented individuals to live, learn, work and invest in the City Region
- A modern and integrated approach to skills provision that reflects requirements for the region in order to retain skills
- Effective upskilling and reskilling in workforce development

### **Resilient**

- Economic resilience – enabling an economy that is dynamic and learns to adapt to economic shocks and changes in Government policy
- Environmental resilience – of all infrastructure and in food production, and exploring the benefits of the circular economy
- Social resilience – of Greater Brighton communities and the wellbeing of residents

**The vision may be an aspiration that takes 10 or even 20 years to fully realise. For the purpose of this document there will be a number of priorities to focus on over the next five years.**

### **Key Objectives & Priorities**

The five themes described above are implicit within the vision statement and effectively become our key areas of focus over the next five years. Once agreed a number of tangible and deliverable projects will be developed that will have clear outcomes to support delivery of the priorities.

For each of the areas of focus, a small number of key priorities have been identified. These priorities are aligned with both the government's Industrial Strategy and Gatwick 360°, Coast-to-Capital's Strategic Economic Plan. The priorities are as follows;

## International

### 1. Build an international profile with strong and relevant supporting messaging.

An international profile will not only increase our chances of securing foreign direct investment, but a growing international reputation will also enhance the City Region's standing at a national, regional and local level.

Greater Brighton does have an economic and a social advantage above other City regions and a good brand on which to build upon, but to establish an international profile will require continuous, proactive marketing with clear and consistent messaging to the right places. Messaging should focus on the unique strengths of the City Region, particularly;

- Place e.g. UNESCO Biosphere and strong rural economy, connections through Gatwick Airport (UK's second largest) and the region's two ports, and internationally renowned universities
- Culture & heritage e.g. Brighton and Hove's offering including the regency heritage of the Pavilion, Dome, and Palace Pier alongside the region's theatres and entertainment venues and historic market towns
- Quality of life, natural capital e.g. 20 miles of coastline, South Downs National Park, and High Weald AONB
- Sector specialisms; Creative, Digital and ICT, innovation in health sciences and technology, Advanced engineering, Green growth.

In addition, the logo needs updating to reflect the renewed ambition and focus of the Board and the website needs an overhaul to make it fit for purpose.

### 2. Establishment of an inward investment proposition.

Current work on the Business Survey will inform this. To take this forward in a meaningful way, and in line with competitor City Regions, there is a need to co-ordinate inward investment at a City Region level and develop a strong city region brand and offer to deliver the recommendations outlined in the Greater Brighton Inward Investment & Trade Strategy.

## Creative

### 3. Support innovative businesses to scale and grow

The City Region has a high number of start-ups and is recognised as a successful incubator for innovation. However, there is a need to develop a coherent and consistent business support offer to retain businesses, knowledge and intellectual property within the City Region. A key gap is providing ambitious businesses with the support and opportunity to grow and scale within the City Region.

Particularly around our sector strengths, which include;

- Creative, Digital and ICT
- Cultural Economy

- Healthy Futures (innovation in health sciences and technology)
- Advanced engineering
- Green growth

#### 4. Sharing and commercialising knowledge

There are opportunities to be exploited from businesses and the universities working more closely together to commercialise knowledge (practical wisdom), the benefits of which will cascade across the City Region. The Board can support this by working with the universities so that they clearly articulate their offer to businesses.

### **Connected**

#### 5. Roll-out of fibre infrastructure & Become the most 5G-enabled City Region

The clear priority here is to roll out fibre-to-the-premises (FTTP) to all businesses and households in the next two years. Partners across the City Region are already involved in various schemes, and lessons need to be learned and shared so that the benefits can be maximised.

5G represents a game-changer in mobile communications. The University of Sussex's R&D expertise and industry partnership in 5G puts the City region at the forefront of this evolving technology. Gatwick Airport is also deploying 5G technology and by drawing these strands together with the SME-focused work at the Digital Catapult and 5G Testbed, Greater Brighton has the opportunity to become a trailblazer in the application of 5G technologies.

#### 6. An efficient travel network with effective regional, national and international connections

Efficient and resilient transport infrastructure will be crucial to the future success of the City Region. Part of the Board's role will be to focus its energy on lobbying for improvements to our main travel to work and travel to learn routes – the east-west A27 and A259, and north-south Brighton Mainline and A23/M23. This may be through sub-regional bodies such as the emerging Transport for the South East, direct interactions with the Department for Transport or with other agencies such as Highways England and Network Rail. The Board will need to be clear and consistent in its focus and messaging.

As well as lobbying Central Government and other strategic partners there are incentives that can be developed at a local level, such as the roll-out of EV charging points and schemes around active travel.

## Talented

### 7. Attracting and retaining talent in the City Region

The City Region is home to a highly skilled talent pool. Attracting talented people to the City Region will benefit the City Region in terms of spending power and the creation of jobs aligned to the talent pool. To attract the best talent there needs to be a focus on the quality of life offer. Cultural strengths include Brighton and Hove's regency heritage, a range of festivals, theatres and entertainment venues across the region alongside historic market towns and natural assets such as the southern coastline, South Downs National park and the UNESCO Biosphere. All of these demonstrate that Greater Brighton is **THE** place to live, work, visit and invest.

To retain talent there is also a need to ensure individuals get jobs that are best matched to their skills and expertise.

### 8. Develop an integrated approach to talent

The City Region's skills offer must better match the needs of a modern economy. A priority must be to invest in people so that they can contribute to the economy and improve social mobility. Assets such as the universities, colleges and schools need to be aligned and mobilised to achieve this. This includes investment in workforce training to improve staff retention, increase productivity and help business and residents to exploit the benefits of technological advancements such as robotics and the digitisation of the workplace.

Whilst skills are important there are other aspects relating to nurturing talent that should not be overlooked, including; behaviours, aspiration and adaptability. A holistic approach needs to be taken to attracting, nurturing and retaining a talented workforce.

## Resilient

### 9. Build economic resilience

In an uncertain and fast-changing world, individuals, businesses and other institutions need to react decisively and positively to external forces, such as economic shocks or Government policy announcements. Resilience needs to be built in a proactive way, and technology will have an important role to play in embedding new solutions.

### 10. Build environmental and social resilience

For the Greater Brighton economy to continue to grow into the future, there is a need to build resilience and security into our blue, brown and green infrastructure. There is an opportunity to build upon the work the Infrastructure Panel is doing on energy and water to look at resilience and a circular economy in the whole. This will

involve looking at other physical infrastructure e.g. digital, green infrastructure, food production and waste management.

There is also a need to build resilience in our communities and residents. Key areas of focus could be around mental health, social inclusion, food poverty and fuel poverty. There is a role that Greater Brighton can play in bringing together third-sector and other agencies in a “Social Innovation Lab” or similar central point.

Recommendations;

1. Adopt the new strategic vision and ten priorities for the Board
2. Continue enhanced communications activity including, proactive marketing with clear and consistent messaging, a website overhaul, and development of the brand
3. Develop a pipeline of projects which reflect the priorities
4. Continue to support existing work-plan projects to completion

### Other Areas for Consideration

There are several other priority areas, which whilst not featuring in the priorities above need to be acknowledged;

#### Local Industrial Strategy

Working with Coast to Capital to deliver a Local Industrial Strategy will be an immediate focus, as this work is set to start in early 2019. The role for the Board is to clearly demonstrate how its priorities are aligned to Coast-to-Capital’s Strategic Economic Plan (Gatwick 360°), and the Government’s Industrial Strategy, and make the strongest possible case for investment into the City Region. A piece of work is currently underway to identify a number of projects that will help Coast to Capital deliver a successful Local Industrial Strategy at a Greater Brighton level.

#### Housing

Greater Brighton is an area of high housing demand which is exacerbated by geographical and physical constraints around land availability. Demand is set to rise faster than supply into the future, so the challenge is only set to intensify. The Greater Brighton One Public Estate Programme will continue to review how we best use our assets and bring forward sites that can be used to develop new homes. But outside of One Public Estate there is limited direct intervention that can be co-ordinated at a Greater Brighton Level. Each local authority has or soon will have an adopted Local Plan that sets out housing delivery targets over the next 12-15 years. The role of the Board is to support the individual authorities deliver on the targets, and this again is best done by lobbying Homes England and other Government agencies for interventions that unlock stalled sites and accelerate housing delivery. The Board also has a key advocacy role to play in promoting the area to leverage in private sector investment.

Recommendations;

1. Work with Coast-to-Capital to deliver a Local Industrial Strategy for the City Region
2. Agree that the Board adopt a strong lobbying role around housing

## Operational & Governance

### Board Membership – Local Authorities

Five years in a rapidly evolving political and economic landscape is a long time, so the Board needs to take a fairly pragmatic approach to new membership and to extending the current geography. The advantages and disadvantages of expanding membership are set out below.

Advantages of growing membership	Disadvantages of growing membership
<ul style="list-style-type: none"> <li>• Widening Greater Brighton geography and extending its reach</li> <li>• Increasing voice and strength of argument to Government and other strategic bodies e.g. TfSE</li> <li>• Widening the Greater Brighton economy</li> <li>• Greater opportunities to realise the Board's vision and ambitions</li> <li>• Increased budget contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Dilution of the functional economic area that was the foundation of the City Deal</li> <li>• Possible tensions with other stakeholders or neighbouring partners who share some of the City Region area or similar strategic aims</li> <li>• Increased numbers could reduce engagement and effectiveness of meetings</li> <li>• Increased numbers may require new governance structures and increase costs</li> </ul>

With a range of advantages and disadvantages to be considered, a systematic and consistent approach to organisations that express an interest in joining the Board should be adopted. This can be fairly light-touch and act as a guide rather than a set of fixed criteria, but for proposed new members consideration would need to be given to the following five questions;

1. Does the organisation buy into the Board's agreed vision and priorities?
2. Do they share economic characteristics and represent our functional economic area?
3. Do they add capacity to help us deliver on our vision and priorities?
4. Will they add to the Board's reputation, in terms of legitimacy, standing and reach?
5. Are they going to actively participate and commit resource to supporting the Board and deliver the work programme?

### Board Membership – Other Organisations

The limited business representation on the Board has been discussed at length and the consensus is for more effective engagement with the business sector. Opening the Board up to new business representation may seem like a logical step, but there are a number of potential issues;

1. Which businesses to invite, and how many? It could get unwieldy very quickly if we want representation from a number of sectors.
2. What is in it for the businesses? Business leaders will need to give up their time to attend Board meetings or other events and some sort of incentive may need to be offered.
3. What is the Board trying to be? Coast-to-Capital and Gatwick Diamond are already two business-led bodies, and business is represented on the Board through the three business partnerships.



Business engagement is clearly important, and the Business Survey being carried out in early 2019 will be the first time that Greater Brighton has directly reached out to the business community. The survey will be informative and is an opportunity to start a process of wider engagement with business. A recommendation is that at least once a year Greater Brighton should host a business engagement event. This would very much be a two-way information exchange aimed at building relationships between the Board and City Region businesses. Greater buy-in from business will be essential to deliver key priorities and will be especially important around positioning and messaging.

#### Recommendation

1. Set up regular business engagement events for the Board

#### Governance – Board Chair

The current situation, as directed by the Board’s Heads of Terms, is that the Board Chair rotates on an annual basis between the local authority partners. However, it can be argued that this is not satisfactory as 1 year is not long enough for a Chair to build any momentum or forge strong relationships with external partners and stakeholders.

#### Recommendation

1. Amend the Board Heads of Terms to reflect an annual election of the Chair, but remove the requirement for a **new** chair to be appointed each year

The wording of the recommendation would mean that a serving Chair could put themselves forward once again to serve another year, and any number of years after that, but that every year there would be a formal process to elect the Chair.

#### Governance – Strategic Leadership

There is a need for Board Members to take greater ownership and involvement in the Board activities which will also strengthen the collective voice of the Board. The recommendation is that a cabinet-style system be adopted where Board members will lead on certain issues or key priorities, and this would involve both local authority and business partners. The Board Member would then act as a spokesperson for that area and take a strategic leadership role around the delivery of projects or work items around their area.

The Board does not have a dedicated officer operating at a strategic level. Work at the strategic level is led by Brighton & Hove City Council with some work picked up by senior officers from across the partnership. However, senior officers have limited capacity to drive forward the work plan, so this will be reviewed to see if there is an alternative approach.

#### Recommendation

1. Adopt a cabinet-style approach and appoint Board Members as spokespeople/leaders on priority areas

### **Governance – Board Meetings**

The general consensus is that current format of quarterly two-hour Board meetings, is unsatisfactory, especially from the point of view of the non-local authority members. If the Board is going to realise its ambitions over the next five years there needs to be better engagement and participation from all members. The Board needs to function in a way that allows it to get most value from the knowledge and expertise present at the meetings.

There is a need to look at new approaches to Board meetings, and recommendations here are;

1. Reduce the number of annual Board Meetings from four to three
2. Throughout the year hold two further workshops, which could be thematic, to discuss issues in greater detail

### **Governance – Officer Programme Board**

The Greater Brighton Officer Programme Board (GBOPB) comprises officers from across the partnership and the Greater Brighton Support Team. The GBOPB meets eight times per annum (twice between each Board Meeting). The exact role and responsibility of this Board is unclear, possibly because the purpose of the group and Board in general, has evolved from the early years following signing of the City Deal. The total time commitment involved from the offers in attending and preparing for the meetings is significant, and this time may be best employed on other activities associated with achieving the Board's priorities.

In contrast, specific working groups have been set up to support the delivery of the GB energy and water plans and the business survey with clear outputs and shared responsibilities, plus a high level of engagement from businesses, Government agencies and other key stakeholders.

Recommendations:

1. Review the Officer Group role and function
2. Set up specific working groups for all key priorities/projects

## Resourcing & Delivery

Current member contributions to the Board budget are £180,000. The running costs of the Board (support team costs, communications, Legal Services, Democratic Services and other out-of-pocket costs) are around £146,000, which leaves £34,000 for the work programme.

However, for 2018/19 the work programme budget has been bolstered by a large underspend of £120,000 from 2017/18 (based on a cumulative underspend on salaries due to vacant posts), meaning that there is a large work programme. By the end of 2018/19 there is unlikely to be much underspend, so there will not be a large carry-forward to support work in 2019/20, current estimates suggest a working budget less standing costs of £40,000 in 2019/20.

If the Board wants to develop a number of projects to deliver its priorities and realise the ambition and there is going to be an additional cost aside from the resources of the Greater Brighton Support Team, there will be a need to increase funding, prioritise with the remaining budget, or a combination of the two options with agreed increased contribution for defined outputs.

Recommendations:

1. A budget report for 2019/20 will be presented at the next Board Meeting.
2. Each autumn a list of proposed projects and budget requirements are brought to the Board at a meeting for decision/prioritisation for the next financial year.

## Recommendations

Some indicative costs have been provided as a basis for discussion. As a rough guide, the anticipated total cost for year 1 would be around £60k, of which £30k would be recurring in subsequent years, and a £30k one-off-cost associated with redeveloping the website and rebranding. This would mean increasing the Board's budget by around £25,000.

Aspirational and Strategic	Indicative costs
<ol style="list-style-type: none"> <li>1. Adopt the new strategic vision and ten priorities for the Board</li> <li>2. Continuing enhanced communications activity but including a website overhaul, and development of the brand</li> <li>3. Develop a pipeline of projects which reflect the priorities</li> <li>4. Continue to support existing work-plan projects to completion               <ul style="list-style-type: none"> <li>• University of Chichester Business Support Programme</li> <li>• Greater Brighton Business Survey</li> <li>• Energy and Water Plans</li> </ul> </li> <li>5. Work with Coast-to-Capital to deliver a Local Industrial Strategy for the City Region</li> <li>6. Agree that the Board adopt a strong lobbying role around housing</li> </ol>	<p>None</p> <p>£24,950 p.a. + TBC</p> <p>Project dependent</p> <p>None</p> <p>£30,000 (potential carryover)</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>
Operational and Governance	
<ol style="list-style-type: none"> <li>1. Adopt the proposed criteria/questions used to evaluate potential new members</li> <li>2. Set up regular business engagement events for the Board</li> <li>3. Amend the Board Heads of Terms to reflect an annual election of the Chair, but remove the requirement for a new chair to be appointed each year</li> <li>4. Adopt a cabinet-style approach and appoint Board Members as spokespeople/leaders on priority areas</li> <li>5. Reduce the number of annual Board Meetings from four to three</li> <li>6. Throughout the year hold two further workshops, which could be thematic, to discuss issues in greater detail</li> <li>7. Review the Officer Programme Board role and function</li> <li>8. Set up specific working groups for all key priorities/projects</li> </ol>	<p>None</p> <p>£0-£5,000 p.a.</p> <p>None</p> <p>None</p> <p>None</p> <p>£0-£1,500 p.a.</p> <p>None</p> <p>None</p>
Resourcing and Delivery	
<ol style="list-style-type: none"> <li>1. A budget report for 2019/20 will be presented at the next Board Meeting.</li> <li>2. Each autumn a list of proposed projects and budget requirements are brought to the Board at a meeting for decision/prioritisation for the next financial year*</li> </ol>	<p>None</p>

\*For financial year 2019/20, this would have meant budget discussions taking place in late 2018 for agreement at the first Board meeting in 2019. This has not been possible within current timescales for work on this document so a budget report for 2019/20 will be presented at the next Board Meeting.





# Greater Brighton Economic Board

# Annual Report 2018/19

July 2019

The Greater Brighton City Region covers the local authority areas of Adur, Brighton & Hove, Crawley, Lewes, Mid Sussex and Worthing.

Key assets include a growing international airport, a major road and rail transport corridor to London, two universities, and unique natural capital including the coast, South Downs National Park and the UNESCO Biosphere.

The overarching aim of the Board is to protect and grow the economy, by co-ordinating economic development activities and investment at City Region level. By joining together places and working collaboratively to build on the area's economic assets and unblock its barriers, the City Region will be able to fulfil its economic potential to become one of the United Kingdom's top performing urban economies.

Since being formed, the Board has helped to secure more than £200 million of investment into the City Region. This money is delivering real benefit across the Greater Brighton region, ranging from the construction of new flood defences in Shoreham and Newhaven, to building world-class educational facilities at the University of Brighton and GBMet College. The funding has helped create, or set in chain plans for, 24,000 jobs, build 18,000 homes and unlocked £2 billion in private sector investment.

## Greater Brighton Economic Board Members

### 6 Local Authorities

- Adur District Council
- Brighton & Hove City Council
- Crawley Borough Council
- Lewes District Council
- Mid Sussex District Council
- Worthing Borough Council

### 3 Business Partnerships

- Adur & Worthing Business Partnership
- Brighton & Hove Economic Partnership
- Coastal West Sussex Partnership

### 2 Universities

- University of Brighton
- University of Sussex

### Further Education College

- Greater Brighton Metropolitan College (GBMet)

### Local Enterprise Partnership

- Coast to Capital Local Enterprise Partnership

### National Park Authority

- South Downs National Park Authority

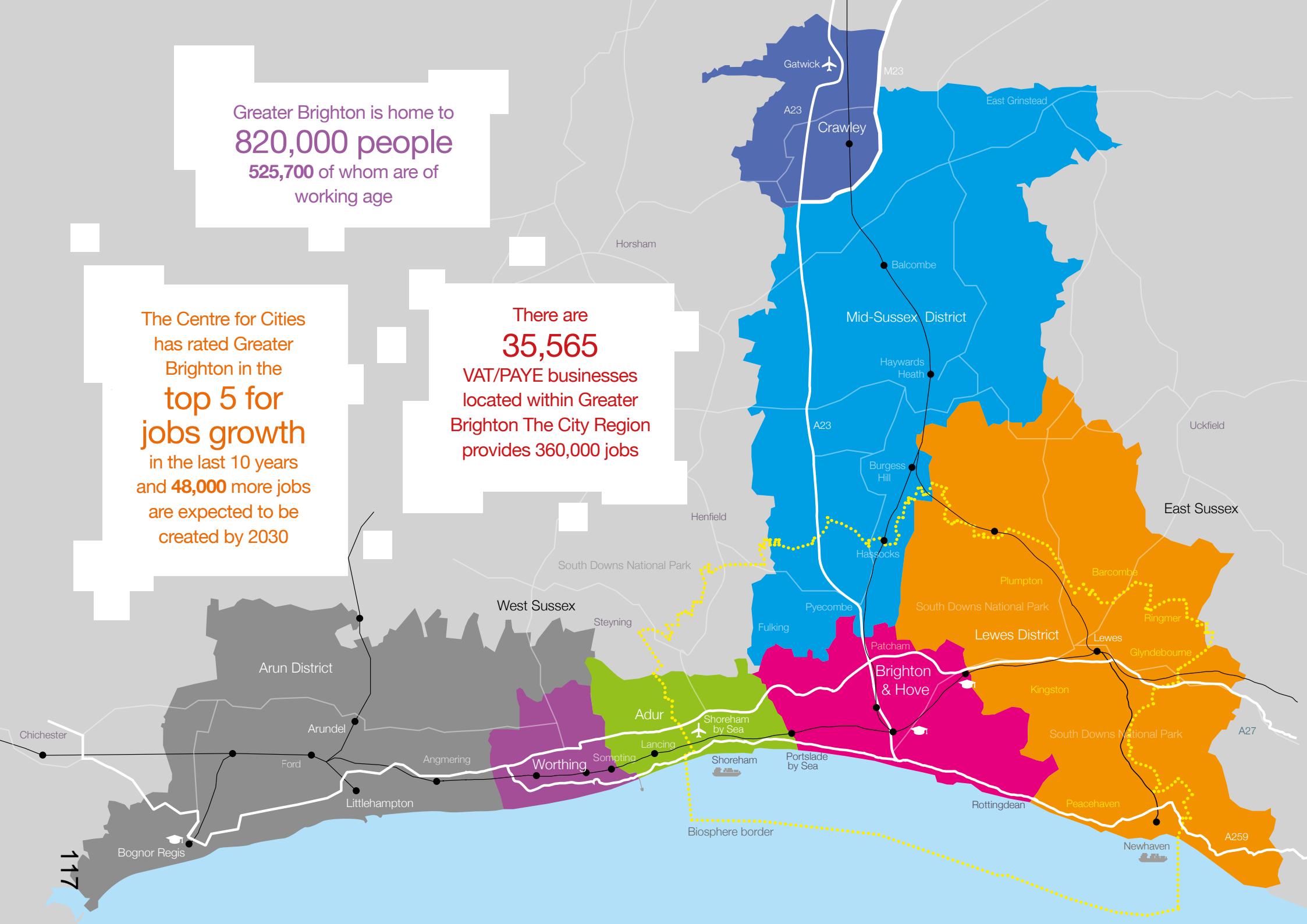
### Gatwick Airport Ltd



Greater Brighton is home to  
**820,000 people**  
525,700 of whom are of  
working age

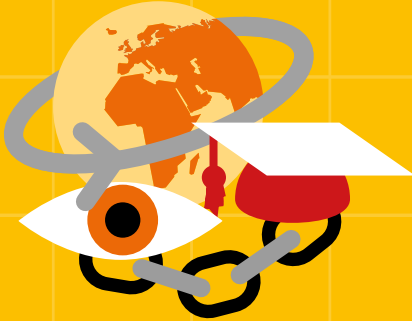
The Centre for Cities  
has rated Greater  
Brighton in the  
**top 5 for  
jobs growth**  
in the last 10 years  
and **48,000 more jobs**  
are expected to be  
created by 2030

There are  
**35,565**  
VAT/PAYE businesses  
located within Greater  
Brighton The City Region  
provides 360,000 jobs



# Our aspirations

## International

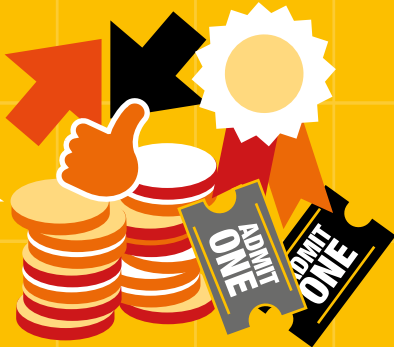


An international brand, identity and recognition

Maximising the potential of our international gateways

Utilising the connections of our universities to gain access to international skills and expertise

## Creative

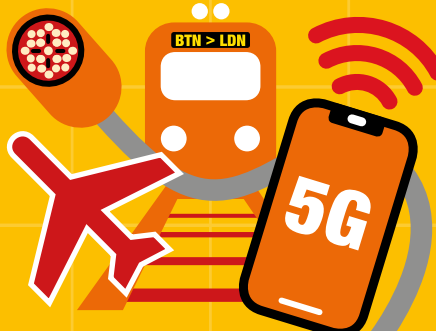


Acknowledged innovation in specific sectors

Maximising the opportunities through knowledge sharing and commercialisation

Investing in infrastructure of our creative and cultural economies

## Connected



An efficient travel network with effective regional, national and international connections

Ubiquitous fibre-to-the-premises digital infrastructure

The most 5G-enabled City Region in the UK

## Talented



Attract talented individuals to live, learn, work and invest in the City Region

A modern and integrated approach to skills provision

Effective upskilling and reskilling in workforce development

## Resilient



Economic resilience – enabling an economy that is dynamic and learns to adapt to external forces

Environmental resilience – of infrastructure and food production, exploring circular economy benefits

Social resilience – of Greater Brighton communities and the wellbeing of residents

# Our successes so far



Unlocking  
**£2bn**  
in  
private  
sector  
investment



Building  
**Flood**  
defences



Modernising  
our town  
centres



**£48m**  
awarded from Housing  
Infrastructure Fund



# Greater Brighton Highlights 2018/19 – Great progress and more to come

## Raising the Bar

The Board has raised its ambition and aspiration in developing a **vision** and set of **priorities** on the kind of city region that Greater Brighton is striving to be; **international, creative, connected, talented and resilient**. Those five themes each have two key priorities attached and these have been identified as the key areas of focus for the Board over the next five years.

## Protecting Shoreham

The **£45m** Adur Tidal Walls scheme officially opened in March. More than **seven kilometres** of new or improved river and sea defences have been constructed, which will better protect **over 2,300 homes** and **169 commercial properties**, as well as important local infrastructure.

## Full Steam Ahead at the Northern Arc

In July 2018, **Homes England** announced that it had acquired **the 176 hectare Northern Arc site**, in Burgess Hill. As land owner for the whole site, Homes England will **accelerate the delivery of the 3,500 planned homes**. The investment will also ensure that key infrastructure, and facilities including two new schools, will be delivered alongside the new homes.

## Getting Ready for 5G

In September, the **UK's latest 5G testbed was unveiled** at the **Digital Catapult Centre in Brighton**. The facility lets companies experiment with new applications and services which take advantage of the unique nature of 5G. This is a **major step forward** in helping take the technology out of university labs and into the market, and **Greater Brighton businesses** are going to be at the forefront of this.

## Safeguarding Newhaven

The **£15.5m** scheme will reduce the risk of flooding to **431 homes** and **390 businesses** in and around Newhaven. The scheme will also protect the road network and railway infrastructure, and will **support the wider regeneration** of Newhaven.

## Building Resilient Utilities

Work is progressing on **developing Energy and Water plans** that will **futureproof the City Region** by ensuring that Greater Brighton can sustain future economic and population growth. **Digital infrastructure** and **security** are also being reviewed, as part of the City Region's **comprehensive approach to building resilience**.

## Extending our Reach

Part of the Board's increased ambition is to **raise the profile of Greater Brighton**. To that end an article was published in the respected **Municipal Journal**, which highlighted the need for **Government to not overlook areas south of London** when it comes to making important **investment decisions**.

## Increasing our aspiration

For Greater Brighton to reach its full potential there is a need for the Board to take a step forward in aspiration and the level of associated activity.

A set of Greater Brighton Strategic Priorities have been developed to build a modern, growing economy that is international, creative, connected, talented and resilient. Those five themes each have two key priorities attached and these have been identified as the key areas of focus for the Board over the next five years.



### International

- Build an international profile with strong and relevant supporting messaging
- Establishment of an inward investment proposition



### Creative

- Support innovative businesses to scale and grow
- Sharing and commercialising knowledge



### Connected

- Roll out of fibre infrastructure and become the most 5G-enabled City Region
- An efficient travel network with effective regional, national and international connections



### Talented

- Attracting and retaining talent in the City Region
- Develop an integrated approach to talent



### Resilient

- Build economic resilience
- Build environmental and social resilience

These priorities will be crucial in making the case to Government for investment and for making coordinated and coherent cases for investors to come here. The priorities are aligned with Gatwick 360°, the LEP's Strategic Economic Plan.

The Board is clear that it wants to look back in five years and to have made a positive difference to the lives of Greater Brighton residents and prosperity of its businesses, so a set of projects have been developed to deliver on these priorities.

## Building a resilient city region

On 22 March 2019 the new £45 million Adur Tidal Walls scheme was officially opened by Sir James Bevan, Chief Executive of the Environment Agency.

More than seven kilometres of improved and new river and sea defences have been constructed which will help keep the community of Shoreham safe from flooding from storms and rising sea levels.

The new flood defences will better protect over 2,300 homes and 169 commercial properties, as well as important local infrastructure such as the road network, railway line and Shoreham Airport.

The new defences are formed of embankments, sheet pile walls, rock revetments, flood glass, and property level protection, and are designed to last for 100 years, with the option of being raised further to add even greater protection into the future. The project has also created approximately 1.4 hectares of compensatory saltmarsh habitat for the benefit of local wildlife, and the Environment Agency has also improved public footpaths along the route of the defences.

The Adur Tidal Walls scheme will have an immeasurable impact on the residents and businesses in Shoreham and Lancing. It will protect communities from future flooding but it also gives investors certainty, which will



unlock the area for housing developments and employment space, thereby supporting the local economy and opportunities for local people, while opening up the riverside to local residents.

In addition to the crucial flood defences in Shoreham, we are also building resilience and security in Newhaven.

Following flooding in 2013, The Environment Agency, in partnership with Lewes District Council, developed a scheme to reduce flood risk. The scheme covers both banks of Newhaven, including the commercial areas near the Port.

The £15.5m scheme will reduce the risk of flooding to 431 homes and 390 businesses in and around Newhaven. Some areas of

Newhaven currently have a 1-in-10 chance of flooding in any given year. The scheme has been designed to provide at least a 1-in-100-year standard of protection taking into account the effects of climate change. This will mean that in any one year, there will be a less than 1% chance that Newhaven will experience flooding from the sea or River Ouse.

The scheme will also protect local infrastructure such as the road network, railway tracks and train station which were closed for a time during the 2013 floods. It will also support wider regeneration of Newhaven, helping to bring new investment, jobs and homes to the area.

Construction of the flood defences started in early 2016 and is scheduled to be complete later this year.

## Building homes and jobs for the future: a focus on Burgess Hill

Burgess Hill is a key strategic growth area for the City Region. Mid Sussex District Council has an ambitious plan for the town, which includes;

- 5,000 new homes
- Town centre regeneration
- Improved rail station with new homes
- Dualling of the A2300 (main road into the town from the A23)
- The HUB employment area, 25 hectares
- A Science and Technology Park with 100,000m<sup>2</sup> of employment space

The total programme will see around £1bn of investment into the town. Greater Brighton secured £14.9 million from the Local Growth Fund which will support road enhancements, public transport improvements, walking and cycling initiatives and access to the proposed Science Park.

Work has started in delivering 1,500 homes at various locations across Burgess Hill. In July 2018 Homes England announced that it had acquired the 176 hectare Northern Arc site, the agency's most significant intervention to date. As land owner for the whole site,

Homes England submitted an outline planning application in late 2018 which brought forward early release of the first phases of new homes. The investment will also ensure that key infrastructure and other facilities including two new schools, will be delivered alongside the 3,500 planned homes.

Such an intervention from Government represents a clear vote of confidence in the City Region. It is an endorsement of the City Region's advocacy of sensible, sustainable growth, which provides homes for future generations and supports our growing businesses, whilst recognising the needs of local people and protecting our wonderful landscape.

In September 2018 work started at The Hub, a 25 hectare site that will offer much needed industrial, warehouse and office space to aid the economic growth of Burgess Hill. The Hub will provide up to 50,000m<sup>2</sup> of employment space, of which up to 14,000m<sup>2</sup> will be for distribution and warehousing. Much of the remainder is expected to be technology-led businesses offering sustainable high value jobs. DPD, the UK's leading parcel delivery firm, has taken up a 4,000m<sup>2</sup> distribution centre at the site, and this was completed in March 2019.



# Newhaven Enterprise Zone – the place to do business

The summer of 2018 was a significant period for the Newhaven Enterprise Zone (NEZ). At the end of June, Rampion's Operations and Maintenance base was officially opened, and a few weeks later a new Strategic Framework for the NEZ was unveiled.

Covering eight sites in the town, the NEZ acts as a catalyst to deliver new commercial development, new jobs and local growth opportunities that will contribute to the wider development of the local area.

Rampion's impressive and imposing Operations and Maintenance base provides a flagship landmark in the NEZ. This facility houses the wind farm's control room and offices, and will be home to the 60-strong operations and maintenance team tasked with the efficient running of the wind farm.

Through its construction, the base has already acted as a catalyst for the regeneration of the port and helped to stimulate the local economy. Other businesses have started to flock to the area. In the last year businesses locating to or expanding within Newhaven include Edwards Modular Controls, Fundraising Auctions Quintessence and ValetPRO.



In July 2018 more than 60 local business owners, key local figures and partners of the NEZ joined together to learn about wider plans for Newhaven, a year since it gained Enterprise Zone status.

Investment in the NEZ to date is approaching £30 million in public sector funding and private sector match combined; providing critical flood defences, improving site viability and unlocking land for development. The Strategic Framework looks ahead to 2030, and the vision is that the NEZ will have helped deliver a new era for Newhaven.

The Strategic Framework focusses on three priorities, and details can be found at [http://bit.ly/NEZ\\_SF](http://bit.ly/NEZ_SF)



## Rampion windfarm in numbers:

- 116 turbines
- 72 square km site – about the size of Guernsey!
- 13-20 km off of the Sussex Coast
- Will generate almost 1,400 Gigawatt hours of power each year...
- ... which is enough to power 350,000 homes
- Created 60 permanent jobs
- The building itself features 48 solar panels and 16 electric vehicle charging points

## Connectivity for the future



In September, Digital Catapult Brighton unveiled the UK's latest 5G testbed. The 5G testbed will allow small businesses to benefit from state of the art 5G mobile wireless communications, and provide space to test and explore the potential new applications of 5G. It will also help the City Region to support delivery of a key aim within Government's Industrial Strategy, which is for the UK to become a world-leader in 5G technology. The facility lets companies experiment with new applications and services which take advantage of the unique nature of 5G. This is a major step

forward in the wider roll out of this advanced technology, helping take the technology out of university labs and into the market.

The infrastructure was funded by a £1.2 million grant secured by Coast to Capital Local Enterprise Partnership through the Local Growth Fund.

5G offers a significant opportunity for the UK in bringing together the worlds of mobile and internet, helping to increase speed and improve bandwidth. It also presents huge

opportunities for businesses and consumers, such as support for autonomous cars, better support for the application of Internet of Things in healthcare, logistics, manufacturing, and support for more interactive and new models of content creation and consumption of media.

At the launch event, an immersive technology showcase presented the best of local virtual reality, augmented reality and mixed reality technologies, demonstrating the breadth and depth of technological innovation and development in Greater Brighton.



## Our near misses – the need for dispelling the myths

Over the last year partners from across the City Region have submitted a number of funding bids to secure much needed investment in the City Region.

In June a bid was submitted for a slice of an £840 million Department for Transport (DfT) fund to spend on tackling the area's transport congestion problem. The Transforming Cities Fund bid criteria required a focus on improving 'urban corridors' for commuting and businesses and therefore Greater Brighton decided to focus on the A259 coast road that links Newhaven to Worthing.

In its submission the point was made that although there are already large movements of employees within the coastal area, congestion is holding businesses back. Reference was made to DfT figures which show the average delay on the A roads is more than double the rest of south east England. Furthermore, during peak times, in the 60-minute drive-time band, used as a standard measure, commuters from Brighton city centre can only expect to reach as far as Worthing, a mere 12 miles away. These delays significantly reduce the area's attractiveness to businesses and future investors; impacts on productivity; reduces the retention of staff, and limits growth.

The DfT announced at the end of September which non-mayoral cities would progress to the next step of the bid process, and unfortunately the Greater Brighton's submission was not one of the ten shortlisted.

Initial feedback from the DfT confirmed that competition was high (approximately 30 applications for 10 places), and that the evidence provided in support of our bid was not as compelling as some of the other bids. However, it was a great achievement that Greater Brighton partners, in collaboration with colleagues from East and West Sussex County Councils, and other agencies, produced such a credible bid in the timeframes and the proposals put forward were considered to be potentially appropriate for similar, future funding opportunities when these become available.

The bid showed the strength of Greater Brighton in that working together, and with other stakeholders, we can make a more powerful regional case.

In April 2018, Channel 4 launched its '4 All the UK' strategy and outlined plans to open two new creative hubs, including a national HQ, bringing 300 jobs to the regions.



Brighton & Hove City Council, working with the local television sector, Brighton and Sussex universities and Greater Brighton Metropolitan College – all of whom are members of the Greater Brighton Economic Board, submitted a bid to become home to one of Channel 4's two new creative hubs. The bid outlined the city's distinctive offering as a major digital and creative centre. The city is home to hundreds of artists and creative producers and hosts more than sixty festivals a year, including two of the



most significant arts festivals in the country. The bid highlighted the city's established success in media, digital innovation and the arts, its unique character as a location known for its quality of life and independent spirit, and its excellent transport links nationally and internationally, including its close proximity to Gatwick Airport. The bid also demonstrated how the benefits of Channel 4 investing and locating in Brighton would cascade across the wider Greater Brighton Region.

In an announcement at the end of May, Channel 4 confirmed Brighton was one of six cities shortlisted, and a delegation from Channel 4 was received for a visit in Brighton.

Unfortunately Brighton was not chosen as one of the two venues for the location of a Creative Hub. Feedback indicated that Brighton was considered too close to London and the London employment market, and therefore a new hub in Brighton would fail to have an impact in providing new opportunities for a local workforce.

In response to these near misses, the Chair of the Board produced an article published in the respected Municipal Journal. 'Forget about the myth of the Sunny South' was the clear message which called for decision makers to ditch the perception that everything is rosy on the coast. Publication of the article came amid concerns that Government investment is channelled North directing funding into areas such as the Northern Powerhouse and the Midlands Engine with directly elected Mayors stealing a march on the region.

The article made clear that the City Region, which contains nearly one million people from the south coast to Gatwick, is a vibrant place to do business with an economy worth more than £21 billion a year, and a net contributor to the exchequer. With Government and big business shifting investment focus to the north, overlooking regions south of the capital risks

## Our near misses – the need for dispelling the myths

choking off the contribution our economies make to the UK economy.

While understanding the reasons for the broadcaster's decision, the article expressed concern about the feedback that Brighton was too close to London and a new hub would fail to have an impact in providing new opportunities for a local workforce. This view is deeply concerning as it reveals an unfortunate unawareness of the needs of our young people, the skills gaps we clearly have, the pockets of deprivation that exist and the employment opportunities we need to create for people born and brought up here to be able to stay.

To be seen as the southern outpost of London is to do to the area a massive disservice. The role of the Board is to remind Government and business that we do have challenges and also have much to offer to help create wealth for the UK. Gatwick Airport and Crawley Borough Council joining the Board showed that the benefits of working together as a coherent regional force were being recognised and the Board would continue to make significant headway in drawing in funding to address key issues.

## Driving progress through events

In early March the inaugural 'Prosperity through Innovation' event was organised by the Coastal West Sussex Partnership, in collaboration with Willmott Dixon and the Greater Brighton Economic Board, at Ricardo's impressive building in Shoreham.

The main purpose of the innovative conference was to look at ways to drive growth across the City Region and the event has been hailed a great success.

Attended by more than 90 leaders from across the public and business sectors in Sussex, the conference was opened by Coastal West Sussex Partnership Chairman Henry Powell, who explained that the role of the partnership is to champion economic growth in the region.

A range of speakers gave overviews of the challenges faced by Sussex's coastal region and the UK as a whole – from housing in terms of affordability and Brexit concerns, to digital connectivity and full fibre being crucial to the UK, to construction and the skills challenges within the industry – and offered an insight into the innovative approaches being taken to promote economic success.



**Above** Prosperity through Innovation event

**Left** Henry Powell speaking at the PIP event



**Above** Professor Greg Clark at the Futureproofing the City Region event

A second event, “Futureproofing the City Region: Civic Innovation and the Transformational Economy”, was also held in March. The forum, organised by the Board and Brighton-based, the IMEX Group, brought together local businesses, politicians and representatives from the universities to discuss how to develop the identity of the Greater Brighton region.

Professor Greg Clark, a leading urbanist who has advised over 100 cities around the globe,

was the keynote speaker. Prof. Clark supports and guides metropolitan strategies world-wide as Professor of City Leadership at University College London and a strategic advisor for the Organisation for Economic Cooperation and Development’s (OECD) Local Economy Programme.

In his keynote presentation, Prof. Clark said that Greater Brighton is well placed to join other regions around the world as a thriving centre of innovation and growth.

The CEO and deputy chairman of Brighton & Hove Albion Football Club, Paul Barber, also presented at the event to demonstrate the impact that a Premier League football club can have on the local economy. He said the clear vision, persistence and resilience needed to build the Amex stadium would also be needed to grow the region. He said the football club was now the single biggest promotional tool for the City Region with its matches frequently broadcast to 200 cities around the world.

On the back of this event we are developing a “Pitch for Place” for the City Region. Prof. Clark’s view was that the City Region has a diverse population with a willingness and appetite to embrace life. There is also a high

## Driving progress through events

level of civic activism which means the region is already in a good position to demonstrate how to meet sustainably some of the complex challenges ahead; increasing populations, climate change, technological advancement and global rebalancing. In a complex world, it is important to be able to tell a simple story about a destination.



## Making better use of our assets

The National One Public Estate Programme ('the National Programme') is an initiative funded by the Cabinet Office Government Property Unit (GPU) and delivered in partnership with the Local Government Association (LGA). The Programme is designed to facilitate and enable local authorities to work successfully with Government and local agencies on public property and land issues through sharing and collaboration. It has four main objectives, to:

1. Create economic growth (new homes, employment floorspace and jobs);
2. Enable more integrated customer-focused services;
3. Generate capital receipts, and;
4. Reduce running costs.

One Public Estate is about getting more from the collective public sector estate – whether that's unlocking land and surplus sites for new housing and jobs, enabling more joined-up public services for local communities or creating further opportunities for local authorities and public sector partners to reduce running costs and generate income to deliver savings for the taxpayer.

The National Programme began in 2013, when it involved just 12 partnership areas. It has now expanded to include more than 319 councils (90%) in 76 partnership areas working on projects to transform places and public services right across England. Greater Brighton is one of these partnership areas, having joined the National Programme in November 2016.



To date, the Greater Brighton Partnership has secured £1,861,500 in funding from the National Programme as follows:

**£1,042,500 in One Public Estate funding (Phases 4, 6 and 7).** Revenue funding has been awarded to support the development of 11 projects located across the city region:

- Worthing Integrated Care Centre, Worthing Civic Centre
- Preston Circus Fire Station, Brighton
- Preston Barracks Primary Care Centre, Brighton
- Moulsecoomb Neighbourhood Hub, Brighton
- Brighton General Hospital, Brighton
- Springman House, Lewes
- Conway Street Industrial Area, Hove
- Patcham Court Farm, Brighton
- North Street Quarter Health Hub, Lewes
- Eastern Road, Haywards Heath
- Burgess Hill Station Quarter, Burgess Hill

The funding covers a range of activities, including feasibility, viability, master planning, business case development and project management support, to provide the evidence base needed to make robust asset management decisions. It has also part-funded a dedicated programme management resource, responsible for the day-to-day management of the Local Programme, up to September 2021. As the Lead Authority for the Greater Brighton One Public Estate Partnership, Brighton & Hove City Council has provided the necessary match-funding for this post. It is currently expected that over the next 10 years these 11 One Public Estate projects will deliver approximately: 1,792 new homes; £58m in capital receipts; £7.2m in reduced running costs; £280m of inward investment; 5,042 new jobs (including construction), and; 29,000m<sup>2</sup> employment floorspace. The projects are at relatively early stages of development and so it should be noted that the forecast outputs may change as business cases are completed and schemes are developed and approved.

**£819,000 in Land Release Fund funding** to support 3 projects to deliver 79 new affordable rented homes with all land released by 31 March 2020:

Kensington Street, Brighton; Victoria Road, Portslade, and; Selsfield Drive, Brighton. This capital grant is funding activities such as site demolition, groundworks and infrastructure service improvements to enable scheme viability. The projects form part of Brighton & Hove City Council's (BHCC) New Homes for Neighbourhood's Programme, which aims to deliver at least 500 new council homes.

The 2018/19 Greater Brighton One Public Estate Annual Report will be presented to the Greater Brighton Economic Board in October 2019 and will include further information on the projects and their progress.

# The Greater Brighton Investment Programme – Highlights from 2018/19

In 2018/19 we saw the completion or near completion of key projects, including the Adur Tidal Walls, Newhaven Flood Alleviation Scheme and 5G Testbed, which have all been detailed earlier in this report.

In addition, there are other projects that have witnessed significant progress and these include the Central Research Laboratory (Brighton), Circus Street (Brighton) and Teville Gate (Worthing).

## Central Research Laboratory

The Central Research Laboratory (CRL) is a mixed-use redevelopment that will provide a unique, high quality workspace, tailored to the unique needs of Brighton's creative and entrepreneurial businesses, particularly those designing and making physical products.

Key outputs of the project include:

- 4,645m<sup>2</sup> new employment space
- 500m<sup>2</sup> high-spec labs & workshops
- 1,300 student beds
- 369 new homes
- Over 100 on-site jobs

Phase 1 construction commenced in the summer of 2018 and the target completion date remains December 2019. Construction of the student blocks on the barracks site commenced in December 2018, completion of which is planned for summer 2020



## Circus Street

This mixed use regeneration project will drive social, cultural and economic change for the Turner and Valley Gardens areas of Brighton & Hove. Despite it being in a sought after location, the site is grossly underutilised and has lain largely vacant for nearly 12 years. The regeneration will provide:

- 142 new homes
- 450 student beds
- Circa 2,000m<sup>2</sup> commercial space
- Dance studio
- 232 new jobs

The Dance Space will house South East Dance and provide them with much-needed production space, a theatre and public space for community participation. It is estimated that 60,000 people will use the space every year.

Construction on-site began in the spring of 2018 and has been progressing to schedule. The project is due to be completed in the spring of 2020.

## Teville Gate

Teville Gate along with Union Place form part of Worthing Central (phase 1), which is a comprehensive and co-ordinated transformation programme of Worthing's Town Centre. This project will deliver an exciting mix of leisure, commercial and residential uses, which will act as a catalyst for further regeneration and improvements to the public realm.

Overall, the redevelopment of Teville Gate House and Union Place has the potential to deliver;

- 650 new homes
- 30,000m<sup>2</sup> commercial space
- 6,470m<sup>2</sup> retail space
- Cinema & hotel
- 5000m<sup>2</sup> new public realm
- Modern parking facilities
- Up to 400 new jobs

All buildings at the Teville Gate site have been demolished and the site cleared.





# The Greater Brighton Investment Programme – LGF Growth Deal Rounds 1 & 2

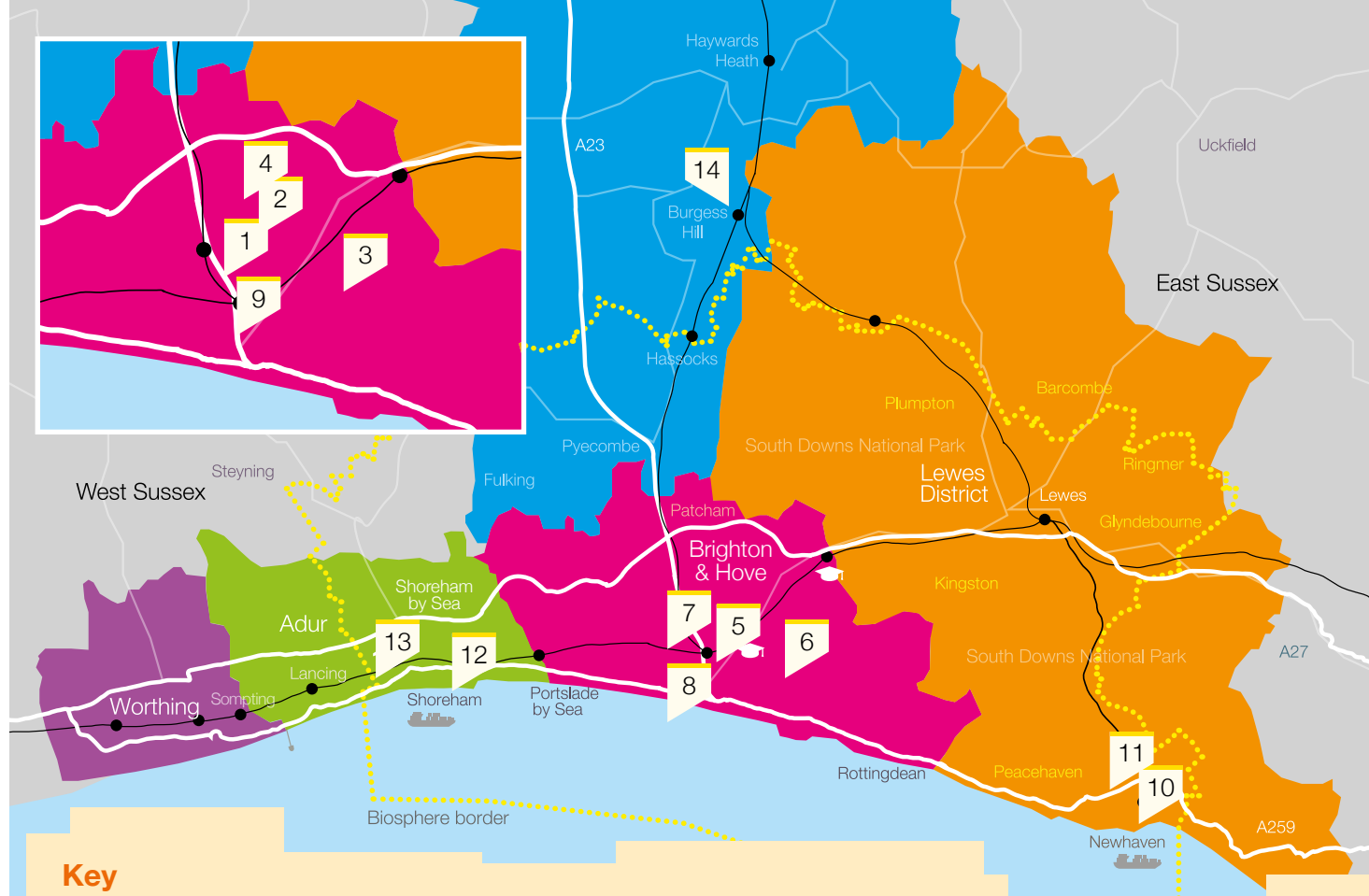
Overseeing the delivery of a co-ordinated programme of regeneration and infrastructure projects that support the creation of a network of high-value growth centres in key locations across the City Region

Approximately £90m was allocated to projects across the City Region from rounds 1 & 2.

These projects will deliver a total investment of approximately £376m into the City Region, unlocking an estimated 14,000 jobs, 8,200 homes and 450,000m<sup>2</sup> of employment floorspace.

An overview of all of these projects is contained in the Board's 2014/15 Annual Report.

*The above figures vary from initial estimates; changing as project business cases have been further developed and refined and funding agreement signed.*



## Key

- |   |   |   |
|---|---|---|
| 1. New England House Creative Tech Growth Centre                            | 6. City College Construction Trades Centre<br><b>Completed 2017</b> | 12. Western Harbour Arm Flood Alleviation Scheme<br><b>Completed 2019</b> |
| 2. Digital Catapult Centre Brighton and 5G testbed<br><b>Completed 2018</b> | 7. Brighton & Hove Bike Share Scheme<br><b>Completed 2017</b>       | 13. Adur Tidal Walls Flood Defence Scheme<br><b>Completed 2019</b>        |
| 3. Advanced Engineering Centre<br><b>Completed 2017</b>                     | 8. Brighton & Hove Intelligent Transport Systems Package            | 14. Burgess Hill A2300 Corridor Improvements                              |
| 4. Preston Barracks Central Research Laboratory                             | 9. Brighton Valley Gardens  |   |
| 5. Circus Street Innovation Hub and Regeneration                            | 10. Newhaven Flood Alleviation Scheme                               |   |
|   | 11. Newhaven Port Access Road                                       |   |

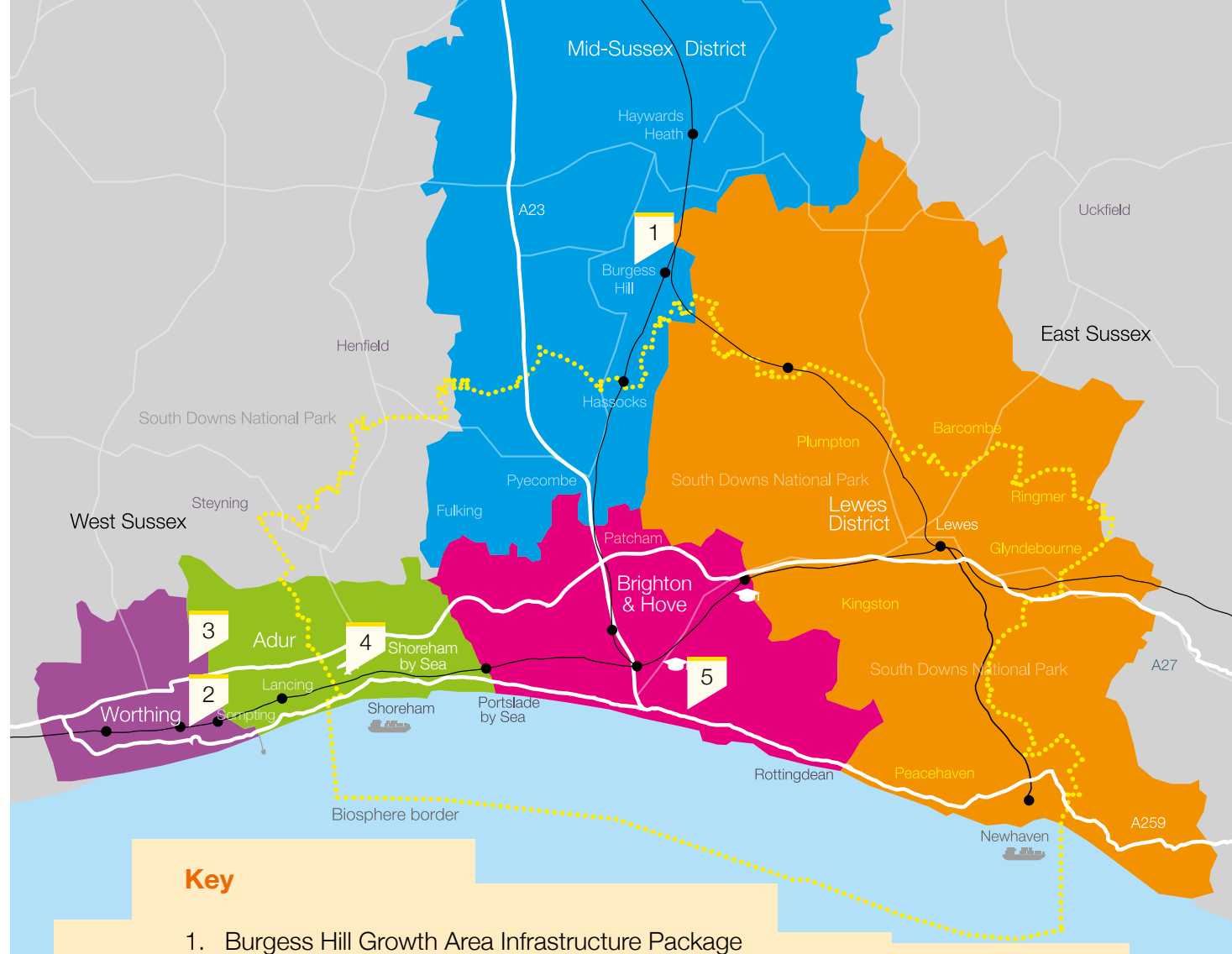
## The Greater Brighton Investment Programme – LGF Growth Deal Round 3 Funding

Securing capital grant funding to unlock strategically important projects across the City Region

Coast to Capital's Round 3 Call for Growth Projects was launched on 22 December 2015. In response, the Board reviewed the Greater Brighton Project Pipeline and prioritised projects for this highly competitive round of the Growth Deal. Five Greater Brighton projects were allocated funding, totalling around £43m.

An overview of all of these projects is contained in the Board's 2016/17 Annual Report

*The above figures vary from initial estimates; It should be noted that the above outputs may include an element of duplication with some projects already within the Greater Brighton Investment Programme; those forming part of a larger strategy or programme to unlock key growth sites.*



### Key

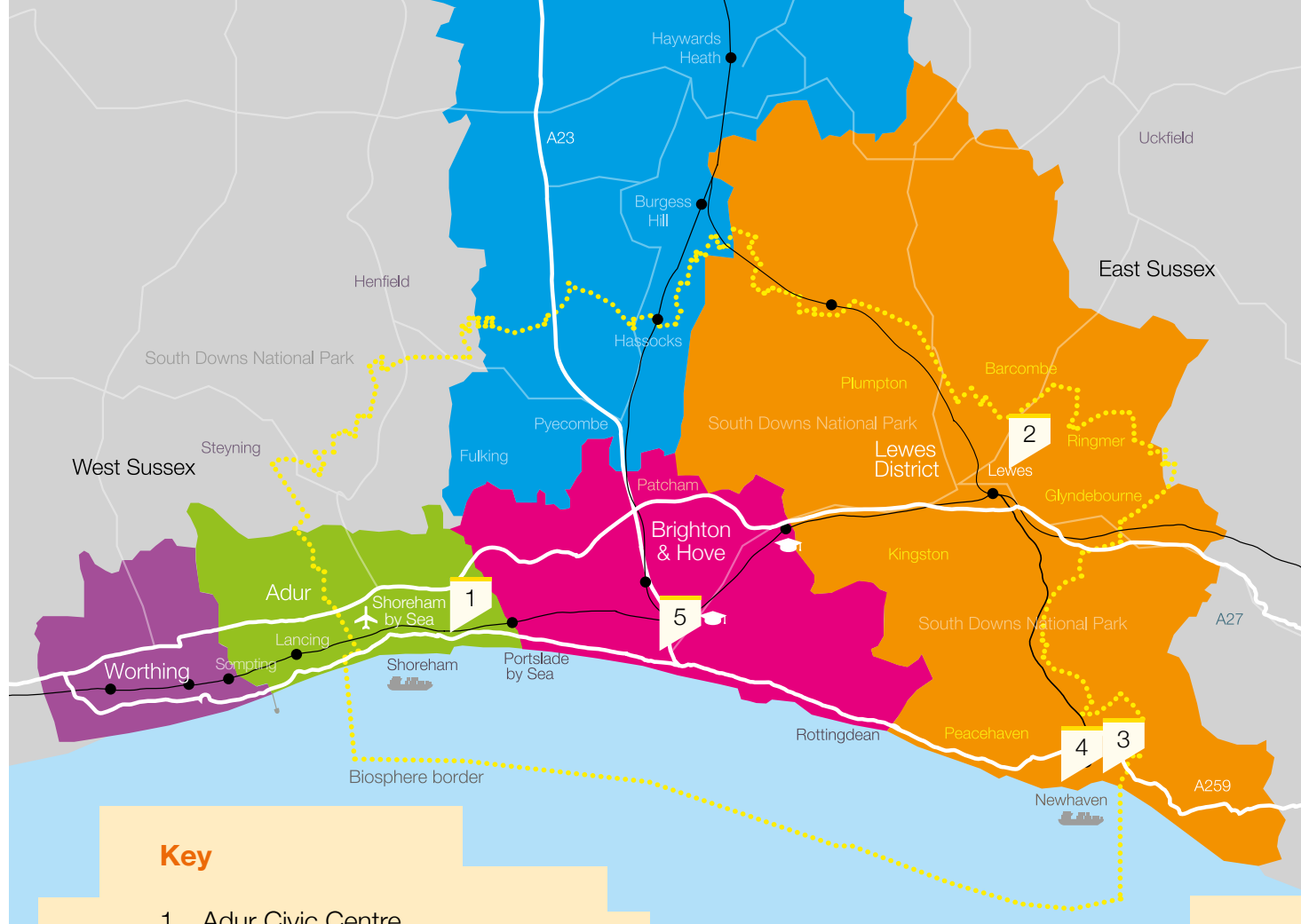
1. Burgess Hill Growth Area Infrastructure Package
2. Worthing Central Phase 1 (Teville Gate House and Union Place)
3. Decoy Farm, Worthing
4. New Monks Farm and Airport Business Estate, Shoreham
5. Black Rock Site Development, Brighton & Hove

# The Greater Brighton Investment Programme – Unallocated funds from Rounds 1 & 2, December 2016 call

Securing capital grant funding to unlock strategically important projects across the City Region

In December 2016, Coast to Capital announced that it had approximately £46.65m of unallocated funds available to support capital growth projects. The Greater Brighton Economic Board put forward eight bids, five of which were successful in being awarded funding, totalling around £9.9m.

An overview of all of these projects is contained in the Board's 2016/17 Annual Report.



## Key

1. Adur Civic Centre
2. Springman House
3. Railway Quay
4. Eastside South
5. Royal Pavilion Exchange – Corn Exchange & Studio Theatre



## The Greater Brighton Investment Programme – Unallocated funds from Rounds 1 & 2, July 2017 call

In July 2017 Coast to Capital launched a new funding round for additional unallocated funds from rounds 1 & 2. In December 2017, Coast to Capital announced that a total of £27 million had been allocated in the areas of Housing, Regeneration & Infrastructure; Business, Enterprise & Skills; and Transport. Around £12m of the total will be supporting projects from across Greater Brighton:

- **Crawley College STEM & Digital Centre (Crawley, £5.0m)** to develop a new Science Technology and Maths and Digital Skills centre in Crawley, to create a state of the art learning environment
- **Pelham Campus Redevelopment (Brighton, £5.0m)** to construct a new Centre for Creative and Digital Industries, together with part refurbishment of the Pelham Tower
- **Ricardo Hybrid Powertrain (Shoreham-by-Sea, £1.5m)** to deliver a state of the art four-wheel drive hybrid powertrain rig to enable the research and development of the next generation of electrified powertrain systems and vehicles
- **Charleston Trust Centenary Project (Lewes, £0.4m)** to preserve Charleston's heritage, enhance the Trust's economic and cultural role and expand the site to achieve a sustainable financial future
- **Sussex Innovation Centre (Falmer & Croydon, £0.14m)** to create more space and enable additional support through redesign of the large reception area at Sussex Innovation centre Falmer and to create a co-working space and meeting area, with Business hub space, within the Number One Croydon building.



### Key

1. Crawley College
2. Pelham Campus
3. Ricardo
4. Charleston Trust
5. Sussex Innovation Centre

# A glance ahead to next year: much to look forward to



## A Growing City Region

Arun District Council set to join in 2019, increasing the reach and influence of the City Region.



## Delivering Progress through a Local Industrial Strategy

Supporting colleagues at Coast to Capital as it negotiates with Government to develop a Local Industrial Strategy for the City Region and wider LEP geography.



## Listening to our Business Community

The Board has commissioned a Business Survey that will gain responses from at least 1,500 City Region businesses. The evidence gathered from the survey will be an invaluable tool to aid the Board in supporting business in the best way possible.



## Upgrading the Brighton Mainline (BML)

As Network Rail look to finalise their upgrade plans for the BML, the Board will be making the strongest possible argument for investment in this crucial transport corridor on behalf of all City Region residents and businesses.



## Increasing Our Voice

The Board's membership contains great knowledge on of key issues including skills, transport, the rural economy and digital infrastructure. Over the next few months key spokespeople will be appointed to act as the voice for the Board on these topics.

## Closing statement

From Garry Wall, Former Leader of Mid Sussex District Council (outgoing), Chairman of Greater Brighton 2018/19

The last 12 months has been one of real change for Greater Brighton; a year where there has been visible signs of what working together can deliver for our residents and also a year which has seen the Region grow in size, stature and confidence.

When I joined the board four years ago, it was not immediately apparent what a City Region was, never mind how it would work. But what we did know - and still know today - is that the economy of our region knows no boundaries. It is only by working together and presenting one united voice that we can draw in the funding and support needed to help our communities thrive.

I started off my year as chairman of the City Region by saying that working together was paramount. Brexit was (and remains) on the horizon, we continue to face major challenges around issues of affordable housing, transport and skills; not helped by the Government's fixation on other urban areas outside the south east.

One of my first aims as chairman was to ensure that we developed a clear narrative about what Greater Brighton is and present a unified voice, clearly heard at a national level. I'm pleased the Government is now listening.

Our five key priorities - international, creative, connected, talented and resilient - have now been agreed. Our relationships with regional partners, civil servants and ministers have been strengthened. Our message is appearing more regularly in local, regional and national media. I am confident that this renewed focus will accelerate investment in our region.

The fact we are growing in size and scope supports this work. Crawley Borough Council and Gatwick Airport have both brought new ideas and energy to the table while opening up new funding opportunities for the City Region. Arun District Council will be joining the Board, taking Greater Brighton's population to more than one million.

On the ground, the benefits of the £200 million of investment brought in by Greater Brighton is being seen by residents and businesses. The fact we continue to bring in money from government is a sign that Whitehall trusts us to deliver.



In the last 12 months I have made it a priority to get out and about across the City Region to see some of these major schemes take shape.

Homes are, of course, in great demand across the region. In Burgess Hill, Homes England's involvement in the 176 hectare Northern Arc development will help deliver 3,500 new homes, over a 1000 of which are affordable.

We also know that jobs are important which is why I am delighted to see advances in the 5G testbed which will support our creative industries while the Advanced Engineering Centre at the University of Brighton is starting to train the entrepreneurs of the future.

Public services are important too. In Lewes, there is the North Street Quarter. Thanks to One Public Estate funding the development will bring together health services in a new state-of-the-art building to free up land for new homes.

There is also investment in communities too. In Newhaven, the enterprise zone is not only creating jobs but changing perceptions of this port town. In Crawley, a major growth programme focused on regenerating the town centre is well underway.

Our focus on improving infrastructure is bearing fruit. In Shoreham, thousands of homes and businesses have been protected from the risk of flooding thanks to the £45 million Adur Tidal Walls scheme.

Greater Brighton also remains acutely aware of the need to look to a sustainable future. I am delighted to see our Infrastructure Panel making headway on how we will provide enough water, energy and digital infrastructure to support our communities.

For me, personally, I leave the role as Chairman of Greater Brighton knowing that the City Region has already delivered on many fronts. Our task is now to accelerate our work by unlocking our potential. This can only be achieved if we continue to work together delivering continued prosperity for our residents and businesses.

I look forward to seeing what the future holds for our fantastic City Region.









ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 September 2019  
Agenda Item 10

Key Decision [Yes]

Ward(s) Affected: Hillside

## Wadurs - Changing Room extension and M&E Works

### Report by the Director for Communities

#### Executive Summary

#### 1. Purpose

- 1.1 The purpose of this report is to seek approval to move funding from other approved Adur Community Leisure (ACL - known as Impulse Leisure) capital projects to fund the new changing room and M&E works at Wadurs Swimming Pool. This is due to an identified budget shortfall following a recent tender process for the project.

#### 2. Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
- Notes the increased cost of the extension to WADURS swimming pool and replacement boilers;
  - Approves the use of the following budgets allocated for 2 projects; roofing and glazing (£84,750.00) and electrical rewiring (£34,000.00) for Lancing Leisure Centre to be re-allocated in order to fund the changing room and M&E works project at WADURS.
  - Notes that Adur Community Leisure (ACL) have bid for £40,000 funding from Veolia to enable sufficient funding to be available for the project to proceed. ACL will not know the outcome of the bid until 3rd September 2019.
  - Approves that if ACL are unsuccessful in their bid, that £40k of the

current revenue budget underspend is utilised to ensure that the project progresses in the current financial year.

- Notes that the project is dependent upon planning approval being granted, as due to the imminent expiry of the current planning approval, a new planning application has had to be submitted. A decision is expected after the September 2019 Planning Committee.

### **3. Context**

- 3.01 Wadurs is one of three popular leisure sites, owned by Adur District Council, and managed by Adur Community Leisure, known as Impulse Leisure. Impulse Leisure is a charity that provides affordable, accessible, leisure opportunities to our communities. They not only provide traditional sporting and leisure activities, but are connected with the Councils health and wellbeing teams, providing activities for those referred via their GP and are one of the key providers of support for people of all ages wanting to increase activity levels and connect with other residents in their area. The Council has a formal funding and management arrangement with Impulse Leisure and is responsible for certain capital projects, which are subject to the same governance arrangements as any other scheme.
- 3.02 Wadurs (a swimming facility) is benefiting from increased attendances and record delivery of swimming lessons, with over 900 pupils registered into the swim school. The facility suffers however, with small cramped changing facilities which cause logistical issues for staff and customers and does not provide a good customer experience. Overall there is a concern that this is unsustainable in the long term and will affect the current and future use of the pool.
- 3.03 Currently staff have to walk through the existing changing rooms and across an access way, which is open to the elements, to a portacabin which is being used as an office and staff facilities. This is not ideal when classes and lessons are taking place.
- 3.04 The proposal is to provide modern and enlarged changing room facilities including a 'changing places' facility.
- 3.05 In addition to the proposal for new changing facilities, a stock condition survey prepared by our consultants FFT in September 2018, identified

that both the boilers and the air handling units at Wadurs are reaching the end of their economic life. Impulse Leisure have confirmed that the boilers are beginning to be problematic and spares are difficult to source. Should the boilers fail, the pool would be unable to operate. The replacement of the boilers is a contractual responsibility of the Council. Additionally operational issues are being experienced with the air handling units and following a more detailed inspection by specialist consultants, it is now recommended that the air handling units and ducting is replaced/refurbished in conjunction with the boiler replacements to avoid further disruptive works within the next few years.

- 3.06 Originally it was agreed that Impulse Leisure would deliver the changing room extension project, independent of the M&E plant replacements. However as the need to replace the boilers and air handling works has emerged, it has become apparent that delivering these as two separate schemes is unwise and creates potential risks to the satisfactory delivery of both schemes.
- 3.07 The Council agreed to provide funding of £120,000 to support the changing room scheme. In addition, Impulse Leisure secured Sport England Funding of £50,000 and £17,130 of their own funding, giving a total budget of £187,130. Following a review by a cost consultant, it is now clear that that this budget is insufficient to meet the extension project. Instead we have been provided with budget estimates of £265,000 for this element of the project.
- 3.08 The approved capital bid for the boiler replacement was with a budget of £90,000. Unfortunately this has also been assessed as insufficient if a provision for the air handling works is included, as recommended by the specialist consultant. The total budget for this element of the work is now estimated to be £185,000.
- 3.09 Therefore the estimated budget required for both projects is £450,000 inclusive of external consultant and Technical Services fees.
- 3.10 In order to test this budget in the open market, tenders were invited for both schemes, combined into one single tender package, to see if this would result in cost savings. Unfortunately the tender received from the recommended contractor is approx. £42,000 above the budget estimate provided. Given the complexity and specialist nature of some of the

works, there are minimal options to value engineer the project to reduce this figure.

- 3.11 This result has compounded the previously identified budget shortfall. Therefore, in addition to the funding currently in place, and assuming the £40,000 Veolia application is successful, additional funding is still required as outlined in table 1.

**Table 1**

	Changing Rooms £	Boilers/M&E £	Total £
Capital Funding agreed	120, 000	90, 000	210, 000
Sport England	50, 000		50, 000
ACL	17, 130		17, 130
Veolia (not confirmed)	40, 000		40, 000
Total funding available			317,130
Total Required			492,000
Total current shortfall	492, 000 - 317,130		174,870

- 3.12 Consequently following internal discussions and discussions with Impulse Leisure, it is the recommendation of this report to seek approval to re-allocate the capital funding previously approved for the following schemes planned for Lancing Leisure Centre:

- roofing and glazing £84,750; and
- electrical rewiring £34,000

- 3.13 In relation to the roofing and glazing project this has been included as part of a new capital bid for 2021/22. We are re-reviewing the requirements for the electrical works project, and will bid for these works when required.

- 3.14 The funds from these capital projects, together with £20,270 from a contingency budget, a reduction in the normally applied 12% (£47,870) Technical Services fees to approx. 3% which reflects the input from external consultants (£12,020) are required to enable the project to proceed. The revised scheme budget is summarised in table 2:

**Table 2**

	£
Funding required	492,000
Less: Reduction in scheme cost following re-assessment of professional fees	-35,850
<b>Adjusted budget</b>	<b>456,150</b>

Funded from:	£
Original budget	317,130
Virements to be approved	118,750
Allocation from contingency budget	20,270
<b>Revised funding for scheme</b>	<b>456,150</b>

3.15 The options appraisal for this project are as follows:

3.16 **Option 1: Do nothing**

This option is not deemed reasonable given the risk of the boilers failing which would leave the facility unusable. Not only would this create huge financial and reputational issues for Impulse Leisure; as the owner of the site, the Council could potentially be liable to cover lost revenue. Hundreds of visits take place each year at Wadurs, this is therefore is not deemed to be an acceptable option.

3.16 **Option 2: Defer the boiler replacement and air handling works**

This option has the benefit of spreading the costs of delivering this project over a longer period of time. However there are key risks associated with this. The first, and most critical is that the plant fails and the facility cannot be used, leading to issues highlighted in Option 1. Additionally, splitting the project is likely to mean increased overall costs, as well as increased lost revenue from two separate closures to complete the work.

3.17 **Option 3: Defer the whole project until further funding can be made available**

As with Options 1 & 2 this leads to increased risk of the impact of

possible plant failure and also that the total overall costs of the project increase. The current tender remains open for acceptance until the 22nd October 2019, thereafter a new tender process will need to be completed.

**3.18 Option 4: Re-allocate capital funds as recommended to commence this project within the 2019/2020 financial year.**

Having considered the risks, issues and opportunities as outlined above, this is the recommended option which will allow the Council to

- Manage and mitigate the risk of plant (boiler) failure as quickly as possible
- Minimise disruption in terms of closure of the pool, to one episode, in order to complete the works.
- Minimise the risk of increased costs in the future, and over time
- Future proof the facility, enabling the pool to be accessible over the long term for our communities

The works proposed for Lancing Leisure Centre will be deferred and the issues identified can be managed in the short term through reactive maintenance repairs as required.

#### **4. Engagement and Communication**

- 4.01 Discussions are ongoing with Impulse Leisure and they are fully aware of the current shortfall and the proposals outlined in this report to use previously approved budgets as described above.

#### **5. Financial Implications**

- 5.01 The main financial implications are dealt with in section 3 of the report.
- 5.02 The financial regulations require proposed budget virements over £100,000 and up to £250,000 to be approved by the Executive Member.
- 5.03 The financial regulations also require that a report be prepared to inform the Executive where estimated expenditure on any scheme exceeds the Capital Programme provision by more than 10% or £50,000 whichever is lower, unless the amount is not material. The proposed extension of the swimming pool and replacement boilers are

now expected to cost £174,870 more than the original approved budgets.

- 5.04 This report is prepared in compliance with the Council financial regulations to ensure that members are aware of the likely overspend and the strategy to deal with the potential financial issue.
- 5.05 There is a risk that ACL are unsuccessful in their bid for external funding. If this is the case, the council has the option of utilising an element of the current projected underspend to top up the budget. Members will have a verbal update on the Veolia bid at the meeting.

## **6. Legal Implications**

- 6.01 Section 19 Local Government (Miscellaneous Provisions) Act 1976 empowers the Council to provide recreational facilities; either directly themselves or through a third party. It includes the power to provide buildings, facilities, equipment, supplies and assistance of any kind, on such payment as the authority thinks fit.
- 6.02 Waders is owned by Adur District Council but managed on their behalf by Adur Community Leisure. The arrangement is governed by a formal funding and management agreement which imposes legal obligations upon Adur District Council including the funding of capital projects such as boiler replacement.

### **Background Papers**

None

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

Kevin Smith

Principal Building Surveyor

01903 221372

[kevin.smith@adur-worthing.gov.uk](mailto:kevin.smith@adur-worthing.gov.uk)

## **Sustainability & Risk Assessment**

### **1. Economic**

- The proposed changing rooms will enhance the user experience and ensure that the facility can remain popular and attract new custom and income.

### **2. Social**

#### **2.1 Social Value**

- The proposal supports the Council's commitment to the health and wellbeing of its community and the development of our sports strategy as outlined in our Platforms for our Places.

#### **2.2 Equality Issues**

- The proposal will support the use to all members of our community including the provision of a dedicated 'changing places' facility.

#### **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**

- Energy efficient boilers are proposed to reduce fuel consumption/CO2 emissions and running costs.

### **4. Governance**

- This proposal supports the Council's development of its sports strategy, as outlined in Platforms for our Places.
- The Council may lose customers to other competitors if the facilities are not maintained to a modern and fully inclusive standard.





ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 September 2019  
Agenda Item 11

Key Decision: [~~Yes~~/No]

Ward(s) Affected: All Adur

## Referral of Motion on Notice from Adur District Council

### Report by the Director for Communities

#### 1. Purpose

- 1.1. This report sets out a motion (attached as Appendix 1) referred from the meeting of Adur District Council on the 18 July 2019.
- 1.2. Members of the Joint Strategic committee are asked to consider and determine the Motion.
- 1.3. Members can accept the motion and ask for further work to be carried out in this regard, or, members can reject the motion.

#### 2. Recommendations

- 2.1. That the Joint Strategic Committee accept the motion and ask for further work to be carried out; or,
- 2.2. That the Joint Strategic Committee reject the motion.

### **3. Context**

- 3.1 At its meeting on the 18 July 2019, Adur District Council received a motion from Councillor Catherine Arnold and seconded by Councillor Les Alden, details of which can be found in appendix 1.
- 3.2 The motion submitted to Council contained subject matter that is within the remit of both the Joint Overview & Scrutiny Committee and the Joint Strategic Committee, as defined in para 14.4.1 of the Council's Procedure Rules. Therefore, it was moved and seconded, immediately noted by the Council and Part 1 referred without debate to the Joint Strategic Committee for consideration and determination and Part 2 referred without debate to the Joint Overview & Scrutiny Committee.
- 3.3 Where a motion has been referred by Full Council to the Joint Strategic Committee, the mover, or the seconder in the absence of the mover, shall be entitled to attend the relevant meeting of the Executive and explain the motion. Councillor Catherine Arnold has been made aware that the motion has been referred to this Committee.

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

- 4.1 The Joint strategic Committee can either accept or reject the motion
- 4.2 Should the Joint Strategic Committee accept the motion then the Committee should ask Officers to prepare a further report on the substantive issues to be presented at a future meeting of the JSC.

### **5. Financial Implications**

- 5.1 There may be direct financial implications in future depending on the course of action the Joint Strategic Committee wishes to take. These will be addressed as part of the development of the 2020/21 budget.

### **6. Legal Implications**

- 6.1 Rules concerning motions are set out in the Council's Constitution under paragraph 14 of the Council's Procedure Rules.

## **Background Papers**

Motion to Adur District Council on 18 July 2019

**Officer Contact Details:-**

Neil Terry

Democratic Services Lead

01903 221073

[neil.terry@adur-worthing.gov.uk](mailto:neil.terry@adur-worthing.gov.uk)

**CLIMATE CHANGE MOTION**

This Council recognises that Climate Change is proceeding unabated. That we fast approach the point of no-return.

We are not doing enough to cut back on human-created carbon emissions. In fact, they continue to increase.

International political will has not proven powerful enough to overcome the entrenched cultural and commercial forces that keep us going down the same disastrous road.

Society, politicians and all of us at every level must do more.

This motion proposes that Adur Council declares a Climate Emergency and pledges it will do all it can for Adur to become carbon neutral by 2030.

In 2018, the Climate Change Committee, an independent body advising the UK govt, stated, "We're off track to meet our own emissions targets for the 2020s & 30s". Leading climate scientists warn that we have only eleven years within which global warming can be kept to a maximum of 1.5 degrees C.

If temperatures increase by 2°C it will result in catastrophic food shortages, floods, droughts, widespread poverty and mass migration.

The UK is the first country to legislate for net zero emissions by 2050 and the first to declare a 'Climate Emergency'. Declarations have also been agreed at York City Council (Conservative majority) & Portsmouth City Council (no overall majority).

This Council recognises politicians of all parties, at all levels, have a duty to limit the causes of Climate Change. We cannot wait for national governments to do it all. Although Adur has the new tidal wall, a significant proportion of our population lives beyond its protection. And despite the wall, much of Adur could one day be devastated by the exceptional, predicted rise in sea levels.

However, Councils like Adur are uniquely placed to be leaders in a new green technological revolution. Our location, particularly our coastline, facilitates local energy generation such as wind and solar. One of our fastest growing job creation Areas.

So, limiting Global Warming to 1.5°C may still be possible. But only if action is taken Now.

**Part 1**

Therefore, this Council calls on Joint Strategic Committee to:

Declare a 'Climate Emergency',

Incorporate climate change mitigation into Sustainability & Risk assessments throughout its reports, plans and reviews, including planning applications,

Attempt to make Adur carbon neutral by 2030, taking into account production and consumption, including use of the following;

Solar energy, via council joint ventures and/or group buying schemes. Faster rollout of private and public electric/hybrid powered vehicles & Infrastructure.

Grant applications for cleaner bus stock and council vehicles.

Expanding bicycle networks to encourage greater bike usage for commuters as well as leisure.

Adoption of BREEAM's standards across all new social housing, housing association & Coast to Capital funded projects.

Deliver sustainable travel options and implementation of low emission zones in Air Quality Management Areas,

Report to full Council within six months of the date of this motion setting out the relevant actions

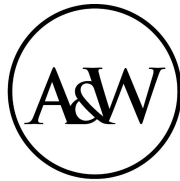
## **Part 2**

The council calls on the Joint Overview and Scrutiny Committee to set up a Task and Finish Group to review policies and to develop better practice and strategies.

We acknowledge this is an ambitious motion. But we must go further and faster, not only for our own benefit, but for the sake of our children and our children's children.

**Proposed by Councillor Catherine Arnold**  
**Seconded by Councillor Les Alden**

This page is intentionally left blank



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 September 2019  
Agenda Item 12

Key Decision: [~~Yes~~/No]

Ward(s) Affected: All Worthing

## Referral of Motion on Notice from Worthing Borough Council

### Report by the Director for Communities

#### 1. Purpose

- 1.1. This report sets out a motion (attached as Appendix 1) referred from the meeting of Worthing Borough Council on the 23 July 2019.
- 1.2. Members of the Joint Strategic committee are asked to consider and determine the Motion.
- 1.3. Members can either accept the motion and ask for further work to be carried out in this regard, or, members can reject the motion.

#### 2. Recommendations

- 2.1. That the Joint Strategic Committee accept the motion and ask for further work to be carried out; or,
- 2.2. That the Joint Strategic Committee reject the motion.

### **3. Context**

- 3.1 At its meeting on the 23 July 2019, Worthing Borough Council received a motion from Councillor Richard Mulholland and seconded by Councillor Helen Silman, details of which can be found in appendix 1.
- 3.2 The motion submitted to Council contained subject matter that is within the remit of both the Joint Overview & Scrutiny Committee and the Joint Strategic Committee, as defined in para 14.4.1 of the Council's Procedure Rules. Therefore, it was moved and seconded, immediately noted by the Council and Part 1 referred without debate to the Joint Strategic Committee for consideration and determination and Part 2 referred without debate to the Joint Overview & Scrutiny Committee.
- 3.3 Where a motion has been referred by Full Council to the Joint Strategic Committee, the mover, or the seconder in the absence of the mover, shall be entitled to attend the relevant meeting of the Executive and explain the motion. Councillor Richard Mulholland has been made aware that the motion has been referred to this Committee.

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

- 4.1 The Joint Strategic Committee can either accept or reject the motion
- 4.2 Should the Joint Strategic Committee accept the motion then the Committee should ask Officers to prepare a further report on the substantive issues to be presented at a future meeting of the JSC.

### **5. Financial Implications**

- 5.1 There may be direct financial implications in future depending on the course of action the Joint Strategic Committee wishes to take.

### **6. Legal Implications**

- 6.1 Rules concerning motions are set out in the Council's Constitution under paragraph 14 of the Council's Procedure Rules.

## **Background Papers**

Motion to Worthing Borough Council on 23 July 2019



**Officer Contact Details:-**

Neil Terry

Democratic Services Lead

01903 221073

[neil.terry@adur-worthing.gov.uk](mailto:neil.terry@adur-worthing.gov.uk)

**CLIMATE CHANGE MOTION**

This Council recognises that Climate Change is proceeding unabated and that we are fast approaching the point of no-return.

We are not doing enough to cut back on human-created carbon emissions. In fact, they continue to increase.

International political will has not succeeded in overcoming the entrenched cultural and commercial interests that keep us going down the same road to disaster.

Every organization, every individual and everyone engaged with politics at every level must do more.

In 2018, the Climate Change Committee, an independent body advising the UK government, stated, "We're off track to meet our own emissions targets for the 2020s & 30s".

Leading climate scientists warn that we have only eleven years to ensure that global temperature increase is kept to a maximum of 1.5 degrees C.

If temperature increases by 2°C it will result in catastrophic food shortages, floods, droughts, widespread poverty and mass migration.

The UK is the first country to legislate for net zero emissions by 2050 and the first to declare a 'Climate Emergency'.

As a Council we accept that politicians of all parties, at all levels, have a duty to diminish the causes of Climate Change. We cannot wait for national governments to do it all.

This Council accepts all the recommendations set out in item 10 of the Joint Strategic Committee's agenda for the 9th July 2019 as an essential first step to working towards carbon neutrality within Worthing Borough Council's and Adur District Councils asset base by 2030.

By adopting more ambitious programmes Worthing Borough Council can become a leader in a green technological revolution. Our location, particularly our coastline, facilitates local energy generation such as wind and solar. This could be one of our fastest growing job creation areas.

To fulfill long- term aims carbon reduction must come from build, transport, energy production and use.

## **Part 1**

THEREFORE, this Council adopts the following policies additional to those adopted by the Joint Strategic Committee at its July 9th 2019 meeting

- 1) The incorporation of climate change mitigation into Sustainability & Risk assessments throughout its reports, plans and reviews, including every planning application, whatever the size of the development.
- 2) Compliance with BREEAM standards in all new builds.
- 3) The development and implementation of a Community Engagement Plan to fully inform residents about the need for urgent action on Climate Change. This should offer residents a vision of a healthier, more child friendly and greener town that is a model of best practice. The Plan must include actions to mobilise residents in the delivery of the action plan.
- 4) Report to full Council within six months of the date of this motion setting out the relevant actions taken and a detailed plan for further actions.

## **Part 2**

The Council calls on the Joint Overview and Scrutiny Committee to set up a Task and Finish Group to review policies and to develop better practice and strategies.

We acknowledge this is an ambitious motion. But we must go further and faster, not only for our own benefit, but for the sake of our children and our children's children.

**Motion brought by Cllr Richard Mulholland and seconded by Councillor Helen Silman**

This page is intentionally left blank



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
10 September 2019  
Agenda Item 13

Key Decision [~~Yes~~/No]

Ward(s) Affected: All Worthing

## **Worthing Homes Ltd: Corporate Structure and Governance Arrangements**

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

### **Executive Summary**

#### **1. Purpose**

- 1.1. Worthing Homes Ltd is a local not-for-profit registered provider of social housing. It has been reviewing its corporate structure and governance arrangements and proposes converting from a company limited by shares and registered charity, to a community benefit society with charitable objectives, with commercial and charitable subsidiary arms.
- 1.2. Worthing Homes requires the consent of Worthing Borough Council to implement these proposals due to obligations contained within the original Stock Transfer Agreement and the more recent Loan Agreement between Worthing Borough Council and Worthing Homes Ltd.

#### **2. Recommendations**

The Joint Strategic Committee is recommended to resolve to provide the Council's consent to Worthing Homes Ltd to:

- 2.1. Convert from a registered charitable company to a community benefit society with charitable objectives;
- 2.2. Create a commercial subsidiary company, limited by shares, for the primary purpose of property sales;
- 2.3. Create a charitable subsidiary company, limited by guarantee, for the primary purpose of community development activity;
- 2.4. using overall borrowing for on-lending to their subsidiary.

### **3. Context**

- 3.1. Worthing Homes is a company limited by shares, registered at Companies House and a registered charity, regulated by the Charities Commission. It is a not-for-profit local provider of social housing.
- 3.2. Worthing Homes, have undertaken a review of their corporate structure and have made proposals to their Board for change.
- 3.3. In March 2019 the Board of Worthing Homes Ltd received a report on their corporate structure project, and the proposal to convert to a community benefit society with charitable objectives and a group structure with a commercial and charitable subsidiary.
- 3.4. In March and May 2019 the Board approved (subject to lenders' consents):
  - the conversion of the registered company to a community benefit society,
  - the creation of a commercial subsidiary for the primary purpose of property sales, and
  - the creation of a charitable subsidiary for community development activities.
- 3.5. However, to implement the conversion to a community benefit society and the creation of subsidiaries, Worthing Homes require the consent of their lenders. The primary lender, Lloyds Bank, has given their

consents, and Worthing Homes are now seeking similar consents from Worthing Borough Council, in our capacity as a lender.

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

##### **4.1. Conversion to a Community Benefit Society (CBS)**

- 4.1.1. Worthing Homes are keen to convert from a registered charity to a CBS with charitable objectives, to take advantage of the greater efficiency afforded to CBS's in bringing entities together, in disposing of land assets without restraint of the provisions of the Charities Act 2011, and in being able to enter land transactions with a connected company, such as a subsidiary, without the need for Charity Commission consent.
- 4.1.2. As a CBS Worthing Homes would be regulated by the Financial Conduct Authority rather than the Charity Commission and Companies House.
- 4.1.3. The proposed conversion to a CBS requires the Council's consideration due to both the Agreement for Transfer of Housing Stock entered into between the Borough Council of Worthing and Worthing Homes Limited on 29th March 1999 and the Loan Agreement between the Council and Worthing Homes for £10million dated 21st March 2017.
- 4.1.4. The Transfer Agreement contains a provision that Worthing Homes Ltd will *"not knowingly do or omit to do any act or thing which might result in the cancellation or withdrawal of the Company's registration by The Housing Corporation and by the Charity Commissioners and to comply with all reasonable requirements of The Housing Corporation and the Charity Commissioners"*. The Loan Agreement includes obligations upon Worthing Homes to *"maintain its registration as a company limited by shares under the Companies Act 2006"* and further provides that *"except with the prior consent of the Lender the Borrower shall not convert from a company to a registered society..."*.
- 4.1.5. To fulfill its obligations under both the Stock Transfer Agreement and the Loan Agreement, Worthing Homes Ltd requires the consent of Worthing Borough Council to convert

from a registered charitable company to a charitable community benefit society.

#### **4.2. Creation of a Commercial Subsidiary for the primary purpose of Property Sales**

- 4.2.1. Worthing Homes Board have also accepted proposals (subject to lenders' consent) to create a commercial subsidiary company, limited by shares, for the primary purpose of property sales. Their aspiration is to build a proportion of market sale properties in their development programme, with the intention of making a surplus which can be used to subsidise the building of low rent homes.
- 4.2.2. Currently, operating as a charity, a market sale dominated development scheme or activity would be difficult for the charity to justify whereas a commercial subsidiary would allow these activities to be undertaken. Further, there would be a tax efficiency for Worthing Homes as profit from the subsidiary could be paid to the parent company by way of gift aid.
- 4.2.3. The loan agreement between Worthing Borough Council and Worthing Homes provides that "*except with the prior consent of the lender ... the borrower shall not ... form any subsidiary*".
- 4.2.4. Consequently the consent of the Council is required for Worthing Homes to create a commercial subsidiary company to develop property sales.

#### **4.3. Creation of a Charitable Subsidiary for the primary purpose of Community Development Activities**

- 4.3.1. As a CBS, Worthing Homes would be an exempt charity, not registered with the Charity Commission and not having a charity number. There is a risk this could impact on their ability to bid for charitable funding or grants in the future and they therefore propose to also create a charitable subsidiary for community development activities. The subsidiary would be a company limited by guarantee and would be registered with the Charity Commission.



4.3.2. In the same way that Worthing Homes require the consent of Worthing Borough Council to create a commercial subsidiary, they also require consent to create a charitable subsidiary.

#### 4.4. **Corporate ‘On-Lending’ from the Community Benefit Society to the Subsidiaries**

4.4.1. Worthing Homes intend to on-lend their general borrowings to the subsidiary. This does not apply to the loan made by Worthing Borough Council to Worthing Homes Ltd; the monies arising from this loan have already been attributed to existing schemes, including West Durrington, Heene Road and Aquarena. However, borrowing from other lenders, may be passed on as lending from Worthing Homes to its commercial or charitable subsidiary.

4.4.2. A clause of the loan agreement between Worthing Borough Council and Worthing Homes provides that Worthing Homes *“shall not, without the prior written consent of the lender ... make any loan to any person ... other than loans to subsidiaries of the borrower”*.

4.4.3. Worthing Homes do not intend to on-lend, from their general borrowing, to anyone other than their own subsidiaries, and the monies from the Worthing Borough Council loan of £10 million have been allocated to schemes within the Borough. However, Worthing Homes don’t keep separate loans for separate schemes and pool their borrowing monies, so the WBC loan has become part of their overall borrowings. They have therefore taken the cautious approach of seeking the Council’s consent to using overall borrowings for on-lending to the subsidiary.

### 5. **Engagement and Communication**

5.1. The process involved in conversion required Worthing Homes to consult with their tenants. The consultation made clear that conversion will not affect their tenancy terms or rights and will not involve any change in service delivery. Consultation has been undertaken with 4000 local residents.

## **6. Financial Implications**

6.1. There are no direct financial implications arising from these proposals.

## **7. Legal Implications**

7.1. In November 2017 the Regulation of Social Housing (Influence of Local Authorities)(England) Regulations 2017 were brought into force. These regulations affected Board membership and Local Authority voting rights.

7.2. On 29th March 1999 Worthing Borough Council entered into a Stock Transfer Agreement with Worthing Homes Ltd transferring Local Authority Housing Stock to them.

7.3. On 21st March 2017 Worthing Borough Council entered into a loan agreement with Worthing Homes loaning them the sum of £10 million to be used for social housing provision within the Borough.

## **Background Papers**

- JSC Report 10th April 2018: Worthing Borough Council's Relationship with Worthing Homes
- Transfer Agreement for the transfer of Housing Stock from Worthing Borough Council to Worthing Homes Ltd dated 29 March 1999.
- Loan Agreement between Worthing Borough Council and Worthing Homes dated 21 March 2017.

## **Officer Contact Details:-**

Susan Sale & Sarah Gobey

Head of Legal Services & Head of Financial Services

[susan.sale@adur-worthing.gov.uk](mailto:susan.sale@adur-worthing.gov.uk) & [sarah.gobey@adur-worthing.gov.uk](mailto:sarah.gobey@adur-worthing.gov.uk)

## **Sustainability & Risk Assessment**

### **1. Economic**

Considered, no issues arising

### **2. Social**

#### **2.1 Social Value**

Worthing Homes Ltd continues to provide significant social value in our communities, regardless of these changes in governance. There should be no impact on their tenants arising from the proposed changes.

#### **2.2 Equality Issues**

Considered, no issues arising

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

Considered, no issues arising.

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

Considered, no issues arising.

### **3. Environmental**

Considered, no issues arising.

### **4. Governance**

The paper deals with corporate governance issues relating to Worthing Homes Ltd but should have no impact on the governance arrangements of the Council.

This page is intentionally left blank