



ADUR & WORTHING
COUNCILS

10 January 2024

Joint Audit and Governance Committee	
Date:	18 January 2024
Time:	6.30 pm
Venue:	The Gordon Room, Town Hall, Chapel Road, Worthing

<p>Committee Membership:</p> <p>Adur District Council: Councillors; Andy McGregor (Adur Chair), Kevin Boram (Adur Vice-Chair), Catherine Arnold, Tony Bellasis, Ann Bridges, Jim Funnell, Julian Shinn and Debs Stainforth</p> <p>Worthing Borough Council: Councillors; Dan Hermitage (Worthing Chairman), Mike Barrett (Worthing Vice-Chairman), Ödül Bozkurt, Ibsha Choudhury, Nigel Morgan, Hazel Thorpe, John Turley and Steve Waight</p>

Agenda

Part A

1. Substitute Members

Any substitute members should declare their substitution.

2. Declarations of Interest

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

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

3. Minutes

To approve the minutes of the Joint Overview and Scrutiny Committee meeting held on 21 November 2023, copies of which have been previously circulated.

4. Public Question Time

To receive any questions from members of the public.

Questions should be submitted by noon on Monday 15th January 2024 to Democratic Services, democratic.services@adur-worthing.gov.uk

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

5. Members Questions

Councillors who are not members of this committee can ask questions under CPR 12. Questions should be relevant to the committee where the question is being asked and also relevant to an item on the agenda. Please contact Democratic Services for more information.

Members question time is 30 minutes and questions should be submitted no later than 12.00 noon on Monday 15th January 2024.

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

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

6. Items Raised under Urgency Provisions

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

7. Joint Treasury Management Strategy 2024-25 to 2026-27 (Pages 5 - 60)

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

8. Disaster Recovery Plan (Pages 61 - 70)

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

9. Risk and Opportunities (Pages 71 - 88)

To consider a report by the Director for Resources and Sustainability copy attached as item 9

10. Adur Homes (Pages 89 - 226)

To consider a report by the Director for Housing & Communities copy attached as item 10

11. Worthing Theatres (Pages 227 - 244)

To consider a report by the Director for Resources and Sustainability copy attached as item 11

Part B Exempt Reports - Not for Publication

None.

Recording of this meeting

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

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Simon Filler Democratic Services 01903 221439 simon.filler@adur-worthing.gov.uk	Joanne Lee Head of Legal Services and Monitoring Officer 01903 221134 joanne.lee@adur-worthing.gov.uk

The agenda and reports are available on the Councils website, please visit www.adur-worthing.gov.uk

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

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ADUR & WORTHING
COUNCILS

Joint Audit & Governance Committee
18 January 2024

Joint Strategic Committee
8 February 2024

Key Decision : No
Ward(s) Affected: All

JOINT TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2024/25 to 2026/27, ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL

REPORT BY THE DIRECTOR FOR DIGITAL, SUSTAINABILITY AND RESOURCES

EXECUTIVE SUMMARY

1. PURPOSE

- 1.1 This report asks Members to approve and adopt the contents of the Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25 to 2026/27 for Adur and Worthing Councils, as required by regulations issued under the Local Government Act 2003.

2. RECOMMENDATIONS

- 2.1 The Joint Governance Committee is recommended to:

- i) Note the report (including the Prudential Indicators and Limits, and MRP Statements) for 2024/25 to 2026/27. Including the addition of State Street Global Advisors MMF as an approved counterparty, to be governed within the same limits as other Money Market Funds and proposed changes to specified investment limits as detailed in 6.1.3.
- ii) Refer any comments or suggestions to the next meeting of the Joint Strategic Committee on 8 February 2024.

- 2.2 The Joint Strategic Committee is recommended to:

- i) Approve and adopt the TMSS and AIS for 2024/25 to 2026/27, incorporating the Prudential Indicators and Limits, and MRP Statements. Including the addition of State Street Global Advisors MMF as an approved counterparty, to be governed within the same limits as other Money Market Funds and proposed changes to specified investment limits as detailed in 6.1.3.

- ii) Forward the Prudential Indicators and Limits, and MRP Statements of the report for approval by Worthing Council at its meeting on 20 February 2024, and by Adur Council at its meeting on 22 February 2024.

3. INTRODUCTION

3.1 Background

The Councils are required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authorities specific low risk appetites, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Councils' capital plans. These capital plans provide a guide to the borrowing needs of the Councils, essentially the longer term cash flow planning, to ensure that the Councils can meet their capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet the Councils' risk or cost objectives.

The contribution the treasury management function makes to the authority is critical as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day to day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

“The management of the local authority’s borrowing, 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.”

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

3.2 Reporting requirements

3.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full Councils fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

3.2.2 Treasury Management Reporting

The Councils are required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report), the first, and most important report is forward looking and covers:

- The capital plans (including prudential indicators);
- A minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- The Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- An Investment Strategy (the parameters on how investments are to be managed).

A mid-year treasury management report – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An annual treasury report – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to the Full Council but do require to be adequately scrutinised. It is intended to include this reporting as part of one of our existing capital reports.

Scrutiny - The above reports are required to be scrutinised by the Joint Audit & Governance Committee (JAGC) which may make recommendations to the Joint Strategic Committee (JSC) regarding any aspects of Treasury

Management policy and practices it considers appropriate in fulfilment of its scrutiny role. Such recommendations as may be made shall be incorporated within the above named reports and submitted to meetings of the JSC for consideration as soon after the meetings of the JGC as practically possible. The reports are approved by the JSC and recommended to the Councils for approval.

3.3 Treasury Management Strategy for 2024/25

The strategy for 2024/25 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Councils
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

3.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. Officers are pleased to highlight that two successful training sessions took place in November 2023, one for each council, following feedback from members, officers will deliver periodic internal training in addition to this moving forward.

The training needs of treasury management officers are periodically reviewed and officers attend courses provided by appropriate trainers such as Link and CIPFA in addition to internal training relevant to finance. A log of training undertaken is maintained by the Group Accountant responsible for the treasury function in compliance with the revised 2021 CIPFA Treasury Management Code.

3.5 Treasury management consultants

The Authority uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

4. THE CAPITAL PRUDENTIAL INDICATORS 2024/25 – 2026/27

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

4.1 Capital expenditure and financing

This prudential indicator is a summary of the Councils' capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts.

The tables below summarise the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a financing or borrowing need.

ADUR DISTRICT COUNCIL

Capital expenditure	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m	£m
Non-HRA	3.505	8.454	56.432	3.338	5.878
HRA	10.212	24.852	19.653	9.964	9.964
TOTAL	13.717	33.306	76.085	13.302	15.842
Financed by:					
Capital receipts	0.760	0.996	2.771	1.350	0.500
Capital grants and contributions	2.194	3.509	1.555	0.462	0.462
Revenue Reserves & contributions	3.184	11.958	3.540	3.561	3.561
Net financing need for the year	7.579	16.843	68.219	7.929	11.319

WORTHING BOROUGH COUNCIL

Capital expenditure	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m	£m
Non-HRA	57.559	31.032	29.063	7.965	9.377
TOTAL	57.559	31.032	29.063	7.965	9.377
Financed by:					
Capital receipts	0.531	0.958	0.067	0.121	0.032
Capital grants and contributions	3.442	15.169	6.866	1.056	1.056
Revenue Reserves & contributions	0.101	0.215	0.197	0.175	0.175
Net financing need for the year	53.485	14.690	21.933	6.613	8.114

4.2 The Councils' borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Councils' Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of each council's indebtedness and so its underlying borrowing needs. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Councils' borrowing requirement, these types of schemes include a borrowing facility and so the Councils are not required to separately borrow for these schemes. The Councils currently do not have any such schemes within the CFR. The Councils are asked to approve the CFR projections below:

ADUR DISTRICT COUNCIL

Capital Financing Requirement (£m)	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
CFR – non-HRA	30.389	33.197	86.208	87.266	91.045
CFR - HRA	67.354	80.306	94.291	99.955	106.419
CFR – strategic	76.684	75.790	74.872	73.931	72.963
Total CFR	174.427	189.293	255.371	261.152	270.327
Movement in CFR	5.703	14.866	66.078	5.781	9.175
Movement in CFR represented by					
Financing need for the year	7.579	16.843	68.219	7.929	11.319
Less: MRP/VRP and other financing movements	(1.876)	(1.977)	(2.141)	(2.148)	(2.144)
Movement in CFR	5.703	14.866	66.078	5.781	9.175

WORTHING BOROUGH COUNCIL

Capital Financing Requirement (£m)	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
CFR – non-HRA	137.606	151.073	171.258	175.901	181.934
CFR - strategic	68.791	68.010	67.209	66.387	65.544
Total CFR	206.397	219.083	238.467	242.288	247.478
Movement in CFR	51.792	12.686	19.384	3.821	5.190
Movement in CFR represented by					
Financing need for the year	53.485	14.690	21.933	6.613	8.114
Less: MRP/VRP and other financing movements	(1.693)	(2.004)	(2.549)	(2.792)	(2.924)
Movement in CFR	51.792	12.686	19.384	3.821	5.190

4.3 **Liability Benchmark**

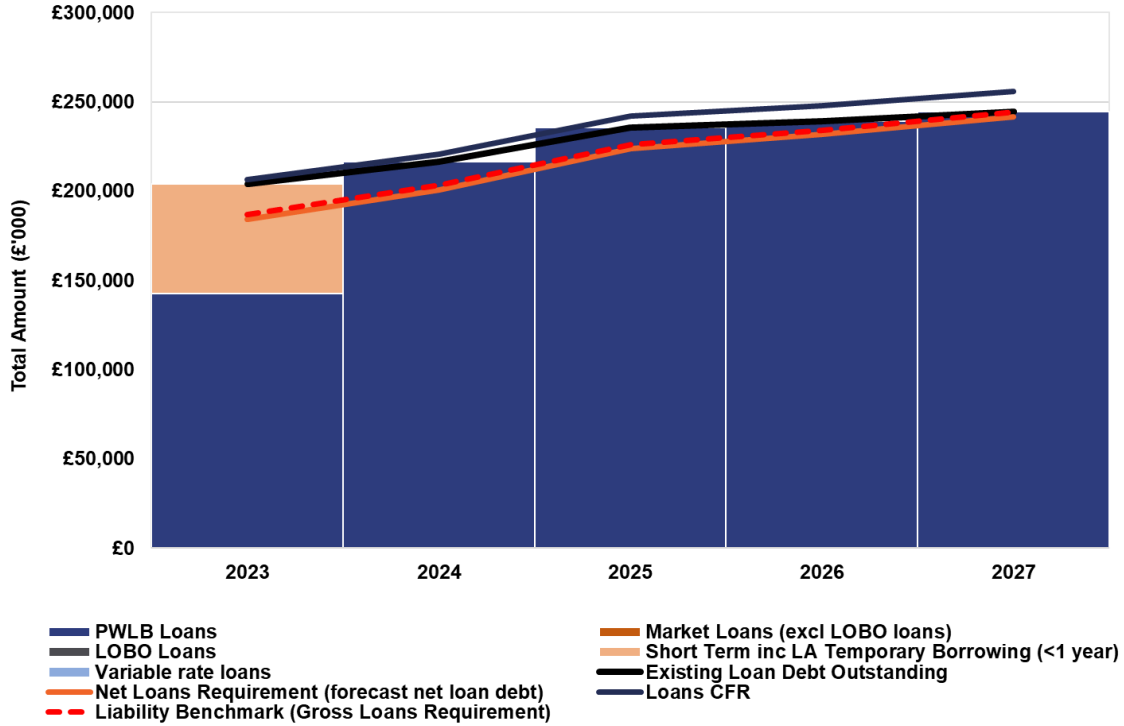
A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.
2. Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

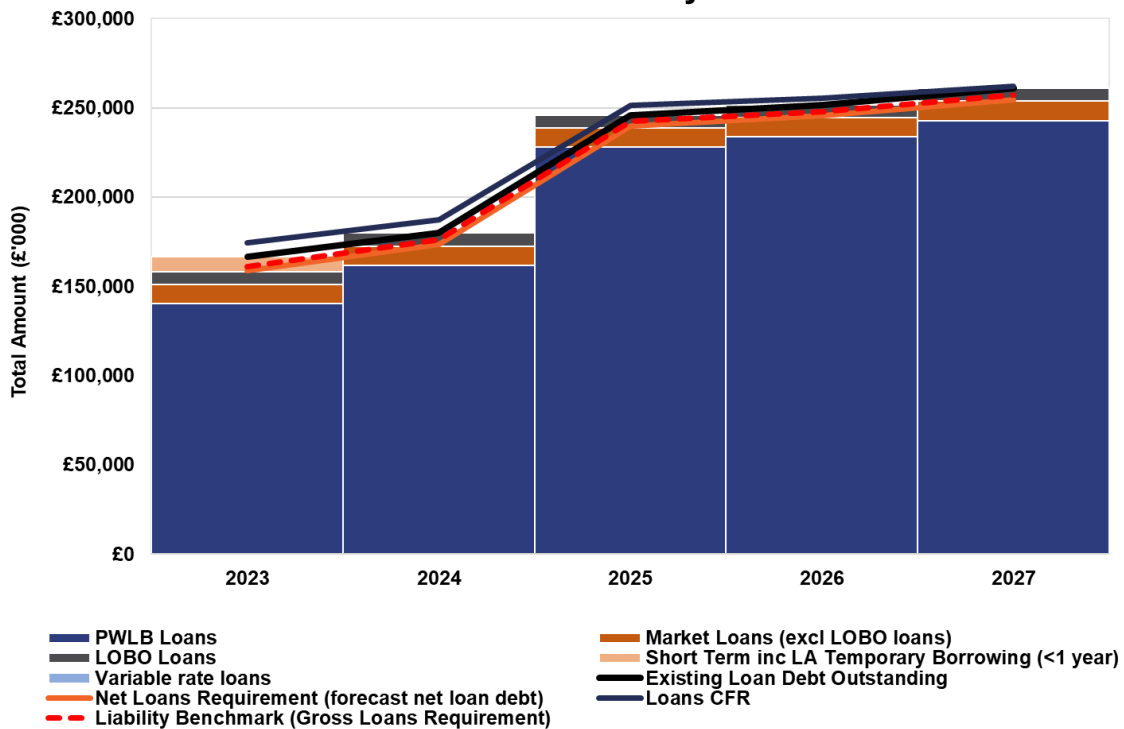
Worthing Borough Council

Worthing Borough Council Liability Benchmark



Adur District Council

Adur District Council Liability Benchmark



The above charts show the liability benchmark for Adur District Council and Worthing Borough Council for the year ended 2023 through to the year ended March 2027. An analysis of what is shown is given below:

- The black line represents existing loan debt outstanding which tracks the existing debt balance closely as repayments are made on the opening debt position as at the year ended March 2023.
- The red dashed line and Orange line represent the additional borrowing requirement which is driven by the amount of the Council's forecast capital expenditure which will be funded through prudential borrowing.
- The Blue line sitting at the top of the graph represents the Loans CFR, the gap between this and the liability benchmark line represents in part the treasury management investments held by the council which are required for management of liquidity and cash flow.

Though further periods of forecast are possible, as there is no capital programme set for years beyond 2027 the models data beyond that point is not indicative of the likely movement and has therefore not been included in this report.

4.5 **Minimum revenue provision (MRP) policy statement**

The Councils are required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although they are also allowed to undertake additional voluntary payments (voluntary revenue provision - VRP).

DLUHC regulations have been issued which require the full Councils to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

For both Councils, the MRP relating to built assets under construction will be set aside once the asset is completed. If any finance leases are entered into, the repayments are applied as MRP.

The Councils are recommended to approve the following MRP Statements:

ADUR DISTRICT COUNCIL

For Adur District Council it was approved by the Joint Strategic Committee on 2nd June 2016 that for borrowing incurred before 1st April 2008, the MRP will be set aside in equal instalments over the life of the associated debt.

4.5.1 **General Fund**

For non-HRA capital expenditure after 1st April 2008 the MRP will be calculated as the annual amount required to repay borrowing based on the annuity method: equal annual payments of principal and interest are calculated, with the interest element reducing and the principal element increasing over the life of the asset as the principal is repaid. The interest is based on the rate available to the Council at the beginning of the year in which payments start and the MRP is calculated as the amount of principal, so that by the end of the asset's estimated life the principal is fully repaid (the Asset Life Method). The option remains to use additional revenue contributions or capital receipts to repay debt earlier.

An exception was agreed in the 2015/16 Treasury Management Strategy Statement: the Chief Financial Officer has discretion to defer MRP relating to debt arising from loans to Registered Social Landlords (RSLs) to match the profile of debt repayments from the RSL and other public bodies. RSLs normally prefer a maturity type loan as it matches the onset of income streams emanating from capital investment with the timing of the principal debt repayment. The deferral of MRP to the maturity date would therefore mean that MRP is matched at the same point as the debt is repaid, and is therefore cash (and revenue cost) neutral to the Council.

If concerns arise about the ability of the borrower to repay the loan, the Chief Financial Officer will use the approved discretion to make MRP as a “prudent provision” from the earliest point to ensure that sufficient funds are set aside from revenue to repay the debt at maturity if the RSL defaults.

It is proposed to use the same policy for 2024/25.

4.5.2 **Housing Revenue Account**

Unlike the General Fund, the HRA is not required to set aside funds to repay debt. There is a requirement for a charge for depreciation to be made but there are transitional arrangements in place. The Council’s MRP policy previously applied the financially prudent option of voluntary MRP for the repayment of HRA debt, to facilitate new borrowing in future for capital investment. However in order to provide additional capital funding to address the maintenance backlog identified by the condition survey, the payment of voluntary MRP was suspended for a period of 9 years from 2017/18 whilst the Council invests in its current housing stock and manages the impact of rent limitation.

WORTHING BOROUGH COUNCIL

4.5.3 Worthing had no debt prior to 1 April 2008. Worthing applies the same MRP policy as Adur for capital expenditure funded from borrowing from 1 April 2008. Worthing also has discretion in the application of MRP in respect of capital loans to approved Counterparties (currently Worthing Homes and GB Met College).

4.5.4 In addition to the above policy, it is also recommended that where the Council purchases a property to facilitate a development whether via a Compulsory Purchase Order or via a negotiated arrangement with the intention of disposing of the property to a development partner, no MRP shall be provided for the first three years. Any capital receipt received for the land shall be used to repay the associated debt. This change to the policy was initially approved by Council in July 2021.

4.5.5 It is proposed to retain this policy for 2024/25.

ADUR and WORTHING COUNCILS - VOLUNTARY REVENUE PROVISION

4.5.4 **MRP Overpayments** – A change introduced by the revised DLUHC MRP Guidance was the allowance that any charges made over the statutory MRP, which are designated as voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayments made each year. Up until the 31st March 2024 Adur has a net VRP overpayment of £10k and Worthing has a cumulative net £150k VRP overpayment which will be reclaimed over the five years following each voluntary overpayment.

5. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

5.1 Current portfolio position

The Councils' treasury portfolio positions at 31st March 2023 and at 31st December 2023 are shown below.

Adur District Council

	Principal at 31.03.23 £m	Actual 31.03.23 %	Principal at 31.12.23 £m	Actual 31.12.23 %
External Borrowing				
PWLB	(140.002)	85%	(144.089)	86%
Other Borrowing	(24.939)	15%	(24.427)	14%
Finance lease	(0.000)		(0.000)	
TOTAL BORROWING	(164.942)	100%	(168.516)	100%
Treasury Investments:				
Local Authority Property Fund	2.659	24.68%	2.572	18%
In-house:				
Banks	5.150	47.80%	4.000	28%
Bonds	0.025	0.23%	0.025	0%
Debt Management Office	0.000	32%	0.000	0%
Local authorities	0.000	0%	4.000	28%
Money market funds	2.940	27.29%	3.685	26%
TOTAL INVESTMENTS	10.774	100%	14.282	100%
NET DEBT	(154.168)		(154.234)	

Worthing Borough Council

	Principal at 31.03.23 £m	Actual 31.03.23 %	Principal at 31.12.23 £m	Actual 31.12.23 %
External Borrowing				
PWLB	(142.423)	70%	(137.773)	68%
Other Borrowing	(61.525)	30%	(64.525)	32%
Finance lease	(0.000)		(0.000)	
TOTAL BORROWING	(203.948)	100%	(202.298)	100%
Treasury Investments:				
Local Authority Property Fund	1.329	7%	1.286	6%
In-house:				
Banks	6.290	32%	3.910	19%
Bonds	0.025	0.25%	0.025	0%
Debt Management Office	0.000	0%	0.000	0%
Local authorities	8.000	40%	12.000	60%
Money market funds	4.065	21%	2.945	15%
TOTAL INVESTMENTS	19.684	100%	20.166	100%
NET DEBT	(184.214)		(182.132)	

Worthing Borough Council has also made two loans which are categorised as capital rather than treasury investments, these detailed below showing balances as at 31st December 2023:

- a £10m loan to Worthing Homes
- a £5m repayment loan to GBMet College, with £4.342m remaining

Both of these loans are secured on assets of these bodies.

The Councils' forward projections for borrowing are summarised below. The tables show the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

ADUR DISTRICT COUNCIL

Adur District Council External Debt £m	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt at 1 April	(151.651)	(164.942)	(179.808)	(245.886)	(251.667)
Expected change in Debt	(13.291)	(14.866)	(66.078)	(5.781)	(9.175)
Other long-term liabilities (OLTL)	0.000	0.000	0.000	0.000	0.000
Actual gross debt at 31 March	(164.942)	(179.808)	(245.886)	(251.667)	(260.842)
The Capital Financing Requirement	174.425	189.293	255.371	261.152	270.327
Under/(over) borrowing	9.483	9.485	9.485	9.485	9.485

Within the above figures the level of debt relating to commercial property is:

Adur District Council	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
External Debt for commercial activities / non-financial investments					
Actual debt at 31 March £m	(77.556)	(76.685)	(75.790)	(74.873)	(73.934)
Percentage of total external debt %	47%	43%	31%	30%	28%

Worthing Borough Council

Worthing BC External Debt £m	2022/22 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt at 1 April	(153.751)	(203.948)	(216.634)	(235.669)	(239.120)
Expected change in Debt Other long-term liabilities (OLTL)	(50.197) 0.000	(12.686) 0.000	(19.065) 0.000	(3.421) 0.000	(5.190) 0.000
Actual gross debt at 31 March	(203.948)	(216.634)	(235.669)	(239.120)	(244.310)
The Capital Financing Requirement	206.397	219.083	238.148	241.569	246.759
Under/(over) borrowing	2.449	2.449	2.449	2.449	2.449

Within the above figures the level of debt relating to commercial property is:

Worthing BC	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
External Debt for commercial activities / non-financial investments					
Actual debt at 31 March £m	(68.791)	(68.010)	(67.209)	(66.387)	(65.544)
Percentage of total external debt %	34%	31%	29%	28%	27%

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

5.2 Treasury Indicators: limits to borrowing activity

The operational boundary - This is the limit which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Adur District Council

Operational boundary £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt	189.0	258.0	262.0	272.0
Other long term liabilities	1.0	1.0	1.0	1.0
Total	190.0	259.0	263.0	273.0

Worthing Borough Council

Operational boundary £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt re Worthing Homes	10.0	10.0	10.0	10.0
Debt re GB Met	5.0	4.5	4.3	4.0
Other Debt	229.5	239.5	243.5	247.5
Other long term liabilities	1.0	1.0	1.0	1.0
Total	245.5	255.0	258.8	262.5

The authorised limit for external debt - This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Councils. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Councils are asked to approve the following authorised limits:

Adur District Council

Authorised limit £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt	200.0	270.0	274.0	280.0
Other long term liabilities	1.0	1.0	1.0	1.0
Total	201.0	271.0	275.0	281.0

Worthing Borough Council

Authorised limit £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt re Worthing Homes	10.0	10.0	10.0	10.0
Debt re GB Met	5.0	4.5	4.3	4.0
Other Debt	240.00	258.00	262.00	264.00
Other long term liabilities	1.0	1.0	1.0	1.0
Total	256.0	273.5	277.3	279.0

5.3 Prospects for interest rates

- 5.3.1 The Council has engaged Link Group as its treasury advisor, tasking them with providing insights to help the Council formulate a perspective on interest rates. Link Group has presented the following forecasts as of November 7, 2023, specifically focusing on certainty rates, which are gilt yields plus 80 basis points.

Link Group Interest Rate View 07.11.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

5.3.2 Factors and Previous Moves

Prior Years

In the years preceding this report, the lingering impact of Covid-19 has influenced the UK and global economies. While certain short-term effects are diminishing, lasting shifts such as continued digital payment preference and widespread remote work are expected to, in part, deliver systemic changes to economic activity. Geopolitical tensions in Asia, the Middle East, and Eastern Europe pose challenges to global supply chains and sanctions. Additionally, energy supply constraints, resulting from sanctions on Russian economic activity after the 2022 invasion of Ukraine, have pressured the UK economy, causing stagnation in growth and an increase in inflation.

Current Year

Inflationary pressures continued to weigh on the UK economy. Supply shortages in the labour market became a significant driver of domestic inflation with the UK seeing significant private sector wage inflation over the period, as employers “paid up” for fear of losing staff in a difficult labour market.

International Inflationary pressures continue to be driven by global fossil fuel markets, initially in response to sanctions placed on Russia as a result of its

invasion and subsequent occupation of Ukrainian Sovereign territory. More recently threats to the safety of shipping routes in the Red Sea as a result of conflict in the region have begun to pose a threat to these supply chains. This pressure has eased somewhat since the beginning of the financial year as markets adjusted to a “new normal”, however suppliers have shown reluctance to pass this on to consumers with pace.

At the time of writing indicators suggest the rate of domestic inflation is beginning to ease, we expect this to give rise to cuts in the Bank of England Base rate with time across the latter half of the 2024/25 year.

There have been 6 meetings of the MPC this financial year prior to authoring, the details of each meeting and subsequent rate decision are below:

- **11th May 2023** - Votes 6:1 to increase the base rate 25 bps to 4.50%
- **22nd June 2023** - Votes 6:1 to increase the base rate 50bps to 5.00%
- **3rd August 2023** - Votes 5:3 to increase the base rate 25bps to 5.25%
- **21st September 2023** - Votes 5:3 to maintain the base rate at 5.25%
- **2nd November 2023** - Votes 6:3 to maintain the base rate at 5.25%
- **14th December 2023** - Votes 6:3 to maintain the base rate at 5.25%

Borrowing for capital expenditure Link’s long-term forecast (beyond 10 years) for Bank Rate is 3.00%. As PWLB certainty rates are now above this level, the borrowing strategies of both councils are continually under review and both have favoured shorter term borrowing, in particular from other Local Authorities in order to minimise exposure to current interest rates and allow refinancing sooner when rates fall.

While the Councils will not be able to avoid borrowing to finance new capital expenditure and to replace maturing debt, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

5.4 **Borrowing Strategy**

The Councils are both currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt, as cash supporting the Councils’ reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as borrowing costs remain high, this strategy extends, for as long as possible, the periods between borrowing needs, and therefore reduces exposure to current interest rates.

Against this background and the risks within the economic forecast, caution will continue to be applied within the 2024/25 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *If it was felt that there was a significant risk of a sharp FALL borrowing rate, then borrowing will be postponed or where not possible the maturity period shortened within the bounds of the maturity profile restrictions.*
- *If it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

5.5 In prior years, both Councils have referred in the first instance to the Public Works Loan Board (PWLB) for sourcing their borrowing needs, given that they are eligible to access the PWLB “Certainty” rate of interest, being 20 basis points below the normal prevailing PWLB rates. However, borrowing from other sources, including other Local Authorities and on rare occasions wider markets, can from time to time offer options to borrow at advantageous rates comparative to the PWLB, and therefore will be considered alongside the PWLB during the current period of interest rate pressure.

Where appropriate, the Councils will investigate the possibility of using “ethical” or “green” borrowing options eg “green bonds.” Such borrowing is usually only available for significant amounts e.g. over £20m and takes time to arrange because the lender and the Council needs to undertake significant due diligence. PWLB rates have now been easing meaning that other options are less likely to be economically viable. Local Climate Bonds may offer another alternative for funding carbon reduction projects.

Given the expected under borrowing position of the Councils, the borrowing strategy will give consideration to the most appropriate sources of funding from the following list(given in no particular order):

- i) Internal borrowing, by running down cash balances and foregoing interest earned at historically low rates, as this is the cheapest form of borrowing;
- ii) Weighing the short term advantage of internal borrowing against potential long term borrowing costs, in view of the overall forecast for long term borrowing rates to increase over the next few years;
- iii) PWLB fixed rate loans for up to 50 years;
- iv) Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB, market debt and loans from other councils in the debt portfolio;
- v) PWLB borrowing for periods under 5 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away

from a concentration in longer dated debt.

- vi) Short term loans from other Councils where appropriate;
- vii) Other forms of borrowing where appropriate e.g. green bonds or the other mechanisms where these offer better value than the PWLB.

5.6 Preference may be given to PWLB borrowing by annuity and EIP loans instead of maturity loans during periods of high interest rates, as this may result in lower interest payments over the life of the loans. However debt maturity must be spread appropriately in order to reduce refinancing risk.

5.7 **Policy on borrowing in advance of need**

The Councils will not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Councils can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

5.8 **Debt rescheduling**

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

If rescheduling is done, it will be reported to the Councils at the earliest meeting following its action.

5.9 **New financial institutions as a source of borrowing**

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for non-HRA borrowing and Gilt rate + 40 basis points for HRA borrowing. However, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities out to 3 years or so - still cheaper than the Certainty Rate)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years)
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time)

- “Green Bonds” or “Local Climate Bonds” or the local Credit Union, Boom

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

6.1.2 The Councils’ investment policy has regard to the following:

- DLUHC’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2021

The Councils’ investment priorities will be security first, portfolio liquidity second and then yield, (return). The Councils will aim to achieve the maximum yield on investments commensurate with proper levels of security and liquidity and with the Councils’ risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Councils will also consider the value available in periods up to 24 months with high credit rated financial institutions, as well as wider range fund options.

6.1.3 The Chief Financial Officer, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements, and Prudential Indicators. As conditions in financial markets remain uncertain the changes proposed below are focused on meeting the operational needs of the treasury function for the 2024/25 financial year:

Adur District Council:

- The addition of State Street Global Advisors Money Market Fund as an approved counterparty for specified investments. This is a AAA rated fund with a focus on ESG factors which actively avoids investments deemed to be in violation of UN Global Compact Principles or involved in controversial weapons, thermal coal, arctic drilling, oil, and tar sands, and other ESG controversies. The fund, subject to approval by members, is to be governed by the same current £3m limit applicable to this type of investment.

Worthing Borough Council:

- Removal of the 25% of funds limit in relation to MMF and Call Account Balances for a limited period of the 2024/25 financial year. To be reinstated or adapted as required (subject to member approval) in the 2025/26 Treasury Management Strategy. The reason for this proposal is to facilitate the operational needs of the Council, by ensuring availability of liquid funds during a period where long term deposits have been minimised in order to shield from elevated borrowing costs.

- The addition of State Street Global Advisors Money Market Fund as an approved counterpart for specified investments. This is a AAA rated fund with a focus on ESG factors which actively avoids investments deemed to be in violation of UN Global Compact Principles or involved in controversial weapons, thermal coal, arctic drilling, oil, and tar sands, and other ESG controversies. The fund, subject to approval by members, is to be governed by the same current £3m limit applicable to this type of investment.

6.1.4 Investment instruments identified for use in the financial year are listed in Appendix B under the 'specified' and 'non-specified' investments categories. Counterparty limits will be set through the Councils' treasury management practices.

6.1.5 The guidance from the DLUHC and CIPFA places a high priority on the management of risk. The Councils have adopted a prudent approach to managing risk and define risk appetite by the following means: -

- a) Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- b) **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Councils will engage with the advisors to maintain a monitor on market pricing such as "credit default swaps" (a financial derivative or contract that allows an investor to "swap" or offset their credit risk with that of another investor) and overlay that information on top of the credit ratings.
- c) **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- d) The Councils have defined the list of **types of investment instruments** that the treasury management team is authorised to use. There are two lists in Appendix B under the categories of 'specified' and 'non-specified' investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

- e) **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in Appendix B.
- f) The Councils will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 6.8).
- g) Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see paragraph 6.4). The UK is excluded from this limit because it will be necessary to invest in UK banks and other institutions even if the sovereign rating is cut.
- h) The Councils have engaged **external consultants**, (see paragraph 3.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of the Councils in the context of the expected level of cash balances and need for liquidity throughout the year.
- i) All investments will be denominated in **sterling**.
- j) As a result of the change in accounting standards for 2022/23 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund - Further details are provided in Appendix F.

6.1.6 However, the Councils will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 6.15). Regular monitoring of investment performance will be carried out during the year.

6.2 Creditworthiness Policy

6.2.1 The primary principle governing the Councils' joint treasury management service investment criteria is the security of investments, although the yield or return on the investment is also a key consideration. After this main principle, the service will ensure that:

- It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Councils' prudential indicators covering the maximum principal sums invested.

6.2.2 The Chief Financial Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to the Councils for approval as necessary. These criteria are separate to that which

determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the service may use, rather than defining what types of investment instruments are to be used.

- 6.2.3 Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with our criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.
- 6.2.4 In accordance with the Code, Link Group's creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.
- 6.2.5 The result is a series of colour coded bands for counterparties indicating the relative creditworthiness of each as they are categorised by durational bands. These bands are used by the Councils to form a view of the duration for investments by each counterparty. The Councils are satisfied that this service gives a robust level of analysis for determining the security of its investments. It is also a service which the Councils would not be able to replicate using its own in-house resources.
- 6.2.6 Using Link's ratings service, potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications. The effect of a change in ratings may prompt the following responses:
- If a downgrade results in the counterparty/investment scheme no longer meeting the Councils' minimum criteria, its further use as a new investment will be withdrawn immediately.
 - In addition to the use of Credit Ratings the Councils will be advised by Link of movements in Credit Default Swaps and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils' lending lists.
- 6.2.7 The Councils' officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets, the government support for banks, and the credit ratings of that government support.

6.2.8 Accordingly, the Councils may exercise discretion to deviate from Link's suggested durational bands for counterparties where circumstances warrant a more flexible approach being taken.

6.3 **The Councils' Minimum Investment Creditworthiness Criteria**

6.3.1 The minimum credit ratings criteria used by the Councils generally will be a short term rating (Fitch or equivalents) of F1, and long term rating A-. There may be occasions when the counterparty ratings from one or more of the three Ratings Agencies are marginally lower than the minimum requirements of F1 Short term, A- Long term (or equivalent). Where this arises, the counterparties to which the ratings apply may still be used with discretion, but in these instances consideration will be given to the whole range of topical market information available, not just ratings.

The Councils include the top five **building society** names in the specified investments. It is recognised that they may carry a lower credit rating than the Councils' other counterparties, therefore the lending limits for the building societies shall be £2m each, excepting that for Nationwide (the top building society) the lending limit shall be £4m.

6.4 **Country Limits and Proposed Monitoring Arrangements**

Due care will be taken to consider the country, group and sector exposure of the Councils' investments.

The Councils have determined that they will only use approved counterparties from countries (other than the UK) with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide one). The list of countries that qualify using these credit criteria as at the date of this report is reflected in the counterparty approved lending list shown at Appendix B. This list will be added to, or deducted from, by officers should ratings change, in accordance with this policy. No more than 25% of investments shall be placed in non-UK financial institutions for more than 7 days.

6.5 **Creditworthiness**

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the September 2022 mini budget. Although the Sunak government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

CDS prices - Credit Default Swaps

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

Investment Strategy

6.6 In-house funds

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed. For cash flow balances, the Councils will seek to use notice accounts, money market funds, call accounts and short-dated deposits to benefit from the compounding of interest.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

The Chief Financial Officer, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the meetings of the JGC and JSC in accordance with the reporting arrangements contained in the Treasury Management Practices Statement.

6.7 Investment returns expectations

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2024/25	4.70%
2025/26	3.20%
2026/27	3.00%
2027/28	2.60%
Later years	2.80%

6.8 Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Councils' liquidity requirements and to reduce the need for early sale of an investment,

and are based on the availability of funds after each year-end.

The Councils are asked to approve the following treasury indicators and limits:

Adur District Council

MAXIMUM PROPORTION OF PRINCIPAL SUMS INVESTED > 365 DAYS			
	2024/25	2025/26	2026/27
Principal sums invested > 365 days	50%	50%	50%

Worthing Borough Council

MAXIMUM PROPORTION OF PRINCIPAL SUMS INVESTED > 365 DAYS			
	2024/25	2025/26	2026/27
Principal sums invested > 365 days	50%	50%	50%

Both Councils are currently holding investments in the Local Authorities' Property Fund (£3m for Adur and £1.5m for Worthing) and other small bonds in the local credit union (£50k for Worthing and £25k for Adur) which are expected to be invested for more than 365 days. Worthing holds long term non-treasury loans issued to Worthing Homes and GB Met College.

- 6.9 In any sustained period of significant stress in the financial markets, the default position is for investments to be placed with the Debt Management Account Deposit Facility of the UK central government. The rates of interest may be below equivalent money market rates, however, if necessary, the returns are an acceptable trade-off for the guarantee that the Councils' capital is secure.
- 6.10 The Councils' proposed investment activity for placing cash deposits in 2024/25 will be to use: (given in no particular order)
- AAA rated Money Market Funds with a Constant Net Asset Value (CNAV) or a Low Volatility Net Asset Value (LVNAV) under the new money market fund regulations
 - other local authorities, parish councils, Police authorities or equivalent bodies etc.
 - business reserve accounts and term deposits, the majority with UK institutions that are rated at least A- long term.
 - the top five building societies by asset size

Other Options for Longer Term Investments

- 6.11 To provide the Councils with options to enhance returns above those available for short term durations, it is proposed to retain the option to use the following for longer term investments, as an alternative to cash deposits:

- a) **Supranational bonds greater than 1 year to maturity**
- b) **Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
- c) **The Councils' own banker** (currently Lloyds) if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.
- d) **Building societies not meeting the basic security requirements under the specified investments.** The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use the top five building societies by asset size up to £2m, (£4m Nationwide).
- e) Any **bank or building society** that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).
- f) Any **non-rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a guarantee from the parent company, and total exposure up to the limit applicable to the parent.
- g) **Registered Social Landlords** (Housing Associations) **and other public sector bodies** - subject to confirming that the Councils have appropriate powers, consideration will be given to lending to Registered Social Landlords and other public sector bodies. Such lending may either be as an investment for treasury management purposes, or for the provision of "social policy or service investment", that would not normally feature within the Treasury Management Strategy.
- h) **Property Investment Funds** for example the Local Authorities' Property Fund. The Councils will consult the Treasury Management Advisors and undertake appropriate due diligence before investment of this type is undertaken. Some of these funds are deemed capital expenditure – the Councils will seek guidance on the status of any fund considered for investment. The Councils may invest up to £5m in Property Investment Funds - this reflects the request from Adur members to invest more in the CCLA Local Authorities' Property Fund.
- i) **Other local authorities**, parish councils etc.
- j) **Loan capital** in a body corporate.
- k) **Share capital** in a body corporate – *The use of these instruments will*

be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.

(Note: For (j) and (k) above the Councils' Staff do not hold appropriate skills to discharge proper governance in relation to these investments as such will seek further advice on the appropriateness and associated risks with investments in these categories as and when an opportunity presents itself).

6.12 **The accounting treatment** may differ from the underlying cash transactions arising from investment decisions made by the Councils. To ensure that the Councils are protected from any adverse revenue impact, which may arise from these differences, the accounting implications of new transactions will be reviewed before they are undertaken.

6.13 The Councils will not transact in any investment that may be deemed to constitute **capital expenditure** (e.g. Share Capital, or pooled investment funds other than Money Market Funds), without the resource implications being approved as part of the consideration of the Capital Programme or other appropriate Committee report.

6.14 **Investment risk benchmarking** – the Councils will subscribe to Link's Investment Benchmarking Club to review the investment performance and risk of the portfolios.

6.15 **End of year investment report** – at the end of the financial year the Councils will report on investment activity as part of the Annual Treasury Report.

6.16 **Local Authorities' Property Fund** – both Councils hold investments in the Fund (Adur DC - £3m and Worthing BC £1.5m). The treasury service receives regular reports and quarterly dividends. Both Councils' holdings in these funds is currently under review in light of a change in regulatory environment. Details of this change and potential implications are given at Appendix F.

7. OTHER MATTERS

7.1 **Balanced budget requirement** - the Councils comply with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

7.2 For social policy purposes, the Councils both hold deferred shares in the local Credit Union, Boom. Boom approached the Councils with a request to hold and invest some of Boom's funds in order to mitigate their treasury management investment risk. The Worthing Borough Council approved this through a Mid Year Review of Treasury Management at the time.

Officers are pleased to report that this relationship has continued enabling Boom to seek a return on its funds, supporting the work of the organisation as a community bank. In addition this is a reliable source of borrowing for the council and Boom extends the loan to the Council at a very competitive borrowing rate. As at 31st December 2023 the council had £1m held on an annual loan basis and £250k held on 8 days notice in order to facilitate the liquidity needs of Boom.

8. ENGAGEMENT AND COMMUNICATION

- 8.1 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 2022, and which defines the respective roles of the client and provider authorities for a period of three years.
- 8.2 The Adur and Worthing Councils' treasury management team also provides treasury services to Arun District Council through a shared services arrangement (SSA). The SSA is provided under a Service Level Agreement that was renewed from 18th October 2022, and which defines the respective roles of the client and provider authorities for a period of three years.
- 8.3 Information and advice is supplied throughout the year by Link Group, the professional consultants for the Councils' shared treasury management service.

9. FINANCIAL IMPLICATIONS

- 9.1 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.

10. LEGAL IMPLICATIONS

- 10.1 The approval and adoption of the Treasury Management Strategy Statement, Annual Investment Strategy, Minimum Revenue Provision Policy and Prudential Indicators is required by regulations issued under the Local Government Act 2003.

Background Papers

Joint Treasury Management Strategy Statement and Annual Investment Strategy Report 2023/24 to 25/26 – Adur Council 23 February 2023 and Worthing Council 21 February 2023

Annual Treasury Management Report 2022-23 for Adur District Council and Worthing Borough Council – Joint Audit & Governance Committee, 26 September 2023 and Joint Strategic Committee, 03 October 2023

Overall Budget Estimates 2024/25 and Setting of 2023/24 Council Tax Report

Link Group Advisory TMSS Template 2024/25

Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA, December 2021) and CIPFA Treasury Management Guidance Notes 2021

The Prudential Code for Capital Finance in Local Authorities (CIPFA, December 2021)

DLUHC Investment Guidance

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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 Council 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 2024/25 - 2026/27, submitted and approved before the commencement of the 2024/25 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.

Appendix A

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2024/25 – 2026/27

- 1.1 The Councils' capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Adur District Council

Adur Capital expenditure	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m	£m
Non-HRA	3.505	8.454	12.944	3.338	58.78
HRA	10.212	24.852	19.653	9.964	9.964
Commercial property	0.000	0.000	43.488	0.000	0.000
TOTAL	13.717	33.306	76.085	13.302	15.842

Worthing Borough Council

Worthing Capital expenditure	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m	£m
Non-HRA	10.674	23.602	23.167	7.965	9.377
Strategic property	46.885	7.430	5.896	0.000	0.000
TOTAL	57.559	31.032	29.063	7.965	9.377

1.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Councils' overall finances. The Councils are asked to approve the following indicators:

Ratio of financing costs to 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.

Adur District Council

Adur	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	%	%	%	%	%
Non-HRA	6.12	13.83	15.69	16.55	18.80
HRA	19.57	22.04	22.48	25.03	23.47
Strategic purchases	(12.21)	(15.77)	(15.92)	(18.25)	(18.41)
TOTAL	14.11	20.10	22.04	23.33	23.86

Worthing Borough Council

Worthing	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	%	%	%	%	%
Non-HRA	8.28	10.63	8.09	10.29	8.12
Commercial activities	(11.55)	(13.04)	(12.84)	(12.80)	(12.90)
TOTAL	(3.28)	(2.41)	(4.75)	(2.51)	(4.78)

The estimates of financing costs include current commitments and the proposals in this budget report.

HRA Ratio

Adur (HRA)	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
HRA debt £m	(56.625)	(64.431)	(89.639)	(90.939)	(92.239)
Number of HRA dwellings	2512	2523	2580	2582	2574
Debt per dwelling	£22.5k	£25.6k	£34.7k	£35.2k	£36.10k

1.3 Maturity structure of borrowing

These gross limits are set to reduce the Councils' exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits. Neither Council has any variable rate borrowing.

The Councils are asked to approve the following treasury indicators and limits:

Adur District Council

Limits to maturity structure of fixed interest rate borrowing 2024/25		
	Lower Limit	Upper Limit
Under 12 months	0%	25%
12 months to 2 years	0%	30%
2 years to 5 years	0%	50%
5 years to 10 years	0%	70%
10 years to 20 years	0%	80%
20 years to 30 years	0%	60%
30 years to 40 years	0%	60%
40 years to 50 years	0%	45%

WORTHING BOROUGH COUNCIL

Limits to maturity structure of fixed interest rate borrowing 2024/25		
	Lower Limit	Upper Limit
Under 12 months	0%	35%
12 months to 2 years	0%	40%
2 years to 5 years	0%	75%
5 years to 10 years	0%	75%
10 years to 20 years	0%	75%
20 years to 30 years	0%	75%
30 years to 40 years	0%	75%
40 years to 50 years	0%	75%

TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The DLUHC issued Investment Guidance in 2018, and this forms the structure of the Authority's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for local authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the Guidance requires this Authority to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of the annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments;
- The principles to be used to determine the maximum periods for which funds can be committed;
- Specified investments that the Councils will use. These are high security (i.e. high credit rating, although this is defined by the Councils, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year;
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Councils is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement. However a further consideration is included below:

ESG considerations - Both councils will consider Environmental, Social and Governance factors when placing any investment with current or new counterparties. Where matters for concern are identified for any specific counterparty both councils will consider placing future investments with other counterparties. A process of ongoing monitoring is underway for existing counterparties. As a result of these checks, during the 2023/24 financial year the Chief Accountant (formerly Group Accountant) withdrew the councils from the HSBC ESG Money Market Fund and the Invesco Money Market Fund due to the funds taking up positions with state-owned companies owned by The Government of the People's Republic of China. Investments in these funds only resumed once these positions were closed. Such Monitoring will continue on an ongoing basis.

Whilst there are no concerns regarding our banker, for operational reasons the Councils' own banker Lloyds bank is required to be exempt from this approach as we are contractually bound to them for the duration of our banking contract. These factors will always be considered when the contract is renewed.

SPECIFIED AND NON SPECIFIED INVESTMENTS

Specified Investments identified for use by the Councils

Identified for utilisation by the Councils, these specified investments primarily comprise sterling investments with a maturity of not more than one year. Additionally, they encompass investments with longer tenures, yet affording the Councils the option of repayment within 12 months. This category extends to assets originally categorised as non-specified investments, which, despite having an initial duration exceeding 12 months, are reclassified as specified investments when the remaining period to maturity falls below twelve months. Characterised by their low-risk profile, these investments entail minimal risk of principal or investment income loss. These would include sterling investments which would not be defined as capital expenditure with:

- The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt* with less than one year to maturity)
- Supranational bonds of less than one year's duration*
- A local authority, housing association, parish council or community council
- Pooled investment vehicles (such as money market funds) that have been awarded a AAA rating by Standard and Poor's, Moody's and/or Fitch rating agencies
- A body that is considered of a high credit quality (such as a bank or building society). This covers bodies with a minimum Short Term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's and/or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Councils have set additional criteria to set the time and amount of monies which will be invested in these bodies - see Annexes 1 and 2.

Non-Specified Investments identified for use by the Councils

These are any other type of investment (ie not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in Annexes 1 and 2.

Where appropriate, the Councils will seek further advice on the associated risks with non-specified investments.

For credit rated counterparties, the minimum criteria, excepting for the Councils' own banker and the specified building societies, (see below) will be the short-term / long-term ratings assigned by various agencies which may include Moody's Investors

Services, Standard and Poor's, Fitch Ratings, being:

Long-term investments (over 365 days): minimum: A- (Fitch) or equivalent

Or

Short-term investments (365 days or less): minimum: F1 (Fitch) or equivalent

For all investments the Councils will also take into account information on corporate developments of, and market sentiment towards, investment counterparties.

Where appropriate the Ring Fenced entities of banks will be used.

ADUR DISTRICT COUNCIL - SPECIFIED AND NON SPECIFIED INVESTMENTS**Specified Investments identified for use by the Council**

New specified investments will be made within the following limits:

Instrument	Country and sovereign rating	Counterparty and current rating	Max'm exposure limit £m and/or %
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/ Call Accounts	UK	Other UK Local Authorities	£5m
Term Deposits/ Call Accounts	UK	Santander UK A+	£4m
Term Deposits/ Call Accounts	UK	Bank of Scotland/ Lloyds (RFB) A+	£4m as standard (£6m maximum for not more than 2 working days)
Term Deposits/ Call Accounts	UK	Barclays (RFB) A+	£4m
Term Deposits/ Call Accounts	UK	Clydesdale A-	£4m
Term Deposits/ Call Accounts	UK	HSBC (RFB) AA-	£4m
Term Deposits/ Call Accounts	UK	Close Brothers Ltd A-	£4m
Term Deposits/ Call Accounts	UK	Royal Bank of Scotland/Nat West Group (RFB) A+	£4m
Term Deposits/ Call Accounts	UK	Standard Chartered Bank A+	£3m
Term Deposits/ Call Accounts	Australia - AAA	National Australia Bank Ltd A+	£3m
Term Deposits/ Call Accounts	US - AAA	JP Morgan Chase Bank NA AA	£3m
Term Deposits/ Call Accounts	UK	Handelsbanken plc AA	£4m
Term Deposits/ Call Accounts	UK	Goldman Sachs Int Bank A+	£3m

Gilts	UK	Debt Management Office (DMO)	£3m or 25% of funds
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Instrument	Country and sovereign rating	Counterparty and current rating	Max'm exposure limit £m and/or %
Bonds	EU	European Investment Bank/ Council of Europe	£3m or 25% of funds
AAA rated Money Market Funds		Constant Net Asset Value or LVNAV MMFs	to manage liquidity, maximum £3m per fund
Other MMFs and CIS	UK	Collective Investment Schemes	25%
Term Deposits	UK	Nationwide BS A	£4m
Term Deposits	UK	Yorkshire BS A-	£2m
Term Deposits	UK	Coventry BS A-	£2m
Term Deposits	UK	Skipton BS A-	£2m
Term Deposits	UK	Leeds BS A-	£2m
Share Capital	n/a	West Sussex Credit Union	£0.025m deferred shares
Share Capital	n/a	Local Capital Finance Co (Municipal Bonds Agency)	£0.05m

NB Any existing deposits outside of the current criteria will be reinvested with the above criteria on maturity.

NB No more than 25% of funds shall be invested in Non-UK financial institutions whether by term deposits, except that this limit may be breached for liquidity purposes for up to 1 week at any time.

NB Investments in AAA rated Money Market Funds are to be used for liquidity purposes - funds should be invested to achieve higher returns wherever possible.

Institution ratings shown are as at 31 December 2023 and are subject to change.

APPENDIX B - ANNEX 1

ADUR DISTRICT COUNCIL NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL:

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use:

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure ?
<ul style="list-style-type: none"> ☒ Deposits with banks and building societies ☒ Certificates of deposit with banks and building societies ☒ Deposits with Local Authorities ☒ The UK Government 	<ul style="list-style-type: none"> √ √ √ √ 	<ul style="list-style-type: none"> √ √ √ √ 	5 years	The higher of £8m or 50% of funds, maximum of £2m per institution £5m No limit	No
Gilts and Bonds: <ul style="list-style-type: none"> ☒ Gilts ☒ Bonds issued by multilateral development banks ☒ Bonds issued by financial institutions guaranteed by the UK government ☒ Sterling denominated bonds by non-UK sovereign governments 	<ul style="list-style-type: none"> √ √ √ √ on advice from treasury advisors 	<ul style="list-style-type: none"> √ √ √ √ 	5 years	The higher of £3m or 25% of funds	No
Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No. 534 and SI 2007, No. 573), but which are not credit rated.	<ul style="list-style-type: none"> √ (on advice from treasury advisor) 	<ul style="list-style-type: none"> √ 	These funds do not have a defined maturity date.	The higher of £5m or 30% of funds, maximum of £3m per fund	No
Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	<ul style="list-style-type: none"> √ (on advice from treasury advisor) 	<ul style="list-style-type: none"> √ 	5 years	The higher of £2m or 10% of funds	Yes

APPENDIX B - ANNEX 1

**ADUR DISTRICT COUNCIL
NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL:**

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure?
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Yes
Property Funds approved by HM Treasury and operated by managers regulated by the Financial Conduct Authority, such as the Local Authorities' Property Fund	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	£5m	To be confirmed
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No. 534 or SI 2007, No. 573.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	The higher of £2m or 20% of funds	Yes

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.
3. The Council's own banker may also be used if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as possible.

WORTHING BOROUGH COUNCIL SPECIFIED AND NON SPECIFIED INVESTMENTS

Specified Investments identified for use by the Council

New specified investments will be made within the following limits:

Instrument	Country and sovereign rating	Counterparty	Max'm exposure limit £m and/or %
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/ Call Accounts	UK	Other UK Local Authorities	£5m
Term Deposits/ Call Accounts	UK	Santander UK A+	£4m
Term Deposits/ Call Accounts	UK	Bank of Scotland/ Lloyds (RFB) A+	£4m as standard (£6m maximum for not more than 2 working days)
Term Deposits/ Call Accounts	UK	Barclays (RFB) A+	£4m
Term Deposits/ Call Accounts	UK	Clydesdale A-	£4m
Term Deposits/ Call Accounts	UK	HSBC (RFB) AA-	£4m
Term Deposits/ Call Accounts	UK	Standard Chartered Bank A+	£3m
Term Deposits/ Call Accounts	UK	Close Brothers Ltd A-	£4m
Term Deposits/ Call Accounts	UK	Royal Bank of Scotland/Nat West Group (RFB) A+	£4m
Term Deposits/ Call Accounts	Australia - AAA	National Australia Bank Ltd A+	£3m
Term Deposits/ Call Accounts	US - AAA	JP Morgan Chase Bank NA AA	£3m
Term Deposits/ Call Accounts	UK	Handelsbanken plc AA	£4m
Term Deposits/ Call Accounts	UK	Goldman Sachs Int Bank A+	£3m

Gilts	UK	Debt Management Office (DMO)	£3m or 25% of funds
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Instrument	Country and sovereign rating	Counterparty	Max'm exposure limit £m and/or %
Bonds	EU	European Investment Bank/ Council of Europe	£3m or 25% of funds
AAA rated Money Market Funds	Various	Constant Net Asset Value or LVNAV MMFs	£3m per fund (Proposed removal of 25% rule, see 6.1.3)
Other MMFs and CIS	UK	Collective Investment Schemes	25%
Term Deposits	UK	Nationwide BS A	£4m
Term Deposits	UK	Yorkshire BS A-	£2m
Term Deposits	UK	Coventry BS A-	£2m
Term Deposits	UK	Skipton BS A-	£2m
Term Deposits	UK	Leeds BS A-	£2m
*Term Deposits	UK	Worthing Homes (10 year loan)	£10m
*Term Deposits	UK	GB Met (20 year loan)	£5m
Share Capital	n/a	West Sussex Credit Union	£0.05m deferred shares
Share Capital	n/a	Local Capital Finance Co (Municipal Bonds Agency)	£0.05m
Temporary Loans	n/a	Worthing Leisure Trust	£0.5m

NB Any existing deposits outside of the current criteria will be reinvested within the above criteria on maturity.

NB No more than 25% of funds shall be invested in Non-UK financial institutions whether by term deposits except that this limit may be breached for liquidity purposes for up to 1 week at any time.

* These loans are for more than 1 year, therefore are “unspecified”, but are included here as they have been approved by Council.

Institution ratings shown are as at 31 December 2023 and are subject to change.

APPENDIX B - ANNEX 2

WORTHING BOROUGH COUNCIL NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL:

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use:

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure ?
<ul style="list-style-type: none"> ☒ Deposits with banks and building societies ☒ Certificates of deposit with banks and building societies ☒ Deposits with Local Authorities ☒ The UK Government 	√	√	5 years	The higher of £8m or 50% of funds, maximum of £2m per institution	No
<p>Gilts and Bonds:</p> <ul style="list-style-type: none"> ☒ Gilts ☒ Bonds issued by multilateral development banks ☒ Bonds issued by financial institutions guaranteed by the UK government ☒ Sterling denominated bonds by non-UK sovereign governments 	√	√	5 years	The higher of £3m or 25% of funds	No
<p>Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No. 534 and SI 2007, No. 573), but which are not credit rated.</p>	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date.	The higher of £5m or 30% of funds, maximum of £3m per fund	No
<p>Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies</p>	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Yes

**WORTHING BOROUGH COUNCIL
NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL:**

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure?
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Yes
Property Funds approved by HM Treasury and operated by managers regulated by the Financial Conduct Authority, such as the Local Authorities' Property Fund	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	£5m	To be confirmed
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No. 534 or SI 2007, No. 573.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	The higher of £2m or 20% of funds	Yes

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.
3. The Council's own banker may also be used if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as possible.

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating as at

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- New Zealand

AA-

- Belgium
- U.K.

NB Consideration will be given to other factors, including Environmental, Social and Governance standards when considering the destination country of Non-UK investments. As such countries with an appropriate sovereign rating will not be used where matters identified do not align with the respective Council's values.

NB As detailed in 6.1.5 it has been determined that the UK will remain an approved country for investment regardless of its sovereign rating. This is due to the avoidance of such investments being operationally prohibitive.

COUNTERPARTIES WHERE THE COUNCILS HAVE OPTED UP TO PROFESSIONAL INVESTOR STATUS

(i) **Money Market Funds**

Invesco
Federated Investors
CCLA
Black Rock
HSBC ESG Fund
State Street Global Advisors (SSGA) **NEW see 6.1.3 in main report.**

(ii) **Building Societies**

Skipton Building Society
Coventry Building Society
Leeds Building Society
Nationwide Building Society
Yorkshire Building Society

(iii) **Brokers**

BGC (Sterling)
Tradition
ICAP
Imperial
RP Martin

(iv) **Other**

ICD (Portal used for money market fund investments)
Link Group

These arrangements will be regularly reviewed as appropriate.

TREASURY MANAGEMENT SCHEME OF DELEGATION**(i) Full Council**

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual Treasury Management Strategy Statement and Annual Investment Strategy
- approval of MRP Statement

(ii) Joint Strategic Committee

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Joint Audit & Governance Committee

Receiving and reviewing the following, and making recommendations to the Joint Strategic Committee

- the Treasury Management Strategy Statement and regular monitoring reports on compliance with the Treasury Management Strategy, practices and procedures.

(iv) The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

TREASURY MANAGEMENT SCHEME OF DELEGATION

The revised CIPFA Treasury Management and Prudential Codes have extended the functions of the S151 role in respect of non-financial investments

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management
- ensuring that the capital strategy is prudent, sustainable and affordable in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authorities
- ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed

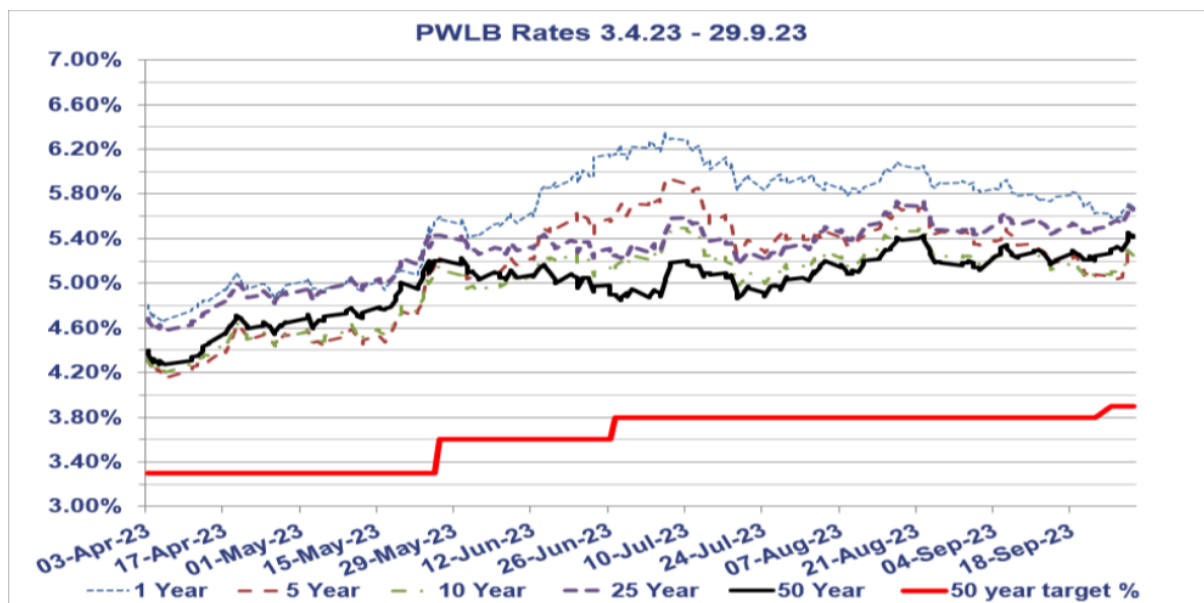
Economic backdrop provided by Link Advisory

Link Group Interest Rate View 07.11.23		Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE		5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings		5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings		5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings		5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB		5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB		5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB		5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB		5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).
- The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25%

until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.
- In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.



The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.

The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

CENTRAL BANK CONCERNS – NOVEMBER 2023

Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.

Ultimately, however, from a UK perspective it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

. The current margins over gilt yields are as follows: -.

- § **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- § **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- § **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- § **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- § **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

Removal of IFRS 9 Override - Impact Assessment

1.0 Background

IFRS 9, or the International Financial Reporting Standard 9, is an accounting standard issued by the International Accounting Standards Board (IASB) to address the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. In principle, IFRS 9 enhances the financial reporting of financial instruments, fostering a more consistent and relevant representation of an entity's financial position and performance. Previously the applicable standard was IAS39.

Local authorities have expressed concerns to the government regarding the impact of IFRS 9, particularly on pooled investment funds. This transition to the new IFRS 9 requirements for collective investment vehicles has raised nationwide implications, adding complexity, especially during the shift from IAS 39 to IFRS 9, and prompting scrutiny of its potential effects on the statutory duty to set a balanced budget. Currently, an override is in effect, exempting the Council's financial statement preparation from IFRS 9.

Following a consultation by the Department for Levelling Up, Housing, and Communities (DLUHC) in Autumn 2022, the override was extended for an additional two years. As a result, IFRS 9 is anticipated to be applicable to both Councils' financial statements from April 1, 2025.

2.0 Changes in Accounting for Pooled Investment Funds

- 2.1 Both councils presently have investments in the CCLA Local Authorities Property Fund (LAPF). As the override comes to an end, these funds will now adhere to the standard accounting provisions, potentially resulting in their categorisation as financial assets at fair value through the revenue account. This reclassification signifies that fluctuations in the fair value of these pooled investment funds will directly affect the revenue account of both councils. In simple terms, a decrease in value during the fiscal year will be treated akin to expenditure, while an increase in value will be regarded as income. This adjustment underscores the need for a thorough evaluation of the financial impact on both councils and officers within the finance team will need to ensure accurate representation in the financial statements of both councils.
- 2.2 The tables below give some further information on the current position of the fund for each council, and information on the income for both councils over the life of the holding so that a full assessment of the performance of these investments can be made.

Adur District Council

Local Authorities Property Fund Holding				
Initial Investment	31/12/2023 Valuation	Movement (£)	Dividends To 31/12/2023	Net Gain
£3,000,000	£2,572,070	-£427,940	£603,642	£175,702

Worthing Borough Council

Local Authorities Property Fund Holding				
Initial Investment	31/12/2023 Valuation	Movement (£)	Dividends To 31/12/2023	Net Gain
£1,500,000	£1,286,036	-£213,964	£301,822	£87,858

- 2.3 As detailed above, were IFRS 9 to be applied to these investments as at 31st December 2023 the result will be a realisation of a loss (akin to an expense in the revenue account) of £427,940 for Adur District Council and £213,964 for Worthing Borough Council this has the potential to have a significant impact on both Councils' budgets as the capital loss to date will need to be realised in full in financial statements for the year ended 31st March 2026. Moving forward this movement should only be year on year and assuming relatively stable fund values can be managed via a reserves provision.

3.0 Action Points

The option still remains for the Government to review the adoption of IFRS 9 or to review the expiry of the current override, recent comment by Government Ministers indicates that this is not currently the intention. With careful consideration to the Councils' revenue positions officers have undertaken to explore options available to both Councils in order to manage the risks associated with this change in regulation. This will include, but not be limited to, discussion with CCLA as the fund manager, Ernst & Young as the external auditor and Link Group as both Council's treasury management advisors. The intention of this period of work will be to determine the sustainable course of action. Officers will report back on findings during the first quarterly report of the 2024/25 year.

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ADUR & WORTHING
COUNCILS

Joint Audit and Governance Committee
Date: 18/01/2024

Key Decision [No]

Ward(s) Affected: All

Disaster Recovery Plan

Report by the Director for Sustainability & Resources

Officer Contact Details

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Executive Summary

1. Purpose

This report outlines the comprehensive journey undertaken to develop and implement the Disaster Recovery Plan (DRP) for the council's systems. The process involved assessing the existing systems, their contracts and collaborating with system owners to establish robust recovery procedures.

2. Recommendations

To review and acknowledge the completion and launch of the new IT Disaster Recovery Plan

3. Context

3.1. What is a DR plan?

3.1.1. A Disaster Recovery Plan (DRP) is an integral component of an organisation's broader business continuity strategy. It's designed to enable quick and efficient recovery from various types of disasters that can impact IT infrastructure and data, such as natural disasters, cyberattacks, hardware failures, or human error. The plan encompasses more than just data backup and recovery; it includes a range of strategies and procedures to maintain or quickly resume critical business functions.

3.1.2. Key aspects of a comprehensive DRP include:

- Risk Assessment and Management
- Identification of Critical Systems and Processes
- Data Backup and Recovery Solutions
- Communication Plan
- Regular Testing and Updates
- Employee Training and Awareness
- Business Impact Analysis (BIA)

3.2. Audit Background

3.2.1. During the fourth quarter of 2021, Mazars conducted an audit focused on the IT Disaster Recovery Plan.

3.2.2. The final report, dated July 2022, contained priority one recommendations and management responses.

3.2.3. It was broadly recognised that the audit findings necessitated a complete overhaul of the existing DR Plan. This redesign was to be a collaborative effort between the Digital team and the Safety and Resilience Manager.

3.3. Digital Team & Policies Background

3.3.1. Adur and Worthing Councils' Digital team was initially part of a shared IT service called "CenSus."

3.3.2. CenSus provided IT support to several local authorities, including Horsham, Mid-Sussex and Adur & Worthing. The transition from this shared support to internal teams began in 2017, leading to the establishing of a new in-house Digital team as part of a larger

reorganisation.

- 3.3.3. With the formation of the new internal Digital team, all existing Digital policies and DR Plans, previously managed by CenSus, needed to be updated and republished under the ownership of Adur & Worthing Councils. The transition and updating of these Digital policies commenced in 2021/2022.

3.4. Key issues

- 3.4.1. A significant challenge in reviewing, updating, and republishing all 21 new Digital Policies, along with the Disaster Recovery (DR) Plan, was the strain on resources. This task required the same team members already engaged in providing essential break-fix services to staff, creating a substantial workload.
- 3.4.2. To alleviate the resource burden and accelerate the progress, we successfully applied for the Local Digital Cyber Fund through the Department for Levelling Up, Housing and Communities (DLUHC). This application secured £100,000 in external funding and was allocated during the 2022/2023 Financial year.
- 3.4.3. The Cyber grant funds have been allocated for the hiring of an Information Security Officer on a Fixed Term Contract for one year. This appointment has been recorded in the Digital Risk Register, highlighting the need for additional funding approval to continue this crucial position. The long term goal is to make this role permanent through a growth bid.
- 3.4.4. Additionally, the funds facilitated the procurement of a new Information Security Management System (ISMS) for a two-year period. These steps were pivotal in enhancing our capabilities to update and manage our digital policies and DR Plan effectively.
 - 3.4.4.1. *ISMS.online is a digital tool streamlining policy creation and management, offering ISO27001-aligned guidelines and ready-made templates. It supports team collaboration and tracks policy changes, ensuring compliance with legal and industry standards. The platform facilitates identifying and managing security risks and keeping policies updated and accurate. Additionally, it provides auditors with the necessary access for reviewing information for compliance purposes and aids in staff training for effective policy implementation and adherence.*

4. Issues for consideration

4.1. DR Plan Creation Process

- 4.1.1. In Q3 2022, initial scoping for a new Disaster Recovery (DR) Plan, as recommended by the audit, revealed its complexity and significant resource demands.

Limited Internal Knowledge:

- 4.1.2. The limited comprehensive centralised knowledge about documented systems, hosting details, contract owners, existing DR plans, and backup and restore procedures was a significant hurdle. Understanding these elements was crucial in drafting an accurate and implementable DR Plan.

System Assessment:

- 4.1.3. The initial step required a detailed analysis of all systems within the councils. This involved collaboration across multiple departments – Digital, Services, Legal, Procurement, and Safety and Resilience.

- 4.1.4. A detailed inventory was then created including the criticality of recovery in a DR situation. The systems were broken down into 18 critical, 8 medium, and 12 low priority, determining their recovery criticality in a DR scenario.

Contractual Review:

- 4.1.5. A thorough review of contracts with third-party suppliers was conducted to assess DR provisions. This revealed gaps in many agreements, necessitating existing and new contract amendments to ensure inclusion and awareness of DR requirements. This is an ongoing process.

- 4.1.6. A new cyber security checklist questionnaire has been agreed upon and launched, being sent to all existing suppliers, and is part of all new Digital procurements in the future.

Identifying System Owners:

- 4.1.7. Identifying and collaborating with system owners was pivotal. This facilitated gathering essential information and assigning accountability for each system's recovery process.

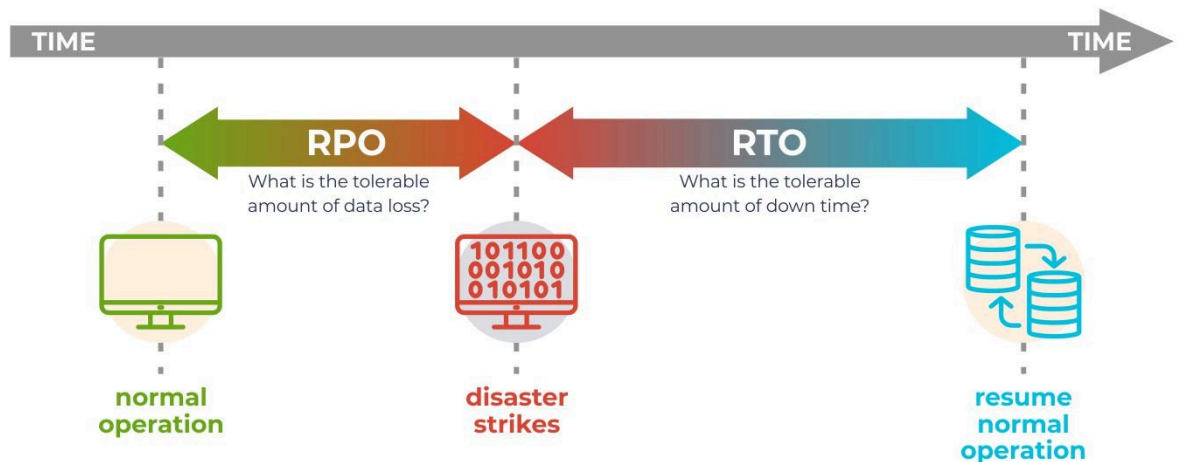
Documenting Recovery Procedures

- 4.1.8. Recovery procedures for each system/server were documented in collaboration with system owners and third-party suppliers. This included defining the Recovery Point Objectives (RPOs) and Recovery Time Objectives (RTOs) for each system, which is essential

for establishing effective recovery strategies.

4.1.8.1. **RPO (Recovery Point Objective):** Measures the maximum tolerable period of potential data loss.

4.1.8.2. **RTO (Recovery Time Objective):** Indicates the maximum allowable time for restoring a system or service after an incident.



4.2. Ongoing Maintenance of the IT Systems - Disaster Recovery Plan

4.2.1. The IT Systems - Disaster Recovery Plan is a dynamic document, necessitating continuous review and updates by the Digital team and the Safety and Resilience manager. This ongoing maintenance is critical for several reasons:

4.2.2. **Adapting to Technological Evolution:** As new systems are implemented, they bring new recovery challenges and requirements. The DR Plan must incorporate these to ensure comprehensive disaster preparedness.

4.2.3. **Decommissioning of Outdated Systems:** When old systems are phased out, the DR Plan must be revised to remove redundant recovery procedures, ensuring focus on current infrastructure.

4.2.4. **Changes in System Hosting and Recovery:** Modifications in how existing systems are hosted or recovered can significantly impact disaster recovery strategies. The DR Plan must reflect these changes to ensure effective recovery.

4.2.5. **Updating RTO/RPO Metrics:** Regularly revising Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs) ensures they align with the current operational capabilities and business continuity requirements.

- 4.2.6. **Ensuring Compliance and Risk Management:** Continuously updated DR Plans help adhere to industry standards and regulations. It also plays a crucial role in risk management by preparing for potential disruptions.

4.3. IT Disaster Recovery Plan Implementation

- 4.3.1. Following the completion of the preliminary stages outlined in sections 4.1 and 4.2, we successfully developed and put into action a detailed IT Disaster Recovery Plan.
- 4.3.2. This plan was fully operational as of September 2023.
- 4.3.3. In the fourth quarter of 2023, we presented the finalised DR plan to Mazars for a thorough evaluation as a component of a broader assessment of our Digital Policies. Mazars, in collaboration with our Digital team, conducted a preliminary wrap-up meeting on 20th December 2023 to discuss the audit findings.
- 4.3.4. We anticipate receiving a preliminary draft of the audit report from Mazars in the first week of January 2024. As of this report's composition, the initial feedback from Mazars has been encouraging, indicating that our new DR Plan meets all the essential criteria. However, some minor amendments will need to be considered.

5. Engagement and Communication

- 5.1. An integral component of developing the Disaster Recovery (DR) Plan for Adur & Worthing Councils has been robust engagement and communication across various departments and stakeholders. This collaboration was essential not only in pooling knowledge and resources but also in ensuring a comprehensive understanding and alignment with the councils' operational needs, risks and potential business impact should a Disaster occur.

Stakeholder Engagement:

- 5.2. Key stakeholders were actively involved, including system owners, legal, procurement teams, and third-party suppliers. This engagement was crucial in identifying and documenting system-specific requirements, understanding contractual obligations, and ensuring adherence to disaster recovery protocols.

Communication Strategy:

- 5.3. A clear and consistent communication strategy was adopted to keep all parties informed and involved. Regular updates, meetings, and collaborative workshops ensured transparency and fostered a sense of shared

responsibility towards the DR Plan's success. The safety and resilience manager worked collaboratively to ensure that the DR plan enhanced the Business Continuity Plan rather than conflict with it.

Feedback and Input:

- 5.4. Feedback from various departments was actively sought and incorporated. This participatory approach ensured that the DR Plan reflected different council functions' diverse perspectives and operational risks.

Training and Awareness:

- 5.5. Comprehensive training sessions were conducted. These sessions aimed to educate Digital staff about the importance of disaster recovery, familiarise them with the DR Plan, and clarify their roles in its implementation. Further work is required to ensure the success of the implementation.

6. Financial Implications

There are no financial implications from this report. The additional costs incurred to progress the Disaster Recovery Plan have been funded through the Local Digital Cyber Fund following a successful bid to the Department for Levelling Up, Housing and Communities (DLUHC).

7. Legal Implications

This report is for noting. Therefore, no specific legal implications arise from the report at this stage.

Background Papers

None

Sustainability & Risk Assessment

1. Economic

- 1.1. An effective IT Disaster Recovery (DR) Plan is crucial for maintaining economic stability and growth. In a system failure or cyberattack, a well-prepared DR Plan minimises downtime, safeguarding public and private sector operations. This ensures continued economic participation and prevents significant financial losses. Conversely, the absence of a robust DR Plan could lead to extended service disruptions, eroding trust in local businesses and government, potentially deterring investment and economic development.

2. Social

2.1. Social Value

A comprehensive DR Plan contributes to community confidence in public services, reinforcing the perception of a responsible and proactive council. It ensures the continuity of essential services, which is particularly crucial for vulnerable groups who rely heavily on these services.

2.2. Equality Issues

An effective DR Plan ensures equitable access to council services, especially during crises. It guarantees that all community members, regardless of their background or abilities, have uninterrupted access to critical services.

2.3. Community Safety Issues (Section 17)

A robust DR Plan is integral to maintaining public order and safety. It ensures that critical data and services related to crime and disorder reduction are always available, thus supporting the Council's duties in these areas.

2.4. Human Rights Issues

A well-implemented DR Plan respects individuals' rights by protecting personal data and ensuring the continuity of services that support their daily lives. The plan's proportionality and necessity are justified under the Human Rights Act, especially considering the right to privacy and protection of personal information.

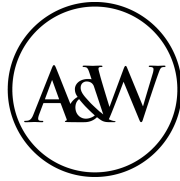
3. Environmental Impact

An effective DR Plan can include environmentally sustainable practices, such as prioritising cloud-based solutions to reduce the physical footprint of IT infrastructure.

4. Governance

- 4.1. Alignment with Council Priorities: A DR Plan aligns with the Council's transparency, accountability, and service reliability priorities. It's a fundamental part of risk management and operational continuity strategies.
- 4.2. Reputation and Partnerships: The presence of a reliable DR Plan enhances the Council's reputation as a dependable and responsible entity, fostering trust among partners and communities.
- 4.3. Resourcing and Risk Management: Implementing a DR Plan involves assessing resource allocation to ensure operational readiness. It addresses health and safety risks by safeguarding critical data and systems, which are essential for emergency response and public safety.
- 4.4. All operational Digital technology, Cyber, Digital Policies and Digital Plans are reported to the Technology and Information Board

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ADUR & WORTHING
COUNCILS

Joint Audit and Governance Committee
18 January 2024

Key Decision [No]

Ward(s) Affected:N/A

Risks & Opportunities Update Report

Report by the Director for Sustainability & Resources

Executive Summary

1. Purpose

This report provides the latest updates on the management of the Councils' Risks and Opportunities.

2. Recommendations

2.1 That the Committee notes the progress in managing the Risks and Opportunities; and

2.2 That the Committee agrees to receive a further progress report in July 2024.

3. Context

- 3.1 The Committee receives regular update reports on the general management of the Councils' Risks and Opportunities to assist the Committee in its role monitoring the effective development and operation of risk management and corporate governance in the Councils. This report provides the Committee with the detail of the updates including information on the 'High/Red' Service Risks. The last report to the Committee was on 13 July 2023. Further information on the management of Risks and Opportunities by the Councils is contained in the [Risks and Opportunities Management Strategy](#)

4. Issues for consideration

- 4.1 All of the Risks and Opportunities for each Council are reported and updated to the Council Leadership Team (CLT) and in consultation with Heads of Service and relevant Officers. General information on Risks and Opportunities is provided to the Joint Audit and Governance Committee on a regular basis in order that it can monitor the effective development and operation of Risk and Opportunity management in the Councils.
- 4.2 The Corporate Risks and Opportunities are key issues which have been identified by the Leadership Team as having the potential to impact on the operations and delivery of the Strategic objectives and priorities of both Councils and affect the direction contained in the Corporate Plan, 'Our Plan' covering the three years 2023-2025 which sets out for the Councils to be resilient, adaptable and participative and address the big ambitions and complex issues contained in Missions - 'Thriving People - Thriving Places, Thriving environment and Thriving economy'. Service Risks and Opportunities relate to the day to day operations of each individual service and are linked to each Service area's Business Plan.
- 4.3 The inclusion of these issues on the Risks and Opportunities registers does not mean that they will occur but ensures that effective risk and opportunity management arrangements are in place as an integral component of strategic decision making, service planning and delivery which will help increase the likelihood of the Councils achieving the Corporate aims and Objectives and move in the direction prescribed in the Corporate Plan.

5. Engagement and Communication

- 5.1 The updates on Risks and Opportunities as contained in Appendices A, B and C have been produced in discussion with Directors, Assistant Directors and

Heads of Service as part of the regular review process. The Council Leadership Team and relevant Officers have been consulted on the production and contents of this report.

6. Financial Implications

- 6.1 There are no direct financial implications as a result of this report but there are financial implications associated with some of the Risks and Opportunities referred to in the report and contained elsewhere in the Risk registers.

7. Legal Implications

- 7.1 There are no direct legal implications arising from this report but there are potential legal, compliance, regulation and public protection implications for the Councils if any of the risk events do occur. The Joint Audit and Governance Committee has the responsibility for monitoring the effective development and operation of risk and opportunity management.

Background Papers

Adur & Worthing Risk and Opportunity Management Strategy
Risk and Opportunity Management updates report to the Joint Governance Committee on 13 July 2023 [Minute ref no: JGC/20/23-24](#)

Officer Contact Details:-

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Sustainability & Risk Assessment

1. Economic

Matter considered. The Risks and Opportunities are directly linked to the projects and work streams that have been in place to help deliver the commitments and activities contained in the Councils strategic vision. Some of these will impact on the economic development of the areas if they occur.

2. Social

2.1 Social Value

Matter considered. Some of the Risks and Opportunities may have an impact on the value that communities experience from social value/projects if the Risks and Opportunities occur.

2.2 Equality Issues

Matter considered. Some of the Risks and Opportunities refer to equalities issues.

2.3 Community Safety Issues (Section 17)

Matter considered. Some of the Risks and Opportunities may relate to crime and disorder issues.

2.4 Human Rights Issues

Matter considered and no direct issues identified.

3. Environmental

Matter considered. Some of the Risks and Opportunities may impact on environmental issues.

4. Governance

Matter considered. As part of good governance the Councils need to manage Risks and Opportunities. The Councils Risk and Opportunity Management Strategy sets out clear governance controls for the management of Risks and Opportunities and part of these include provision for Risks and Opportunities to be considered by the Joint Audit and Governance Committee.


Joint Audit and Governance Committee - 18 January 2024

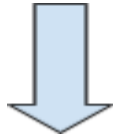
Updates on Risk and Opportunity Management

	July 2023 update	January 2024 update
<u>Corporate Risks and Opportunities</u>	14 Risks 4 Opportunities	19 Risks - Plus 5 3 Opportunities - Minus 1
<u>Service Risks and Opportunities</u> <u>Housing & Communities Directorate</u>		
Residents Services	3 Risks	4 Risks - Plus 1
Community, Capacity & Resilience	4 Risks	6 Risks -Plus 2
Housing, Homelessness & Prevention	8 Risks	13 - Risks revised in consultation with the new Assistant Director/Director to include those set out in the Housing Improvement Plan which is reported elsewhere on the JAGC agenda.
<u>Sustainability & Resources Directorate</u>		
Finance	5 Risks 1 Opportunity	5 Risks
Legal & Democratic Services	6 Risks	6 Risks
Operations & Sustainability	10 Risks	9 Risks - Minus 1
Technology & Design	2 Risks	2 Risks

<u>Place Directorate</u>		
Place & Economy Regenerative Development Planning	11 Risks 15 Risks 19 Risks	12 Risks - Plus 1 15 Risks 20 Risks - Plus 1

<u>High Risks on Service Risk registers</u>	<u>July 2023</u>	<u>January 2024</u>
Housing Adur Homes Financial Services Residents Services Regenerative Development	2 - No change 1 - Minus 1 4 - No change 1 1	Risks being reviewed with new Assistant Director 1 - No change 4 - No change 1- No change 2 - Plus 1

 <p>Risks where assessment score has increased since the last report</p>	<p>Major Projects - Decoy Farm development - Risk that a new commercial/industrial development is delayed and that the commercial benefits to the Council of owning a large industrial estate are not realised. Risk increased to Medium from Low because risks are increasing due to misalignment of objects, coupling of non-compatible conditions, and Member desire for operational control around the site/lacking urgency around sale.</p> <p>Major Projects - Provision of flood defences on the Sussex Yacht club site - Risk that if flood defence walls are not built then there may be further flooding which will affect long term investment and growth along the Western Harbour Arm regeneration area.- Risk increased to Medium Risk because of issues relating to rights of way.</p> <p>Major Projects - Development of the Worthing Civic Centre car park site for a new multi disciplinary healthcare hub - Risk of cost overrun prior to completion as a result of issues relating to increased build costs and delays in completion - Risk increased to Medium Risk from Low Risk.</p> <p>Regenerative Development - Risk that all 3 MSCP's require investment to bring them up to acceptable standards if they are to be retained. The condition of Grafton MSCP is of particular concern. Risk of death/injury. Financial and reputational risk. Loss of use of premises.</p>
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Risks where assessment score has reduced since the previous report.

Regenerative Development - Estates income - Risk that the Councils fail to meet property income targets which affects the Council funds. Risk reduced to Medium from High because assets have been generating an increased return through active asset management. Contracts for community assets have improved to reduce council liability. Risks around make up of SPIF (review taking place early 2024), maintenance of assets and having the capability and resilience within the team to deliver our objectives.

Regenerative Development - Risk that commercial leased out premises are not safe, lawful and compliant with requirements. Risk reduced to Low risk because clarity on the risk management approach has been achieved with a number of properties being fully passed over to the estates team for management.

Major Projects - New Monks Farm and Shoreham Airport - Risk that planning applications are not approved and housing and employment land required in the Local Plan is not achieved - Risk reduced to low risk because planning permission granted for additional homes and potential for land to be developed for employment purposes improving.

New Risks/Opportunities added since last report or changes to Risk descriptions

Corporate -

Adjudication with building company re WICC development - Medium Risk

Adoption of the Environment Act - Significant implications for how the Councils collect waste and recycling from households and businesses. Not being in a position to roll out food waste collections due to insufficient resources and not achieving Environment Act targets for 65% recycling by 2035. Potential reputational damage. Legal sanctions. Broader environmental impacts associated with the aim of reducing waste - High Risk

Risk of proposed CCTV contract changes by Sussex Police to cease to operate the current arrangements from post 31 March 2024. This risk could have an impact on the Councils in terms of the costs of change and significant capital investment, ongoing revenue costs and the resources needed to manage compliance with the Surveillance Commissioner. There is also a risk that there could be a delay in implementing the new arrangements which could impact on the partnership with other authorities and the delivery of the CCTV coverage - Medium Risk

Risk of not meeting our duties under the Equality Act - Medium Risk. Adur Council was issued with a

	<p>Warning Notice in early 2023 by the Equality & Human Rights Commission to urgently address a number of areas. Following some improvement work the warning notice has been removed. A reviewed set of actions and improvements is scheduled for the Corporate Leadership Team on 21 January which sets out tangible improvements including the review of an Equalities Policy to be prioritised through the organisation's policy review pipeline, a competency framework, workforce planning and employee value proposition, that helps develop a more representative workforce, more integrated service & budget planning for 2025/26 that will include a greater focus on embedding equalities into services, a dedicated project to improve equality data, strengthening of both the Equalities Champions Group and shifting of staff networks to Employee Resource Groups (ERGs) to provide greater purpose, voice and position, and a coordinated approach to Participation that will include embedding of more inclusive engagement.</p> <p>Risk - Requirement for Corporate Leadership team to have collective understanding of corporate risks arising from major project work across the councils - Medium Risk</p> <p>Opportunity - for the organisation to make the best use of opportunities to work with partners (including at a local level, sub-regional level, in particular in terms of devolution)</p> <p>Place & Economy - to signal the possible risk that Worthing Pier and Lido are not maintained to an adequate standard which then leads to a risk to health and safety, becomes a reputational risk and the facilities are no longer used also causing an impact on the local economy - Medium Risk</p> <p>Community Capacity & Resilience - Going Local, currently renegotiating the service continuance as the 3 year funding period has expired. In addition there is an anticipated end to the Better Care funding which could see a reduction in posts - Medium Risk.</p> <p>Decommissioning of the E-CINS case management system. This could lead to inability to access the new shared system from April to do the statutory work around information sharing and ASB and also mean losing a system that has corporate memory of ASB cases - Medium Risk</p> <p>Residents Services - Failure to comply with Ombudsman complaints handling code - Medium Risk</p> <p>Planning - Implications of the Building Safety Act - Risk that staff do not obtain relevant competencies to provide the Building Control service post April 2024 - Medium Risk</p>
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Risks/Opportunities removed since last report.

Corporate - Opportunity removed - Social innovation - Social innovation may provide an opportunity to look at issues, whether these be problems or not, in a different way.

Financial Services - Opportunity removed - Review of VAT position for various sports and leisure and other activities. Council is able to retain a large proportion of income from various activities. Refund now issued by HMRC.

Operations & Sustainability - Potential public safety issues due to driver health issues. Eg Refuse/recycling staff could potentially lead to public safety issues (Glasgow incident)
Risk removed because it has been satisfactorily mitigated and controls in place to reduce the risk

Regenerative Development - Snagging and other defects at Splashpoint - Concerns in relation to build, quality and substantial defects including defective vapour control lining. Defect period has now expired. - Risk removed because agreement with contractors/operators in relation to works at the pool has been reached in relation to funding required works.

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APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS									
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Corporate	C1	Adur	Risk that Adur Council will fail to comply with statutory health and safety obligations as a social landlord (Adur Homes)	November 2023 - The Improvement Programme has been finalised. This has been shared with both the Regulator of Social Housing (RSH) and Councillors. It is currently being reported to both stakeholders through a series of boards. These include a Housing Improvement Board and RSH review meetings. The Corporate Leadership Team (CLT) is provided with periodic updates in respect of delivery against the the plan and ensures performance is monitored. Work is underway to assess the financial plan to develop decent homes and invest in a longer term plan for Adur Homes.	CLT/Director for Housing and Communities	Major	Very Likely	High	Improved
Corporate	C2	Joint	Cost of living (coastal inequalities) crisis	December 2023 We have yet to fully recover from the pandemic, recovery has undoubtedly been hampered by the Cost of Living crisis. Whilst overall levels of vulnerability in Adur and Worthing are generally lower-overall than the national average, there are significant inequalities between wards. With regard to Universal Credit, the Department for Work and Pensions has confirmed that for Adur and Worthing, the length of time on Universal Credit has a significant impact on the cost of living, over 900 have been on UC for over 3 years (this could correlate with those claiming Personal Independence Payments). We know that long-term unemployment is hugely problematic in terms of tackling inequalities. Our most recent report from Citizens Advice for the 4th quarter of 2022-2023 presents a worrying picture when compared to the same period in the previous year: In Worthing there has been a 45% increase in the number of issues and clients presenting with benefit issues, 25% increase in the number of Universal Credit issues, 80% increase in the number of utilities and communications issues In Adur, the number of benefit and Tax Credit issues has more than doubled, there has been a 162% increase in the number of debt issues, 17% more men are coming to us for financial services help We have remained committed to being data informed using LIFT to identify residents facing financial hardship and debt, we continue to use the Proactive approach to target these residents, to offer help and assistance. We have commissioned additional resources through an interactive early help platform, TellJo, We have secured significant resources through the UKSPF to fund a no Interest Loans Scheme, tackle fuel poverty and build upon both the OneStop and Proactive approach to ameliorate the risks of the CoL crisis. In retain to the round 4 HSF we have successfully lobbied the County Council level to directly allocate £221,850 to A&W councils so that we offer a one off payment to 1,748 households who will miss out on the £900 Government cost of living support in 2023. In addition we have invested in a 1 year post to further embed our CoL approaches.	CLT/Director for Housing and Communities	Major	Very Likely	High	Worse
Corporate	C3	Joint	Wider economic uncertainty in relation to inflation, interest rates and workforce shortages which are impacting on local businesses, including energy costs, upward pressure on wages, inability to fill vacancies, skills shortages	December 2023 - The Councils have agreed to utilise a proportion of the UKSPF funds to a Business Support Programme (BSP). The BSP will be delivered in 2024 by a series of business experts that will support organisations to help navigate the current challenges whilst also exploring new opportunities around innovation, leadership and management and sustainability. Pressures on the local economy are significant and diverse, with the need to also address major local term transitional challenges associated with climate change and the rapid development of artificial intelligence. The Worthing Heat Network is a key strategic initiative which will provide long term price certainty the Councils in terms of building heating whilst providing the opportunity for other businesses and residential customers to achieve the same, whilst also decarbonising their heat.	CLT	Major	Likely	High	No change

APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS									
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Corporate	C4	Joint and Adur and Worthing	Council Finances - Risk that Councils finances will continue to be under pressure	<p>January 2024 - Council finances continue to be under severe pressure, an issue widely experienced across local government. In order to address in-year budget pressures, the Councils have implemented a range of spend controls, including vacancy control, triaging purchase requests to bring the forecast overspend, particularly in Worthing, down to addressable levels within reserves. A range of initiatives have been identified in the process of forming the budget for 2024/25, with significant organisational design work remaining to set a balanced budget. Worthing Councils reserves position is expected to reach a critical state as a result of pressures in 23/24, with the 24/25 budget designed to gradually replenish reserves over the next 5 to 10 years. Local government settlement was announced in December 2023 with very little additional funding than previously assumed in the MTFS. The latest budget position for 2024/25 is that both Adur and Worthing are balanced with an assumed 2.99% increase in council tax proposed.</p>	CLT/Chief Financial Officer	Major	Very Likely	High	No change
Corporate	C5	Joint	Housing supply - Limited housing supply in all areas and all tenures is a key risk for the Councils in terms of both discharging its statutory duty to prevent homelessness and support those at risk, as well as placing critical budgetary pressures on the Councils. Managing this demand is challenging and places additional capacity pressures on the operational teams.	<p>November 2023</p> <p>Preliminary work is underway in respect of a new Housing Strategy. This will look at the priorities for the local authorities around homelessness, housing allocations, housing delivery and keeping people safe and secure in their homes. It is anticipated that a new Housing Strategy will be adopted following local elections in 2024 with an extension to the current strategy approved by councilors in the interim period.</p> <p>Strategic work continues, the Mental Health Housing Strategy resulting in Mental Health Housing Advisors funded by Sussex Partnership Trust colocating with the Housing Needs Team, the workers are now embedded, with outcomes currently reported for West Sussex with local District and Borough sets being planned. The work is not only preventing homelessness via case work, but by improving relationships and pathways between services, increasing knowledge of housing and homelessness triggers enabling mental health workers to manage low level issues and refer cases appropriately to the Housing Needs Team.</p> <p>As previously reported, demand for homeless services continues to increase as a result of 'no fault' section 21 notices and family evictions as lack of alternative affordable options leaves households unable to secure their own housing in the private sector.</p> <p>Affordable Housing Delivery Group and subgroup continue to meet to identify opportunities to develop our owned and contracted temporary accommodation portfolios to meet current and predicted future demand. As well as building our strategic relationship with Homes England, we are also working closely with the Department for Levelling Up and Communities and Homes England to secure revenue and capital for housing programmes for single homelessness. Increasing our portfolio of owned temporary accommodation is a priority as the most cost effective way to deliver good standard local accommodation.</p> <p>Following the chancellor's Autumn statement work is underway to assess how the proposed changes to Local Housing Allowance rates impact the Councils Opening Doors private lettings work.</p>	CLT/Director for Housing and Communities	Major	Very Likely	High	Worse

APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS									
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Corporate	C7	Joint	IT Disaster recovery - Risk that hosting applications locally carries increasing risks given the pace of technological change. As for most councils, we have limited resilience in the team, and too much dependence on key personnel. Our data centre cannot be sufficiently protected from physical threats.	November 2023 - ICT and Emergency Response Teams have undertaken a review of procedures and a revised IT Disaster Recovery Plan is nearing completion. All systems have been reviewed and all critical and medium priority systems have specific recovery plans documented. Disaster Recovery Plan being presented to JAGC in January 2024. Audit from Mazars being undertaken on our policies and Mazars are now auditing the Disaster Recovery Plan with results due by the end of December 2023. A major network refresh project will be delivered in 2024, which will deliver major improvements and increased resilience.	CLT/Director for Sustainability & Resources	Extreme	Moderate	High	Improved
Corporate	C8	Joint	Risk that major projects are not delivered.	<p>December 2023 - Inflationary pressures in the construction sector and wider economic uncertainty have had a significant impact on the development sector and have made the viability of some projects more challenging. Up until recently, Interest rates have also been increasing which has undermined the viability of the invest to save proposals.</p> <p>A number of construction companies, notably Buckingham Group (A27 roundabout contractors) have failed during this period; and supply of certain materials such as steel, labour and timber has been difficult with a resultant increase in prices.</p> <p>Whilst the risk of major projects not being delivered remains, the changing economic context means that it is vital that the councils choose the right path toward delivery and the most suitable partners.</p> <p>This risk is closely linked to the Council's wider financial position and remediating this risk will involve making sound decisions around the investment in major projects and the sale of land and buildings to facilitate development.</p> <p>Opportunity -</p> <p>The opportunity presented here is to explore new options to ensure that major projects are still able to come forward in a manner which delivers the best outcomes for our communities.</p> <p>A review of our approach is focussed on a number of major, complex projects at various stages of delivery:</p> <ul style="list-style-type: none"> • testing our original assumptions and success measures are still valid; and • reviewing each project through the lens of a successful exit strategy. <p>This approach will help to enable the councils to take a proportional, and risk appropriate approach to each project and to best manage and realise our assets.</p> <p>For Worthing, as we go forward, this will mean more often seeking a development partner (Union Place) or pursuing a responsible approach to disposing of our land interests (Teville Gate) whilst ensuring that we maintain a clear focus on ensuring that our strategic objectives will still be delivered.</p> <p>For Adur, the focus will be very much about working with development partners and the statutory agencies to capture the development premium and ensure that this is invested responsibly in the infrastructure needed to support development. This is exemplified by the complex challenges presented by the development of the Western Harbour Arm at Shoreham Harbour.</p>	CLT/Director for Place	Major	Likely	High	No change

APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS									
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Corporate	C11	Joint	Climate emergency risk - Councils need to mitigate climate change, adapt to climate change and prepare for more frequent extreme climate events and impacts.	November 2023. Progress against the 2030 carbon neutral target is good. The Worthing Heat Network project has progressed well and contract award is expected in December 2023/ January 2024 and will decarbonise heat to the Worthing civic centre site. It will form the foundation to decarbonise heat for the NHS, new builds, and ultimately all households in Worthing. A green fleet strategy was completed in August 2023 and recommendations for implementation will be presented to committee early in 2024. A £1m project to test the use of hydrogen at the crematorium will be the first of its kind in the UK. The testing is expected to take place in spring 2024. The Trees for Streets programme launched in June 2023 and work is progressing on Nature Plans to help drive the delivery of nature based solutions in development, public realm and open spaces. The Sussex Bay marine project has recently secured external grant funding and with a further application to Rewilding Britain having been shortlisted. A revised engagement and participation strategy with businesses and communities is being devised to build strong approach to the delivery of wider area missions for carbon, nature and circular economy.	CLT/Director for Sustainability & Resources	Major	Likely	High	No change
Corporate	C12	Joint	Delivery of partnership working and joint services - Risk effect - Delivery of Adur & Worthing Councils partnership working arrangements model and the provision of joint services is impacted by the different competing priorities being set by the new administrations which leads to a failure to deliver strategic objectives, potential reputational damage, an impact on the budget costs for both Councils. A potential risk of the breakdown of partnership arrangements which would be unaffordable.	December 2023 - Renewal of the JSC SC Pilot scheme for decision making which substantially effects one council was extended by members until July 2024 - while retaining joint management and scrutiny of shared operational services under our Joint Committee Agreement. The governance arrangements are working well facilitating differing administrative priorities. Councils need to be ready and able to ensure sound decision making after May elections and any effect this may have on the current pilot scheme. Regular meetings of both Leaders with the Chief Executive to support good working relationships. Regular meetings between the Councils Leadership Team and both Executive teams, and meetings between Director and portfolio holders. Development of shared objectives where possible, such as climate, cost of living crisis and a range of other key agendas. Individual Council priorities now agreed and supported by a new Corporate Plan (Our Plan).	CLT	Major	Likely	High	No change
Corporate	C13	Joint	Risks to service delivery due pace of change, staff vacancies and recruitment difficulties.	November 2023 - As part of the organisational design a People & Change team was established under the Chief Executive and Assistant Director, People & Change. This team will lead the development of a workforce strategy that will seek to address key strategic issues around recruitment and retention, particular in key areas of skill shortage and which are undergoing significant change (such as service redesigns), addressing succession planning, remuneration and talent retention. Local government in general is suffering recruitment issues in a number of key areas, and work to develop solutions in partnership with neighbouring authorities will be explored.	CLT	Major	Likely	High	Improved
Corporate	C14	Adur	Risk corporate debt collection. Orchard Housing system and ongoing issues with Academy and other systems means payment of Housing Benefit to some Adur Homes tenants might not be reflected on the Orchard Housing system. Risk that some people might be receiving over or underpayments and this might be moving people into debt or giving money that needs to be claimed back. In addition the Council cannot accurately manage the data. No confidence in accurate balance on accounts impacting income /debtcollection as well as inability to print rent statements and produce mail merges for communications to our tenants. Debt owed to the Council is increasing, unable to quantify but presumed high given the current system failures. The longer debts remain outstanding the less likely they are to be fully recovered.	November 2023 - Officers from the Housing Team are aware of the manual process in generating the file across. The file needs to be moved before the end of each working day so that a new one can be generated. There is currently scoping for this process to be automated. Alternative housing operating systems are to be considered in 2024. Short term and long term impact is high and requires rectification from Benefits and Housing Teams in the event of errors. A debt strategy working group has been set up to commence ethical debt collection.	CLT/Director for Housing and Communities	Major	Likely	High	Worse

APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS

Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Corporate	C16	Joint	Adoption of the Environment Act - Significant implications for how the Councils collect waste and recycling from households and businesses. Not being in a position to roll out food waste collections due to insufficient resources and not achieving Environment Act targets for 65% recycling by 2035. Potential reputational damage. Legal sanctions. Broader environmental impacts associated with the aim of reducing waste.	<p>November 2023 - In October 2023 the government announced its plans for Simpler Recycling as part of the Environment Act. It requires, amongst other things, local authorities to collect food waste from households by 1 April 2026. It also announced that residual waste would have to be collected at least fortnightly if not weekly, ruling out the option of the 1,2,3 collection model.</p> <p>The Government has said that funding will be available for these new services but the extent and nature of funding remains unclear at this point. Introducing food waste collections will be a significant cost burden (early modelling suggested £1.6 million across Adur and Worthing per year, with the passage of time these costs will be significantly higher). In the current climate the councils are not in a position to fund even part of these new revenue and capital costs which is why this is a high corporate risk. Procurement time-scales compound the risk - if funding is made available many local authorities will be looking to source food waste collection vehicles, at a time when lead times for some vehicles are already 9-12 months., Implementation of food waste collection will potentially also have implications for Commerce Way depot, in terms of works required to accommodate the new vehicles, which need to be EVs if we are to meet our 2030 Net Zero Target.</p> <p>The Environment Act also requires businesses to recycle the same materials as domestic properties. We offer recycling and food waste collections to our commercial customers, but many have not taken these services up yet. We need to be able to offer these services to all commercial customers by March 2025 to enable them to be compliant and to avoid customers moving to other providers, which would have an adverse impact on our income generation.</p>	CLT/Director for Sustainability & Resources	Major	Likely	High	Worse
Financial Services	F1	Joint Adur Worthing	Risk to overall financial position - Known areas of risk within the budget eg Income from demand led services, outcomes of job evaluation, Pay award higher than assumed.	<p>November 2023 - Council holds some contingency budgets against inflationary pressures</p> <p>Council holds reserves to manage the risk of lost income.</p> <p>Where a service has been identified as being at risk a close monitoring regime is put in place.</p> <p>The enhanced monitoring for CLT for areas of commercial risk is continuing. .</p> <p>Proactive control of discretionary spend implemented to help resolve areas of overspend within the budget.</p> <p>Budget management strategy in place to build reserves and to better manage risks. Risk still persists due to economic uncertainty and inflation.</p>	Chief Financial Officer	Major	Very Likely	High	Worse

APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS									
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Financial Services	F2	Joint Adur Worthing	Future spending requirements are under-estimated - Budgets are insufficient to fund core costs leading to an overspend.	<p>November 2023 - Council has set a balanced budget for 2023/24. Closely monitor progress through Budget/ Performance Monitoring. • Where issues are identified build into budget for the following year.</p> <p>Proactive management of discretionary budgets to manage in year pressures.</p> <p>Annual savings and budget exercise now in progress to reset budget and deal with areas of high pressure.</p> <p>Staffing budgets are very carefully controlled.</p> <p>Rigorous process for establishing new posts. Other staffing controls – recruitment and selection. Controlling vacancy filling and monitoring against targets.</p> <p>Deferral of expenditure where possible to help mitigate the current financial position.</p>	Chief Financial Officer	Major	Likely	High	Worse
Financial Services	F3	Joint Adur Worthing	Risk that future resources from Government are less than assumed	<p>November 2023 Lobby Government for an appropriate resource distribution. • Take action to reduce the overall cost of services or increase income where possible.</p> <p>Councils have responded to new Business Rate retention scheme proposals.</p> <p>Councils have responded to the fairer funding review consultation.</p> <p>Councils have responded to the Local Government settlement consultation.</p>	Chief Financial Officer	Major	Likely	High	Worse
Financial Services	F4	Joint Adur Worthing	General risk of not finding significant budget savings from both Councils.	<p>November 2023 - External grant assistance only sought where this contributes to Corporate Priorities. Ongoing review and update of MTFP to include consideration of exit strategies.</p>	Chief Financial Officer	Major	Likely	High	Worse
Housing/Adur Homes	HS/AH1	Joint/Adur Worthing	Failure to comply with Social housing regulation - Reputational damage, increasing complaints from tenants and leaseholders about service levels and financial consequences for not being compliant.	<p>January 2024 - Establishment and monitoring of KPI's by senior management, Council Committees and the Adur Homes Board, systems and procedures in place - including rent analytics and escalation policy , IT system purchased and new HRA business plan.</p>	Assistant Director Housing & Homelessness Prevention	Major	Moderate	High	Improved
Resident Services	RS1	Joint	<p>Revenues and Benefits Team - Reductions in staffing levels may affect service provision. Increase claim turn-around times, increased error/fraud and overpayments, hardship to vulnerable claimants and reputational damage to Councils.</p> <p>Revenues Team has been unable to absorb additional work volumes since April 2013.</p> <p>Opportunity to develop digital solutions that automate some processes.</p> <p>Backlog on Revenues processing times.</p>	<p>November 2023 - The performance of the benefits team has reduced and processing times increased due to less staff and additional work requested by the DWP - full case reviews.</p> <p>The performance of the revenues team has significantly reduced and the backlog increased, due to the recruitment freeze and pay and grading of the posts which has seen experienced staff leave. Currently running with 5 vacant posts. As a result of this a decision was made to stop recovery action for the new financial year. Customer Service staff are calling customers that are in arrears as they will no longer receive a formal reminder.</p> <p>Majority of self service work implemented. Staff led discovery work completed and translated into a programme of work which includes the introduction of e-forms and automation of data handling of data provided by customers - Director has oversight of this work.</p>	Head of Residents Services	Major	Likely	High	Worse

APPENDIX C - MAJOR PROJECTS RISKS								
Category	Ref	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Major Projects								
Major Projects	MP1	Union Place development - Risk that the Council will be delayed in bringing the site forward as a mixed use development. The economic, social and environmental benefit of developing the site will be delayed.	December 2023 - planning permission submitted to WBC Nov 2023 with a possible Committee date for February 2024. Side letter agreed with Roffey to enable formal Joint Venture to be entered early 2024 pending successful resolution of outstanding issues. Risks remain around funding sequencing; RTL agreements; LCR payments; NCP negotiations. Update reports provided to the Joint Strategic Committee.	Assistant Director Regenerative Development (ADRD)/Head of Planning (HP)	Minor	Unlikely	Low	No change
Major Projects	MP2	Decoy Farm development - Risk that that a new commercial/industrial development is delayed and that the commercial benefits to the Council of owning a large industrial estate are not realised.	December 2023 - Looking to test the market to develop a 'green, clean, high-tech' employment space for longlease/freehold sale in Jan 2024. Risks are increasing due to misalignment of objects, coupling of non-compatible conditions, and Member desire for operational control around the site/lacking urgency around sale. Working with all parties to ensure objectives are best delivered through an aligned partner, while returning a timely capital receipt.	ADRD/HP	Moderate	Moderate	Medium	Worse
Major Projects	MP3	Redevelopment of the Grafton development site - Risk that the development does not proceed in order to create residential units, new car parks and public realm improvements.	December 2023 - Grafton site due to be marked from Jan 2024 through CBRE. Risk remains around keeping the site safe and secure until freehold sale occurs. It is a complex site with challenging access rights. It could take many years to sell, and the site is in need of very costly high-priority repairs to keep it safe/secure (even closing it up comes with risks).	ADRD/HP	Moderate	Moderate	Medium	Worse
Major Projects	MP4	Provision of flood defence walls on the Sussex Yacht Club site - Risk that if flood defence walls are not built then there may be further flooding which will affect long term investment and growth along the Western Harbour Arm regeneration area.	December 2023 - Consultation on Rights of Way extinguishment published Nov 2023. Challenges remain regarding extinguishments of Rights of Way as well as Sussex Yacht Club being difficult and uncooperative in protecting homes and businesses.	ADRD	Moderate	Moderate	Medium	Worse
Major Projects	MP5	Redevelopment of the Worthing Civic Centre car park site - Risk that the redevelopment does not proceed or is delayed.	December 2023 - Risk of cost overrun prior to completion as a result of issues relating to increased build costs; dispute resolution and delays in completion. Negotiated solution reached in principle.	ADRD	Major	Likely	Medium	Worse

APPENDIX C - MAJOR PROJECTS RISKS								
Category	Ref	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Major Projects	MP6	Teville Gate redevelopment site - Delays in the redevelopment of the Teville Gate site or it does not proceed.	December 2023 - following a review of the Hyde Housing proposals in the course of due diligence work it was identified that not having undertaken a marketing exercise for the site placed a risk on the proposed joint venture relationship as a number of other parties could be affected by it and seek to judicially review the decision. The Council has started soft marketing of the site and is in discussions with interested parties.	ADRD/HP	Major	Unlikely	Medium	Worse
Major Projects	MP7	New Monks Farm and Shoreham Airport - Risk that developments are delayed.	December 2023 - permission granted for phases 3 and 4 for Cala Homes. Industrial units nearing completion. However Ikea has taken the site off the market in view of the current economic market.	ADRD/HP	Minor	Unlikely	Low	Improved
Major Projects	MP8	West Sompting redevelopment - Failure to secure planning permission and delay in the delivery of a strategic housing site.	December 2023 - Planning permission issued and work commenced on site for first phase of 96 dwellings. Reserved Matters for remaining phases expected March 2024.	ADRD/HP	Moderate	Moderate	Medium	Improved
Major Projects	MP9	Shoreham Harbour regeneration - Risk that Harbour regeneration does not happen as development sites are unviable.	December 2023 - Informal Hearing held on Howard Kent site - appeal decision awaited. New scheme for New Wharf to be considered by Planning Committee on 4 December.	ADRD/HP	Moderate	Moderate	Medium	Improved
Major Projects	MP10	Chatsmore Farm development - Risk to strategic gap and emerging Local Plan	December 2023 - The Local Plan Inspectors report has been received and fully supports the approach to Chatsmore Farm that it should remain undeveloped and allocated as a Local Green Gap. This reduces any impact on the emerging Local Plan. However, Persimmon Homes is pursuing legal action to try and secure permission for housing on the site. The Council successfully overturned the s78 appeal decision to allow 475 dwellings on the site in the High Court but the SofS and Persimmon Homes have recently secured leave to challenge the decision in the Court of Appeal. This could mean the Council would have an adopted plan but if Persimmon is successful with its challenge the site could still be developed for housing. This would undermine the Local Plan process but only in relation to this site. Redetermined appeal by Planning Inspectorate due to start on 6th February.	ADRD/HP	Major	Moderate	Medium	No change



ADUR & WORTHING
COUNCILS

Joint Audit and Governance Committee
18 January 2024

Key Decision [No]

Ward(s) Affected: All Adur

Housing Improvement Plan: January 2024 Progress Report

Report by the Director for Housing and Communities

Executive Summary

1. Purpose

- 1.1. This report provides the latest progress review of the Housing Improvement Plan for Adur Homes, following the self-referral to the Regulator for Social Housing. It updates Members on the specific progress being made to improve performance and meet the required standards.
- 1.2. This work contributes to the delivery of the Council's mission to ensure that everyone has a safe, secure and sustainable home.

2. Recommendations

The Joint Audit and Governance Committee is asked to note the good progress being made to ensure that Adur Homes becomes fully compliant with regulatory standards and the wider programme of transformation to create safe, secure and sustainable homes for our residents.

3. Background context

- 3.1. Members are reminded that reports are presented to this committee to provide an update on the work in progress following the self-referral to the regulator for social housing. This work is being developed through the Improvement Plan, which is now over halfway through the first year of a two year plan.
- 3.2. Our focus is on the delivery of good, safe and sustainable homes for all our residents, whose safety and wellbeing is paramount. There is a strong commitment to ensuring that our social housing in Adur meets this ambition.
- 3.3. Whilst this initial plan is work being carried out over the medium term, it is important to state that programme to improvement will require longer term transformation and work is being developed and referenced in this report.
- 3.4. Members are also reminded about the legislative change underway through the new Social Housing (Regulation) Act. Preparations are underway to ensure that Adur Homes is compliant with these changes.

4. Adur Homes road to improvement and transformation

- 4.1. Adur Homes Improvement Plan
 - 4.1.1. The Adur Homes Improvement Plan sets out a number of key priorities for the service, which primarily address the concerns of the Regulator (around compliance and decent homes) and also include wider-ranging priorities to ensure the whole service is transformed, including: systems, workforce, governance, asset management, health and safety compliance issues, tenancy management and engagement, complaints and FOIs.
 - 4.1.2. Phased over a 24-month period, this is a relatively high level plan, which sets out clear accountable leadership and delivery, against challenging but realistic timeframes. Whilst this plan will deliver the work to address issues in the short to medium term, we recognise that the road to transformation of Adur Homes will require a longer-term approach and this is referenced within the plan.

4.1.3. Importantly, the plan also includes a high level risk assessment and an environment scan highlighting issues on the horizon that the service needs to plan for and adapt to.

4.2. Summary of progress against the Improvement Plan

4.2.1. The full Improvement Plan is set out below as a set of actions (Appendix 1), the risk assessment (Appendix 2) and performance indicators (Appendix 3). Each of these priorities is being tracked and regularly reviewed to drive forward progress through a new Housing Improvement Board.

In addition to the full plan we will also be ensuring the actions can be met through appropriate rent levels being set and rent arrears are managed effectively. Households with arrears need to be appropriately supported in respect of income maximisation support, debt support if appropriate. As part of the wider work we will be benchmarking Adur Homes rent arrears level against that of other stock holding authorities and Registered Providers.

Below are some key areas to highlight for members of these committees. Each summary area referenced the relevant priority area (referenced as P):

1. Establishing the right leadership and workforce (Ps 26 and 32)

Our new Assistant Director for Housing and Homelessness Prevention, started their position in November. We have also been working hard to ensure a number of key positions are filled to deliver this work. Unfortunately we lost our Tenant Engagement Lead post (who secured a promotion elsewhere) and this has led to some delays around engagement work. In addition, like many other providers we have experienced a lack of uptake to some professional areas. However we are working to address this and complete a housing organisational design over the coming months.

2. Reviewing and strengthening governance (P 29)

The Adur Homes Advisory Board is now meeting quarterly and work is continuing to ensure we have a complete board of tenant representatives. This has been delayed due to a gap in the Tenant Engagement Lead post.

3. Compliance and health and safety (Ps 10.11)

This has been the significant area of focus given the Regulatory Notice.

Work has continued to progress across the compliance areas with marked improvements being made and processes implemented to ensure Adur Homes continues to meet the regulatory requirements as well as reaching full compliance across all areas.

With the processes now taking shape, the focus now continues on systems data and ensuring we have accurate and up to date data, giving the ability to retrieve and report accordingly.

Performance data (Appendix 3) shows the continued progress made over the last 6 months and continues to show a positive direction of this work. The focus is to continue close monitoring and work across all areas with greater attention to those areas that require the greatest effort to close the gap to bring us to 100% compliance.

4. Improving data and systems (Ps3, 4)

This is a critical area of work to ensure that the team can work effectively, evidence and prioritise work and identify and programme relevant works.

Through the continued support from our Digital Team, the work on the interim compliance system has been completed and there is now a period of testing and comparison to ensure it is receiving and recording the data accurately.

Work continues in other areas, notably the housing management system and the upgrading work required here is significant. Given previous concerns around historic data accuracy and quality of data recorded, we need to ensure our systems can communicate with each other therefore avoiding duplication of data and potential errors.

The system issues arising from the legacy system and provider relationship are being worked through and prioritised based on service critical areas. Training for staff is being provided and work is being done to ensure there is greater resilience within the team to manage and support our systems including ensuring we are better prepared to implement rent and service charge increases for 24/25.

As knowledge of the system is increasing we are now in a position to scope the functionality available that we are not using to full effect. This work will further support improved service delivery and is also

essential to improve our data sets for transfers into any future systems.

The performance data set will inform and support service improvement across all areas.

5. Achieving “Decent Homes” (P1)

The Government has defined what Decent Homes means (see below) and Members should note that this will be amended over the course of this year through the changes to the Regulatory Standards.

For now however, ‘decent homes’ is one area of concern under our Regulatory Notice. In order to evidence that our homes are decent, housing authorities must have up-to-date stock condition data.

Aspects of the financial outlay for this important area of work are continuing to be discussed to ensure it is achievable within the financial constraints Adur Homes face.

The next stage is identifying those gaps within the contract arrangements Adur Homes have and procure relevant long-term agreements working with contractors to provide a solid working arrangement that will benefit Adur Homes and the residents. This work is planned to commence in 2024/25.

6. Management of void properties (P 7)

From previous years the void process had led to numbers increasing significantly. The progress in this area has now stabilised and the number in the backlog of properties (pre April 2023) has reduced by 50%.

With the urgent need to be able to increase the work undertaken on the outstanding void properties to enable them to house Adur’s residents, two new contractors have been employed providing experience and support to this process with the emphasis on returning the properties quickly and meeting Adur Homes quality standards.

Next steps for this work also include our processes for re-letting our void properties, to meet our statutory requirements for our residents whilst reducing void numbers and the overall spend for the Council

7. Damp and mould (P13)

Damp and mould continues to be a key concern for Adur as well as a key national concern and work continues to manage and improve our homes to reduce this issue.

Adur continues to address these issues as and when they are either reported or identified, with a response that is within the resources available and the urgency of the case.

There are an extremely high number of reports of damp and mould received in comparison to normal, including both condensation and contributing structural issues. In response to this Adur has created a new damp and mould policy outlining how best to manage these exceptional circumstances.

Cases are prioritised based on the level of risk to individual households, taking into account spread of any mould, severity of structural issues, age, health and any other vulnerabilities of the residents.

Additionally, an added cleaning service is being considered to enable a visit very quickly after all reported cases to clear and treat the mould whilst further investigations are undertaken to determine the cause whether this is structural or the living environment and habits of residents that can also contribute to problems. This aims to provide the resident with confidence that Adur Homes is treating this accordingly and acting upon the reports in a timely manner.

The monitoring and undertakings in this area of work will continually result in improvements being made to the process and these will only benefit the residents and Adur Homes as the landlord.

8. Tenant communication and engagement (P20-23)

Adur Homes must be ambitious about how we build a participatory approach and involve residents in the development of the service. Engagement with residents continues, further sessions having taken place or scheduled, with staff and members attending to continue the conversation and understand what matters to our residents.

The frustrations with service delivered to tenants remain but there is also a level of understanding that the service is on a journey of

improvement and a positive message from the residents has been that there is a noticeable improvement in communication.

As our Tenant Engagement Lead has moved on we are re-recruiting to the post to move us to the next stage of establishing tenant led resident groups and reading panels, essential for meeting requirements on tenant engagement on policy. The first area of focus will be a new tenancy agreement and handbook that will better define landlord and tenant responsibilities and underpin our ongoing relationships with our tenants as well as supporting our ability to deliver repairs that are landlord responsibility and recharge for those that are not.

Tenant empowerment as previously reported is a key part of the new legislative changes to promote transparency and accountability in housing, and whilst the work is paused, progress has been made to draft terms of reference for the new groups so that when we are in a position to progress, we can mobilise quickly.

The regulatory required tenant satisfaction survey work is almost complete, with the telephone element underway; we can report that we have reached the minimum requirement for responses which is good news. Once completed we will be provided with a report on the outcomes and will be able to update members.

The communications and engagement team continue to support the team by creating the [Adur Together newsletter](#). Each newsletter includes updates on key issues affecting Adur Homes tenants and leaseholders, including action we'd like our residents to take. Four editions of the newsletter have been published to date, the most recent of them at the beginning of December 2023.

9. Managing complaints

Work has been progressing in relation to complaints to address the backlog and develop the work going forward in line with the requirements of the Ombudsman.

To date we have:

- Developed an action plan to address the issues identified by the Ombudsman and our self assessment
- Renewed focus on complaints and developing a clear process for the team

- Developed a draft Housing Complaints Policy to reflect the Housing Ombudsman's Code of Practice
- Updated all our communications to publicise the Housing Ombudsman's contact details and role in complaints intervention
- Developed a new approach as required by the Ombudsman to agree resolutions with tenants before sending a formal response.

When officers last reported to this committee in September 2023, Members were informed about the need to appoint a Member champion for complaints for Adur Homes. This requirement is now being extended to include a Member champion role for complaints across all services. The new code for this work is imminent and therefore a separate report and proposal to be brought to this committee in March.

4.3. Working with the regulator in a changing legislative context

- 4.3.1. As previously reported, this year will see these standards change through the assent of the new [Social Housing Regulator Act 2023](#), which has now received Royal Assent. This will provide greater powers for tenants against serious hazards in their homes, ensure a better quality of service and quality of life.
- 4.3.2. This new legislation will enact the reforms outlined in the [Social Housing White Paper](#) aimed at improving the regulation of social housing, strengthening tenants' rights and ensuring better quality and safer homes for residents. This is currently out to consultation.
- 4.3.3. This sets out a new charter outlining what every social housing resident should expect from their landlord:
- **To be safe in your home:** Landlords will be required to ensure every home is safe and secure
 - **To know how your landlord is performing:** Landlords will be held to account regarding repairs, complaints, safety, and how they spend their Housing Revenue Account (HRA) money
 - **To have your complaints dealt with promptly and fairly:** The ombudsman will be strengthened, giving swift and fair redress for tenants when needed
 - **To be treated with respect:** The Regulator of Social Housing will be strengthened and there will be improved consumer standards

- **To have your voice heard by your landlord:** Tenant voice will be increased, for example through regular meetings, scrutiny panels or being on housing boards
- **To have a good quality home and neighbourhood to live in:** Landlords will be required to keep homes in good repair and the Decent Homes Standard will be reviewed
- **To be supported to take your first step to ownership:** Increasing the supply of good quality social homes, and working to give as many residents as possible the right to purchase their own home.

4.3.4. As we work with the regulator over the coming year, there will be a focus on the transition to these new standards to ensure that compliance is adapted to meet these. The focus of Adur Homes in the key areas detailed above have placed us in a really positive position to meet the requirements of updated standards.

We are confident the current improvement plan and actions already underway will meet the requirements of the new legislation. However, as additional detail is made available, we will test the details of the new standards against the improvement plan and make updates where required. For example, if the definition surrounding the Decent Homes standard changes we may need to reassess the timeline and financial demand in this specific area.

If the requirement around tenant engagement is changed we are well placed with a resident engagement role to be flexible to meet changes.

We will work with other local housing providers to help implement learning in respect of the new legislation. We will update members if the improvement plan needs to be updated and inform why changes have been required.

We have taken a wider whole systems approach to addressing complaints to ensure we can meet the requirements of current and future legislation. This will see joint working between the housing and resident services teams as well as the Housing Ombudsman to address the handling and processing of complaints.

5. Engagement and Communication

5.1. In undertaking this work a range of engagement and communication has been carried out, as referenced above as part of the Improvement

Plan. In addition, members have been briefed about this work throughout.

- 5.2. A communication and engagement plan has been developed and a new newsletter developed to inform residents about the work underway.

6. Financial Implications

- 6.1. The resources to ensure compliance with the regulator's standards must be found within the Adur HRA which is a ring-fenced account. Overall, the HRA has a significant budget available to it (£14.8m) and every endeavour will be made regarding best use of this existing resource to deliver the improvement plan.
- 6.2. However, to enhance the HRA's financial resilience for unforeseen requirements beyond the current budget, the council has reviewed the calculation of depreciation for Adur Homes. Specifically, increasing the proportion of the overall valuation on council properties applied to residual value (the remaining value of an asset after depreciation) from 30% to 40%. It's important to note that residual value itself is not subject to depreciation. This adjustment is based on professional judgement, considering the limited availability of land in the South East of England.

Furthermore, the introduction of a de minimis value for componentisation (breaking down an asset into its individual components for accounting purposes), means components valued below £10,000 are now depreciated along with the main structure. This change follows benchmarking, which highlighted that our depreciation charge per dwelling was higher than that of similar-sized councils. The resulting annual depreciation charge is now directed to the Major Repairs Reserve (funds set aside for significant property repairs), contributing approximately £400,000 per year to the HRA's capacity. However, any capital resources used to support the revenue budget will need to be replaced by borrowing at an estimated revenue impact of £45,000 per £1m additional borrowing in a full year.

- 6.3. Development of a new Housing Revenue Account Business Plan is currently underway and this will enable the service to track the management of resources to deliver against the government's Decent Homes Standard and to ensure compliance in all other service areas.

7. Legal Implications

- 7.1. Under Section 111 of the Local Government Act 1972, the council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of its functions.
- 7.2. Section 1 of the Localism Act 2011 empowers the council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 7.3. Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 7.4. Section 8 of the Housing Act 1985 continues to place a duty on every local housing authority to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation.

Background Papers

- [Adur Homes Compliance with Housing Regulator Standards - Joint Audit and Governance Committee 26 September 2023](#)
- [Regulatory Compliance Notice for Adur Homes - Joint Audit and Governance Committee 30 May 2023 and Adur Joint Strategic Sub-Committee 15 June 2023](#)
- [Regulatory Standards](#)
- [Decent Homes Standards](#)
- [Housing Strategy: Enabling communities to thrive in their own home” 2020-2023;](#)
- [Social Housing Act summary](#)
- [The Charter for Social Housing Residents - Social Housing White Paper](#)
- [Landmark Social Housing Act receives Royal Assent to become law](#)

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Sustainability & Risk Assessment

1. Economic

- 1.1 Thriving Economy is one of the four Missions identified in Our Plan and will therefore become one of the key documents informing the direction and prioritisation of the council's work with regard to Adur Homes.
- 1.2 Providing a decent home that is secure, affordable, warm and modern, supports the wellbeing of our residents, enabling those who are able to work to enter and sustain employment and contribute to economic activity.

2. Social

2.1 Social Value

- 2.1.1 Residents and communities are central to Our Plan and 'Thriving People' is one of the four Missions identified in Our Plan. This mission aims to ensure people are healthy, resilient and resourceful, that they can access the right help when they need it and everyone has a safe, secure and sustainable home.
- 2.1.2 One of the three overarching Principles in Our Plan is Participative, which is based on the explicit intention to work more closely with citizens to involve them in deeper and more meaningful conversations about service design and delivery. Our work to meet the Decent Homes Standard (and the other housing standards linked to tenant participation) therefore forms a central part of the council's commitments.

2.2 Equality Issues

- 2.2.1 The council is subject to the general equality duty set out in section 149 of the Equality Act 2010. This duty covers the following protected characteristics: age, gender, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation.
- 2.2.2 In delivering housing services the council must have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation

- Advance equality of opportunity between different groups
- Foster good relations between different groups

2.2.3 The participative principle in Our Plan describes the council's commitment to providing truly inclusive services by listening to underrepresented voices, creating equal access and meeting our equality duties.

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

2.2.5 Decisions, actions and areas of investment relating to implementation of the improvement plan, may require Equality Impact Assessments.

2.3 Community Safety Issues (Section 17)

2.3.1 The council is committed to the promotion of communities as safe places. Our Plan seeks to progress delivery of the council's community safety commitments by strengthening working partnerships with the Police, communities, businesses and multidisciplinary teams across the council.

2.3.2 As part of our ongoing work to meet the Neighbourhood and Community Housing Standard will see to keep the neighbourhood and communal areas associated with the Adur Homes clean and safe, co-operate with relevant partners to promote the wellbeing and help prevent and tackle anti-social behaviour.

2.4 Human Rights Issues

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

3. Environmental

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

3.2 The improvement plan, as part of the wider work plan for Adur Homes, will as part of these commitments actively contribute to carbon reduction, waste minimisation and biodiversity improvement objectives.

4. Governance

4.1 In line with the constitution this report is being taken to the Joint Audit and Governance Committee to note and comment. Additional engagement has been undertaken with the Adur Joint Strategic Sub-Committee and the Adur Homes Management Board.

4.2 Further updates, including the improvement plan will be brought to the Joint Audit and Governance Committee on a quarterly basis.

Appendix 1 - Improvement Plan

Appendix 2 - Risk Assessment

Appendix 3 - Performance Indicators

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Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work	Service/ efficiency improvement	Property and Technical Services	Head of Property Services	Asset Manager/HoP
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards	Service/ efficiency improvement	Property and Technical Services	Head of Property Services	Asset Manager/Compliance Manager/HoP
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting	Service/ efficiency improvement	All services housing	AD Housing	Performance, Policy and Strategy Officer

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system	Service/ efficiency improvement	Property, Tenancy and Digital Services	AD Housing	Digital Applications and Innovations Manager
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data	Service/ efficiency improvement	Property and Technical Services	Head of Property Services	Asset Manager/HoP
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs	Service/ efficiency improvement	Property and Technical Services	Head of Property Services	Asset Manager/HoP

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
7		Voids managed effectively	Review processes for managing voids to reduce cost and improve turn around time	Service/ efficiency improvement	Property and Housing Services	Head of Property Services	Compliance Manager/HoP
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required	Service/ efficiency improvement	Property and Technical Services	Head of Property Services	Repairs Manager
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes	Service/ efficiency improvement	Property and Technical Services	Head of Property Services	Asset Manager/Compliance Manager

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard	Legislative/Regulatory Change	Property and Housing Services	Head of Property Services	Service Managers
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this	Legislative/Regulatory Change	Property and Housing Services	Head of Property Services	Compliance Manager/HoP
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; <ul style="list-style-type: none"> - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations 	Legislative/Regulatory Change	Property and Housing Services	Head of Property Services	Compliance Manager/HoP

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
13		An effective approach to managing damp and mould for tenants	Review and implement processes to proactively identify, prioritise and mitigate damp and mould	Legislative/Regulatory Change	Property and Housing Services	Head of Property Services	Compliance Manager/HoP
14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place	Legislative/Regulatory Change	Property and Housing Services	Interim Head of Housing	Neighbourhood Services Manager
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure	Legislative/Regulatory Change	Housing Services	Interim Head of Housing	Neighbourhood Services Manager

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants	Legislative/Regulatory Change	Housing Services	Interim Head of Housing	Neighbourhood Services Manager
17		Transparent and effective housing management polices	Review and update housing (tenancy and asset) management policies	Business Development and Service Improvement	Housing Services	Interim Head of Housing	Neighbourhood Services Manager
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment	Legislative/Regulatory Change	Housing Services	Interim Head of Housing	Leasehold and Right to Buy Manager

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs	Legislative/Regulatory Change	Housing Services	Interim Head of Housing	Housing Business Support Team Leader
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants	Legislative/Regulatory Change	Housing Services	Interim Head of Housing	Tenant Engagement Lead
21		Tenant participation is resourced	Employ new Tenant Engagement Lead	Legislative/Regulatory Change	Housing Services	Interim Head of Housing	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
22		Tenants and leaseholders are informed and engaged	Regular communication about practice and performance	Legislative/Regulatory Change	Property and Housing Services	AD Housing	Communications lead
23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>	Legislative/Regulatory Change	Housing Services	Interim Head of Housing	Tenant Engagement Lead

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board	Legislative/Regulatory Change	Housing Services	AD Housing	Tenant Engagement Lead
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.	Legislative/Regulatory Change	Lead for Early Help and Wellbeing and Neighbourhood Services Manager	Interim Head of Housing and Head of Community Capacity and Resilience	Neighbourhood Services Manager
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement	Business Development and Service Improvement		Director for Housing & Communities	Head of Property Services Interim Head of Housing

Housing Services

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
27		Strategic approach to asset management developed	Develop 5 year and then a 30 year SAMP to guide asset management decision making	Business Development and Service Improvement	Director for Housing & Communities and Director of Finance	Director for Housing & Communities	Head of Property Services
28		A long-term sustainable business plan for Adur Homes in place	Develop new 30 year Housing Revenue Account Business Plan Review options for the future direction of the service	Business Development and Service Improvement	Business Development & Finance	Director for Housing & Communities and Director of Finance	AD Housing
29		An accountable service that makes decisions well	Review governance arrangements to ensure clear accountability, oversight and scrutiny is in place against key service objectives and KPIs Provide support to the team managers on decision making and report writing	Business Development and Service Improvement	Business Development & Policy	Director for Housing and Communities	Policy, Performance and Strategy Lead

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Type of Initiative	Service Area accountable	Sponsor	Accountable Delivery Lead
30		Improve financial performance	Improve income and debt/cost recovery in line with Councils' new corporate debt policy and Proactive work	Business Development and Service Improvement	Housing Services	Director for Housing & Communities	Head of Housing
31		Embed all Audit recommendations into this Improvement Plan	Resolve outstanding Housing Audit Recommendations	Business Development and Service Improvement	Housing Property Services Interim Head of Housing	Director Housing and Communities	AD Housing
32		A workforce fit for the future for Adur Homes	Implement a Workforce Strategy to support professional accreditation and skills development and the effective deployment of resources	Business Development and Service Improvement	AD Housing and Homelessness Prevention	Director for Housing & Communities	AD Housing and Homelessness Prevention

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Start date	End date	Status	Key Dependencies <i>Necessary for the priority area</i>
1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work	01/05/23	31/03/27	In progress	Technical services - Asset decision making and rating tool Budgets
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards	01/05/23	31/03/24	In progress	Data/Systems Budget for this. Leaseholder consultation. Staff structure & resources SLA's Priorities
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting	01/04/23	01/09/23	Done	Improved and integrated systems, Performance and Data Officer appointed. New system/system upgrade, Agreed KPIs

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Start date	End date	Status	Key Dependencies <i>Necessary for the priority area</i>
4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system	01/05/23	30/05/25	In progress	Detailed system specification, consultation with service users
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data	01/05/23	30/12/24	In progress	A system to manage this which is connected to other systems Budgets, all service users
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs	01/06/23	31/03/24	In progress	Data availability and quality, Technical Services Digital Procurement/Legal

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Start date	End date	Status	Key Dependencies <i>Necessary for the priority area</i>
7		Voids managed effectively	Review processes for managing voids to reduce cost and improve turn around time	01/04/23	31/03/24	In progress	Data/Systems, Housing Management, budget
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required	01/05/23	01/05/24	Not started	Data/Systems, Rapid Improvement Review, new system/system upgrade Review of teams structure Budgets
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes	01/05/23	01/05/24	In progress	Technical Services, Legal Services, Procurement, Finance Team

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Start date	End date	Status	Key Dependencies <i>Necessary for the priority area</i>
10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard	01/01/23	01/03/24	In progress	Tenants/leaseholder engagement, Tenant Engagement Lead Head of Policy / Digital
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this	01/05/23	30/10/23	Done	Data/Systems Resources - Compliance Manager in post
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; <ul style="list-style-type: none"> - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations 	01/01/23	30/12/24	In progress	Data/Systems, Technical Services, Legal, Procurement Compliance Manager in post

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Start date	End date	Status	Key Dependencies <i>Necessary for the priority area</i>
13		An effective approach to managing damp and mould for tenants	Review and implement processes to proactively identify, prioritise and mitigate damp and mould	01/05/23	01/12/24	In progress	Data/Systems, Technical Services, Legal, Procurement
14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place	01/05/23	01/08/23	In progress	Tenancy Services, Property Services
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure	01/08/23	01/02/24	In progress	Tenancy Services, Building Services, Legal Services, Tenant Engagement Lead

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Start date	End date	Status	Key Dependencies <i>Necessary for the priority area</i>
16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants	01/05/23	01/09/23	In progress	Tenant Engagement Lead, Communication Team
17		Transparent and effective housing management polices	Review and update housing (tenancy and asset) management policies	30/05/23	30/05/25	In progress	All areas of the housing and assets team
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment	01/06/23	01/07/23	Done	Tenant Engagement Lead

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Start date	End date	Status	Key Dependencies <i>Necessary for the priority area</i>
19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs	01/03/23	11/03/24	In progress	Service Managers
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants	01/03/23	01/06/23	In progress	Tenant Engagement Lead
21		Tenant participation is resourced	Employ new Tenant Engagement Lead	01/03/23	01/05/23	Done	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Start date	End date	Status	Key Dependencies <i>Necessary for the priority area</i>
22		Tenants and leaseholders are informed and engaged	Regular communication about practice and performance	01/03/23	30/12/25	In progress	Communications Lead
23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>	01/04/23	30/04/23	In progress	Contract with Runnymede. Tenant Engagement Lead. Audit of tenant contact details.

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Start date	End date	Status	Key Dependencies <i>Necessary for the priority area</i>
24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board	01/03/23	01/05/23	In progress	TE lead in place
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.	01/04/23	01/06/23	In progress	Resources for ASB from AHs MDT working with Community Capacity and Resilience Team
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement	01/06/23	30/06/24	In progress	Human Resources, Finance,

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27		Strategic approach to asset management developed	Develop 5 year and then a 30 year SAMP to guide asset management decision making	01/05/23	01/09/24	Not started	Director of Place , Finance
28		A long-term sustainable business plan for Adur Homes in place	Develop new 30 year Housing Revenue Account Business Plan Review options for the future direction of the service	01/04/23	01/08/23	In progress	Financial resources
29		An accountable service that makes decisions well	Review governance arrangements to ensure clear accountability, oversight and scrutiny is in place against key service objectives and KPIs Provide support to the team managers on decision making and report writing	01/05/23	30/12/25	Done	Housing Improvement Board Adur Homes Advisory Board

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1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work	On track	Progress on developing both budgets and programmes for bringing homes to DH standards continues despite no appointment made to Asset Manager role due to suitable candidates. Budgets in final stages before going through Council approval process. Properties identified and will be reviewed following final budget figures being confirmed
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards	Partially on track	Priorities are known and budgets being agreed to enable works to be planned. Great progress being made across all areas to bring back into a manageable system and process
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting	On track	Not all data provided routinely; reports from system not available for all reporting required - some can be overcome through manual generation (resource heavy) PP&S post interviews underway.

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4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system	Partially on track	Working with current system supplier around improvements and current contract whilst we assess needs and next steps. New post within systems and applications being recruited to.
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data	On track	Work continues on the new IT systems with the development of the attributes and data capture points to be agreed to ensure existing stock condition data can be uploaded and importantly the new SCS data that is being arranged for starting in Feb/Mar can be uploaded directly from source of capture
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs	Partially on track	Work continues to procure contractor and specification requirements, all on track

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7		Voids managed effectively	Review processes for managing voids to reduce cost and improve turn around time	On track	Pre-start meetings complete with two new contractors, contractors mobilising during December with a start in January. New process and procedures being implemented to streamline and become more efficient in turning around the void properties Ongoing - weekly voids meetings take place to prioritise voids work for properties to meet urgent known need e.g. management transfers
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required	Not underway	Review start has been delayed due to other priorities until New Year
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes	On track	The monitoring of contracts continues. Going forward as and when new contracts are required across the service, the emphasis will be on using consortiums for long term contracts and tendering for specialised work where necessary, with this saving time and money in undertaking a full tender process.

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10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard	On track	Work continues on policies & procedures
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this	Completed	Confidence with data is there, the important work on the IT systems as detailed in priority 4 above continues
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations	On track	Continued improvements across all areas of compliance with the use of the new systems and ways of working

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13		An effective approach to managing damp and mould for tenants	Review and implement processes to proactively identify, prioritise and mitigate damp and mould	On track	Progress continues with tackling reported areas of damp/mould. A new process is being explored with a mould wash and clean undertaken within 5 working day of the report, this to treat areas of damp and mould while necessary works are identified and programmed in
14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place	Partially on track	Procedure agreed, full implementation cannot occur until new staff start as requires Housing Officer resource
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure	On track	Draft tenancy agreement and handbook in final stages of review with internal teams and tenant consultation being scheduled

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16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants	Partially on track	Draft tenancy agreement and handbook in final stages of review with internal teams and tenant consultation being scheduled
17		Transparent and effective housing management policies	Review and update housing (tenancy and asset) management policies	On track	Mutual Exchnage policy completed ASB policy in progress with working group. Policies outstanding for rewrite; 1. Rent Arrears Policy 2. Downsizing incentive policy
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment	On track	No further update

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19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs	Partially on track	Draft Complaints P&P and internal process out for comments, also seeking customer feedback before finalising. HO referrals & determinations now being logged, intention to investigate digital options for reporting & monitoring. FOI's process yet to be looked at.
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants	Partially on track	Drafted but will be delayed until new TEL in post
21		Tenant participation is resourced	Employ new Tenant Engagement Lead	Partially on track	recruitment agreed

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22		Tenants and leaseholders are informed and engaged	Regular communication about practice and performance	Partially on track	Resident Engagement meetings taken place in November and December, volunteers for interim Reading Panel secured,
23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>	On track	All Tenant Survey completed, minimum response required exceeded, awaiting report with outcomes

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24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board	Partially on track	TEL recruitment to take place Leaseholder rep in place, Gen Needs and Sheltered reps to be progressed wjennew TEL recruited
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.	Partially on track	A specialist ASB Housing Officer is being recruited. Interviews 22/1/23. Meetings planned with ASB lead and SHO to progress new ASB policy
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement	On track	Structure proposal in final stages, consultation papers being written

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27		Strategic approach to asset management developed	Develop 5 year and then a 30 year SAMP to guide asset management decision making	Not underway	
28		A long-term sustainable business plan for Adur Homes in place	Develop new 30 year Housing Revenue Account Business Plan Review options for the future direction of the service	Partially on track	
29		An accountable service that makes decisions well	Review governance arrangements to ensure clear accountability, oversight and scrutiny is in place against key service objectives and KPIs Provide support to the team managers on decision making and report writing	On track	

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30		Improve financial performance	Improve income and debt/cost recovery in line with Councils' new corporate debt policy and Proactive work	On track	x2 of 3 Proactive case workers due to start in Jan&Feb, recruitment for 3rd to go externally Low level arrears pilot with Customer Services underway MRI/Orchard trainin taken place:
31		Embed all Audit recommendations into this Improvement Plan	Resolve outstanding Housing Audit Recommendations	On track	In progress and to be reviewed by the end of the financial year to capture any outstanding ones.
32		A workforce fit for the future for Adur Homes	Implement a Workforce Strategy to support professional accreditation and skills development and the effective deployment of resources	Not underway	This will get underway in the spring

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1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work	No appointment made to Asset Manager role due to suitable candidates. Review in the New Year at options either readvertise for permanent or make temp appointment to fill gap	Asset Managers advert closing 5th Nov
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards	Due to not appointing to the Asset Mgr, this work is delayed but will be addressed via existing resources while recruitment options are explored	Further work needed on confirming properties across each programme of works, due to recruitment delays to Asset Mgrs position this may over run slightly
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting	PP&S post interviews underway. Not all data being supplied routinely yet for these PIs	PP&S post being created and recruited to. This is being routinely added to the Corporate and Housing Leadership agendas to review There remains some notable gaps in reporting that are being addressed (rent arrears, complaints.) via groups established for system issues.

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4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system	Training taken place with provider to enable rent increase implementation and general system maintenance e.g. setting up new properties	Data validation process from current system to new has raised some issues but being addressed, not a major problem just slightly delayed the expected 'go live' position Working group of Housing and Digital personel established to review existing system and scope for procurement of new.
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data	System development continues with testing underway	Work continues on the new IT systems
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs	Work continues to procure contractor and specification requirements, all on track	Finalising projected costs, further discussions with contractors and then suitably procurement route to be identified, work to start at the earliest in Jan/Feb, latest Apr/May on a full SCS across all homes

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7		Voids managed effectively	Review processes for managing voids to reduce cost and improve turn around time	Documents finalised and pre-start meetings being held early December with two new contractors with works to commence soon after	Documents with legal for finalising
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required	Review start has been delayed due to other priorities until New Year	Full review is planned to commence in November
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes	The regular monitoring of contracts is continuing and a list of up and coming contracts either renewals or new have been identified for works to commence	The regular monitoring of contracts is continuing and a list of up and coming contracts either renewals or new have been identified for works to commence

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10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard	Work continues on policies & procedures	Sheltered and Gen Needs resident engagement groups: TORS drafted, Sheltered Group 1st meet in December, Gen Needs January. Reading panel will be established for engagement on policy. Dashboard as part of the systems detailed in Priority 4
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this	Confidence with data is there, the important work on the IT systems as detailed in priority 4 above continues	Confidence with data is there, the important work on the IT systems as detailed in priority 4 above continues
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations	Continued improvements across all areas of compliance with the use of the new systems and ways of working	Continued improvements across all areas of compliance with the use of the new systems and ways of working

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13		An effective approach to managing damp and mould for tenants	Review and implement processes to proactively identify, prioritise and mitigate damp and mould	Progress continues with a more direct approach being explored to treat areas of damp and mould while identified works are identified and programmed in	The new IT system currently being tested by users that will enhance and improve the process
14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place	Work proceeding with MRI, and the councils data and systems officer (Housing) to ensure direct access can be identified and quarterly rent statements reinstated	Interim arrangement agreed between relevant teams, procedure to follow.
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure	Tenant handbook and tenancy agreement written and being reviewed for sign off by SHO and Head of Housing. Deadline for submission on track.	Tenancy Agreement/Tenant Handbook - 1st draft complete and timetabled for engagement /approval and to support policy development

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16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants	A draft tenant handbook has been written. Additional sections to be added on 1. Useful numbers 2. ASB 3.Introductory tenancies 4. Sheltered tenancies 5. Garages 6 RTB Final draft aim for 2/1/24	Tenancy Handbook 1st draft complete and timetabled for engagement /approval
17		Transparent and effective housing management policies	Review and update housing (tenancy and asset) management policies	Policies in progress: ASB/Mutual Exchange	Policies reviewed and 'RAG' rated with proposal to timetable Sheltered and Gen Needs resident engagement groups: TORS drafted, Sheltered Group 1st meet in December, Gen Needs January. Reading panel will be established for engagement on policy.
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment	The following LH policies are now complete: Leasehold Management Policy Major Works Policy Service Charge Income Collection Policy	Policy approved

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19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs	Report for CLT being prepared with Tenancy Services and AD Customer Services. training for staff identified and booked (to meet new regss)	Self assessment complete with action plan in place
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants	Drafted but will be delayed until new TEL in post	Leaseholder engagement established. Gen Needs and Sheltered Groups draft TORS complete with 1st meetings timetabled for December (sheltered) and January (Gen Needs). TE Strategy in first draft.
21		Tenant participation is resourced	Employ new Tenant Engagement Lead	TEL no longer in post	TEL resigned

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22		Tenants and leaseholders are informed and engaged	Regular communication about practice and performance	TEL resigned, establishment of resident groups will be delayed until knew TEL in post	Tenant Newsletter established, KPIs to be incorporate now established, system work to enable digital comms underway. Sheltered housing resident group set to begin again in January and work being done to resume tenants forum. TSM survey sent out with a high response rate being achieved.
23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>	All tenant survey continues, with telephone contact phase scheduled	We have received 556 completed responses which meets the required minimum for margin of error purposes. Reports will be written on the results in December and presented to us in January

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24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board	TEL has resigned	Leaseholder group established with member on the Advisory Board. Sheltered and Gen Needs will elect reps for the Advisory Board once resident groups established.
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.	Job Evaluation has taken place and recruitment authorisation to be sought	Recruitment to ASB post in progress: JD to be timetabled for evaluation
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement	This is being reviewed and a consultation will be carried out with the housing team with a new organisational design for housing to be completed by the Spring 24	Waiting the start of the new AD on the 14th November and Asset Managers advert closes 5th November

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27		Strategic approach to asset management developed	Develop 5 year and then a 30 year SAMP to guide asset management decision making	Outline of SAMP developed. Dependant on approval of HRA Business Plan that is going to Members in the Spring	Outline of SAMP developed. Dependant on approval of HRA Business Plan
28		A long-term sustainable business plan for Adur Homes in place	Develop new 30 year Housing Revenue Account Business Plan Review options for the future direction of the service	This is being developed and will be taken to the Board in the spring. The financial element of this work is also underway to determine rent levels and this is being taken to Members in Feb	The draft of this plan is being reviewed at CLT Nov, then to the Adur Homes Board December and onto the Adur Cabinet in the NY
29		An accountable service that makes decisions well	Review governance arrangements to ensure clear accountability, oversight and scrutiny is in place against key service objectives and KPIs Provide support to the team managers on decision making and report writing	New governance approach in place but still being implemented. Not all pieces are in place yet with the AHs Board - this is missing some key tenant reps who will be included after we recruit the Tenant Engagement Lead	

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30		Improve financial performance	Improve income and debt/cost recovery in line with Councils' new corporate debt policy and Proactive work	Low levels arrears pilot with Customers Services Agreed and to start in November: protocol agreed / decision tree agreed training completed Weekly arrears meetings for high level cases in place - number of high	Systems workshop on 09.11.23. Working groups established for arrears cohorts. Proactive post recruitment underway. Recharge policy to follow once terms of tenancy / handbook agreed
31		Embed all Audit recommendations into this Improvement Plan	Resolve outstanding Housing Audit Recommendations	In progress and to be reviewed by the end of the financial year to capture any outstanding ones.	Majority of outstanding complete with remainder included in Improvement Plan.
32		A workforce fit for the future for Adur Homes	Implement a Workforce Strategy to support professional accreditation and skills development and the effective deployment of resources	This will get underway in the spring	Awaiting the new AD to drive this work forward. Initial work has begun to map skills across the team

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1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work	Asset Managers post out to advert	JDPS finalised and been through JE. Advert to be placed within 7 days
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards	Draft capital budget in for approval for 2024/25 and then detailed programme and procurement will be developed	Work continues on reviewing current work programmes against budgets to determine position and this will lead to alignment of 2023/24 budgets and prepare for 2024/25 budget setting process
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting		

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4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system	Compliance system to go live in October Long term approach to systems being discussed and planned around all areas including Housing Management	Compliance module approaching the final completion of the works with final testing to be carried out soon before going 'live' Continued updating on the repairs system Further work continues with Orchard on appropriate system changes
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data	Continued development and progress in this area	Work continues on developing system(s) and their interfaces to each other so one set of data across all applications/modules
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs	Discussions to be had with Worthing Homes on their recently appointed contract on whether AH can join to include our properties on their stock condition surveys	Following feedback the programme will be realigned to update all property data within 24 months, contract documents need to be developed and work tendered

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7		Voids managed effectively	Review processes for managing voids to reduce cost and improve turn around time	Slight delay in document review due to resource issue but on course for agreement in October	Contract documents are with Procurement/Legal and in final stages. Contract aimed to be in place by end of September
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required	Full review is planned to commence in November	Provisional structure developed for further analysis
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes	The regular monitoring of contracts is continuing and a list of up and coming contracts either renewals or new have been identified for works to commence	The regular monitoring of contracts is continuing and a list of up and coming contracts either renewals or new have been identified for works to commence

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10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard	Work to continues on policies & procedures	Compliance Manager recruited and as internal starts with immediate effect. Work to continues on policies & procedures
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this	Confidence has grown in the data position with the development of the new IT system and recording of information	Development work progressing well in new compliance application within MATS and T100 reporting. Compliance Manager recruited to take this forward
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; <ul style="list-style-type: none"> - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations 	Continued improvements across all areas of compliance with the use of the new systems and ways of working	Up to date information available, progress underway to align work programmes and contracts to meet legislative requirements. Current monitoring and recording of compliance and progress with monthly reports to the Regulator.

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13		An effective approach to managing damp and mould for tenants	Review and implement processes to proactively identify, prioritise and mitigate damp and mould	Operational aspects from the receipt of report of D&M from the resident including the collection of data through the initial triage process to the recording of such data within our IT systems to the scheduling of an initial inspection and the follow on works that are required to resolve the causes including works to the property and advice being provided to manage the causes	Operational aspects from the receipt of report of D&M from the resident including the collection of data through the initial triage process to the recording of such data within our IT systems to the scheduling of an initial inspection and the follow on works that are required to resolve the causes including works to the property and advice being provided to manage the causes
14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place		
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure		

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16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants		
17		Transparent and effective housing management polices	Review and update housing (tenancy and asset) management policies		
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment		

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19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs		
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants		
21		Tenant participation is resourced	Employ new Tenant Engagement Lead		

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22		Tenants and leaseholders are informed and engaged	Regular communication about practice and performance		
23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>		

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24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board		
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.		
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement	New AD starting in November Structure below now to be reviewed and commencement of finalising positions etc Asset Manager - out to advert	AD post interviews complete and appointment made Compliance Manager appointed and in post. Structure below now to be reviewed and commencement of finalising positions etc Asset Manager - internal documentation complete and going to advert in September

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27		Strategic approach to asset management developed	Develop 5 year and then a 30 year SAMP to guide asset management decision making	Outline of SAMP developed. Dependant on approval of HRA Business Plan	Outline of SAMP developed. Dependant on approval of HRA Business Plan
28		A long-term sustainable business plan for Adur Homes in place	Develop new 30 year Housing Revenue Account Business Plan Review options for the future direction of the service		
29		An accountable service that makes decisions well	Review governance arrangements to ensure clear accountability, oversight and scrutiny is in place against key service objectives and KPIs Provide support to the team managers on decision making and report writing		

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30		Improve financial performance	Improve income and debt/cost recovery in line with Councils' new corporate debt policy and Proactive work		
31		Embed all Audit recommendations into this Improvement Plan	Resolve outstanding Housing Audit Recommendations		Proposal to incorporate Audit recommendations into Housing Improvement Plan to go to Joint Audit and Governance Committee in September 2023 Each audit action should be embedded into core updates
32		A workforce fit for the future for Adur Homes	Implement a Workforce Strategy to support professional accreditation and skills development and the effective deployment of resources		

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1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work	This work is awaiting the recruitment to the new Asset Managers position who will lead on this aspect	Recruitment to Asset Managers position underway who will lead on this aspect
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards	Work has commenced on reviewing current work programmes against budgets to determine position and this will lead to alignment of 2023/24 budgets and prepare for 2024/25 budget setting process	Work has commenced on reviewing current work programmes against budgets to determine position and this will lead to alignment of 2023/24 budgets and prepare for 2024/25 budget setting process
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting	This is in place and the first set for July is in the process of being populated. To note that not all of these PIs can be collected right now (data/systems issues)	Performance Framework and reporting format developed with 1st reporting scheduled for September JAGCommittee. Not all data can be collated yet due to system issues.

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4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system	Development of the compliance module is underway. A discovery into issues around repairs has been undertaken, and changes in the system and processes are now being developed. Consideration also of Orchard upgrades and purchase of asset management module to deliver an integrated system	Initial scoping of asset requirements underway. Consideration also of Orchard upgrades and purchase of asset management module to deliver an integrated system
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data	Digital team developing new/updated system on MATS to include asset management and compliance data as well as full asset information	Digital team developing new/updated system on MATS to include asset management and compliance data as well as full asset information
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs	20% of stock surveys will be built into the budget forecast for 2024/25	Use of data from 2017/18 surveys for short term planning whilst systems and data capture methodologies are investigated, this will commence when we have more accurate completion date. Future proposals will be 20% of stock surveyed per annum along with other works that can identify and capture the data e.g. EPC. capital works, repairs etc

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7		Voids managed effectively	Review processes for managing voids to reduce cost and improve turn around time	Procurement of contractors process started with Council approval process being followed with approval provided on 28/07. Relevant internal process/forms are being followed	Concentration on clearing backlog and getting resources to achieve this. Procurement process to commence to employ two further contractors to provide support. Work to update and implement new policies and procedures will start in parallel of this. These will ensure the future void process is managed and efficient from start to finish
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required	Repairs manager has drawn up a structure chart for the Building Services department. This will help to understand a structure and delivery capacity of the team.	Repairs manager has drawn up a structure chart for the Building Services department. This will help to understand a structure and delivery capacity of the team.
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes	Regular monitoring of contracts in place and in advance of contracts coming to an end, they are reviewed and retendered where necessary. Any new projects/works that are identified and existing contracts not in place then options are considered and correct procurement processes are followed	Procurement working group in place

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10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard	Recruitment to Compliance Managers underway with interim dashboard developed both within documents but importantly being developed within our IT system with direct input from contractors and officers being incorporated. Policies and procedures are in the process of being reviewed, created and updated	Recruitment to Compliance Managers role underway who will lead on this Policies and procedures are in the process of being reviewed, created and updated
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this	Development work progressing well in new compliance application within MATS and T100 reporting	Up to date information available, progress underway to align work programmes and contracts to meet legislative requirements
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations	Up to date information available, progress underway to align work programmes and contracts to meet legislative requirements. Current monitoring and recording of compliance and progress with monthly reports to the Regulator. August report	Up to date information available, progress underway to align work programmes and contracts to meet legislative requirements

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13		An effective approach to managing damp and mould for tenants	Review and implement processes to proactively identify, prioritise and mitigate damp and mould	Operational aspects from the receipt of report of D&M from the resident including the collection of data through the initial triage process to the recording of such data within our IT systems to the scheduling of an initial inspection and the follow on works that are required to resolve the causes including works to the property and advice being provided to manage the causes	Processes both operational and electronic are being reviewed and changes implemented across all service input areas
14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place	Ensure the Resident Liaison Officer has access to HMS and is able to see any User Defined Codes that are applicable before an appointment is made.	incorporated into Policy and Procedure Review
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure	No current Tenancy Type Policy is in place and will need to be developed along with the systems team to ensure the systems can manage this.	

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16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants	This will be managed by the Community Engagment Lead with consultation with residents of all tenure.	Tenant Handbook drafted - consultation with tenants and stakeholders to follow as well as development of accessible and digital fomats
17		Transparent and effective housing management polices	Review and update housing (tenancy and asset) management policies	This will be progressed when the Policy lead is in post with consultation with residents.	Review of current policies complete and policy gaps identified - further work to scope the project to review and update policy development required
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment	New policies now in place are: LH Management Policy, Major Works Policy and income collection policy.	New policies include: Leasehold Management Policy, Capital Works Policy, Income Collection Policy.

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19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs	Complaints action plan in place outlining detailed work in relation to Ombudsman requirements, covering new complaints process, training for staff etc. Key issues around complaints backlog being worked through and long delays. Complaints group in place chaired by the Director for H&C to drive forward this work	New complaints policy developed and in place
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants	Work to be developed. Tenant E Lead has been liaising with residents and members and has been busy recruiting tenants to engage in this work.	Tenant Engagement Lead appointed and areas of work identified, early meetings with tenants and leaseholders held
21		Tenant participation is resourced	Employ new Tenant Engagement Lead	Completed.	Tenant Engagement Lead appointed and areas of work identified, early meetings with tenants and leaseholders held

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22		Tenants and leaseholders are informed and engaged	Regular communication about practice and performance	Work ongoing on third newsletter	2 newsletters sent to tenants, meetings with tenants and leaseholders held
23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>	Update	<p>Work is progressed, partnering with Runnymede Council. Invitation to tender for tenant satisfaction survey now issued by Runnymede on behalf of Runnymede, Adur, and Tandridge Councils. Survey work to be undertaken September 2023.</p> <p>Tenant portal to also be included in IT system scoping and upgrade project.</p> <p>08/08/23 - The tender bids have now been evaluated. Runnymede, Tandridge and Adur all scored the bid from Acuity the highest. This is now going through the procurement process. I am due to meet with Runnymede & Tandridge next week so should have more of an update then.</p>

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24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board	Second meeting due in September. We do not yet have in place a tenant representative or a sheltered housing representative.	Leaseholder representative in place. Others to be developed when the TEL is in post
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.	ASB Officer post within establishment to support this. Yet to be recruited.	ASB work is being driven by the corporate ASB lead and Tenancy services currently but this lacks capacity. ASB policy is not yet developed.
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement	AD post interviews underway Compliance Manager being advertised early August Asset Manager going to JE early August Main structure being reviewed to make most urgent changes to add capacity and skills as required.	Assistant Director for Housing position advertised. Positions of Head of Property filled and Interim Head of Housing filled. Other key posts underway (Compliance Manager, Asset Manager) Tenancy Services structure being reviewed Systems team and infrastructure to support AHs being reviewed Full staff structure to be implement in autumn 2023/4

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27		Strategic approach to asset management developed	Develop 5 year and then a 30 year SAMP to guide asset management decision making	Outline of SAMP developed. Dependant on approval of HRA Business Plan	Outline of SAMP developed. Dependant on approval of HRA Business Plan
28		A long-term sustainable business plan for Adur Homes in place	Develop new 30 year Housing Revenue Account Business Plan Review options for the future direction of the service	The draft needs to be reviewed at the AHHB first	HRA Business Plan drafted and awaiting final completion and approval
29		An accountable service that makes decisions well	Review governance arrangements to ensure clear accountability, oversight and scrutiny is in place against key service objectives and KPIs Provide support to the team managers on decision making and report writing	Governance is in place now. Decision and report writing training completed with Managers. Reports being prepared for key committee meetings in September to ensure oversight. Audit actions are being embedded into this plan	Governance arrangements reviewed and proposal developed and presented to CLT and to committee (JACG and Adur Committee) Revisions to the AHs Board agreed and to be taken to committees in Sept for formal approval Proposal for governance overhaul to be fully reported to Members in Sept at committees (JACG) KPIs developed for regular reporting to Joint Audit and Governance Committee, Joint Strategic Sub-committee (Adur), Adur Homes Advisory Board and Council Leadership Team

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Summary headline of progress - end July 2023 <i>NOTES: This needs to summarise any main issue, progress and any blockers.</i>	Summary headline of progress - June 2023 <i>NOTES: This needs to summarise any main issue, progress and any blockers.</i>
30		Improve financial performance	Improve income and debt/cost recovery in line with Councils' new corporate debt policy and Proactive work	There are significant issues being worked through with regard to recovery of rent arrears for tenants, which have been impacted by rent setting delays. These are to be added to the corporate risk register.	AWC has approved a new corporate debt policy to optimise debt reduction and collection whilst recognising residents difficulties. UK Shared Prosperity funding to be used to support additional Proactive capacity in 2023-2025
31		Embed all Audit recommendations into this Improvement Plan	Resolve outstanding Housing Audit Recommendations	Proactive Casework post to be Proposal to incorporate Audit recommendations into Housing Improvement Plan to go to Joint Audit and Governance Committee in September 2023 Each audit action should be embedded into core updates	Continued actioning of Leasehold Section Proposal to incorporate Audit recommendations into Housing Improvement Plan to go to Joint Audit and Governance Committee in September 2023
32		A workforce fit for the future for Adur Homes	Implement a Workforce Strategy to support professional accreditation and skills development and the effective deployment of resources	Project to be developed when the new Assistant Director of Housing is in post	Project to be developed when the new Assistant Director of Housing is in post

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work		
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards		See Audit Committee Recommendations
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting	A clear performance framework Second tier reporting template	See Audit Committee Recommendations

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system		See Audit Committee Recommendations
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data		
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
7		Voids managed effectively	Review processes for managing voids to reduce cost and improve turn around time		
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required		See Audit Committee Recommendations
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes		See Audit Committee Recommendations

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard		See Audit Committee Recommendations
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this		
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; <ul style="list-style-type: none"> - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations 		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
13		An effective approach to managing damp and mould for tenants	Review and implement processes to proactively identify, prioritise and mitigate damp and mould		
14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place		
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure		See Audit Committee Recommendations

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants	Adur Homes Tenant Handbook 2023	
17		Transparent and effective housing management policies	Review and update housing (tenancy and asset) management policies	Policies list	
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment		See Audit Committee Recommendations

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs		See Audit Committee Recommendations
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants	DRAFT Areas of Work for the Tenant Engagement Lead	
21		Tenant participation is resourced	Employ new Tenant Engagement Lead		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
22		Tenants and leaseholders are informed and engaged	Regular communication about practice and performance	Newsletters are stored here https://www.adur-worthing.gov.uk/adur-homes/information-and-publications/newsletter/	
23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board		
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.		
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement		See Audit Committee Recommendations

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> Project planning template - to be copied	Audit recommendations connected here
27		Strategic approach to asset management developed	Develop 5 year and then a 30 year SAMP to guide asset management decision making	Strategic Asset Management Plan	
28		A long-term sustainable business plan for Adur Homes in place	Develop new 30 year Housing Revenue Account Business Plan Review options for the future direction of the service	Sustainable financial plan for housing	
29		An accountable service that makes decisions well	Review governance arrangements to ensure clear accountability, oversight and scrutiny is in place against key service objectives and KPIs Provide support to the team managers on decision making and report writing	Effective governance of Adur Homes	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project plan template <i>Link to be added here</i> <u>Project planning template - to be copied</u>	Audit recommendations connected here
30		Improve financial performance	Improve income and debt/cost recovery in line with Councils' new corporate debt policy and Proactive work		
31		Embed all Audit recommendations into this Improvement Plan	Resolve outstanding Housing Audit Recommendations	<u>Housing Audit Recommendations</u>	
32		A workforce fit for the future for Adur Homes	Implement a Workforce Strategy to support professional accreditation and skills development and the effective deployment of resources		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		
1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work		Recorded by
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards		
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		Recorded by
4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system		
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data		
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		Recorded by
7		VOIDS managed effectively	Review processes for managing voids to reduce cost and improve turn around time		
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required		
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		Recorded by
10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard		
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this		
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; <ul style="list-style-type: none"> - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations 		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		Recorded by
13		An effective approach to managing damp and mould for tenants	Review and implement processes to proactively identify, prioritise and mitigate damp and mould		
14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place		
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		
16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants		Recorded by
17		Transparent and effective housing management polices	Review and update housing (tenancy and asset) management policies		
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		
19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs		Recorded by
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants		
21		Tenant participation is resourced	Employ new Tenant Engagement Lead		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		Recorded by
22		Tenants and leaseholders are informed and engaged	Regular communication about practice and performance		
23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		
24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board		Recorded by
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.		
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		
27		Strategic approach to asset management developed	Develop 5 year and then a 30 year SAMP to guide asset management decision making		Recorded by
28		A long-term sustainable business plan for Adur Homes in place	Develop new 30 year Housing Revenue Account Business Plan Review options for the future direction of the service		
29		An accountable service that makes decisions well	Review governance arrangements to ensure clear accountability, oversight and scrutiny is in place against key service objectives and KPIs Provide support to the team managers on decision making and report writing		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24		
30		Improve financial performance	Improve income and debt/cost recovery in line with Councils' new corporate debt policy and Proactive work		Recorded by
31		Embed all Audit recommendations into this Improvement Plan	Resolve outstanding Housing Audit Recommendations		
32		A workforce fit for the future for Adur Homes	Implement a Workforce Strategy to support professional accreditation and skills development and the effective deployment of resources		

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work	
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards	
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system	
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data	
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
7		VOIDS managed effectively	Review processes for managing voids to reduce cost and improve turn around time	
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required	
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard	
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this	
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; <ul style="list-style-type: none"> - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations 	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
13		An effective approach to managing damp and mould for tenants	Review and implement processes to proactively identify, prioritise and mitigate damp and mould	
14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place	
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants	
17		Transparent and effective housing management polices	Review and update housing (tenancy and asset) management policies	
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs	
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants	
21		Tenant participation is resourced	Employ new Tenant Engagement Lead	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
22		Tenants and leaseholders are informed and engaged	Regular communication about practice and performance	
23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board	
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.	
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Additional notes
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Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	
30		Improve financial performance	Improve income and debt/cost recovery in line with Councils' new corporate debt policy and Proactive work	Additional notes
31		Embed all Audit recommendations into this Improvement Plan	Resolve outstanding Housing Audit Recommendations	
32		A workforce fit for the future for Adur Homes	Implement a Workforce Strategy to support professional accreditation and skills development and the effective deployment of resources	

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1	Home Standard - Quality of Accommodation	All properties meet the 'decent homes' standard	Review of assets and data that will enable informed decisions regarding the investment opportunities and future requirements for homes and ensure suitable systems are in place to support this work	
2		A clear set of priorities for planned and cyclical maintenance and compliance work	Review current position and develop programme to meet regularity and legislative standards	
3		Develop a clear performance framework	Establish KPIs for each performance area that address regulatory standards and provide a common set of data for regular reporting	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project Brief
4		Effective integrated IT system supporting all housing activity	Deliver a programme of system improvements, upgrades and procurement, focusing on delivering asset management with an updated tenancy management system	
5		Consolidated asset management stock condition data	Enhance IT capacity to manage stock condition data	
6		Stock condition audit programme	Improve asset information to inform investment decisions including identified work and budget costs	

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7		Voids managed effectively	Review processes for managing voids to reduce cost and improve turn around time	
8	Home Standard - Repairs and Maintenance	Repairs service delivers first time fix - quality outcomes, value for money, and tenant satisfaction	Undertake a 'rapid review' of the repairs service and implement changes to the service as required	
9		Effective contracts in place for asset programmes	Review and where necessary reissue contracts for asset programmes	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project Brief
10		Clarity and compliance with health and safety, compliance policies and procedures	Review and update all health and safety compliance policies and procedures to ensure effective control - develop a compliance dashboard	
11		Clarity of data around compliance issues/progress	Review data to identify areas that require compliance action and initiate action to address this	
12		All health and safety compliance requirements are met	Ensure compliance with all legislative requirements for; <ul style="list-style-type: none"> - gas - fire safety - electrical safety (including EICRs) - legionella - carbon monoxide - asbestos - FRAs for sheltered housing - lifts and stair lifts - new building regulations 	

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14		An effective customer access procedure	Review current access procedures for compliance work and ensure an effective procedure is in place	
15	Tenant Involvement and Empowerment Standard - Customer service, choice, complaints	Tenancy type allocated accurately	Review current tenancy type allocation policy and procedure	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	
16		Clear, accessible information for tenants	Update Tenant Handbook to provide clear information about services and tenant and landlord responsibilities. Improve the self-service offer for tenants	Project Brief
17		Transparent and effective housing management polices	Review and update housing (tenancy and asset) management policies	
18		Leasehold properties are well managed	Develop new leaseholder management policies, including income and major works payment	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project Brief
19		Complaints and FOIs are managed in line with service standards	Implement improved processes for managing: - complaints - HO appeals - FOIs	
20		Tenants and leaseholders understand, and are engaged in, developing policy and practice	Develop and implement a Tenant Engagement Strategy that reflects best practice and a proactive approach to engaging tenants	
21		Tenant participation is resourced	Employ new Tenant Engagement Lead	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project Brief
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23		Tenant satisfaction is measured	<p>Tenant Satisfaction Perception Survey for 100% of all tenants to report April 2024</p> <p>Review current mechanisms for collecting tenant satisfaction data t portal and STAR survey</p> <p>Investigate use of tenant portal to collect data and carrying out a STAR survey</p>	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project Brief
24		Good housing representation from tenants, leaseholders and sheltered housing feeding into the work of the Adur Homes Advisory Board	Tenant, Leaseholder and Sheltered housing representation to be sought for the new Adur Homes Advisory Board	
25		Anti-social behaviour is effectively managed with resident involvement	Develop ASB policy for Adur Homes in accordance with Councils' wider ASB approach Secure ASB capacity for Adur Homes to deliver this work.	
26	Business objectives to support regulatory compliance	A leadership structure that enables AHs to serve its residents well	Review the staffing structure for Adur Homes and drive the necessary change to deliver a good structure, focus and right culture for service improvement	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	
				Project Brief
27		Strategic approach to asset management developed	Develop 5 year and then a 30 year SAMP to guide asset management decision making	
28		A long-term sustainable business plan for Adur Homes in place	Develop new 30 year Housing Revenue Account Business Plan Review options for the future direction of the service	
29		An accountable service that makes decisions well	Review governance arrangements to ensure clear accountability, oversight and scrutiny is in place against key service objectives and KPIs Provide support to the team managers on decision making and report writing	

Priority number	Relevant Standard to be addressed	Delivery outcome <i>This is the overall change we want to make</i>	Description of Activity 2023/24	Project Brief
30		Improve financial performance	Improve income and debt/cost recovery in line with Councils' new corporate debt policy and Proactive work	
31		Embed all Audit recommendations into this Improvement Plan	Resolve outstanding Housing Audit Recommendations	
32		A workforce fit for the future for Adur Homes	Implement a Workforce Strategy to support professional accreditation and skills development and the effective deployment of resources	

Probability Key Impact Key Risk Rating Key											
Low - 1	Low - 1	Low - 1-2									
Moderate - 2	Moderate - 2	Moderate - 3-5									
High - 3	High - 3	High - 6									
			Pre Control Measures			Post Control Measures					
Housing Improvement Plan Reference/s	Risk/ Issue description	Impact/ consequence	Probability	Impact	Risk Rating	Control Measure(s)	Probability	Impact	Rating	Owner	
All	Failure to comply with Social Housing Regulation	Reputational damage, increasing complaints from tenants & leaseholders about service levels, financial consequences for not being compliant	3	3	6	Establishment and monitoring of KPIs by senior management, council committees and the Adur Homes Board, systems and procedures in place - including rent analytics and escalation policy, IT system purchased, new HRA Business Plan	2	4	6	Adur Homes Board, AD Housing and Homelessness Prevention	
All	Housing Revenue Account income forecast not met.	Performance targets not met, insufficient funds for R&M, questions about viability of service	3	3	6	Establishment and monitoring of KPIs by senior management, council committees and the Adur Homes Board, systems and procedures in place - including rent analytics and escalation policy, IT system purchased, new HRA Business Plan	2	2	4	Adur Homes Board, Director for Housing & Communities	
All	Loss of key staff	Poor service delivery, low tenant satisfaction, targets not met	3	3	6	Business continuity plans. Staff trained to cover. Contractors sourced for emergency/interim cover	1	1	2	Head of Housing	
3, 5	Data collated/reported may be inaccurate	Performance not able to be monitored, poor decision making, compliance targets unmet	2	3	5	Purchase of new integrated IT system and staff training	2	2	4	Head of Digital & Director for Housing & Communities	
5	Asset Management Plan is not fit for purpose	Poor asset management investment decisions	2	2	4	New Strategic Asset Management Plan developed identifying priorities for investment for the portfolio - new integrated asset management IT system purchased	1	1	2	Director for Housing & Communities & Director for Place	
12	Health and Safety requirements are not met within the Housing stock relating to fire risk control, asbestos, legionella, gas and electrical safety, lifts and safe working practices within the housing stock.	Failure to meet Council's responsibilities leading to death or injury - Council held liable for this and/or damage to property	3	3	6	Audit of all compliance requirements, review of big 6 policies and procedures, new damp and mould policy - purchase of asset management system with fully integrated compliance tracking and reporting capacity - key compliance tenders in place and appropriately monitored - effective oversight through Council governance arrangements	1	1	2	Adur Homes Board, Director of Communities Head of Property Services	
1, 5	Regeneration of HRA stock not achieved	Properties deteriorating impacting on their value and tenant satisfaction, reduction in social housing stock in the Council impacting on homelessness outcomes	3	2	5	New Strategic Asset Management Plan identifying investment priorities for the HRA - planned maintenance programme developed and contracts procured for Decent Homes and compliance work - delivery of capital programmes closely monitored and tracked through a new KPI regime	2	3	5	Adur Homes Board, Chief Executive, Director for Housing & Communities	
1, 5	New development targets not achieved	New, additional provision not delivered - increased need for TA if suitable housing offers cannot be made - Right to Buy receipts may not be able to be used for additional housing if not used within the timeframe allowed	3	2	5	Strategic Asset Management Strategy identifies development targets which are regularly monitored, escalation pathways are in place where targets are slipping	1	1	2	Director for Housing & Communities & Director for Place	

15	Allocations scheme is not fit for purpose	Nominations to RSLs not successful blocking up TA and PRS availability - appropriate stock not available to meet applicant need	2	2	4	Housing Strategy and local Housing Needs Assessment for Adur completed setting out priorities for property requirements and partnership arrangements with local RSLs	1	1	2	Head of Housing
30	Increase in rent arrears and poor debt recovery leading to evictions and impacting on homelessness	Loss of income for Council resulting in less capacity for service delivery - increased evictions and homelessness	2	2	6	Revised rent and debt management policies- improved IT system supporting tenancy management, arrears and debt performance targets set and regularly monitored	1	1	2	Head of Housing
All	Increasing complaints from tenants and leaseholders	Capacity to manage and respond to complaints is diminished and resources diverted, reputational and compliance risk	3	3	6	Revised complaints policy and procedures, effective triaging of complaints and appeals, appointment of new complaints officer, new IT system enables clear view of customer asset and tenancy records for quick response	1	1	2	Director for Housing & Communities
All	Tenant satisfaction is low and does not meet regulatory requirements	Tenant satisfaction levels do not show signs of improvement and do not meet regulatory thresholds leading to reputation and regulatory risk	3	3	6	Carry out the new TMS perception survey in accordance with statutory requirements in partnership with other Local Authority landlords - deliver improved satisfaction outcomes year on year	1	2	3	Head of Housing

Adur and Worthing Housing and Homelessness Performance Indicators

Adur Homes

Number	Performance Indicator	Quarter 1 Total	Year End Total 2022/23	2023/24 Target	July 23 Result	Aug 23 Result	Sept 23 Result	Quarter 2 Total	Oct 23 Result	Nov 23 Result	Dec 23 Result	Result Against Target - RAG rating	Direction of Travel	Reporting period
Tenancy Management														
1	Total rent collected													Monthly
2	Arrears as % of total rent due					*3.75%			£775,804	£841,684	£814,254			Monthly
3	Number of rent accounts in arrears						1143		1039	1512	1039			Monthly
4	Number of residents with a suspended possession order													Monthly
5	Total number of evictions	2	1		0	0	0	0	0	0	0			Monthly
Tenant Engagement														
6	Numbers of tenant/leaseholders attending meetings/ events								x15 leaseholders attended	TBC	x5 Shoreham, x12 Southwick, x4 Fishersgate, x2 Sompting, x1 Lancing			
7	Types of tenant engagement activity : surveys / 'have your say' meetings				3 - 'have your say' meetings / 41 - surveys completed by residents	0	0		x1 leaseholder meeting	1 Southwick - Regeneration Meeting	Resident engagement sessions in Lancing, Southwick, Sompting, Shoreham, Fishersgate			
8	Tenant Satisfaction Measurement								All Tenant Survey commenced	All Tenant Surveys: 556 responses (minium requirement met)	All Tenant Satisfaction Survey: telephone leg completed			
Right to Buy and Leaseholds														
9	Number of RTB Active applications	Not available			8	9	10	10	10	10	12			Quarterly
10	Total Leasehold Arrears as a % of annual rent roll *July result to be amended as % of rent roll	Not available			£235,535	1.80%	TBC	TBC	TBC	TBC	TBC			Quarterly
Feedback & Complaints														
11	Number of new complaints (S1)	47	138		14	19	17	48	12	26	7			Quarterly
12	Number of complaints not met in time (S1)	33	N/A		11	13	12	27	6	7	12			Quarterly
13	Number of new FOIs				7	4	11	22	8	10	8			Quarterly
Asset management - Repairs														
14	Number of responsive repairs completed	2337	9841		717	814	747	2278	781	831	758			Quarterly
15	% of repair appointments met	84.5%	85.3%		94.8%	93.1%	94.9%	94.3%	94.1%	92.5%	93.9%			Quarterly
16	% of repairs post-inspected	77.7%	85.22%		76.4%	65.2%	42.5%	61.4%	60.22%	48.95%	38.81%			Quarterly
Voids														
17	Number of void properties (general needs & sheltered)	142			139	136	108	108	128	125				Monthly
	Backlog (pre April) 2023/24							73	73	70	62			Monthly
								35	35	58	63			Monthly
18	Number of new void properties during the period (general needs & sheltered)						35	35	8	4				Monthly
19	Voids as a % of total stock	5.60%			5.5%	5.4%	5.5%	5.5%	5.3%	5.3%				Monthly
20	Average number of void days	307			303	317	323	323	330	331				Monthly
21	Void loss as % of total rental income	3.8%			3.8%	3.8%	4.1%	4.1%	4.3%	4.4%				Monthly
Asset management - Compliance														
22	% of dwellings Decent Homes Standard compliant	N/A			N/A	N/A	N/A	N/A	N/A	N/A	N/A			Monthly
23	Number of dwellings awaiting damp and mould survey				70									Monthly
24	Number of dwellings with works raised for damp and mould													Monthly
25	% of dwellings with an in-date gas safety certificate	99.30%			99.3%	99.3%	99.3%	99.3%	99.2%	99.2%				Monthly
26	% of dwellings with an in-date EICR	37.20%			41.9%	45.2%	47.3%	47.3%	48.5%	49.2%				Monthly

Report to be developed
have data for accounts in arrears - report being developed to give as % of rent roll, aim from January will be able to report %.* estimated
December 877
Report to be developed

reports to be developed

Adur and Worthing Housing and Homelessness Performance Indicators														
Adur Homes														
Number	Performance Indicator	Quarter 1 Total	Year End Total 2022/23	2023/24 Target	July 23 Result	Aug 23 Result	Sept 23 Result	Quarter 2 Total	Oct 23 Result	Nov 23 Result	Dec 23 Result	Result Against Target - RAG rating	Direction of Travel	Reporting period
27	% of properties with an in-date ACM survey (asbestos)	20.50%			31.3%	31.6%	31.7%	31.7%	31.7%	36.4%				Monthly
28	% of properties with an in-date Water Risk Assessment	100%			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				Monthly
29	Number of new* disrepair claims													Monthly
30	Value of disrepair claims paid out													Monthly
31	% stock condition audit targets met	N/A			N/A	N/A	N/A	N/A	N/A	N/A				Monthly
Adur and Worthing														
Housing Register														
1	Total number live housing register applications - <i>Adur</i>	936	902		941	940	950	950	954	967	973			Monthly
2	Number of properties allocated - <i>Adur</i>	10	38		13	7	6	26	7	8	6			Monthly
3	Total number live housing register applications - <i>Worthing</i>	1796	1729		1812	1838	1859	1859	1863	1881	1880			Monthly
4	Number of properties allocated - <i>Worthing</i>	38	106		25	11	21	57	17	15	17			Monthly
Homelessness														
5	Number of households in Temporary Accommodation (at end of quarter/month) - <i>Adur</i>	91	92		107	TBC	96	98	101	108	106			Monthly
6	Cases assessed as homeless or threatened with homelessness & a statutory duty owed - <i>Adur</i>	52	165		19	16	14	49	24	20	6			Monthly
7	Gross expenditure on Temporary Accommodation - <i>Adur</i>	£347,903	£1,481,264		£156,258	£159,044	£148,091	£811,296	£151,974	£147,792*	£152,570*	*final figures not yet available		Monthly
8	Number of people sleeping rough across the month/quarter - <i>Adur</i>	13 in total			6	6	5	14 in total	8	3	tbc			Monthly
9	Number of households in Temporary Accommodation (at end of quarter/month) - <i>Worthing</i>	349	327		351	TBC	370	370	361	361	350			Monthly
10	Assessed as homeless or threatened with homelessness & a statutory duty owed - <i>Worthing</i>	121	580		49	43	49	141 in total	37	33	26			Monthly
11	Gross expenditure on Temporary Accommodation - <i>Worthing</i>	£951,880	£4,213,962		£421,109	£440,642	£441,223	£1,302,974	£485,776	£411,180*	£430,751*	*final figures not yet available		Monthly
12	Number of people sleeping rough across the month/quarter - <i>Worthing</i>	58 in total			33	34	38	65 in total	27	28	tbc			Monthly
Housing Development														
7	Number of new property commencements	0	74		0	0	0	0						Monthly
8	Number of new property completions	0	6		0	0	0	0						Monthly
Private Sector Housing														
9	New service requests received	79	359		20	27	31	78	27	23	19			Monthly
10	New enforcement notices issued	15	101		2	7	6	15	6	2	8			Monthly

Number	Performance Indicator	Quarter 1 Total	Year End Total 2022/23	2023/24 Target	July 23 Result	Aug 23 Result	Sept 23 Result	Quarter 2 Total	Result Against Target - RAG rating	Direction of Travel	Reporting period
Adur and Worthing											
Housing Register											
1	Total number live housing	936	902		941	940					Monthly
2	Number of properties alloc	12	38		13	9					Monthly
3	Total number live housing	1796	1729		1812	1823					Monthly
4	Number of properties alloc	35	106		22	5					Monthly
Homelessness											
5	Number of households in Temporary Accommodation (at end of quarter/month) - Adur	91			107	94*	102*				Monthly
6	Cases assessed as homeless or threatened with homelessness & a statutory duty owed - Adur	48	169		13	16					Monthly
7	Gross expenditure on Temporary Accommodation - Adur	£455,530			£147,682	£142,223	£145935*	£436840*			Monthly
8	Number of people sleeping rough across the month/quarter - Adur	13			6	6	5				Monthly
9	Number of households in Temporary Accommodation (at end of quarter/month) - Worthing	349			351	372*	379*				Monthly
10	Assessed as homeless or threatened with homelessness & a statutory duty owed - Worthing	108	534		38	43					Monthly
11	Gross expenditure on Temporary Accommodation - Worthing	£1,305,457			£421,364	£441,030	£399,300*	£1,262,694*			Monthly
12	Number of people sleeping rough across the month/quarter - Worthing	58			33	34	38				Monthly
Housing Development											
7	Number of new property c	0	74		0	0					Monthly
8	Number of new property c	0	6		0	0					Monthly
Private Sector Housing											
9	New service requests rece	79	359		20	27					Monthly
10	New enforcement notices	15	101		2	7					Monthly



Performance Indicators Data Definitions

Indicator	Data Owner	Data Source	Data Definition	What's included	What isn't included	Cumulative or monthly	Data confidence level
Total rent collected	Neighbourhood Services Manager	Orchard	Rent collected as a % of total rent charged	All rental properties - TA, general needs, supported housing	Garages, shared owners, other charges or recharges, write offs	Monthly	
Arrears as % of total rent due	Neighbourhood Services Manager	Orchard	Rent arrears as % of total rent due	All rental properties - TA, general needs, supported housing	Garages, shared owners, other charges or recharges, write offs	Monthly	
Number of rent accounts in arrears across all tenures	Neighbourhood Services Manager	Orchard	Numbers of accounts in arrears as % of total accounts	All rental properties - TA, general needs, supported housing	Garages, shared owners, other charges or recharges, write offs	Monthly	
Number of Court Applications made	Neighbourhood Services Manager	Spreadsheet	Total number of applications made	All rental properties - TA, general needs, supported housing	Shared owners, leaseholders	Monthly	
Total number of evictions	Neighbourhood Services Manager	Spreadsheet	Total number	All rental properties - TA, general needs, supported housing	Shared owners, leaseholders	Monthly and cummulative	
Numbers of tenant/ leaseholders attending	Tenant Engagement Lead	Spreadsheet	Total number by tenure	All tenants and leaseholders		Monthly	
Types of tenant engagement activity	Tenant Engagement Lead	Spreadsheet	Total number for all events	All tenants and leaseholders		Monthly	
Tenant Satisfaction Measurement	Tenant Engagement Lead	Survey Report	Outcomes of TMS Survey	All tenants of Adur Homes	Leaseholders	Annually	
Number of RTB Active applications	Leasehold & Right to Buy Manager	RTB Team s/sheet	Total number active applications	Secure tenants	Leaserholders, introductory tenants	Monthly and cummulative	

Total Leasehold Arrears balance	Leasehold & Right to Buy Manager	RTB Teams/sheet	Total arrears owed	Leasehold tenants	General tenants	Monthly	
Number of new complaints	Business Support Team Leader	MATS	Number of formal complaints	All tenants and leaseholders	Shared ownership, private sector leasing	Monthly and cumulative	
Number of complaints not met in time	Business Support Team Leader	Spreadsheet	Total number of complaints outside of service timeframes	All tenants and leaseholders	Shared ownership, private sector leasing	Monthly and cumulative	
Number of new FOIs	Business Support Team Leader	Spreadsheet	Total number	All tenants and leaseholders	Shared ownership, private sector leasing	Monthly and cumulative	
Number of responsive repairs completed			Number of repairs	All tenants	Leaseholders, shared ownership, private sector leasing	Monthly	
% repair appointments met		Spreadsheet/MATS	As % of all appointments	All tenants	Leaseholders, shared ownership, private sector leasing	Monthly	
% repairs post-inspected		Spreadsheet/MATS	As % of all repairs	All tenants	Leaseholders, shared ownership, private sector leasing	Monthly	
Number of void properties		Spreadsheet/MATS	Total number	All rental properties - TA, general needs, supported housing	Leased properties, shared ownership, private sector leasing	Monthly	
Voids as % of total stock		Spreadsheet/MATS	% rate	All rental properties - TA, general needs, supported housing	Leased properties, shared ownership, private sector leasing	Monthly	
Average number of void days		Spreadsheet/MATS	Average number of void days to handover	All rental properties - TA, general needs, supported housing	Leased properties, shared ownership, private sector leasing	Monthly	

Void loss as % of total rental income		Spreadsheet/ MATS	% of total rent roll	All rental properties - TA, general needs, supported housing	Leased properties, shared ownership, private sector leasing	Monthly	
% of dwellings Decent Homes Standard compliant [1]		Spreadsheets - kitchen, bathrooms and EPC data	% of total portfolio	All rental properties - TA, general needs, supported housing	Leased properties, shared ownership, private sector leasing	See note	
Dwellings awaiting damp and mould survey	Compliance Manager	V2 master asset spreadsheet	% of total portfolio	All rental properties - TA, general needs, supported housing	Leased properties, shared ownership, private sector leasing	Monthly	
Dwellings with works raised for damp and mould	Compliance Manager	V2 master asset spreadsheet	% of total portfolio	All rental properties - TA, general needs, supported housing	Leased properties, shared ownership, private sector leasing	Monthly	
Dwellings with an in-date gas safety certificate	Compliance Manager	Adur master gas servicing spreadsheet	% of total portfolio	All rental properties - TA, general needs, supported housing	Shared ownership, private sector leasing	Monthly and cumulative	
% of dwellings with an in-date EICR	Compliance Manager	Matsoft	% of total portfolio	All rental properties - TA, general needs, supported housing	Shared ownership, private sector leasing	Monthly and cumulative	
% of properties with an in-date ACM survey (asbestos)	Compliance Manager	Matsoft	% of total portfolio	All rental properties - TA, general needs, supported housing	Shared ownership, private sector leasing	Monthly and cumulative	
% of properties with an in-date Water Risk Assessment	Compliance Manager		% of total portfolio	All rental properties - TA, general needs, supported housing	Shared ownership, private sector leasing	Monthly and cumulative	
Number of disrepair claims		Disrepair claims tracker spreadsheet	Outstanding number of claims	All rental properties - TA, general needs, supported housing, leasehold properties	Shared ownership, private sector leasing	Monthly and cumulative	
Value of disrepair claims paid out		Disrepair claims tracker spreadsheet	Outstanding value of claims	All rental properties - TA, general needs, supported housing, leasehold properties	Shared ownership, private sector leasing	Monthly and cumulative	

Stock condition audit targets met by %	Asset Manager	Spreadsheet	% of audits completed	All rental properties - TA, general needs, supported housing	Leased properties, shared ownership, private sector leasing	Monthly and cumulative	
Number of housing register applications	Housing Needs Manager	Home Connx	Number of live applications	All applicants applying to the Housing Register	Applicants for TA	Monthly	
Number of properties allocated	Housing Needs Manager	Home Connx	Number of social housing allocations	Social housing proper	TA, Shared Ownership, Leasehold	Monthly	
Cost of Temporary Accommodation to date	Housing Needs Manager	Finance	Cumulative cost	TA properties	Social housing, private frental housing, leasehold	Monthly and cumulative	
Number of people sleeping rough	Housing Needs Manager	Home Connx	Cumulative total			Commulative total	
Number of households in Temporary Accommodation	Housing Needs Manager	Home Connx	Cumulative total	TA residents	Social housing, private frental housing, leasehold	Cumulative total	
Assessed as homeless or threatened with homelessness & a statutory duty owed	Housing Needs Manager	Home Connx	Cumulative total	Homelessness applicants		Cumulative total	
Number of new property commencements	Senior Development Manager		Number for month	New properties funded through the HRA, redevelopment, joint ventures, transfer of sites	Private sector development	Monthly and cumulative	
Number of new property completions	Senior Development Manager		Number for month	New properties funded through the HRA, redevelopment, joint ventures, transfer of sites	Private sector development	Monthly and cumulative	
Private Sector Housing new service requests received	Private Sector Housing Manager		Number for month	Private rental properties		Monthly and cumulative	

Private Ssector Housing new enforcement notices issued	Private Sector Housing Manager		Number for month	Private rental properties	Social housing, private ownership, leasehold	Monthly and cummulative	
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[1] This data is currently not able to be provided as it relies on a number of data sources to determine whether decent homes compliance has been met. As the data systems improve this PI will be reported against.



ADUR & WORTHING
COUNCILS

Joint Audit and Governance Committee
18 January 2024

Key Decision [No]

Ward(s) Affected:N/A

JOSC Working Group - Review of the Worthing Cultural Services procurement and contract process which was undertaken when the service was externalised in 2019

Report by the Director for Sustainability and Resources

Executive Summary

1. Purpose

- 1.1 The Joint Audit and Governance Committee (JAGC) is asked to review the findings and recommendations of the Joint Overview and Scrutiny Committee (JOSC) and JOSC Working Group which reviewed the Worthing Cultural Services procurement process that was undertaken in 2019. A copy of the report from the Working Group and report to JOSC is attached as an Appendix to this report. JAGC has previously asked to see the JOSC Working Group report before considering the need for any further audit work on Theatres as part of the internal Audit work programme.
- 1.2 The Working Group has considered the evidence and other information presented to it and considered that the externalisation process, including the procurement aspects, were robust and in accordance with the legal requirements of such processes. These findings were approved by JOSC at

its meeting on 30 November 2023 and the report and findings will be referred to the Worthing Joint Strategic Sub-Committee on 6 February 2024 for its consideration.

2. Recommendations

- 2.1 That the Joint Audit and Governance Committee review the findings and recommendations from the JOSC Working Group report and consider if any further audit work is required as part of the internal audit Work Programme.

3. Context

- 3.1 As part of its Work Programme, JOSC agreed to set up a Working Group to review the Worthing Cultural Services procurement process undertaken in 2019. Councillors Margaret Howard, Paul Mansfield, Jane Sim and Carl Walker were originally appointed to the Working Group. Due to membership changes of the main JOSC, Councillors Ann Bridges, Richard Nowak and Jon Roser were appointed to the Working Group for 2021/22 in place of Councillors Mansfield, Sim and Howard. Councillor Howard was appointed as the Chairman of the Working Group in 2019 and in 2021 stepped down from JOSC and the Working Group to be replaced by Councillor Walker. Councillor Walker was replaced by Councillor Richard Nowak for the meeting of the Working Group on 2 March 2022 for the conclusion of the review as Councillor Walker had stood down as a member of JOSC. The Working Group agreed the following terms of reference and project objectives for the review:-

- a) To review the processes followed by the Councils when making the decision to externalise the culture service in Worthing via a new charitable organisation and to assess whether or not the externalisation process was robust or not;
- b) To question the Worthing Executive Member for Customer Services, any other Worthing Executive Members and Senior Council officers on the decisions and the processes undertaken to reach that decision referred to above; and;

- c) To consider if there is a need for any recommendations to be put to the Joint Strategic Committee/Worthing Executive Member for Customer Services on the decisions made.

Outcomes expected - A better understanding of the decisions undertaken regarding the Cultural service in Worthing and the processes undertaken in reaching those decisions.

- 3.2 The recommendations from the Working Group report were agreed by JOSC at its meeting on 30 November 2023 for referral to the Worthing Joint Strategic Sub-Committee to be considered on 6 February 2024.

4. Issues for consideration

- 4.1 JAGC is requested to review the findings and recommendations from the JOSC Working Group and consider the need for any further audit work on theatres as part of the internal audit work programme.

5. Engagement and Communication

- 5.1 The JOSC Working Group that undertook the review of the Theatres procurement process held discussions with relevant Council Officers and, details of those discussions and the evidence provided are set out in the accompanying report at the Appendix.

6. Financial Implications

- 6.1 There are no direct financial implications relating to this report but the Working Group was provided with financial information relating to the procurement process and transfer of Worthing Theatres and Museum in 2019.

Financial Officer - Emma Thomas

Date - 09/01/2024

7. Legal Implications

- 7.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything to facilitate or which is conducive or incidental to the discharge of any of their functions.
- 7.2 Section 1 of the Localism Act 2011 provides a Local Authority to do anything that individuals may do (subject to any current restrictions or limitations prescribed in existing legislation).

Legal Officer Joanne Lee

Date 04/01/2024

Background Papers

Report to the Joint Overview and Scrutiny Committee on 30 November 2023 as attached as Appendix to this report.

Officer Contact Details:-

Mark Lowe

Scrutiny & Risk Officer

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Sustainability & Risk Assessment

1. Economic

Matter considered. The issues contained in the Working Group report relate to the procurement process involved in the transfer of Worthing Theatres. Worthing Theatres and Museum provide a cultural offer for Worthing which can also help improve the town centre economy.

2. Social

2.1 Social Value

Matter considered. A strong cultural offer in Worthing with a thriving town centre will help improve social value for the communities of Adur and Worthing and visitors to the town.

2.2 Equality Issues

Matter considered and no significant issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no significant issues identified.

2.4 Human Rights Issues

Matter considered and no significant issues identified.

3. Environmental

Matter considered and no significant issues identified.

4. Governance

Matter considered. The JOSC Working Group was set up in accordance with the JOSC Procedure Rules and forms part of the agreed JOSC Work Programme. Recommendations from the review will also need to be presented to the Worthing Joint Strategic Sub-Committee for consideration.

APPENDIX

Joint Overview and Scrutiny Committee
30 November 2023



ADUR & WORTHING
COUNCILS

Key Decision [No]

Ward(s) Affected:N/A

JOSC Working Group - Review of the Worthing Cultural Services procurement and contract process which was undertaken when the service was externalised in 2019

Report by the Director for Sustainability & Resources

Executive Summary

1. Purpose

1.1 This report sets out the recommendations from the Joint Overview and Scrutiny Committee (JOSC) Working Group which was created as part of the JOSC Work Programme to review the Worthing Cultural Services procurement process undertaken in 2019.

2. Recommendations

2.1 That JOSC consider the report and recommendations from the Cultural Services Working Group and refer the recommendations to the appropriate Worthing Joint Strategic Sub-Committee for consideration in due course.

3. Context

3.1 As part of its Work Programme, JOSOC agreed to set up a Working Group to review the Worthing Cultural Services procurement process undertaken in 2019. The Working Group agreed the following terms of reference and project objectives for the review:-

1. To review the processes followed by the Councils when making the decision to externalise the culture service in Worthing via a new charitable organisation and to assess whether or not the externalisation process was robust or not;
2. To question the Worthing Executive Member for Customer Services, any other Worthing Executive Members and Senior Council officers on the decisions and the processes undertaken to reach that decision referred to in 1 above; and;
3. To consider if there is a need for any recommendations to be put to the Joint Strategic Committee/Worthing Executive Member for Customer Services on the decisions made.

Outcomes expected - A better understanding of the decisions undertaken regarding the Cultural service in Worthing and the processes undertaken in reaching those decisions.

4. Issues for consideration

4.1 JOSOC is asked to consider the report and recommendations from the Cultural Services Working Group set out in the report in the Appendix to this report and agree to refer the recommendations to the Worthing Joint Strategic Sub-Committee for further consideration in due course.

5. Engagement and Communication

5.1 The JOSOC Working Group that has undertaken the review of the Theatres procurement process has held discussions with relevant Council Officers, details of these discussions and the evidence provided are set out in the accompanying report at the Appendix.

6. Financial Implications

- 6.1 There are no direct financial implications relating to this report but the Working Group was provided with financial information relating to the procurement process and transfer of Worthing Theatres and Museum in 2019.

7. Legal Implications

- 7.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything to facilitate or which is conducive or incidental to the discharge of any of their functions.
- 7.2 Section 1 of the Localism Act 2011 provides a Local Authority to do anything that individuals may do (subject to any current restrictions or limitations prescribed in existing legislation).

Background Papers

Any papers referenced in the Working Group report.

Officer Contact Details:-

Mark Lowe

Scrutiny & Risk Officer

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Sustainability & Risk Assessment

1. Economic

Matter considered. The issues contained in the Working Group report relate to the procurement process involved in the transfer of Worthing Theatres. Worthing Theatres and Museum provide a cultural offer for Worthing which can also help improve the town centre economy.

2. Social

2.1 Social Value

Matter considered. A strong cultural offer in Worthing with a thriving town centre will help improve social value for the communities of Adur and Worthing and visitors to the town.

2.2 Equality Issues

Matter considered and no significant issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no significant issues identified.

2.4 Human Rights Issues

Matter considered and no significant issues identified.

3. Environmental

Matter considered and no significant issues identified.

4. Governance

Matter considered. The JOSC Working Group was set up in accordance with the JOSC Procedure Rules and forms part of the agreed JOSC Work Programme. Recommendations from the review will need to be presented to the Worthing Joint Strategic Sub-Committee for consideration.



ADUR & WORTHING
COUNCILS

Scrutiny review of the Worthing Cultural Services procurement and contract process which was undertaken when the service was externalised in 2019

Report by the Joint Overview and Scrutiny Working Group

1.0 Summary

- 1.1 The Worthing Theatres & Museum Trust (WTM) was established as an independent charitable trust at the beginning of November 2019, following the Council's decision to lease its cultural venues to a single body offering a single focus on fostering and developing the cultural offer of Worthing and helping it to flourish over the longer term.
- 1.2 This report sets out a series of findings, research and recommendations from the Joint Overview and Scrutiny Committee (JOSC) Working Group which was established as part of the JOSC Work Programme to review the processes followed by Worthing Borough Council when making the decision to externalise the culture service in Worthing. These findings and research will help to assess whether or not the externalisation process was robust or not.
- 1.3 The Working Group sets out some recommendations and conclusions to be put to the Joint Strategic Committee and relevant Worthing Cabinet Members regarding the processes undertaken. This report will also be referred to the Joint Audit and Governance Committee which has asked to receive it pending any possible internal audits relating to the contract and procurement process.

2.0 Background and context to the externalisation of the culture service in Worthing

- 2.1 Worthing Borough Council had previously recognised that a strong cultural offer plays an important role in successful places, helps attract visitors and businesses into the areas, revitalises localities, improves health and wellbeing

and encourages volunteering and civic participation. At that time, allowing for a local multiplier, culture was categorised as being worth more than £5m to the Worthing economy based on the average spend of customers (2018 estimates). The original Adur & Worthing Councils strategic vision 'Platforms for our Places' highlighted the opportunity to develop the cultural offer in Worthing.

- 2.2 With the above factors in mind, at its meeting on 10 July 2018, the members of the Joint Strategic Committee (JSC) agreed to lease some or all of Worthing's Borough Councils cultural venues to an independent trust or similar body offering a single focus on fostering and developing the cultural offer of Worthing and helping it to flourish over the longer term. As part of this report a procurement exercise was agreed for this process.
- 2.3 At the meeting of the JSC on 5 March 2019, the Committee considered a report of the resultant procurement exercise and approved the award of the cultural services contract to the in-house team and at the same time delegating responsibility to the Director for the Economy to approve and execute the contract.
- 2.4 A detailed procurement process was undertaken prior to the award of the contract which involved an invitation to Tender published on the 30 November 2018 with a deadline for formal submissions of 12pm on Monday 28 January 2019. The Invitation to Tender (ITT) provided the relevant context; a detailed specification with 20 core requirements; instructions for the bidders and the method statement for evaluating the bids. The core requirements expressed the importance of a diverse, multi-arts programme that would respond to Worthing's changing demographic, ensuring it remained fresh and dynamic. Bidders were asked to present clear proposals for partnership working and articulate how they would develop the 'cultural landscape' in Worthing. The ITT highlighted the need for a well-balanced programme including film, theatre, dance, comedy and seasonal programming; together with the fullest exposure of the Museum collections with a focus on engaging young people; supporting academic research; and delivering high profile exhibitions. Throughout the ITT there was a focus on supporting local promoters and artists; fostering positive relationships with local communities; and nurturing talent. Ticketing arrangements were required to be fair and appropriate to the programme with emphasis placed on ensuring that a first-class customer experience was provided.
- 2.5 The key stages of the procurement exercise were: 16 October 2018 Prior Information Notice (PIN) Advertised; 30 November 2018 Invitation to Tender

(ITT) Release; 19 December 2018 Bidders Tour; 28 January 2019 Invitation to Tender Deadline for Responses; 14 February 2019 Moderation of Bids (Finance Panel); 15 February 2019 Moderation of Bids (Quality Panel). The tender opportunity generated significant interest with a number of organisations submitting an Expression of Interest in response to the PIN. Following the release of the formal ITT, the Project Team prepared for the Bidders Tour. This intervention was included to allow all applicants the chance to experience, and ask questions about, the venues first hand. This took place on 19 December 2018.

- 2.6 For the purposes of the tender process that was undertaken, following the ITT deadline, only 1 bidder formally submitted an application in response to the ITT and this was from the Council's in-house team. Their business case contained 101 representations of support and was based on their long term experience of delivering cultural services. Unfortunately the in-house team had unnecessarily set up a limited company to submit the tender through and this meant that the 'company' (Chalk & Clay) could not meet the essential criteria of a proven 'track record' of service delivery sufficient to meet the tender criteria. This meant that no award could be made as a result of the procurement process as the only bid received was from 'Chalk and Clay', and therefore technically, no suitable bids were received.
- 2.7 After review of this situation, Officers advised that as the market had been tested properly the JSC may subsequently agree to make a direct award under Regulation 32(2)(a) of the Public Contract Regulations 2015. The award was, therefore, made to the in-house team with a feature of that award being that they go on to establish an independent charitable organisation to contract with the Council and deliver the service (which was allowable under the tender process).
- 2.8 Following the direct award of the contract as referred to above, Worthing Theatres & Museum (WTM) was established as an independent charitable trust at the beginning of November 2019, following the Council's decision to lease its cultural venues to a single body offering a single focus on fostering and developing the cultural offer of Worthing and helping it to flourish over the longer term.

3.0 Background to the Joint Overview and Scrutiny Committee review

- 3.1 Following receipt of a public scrutiny request it was agreed by the Joint Overview and Scrutiny Committee (JOSC) as part of the JOSC Work Programme for 2019/20, to set up a Working Group to review the

processes followed by the Councils when making the decision to externalise the culture service in Worthing via WTM and to assess whether or not the externalisation process was robust or not. The aim of the review was to gain a better understanding of the decisions undertaken regarding the Cultural Service in Worthing and the processes undertaken in reaching those decisions.

- 3.2 Councillors Margaret Howard, Paul Mansfield, Jane Sim and Carl Walker were originally appointed to the Working Group. Due to membership changes of the main JOSC, Councillors Ann Bridges, Richard Nowak and Jon Roser were appointed to the Working Group for 2021/22 in place of Councillors Mansfield, Sim and Howard. Councillor Howard was appointed as the Chairman of the Working Group in 2019 and in 2021 stepped down from JOSC and the Working Group to be replaced by Councillor Walker. Councillor Walker was replaced by Councillor Richard Nowak for the meeting of the Working Group on 2 March 2022 for the conclusion of the review as Councillor Walker had stood down as a member of JOSC.
- 3.3 The Working Group held meetings in September 2019 and February 2020 to gather evidence and formulate findings and recommendations. The outbreak of the Covid-19 Pandemic put the review on hold as time and resources were devoted to providing community support during the pandemic but further meetings were held in September 2021 and March 2022.
- 3.4 The Working Group discussed and agreed the following Terms of Reference and project objectives for the review:-
1. To review the processes followed by the Councils when making the decision to externalise the culture service in Worthing via a new charitable organisation and to assess whether or not the externalisation process was robust or not;
 2. To question the Worthing Executive Member for Customer Services, any other Worthing Executive Members and Senior Council officers on the decisions and the processes undertaken to reach that decision referred to in 1 above; and;
 3. To consider if there is a need for any recommendations to be put to the Joint Strategic Committee/Worthing Executive Member for Customer Services on the decisions made.

Outcomes expected - A better understanding of the decisions undertaken regarding the Cultural service in Worthing and the processes undertaken in reaching those decisions.

4.0 Method of the review

- 4.1 From the start of the review, the Working Group wanted to ensure that it was briefed on as much background and information as possible relating to the procurement process involved in the externalisation of the culture service in Worthing. As part of this, the Working Group was also provided with a copy of the contract agreement relating to the management and operation of the Borough Council's cultural portfolio.
- 4.2 The Working Group has held an evidence gathering meeting with the Director for Economy at Adur and Worthing Councils and also the Solicitor for Adur and Worthing Councils who provided detailed advice which was given to the Council on the procurement and externalisation process. The Working Group also received detailed background information relating to the contract process.
- 4.3 The Working Group wanted to speak with Councillor Dr Heather Mercer, the Worthing Executive Member for Cultural Services, who had been closely involved in the process, however, it was not possible for this to be undertaken or to receive any written information response because, at the time of the review, Councillor Mercer had been unwell and had undergone surgery. However, Councillor Mercer had spoken formally to the Chairman of the Working Group outside of the meetings and confirmed that she did not have anything to add to the discussion of what had already been provided by Officers. The Working Group was disappointed that it had not been possible to interview Councillor Mercer or receive written responses due to circumstances outside of its control.

5.0 Worthing Theatres and Museum (WTM) - Independent charitable trust - Performance since November 2019

- 5.1 At the time of writing its report, the Working Group received early information on the performance of WTM which indicated that less than 5 months after it was formed in March 2020, the Covid-19 Pandemic meant that each of the Worthing Theatres and Museum venues closed and along with it, the opportunity to raise income through its core businesses of shows, events and exhibitions.
- 5.2 In line with the terms of its contract with the Council, WTM presented

operational and financial reports at quarterly review meetings chaired by the 'Council Officer' (the Director for the Economy). In such an exceptional year (20/21), it quickly became apparent at the review meetings that key performance indicators around aspects such as attendance; occupancy rates; venue hire; and ticket income could not be achieved. Unsurprisingly, projected annual income from ticket sales and event hires of over £3.5m of income became only £128k in reality. Sadly, 25 members of staff were made redundant during the year and many of the contracted hours that WTM offered in association with events and shows were not available.

- 5.3 The Council's contract payment to the Trust in 2020/21 was £1,460,010. The Council made this payment in 2020/21 to ensure that the Trust could continue to operate when possible and in compliance with government guidelines regarding support for suppliers. Contained within the contract is a clause governing how any profits made by the Trust will be treated. The contract between the Council contains a profit share arrangement which enables WTM to build up a risk reserve and at the end of the contract, 50% of any unused reserve will be returned to the Council, the Director of the Economy agreed to that contractual change.

6.0 Conclusions and recommendations

- 6.1 The Working Group would like to thank the Director for the Economy and Solicitor who contributed to the evidence for this review.
- 6.2 The Working Group has been briefed on and has reviewed in detail the procurement process undertaken relating to the externalisation of the culture service. The Working Group has also reviewed confidential information connected with the procurement and the contract process and the bid received and has noted the following issues:-
- The Council was satisfied that the procurement process was robust and that the in-house team had produced a strong bid which met the relevant criteria. As the Council only received one bid, it was open to the Council to make a direct award under Regulation 32. Rather than incur the cost of running a whole process again, when there were clearly no other tenderers wishing to take part. In using Regulation 32, the Councils had to award the contract on the same terms that had been tendered on and this was done. The Council has included a mechanism in the contract to ensure that the Trust are held to account for their performance which is made via regular reporting through the Director for the Economy and reporting to the Joint Strategic

Committee. JOSC will also review the performance as part of its Work Programme.

- That there needed to be a complete separation of information during the procurement exercise and contract negotiations. It was important that the Officers who were delivering the culture service could not be part of the procurement process or have any knowledge of it, other than what was to be published to all potential tenderers on the Intend Portal. There needed to be in effect a 'wall' between the two entities in relation to the procurement. The Head of Place and Economy was appointed to oversee the inhouse Cultural team and to run the procurement process and who had no contact with and was totally separate from the in-house team run by Amanda O'Reilly. There was a line and the Director for Economy also set up a formal Working Group to run the procurement process in a transparent and fair way and there needed to be very clear checks and balances. The team running the service and the team running the procurement process were split apart to guard against any inside knowledge of the procurement process. It was recognised in law that any in-house team would have some inside knowledge of the service and therefore a natural advantage, because they were the in-house team already running the service and this is a recognised and lawful benefit to the incumbent supplier.
- It is perfectly lawful for an inhouse team to bid against other tenderers and should be encouraged to ensure that the inhouse team meets a certain standard. The bid from the in-house team was evaluated. The Council needed to consider the overall purpose for outsourcing the service and to consider the potential funding aspect as well. The Council had an aspiration to raise the cultural offer but reduce the costs to the Council and with this bid there was an opportunity to achieve more public funding.
- The Worthing Theatres is now a Charitable Company Limited by Guarantee (CIC). This is because they wanted to set up as a Charitable Trust which allows the option for them to be more commercial. A CIC is expected to make a profit/surplus whereas a charity is not for profit. CICs are expected to reinvest their surpluses but can also pay a proportion of this out to the owners or investors. With a charity, surpluses or reserves are possible but should not be excessive. This usually means that a charity must have a policy for how much surplus it retains in case income falls in the future. Charities are required to produce financial statements in charity format and are

regulated by the charity commission as well as Companies House. Charities are eligible for rate relief of up to 100% at the discretion of the local authority. A charity has to comply with the Charity Commissions' risk management policies and there are strict guidelines on governance of charities.

- 6.3 The Working Group is mindful of the the length of time taken to undertake the review which has been due to the Covid-19 pandemic and delays in trying to get information from the Executive Member for Cultural Services.
- 6.4 The Working Group has noted the processes followed by the Councils when making the decision to externalise the culture service in Worthing via a new charitable organisation.
- 6.5 Having considered the evidence and other information presented to the Working Group it is considered that the externalisation process, including the procurement aspects, were robust and in accordance with the legal requirements of such processes.

7.0 Recommendations

- 7.1 That the Joint Overview and Scrutiny Committee note the contents of the Working Group report and the findings and refer the report to the Worthing Joint Strategic Sub Committee.**
- 7.2 That Officers be commended for their work when making the decision to externalise the culture service in Worthing via a new charitable Organisation and for bringing the issues to a conclusion.**

Reason - To note the work undertaken in resolving these issues.

- 7.3 That for the reasons set out above in Section 6 of the report, the Working Group is satisfied that the processes followed by the Councils when making the decision to externalise the culture service in Worthing via a new charitable organisation were correct and this externalisation process was robust;**

Reason - The Council has followed the relevant procedures and the Working Group can find no gaps in these processes.

- 7.4 That the findings and recommendations in this report be referred to the Joint Audit & Governance Committee to assist it in reviewing the need for any further internal audit work on Theatres.**

Reason - Because the Joint Audit & Governance Committee has asked to see the report before considering the need for any further audit work on Theatres as part of the Internal Audit Work Programme.

Local Government Act 1972

Background Papers:

None

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