



ADUR DISTRICT
C O U N C I L

23 January 2024

Adur Cabinet	
Date:	1 February 2024
Time:	6.30 pm
Venue:	QEII Room, Shoreham Centre

Committee Membership: Councillors Neil Parkin (Chairman), Angus Dunn (Vice-Chair), Carson Albury, Emma Evans, Kevin Boram and Steve Neocleous
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Agenda

Part A

1. Declarations of Interest

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

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

2. Public Questions

To receive any questions from members of the public.

Questions should be submitted by noon on Monday 29 January 2024 to Democratic Services, democratic.services@adur-worthing.gov.uk

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

3. Members Questions

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

Questions should be submitted by noon on Monday 29 January 2023 to Democratic Services, democratic.services@adur-worthing.gov.uk

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

4. Items Raised Under Urgency Provisions

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

5. Second Homes & Long Term Empty Property Premium: Council Tax (Pages 3 - 16)

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

6. Housing Revenue Account: 2024/25 Budget (Pages 17 - 48)

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

7. Budget Estimates 2024/25 and setting of the 2024/25 Council Tax (Pages 49 - 114)

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

8. Investing in our Places - Capital Programme 2024/25 to 2026/27 (Pages 115 - 172)

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

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:
Chris Cadman-Dando Senior Democratic Services Officer 01903 221364 chris.cadman-dando@adur-worthing.gov.uk	Andrew Mathias Senior Solicitor 01903 221032 Andrew.mathias@adur-worthing.gov.uk

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

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Adur Cabinet
Date: 01 February 2024

ADUR DISTRICT COUNCIL

Key Decision [Yes]

Ward(s) Affected: All Wards

A report to determine the level of Council Tax Premiums and Discounts for Empty Properties and Second Homes

Report by the Director for Housing & Communities

Officer Contact Details:

Sue Large - Revenues & Benefits Operation Manager

sue.large@adur-worthing.gov.uk

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Executive Summary

1. Purpose

- 1.1. This report identifies decisions to be made by Full Council and makes recommendations to change the council's approach in respect of certain discretionary areas within council tax legislation. If agreed, changes to Empty Property premiums will take effect from 1 April 2024 and changes to Dwellings Occupied Periodically (Second Homes) shall take place from 1st April 2025. These changes arise from the The Levelling-up and Regeneration Act 2023 which enables councils to make further amendments to the levying of council tax premiums within the District.
- 1.2 To reduce the number of empty homes within the District in line with the Council's Empty Homes Strategy and to encourage the use of premises as main residence by local residents rather than as second homes.

2. Recommendations

Members of this committee are asked to recommended to Full Council the approval and implementation of the following:-

2.1 That from 1 April 2024 to continue to levy the maximum level of premium for empty properties as follows noting the change for empty homes after 1 year:-

- Premium of 100% for dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) after 1 years up to 5 years of becoming empty;
- Premium of 200% for dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) between 5 years and up to 10 years; and
- Premium of 300% for dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) for 10 years or more.

2.2 From 1 April 2025 to approve the application of a premium for second homes (Second Homes Premium) of 100% for all dwellings that are no persons' sole or main residence and which is substantially furnished

2.3 (Exceptions to premiums) that mindful of the current consultation by government which recommends exceptions in certain circumstances, to the second homes premium to be charged, and subject to the outcome of that consultation, it is recommended that the Section 151 Officer is given delegated authority to implement this Council's policy on premiums in line with statute and any following guidance issued by the Secretary of State.

2.4 Recommend no changes to existing Council Tax Discounts.

3. Introduction

3.1. The Levelling-up and Regeneration Act enables the council to make further amendments to the levying of council tax premiums within the district with effect from 1 April 2024 and 1 April 2025.

3.2. A large part of the council tax legislation is mandatory for all billing authorities within England. Discounts (such as Single Person Discounts), disregards and exemptions are set by statute with very little discretion

allowed. However, there are a number of areas where each council may determine the type and levels of charge to be made.

3.3. The main discretionary areas in place currently are as follows:

- (a) Second homes (premises which are no-one's sole or main residence but are furnished);
- (b) Unoccupied and substantially unfurnished premises;
- (c) Unoccupied and substantially unfurnished premises which require or are undergoing structural repairs; and
- (d) Currently, premiums where premises have been unoccupied and substantially unfurnished for a period exceeding 2 years.

3.4. When determining its policy, each billing authority has to decide the level of discount (if any) to be granted and the amount (percentage) of any premium by 31 March prior to the financial year in which it wants to introduce the changes.

3.5. The report identifies decisions required by Full Council and makes recommendations to change the council's approach in respect of certain discretionary areas within council tax legislation. Once determined, any resolution of the council will be published in a local newspaper(s) within 21 days of the decision.

4. Context - Current Position and Proposed Changes

4.1. Empty Properties

As at the date of writing this report there are 273 Long term empty properties and 174 second homes within the district and the council has adopted the following level of premiums.

	Current Policy
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty Homes premium) After 2 years and up to 5 years of becoming empty.	100% Premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) Dwellings empty between 5 years and up to 10 years	200% Premium

Premium - Dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) Dwellings empty for 10 years or more	300% Premium
Unoccupied and substantially unfurnished premises	0% Discount
Unoccupied and substantially unfurnished premises which require or are undergoing structural repairs	0% Discount

4.2. Premiums were introduced by the government in 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term. Initially premiums could only be charged at 50% but current legislation has now changed to allow a progressive charge to be made as follows:

- Dwellings left unoccupied and substantially unfurnished for 2 years or more, up to 100%;
- Dwellings left unoccupied and substantially unfurnished for 5 years or more, up to 200%; and
- Dwellings left unoccupied and substantially unfurnished for 10 years or more, up to 300%.

4.3. It should be noted that premiums are charged in addition to the 100% council tax payable on empty premises.

4.4. Government, together with local authorities has unfortunately seen a rise in the number of empty homes together with a growth in second homes. This is particularly challenging given the significant demand for housing and the rise in housing need and homelessness. In addition, there are also issues with properties that remain unoccupied around safety and decency. This policy change would therefore aim to:

- a) Reduce the number of empty homes within the district in line with the council's Empty Homes Strategy
- b) Encourage the use of premises as main residences by local residents rather than second homes.
- c) Mitigate the rising costs of homelessness

4.5. Inconsistencies in the legislation have also been identified whereby a premium can be avoided by the taxpayer merely furnishing an empty premises, when it would become a 'second home' which currently has a

maximum charge of 100%. The council has previously identified this and, for a number of years, has proposed changes in the legislation to avoid this 'loophole'.

- 4.6. By amending the Local Government Finance Act 1992, the recently enacted Levelling-up and Regeneration Act 2023 ('the 2023 Act') addresses these inconsistencies and also brings more dwellings into use. This report makes recommendations to change the discounts currently being granted by the council and also to introduce changes to the regimes for charging premiums as allowed within the legislation.

5. Changes to empty homes premiums (From 1 April 2024)

- 5.1. Section 79 (1)(b) of the 2023 Act will permit billing authorities in England to impose an empty homes premium after one year instead of two. This gives effect to a commitment made by the Government in the [Levelling Up White Paper](#) .
- 5.2. Section 79(1)(a) provides that billing authorities must have regard to any guidance issued by the Secretary of State when deciding whether to implement an empty homes premium and it is expected that the current guidance drafted by the government in 2013 will be updated. This change to guidance will come into effect from the 2024/25 financial year.
- 5.3. Sections 79(2) of the Act provides that from 1 April 2024, a property can be charged an empty homes premium at 100% after one year, and it does not matter whether the period mentioned in s11B(8) of the Local Government Finance Act 1992 begins before Section 79 came into force.

6. Introduction of premiums for second homes (From 1 April 2025)

- 6.1 At present, English billing authorities may only impose an empty homes premium on properties that are 'unoccupied and substantially unfurnished'. This term is defined via case law, not in legislation. However, it does not cover dwellings that are no one's sole or main residence but are furnished. An empty homes premium could, therefore, not be imposed on properties that are maintained as second homes for regular use by their owners.
- 6.2 Section 80 of the Levelling Up and Regeneration Act 2023 (Dwellings Occupied Periodically) provides for a new section 11C in the Local Government Finance Act 1992. This permits billing authorities to apply a premium to properties that have no resident and are "substantially furnished".

The maximum council tax charge in these cases would be a standard 100% charge plus, if the recommendations are accepted by the council, a premium of 100% making a total council tax charge of 200%

- 6.3 There would be no requirement for a property to have been used as a second home for a fixed period of time before the premium can apply.
- 6.4 As with other changes introduced by the Bill, section 11C (3) requires that the first decision to impose this class of premium must be taken at least 12 months before the financial year to which it would apply. In effect this means that premiums for second homes will not take effect until the 2025/26 financial year at the earliest. However, it is essential that a decision is made by the council before 31 March 2024 to give the required one year notice.
- 6.5 The Act provides that a dwelling cannot be subject to both a second homes premium and an empty homes premium imposed under section 11B of the 1992 Act, and that an existing empty homes premium would cease to apply to a property which became subject to a second homes premium.

Premiums – generally

- 6.6 In line with all similar legislation, any decision made by the council must be published in at least one local newspaper, within 21 days of its being taken.
- 6.7 Should the council at any time wish to vary or revoke a decision to impose any type of premium, this can be done at any time before the beginning of the financial year to which it would apply.
- 6.8 The Secretary of State has the power to prescribe certain classes of property that will not be subject to an empty homes premium. Currently these are homes that are empty due to the occupant living in armed forces accommodation for job related purposes, or annexes being used as part of a main property.
- 6.9 In line with that, a consultation has also been issued by the government on proposals to delay the application of premiums and it is expected that the areas included in the consultation will form either guidance or regulations which authorities will be required to adhere to.

Changes proposed from 1st April 2024

6.10 The continued pressure on local authority finances (both the council and the Major Preceptors) together with the need to encourage all owners of domestic premises to bring them back into use, makes it essential that the council changes its approach to empty homes.

6.11 From 1 April 2024, the council has the opportunity to make changes to both its discretionary discounts and also to the current premium regime in order to maximise its income and that of the major preceptors (in proportion to their share of the council tax). **In view of this, it is recommended that the council adopt the following change with effect from 1 April 2024 as follows:**

	Proposed Policy
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty Homes premium) <u>After 1 year</u> and up to 5 years of becoming empty.	100% Premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) Dwellings empty between 5 years and up to 10 years	200% Premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) Dwellings empty for 10 years or more	300% Premium
Unoccupied and substantially unfurnished premises	0% Discount (No change)
Unoccupied and substantially unfurnished premises which require or are undergoing structural repairs	0% Discount (No Change)

Changes proposed to be effective from 1st April 2025

6.12 From 1 April 2025, the new legislation will allow all English billing authorities to charge a premium of up to 100% on second homes (no one's sole or main residence and which is substantially furnished).

6.13 The intention of the legislation change is to close the current loophole in relation of empty homes premium and also encourage the use of second homes as primary residences.

6.14 As noted above, the challenges around access to housing for many of our residents mean that this council needs to consider all of its policy levers that will enable more homes to become available homes for those that require them. **It is therefore recommended that the council resolves to apply a premium of 100% on second homes with effect from 1 April 2025.** The legislation requires that the authority gives at least one year's notice from the date of a Full Council resolution and the change can only be effective from the commencement of a financial year, the earliest being 1 April 2025.

6.15 In line with the legislation, the council must be mindful of guidance issued by the Secretary of State and any application of the premiums must take account of any exceptions laid down within regulation. Once determined, any resolution of the council will be published in a local newspaper(s) within 21 days of the decision.

Exceptions from the premiums (empty homes premiums and second homes premium)

6.16 For information, the government has released a consultation paper entitled [Consultation on proposals to exempt categories of dwellings from the council tax premiums in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/consultation-on-proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums-in-england). The consultation (which has now ended), sought views on possible categories of dwellings which should be dealt with as exceptions to the council tax premiums. It covers the empty homes premium, and also the second homes premium, provisions for which are included within the Levelling-up and Regeneration Act.

6.17 The consultation proposes that there will be circumstances where either premiums will either not apply or be deferred for a defined period of time. These are as follows:

- **Properties undergoing probate** - the government proposes that these properties should be exceptions to both the second homes and empty homes premiums for 12 months. The exception would start once probate or letters of administration is granted. This does not affect the Class F exemption or the ability for billing authorities to charge the normal rate of council tax following the expiry of the Class F exemption;
- **Properties that are being actively marketed for sale or rent** - the government proposes that this exception would apply for up to a maximum of 6 months from the date that active marketing commenced, or until the property has been sold or rented, whichever is sooner. It will be essential that the council will need to determine in its policy, what evidence will be required to support any exception;

- **Empty properties undergoing major repairs** - time limited to 6 months - the government proposes that empty properties undergoing major repair works or structural alterations should be an exception to the premium for up to 6 months once the exception has been applied or when the work has been completed, whichever is sooner. The exception could be applied at any time after the property has been empty for at least 12 months, so long as the council is satisfied that the necessary repair work is being undertaken;
- **Annexes forming part of, or being treated as, part of the main dwelling** - the government proposes that such annexes should be an exception to the council tax premium on second homes;
- **Job-related dwellings** - currently, there is a council tax discount of up to 50% for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide dwellings for employees. The government proposes that the dwelling should also be an exception to the second homes premium. The exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintain their previous address;
- **Occupied caravan pitches and houseboat moorings** - the government proposes that these caravans and boats should be an exception to the council tax premium on second homes; and
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence** - the government proposes that properties that have restrictions or conditions preventing occupancy for a continuous period of at least 28 days in any 12-month period, or specifies its use as a holiday let, or prevents occupancy as a person's sole or main residence, should be an exception to the second homes premium.

6.18 It is understood that regulations or guidance (which has to be followed in accordance with the Levelling-Up and Regeneration Act) will be in line with the government's proposal. In view of this, the council will need to ensure that any charging policy is in line with legislation. **It is therefore recommended that the council's Section 151 Officer is granted delegated powers to amend the council's policy of premiums in line with legislative or government requirements.**

Outcome expected and 'safety net'.

6.19 The expected outcomes of the recommendations are as follows:

- (a) Taxpayers will be encouraged, through the changes in discounts and the implementation of the premiums, to bring empty properties into use and to revert the use of second homes to primary residences;
- (b) The reduction of empty homes and second homes within the district in line with the council's Empty Property Strategy; and
- (c) Increased council tax income from empty homes and second homes.

6.20 There may be circumstances where the implementation of these changes (percentage increases in the level of premiums) may cause exceptional hardship to a taxpayer. In such cases, the council will consider applications for a reduction in liability under its Section 13A (1)(C) of the Local Government Finance Act 1992 - Reduction in Council Tax liability policy.

6.21 Where such an application is received, it will be considered on an individual case basis taking into account the circumstances of the taxpayer and the situation regarding the level of council tax charged. Should the taxpayer be aggrieved by any decision of the council a further right of appeal will be with the independent Valuation Tribunal.

6.22 Should the council decide not to accept the recommendations, the existing premiums will remain in place.

7. Engagement and Communication

7.1 There is no statutory requirement to consult on any matters contained within this report. However, a resolution must be passed by Full Council on or before 31 March 2024 in order for the changes to be implemented with effect from 1 April 2024. In the case of second homes premium, a resolution made on or before 31 March 2024 will allow the premium to come into force from 1 April 2025 (its earliest commencement date).

8. Financial Implications

8.1 Should the recommendations be accepted; any additional income would be shared with both the council and the major preceptors in proportion to their share of the collection fund. Based on current modelling, the increase in council tax is estimated to be as follows:

2024/25

Band	Number of Properties	Value
A	96	£141,120.00
B	75	£128,634.00
C	58	£113,687.54
D	30	£66,154.50
E	10	£26,951.80
F	2	£6,370.44
G	1	£3,675.25
H	1	£4,410.30
Total		£491,003.83

2025/26

	Current Policy	Recommendation	Estimated Income per annum
Second Homes Premium No one's sole or main residence and which is substantially furnished. Premium of 100% is charged in addition to the second home council tax charge of 100%	N/A	100% Premium	£362,624.53

8.2 The award of any S13A(1)(C) (reduction in liability) is a general fund expense and would normally be met in full by the council. In view of the fact that the additional funds from the changes in discounts and premiums proposed in this report are shared with major preceptors, it is proposed that the cost of any award is met from the collection fund.

9. Legal Implications

- 9.1 Sections 11A (discounts: special provision for England); Section 11B (higher amount for long-term empty dwellings: England) and section 13A(1)(c) (reductions by billing authority) of the Local Government Finance Act 1992 Act are relevant to this Report. In addition, Section 80 of the Regeneration and Levelling Up Act 2023 which came into force in October 2023 inserts a new section 11C into the Local Government Finance Act 1992 which is applicable to Dwellings Occupied Periodically (premiums for second homes).
- 9.2 Section 80 of the Regeneration and Levelling Up Act 2023 inserts a new section 11D into the Local Government Finance Act 1992 which enables the Secretary of State to make regulations or issue guidance on the application of the premiums and Full Council is asked to delegate authority to the s151 Officer to implement further changes are prescribed by the Secretary of State.
- 9.3 A resolution by the Full Council arising from the recommendations in this report should be published in the local newspaper within 21 days of the resolution being made.
- 9.4 Under Section 111 of the Local Government Act 1972, the council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 9.5 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness

Background Papers

- [Levelling Up White Paper](#)
- [Levelling-up and Regeneration Act 2023 - Parliamentary Bills - UK Parliament](#)
- [Consultation on proposals to exempt categories of dwelling from the council tax premiums in England](#)

Sustainability & Risk Assessment

The recommendations are directly in line with the council's Our Plan - by enabling communities to thrive. The recommendations are designed to bring empty homes back into use and to encourage second home owners to ensure that the dwellings are used as a primary residence.

The main risk associated with the implication of the recommendations will be the increase in non-compliance, with some taxpayers actively trying to avoid the new charges by providing incorrect information to the council.

The council already has processes and procedures in place in order to ensure that all charges are applied correctly. Further compliance procedures will be established to ensure that the new second homes premium is applied in accordance with the legislation and the council's requirement.

1. Economic

- The additional income from the changes to premiums will be shared, as part of the collection fund, with both the council and the major preceptors in accordance with their share of the council tax.

2. Social

2.1 Social Value

- There are no anticipated impacts on protected characteristics associated with this report. The proposals do, however, include the potential generating of positive outcomes for local people who are struggling to secure sustainable accommodation in the district, and may subsequently ease current inequalities around access to local homes.

2.2 Equality Issues

- There are no anticipated impacts on protected characteristics associated with this report. The proposals do, however, include the potential generating of positive outcomes for local people who are struggling to secure sustainable accommodation in the district, and may subsequently ease current inequalities around access to local homes.

2.3 Community Safety Issues (Section 17)

- The anticipated benefits would be around reducing the number of empty homes in the district and there are associated safer communities benefits.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- Matter considered and no issues identified.

4. Governance

- Matter considered and no issues identified.



Adur Cabinet
1st February 2024

ADUR DISTRICT COUNCIL

Key Decision [Yes/No]

Ward(s) Affected: All

Housing Revenue Account: 2024/25 Budget

Report by the Director for Sustainability & Resources and the Director for Housing and Communities

Executive Summary

1. Purpose

1.1 This report sets out the current and future financial prospects for the Housing Revenue Account and requests that members agree to set the rent levels and service charges for 2024/25 as set out in the report. The report also considers the significant strategic challenges facing the Housing Revenue Account and the need to maximise income in order to continue to deliver the improvement plan following the self-referral to the social housing regulator.

1.2 Members will be very aware that the rent limitation announced in 2015/16 has significantly affected the financial viability of the Housing Revenue Account for the past few years, which has been in deficit for six years. However, the council is now permitted to increase rents on social rent properties by up to the September Consumer Price Index (CPI) +1% each year from 2020. It is the government's intention that this arrangement should remain in place for a period of at least five years.

1.3 The following appendices have been attached to this report:

- (i) **Appendix 1** Proposed budget for 2024/25
- (ii) **Appendix 2** 30-year financial forecast
- (iii) **Appendix 3** HRA Treasury Management Strategy

2. Recommendations

2.1 The cabinet is recommended to:

- (i) consider and approve the Housing Revenue Account estimates for 2024/25 as set out in Appendix 1
- (ii) approve that the rents of council dwellings will increase by 7.7%, increasing the average council dwelling rent by £8.16 to £114.26 per week (average rent currently £106.10 per week, paragraph 6.2)
- (iii) determine the level of associated rents and charges with effect from week one of 2024/25
 - (a) **Rents of council garages** – agree an increase of 6.7% to £13.11. (currently £12.29 per week, plus VAT for non-Council tenants, paragraph 6.6)
 - (b) **Service charges** - delegate to the Assistant Director for Housing and Homelessness Prevention and Chief Financial Officer in consultation with the cabinet member for Adur Homes and customer services, the setting of the service charges (paragraph 9.2)
- (iv) To approve the HRA Treasury Management Strategy contained in Appendix 3.

3.0 CONTEXT

3.1 This report seeks to explain the current challenges impacting the budgets for the Housing Revenue Account (HRA) to enable members to set rent levels for 2024/25.

3.2 The HRA represents the total costs and income of the council in its provision of the housing landlord service. This account is ring-fenced and is separate from all other income and expenditure of the council.

3.3 From 1 April 2012 the Localism Act replaced the former complicated HRA subsidy system with a new self-financing regime. The regime allows the council more freedom to determine its own budget, albeit some financial

restrictions still apply, most notably around the use of Right To Buy (RTB) capital receipts and limitations on the level of rent that can be levied.

- 3.4 The council is required to operate the HRA on a sustainable basis at no detriment to the General Fund (and vice versa). To facilitate this the council, as with all housing authorities, was required to produce a 30-year financial business plan showing how the HRA could be run on a self-financing basis. Members are asked to note that the business plan is being drafted. This report updates the financial part of this overall business plan and informs members of the key budgetary assumptions which underpin the financial projections from 2024/25 onwards.
- 3.5 The challenge of creating a sustainable business plan was made more difficult by the announcement by the Chancellor in the Spring Budget 2015 that rent levels would be reduced by 1% for four years from 2016/17. This is now at an end and a new rental regime was introduced for 2020/21 onwards.
- 3.6 The setting of rent levels is now an integral part of the financial planning decision-making process. The underlying government policy is that the council can increase rents by up to CPI +1% for a period of at least 5 years from 2020/21 to 2024/25. However, the current economic situation has meant that inflation is running much higher than the government target of 2%. The September 2023 CPI upon which the 2024/25 rental increases would be based is 6.7%. Officers are recommending the maximum increases to allow the HRA to gradually return to financial stability.

4.0 STRATEGIC RISKS AND CHALLENGES

4.1 There are some specific challenges faced by the Housing Revenue Account over the next 5 years which will influence the 30-year business plan.

- Government rent policy and the legacy of rent limitation
- Impact of Right to Buy
- The strategic and operational priorities as set out in the Adur Homes improvement plan as the result of the self referral to the Regulator of Social Housing
- The new regulatory standards as part of the reforms for social housing.
- Changes to Housing Benefit and welfare reform
- Impact of new housing developments and regeneration

4.2 Government rent policy

4.2.1 The rent limitation measure announced by the Chancellor in 2015 has had a profound impact on the HRA and still continues to impact on the HRA's future financial sustainability. Over the period of the reduction, the council has lost and continues to lose a substantial amount of annual rental income of around £2m per year. Limits on rent levels are summarised in the most recent document from the Regulator of Social Housing ([Limit on annual rent increases 2024/25](#)).

This lost income has compromised the financial stability of the HRA and, more importantly, affected the amount that can be invested both in existing homes and in the development of new homes.

4.2.2 However, council rents have been under the remit of the Regulator of Social Housing who has set rent standards since April 2020. Consequently the council now has greater freedom in setting the rent for at least the next 5 years. The key features of the current rental arrangements are:

- Local authority-registered providers will be able to increase formula rents by up to CPI +1% (as at September of the previous year) each year for a period of at least five years. Any affordable rent can only be increased by CPI.
- Local authorities have the same rent standard as registered providers.
- Formula rent (with a 5% flexibility level) will be the limit on the initial rent that can be charged for a social rent property.
- The council can let property at an affordable rent with the agreement of the Secretary of State or Homes England. Affordable rent is defined as a rent that must not exceed 80% of gross market rent.
- With the introduction of Universal Credit, not all local authority tenants receive Housing Benefit. Consequently, limit rent (the maximum chargeable for which the HRA will be reimbursed via the Housing Benefit system) has been abolished.

4.2.3 The fall in income resulting from rent limitation to the HRA has limited the scope to address both the issues raised by the stock condition surveys and our ability to invest in new properties. In addition, the council is continuing to seek opportunities to increase the number of

homes within the HRA provided that there is a business case for such development.

4.3 Impact of Right to Buy

4.3.1 Council housing stock numbers have reduced over the past few years and will continue to decline in the short term as follows:

	Stock at 1 st April	Plus: Additions	Less: Sites being redeveloped	Less: Right to Buy sales	Stock at 31 st March
2014/15 - Actual	2,631	2		16	2,617
2015/16 - Actual	2,617	1		9	2,609
2016/17 - Actual	2,609	0		10	2,599
2017/18 - Actual	2,599	0		8	2,591
2018/19 - Actual	2,591		30	9	2,552
2019/20 - Actual	2,552	2		12	2,542
2020/21 - Actual	2,542			4	2,537
2021/22 - Actual	2,537	16	21	15	2,517
2022/23 - Actual	2,517			7	2,510
2023/24 - Estimate	2,510	14		3	2,521
2024/25 - Estimate	2,521	71		8	2,584

4.3.2 For 2024/25 the signs are that interest from tenants in the possible take up of RTB sales continues. The consequential loss of rental income from these sales may in future be partly mitigated by the aim to purchase or develop additional dwellings each year.

4.3.3 A depleting housing stock base means that the fixed costs per property increase and rental income available to fund these costs reduces. The level of capital receipts retained by the council to replace the reducing housing stock base is limited due to the increase in the level of discount offered and the Department of Levelling Up, Housing and Communities (DLUHC) restrictions placed under the new RTB arrangements. Underpinning this constraint are the principles contained in the 2012 government publication “Reinvigorating Right To Buy and One For One Replacement – Information for Local Authorities” and the subsequent revised RTB agreement from 1st April 2021.

4.3.4 The RTB scheme applies to all secure tenants who have been tenants for more than 3 years. The maximum percentage discount for a property is 70% up to a maximum cash value (the current maximum

discount is £96,000). The cash cap increases in April every year in line with CPI.

4.3.5 As a condition of being able to retain capital receipts arising from RTB sales, the council entered into an agreement with the Secretary of State in 2012. The terms of this agreement were revised with effect 1st April 2021, the key features now being:

- (i) the retention of receipts only applies to RTB sales above the number assumed each year in the HRA self-financing settlement. For Adur the original 75% central pooling arrangement continued for the first 4 properties sold post 1 April 2012, and thereafter is calculated in accordance with a DLUHC formula
- (ii) the council uses the receipts for the provision of “affordable” rented homes (i.e. those with rents up to 80% of market rents), albeit that in practice the council may exercise discretion to set rent below this figure
- (iii) the retained share of receipts constitutes no more than 40% of total investment in such homes (net of any contribution from another public body)
- (iv) the retained receipts are used within 5 years to provide new affordable homes, otherwise they will be required to be paid into the government pool plus accrued compound interest of 4% above base rate.

4.3.6 Properties may be built by Adur Homes or another registered provider. Receipts from RTB will be returned to the government if we cannot allocate the receipts to any new homes.

4.3.7 The impact of the RTB policy has significant implications for both the HRA and the wider housing strategy. The council will see a fall in the number of social housing units for rent in the area as the policy applies equally to all social housing providers. The limitation on land availability makes it difficult to build additional units to replace those lost, whether these are built directly by the council or via others. Current demand for affordable housing far outstrips supply which has inevitable consequences for the local community. The loss of units will also

compromise the financial viability of the HRA as outlined in paragraph 4.3.3.

4.4 **Changes to housing benefit and the cost of living**

4.4.1 The Welfare Reform Act 2012 introduced the most significant changes in the welfare system in over 60 years. The expected roll out of Universal Credit for all claimants is expected to continue over the next few years with the migration of legacy benefits. Around two thirds of Adur Homes tenants are in receipt of Housing Benefit or the housing element of Universal Credit.

4.4.2 The enduring impacts of the cost of living is having a significant impact on some residents. Evidence and experience from other areas has shown that these reforms have been increasing the financial pressures on some of the most vulnerable people of society, due to the introduction of caps within the Housing Benefit system on the total amount of weekly benefit paid and introducing further reductions for the under-occupation of homes. Pressures on people have also been felt due to some of the issues around transferring to Universal Credit and resulting increases in rent arrears.

4.4.3 In addition, there have been a number of challenges already highlighted to members around workforce, systems and data which have led to some real issues around our ability to work with tenants and leaseholders to effectively collect income and ensure the most vulnerable are supported. In summary, our legacy systems have created a number of challenges in relation to accurate data and the lack of workforce capacity, along with other issues, have exacerbated a backlog of issues.

As such, overall arrears have been increasing with almost 1000 tenants in rent arrears to differing levels, as summarised below:

Level of arrears	Number of tenants
£3000+	55
£1000 - £3000	174
£500 - £1000	168
£1 - £500	566

4.4.4 As part of the housing reorganisation, focus is now on the development of workforce capacity to support our income collection and improve our systems to support this work. Where we identify residents in rent arrears, we are however ensuring that we address this in line with our corporate debt policy and that we signpost people to support and help to sustain tenancies. Our work on Proactive is also being used here to help ensure early help is provided to residents.

4.5 **Current stock condition**

4.5.1 Stock condition surveys have identified that the council needs to invest significantly over the next 5 years to achieve the Decent Homes Standard and address the issues around health and safety as identified within the improvement plan. A significantly increased capital programme of work is being developed to address these issues and to identify a timeline for which the council will need to ensure that all compliance issues are addressed and all of our properties meet the Decent Homes Standard.

4.6 **Impact of new developments**

4.6.1 The council has ambitions to build new homes or extensively refurbish existing properties. To date the focus of this programme has been on existing properties held by the HRA. Whilst in the longer term these improvements will be self-funding - with the costs (including any financing costs) funded by the associated rental streams and the avoided high maintenance costs - in the short term the HRA is faced with lost rental income whilst these properties are redeveloped. The challenges around new developments is compounded by the lack of Homes England grant funding due to the self-referral to the Regulator of Social Housing, detailed below in section 4.7.

4.7 **Self referral to Regulator of Social Housing**

4.7.1 Members are well aware of the factors leading to the self-referral and that finance is critically important to enable the delivery of the improvement plan. Importantly, this plan forms part of the first fundamental steps to reshaping the service and getting it onto a more stable footing by addressing the issues raised to the Regulator of Social Housing (providing properties that meet the Decent Homes

Standard and improving health, safety and compliance) and the delivery of a wider set of actions that address almost every element of the service (tenant/leaseholder management and engagement, improving systems, performance, use of data and good governance)

Alongside this, new revised housing standards (part of the new Social Housing Regulator Act 2023) requires councils to meet new and important requirements by strengthening tenants' rights and ensuring better quality and safer homes for residents.

Longer-term planning is required in order to build an effective plan to invest in our stock. Being a small stock-holding authority, this is particularly challenging given that the council requires the same infrastructure (workforce, systems etc) to serve a smaller stock and associated rental income.

5.0 THE HOUSING REVENUE ACCOUNT FOR 2024/25

5.1 The projected expenditure and income for the HRA in 2024/25 is as follows:

	Estimate 2024/25	
	£'000	£'000
Expenditure		
Supervision and management	5,784	
Rent, rates, taxes and other charges	189	
Repairs and maintenance	3,250	
Depreciation	3,533	
Interest payments	2,542	
Movement in provision for bad debt	75	15,373
Income		-16,033
Net (Surplus)/Deficit for the year		-660
Contribution to specific reserves		400
Net (Surplus)/Deficit for the year after transfer to reserves		-260
Estimated HRA working balance brought forward 1 st April 2024		1,079
Contribution to general reserve		260
Balance carried forward 31 st March 2025		1,339

More detailed estimates for the Housing Revenue Account for 2023/24 and 2024/25 are shown in Appendix 1.

5.2 The challenge faced by the HRA for 2024/25 is three-fold:

- The need to meet the improvement plan priorities and ensure that properties are decent and safe
- The need to address and reduce the level of void properties
- The need to build capacity to rebuild the reserves, transform the service and increase the level of investment in council properties.

6.0 RENT SETTING FOR 2024/25

6.1 Rent setting for the HRA is now governed by the Regulator of Social Housing and the council has the ability to increase rents by CPI (Sept) +1% under normal circumstances. The government has made the commitment for councils to retain the flexibility for at least 5 years.

This year's proposed average dwelling rent level

6.2 It is proposed to increase the rents for most tenants by the maximum amount allowable (7.7%) to enable the HRA to tackle the deficit that has been generated from the previous government policy of enforced 1% rent reductions and build capacity to address known issues. This will increase the average rent for general needs tenants by an average of £8.16 to £114.26 per week.

6.3 This rent increase will apply to all current tenants who are at formula rent or below.

6.4 Any rent above formula rent will be increased by 7.7% in line with the guidance issued by the Regulator of Social Housing for affordable rents.

6.5 It is intended to relet vacant properties to new tenants at formula rent which is the maximum allowable under the new rental regime.

Garage Rents

6.6 Garage rents were increased by 10% in 2023/24 to £12.29 per week (plus VAT for non-council tenants). It is proposed that the garage rents

be increased in 2024/25 by 6.7% to £13.11 per week which is in line with current inflation rate (September 2023 CPI) of 6.7%. These proposals will maintain current income levels after allowing for increased void loss as a result of proposed development schemes.

7.0 DEBT FINANCING COSTS

7.1 The debt financing costs chargeable to HRA in 2024/25 relate to interest payments.

The costs relate to three types of debt:

- i) historic debt of £17.491m in existence at 1 April 2012 (less any subsequent repayments) attributable to the HRA via the “two-pool split” of the council’s total debt at that date
- ii) debt incurred in 2012 to pay the HRA self-financing settlement payment of £51.185m and any associated refinancing costs
- iii) new borrowing for capital expenditure or to refinance existing debt.

7.2 The budgeted costs are:

2024/25 Budget	Interest £000
Historic Debt	974
Settlement Debt (including refinancing)	969
New Borrowing	587
Total Budget	2,531

8.0 REPAIRS AND MAINTENANCE

8.1 The condition of housing stock is maintained and improved in two ways:-

- Routine revenue repairs of a day-to-day nature and by planned maintenance such as repainting or boiler servicing
- Capital investment programme of refurbishment and improvement on a larger scale.

8.2 An asset management strategy is being developed as part of the improvement plan, which will include a schedule of cyclical maintenance. Regular planned maintenance will reduce the cost of unplanned costly repairs. Targeted changes are planned to improve how we deliver repairs and maintenance. These changes will focus on quality, efficiency and effectiveness of the entire repair and maintenance service. Consequently, the budget for routine repair and maintenance will decrease in real terms over the next 3 - 5 years to reflect the higher level of capital investment and improvements in service management, procurement and contract management.

8.3 **Housing Capital Investment Programme**

8.3.1 The capital investment programme typically comprises refurbishment and improvement on a larger scale for schemes such as fire safety works, replacement roofs and balconies, new central heating and double-glazing as well as new housing development schemes.

8.3.2 Future investment in the council housing stock is funded from:-

- (i) revenue contributions to capital expenditure;
- (ii) the Major Repairs Reserve. This will increase each year by the depreciation charged to the HRA (£3.5m for 2024/25). This contribution is ring-fenced for repayment of debt or for direct financing of capital expenditure
- (iii) capital receipts from the sale of council houses
- (iv) prudential borrowing (subject to affordability)
- (v) capital grants towards specific programmes of work.

8.3.3 The new programme of schemes to be added to the HRA capital renovation programme for 2024/25 and 2025/26 is due to be approved at £10.08m elsewhere on this agenda. This has increased from £5.6m in the previous year to accommodate capital work projects which need to be urgently progressed.

- 8.3.4 The programme also includes a continuing development programme of £8.7m over the next year.
- 8.3.5 A detailed analysis of both the revenue maintenance spend and the capital spend is currently being undertaken to ensure that expenditure is targeted effectively.

9.0 SERVICE CHARGES – CONTRACT PRICE INCREASES

- 9.1 As well as core rent charges, some tenancies are also subject to service charges as they receive services which are specific to their properties. These charges are made in line with actual costs. Contracts in respect of services to tenants, such as door entry maintenance and communal way cleaning, are normally subject to an annual Retail Price Index (RPI) rise. This increase is passed on to tenants receiving those services by way of an equivalent increase in their weekly service charge. Some costs have to be retendered and not all increases are applied at the beginning of a financial year. This means that such increases cannot be incorporated into the annual rent increase process and additional costs are incurred in notifying tenants separately and amending Housing Benefit entitlements when such an increase arises.
- 9.2 Guidance from the government indicates that the council should as far as practical keep increases to the same level as the rent although this may not be feasible depending on the inflation on the contract prices.
- 9.3 Members are therefore requested to delegate to the Assistant Director of Housing Homelessness & Prevention and the Chief Finance Officer, in consultation with the cabinet member for Adur Homes and customer services, the authority to set service charges.

10.0 REALLOCATIONS OF SALARIES AND CENTRAL COSTS

- 10.1 All salaries, staff expenses, administration buildings and central support services are collated centrally within the Adur and Worthing joint services and the council's general fund budget. It is then re-allocated to services to show the full cost of service provision. A more detailed explanation of this is included in the Budget Book for Adur & Worthing Councils. The HRA has benefited in recent years from savings achieved from joint shared support services. These costs are reviewed each year as part of the budget-setting process.

11.0 LEVEL OF RESERVE BALANCES

11.1 In line with a more sustainable long-term business approach the HRA is adopting a prudent approach to the level of reserves maintained.

Reserves	Estimated balance at 01/04/23	Increase	Decrease	Forecast balance at year end 2023/24
	£000's	£000's	£000's	£000's
HRA - working balance	1,079	-	-29	1,050
Discretionary Assistance Fund	1	-	-	1
New Development and Acquisition Fund	31	-	-31	-
Business Improvement Fund	84	-	-	84
Major Repairs Reserve	8,695	3,788	-4,650	7,833
TOTAL	9,890	3,788	-4,710	8,968

11.2 HRA general reserve balances have been depleted in recent years due to the legacy of rent limitation. The 2024/25 budgeted surplus presents an opportunity to partly replenish these reserves and therefore enable planned investment in the housing stock in line with the improvement plan.

11.3 In the General Fund a target level of balances of between 6-10% of net expenditure has been set. The general principles behind retaining a minimum target level of balances are similar for both the General Fund and HRA in that they should be sufficient to withstand foreseeable 'worst case' scenarios but not so large as to constitute unnecessary retention of tenants' monies.

11.4 Therefore, in principle, given that the large majority of the costs and incomes of the HRA are relatively stable (or effectively fixed at the start of each year) it should be possible to operate on a reserve balance within the 6-10% range.

11.5 The 2024/25 reserve levels are now in line with the 6-10% range. However, the council is still addressing the legacy of rent limitation and

the HRA is not expected to remain in surplus in future years due to the increasing pressures of debt financing. Whilst it is predicted that the level of the general reserves will be at the target 6% for 2024/25, the 30-year business plan expects that the reserves will gradually increase to more prudent levels over the next 5 years. To ensure that there are sufficient reserves to manage any risks in this period, it is intended to use the other earmarked reserves only when absolutely necessary. This will help ensure financial stability over the short to medium term.

- 11.6 Any balance in the Major Repairs Reserve (MRR) is utilised to fund planned capital expenditure or to repay debt. The final position at year end may fluctuate to reflect the spend on the capital programme. Altogether, the 2024/25 capital budget includes provision for £11m to be utilised for financing HRA capital expenditure, comprising the carried forward balances and in-year contribution of £3.5m.

12.0 IMPACT ON FUTURE YEARS

- 12.1 Attached at appendix 2 is the 30-year financial forecast. The focus for the 2024/25 budget has been to ensure that the HRA remains sustainable in the longer term whilst ensuring that the most important maintenance issues are addressed. The proposed budget allows for a higher level of investment in the maintenance of properties.
- 12.2 The financial plan assumes that the rent will increase in 2024/25 and thereafter rent increases are in line with the council’s rent policy and the government’s proposals (i.e. CPI +1%). The legacy of the four years of rent decreases has placed the HRA under significant financial pressure at the very time when the council needs to invest more in maintaining the housing stock and needs to invest in new affordable homes for local residents.
- 12.3 The HRA has become increasingly reliant on reserves since 2018/19 whilst the rent level remains constrained, drawing down funds from the reserve. Now that rent limitation has come to an end, the council should be able to begin to restore the reserves to the previous levels over the next few years.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Actual	2023/34 Expected	2024/25 Expected
	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Balance at the start of the year	1,939	1,752	1,013	349	1,852	1,079	1,050
Expected drawdown (-) / Contribution	-187	-739	-664	+1,503	-773	-29	+260
Balance at the end of the year	1,752	1,013	349	1,852	1,079	1,050	1,310

12.4 To bring all of these considerations together, it is proposed to refresh the Adur Homes Business Plan periodically, and incorporate into the plan an assessment of the future of the housing stock – including the outcome of the feasibility investigation into the new build proposals. This will also include an update to the asset management plan which will validate the assumptions in the 30-year forecast about the capital programme and maintenance provision.

13.0 SUMMARY

13.1 The council has the opportunity to increase rents by 7.7% this year. Given the legacy of the rent limitation and the current inflationary pressures, it is critical to increase the rents to enable the HRA to return to financial stability and position itself to improve the housing stock over the medium term. Over the longer term, officers are working hard to ensure that the HRA remains in a financially viable position, is able to invest in its stock to address backlog maintenance and can maintain the development programme. However, caution will need to be exercised over the coming years as the financial position will be difficult for at least another 3 years until the HRA has become financially sustainable with an adequate level of reserves to manage future risks.

14.0 CONSULTATION

14.1 Officers and members have been consulted on the development of the budget.

15.0 FINANCIAL IMPLICATIONS

15.1 The financial implications associated with the development of the budgets are detailed throughout the report.

16.0 LEGAL IMPLICATIONS

- 16.1 The Local Government and Housing Act 1989 requires the council to maintain a housing revenue account (HRA) in relation to its social housing stock. The HRA operates separately from the council's main budget and accounts. The act also sets out how the HRA is funded and requires the council to set a balanced budget for the HRA each year and to keep that budget under review.
- 16.2 The council is to have due regard to the Direction on the Rent Standard 2023 issued by the Secretary of State under Section 197(4) and (5) of the Housing and Regeneration Act 2008, which amends and updates the Direction on Rent Standard 2019. The government's Policy Statement on Rents for Social Housing was updated in December 2022.
- 16.3 The Housing and Planning Act 2016 gives the Secretary of State the power to issue a determination that requires any local housing authority in England to make a payment to the Secretary of State in respect of any given financial year that represents an estimate of:
1. the market value of the authority's interest in any higher value housing that is likely to become vacant during the year, less
 2. any costs or other deductions of a kind described in the determination.
- 16.4 There are no other legal implications arising from the proposed budget other than those relating to the use of capital receipts under Right To Buy regulations, and emanating from the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).

Background Papers:

Reinvigoration the Right to Buy and one for one replacement

Laying the Foundations: A Housing Strategy for England

Regulator of Social Housing [Formula for rent caps](#)

Guidance On Rents for Social Housing

<https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing>

Adur Capital Investment Programme 2024/25 - 2026/27

Welfare Work and Reform Act 2016

Falling Behind: Impact of Universal Credit on rent arrears in London (The Smith Institute) July 2020

How the cost of living crisis is impacting social housing tenants - Research by the institute of Chartered Housing [How the cost of living crisis is impacting social housing tenants](#)

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SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

Setting a balanced budget for the Housing Revenue Account of Adur Homes will enable the continued provision of safe and secure accommodation to some of the most vulnerable residents within our communities. All equality groups are affected as residents of Adur Homes are vulnerable by virtue of their various housing needs.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. ENVIRONMENTAL

Matter considered and no issues identified

4. GOVERNANCE

Matter considered and no issues identified

APPENDIX 1

HOUSING REVENUE ACCOUNT		
	ORIGINAL ESTIMATE 2023/24	ESTIMATE 2024/25
	£	£
EXPENDITURE		
General Management	4,102,590	4,929,680
Special Services (including repairs related to specific properties or groups of tenants)	796,020	853,840
Rent, Rates, Taxes & Other Charges	64,010	189,460
General repairs and Maintenance	3,142,880	3,249,660
Depreciation	4,421,760	3,533,120
Bad/Doubtful Debt	50,000	75,000
Capital Financing Costs		
Interest charges	2,304,920	2,542,090
TOTAL EXPENDITURE	14,882,180	15,372,850
INCOME		
Dwelling Rents	(13,330,160)	(14,498,500)
Non-Dwelling Rents	(537,320)	(552,130)
Heating and Service Charges	(706,760)	(630,640)
Leaseholder Service Charges	(307,940)	(317,180)
Interest Received	-	(35,000)
TOTAL INCOME	(14,882,180)	(16,033,450)
NET (SURPLUS) / DEFICIT	-	(660,600)
Transfer to / (from) New Development & Acquisitions Reserve	-	200,000
Transfer to / (from) Business Improvement Reserve	-	200,000
Transfer to / (from) General Reserve	-	260,600
	-	-

APPENDIX 2 - 30 YEAR FINANCIAL PLAN

HOUSING REVENUE ACCOUNT										
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE										
General Management	4,103	4,930	5,044	5,179	5,300	5,441	5,569	5,716	5,851	6,005
Special Services	796	854	875	897	920	943	966	990	1,015	1,041
Rents, Rates, Taxes & Other Charges	64	189	94	97	99	101	104	107	109	112
OVERALL RUNNING COSTS	4,963	5,973	6,013	6,173	6,319	6,485	6,639	6,813	6,975	7,158
Annual Revenue Maintenance Costs	3,143	3,250	3,364	3,423	3,481	3,617	3,696	3,776	3,859	3,943
Charges for Capital										
Depreciation	4,422	3,533	3,693	3,795	3,897	4,069	4,178	4,290	4,405	4,523
Interest payable										
Interest - on historic debt	974	963	938	932	932	932	932	932	932	932
Interest - on assumed debt	1,218	1,252	1,241	1,181	1,121	1,061	1,001	941	881	821
Interest - on capital programme	112	327	996	1,211	1,237	1,683	2,141	2,416	2,695	2,978
Provisions For Bad Debt	50	75	75	75	75	75	75	75	75	75
TOTAL EXPENDITURE	14,882	15,373	16,320	16,790	17,062	17,922	18,662	19,243	19,822	20,430
INCOME										
Dwelling Rents	-13,330	-14,498	-15,156	-15,441	-15,719	-16,417	-17,144	-17,604	-18,076	-18,561
Other Rents and Charges	-1,552	-1,500	-1,493	-1,533	-1,574	-1,616	-1,659	-1,704	-1,749	-1,796
Interest Received	0	-35	-35	-35	-35	-35	-35	-35	-35	-35
TOTAL INCOME	-14,882	-16,033	-16,684	-17,009	-17,328	-18,068	-18,838	-19,343	-19,860	-20,392
NET COST OF SERVICES	0	-660	-364	-219	-266	-146	-176	-100	-38	38
Expected transfer to reserves	0	400	0	0	0	0	0	0	0	0
NET COST AFTER TFR TO RESERVES	0	-260	-364	-219	-266	-146	-176	-100	-38	38

HOUSING REVENUE ACCOUNT										
	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE										
General Management	6,147	6,309	6,458	6,628	6,786	6,963	7,129	7,316	7,491	7,686
Special Services	1,067	1,093	1,121	1,149	1,177	1,207	1,237	1,268	1,300	1,332
Rents, Rates, Taxes & Other Charges	115	118	121	124	127	130	133	136	140	143
OVERALL RUNNING COSTS	7,329	7,520	7,700	7,901	8,090	8,300	8,499	8,720	8,931	9,161
Annual Revenue Maintenance Costs	4,029	4,117	4,207	4,298	4,392	4,487	4,585	4,685	4,787	4,891
Charges for Capital										
Depreciation	4,644	4,768	4,896	5,027	5,162	5,300	5,442	5,587	5,736	5,889
Interest payable										
Interest - on historic debt	932	932	932	932	932	932	932	932	932	932
Interest - on assumed debt	762	702	643	586	528	544	417	365	312	274
Interest - on capital programme	3,265	3,556	3,850	4,148	4,449	4,752	5,061	5,378	5,702	6,033
Provisions For Bad Debt	75	75	75	75	75	75	75	75	75	75
TOTAL EXPENDITURE	21,036	21,670	22,303	22,967	23,628	24,390	25,011	25,742	26,475	27,255
INCOME										
Dwelling Rents	-19,058	-19,569	-20,093	-20,631	-21,183	-21,749	-22,331	-22,928	-23,540	-24,169
Other Rents and Charges	-1,844	-1,894	-1,944	-1,996	-2,050	-2,105	-2,161	-2,219	-2,279	-2,340
Interest Received	-35	-35	-35	-35	-35	-35	-35	-35	-35	-35
TOTAL INCOME	-20,937	-21,498	-22,072	-22,662	-23,268	-23,889	-24,527	-25,182	-25,854	-26,544
NET COST OF SERVICES	99	172	231	305	360	501	484	560	621	711

HOUSING REVENUE ACCOUNT										
	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE										
General Management	7,870	8,075	8,269	8,484	8,687	8,913	9,127	9,364	9,590	9,838
Special Services	1,365	1,399	1,434	1,470	1,507	1,545	1,583	1,623	1,663	1,705
Rents, Rates, Taxes & Other Charges	147	151	154	158	162	166	170	175	179	183
OVERALL RUNNING COSTS	9,382	9,625	9,857	10,112	10,356	10,624	10,880	11,162	11,432	11,726
Annual Revenue Maintenance Costs	4,997	5,105	5,216	5,329	5,444	5,562	5,683	5,806	5,931	6,059
Charges for Capital										
Depreciation	6,046	6,207	6,373	6,543	6,717	6,896	7,080	7,268	7,461	7,659
Interest payable										
Interest - on historic debt	932	932	932	932	932	932	932	932	932	919
Interest - on assumed debt	273	273	272	272	272	271	271	271	270	253
Interest - on capital programme	6,370	6,715	7,065	7,423	7,787	8,157	8,535	8,905	9,283	9,676
Provisions For Bad Debt	75	75	75	75	75	75	75	75	75	75
TOTAL EXPENDITURE	28,075	28,932	29,790	30,686	31,583	32,517	33,456	34,419	35,384	36,367
INCOME										
Dwelling Rents	-24,814	-25,476	-26,156	-26,853	-27,569	-28,303	-29,057	-29,830	-30,624	-31,439
Other Rents and Charges	-2,403	-2,467	-2,534	-2,602	-2,671	-2,743	-2,817	-2,893	-2,971	-3,050
Interest Received	-35	-35	-35	-35	-35	-35	-35	-35	-35	-35
TOTAL INCOME	-27,252	-27,978	-28,725	-29,490	-30,275	-31,081	-31,909	-32,758	-33,630	-34,524
NET COST OF SERVICES	823	954	1,065	1,196	1,308	1,436	1,547	1,661	1,754	1,843

APPENDIX 3

2024/25 HRA TREASURY MANAGEMENT STRATEGY

1.0 INTRODUCTION

- 1.1 This appendix sets out the HRA Treasury Management Strategy Statement for 2024/25. The requirement to produce a separate strategy specifically for HRA is a direct consequence of the introduction of the self-financing regime, as it reflects the underlying principle that borrowing and debt management decisions should operate equitably and independently from the General Fund.
- 1.2 The treasury management and investment strategies presented and proposed for 2024/25 are unchanged from 2023/24, as it has been accepted by the council's external auditors as an appropriate method of apportioning debt management costs and interest accrued from balances and investments between the HRA and General Fund. However, in order to provide additional capital funding to address a backlog of maintenance, the Voluntary Revenue Provision will be suspended until 2025/26 at the earliest.
- 1.3 Underpinning all treasury management activity of the council is the CIPFA Treasury Management Code of Practice, which was revised in November 2011 to address the implications for introducing HRA self-financing from 2012/13. An updated code published in December 2021 did not include any changes to the HRA guidance.
- 1.4 The published code identified the need for local authorities "...to allocate existing and future borrowing costs between housing and the General Fund as the current statutory method of apportioning debt charges between the General Fund and HRA will cease".
- 1.5 The council has adopted the "Two-Pooled Approach". This entailed allocating historic debt at 31 March 2012 between the HRA and General Fund, with any new debt acquired after this date to be assigned to the HRA or General Fund according to the purpose for which it is acquired.
- 1.6 Additionally, the strategy aims to achieve borrowing outcomes that are affordable, sustainable and prudent in keeping with the requirements of the Prudential Code for Capital Finance in Local Authorities. This code requires the council to consider the impact of borrowing as well as address a number of other fundamental principles, being:

- (i) The splitting of loans (i.e. debt) at the HRA settlement transition date must be of no detriment to the General Fund
- (ii) The council is required to deliver a solution that is broadly equitable between the HRA and the General Fund
- (iii) Future charges to the HRA in relation to borrowing are not influenced by General Fund decisions, giving the HRA greater freedom, independence, certainty and control
- (iv) Uninvested balance sheet resources which allow borrowing to be below the CFR are properly identified between General Fund and the HRA.

1.6 Points (i) – (iii) above were addressed by adopting the “Two-Pool Approach”. The last point is met in the strategy in accordance with the CIPFA Treasury Management Code recommendation that the effect should be included in the interest on balances calculation to appropriately allocate the respective portions to the HRA and General Fund.

1.7 With these background principles and approaches in place the HRA Treasury Management Strategy aims to cover:

- Overall Objectives
- The Current & Future Position – Underlying Need to Borrow compared to Actual Borrowing
- The Debt Maturity Profile
- How to allocate debt and attributable financing costs between HRA and General Fund equitably
- How to recognise HRA cash balances and reserves which form part of the council’s total investments
- How to recognise any costs or revenues generated from over/under borrowing

1.8 Accordingly, these aspects of the strategy are approached in turn.

2.0 OVERALL OBJECTIVES OF THE HRA TREASURY MANAGEMENT STRATEGY

The central aim of the strategy agreed for 2023/24 and unchanged for 2024/25 is:

- to provide borrowing that is affordable, sustainable and prudent, as required by The Prudential Code, and which underpins the requirements of the HRA Capital Investment Programme, 30-year Business Plan, and any other corporate plans
- to manage the HRA investments and cash flows, its banking, money market and capital market transactions within the purview of the council's overall Treasury Management Strategy, and to provide effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks
- to support budget and service delivery objectives for the benefit of tenants at no detriment to the General Fund or council taxpayers generally.

3.0 THE CURRENT POSITION – UNDERLYING NEED TO BORROW COMPARED TO ACTUAL BORROWING

- 3.1 The underlying need to borrow for capital investment is called the Capital Financing Requirement (CFR) and relates to the amount of planned capital expenditure that is not financed from internal resources, which for the HRA are primarily capital receipts, revenue contributions and the Major Repairs Reserve.
- 3.2 Capital expenditure in any year above the amount allocated to be used from these resources must be financed from borrowing or other credit arrangements (e.g. leasing), and results in an increase to the CFR. By comparing the CFR to the amount of actual borrowing, the extent to which the council is under or over borrowed is determined, and this provides a key prudential indicator for performance management. The current estimates, based on the capital investment programme for the next three years, are shown in the table below:

Adur District Council	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital Financing Requirement (CFR)					
General Fund	107.073	108.987	161.080	161.197	163.908
Housing Revenue Account (HRA)	67.354	80.306	94.291	99.955	106.419
Total CFR	174.427	189.293	255.371	261.152	270.327
Actual Debt					
General Fund	(97.344)	(101.258)	(153.351)	(153.468)	(156.179)
Housing Revenue Account	(66.960)	(79.912)	(93.897)	(99.561)	(106.025)
Total Debt Amount	(164.962)	(181.170)	(247.248)	(253.029)	(262.204)
(Over)/Under Borrowing					
General Fund	9.090	7.729	7.729	7.729	7.729
Housing Revenue Account	0.390	0.394	0.394	0.394	0.394
Total	9.485	8.12	8.12	8.12	8.12

(Note that the General Fund position is shown for comparative purposes and is extracted from the Annual Treasury Management & Annual Investment Strategy Report 2024/25-2026/27 submitted to the meeting of the Joint Strategic Committee on 8th February 2024).

- 3.3 The comparison shows the HRA was under-borrowed at the end of 2022/23 by £0.390m, reflecting the amount by which debt outstanding and Minimum Revenue Provision (MRP) has reduced over and above the incidence of new capital expenditure financed from borrowing since 2012/13. The suspension of Voluntary Revenue Provision means that debt is not being repaid and therefore will increase in line with the Capital Financing Requirement.

3.4 The propensity to bring actual borrowing into line with the CFR was previously constrained by the requirement to stay within the HRA Debt Limit of £68.912m imposed by the government. However this cap was removed in October 2018. For all years from 2023/24 to 2025/26 the HRA CFR is projected to be above the debt as reflected in the capital investment proposals to be approved by the meeting of the Joint Strategic Committee on 8th February 2024.

4.0 HOW TO ALLOCATE DEBT AND ATTRIBUTABLE FINANCING COSTS BETWEEN THE HRA AND GENERAL FUND EQUITABLY – THE TWO-POOLED APPROACH

4.1 The methodology adopted in the Strategy draws upon CIPFA guidance relating to the Two -Pooled Approach, the essence of which is:

- to disaggregate historic debt at the HRA Debt Settlement transition date by the CIPFA methodology and allocate the respective portions to the HRA and General Fund. To each share is added new debt arising after the transition date according to the purpose for which it was incurred.

4.2 In adopting this methodology, the council was mindful of its treasury management consultant's comments that "The two pool approach is the preferred option by CIPFA and DCLG. It is relatively simple and allows the HRA to present a preferred funding structure to the treasury management team. It allocates a greater proportion of fixed rate borrowing to the HRA, which may suit its needs as it provides a greater degree of certainty over initial costs".

4.3 Another reason for adopting the two pool approach was that an assessment was made of the impact of the resultant financing costs at transition on the HRA and it was concluded that the effect was negligible.

4.4 For historic debt at the transition date, the two pooled approach assumed the HRA was fully borrowed at the level of its CFR, with the residual debt attributed to the General Fund. Thus, any over-borrowing at that date was attributed to the General Fund, rather than shared with the HRA. The effect at 31 March 2012 of applying the two pooled approach was:

CFR Allocations at Transition Date		Debt Allocations at Transition Date	
	£000		£000
HRA	68,676	HRA	68,676
General Fund	11,160	General Fund	13,430
TOTAL	79,836	TOTAL DEBT	82,106

5.0 HOW TO RECOGNISE HRA CASH BALANCES AND RESERVES WHICH FORM PART OF THE COUNCIL'S TOTAL INVESTMENTS

- 5.1 Before 2012/13, the former subsidy system provided for a statutory determination – the Item 8 credit – to attribute interest on notional average HRA cash balances to the HRA Comprehensive Income and Expenditure statement.
- 5.2 This recognised the general principle that the HRA should benefit from its cash balances and reserves, and the introduction of the self-financing arrangements did not alter this principle.
- 5.3 The strategy adopts the CIPFA recommended approach for all investments to be pooled, since it states that the “interest on cash balances calculation can be used to manage the charge between HRA and General Fund”. Accordingly, to do this the strategy retains the use of the notional average cash balance approach used within the former Statutory Item 8 calculation as the basis for crediting the HRA share of interest receivable.

6.0 HOW TO RECOGNISE ANY COSTS OR REVENUES GENERATED FROM OVER/UNDER BORROWING

- 6.1 In practice it is recognised that there will be timing differences between the council's underlying need to borrow (the CFR) and actual borrowing.
- 6.2 Where under-borrowing occurs, the council is drawing upon internal reserves and balances to fund capital expenditure, and therefore bears the cost of

interest foregone on the amount of cash consumed that might otherwise be invested.

- 6.3 Conversely, where over-borrowing occurs surplus cash to requirements is held that forms part of surplus cash available for investment. This may arise where borrowing for capital expenditure is undertaken in advance of actual expenditure to take advantage of low interest rates.
- 6.4 In both scenarios the CIPFA Treasury Management code states that the effect should be included in the interest on balances calculation to appropriately allocate the respective portions to the HRA and General Fund.
- 6.5 Accordingly, the strategy adopts the approach whereby the relevant credit or debit shall be computed with reference to the difference between the HRA and General Fund CFR and the respective actual debt during the year. Where an over-borrowing position occurs interest shall be credited at the average rate of interest on all investments prevailing for the period during which the over-borrowing was sustained. For an under-borrowed position, interest shall be charged to reflect the interest foregone through consumption of internal resources and at the average rate of all investments achieved during the period of under-borrowing.



Adur Cabinet
1st February 2024

ADUR DISTRICT C O U N C I L

Key Decision [Yes/No]

Ward(s) Affected: All

Budget Estimates 2024/25 and setting of the 2024/25 Council Tax

Report by the Director for Sustainability & Resources

Officer Contact Details

Emma Thomas, Chief financial officer

Executive Summary

1. Purpose

1.1 This report is the final budget report of the year, the culmination of the annual budgeting exercise, and asks members to consider:

- The final revenue estimates for 2024/25 including adjustments arising from settlement;
- An updated outline 5-year forecast; and
- The provisional level of council tax for 2024/25, prior to its submission to the council for approval on the 20th February 2024. This will be subject to any proposals to change the draft revenue budget following the consideration of the budget by the Executive.

1.2 This report outlines the Adur Cabinet specific decisions to be made with respect to areas such as fees and charges and the setting of council tax. It also includes the Adur Cabinet decisions on the shared services which are reported to the JSC for review at its meeting on 8th February as part of the Joint Services Budget.

1.3 The report outlines the medium term financial challenge through to 2027/28 and describes the key risks and assumptions which underpin this medium term financial view.

- 1.5 These budget estimates reflect the council's priorities for 2024/25 and its ambitions across Adur.
- 1.6 The major points raised within the report include:
- A full update on the impact of settlement.
 - Highlights the proposed funding for initiatives to support the councils' ambitions;
 - Details the proposals to invest in services outlined in Appendix 3 alongside savings proposals which are being proposed;
 - The Executive will need to consider whether to increase council tax by 2.99% or by a lower amount (section 4.3).
- 1.7 Appendix 7 shows a breakdown of the budget by Cabinet Member portfolio. The draft estimates for 2024/25 have been prepared, as always, in accordance with the requirements of the Service Reporting Code of Practice for Local Authorities (except in relation to pension costs adjustments that do not impact either on the budget requirement or the council tax requirement).
- 1.8 The Police and Crime Commissioner (PCC) has been informed that the referendum criteria for this year is an increase of £13.00 per Band D property which would be equivalent to an increase of 5.42%. The proposed 2024/25 budget is due to be considered by the Sussex Police and Crime Panel (PCP) on 26th January 2024. If the proposals are vetoed by the PCP, revised proposals will be considered by the Panel on the 19th February 2024 at which point the Commissioner will be in a position to confirm the council tax for 2024/25 in time for Full Council on the 22nd February 2024.
- 1.9 The draft Local Government Finance Settlement allows councils to increase core council tax by up to 3%. Councils with responsibility for Adult Social Care can increase council tax by up to a further 2%. Therefore a council tax increase of 5% for councils with social care responsibilities is allowed for 2024/25.
- 1.10 The precept for West Sussex County Council has not yet been finalised and will not be confirmed until 16th February 2024. The formal detailed resolution setting the overall council tax for next year will be presented directly to the council meeting on 22nd February 2024.
- 1.11 The following appendices have been attached to this report:

Appendix 1 5 year forecast for Adur District Council

Appendix 2 Proposals for savings

Appendix 3 Proposals for investment in services

Appendix 4 Organisation Design Programme.

Appendix 5 Estimated Reserves

Appendix 6 Council tax base for 2024/25

Appendix 7 Portfolio budget breakdown

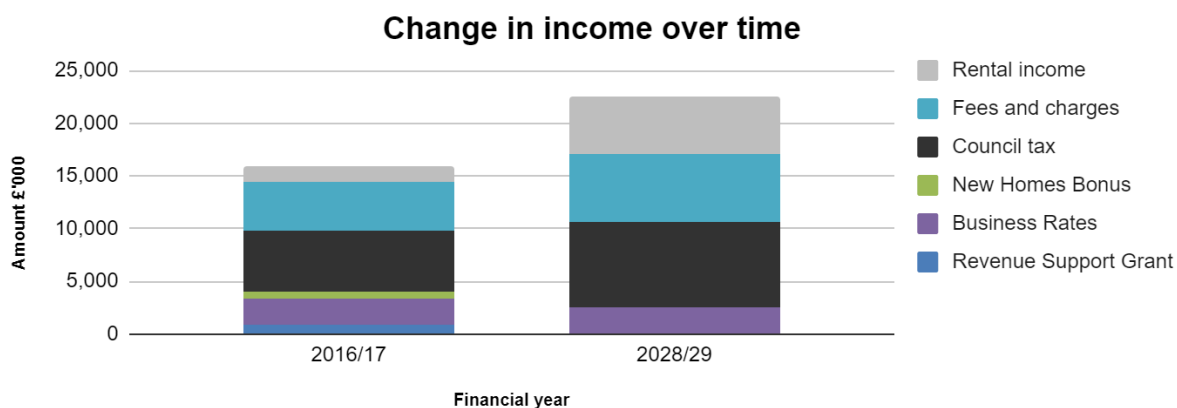
2. Recommendations

2.1 The Cabinet is recommended to:

- (a) Consider and approve, if agreed, the proposals for savings outlined in Appendix 2;
- (b) Consider and approve, if agreed, the proposals to invest in services outlined in Appendix 3;
- (c) Recommend to Full Council to approve the use of capital receipts to support the delivery of the Organisation Design Programme and the budget as set out at appendix 4;
- (d) Agree to recommend to Full Council the draft budgets for 2024/25 and the transfer to reserves leading to a net budget requirement of £11,101,880 which includes provision for the proposals in Appendix 2 and 3, subject to any agreed amendments; and
- (e) Consider which Band D council tax to recommend to Full Council for Adur District Council's requirements in 2024/25 as set out in section 4.3.
- (f) Recommend to Full Council that special expenses of £28.80 per Band D equivalent to be charged in all areas of the district except Lancing.
- (g) Approve the council tax base of 22,409.9 for 2024/25 as set out in paragraph 11.3.

3. Introduction

- 3.1 The national picture for local government is challenging. According to research carried out by the LGA, almost one in five councils are at risk of issuing a Section 114 notice this year or next.
- 3.2 The picture is no different for Adur District Council which has seen increased pressures 2023/24 which has required the implementation of in-year spending controls which have been outlined in the Quarter 2 Revenue Monitoring Report 2023/24.
- 3.3 Despite this the council continues to deliver for its communities and has an ambitious programme of work for 2024/25, outlined in Section 6.
- 3.4 This report outlines the final set of proposals for the setting of the 2024/25 revenue budget which have been developed to address the considerable financial pressures that Adur District Council is experiencing while continuing to deliver essential services for our residents in a way which reflects the key priorities of the council.
- 3.5 The council continues to focus on several strategic programmes which look at income and expenditure which are responsible for taking forward key initiatives aimed at delivering a balanced budget for the future. These have been refreshed in light of the current challenges and also the ongoing programme of organisational design following on from the corporate adoption of our plan
- 3.6 The successful delivery of our strategy has fundamentally changed how the council is funded while pursuing transformational approaches to how we deliver services and work with our partners. The council has moved increasingly away from government funding towards funding from the local community via council tax, and will become increasingly reliant on income from commercial activities over time. Between 2016/17 and 2028/29 income from locally controlled sources (including council tax) is expected to increase from £11.8m to £20.1m, whilst at the same time income controlled by central government (including a share of business rates) will reduce from £4.1m to £2.5m.



3.7 A report to the Joint Strategic Committee on 7th December 2023 updated members as to the latest budgetary information prior to the provisional settlement announcement and the forecast was presented as follows:

	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Overall shortfall – December forecast	960	1,401	2,491	3,458	4,451
Savings identified in December 2023	-223	-345	-470	-508	-546
Organisation Redesign	-1,008	-1,028	1,049	-1,070	-1,091
Revised budget shortfall/ Surplus(-) as at December 2023	-271	28	972	1,880	2,814

3.8 The 2024/25 savings proposals identified within the report amounted to £1.2m and are outlined in Appendix 2. The organisational redesign programme is outlined in Appendix 4 and will be further reported at the March 2024 Joint Strategic Committee meeting, subject to budgets being approved by both councils.

3.9 Since the meeting in December, the Adur District Council budget has been finalised and the last adjustments have been included, subject to the final considerations about the level of council tax and any proposals to reinvest back into services. The current financial position for 2024/25 can be summarised as:

**Changes in Budgetary Shortfall/Savings since report to Joint
Strategic Committee on 11th July 2023**

Original 2024/25 budget shortfall	941
Other changes:	
Final impact of 2023/24 pay award	-115
Financing costs of capital programme	-40
Investment income	78
Increase in budget for Housing Needs	100
Committed growth - Increase in audit fee costs	40
Addition of reduced WTAM contract costs	
Council tax - impact of taxbase	-139
Review of additional business rates	35
Collection Fund surplus/deficit	100
Removal of contingency budget for committed growth item	-40
Revised Budget Shortfall Reported in December	960
Impact of settlement	
Change to business rates	117
One off funding:	
New Homes Bonus	-3
Changes to existing grant streams	-16
Funding Guarantee Grant confirmation	-220
Adjustment for final items identified	
Final assessment of council tax income for 2024/25 based on a 2.99% increase	-73
Review of interest rate and profiling of the capital programme	71
Increase to provision to build reserves	100
Adjustment to HRA contribution and inflation budgets	58
Contingency budget	123
Removal of contingency for committed growth	-30
Removal of Budget for new investment in Service proposals	-100
	987
Potential savings identified to date (Appendix 3)	-1,087
Budget surplus based on a 2.99% council tax increase available to fund new initiatives (before any further action is agreed)	-100

4. Income and reserves position for 2024/25

Income for the council is split across four main areas:

- Local Government Finance settlement
- Business rate retention
- Council tax
- Income from commercial activities

This section of the report outlines each of these income areas.

4.1 2024/25 Local Government Finance Settlement

4.1.1 The government published the provisional Local Government Finance Settlement for 2024/25 on 18th December 2023 via a written statement. Consultation on the provisional settlement closed on the 15th January 2024. This is a one-year settlement.

4.1.2 Settlement confirmed the referendum principles. The council will be able to increase council tax by up to 3% or £5.00 whichever is the higher.

4.1.3 Local Government as a whole was a major beneficiary of the Autumn Statement 2023, with larger increases in funding than any other part of the public sector. Whilst a significant proportion of the increase was directed towards social care, even authorities without social care responsibilities have received an increase in funding. Shire districts will see a lower core spending increase on average next year compared to other councils. In real terms, the settlement will still leave many local authorities with a significant financial gap to close as it was less than the inflationary pressures currently being experienced across the sector. Councils in England continue to face a funding gap of £4 billion across this year and next.

4.1.4 The impact of settlement can be summarised as follows:

- ***Revenue support grant***

The council will receive some Revenue Support Grant in 2024/25 (£79,067), this is due to the inclusion of Council Tax Support Administration Grant which was amalgamated as part of Revenue Support Grant for the first time in 2023/24. Since 2016/17 the council has seen Revenue Support Grant fall by £1m and had received no grant since 2018/19 until 2023/24.

- ***Business grant income and baseline funding***

The small business rates multiplier will be frozen for 2024/25 at 49.9p. The standard business rates multiplier will rise by CPI to 54.6p.

The government will compensate local authorities for the loss of income for this decision up to the level of the September 2023 Consumer Price Index (CPI). This will be part-paid via an uplift to Baseline Funding Level (BFL), with the remainder paid via section 31 grant. Taken together, the increase in the Baseline Funding Level (BFL) and the multiplier under-indexation grant for 2024/25 provide an increase of 6.7 per cent. Baseline funding for 2024/25 will be £1,914,068.

- ***Funding Guarantee grant (£196m nationally)***

This grant, introduced in 2023/24, was created to ensure every authority has an increase in Core Spending Power (the total funding received from council tax, Business Rates, and Government Grant) of at least 3% (assuming local decisions of maximum council tax increases). This grant will be funded from the previous Lower Tier Services Grant (LTSG) and the reduced cost of New Homes Bonus (NHB).

The cost of the 3% Funding Guarantee will be £196m in 2024-25. Adur District Council will receive £446,933. It has not been confirmed whether this funding will remain in place in 2025/26.

- ***Services Grant (£77m nationally)***

The Services Grant was created in 2022/23 to fund core services which was distributed using the 2013/14 Settlement Funding Assessment methodology. This has been subsequently reduced to reflect the estimated benefit from the changes to National Insurance. Adur District Council will receive £11,246 a reduction on the £68,650 allocated in 2023/24.

- ***New Homes Bonus (£291m nationally)***

New Homes Bonus (NHB) will continue for another year but the government very clearly intends to phase out the current scheme although the timing of this is unclear. For 2024/25, there is no change in the operation of the scheme: the scheme works in the same way and applies the same threshold (0.4%). The threshold means that

NHB payments will only be made on an increase in the council tax base that exceeds 0.4%.

NHB allocations of £291m will be made nationally. This is a one off allocation in 2024/25 and the council will receive an additional grant of only £2,800.

4.1.5 The key question of how the net budget requirement translates into the council tax charge can now be determined as the proposed details of the Local Government Finance Settlement have been received. Any final changes arising from settlement will be dealt with through the reserves. However, if there is a significant reduction in government resources, in-year action will be needed to reduce the final impact on the reserves.

4.1.6 **Changes to local government funding in 2025/26 and beyond:**

This is only a one-year settlement and so there is uncertainty around 2025/26. We do not yet know the future of NHB.

The Funding Review and the changes to the Business Rate Retention Scheme have now been delayed until 2025/26 at the earliest, effectively delayed until after the next election.

The lack of even short term certainty around funding makes long term planning very difficult and contributes to the challenges of the council's finances.

4.2 **Business Rate Retention Scheme**

4.2.1 The business rate retention scheme has now been in place for several years. There are two key features which members are reminded of:

- 1) There is a 'safety net' in place for any council whose actual business rates income falls short of the target income for business rates. The safety net arrangements will be 7.5% of Baseline Funding which is equivalent to a maximum fall in income below the baseline funding level of £143,555.
- 2) A 'levy' is in place for any council whose business rates exceed the target set. The levy will mean that the council can keep 50p of every additional £1 generated over its share of the business rate target.

For each additional £100,000 raised the council will keep the following amounts:

	Share of additional income	Additional Levy paid to treasury	Kept locally
	£'000	£'000	£'000
HM Treasury	50		
County Council	10	5	5
District Council	40	20	20
	100	25	25

4.2.2 The forecast for 2024/25 is currently being finalised. The 2024/25 NNDR return which underpins this forecast is due to be submitted by the 31st January 2024 and any substantial changes resulting from the final assessment of the business rate income will be managed through the business rate smoothing reserve which has been set up for this purpose.

4.2.3 The Collection Fund will have another deficit at the end of the current year, partially due to the additional reliefs granted in the year and the impact of some substantial in-year revaluations for major retailers which have been backdated to 2017.

4.2.4 Overall a deficit of £5.2m will need to be recouped in 2023/24 which can be broken down as follows:

	Total to be recovered in 2024/25
	£'000
Adur District Council	2,099.7
West Sussex County Council	524.9
Government (HMT)	2,624.7
Total recovered	5,249.3

The council will receive compensation in 2023/24 for the additional reliefs granted. The losses are supported by the business rate smoothing

reserve in 2023/24 which has been set up to address timing differences in the business rate system.

4.2.5 Looking further ahead, the generation of additional business rates is one of the solutions to the council's ongoing financial pressures. Members will be aware that there are several schemes progressing which will create employment space. Examples include: Adur Civic Centre

4.2.6 Finally, it should be appreciated that there are still a number of risks associated with the business rate forecast:

- It is difficult to establish the number of appeals which are likely to come forward. There is no time limit on when an appeal might be lodged. However to date far fewer appeals have been received following the 2023 revaluation following the introduction of the new 'Check, Challenge, and Appeal' process by the VOA.
- Major redevelopments will temporarily reduce business rate income whilst the site is being redeveloped.
- Conversion of office blocks and retail space into accommodation will result in a permanent loss of income however, this will be mitigated to some extent by the additional council tax generated once the conversion is completed.

4.2.7 Consequently there could be significant swings in the amount of business rate income in any one year. However, any shortfall in income will be recovered in the following financial year. The council will provide for any known backdated business rates appeals at the 2023/24 year end. To help mitigate these risks the council has created a Business Rate smoothing reserve.

4.2.8 Finally, as in previous years, Adur District Council will participate in the County Business Rate Pool. This has no direct impact on the budget itself as the council is guaranteed under the terms of the pool to be no worse off by pooling, but it enables the County area to retain around £5.8m additional business rates to invest in local economic regeneration initiatives, income which would have been paid to the Treasury. The pool is administered by the county council and funding is distributed by a collective meeting of all of the leaders of the West Sussex councils.

4.3 Council Tax Increases

- 4.3.1 The decision over the level of increase to the council tax influences not only has an impact on the current budget but future budgets as well. Over the past 10 years, the council tax has been increased by 17.9%, an average of 1.8% per year (in 2013/14 the Band D tax was £274.72, in 2023/24 it was £324.00). Over the equivalent period, inflation (CPI) has been 28.0%.
- 4.3.2 The budget forecast currently assumes that council tax will increase by 2.99% in 2024/25. The most recent inflation index was 5.3% (CPI in November 2023) and so the forecast rate is below current inflation rates.
- 4.3.3 A 2.99% uplift would only be a modest increase in the council share of the bill for 2024/25. The table below details how the council tax will change as a result of a 1%, 1.5%, 2.0% and 2.99% increase.

	2023/24	Annual increase for 2024/25			
		1%	1.5%	2.0%	2.99%
	£	£	£	£	£
Average council tax Band D	324.00	327.24	328.86	330.48	333.72
Annual increase		3.24	4.86	6.48	9.72
Weekly increase		0.06	0.09	0.12	0.19
Average council tax Band C	288.00	290.88	292.32	293.76	296.64
Annual increase		2.88	4.32	5.76	8.64
Weekly increase		0.06	0.08	0.11	0.17
Total additional council tax raised compare to 2023/24		72,610	108,910	145,210	217,820
Additional council tax raised over a 1% increase			36,300	72,600	145,210

- 4.3.4 Members should also be aware that the Police and Crime Commissioner has the flexibility to increase the Band D tax by £13.00 (5.42%) for their share of the overall bill. Whilst the level of increase to be set by the county council is unknown at this stage, given the financial pressures that the county council is under, there are indications that the increase will be close to the maximum permitted (4.99%). Consequently, the total overall

increase in the council tax bill for a Band D property based on the council opting to set the tax at the maximum allowed could be close to 4.75%:

	2023/24	2024/25 (Indicative only)	%
	£	£	
Adur District Council	324.00	333.72	2.99%
West Sussex County Council	1,633.41	1,714.95	4.99%
Sussex Police and Crime Commissioner	239.91	252.91	5.42%
	2,197.32	2,301.58	4.74%

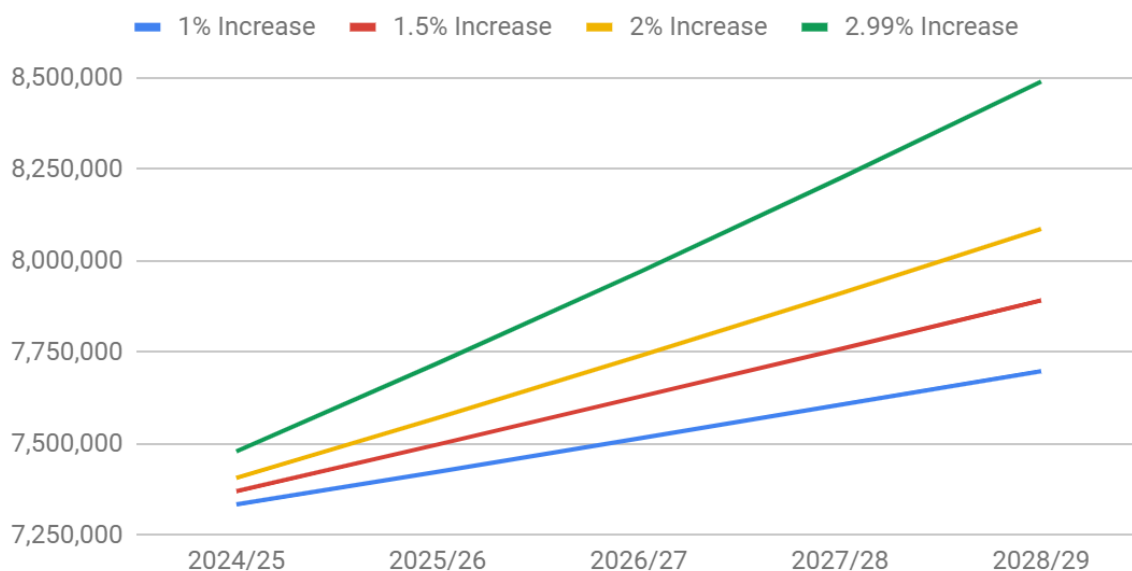
4.3.5 The decision to raise council tax influences not just the 2024/25 budget but future years and should be considered alongside the projected budget shortfalls for the next 5 years, as there are long term consequences to setting a council tax increase lower than the maximum permitted. This is particularly significant at the moment given the scale of the financial challenge faced by the council. Potentially the next few years are financially challenging with significant savings required in each financial year.

4.3.6 The impact of changing the council tax by 1%, 1.5%, 2.0% and 2.99% annually would be as follows:

Total income	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
1% annual increase	7,333,420	7,422,550	7,514,030	7,605,840	7,697,990
1.5% annual increase	7,369,720	7,497,340	7,627,480	7,758,120	7,891,310
2.0% annual increase	7,406,020	7,570,110	7,738,900	7,910,400	8,086,660
2.99% annual increase	7,478,630	7,719,690	7,967,830	8,225,110	8,489,570

Over the longer term, a higher increase will give the council significant additional income:

Adur District Council - Long term impact of Council Tax increases



4.3.7 Members are asked to consider which level of council tax increase that they support. An increase of 2.99% would enable the council to set a balanced budget and fund all of the proposals for investment in services recommended for approval in Appendix 3. However, if a lower rate is set, then additional savings will have to be identified to fund the financial consequences as it would be inappropriate to use the reserves to balance the budget.

4.3.8 At this late stage in the budget process, it would be difficult to make any decisions that result in service reductions as these should be the subject of consultation, however the option remains to defer projects or the proposed investments into services to generate an in-year saving and fund the desired level of council tax increase.

4.3.9 Summary of Budget Position

Depending on the choices made regarding the council tax increase and the new growth items; the overall budget position will be (based on a 2.99% increase):

Net budget requirement 2024/25	£'000	£'000
Less:		11,001
Baseline Funding	-1,914	
Share of additional Business Rate income	-1,315	
Council tax (2.99% increase)	-7,478	
Other grants	-540	
Collection Fund Deficit	146	-11,101
Budget surplus based on 2.99% council tax increase		-100
Maximum impact of accepting the growth items (Appendix 3)		100
Budget balanced at a 2.99% council tax increase		-

4.4 Proposals to maximise commercial income

4.4.1 ADC continues to drive significant benefits from fees and charges and in fact could not produce a balanced budget without this element of income. In considering the changes in these areas officers consider three main factors:

- Inflationary pressures on the cost to deliver
- Market benchmarks
- Affordability for residents and businesses

4.4.2 Fees and charges are set by Directors, Assistant Directors and Heads of Service in consultation and agreement with relevant cabinet members. These charges can be amended or changed throughout the year but most follow an annual cycle, whether calendar year or financial year. It should be noted that car parking pricing must follow a statutory process.

4.4.3 Over the course of 24/25 the council will continue to review our commercial services to ensure that charges for products and services meet criteria of profitability and public value. The new organisational design will consolidate the councils commercial capability and also develop the organisation's ability to secure external funding. This capability will then develop a new commercial income strategy in advance of the 2025/26 budget as well as to manage in-year targets for income generation.

- 4.4.4 For the majority of the income lines it should be noted that the councils invest capital funding to maintain or replace equipment or infrastructure associated with these income lines, therefore this estimated additional income contributes to ongoing maintenance or replacement. For example, the councils periodically invest in waste vehicles to ensure the commercial and green waste services can be delivered.
- 4.4.5 The portfolio of commercial lines flows across a number of departments and portfolio holders, whilst it should be noted that some commercial activity is weighted to each council depending on the activity and level of activity. For example, for Worthing there is a higher volume of car parking and beach huts, whilst street markets are solely delivered in Adur.
- 4.4.6 The estimated budget impact has been modelled on a minimum inflationary increase of 3% increase, whilst some are projected to increase to match the current inflation level of 6.3% or beyond. The commercial services highlighted in the table within Appendix 2 signal those services that are estimated to rise above the minimum 3%. A number of these income lines have been reviewed and assessed to ensure the correct governance process is in place and any change in the pricing can be made ahead of the next billing cycle, whether calendar or financial year.
- 4.4.7 Alongside fees and charges, the other significant area of income are the strategic property investment funds (SPIF) for each council. Adur District Council's SPIF is expected to generate £4.88m in 2023/24, exclusive of VAT and borrowing costs. This makes up around a fifth of the council's income and is slightly down on the £4.91m generated in 2022/23. This is due to 2 long-term vacant properties, 6% of the portfolio. Active management of the assets, including rent reviews, has partially mitigated the void periods. No properties were acquired in 2023/24.
- 4.4.8 Looking to 2024/25, the portfolio will continue to be reviewed against its strategic objectives to ensure that it is the best use of borrowing, continues to generate revenue, and to ensure that they meet any expected government requirements such as the 2027 requirement that commercial properties hold an EPC of C or above (and a minimum of B from 2030) or they cannot be re let at lease end. Currently 2 of the 10 units in the Adur portfolio are not compliant - an upgrade programme is being considered to address this. The primary focus for 2024/25 will be filling vacant space to secure maximum returns through continued active

management.

5. Reserves Position

- 5.1 Sections 26 and 27 of The Local Government Act 2003 require the council's Chief Financial Officer to comment on the adequacy of the council's reserves. The reserves have therefore been reviewed in accordance with best practice.
- 5.2 To enable a view to be taken on the adequacy of reserves, members need to be aware that, broadly speaking, there are two categories of revenue reserves relevant to the council. The General Fund Working Balance which primarily is available to cushion the impact of uncertain cash flows and act as a contingency to meet unforeseen costs arising during a budget year (e.g. unexpected increases in the demand for services or losses in income); and Earmarked Reserves which are sums held for specific defined purposes (details are provided in Appendix 5) and to meet known or predicted liabilities. Both categories of reserves can be used on a planned prudent basis to underpin the annual budget.
- 5.3 The council has successfully protected and built the reserves over a number of years. The reserves position over the last 5 years:

History of reserves	Year ended 31st March				
	2019	2020	2021	2022	2023
	£'000	£'000	£'000	£'000	£'000
General Earmarked Reserves (a)	646	658	1,219	1,360	968
Tax Smoothing Reserves	402	31	4,035	1,884	1,826
Grants and Contributions	563	623	1,343	1,203	914
Total earmarked reserves	1,611	1,312	6,597	4,447	3,708
General Fund Working Balance (b)	519	952	951	1,051	1,051
Total reserves	2,130	2,264	7,548	5,498	4,759
Available reserves for general purposes (a+b)	1,165	1,610	2,170	2,411	2,019

- * In 2020/21, and to some extent in 2021/22, the government funded significant additional business rate reliefs to support business during the Covid pandemic. Due to timing differences within the business rate system, the council actually funded the impact of these additional reliefs in

the following years which was financed by the grant provided by the Government and which had been placed into reserves for this purpose.

However the past three years have been very difficult, firstly due to the impact of the pandemic on the council's finances and more recently the significant impact that the current historically high level of inflation is having on the council's financial position.

- 5.4 The council's established policy is to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. The current balance as at 31st March 2023 is £1,051,500. The balance is 9.90% of net 2023/24 revenue expenditure and is in the upper part of the range of 6% -10% set by the council. However as a result of the current financial challenges that the council is experiencing, it is expected that the council will have to reduce its reserves in 2023/24 by around £0.2m with the result that current projections indicate the working balance reserve will reduce to approximately £851,000 by the year end.

The year-end level on the General Fund Working Balance for the foreseeable future, therefore, is estimated as follows:

		£'000	%
31.03.2023	Balance carried forward – per Final Accounts	1,051	9.9
31.03.2024	Use of reserves expected to fund the potential 2023/24 overspend.	851	8.0
31.03.2025	Planned contribution expected	1,051	9.9
31.03.2026	No planned drawdown or contribution expected	1,051	9.9
31.03.2027	No planned drawdown or contribution expected	1,051	9.9

- 5.5 The working balance is currently projected to be too low at year end. Whilst there are obviously plans to rebuild this reserve, these should be accelerated where possible by:
1. Mitigating any potential overspend in 2023/24 as far as possible to protect the current level of reserves;
 2. Creating underspend in the 2024/25 budget by accelerating the delivery of savings to balance the budget;
 3. Creating a specific 'contribution to reserves' budget from the 2024/25 budget to further repair the council's financial health at a faster pace. An amount of £200,000 has been allowed for 2024/25 to replenish the

Working Balance and £100,000 per year from 2025/26 onwards to increase the Capacity Issues Reserve.

It is extremely important that the council maintains its residual reserves at the planned amount for the foreseeable future.

5.6 However, with the planned expansion of commercial activity, especially the investment in commercial property, the council has taken two other measures to further manage risk and bolster the reserves:

- i) As part of the initiative to invest in commercial property, an element of the additional rent raised every year is being set aside into a specific reserve to manage void periods on these properties and to set aside resources to fund future investment needs. The current provision is £750,000 and this will gradually be increased by £100,000 over the next 5 years to a level of £1,250,000 per year by 2028/29.
- ii) Following the LGA peer review conducted in 2018, there was a change in approach to the management of general inflation (excluding inflation on items such as salaries, rates, utilities, and contractual commitments). This is no longer allocated out in year but held centrally in the Corporate Management budget. This budget will be allocated out where the inflationary pressure can be demonstrated. Any unutilised budget at the year end will be transferred to the reserves and the budget offered up as a budget saving for the forthcoming year. This also provides a contingency budget for in-year pressures.

5.7 In the medium term, once the challenges of the next couple of years have been addressed, the council should review the position and take proactive steps to further bolster the overall reserves.

5.8 The estimated balance of general fund earmarked reserves as at 31st March 2024 is £1.64m excluding the Business Rates Smoothing Reserve, any Section 106 sums held for future environmental improvements, grants, and any specific capital resources. Overall, the level of reserves held by the councils is expected to change over the forthcoming years as follows:

	Balance as at 31st March				
	2023 Actual	2024 Est.	2025 Est.	2026 Est.	2027 Est.
General Earmarked Reserves	968	792	1,642	2,692	3,842
Collection Fund Smoothing	1,826	586	0	0	0

Reserves					
Grants and Contributions	914	914	914	914	914
Total Earmarked Reserves	3,708	2,292	2,556	3,606	4,756
General Fund Working Balance	1,051	851	1,051	1,051	1,051
Total Reserves	4,759	3,143	3,607	4,657	5,807

A detailed schedule of the earmarked reserves is attached at Appendix 4.

- 5.9 Given the low level of reserves, it is now even more critical that these reserves be used only as a funding resource of last resort until such time as the reserve level has recovered to some extent. The council has over the past year minimised new calls on such resources, utilising the ability to use capital receipts to fund initiatives to generate budget savings where possible.
- 5.10 However the size and nature of the risks to the overall budget leaves the council with little room for using these reserves for new on-going spending initiatives. The council should maintain its current policy of spending its scarce earmarked reserves on:
- supporting one-off rather than recurring revenue expenditure;
 - dealing with short-term pressures in the revenue budget; and
 - managing risk to the council's budget.

6. Delivering the council's priorities

- 6.1 The council continues to develop Adur as a collection of unique and vibrant places, seeking to get the best balance between ambitious regeneration and the creation of vitally needed new homes alongside the creation of infrastructure and services for residents. This includes making Adur a great place to work and for businesses to grow.
- 6.2 Adur continues to lead ambitious climate and nature programmes, focused on protecting and enhancing biodiversity and reducing the council's contribution to climate change. Carbon emission reductions have been significantly reduced through heat pump projects at Shadwells Court, Tollbridge House and the Shoreham Centre. The DEFRA backed Adur River Restoration project is a major strategic nature recovery initiative, and the Sussex Bay programme supported by Esme Fairbairn Foundation is a leading project nationally for marine recovery.

Strategic commitment to the agenda is reflected in the new organisational design and the commitment to the climate mission as outlined in Our Plan.

- 6.3 While Adur Homes is funded via a separate Housing Revenue Account and so not a matter for this budget update, its transformation is a key priority for the council and so important to note here. A safe and secure home is essential for residents to thrive. The work as part of the Adur Homes Improvement Plan following self referral to the Regulator of Social Housing is progressing positively in priority areas including compliance and resident engagement. In addition Adur Homes has a pipeline of delivery of new social housing with 14 new units occupied by the end of the 2023/24 financial year and a further 54 new units estimated for completion in 2024/25. Once completed residents are allocated these homes through the council's Choice Based Lettings scheme.
- 6.4 Adur District Council has had a longstanding ambition to create a new sports facility for Buckingham Park. In order to create capacity to progress this work £1.65m prudential borrowing has been assumed within the 2024/25 budget.
- 6.5 The council continues to work in partnership with West Sussex County Council under Growth Deal arrangements to invest in infrastructure projects to assist economic growth. The council still holds an ambition, under this arrangement, to support interventions in Lancing in response to the participatory approach held in 2022/23 named "Lancing - Now and into the Future". The projects are also being considered matching the council's priorities.
- 6.6 Financial resilience and organisational development are also key priorities for each council in the shared service arrangement:
- 6.6.1 The need to deliver a balanced budget is a central obligation of local government which has become increasingly difficult to achieve. As can be seen in appendix 4 and will be discussed in more detail in the subsequent JSC report, the councils are in the process of an ambitious organisational redesign with the goal of making the organisation more resilient, participative and adaptive as outlined in Our Plan.
- 6.6.2 The council will also prioritise the recovery of its reserve position as outlined in the previous section
- 6.6.3 The council will also continue to maintain tight spending controls, as have been outlined in recent monitoring reports, in order to ensure close tracking of the 24/25 budget going forward.

6.7 Funding the costs of delivering the budget savings:

The savings identified represent service and staff changes which will require some investment up front, details of which can be found in Appendix 4. To deliver the expected level of savings the councils will be required to fund a number of strands of work as follows:

- Delivery support to the organisational change programme which is delivering a new more resilient operating model;
- External advice for service areas where specialised knowledge is required;
- Any departure costs arising from the proposals;
- Specialist people and change support and advice over the two year programme

6.7.1 The Organisational Design programme is planned to deliver savings of £4m over 2 years for Adur and Worthing, the cost of the work required to support the delivery is expected to be £1.56m. This is set out in more detail in Appendix 4.

6.7.2 Given the level of reserves, it is planned to use the capital receipts flexibility regime which allows councils to release capital receipts to fund initiatives to generate a saving. The estimated use of receipts for Adur of the cost of change is £624,000. As at 31st December 2023, the council held £3.98m uncommitted and available capital receipts.

6.7.3 There is a restriction on the funding of departure costs, only statutory redundancy and pension costs can be funded from capital receipts.

7. Significant risks

7.1 Members will be aware that there are several risks to the council's overall budget. These can be summarised as follows:-

(i) Inflation

A provision for 4.5% inflation has been built into pay budgets; general non-pay budgets have been increased by 3%. Whilst the Bank of England inflation forecasts expect that inflation will continue to fall in 2024 and return to 2% in 2025, there is a risk that inflation will run at a higher rate than allowed for within the budget. Each 1% increase in inflation is equivalent to the following amount:

	1% increase
	£'000
Pay	116
Non-pay	53

(ii) **Withdrawal of funding by partners**

All budgets within the public sector are under scrutiny which may lead to partners reassessing priorities and withdrawing funding for partnership schemes. Consequently, the council may lose funding for key priorities and be left with unfunded expenditure together with the dilemma about whether to replace the funding from internal resources. This is a particular issue for such services wellbeing and sustainability which receive considerable funding from external sources.

(iii) **Income**

The council receives income from a number of services which will be affected by demand particularly at the moment due to the continuing impact of the pandemic and the cost of living crisis. These include parking, land charges, trade and green waste services, development control and now business rates. Whilst known further reductions in income have been built into the proposed budgets for 2024/25, income may fall further than expected; or new targets for commercial income may not be met.

The council has invested in commercial property, as leases expire there is an increased risk of loss of income from voids. To mitigate this risk the council holds a Property Risk Reserve to manage any void rent periods, the budgeted provision is £750,000 in 2023/24. This will be increased annually in line with the level of investment in the property portfolio and the associated risk, the current assumption allows for a £100,000 increase per year.

(iv) **Demand for housing services**

Demand has been increasing for housing services at a significantly higher rate than in previous years. Whilst this may be a temporary pressure, the council has increased investment in this service to manage these costs. There remains a risk that demand for the service will continue to escalate.

(v) **Pace of change**

The organisational change programme outlined in appendix 4 is ambitious and delivering this at pace will require considerable officer time as well as active engagement from the teams directly affected in order to be successful.

(vi) **General election and political uncertainty**

In many ways the next year will be no less uncertain than recent experience - compounding the uncertainty of a lack of long term funding agreements. There is additional turbulence created by the anticipated general election as well as organisational focus needed to deliver an election which does need to be managed.

(vii) **Lack of clarity with respect to the environment bill**

As was highlighted in the December JSC budget update, the implementation of the requirements of the Environment Act (particularly the requirement to provide food waste collections to all households by March 2026) present a significant risk in terms of funding. The Government has committed to covering 'reasonable' costs in terms of revenue and capital. Capital funding was announced on 9 January 2024 and early review of the figures indicate it will not be sufficient to cover the full cost of investment. Announcements regarding revenue funding are still being awaited from the Government. In the absence of the costs being fully covered, delivering the requirements is unaffordable for the council and shared service.

8. **Consultation**

8.1 The council undertook a public consultation exercise this year, the outcome was reported to JSC in December 2023. The council received 727 responses. The survey targeted a representative set of responses from residents, council staff, businesses, and other organisations, using various engagement mechanisms such as the website, email, press releases, and social media channels.

8.2. To ensure consistency, both Adur & Worthing Councils included three key questions they engaged residents on last year to understand:

- How comfortable people would be with potential spending reductions on a set of areas of focus.
- What areas people would like to prioritise for investment.
- Options on council tax.

- 8.3. The councils also included the option for people to share other comments they would like on key themes that are important to them to inform the budget engagement.
- 8.4. On the above questions, respondents expressed varying levels of discomfort with potential spending reductions in key areas, including waste and recycling, addressing the cost of living, health and wellbeing, clean streets, and support for homelessness. Overall, there's diversity in priorities across Adur's communities.
- 8.5. Residents prioritised investment in addressing housing cost and availability, tackling the cost of living, supporting people most in need, and youth-focused services. However, there were mixed views on sustainable travel infrastructure and a balanced perspective on green spaces and park amenities.
- 8.6. Regarding council tax options, there was varied support for the different options - from spending reductions, freezing council tax, to 1/2/3% increases. The feedback suggests a nuanced consideration, balancing the desire for service investment with concerns about taxation and spending.
- 8.7. Additionally, diverse themes emerged in the free-text comments, including concerns about housing, infrastructure, traffic, the environment, youth services, community safety, council tax, spending, and miscellaneous concerns.
- 8.8. Officers and members have been consulted on the development of the budget.
- 8.9. The insights gathered from the engagement exercise will inform the development of the Budget for 2024/25, with individual considerations for Adur District Council.

9. **Update to prudential indicators**

- 9.1 The council's budget fully reflects the cost of financing the capital programme. Members have previously approved sufficient growth to accommodate the proposed capital programme. The council has a fully funded capital programme and the associated revenue costs are built into the budget for 2024/25 and future years.

- 9.2 Under the Prudential Code of Practice and the capital finance system introduced in April 2004, the capital programme is based on the council's assessment of affordability. This includes any new borrowing which the council wishes to undertake.
- 9.3 The Code of Practice was revised in 2023/24. The freedom for local authorities to set the scope and size of their capital plans remains unrestricted, but the prudential system processes have been strengthened to set out greater consideration of prudence, with sustainability and risk reporting improved through the governance procedures. There is also stronger guidance on commerciality which effectively prohibits solely commercial investment and requires the council to regularly review current commercial investments. However this change was pressaged by the new rules surrounding borrowing from the PWLB and the council has long since adapted its property investment criteria.
- 9.4 The Prudential Code of Practice requires the council to set a series of indicators to show that the capital programme has due regard to affordability, sustainability and prudence. These are included with the annual Treasury Management Strategy Statement which is due to be considered by JSC on the 8th February 2024 and which will be included in the council budget pack for approval.

10 Comments by the Chief Financial Officer

- 10.1 Section 25 of the Local Government Act 2003 requires an authority's Chief Financial Officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so members will have authoritative advice available to them when they make their decisions. The section requires members to have regard to the report in making their decisions.
- 10.2 As members are aware, local authorities decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services. Because they decide on the council tax in advance of the financial year in question, and are unable to increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:

- making prudent allowance in the estimates for each of the services, and in addition;
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient which has been considered in detail on section 7 of the report.

10.3 Overall view on the robustness of the estimates:

Subject to the important reservations below, a reasonable degree of assurance can be given about the robustness of the estimates and the adequacy of reserves. The exceptions relate to:

- (1) The provision of estimates for items outside of the direct control of the council:
 - Income from fees and charges in volatile markets particularly at the moment given the cost of living crisis and the continuing impact of the pandemic, e.g. car parks and development control fees;
 - External competition and declining markets, particularly during a recession. E.g. Local land charges and building control fees;
 - Changes to business rate income due to revaluations, redevelopments and increases in mandatory rate relief.
- (2) Cost pressures not identified at the time of setting the budget. This would include items such as excess inflation.
- (3) Initiatives and risks not specifically budgeted for.

It will therefore be important for members to maintain a robust budget monitoring regime during 2023/24.

10.4 The Chief Financial Officer's overall view of the robustness of the estimates is, therefore, as follows:

The processes followed are sound and well established and identical to those that produced robust estimates in the past. The council has also demonstrated that it has a sound system of financial management in place.

11. Council Tax Setting

11.1 The council is obliged to raise the balance of its resources, after allowing for any government grant and business rates, to finance the General Fund Revenue Budget from its local council taxpayers. The council tax for Adur District Council will be added to the precepts from West Sussex County Council and the Sussex Police and Crime Commissioner to form a combined council tax to levy on the taxpayers of Adur. This will be formally approved by Full Council on the 22nd February 2024 via a report on the council tax determination.

11.2 Once the Executive has reached a decision on the Total Budget Requirement it wishes to recommend to the council for the 2024/25 Budget, the resulting council tax for the district can be set. This takes into account the Total Aggregate External Finance (Government grants and Business Rates contributions) and any contribution to or from the local Collection Fund.

11.3 Adur District Council:

- (a) The following table shows the net sum to be raised from local council taxpayers in 2024/25 prior to the consideration of the budget proposals. This is based on 2.99% council tax increase which is the maximum increase permitted without triggering the requirement for a referendum:

	£	£
Net 2024/25 Budget *		11,001,880
Less: Aggregate External Finance		
Baseline Funding	-1,914,070	
Additional Retained Business Rate income	-1,315,190	
Funding Guarantee Grant	-446,930	
New Homes Bonus	-2,800	
Revenue Support Grant	-79,070	
Services Grant	-11,240	
Contribution to the Collection Fund surplus (as per paragraph 5.8)	146,050	
		-3,623,250
Minimum amount to be raised from council tax		7,378,630
Net additional impact of proposals identified in Appendix 3 if approved		100,000

Amount to be raised from council tax based on 2.99% council tax	7,478,630
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- * 2024/25 budget requirement after any contribution to or from reserves required to balance the budget or any further increase to council tax.

Within section 4 of the report, members are given the options for the council tax and approving the service investment proposals.

(b) Council Tax Base

The council's tax base for 2024/25 is 22,409.9 Band D equivalent properties. There is an increase to the current year base of 21,937.3 which is largely due to the increase in housing numbers. The full calculation of the tax base is shown in Appendix 6.

	2023/24 Tax Base	2024/25 Tax Base
Lancing	6,511.8	6,835.0
Sompting	2,790.9	2,879.1
Other areas	12,634.6	12,695.8
TOTAL	21,937.3	22,409.9

(c) Special Expenses

At the extraordinary meeting of the council held on 10th January 1995, maintenance of recreation grounds and provision of community buildings were agreed as special expenses not chargeable in the Lancing area under the terms of section 35 of the Local Government Finance Act 1992. In 2024/25 expenditure of £448,090 (£405,170 in 2023/24) falls under the resolution and will need to be financed by a Band D tax of £28.80, to be charged in all areas of the district except Lancing.

(d) Adur District Council Band D Council Tax

In Section 4.3, the options for the council tax increase are discussed in detail. An average council tax increase of 2.99% will ensure that the council has a balanced budget, and will lever in sufficient additional resources to fund the service investment proposals recommended for approval at Appendix 3 and deliver a balanced budget.

The actual amount charged in each area will depend on whether Special Expenses is charged and the level of the basic council tax. The final agreed amounts will be incorporated into the council tax determination.

Area	2023/24	2024/25 (Average 1% increase)	2024/25 (Average 1.5% increase)	2024/25 (Average 2.00% increase)	2024/25 (Average 2.99% increase)
	£	£	£	£	£
Lancing - Basic Council Tax	305.55	307.26	308.88	310.50	313.74
Percentage increase		0.56%	1.09%	1.62%	2.68%
Annual increase (Band D)		1.71	3.33	4.95	8.19
Weekly increase (Band D)		0.03	0.06	0.10	0.16

Area	2023/24	2024/25 (Average 1% increase)	2024/25 (Average 1.5% increase)	2024/25 (Average 2.00% increase)	2024/25 (Average 2.99% increase)
	£	£	£	£	£
Shoreham, Southwick, Sompting and Coombes					
Basic Council Tax	305.55	307.26	308.88	310.50	313.74
Special Expenses	26.28	28.80	28.80	28.80	28.80
TOTAL in Shoreham, Southwick, Sompting and Coombes	331.83	336.06	337.68	339.30	342.54
Percentage increase		1.27%	1.76%	2.25%	3.23%
Annual increase (Band D)		4.23	5.85	7.47	10.71
Weekly increase (Band D)		0.08	0.11	0.14	0.21

11.4 West Sussex County Council and Sussex Police Authority

- (a) The county council requirements are expected to be confirmed on 16th February, 2024. The proposed Police and Crime 2023/24 budget is due to be considered by the Sussex Police and Crime Panel (PCP) on 26th January 2024.

	2023/24 £	2024/25 £
West Sussex County Council	1,633.41	t.b.c
Sussex Police Authority	239.91	t.b.c
TOTAL	1,873.32	t.b.c.

11.5 The final figures for all authorities will be incorporated into the formal council tax setting resolution to be presented to the council at its meeting on 22nd February 2024.

12. Legal implications

12.1 The Local Government Act 2003 places an obligation on the Chief Finance Officer to set prudential indicators and report to the council on the robustness of the estimates and the adequacy of reserves which are addressed within the body of this report.

12.2 The Local Government Act 2003 requires that the council sets a balanced budget. The purpose of this Report is to demonstrate how Adur District Council intends to meet this legal requirement for 2023/24.

12.3 The Local Authority Finance Act 1992 provides the power for Full Council to authorise the proposals for council tax.

12.4 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.

13. Conclusion

13.1 This has once again been a difficult year financially with considerable macro-economic headwinds as well as local pressures such as housing need. This has driven considerable impacts in our communities as well as on our finances.

13.2 Despite this the council is in a position to set a balanced budget and has been able to ensure the continued delivery of important strategic projects as well as continue to meet its commitments with respect to the climate emergency.

- 13.3 It is important to note however that the low level of reserves means that there is little contingency available and so tight budget control will be needed to ensure that this budget is delivered on.
- 13.4 Finally, the risks to this budget are outlined in this paper but will need to be closely monitored and managed. It's important to note that not all of those risks are within the control of the council and so matters such as the funding for the implementation of the Environment Act 2021 continue to be of material concern to the council and will also be monitored carefully.

Local Government Act 1972

Background Papers:

- Our Plan - The new corporate plan for Adur & Worthing Councils - report to JSC 11th October 2022
- Developing a revenue budget for 2024/25 in difficult economic circumstances – Report to Joint Strategic Committee on 11th July 2023
- Report to the Joint Strategic Committee 7th December 2023 - 2023/24 Budget update 2024/25
- Local Authority Finance (England) Settlement Revenue Support Grant for 2024/25 and Related Matters: MHCLG Letters and associated papers of 18th December 2023.
- Local Government Act 2003 and Explanatory Note
- ‘Guidance Note on Local Authority Reserves and Balances’ – LAAP Bulletin No. 77 - CIPFA -published in November 2008
- Statement of Accounts 2022/23
- Report to Joint Strategic Committee 7th December 2023 – 2nd Revenue Budget Monitoring Report (Q2)

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SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Through its strategies and operations, the council has an important role to play in the economic development of Adur. The development of major regeneration projects, public realm and active transport initiatives support the development of a thriving economy, and the council's strategy to direct procurement and contracts towards local companies are key levers.

2. SOCIAL

2.1 Social Value

The council's housing strategy is key to supporting local residents and communities, as are the range of initiatives to help tackle the cost of living crisis. The council's use of data is helping target those most in need, offering support through our One Stop and proactive services and signposting people to further help.

2.2 Equality Issues

These proposals have been developed with regard to the Equality Act 2010. No proposals contained within the proposals would require a detailed Equalities Impact Assessment with the exception of the organisational design work where impact assessments will be completed as part of the process.

2.3 Community Safety Issues (Section 17)

We are considering how these proposals impact safety in our communities and are ensuring that where possible these reductions do not have an adverse effect. Where possible we are working to create better alignment and organisational change to strengthen this work and ensure there is much better organisational ownership for our work around community safety.

2.4 Human Rights Issues

Matter considered and no issues identified

3. ENVIRONMENTAL

The council's budget is supporting the delivery of a range of carbon emissions reduction and biodiversity initiatives that is helping it meet its net zero 2030 commitments while also providing leadership for others across the area.

4. GOVERNANCE

Matter considered and no issues identified

ADUR DISTRICT COUNCIL						
Revenue Budget Summary Statement 2024/25- 2028/29						
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	10,610	10,610	10,610	10,610	10,610	10,610
External Economic Factors						
Inflation on Pay:						
- Assumption of 4.5% increase in 24/25 and 2% in future years		681	989	1,335	1,675	2,022
- Impact of 2023/24 pay award (average of 5.8% against a budget of 4.5%)		152	155	158	161	164
Inflation on Costs:						
- Assumption of 3% in 24/25 and 2% in Future years		157	265	375	487	601
Inflationary increase on income (Commercial activities and Fees and Charges):						
- Assumption of 3% in 24/25 and 2% in Future years		(166)	(280)	(396)	(514)	(635)
Investment income		65	84	100	156	143
Impact of rate revaluation 2022		5	8	29	30	31
Council Commitments to services and long term obligations						
Local Elections (held every other year)		(18)	-	(19)	-	(20)
Heat Network		10	10	10	10	10
Nature restoration projects - to fund capital and revenue impacts of any proposals		100	100	100	100	100
Capital programme financing costs (including sale of the Civic Centre)		91	340	752	979	1,318
Impact of Triennial review: Reduction in backfunded contributions		(95)	(190)	(190)	(190)	(190)
Final cost of new leisure contract		(99)	(99)	(99)	(99)	(99)
Renewal of insurance contract		135	135	135	135	135
Increase in Audit Fees		40	40	40	40	40
Other items						
Removal of one-off growth associated with the local plan review		(50)	(150)	(150)	(150)	(150)
Increase in Housing Needs		100	100	100	100	100
Review of clinical waste budgets		12	12	12	12	12
Removal of contingency budget created by one off resources in 2023/24		161	(117)	(117)	(117)	(117)
Planned increase to the Strategic Property Management annual provision		100	200	300	400	500
HRA Corporate charges		(103)	(103)	(103)	(103)	(103)
Contingency budget - to build reserves		200	100	100	100	100
Allowance for committed growth items		-	100	170	240	310
Provision for new growth items to be agreed later in the process -		100	200	300	400	500
Investment in services						
Total Cabinet Member Requirements	10,610	12,188	12,509	13,552	14,462	15,382

ADUR DISTRICT COUNCIL						
Revenue Budget Summary Statement 2024/25- 2028/29						
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Business Rates - Baseline funding	1,832	1,914	1,952	1,991	2,031	2,072
Add: Retained additional business rates	1,066	1,409	1,431	1,098	747	381
Add: Share of previous year's surplus / (deficit)		(94)				
Council Tax						
Council tax income - assumed increase of 2.99% 2024/25 and 2% per annum from 2025/26	7,107	7,478	7,645	7,815	7,989	8,167
Other grants						
New homes bonus - One off payments	79	3	-	-	-	-
Lower Tier Services Grant / Revenue Support Grant	74	79	79	79	79	79
Local Tax Guarantee Scheme - Council Tax	59	-	-	-	-	-
Services Grant	69	11	-	-	-	-
Funding guarantee	227	447	-	-	-	-
Collection fund surplus/deficit (-)	97	(146)	-	-	-	-
Total Income from Grants and Taxation	10,610	11,101	11,107	10,983	10,846	10,699
(Surplus) / Shortfall in Resources	-	1,087	1,402	2,569	3,616	4,683
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,087	1,402	2,569	3,616	4,683
Savings Proposed						
Asset review and rationalisation (Commercial Landlord Programme)		30	60	90	120	150
Directorate Services Review - Savings (from Initiatives Tracker)		108	182	259	264	269
Directorate Services Review - Additional Income (from Initiatives Tracker)		58	59	60	61	62
Organisation Redesign **		891	1,600	1,632	1,665	1,698
Total initiatives identified		1,087	1,901	2,041	2,110	2,179
Cumulative savings still to be found/ (surplus)		-	(499)	528	1,506	2,504
Annual savings still to be found		-	(499)	1,027	978	998

Proposed Savings 2024/25

Description	Comments	Joint (memo only)	Adur	Worthing
Contract Review				
Contract Review	Review and rationalisation of contracts	£404,600	£161,800	£259,800
Review of security provision in MSCP				£12,000
Reduction in Funding of Community Works	Further wider review pending.		£7,900	£7,800
Reduction in Funding ofCommunity Transport Grants	Further wider review pending.		£3,000	£5,000
Base Budget Reviews				
Place and Economy		£41,200	£26,900	£129,100
Utilities	Reduction in energy budgets	£30,000	£62,000	£218,000
Health & Safety	Removal or reduction of under utilised budgets	£2,300	£900	£1,400
Commercial Income				
<u>Place and Economy</u>				
Foreshore Services	Income from Lancing Parish Council			£15,000
Beach Hut Rental	Uplift in fees by 6.27%		£4,600	£14,200
Events	Additional budget		£4,000	£5,000
Concession Income	Uplift in fees by 4.5%			£800
Colonnade House	Contribution to staff costs from trust			£7,500

Commercial Income (continued)				
<u>Parking</u>				
Increase in Parking Tariffs	Uplift in tariffs by 7%			£57,800
Increase in Season Ticket Prices	Uplift in tariffs by 7%			£8,100
Additional Season ticket income from NHS				£4,400
<u>Community Alarm</u>				
	Uplift in fees by 5%		£7,000	
<u>Waste</u>				
Commercial Waste	Uplift in fees by 8%		£42,000	£85,200
Green Waste - no uplift in fees in 2024/25	Retain £89 annual fee	-£57,500	-£23,000	-£34,500
Household Bulky Waste	Uplift fees by 7.85%	£6,800	£2,700	£4,100
Asset Rationalisation and review				
			£30,000	£350,000
Organisation Redesign (Further detail provided in appendix 4)				
	Neighbourhoods	£504,000	£202,000	£302,000
	Resident Services	£266,000	£106,000	£160,000
	Community Capacity	£173,000	£69,000	£104,000
	Regenerative Development	£296,000	£129,000	£182,000
	Housing Redesign	£202,000	£94,000	£121,000
	Core Services	£160,000	£64,000	£96,000
	Waste and Cleansing	£97,000	£39,000	£58,000
	Place	£96,000	£38,000	£65,000
	Bereavement	£40,000	£16,000	£46,000
Total Savings from Proposals		£2,261,400	£1,086,800	£2,284,700

Proposals for investment in services		Expected cost (cumulative)					
		2024/25			2025/26		
		Joint (memo only)	Adur	Worthing	Joint (memo only)	Adur	Worthing
Description	Comment						
Rapid Improvement Programme	Funding of the Digital Rapid Improvement Team to support the digital transformation and organisational redesign across the councils - Lead Service Designer - uplift to core budget - Digital Applications and Innovation Manager - uplift to core budget - Lead Digital Developer - uplift to core budget - Service Designer x 2 - Business Analyst - Junior Business Analyst	250,000	100,000	150,000	250,000	100,000	150,000
Total growth identified through financial planning		250,000	100,000	150,000	250,000	100,000	150,000
Allowance in MTFS for Investment in Services			-100,000	-150,000		-100,000	-150,000
Net growth identified			0	0		0	0

Organisational design programme

1. Purpose of programme

1.1 The programme has two core objectives:

1.1.1 To implement a new organisational design based on the principles and framework outlined in Our Plan which was adopted in Autumn 2022. The goal of this is to create a sustainable organisation which is adaptive, resilient and participative.

1.1.2 To provide a mechanism for delivering outlined savings targets in a way which protects frontline service delivery to the greatest extent possible and retaining our ability to deliver the ambitions of the two councils.

1.2 The implementation plan and initial projects will be reported to the March 2024 Joint Strategic Committee meeting. Progress of the programme will be reported to that committee on a quarterly basis from March 2024.

1.3 The programme will therefore incorporate the in-year spending controls into its governance and approach in order to ensure that organisational design and spending reductions are closely aligned.

2. Scope of programme

2.1 Service redesigns look across all revenue budgets for a service, including agency and contractor spend alongside staffing, contract spend and incidentals such as print and postage. By putting more budget lines into the scope of a single exercise, the process has maximised the opportunities to reduce the total cost of delivery without continuing to remove delivery capacity which is an outcome of the 'salami slicing' approach. The programme workstreams are outlined in this section.

2.2. Governance and performance systems

Governance and performance are core functions of a well run organisation. A priority is to redesign and support the subsequent organisational design work. A new internal governance system will be implemented as an early deliverable for the programme and will be reported to the Joint Audit and Governance Committee.

2.3 Digital and design

Digital transformation is essential to the successful delivery of these redesigns. The budget proposals include the extension of the digital rapid improvement team to deliver this work.

2.4 Contracts and procurement

In order to underpin the 6% savings target (£340K) on external contracts there will be strong corporate accountability, as well as additional training and personal development for managers to improve their organisational grip of this key area. Given the corporate track record of £200K annual savings (approx) for procurement, these additional measures support this higher target.

2.5 Commercial income development

The new organisational design will consolidate the councils commercial capability and also develop the organisation's ability to secure external funding. This capability will then develop a new commercial income strategy in advance of the 2025/26 budget as well as to manage in-year targets for income generation.

3. Programme design and implementation approach

- 3.1 The programme will address all areas of the organisation by creating a pipeline of redesign projects (areas of focus) which will then be programmed into delivery based on factors such as savings profile, support needed and annual delivery rhythms for the services involved.
- 3.2 Given the continued need for vacancy control, the programme will maximise use of vacancies in order to minimise impact on staff. It should be noted that given the current vacancy levels in the organisation due to this year's budget control measures, much of the capacity impact of removing staff is already being felt. Service redesign is now needed to balance out workloads and ensure that staff are focused on the right priority areas. While redundancies cannot be avoided, this approach will minimise them.
- 3.3 By embedding the current in-year controls into the programme governance, the programme team will be able to make real time adjustments to the delivery plans of the organisation and maximise opportunities for redesign.
- 3.4 The programme will be managed by the new People and Change function, supported by a multidisciplinary team which will include representatives from finance and legal. It will also incorporate the Rapid Improvement team.
- 3.5 The lessons learned from the Organisational Design programme will be acted on in real time to inform improvement on the wider building blocks to make the organisation adaptable, participative and resilient.

3.6 The organisation design programme will have costs associated with transformation. The overall estimated cost is set out in the table below, and includes exit costs where needed which can include redundancy and pension costs, programme delivery support and external advice to support redesign.

Item	Description	Estimated cost
Staff change	Where redundancy can't be avoided some contingency is needed to fund associated exit costs	£800k
Delivery support	3 delivery managers plus additional delivery officer to support the programme over 2 years	£440k
External advice	For areas with considerable technical knowledge needed (such as waste, bereavement and others) external support will be needed to shape and test thinking	£200k
Support for managing change	1 People Specialist role to support the organisational change process over 2 years	£120k

3.7 Due to the reserve position, it is planned to use the capital receipts flexibility regime which allows the councils to release capital receipts to fund initiatives to generate a future saving. There is a restriction on the funding of departure costs. Only statutory redundancy and pension costs can be funded from capital receipts.

Year	Overall annual savings generated £	Annual saving Adur £	Use of capital receipts Adur £	Annual saving Worthing £	Use of capital receipts Worthing £	Nature of expenditure
2024/2025	2,226,700	890,800	336,100	1,335,900	504,120	HR and delivery support (to manage and support the delivery of the reorganisation design work over the 2 year programme). Associated Statutory departure costs. Expert/specialist advice on service design.

2025/2026	1,797,700	719,100	287,900	1,078,600	431,880	
Total	4,024,400	1,609,900	624,000	2,414,500	936,000	

The total capital receipts available and uncommitted as at 31st December 2023:

Adur £3.980m
Worthing £1.847m

Draw down from the cost of change fund will be monitored via the quarterly reports to JSC and the normal scheme of delegation will apply with respect to decision making.

4. Initial areas of focus

Each area of focus has been developing proposals based on its overall operating model - allowing savings to be made with respect to management, removing duplication with respect to support roles and addressing capacity issues by implementing digital solutions. Grant funding has also been reviewed to ensure that the councils are maximising the impact of external monies while addressing the risks of posts being underwritten by uncertain income.

Further areas of focus will be developed over the course of 2024/25 and reports will come to the JSC as they are programmed.

4.1 Neighbourhood model

4.1.1 Summary: The neighbourhood model is the most ambitious of the areas of focus. Its objective is to change how the councils work in the neighbourhoods in a way that better uses the strengths of the frontline staff, residents and partners to deliver the services citizens see and use every day.

4.1.2 The model will be implemented in phases in order to ensure that ideas can be developed and tested with communities and stakeholders and a careful transition delivered:

- The first phase of implementation will be redesign of key frontline services in order to ensure that they work to a common physical footprint based on neighbourhoods and have shared planning and prioritisation to make sure teams are most effective on the ground

- The next phase will look at ensuring that capabilities such as participation are embedded in the model - developing the councils ability to work more effectively with stakeholders and its communities.
- Finally the volunteering and participation 'offer' will be developed, working alongside communities in order to support their ambitions.

4.1.3 The following areas of organisation have been identified so far for review as part of the neighbourhood model, however this model may draw in other aspects during the long-term development and delivery of working with and throughout the neighbourhoods:

- Parks & Foreshore
- Sustainability (Nature, Circular Economy & Sustainable Transport)
- Cleansing
- Community Assets and Grants

4.2 Housing redesign

4.2.1 Summary: The housing redesign will prioritise prevention and early intervention of homelessness. It will enhance collaboration across community services and the wider council to collectively address housing challenges and opportunities.

4.2.2 This redesign has been in discussion for some time and will embed the proactive principles that have been developed by the proactive project team. This redesign will focus on addressing the costs and human impacts of the increased housing need across both councils and maximise the use of grant funding in this area. The team will also need to continue to manage and deliver the Adur Homes improvement plan.

4.2.3 The following areas of organisation have been identified for review for the housing redesign

- Housing needs
- Adur Homes
- Health and Wellbeing teams (see below)
- Private sector housing

4.3 Resident services

4.3.1 Summary: The resident services redesign will develop a front door for residents to access the right help when they need it in a quick and easy way. This will enable residents to solve the majority of their issues online to free up staff to proactively prioritise residents most in need.

4.3.2 This work builds on the work of the rapid improvement team in 2023/24 which provides a solid foundation for further digitisation work.

4.3.3 This change will affect the following teams and services:

- Revenue (council tax and NNDR (national non-domestic rates))
- Benefits
- Customer Services
- Customer Insight
- Business Support

4.4 **Community Capacity and Resilience**

4.4.1 With participative being a key principle of Our Plan communities, prevention and wellbeing will be at the centre of what the councils do. Following the departure of the Head of Service for Community Capacity and Resilience, the organisation is working through proposals to integrate and align the core functions of the team.

4.4.2 The savings for this area of focus will be filled through deletion of the Head of Service post (which is vacant as of end of January 2024) to better align to the service offer above.

- Participation: Combine engagement resources and lead it from the new People and Change function. This will strengthen a coordinated approach to participation across the organisation that makes the best use of community capacity and is integrated into the strategic priorities.
- Prevention and wellbeing: Embedding wellbeing in the housing team to develop a joined-up offer. This will provide leadership for residents around prevention, and create the opportunity to redesign the health and wellbeing offer to better develop approaches that support early intervention.
- Community safety and safeguarding: Put the safety of residents and safeguarding right at the centre of the organisation in the people and change function. This includes delivering statutory responsibilities and duties, and the reviewing of community safety partnership activities as part of this design work in 2024/25.
- Business development: Key functions and activities, such as community assets, grants, commissioning, contracts, responsive activity and levered in funding. These are to be better aligned with the councils' place-based and corporate work and will be aligned to the anticipated commercial function.

4.4.3 This change enables these functions to operate more effectively with foundational delivery areas such as housing and increases the level of CLT focus on them - mitigating the capacity impact of removing the head of service post.

4.4.4 This change will affect the following teams and services

- Safeguarding
- Safer Communities
- Business Development
- OneStop
- Wellbeing
- Going Local
- Grants and Commissioning
- Participation

4.5 Building the pipeline

4.5 Building the pipeline

An ongoing pipeline of service redesigns are being planned in order to continue to work towards a resilient staffing model that reflects the organisational design needed to deliver Our Plan. This pipeline has savings targets assigned which are subject to change as the proposals are developed. These further areas of focus have plans in development which will be reported on at JSC as outlined above.

4.5.1 Bereavement

Bereavement services address emotional, social, ethical, and environmental needs, by facilitating meaningful farewells. It is important to recognise that bereavement services also play a vital role in the financial health of the councils. As an income generator, this service allows the councils to reinvest in the community, and support various other initiatives that uplift and empower residents. These services will be reviewed through a refresh of the service design and commercial offer.

4.5.2 Core Services

At the very heart of the organisation lies Core Services (finance, legal, procurement, HR and digital) who help ensure the seamless functioning of council operations. In a world where adaptability is the key to resilience, reviewing Core Services will help better support frontline services who directly impact the lives of communities. It will ensure teams have the tools, resources, and support needed to deliver. This review is a commitment to continuous improvement. It will reshape Core Services, ensuring they not only meet today's demands but also build a solid foundation for a resilient and thriving future.

4.5.3 Place and Economy

The Place and Economy Department helps fuel inclusive economic growth and fosters skills and innovation. The organisation wants to align these services more effectively with its core values of adaptability, participation, and resilience as well as also reviewing the service offer in light of the neighbourhood model as it develops.

4.5.4 Regenerative Development

The regeneration team has been a catalyst for shaping places across Adur and Worthing. It has provided the driving force needed to breathe life into the physical infrastructure and spaces in local areas. To anticipate future challenges, it is essential to take a step back and reflect on regenerative development efforts as part of the commitment to continually being adaptive, participative and resilient.

4.5.5 Waste redesign

4.5.5.1 Redesign work in the waste service is anticipated once the impact of the Environment Act 2021 is understood, and preparatory work in the form of a review is already underway to support this.

4.5.5.2 The Environment Act 2021 will have a major impact on the organisation's waste service. This legislative milestone will undoubtedly reshape the landscape of waste management, calling for an evolution in the organisation's approach. While the full impact of the 2021 Act is yet to be unveiled, the organisation is not sitting idle. It is already preparing for the challenges and opportunities it presents, in the form of a comprehensive review. This seeks to bolster resilience and adaptability, ensuring that the waste service remains at the forefront of sustainable waste management.

4.5.5.3 The councils are committed to a meticulous and thorough examination of all opportunities for savings, cost-effectiveness, and sustainability. The aim is to ensure that every decision made in this area is grounded in a deep understanding of the evolving waste management ecosystem.

4.5.5.4 Further discovery work will be undertaken over the coming months to identify what additional opportunities can be added to this pipeline of organisational redesign work.

5. Conclusion

5.1 This is an ambitious programme of change which delivers both savings and improvements for the councils.

5.2 The pace at which this needs to be delivered is also ambitious and a detailed risk mitigation plan will be developed as part of programme governance alongside detailed monitoring of progress. A key risk is the anticipated Environment Act 2021 implementation which has the potential to derail ourselves and many other councils if the

funding approach is not addressed.

- 5.3 In delivering this programme the objective is an organisation which, based on current projects and understanding of government funding, is sustainable and will be able to lift its head up from annual saving rounds in order to focus on wider ambitions. There is much to do but very good reasons to do it.

SCHEDULE OF EARMARKED RESERVES							
Reserve	Balance as at 01.04.23	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.24	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 CAPACITY ISSUES FUND Purpose: To enable the council to fund one-off initiatives.	441	-	-172	269	-	-	269
2 INSURANCE FUND Purpose: To offset the costs of insurance excesses and fund insurance risk management initiatives.	83			83	30	-30	83
3 PROPERTY INVESTMENT RISK RESERVE Purpose: To offset future void rental periods in investment properties and provide for maintenance.	376	-	-	376	850	-	1226
4 BUSINESS RATES SMOOTHING RESERVE Purpose: This reserve is intended to smooth the impact of timing differences in the business rate system largely due to in-year changes to business rate reliefs .	1,766		-1240	526		-526	0

SCHEDULE OF EARMARKED RESERVES							
Reserve	Balance as at 01.04.23	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.24	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
7 LOCAL TAX INCOME GUARANTEE Purpose: The council received grant funding in 2020/21 towards the impact of council tax and business rates losses from the pandemic. However, due to the regulations governing the Collection Fund, the 2020/21 losses are due to be funded by the general fund over the next three years (2021/22-2023/24). This reserve will be used to offset losses over that period.	60			60	-	-60	0
8 WELLBEING GRANTS - EXIT COST RESERVE Purpose: This reserve holds grant monies to fund the exit cost of any grant funded posts at the end of the grant funded period..	68		-4	64			64
9 GRANTS & CONTRIBUTIONS HELD IN RESERVES * Purpose: The reserve is used to hold grants or contributions which have been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date.	914	-	-	914	-	-	914
10 GENERAL FUND WORKING BALANCE	1,051	-	-	1,051	200	-	1,251
11 PROJECTED OVERSPEND*			-200	-200			-200
TOTAL	4,759	0	-1,616	3,143	1,080	-616	3,607

PROPERTY ANALYSIS AND CALCULATION OF TAX BASE - 2024/25										
Properties	Band A -	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Number of Dwellings	0.0	2,775.0	5,124.0	11,499.0	6,327.0	2,039.0	757.0	341.0	8.0	28,870.0
Less: Exemptions	0.0	-91.0	-86.0	-155.0	-102.0	-33.0	-8.0	-5.0	0.0	-480.0
	0.0	2,684.0	5,038.0	11,344.0	6,225.0	2,006.0	749.0	336.0	8.0	28,390.0
Disabled Relief Adjustment (net)	7.0	6.0	48.0	-8.0	-34.0	-12.0	0.0	-1.0	-6.0	0.0
Chargeable Dwellings	7.0	2,690.0	5,086.0	11,336.0	6,191.0	1,994.0	749.0	335.0	2.0	28,390.0
Broken down as follows:										
Full Charge	4.0	885.0	2,760.0	7,618.0	4,457.0	1,529.0	593.0	283.0	1.0	18,130.0
25% Discount (including adj for SP Dis)	3.0	1,778.0	2,277.0	3,698.0	1,727.0	460.0	151.0	46.0	0.0	10,140.0
50% Discount	0.0	1.0	3.0	12.0	4.0	2.0	5.0	6.0	0.0	33.0
0% Discount (Long Term Empty Homes)	0.0	137.0	159.0	100.0	54.0	13.0	4.0	1.0	1.0	469.0
Total Equivalent Number of Dwellings	6.3	2,272.85	4,568.2	10,405.5	5,757.3	1,878.0	708.8	320.5	2.0	25,838.5
Family annex adjustment	0.0	-20.2	-52.2	-10.0	-4.5	-4.0	0.0	0.0	0.0	-92.9
Total equivalent number of dwellings (after family annex)	6.3	2,224.8	4,463.0	10,395.5	5,752.8	1,874.0	708.8	320.5	4.0	25,745.6
Reduction in tax base due to Council Tax Support	1.5	591.1	760.3	860.3	222.7	32.8	4.2	0.6	0.0	2,473.4
Adjusted equivalent total dwellings	4.7	1,633.8	3,702.7	9,535.2	5,530.1	1,841.2	704.6	319.9	4.0	23,272.2

PROPERTY ANALYSIS AND CALCULATION OF TAX BASE - 2024/25

Properties	Band A -	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalents	2.6	1,099.5	2,908.3	8,519.8	5,563.1	2,329.3	1,017.0	532.3	2.0	21,973.9
Add: Forecast new homes	0.0	99.0	154.0	228.4	120.5	79.4	-0.7	-0.8	1.0	680.8
Less: Adjustments for Losses on Collection, and Void Properties	0.0	0.0	0.0	0.0	164.0	0.0	0.0	0.0	0.0	164.0
Less: Allowance for further increase in Council Tax Support Claims	0.0	15.7	23.7	30.6	9.0	1.6	0.2	0.0	0.0	80.8
Council Tax BASE	2.6	1,182.8	3,038.6	8,717.6	5,510.6	2,407.1	1,016.1	531.5	3.0	22,409.9

Cabinet Portfolio	Estimate 2023-2024	Estimate 2024-2025
The Leader	704,630	698,260
Environment & Leisure	3,364,830	3,317,150
Communities and Wellbeing	1,332,300	1,283,290
Adur Homes & Customer Services	1,887,080	2,034,130
Regeneration & Strategic Planning	2,028,950	1,923,660
Finance & Resources	681,210	908,190
Support Services Depreciation Not Charged To Services	268,270	224,490
Net Service Expenditure	10,267,270	10,389,170
Credit Back Depreciation / Impairments	(1,625,520)	(1,617,020)
Minimum Revenue Provision	1,969,970	2,029,730
	10,611,720	10,801,880
Transfer to / from Reserves	0	200,000
Investment in Services to be Approved	0	100,000
		0
Total Budget Requirement before External Support from Government	10,611,720	11,101,880
Baseline Funding	(1,833,280)	(1,914,070)
Additional business rate income	(1,066,360)	(1,409,190)
Business Rates Prior Year Surplus/Deficit	0	94,000
Revenue Support Grant	(74,160)	(79,070)
Services Grant	(68,650)	(11,240)
Funding Guarantee	(226,630)	(446,930)
Appropriation from Reserves for Local Tax Guarantee Scheme	(59,010)	0
New Homes Bonus	(78,980)	(2,800)
Contribution to/ (from) Collection Fund	(96,960)	146,050
Amount required from Council Tax	(7,107,690)	(7,478,630)
Council Tax Base	21,937.3	22,409.9
Average Band D Council Tax - Adur District Council	324.00	333.72
% increase	2.00%	2.99%

The Leader Portfolio

Service	Estimate 2023-2024	Estimate 2024-2025
Chief Executive Performance and Strategies	40,780	41,310
Director for Sustainability and Resources		
Democratic Services	435,010	438,290
Electoral Services	228,840	218,660
Total The Leader Portfolio	704,630	698,260

The Leader Portfolio
Subjective Analysis

Service	Employees	Service Recharges from Joint	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget Total	Central Support Recharges from Joint	Capital Charges	TOTAL BUDGET
Chief Executive Performance and Strategies	0	0	0	0	40,000	0	0	40,000	1,310	0	41,310
Director for Sustainability and Resources Democratic Services	244,790	123,490	0	0	7,660	0	(15,600)	360,340	77,960	0	438,300
Electoral Services	7,000	91,770	2,160	0	60,030	0	(3,450)	157,510	59,110	2,030	218,650
Total The Leader Portfolio	251,790	215,260	2,160	0	107,690	0	(19,050)	557,850	138,380	2,030	698,260

Environment & Leisure Portfolio

Service	Estimate 2023-2024	Estimate 2024-2025
Director for Housing and Communities		
Environmental Health - Housing	2,870	2,870
Director for Sustainability and Resources		
Bereavement Services	117,540	115,530
Public Health and Regulation	33,360	34,280
Abandoned Vehicles	5,850	5,850
Recycling	358,170	361,090
Refuse Collection & Waste Projects	601,120	591,540
Street Cleansing	659,090	680,400
Commercial Waste	(260,550)	(305,640)
Energy & Sustainability	193,170	300,790
Parking Services	(271,150)	(285,150)
Director for Place		
Parks and Open Spaces	1,049,270	994,070
Foreshores	23,820	5,330
Allotments	4,320	(390)
Leisure Strategic Support	539,320	489,480
Bus Shelters & Highways Liaison	66,700	68,670
Surveying & Design	234,190	247,530
Economic Development	7,740	10,900
Total Environment & Leisure Portfolio	3,364,830	3,317,150

Environment & Leisure Portfolio
Subjective Analysis

Service	Employees	Service Recharges from Joint	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget Total	Central Support Recharges from Joint	Capital Charges	TOTAL BUDGET
Director for Housing and Communities											
Environmental Health - Housing	0	0	0	0	2,870	0	0	2,870	0	0	2,870
Director for Sustainability and Resources											
Bereavement Services	0	125,220	91,790	0	10,000	0	(232,490)	(5,480)	112,110	8,900	115,530
Public Health and Regulation	0	33,140	0	0	0	0	0	33,140	0	1,140	34,280
Abandoned Vehicles	0	0	0	0	5,850	0	0	5,850	0	0	5,850
Refuse & Recycling	0	308,780	0	0	0	0	0	308,780	0	52,310	361,090
Bulky Refuse & Waste Projects	0	349,140	0	0	0	0	0	349,140	150,840	91,560	591,540
Street Cleansing	0	793,750	0	0	0	0	(164,910)	628,840	0	51,560	680,400
Commercial Waste	0	224,240	0	0	384,060	0	(928,810)	(320,510)	0	14,870	(305,640)
Energy & Sustainability	0	85,080	80,400	0	135,310	0	0	300,790	0	0	300,790
Parking Services	0	29,080	97,970	0	131,160	57,800	(694,900)	(378,890)	78,040	15,700	(285,150)
Director for Place											
Parks and Open Spaces	0	32,550	734,900	0	47,270	0	(173,480)	641,240	148,800	204,030	994,070
Foreshores	0	39,330	12,780	0	45,010	0	(144,500)	(47,380)	18,350	34,360	5,330
Allotments	0	31,220	19,240	0	0	0	(53,860)	(3,400)	0	3,010	(390)
Leisure Strategic Support	0	8,620	82,670	0	4,150	48,000	(11,090)	132,350	16,310	340,820	489,480
Bus Shelters & Highways Liaison	0	0	37,990	0	7,170	0	(8,050)	37,110	16,310	15,250	68,670
Surveying & Design	0	6,290	176,920	0	120	0	(420)	182,910	9,170	55,450	247,530
Economic Development	52,370	0	0	8,270	15,550	0	(66,920)	9,270	0	1,630	10,900
Total Environment & Leisure Portfolio	52,370	2,066,440	1,334,660	8,270	788,520	105,800	(2,479,430)	1,876,630	549,930	890,590	3,317,150

Communities & Wellbeing Portfolio

Service	Estimate 2023-2024	Estimate 2024-2025
Director for Housing and Communities		
Community Wellbeing	337,420	307,980
Community Safety	261,570	224,330
Director for Sustainability and Resources		
Public Health and Regulation	666,370	680,570
Emergency Planning	29,650	32,290
Director for Place		
Street Lighting	37,300	38,130
Total Communities & Wellbeing Portfolio	1,332,310	1,283,300

Communities & Wellbeing Portfolio
Subjective Analysis

Service	Employees	Service Recharges from Joint	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget Total	Central Support Recharges from Joint	Capital Charges	TOTAL BUDGET
Director for Housing and Communities											
Community Wellbeing	0	59,740	890	0	169,930	0	0	230,560	74,690	2,720	307,970
Community Safety	0	98,830	1,510	0	8,820	0	0	109,160	115,170	0	224,330
Director for Sustainability and Resources											
Public Health and Regulation	9,090	461,210	0	0	27,380	0	(147,690)	349,990	322,710	7,880	680,580
Emergency Planning	0	5,590	0	0	0	0	0	5,590	26,700	0	32,290
Director for Place											
Street Lighting	0	0	9,150	0	8,770	0	0	17,920	10,190	10,020	38,130
Total Communities & Wellbeing Portfolio	9,090	625,370	11,550	0	214,900	0	(147,690)	713,220	549,460	20,620	1,283,300

Adur Homes & Customer Services Portfolio

Service	Estimate 2023-2024	Estimate 2024-2025
Director for Housing and Communities		
Community Alarms	(58,150)	(80,680)
Housing Needs	1,330,610	1,461,680
Environmental Health - Housing	62,420	65,520
Home Improvement Assistance	61,160	60,570
Benefits	147,130	160,120
Revenues	343,910	366,920
Total Adur Homes & Customer Services Portfolio	1,887,080	2,034,130

Adur Homes & Customer Services Portfolio
Subjective Analysis

Service	Employees	Service Recharges from Joint	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget Total	Central Support Recharges from Joint	Capital Charges	TOTAL BUDGET
Director for Housing and Communities											
Community Alarms	138,730	18,740	0	5,340	68,940	0	(386,140)	(154,390)	60,130	13,580	(80,680)
Housing Needs	0	315,520	275,340	440	1,763,920	65,000	(1,258,810)	1,161,410	272,620	27,650	1,461,680
Environmental Health - Housing	0	63,510	0	0	2,010	0	0	65,520	0	0	65,520
Home Improvement Assistance	0	82,700	0	0	0	0	(62,520)	20,180	40,400	0	60,580
Benefits	0	351,140	0	0	11,845,820	0	(12,202,030)	(5,070)	138,210	26,970	160,110
Revenues	0	310,460	0	0	130,190	0	(156,280)	284,370	82,550	0	366,920
Total Adur Homes & Customer Services Portfolio	138,730	1,142,070	275,340	5,780	13,810,880	65,000	(14,065,780)	1,372,020	593,910	68,200	2,034,130

Regeneration & Strategic Planning Portfolio

Service	Estimate 2023-2024	Estimate 2024-2025
Director for Place		
Building Control	151,810	150,110
Coast Protection and Ditch Clearance	118,210	119,920
Planning Policy	551,400	496,550
Development Management	625,050	612,970
Economic Development	341,450	376,160
Tourism and Events	63,570	50,310
Grants - Director for Place	165,120	105,480
Total Regeneration & Strategic Planning Portfolio	2,028,950	1,923,670

Regeneration & Strategic Planning Portfolio
Subjective Analysis

Service	Employees	Service Recharges from Joint	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget Total	Central Support Recharges from Joint	Capital Charges	TOTAL BUDGET
Director for Place											
Building Control	0	251,560	0	0	0	0	(268,590)	(17,030)	167,140	0	150,110
Coast Protection and Ditch Clearance	0	3,060	4,690	0	5,820	0	0	13,570	26,130	80,220	119,920
Planning Policy	0	203,460	0	0	117,790	0	0	321,250	175,300	0	496,550
Development Management	0	633,840	0	0	6,520	5,380	(352,790)	292,950	320,020	0	612,970
Economic Development	78,110	152,800	0	0	45,970	0	(53,650)	223,230	134,530	18,400	376,160
Tourism and Events	0	43,750	0	0	6,560	0	0	50,310	0	0	50,310
Grants - Director for Place	60,640	0	0	0	0	0	0	60,640	44,840	0	105,480
Total Regeneration & Strategic Planning Portfolio	138,750	1,288,470	4,690	0	193,000	5,380	(675,030)	955,260	867,960	100,450	1,923,670

Finance & Resources Portfolio

Service	Estimate 2023-2024	Estimate 2024-2025
Director for Housing and Communities		
Revenues	(16,080)	(21,480)
Director for Sustainability and Resources		
Corporate Management	2,445,240	2,408,340
Treasury Management	2,544,580	2,641,660
Director for Place		
Land Charges	(43,510)	(42,970)
Other Buildings	86,130	94,840
Surveying & Design	40	40
Estates	(249,610)	(224,770)
Property Investment	(4,085,580)	(3,947,470)
Total Finance & Resources Portfolio	681,210	908,190

Finance & Resources Portfolio
Subjective Analysis

Service	Employees	Service Recharges from Joint	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget Total	Central Support Recharges from Joint	Capital Charges	TOTAL BUDGET
Director for Housing and Communities											
Revenues	0	88,200	0	0	7,070	0	(116,750)	(21,480)	0	0	(21,480)
Director for Sustainability and Resources											
Corporate Management	959,500	492,470	240,600	0	777,710	0	(420,330)	2,049,950	305,240	53,150	2,408,340
Treasury Mangement	0	0	0	0	3,003,730	0	(363,380)	2,640,350	1,310	0	2,641,660
Director for Place											
Land Charges	0	34,600	0	0	20,200	0	(132,420)	(77,620)	34,650	0	(42,970)
Other Buildings	0	0	74,040	0	4,230	0	(4,050)	74,220	5,470	15,150	94,840
Surveying & Design	0	0	40	0	0	0	0	40	0	0	40
Estates	0	18,960	152,650	0	15,240	0	(623,200)	(436,350)	97,840	113,740	(224,770)
Property Investment	0	0	127,730	0	0	0	(4,191,080)	(4,063,350)	0	115,880	(3,947,470)
Total Finance & Resources Portfolio	959,500	634,230	595,060	0	3,828,180	0	(5,851,210)	165,760	444,510	297,920	908,190



ADUR DISTRICT
COUNCIL

Adur Cabinet
1st February 2024

Key Decision [Yes/No]

Ward(s) Affected: All

Investing in our Places - Capital Programme 2024/25 to 2026/27

Report by the Director for Digital, Sustainability and Resources

Executive Summary

1. Purpose

1.1 This report recommends the investment programmes for Adur District Council which supports both the strategic ambition of the Council, and the vital regular investment toward the upkeep and improvement of our public assets and the delivery of services.

1.2 Members are now asked to approve the new schemes for 2024/25. This report recommends:

- the schemes for inclusion in the overall Capital Investment Programmes for 2024/25; and
- an indicative list of schemes for 2025/26 which will be confirmed next year.

1.3 The report also informs the Cabinet of the resources available for future capital investment, and updates Members about the financing of the proposed programmes.

1.4 The following appendices have been attached to this report:

- (i) **Appendix 1** 2023/24 Budgets reprofiled to 2024/25 for scheme delivery in 2024/25;
- (ii) **Appendix 2** New schemes to be included in 2024/25 Capital Investment Programme including the share of the Joint Strategic Committee programme;
- (iii) **Appendix 3** Full Adur District Council capital investment programme for 2023/24 - 2026/27

- (iv) **Appendix 4** Partnership capital investment programme for 2024/25 - 2026/27

2. Recommendations

2.1 The Cabinet is recommended to:

- (a) Consider the General Fund Capital Investment Programmes for 2024/25 and confirm the schemes to be included as detailed in Appendix 2 and 3;
- (b) Recommend the full programme detailed at Appendix 3 for approval by Adur District Council on the 22nd February 2024;

3. Context

- 3.1 The development of the capital programme is guided by the Capital Strategy which outlines the level of resources available and sets the framework for the approval and delivery of the programme. The Adur and Worthing Capital Strategy 2024 - 27 was updated and agreed by the Joint Strategic Committee (JSC) on 11th July 2023. The financial impact of the proposed Capital Investment Programme was set out in the outline 5 year forecast included in the "Developing a revenue budget for 2024/25 in difficult economic conditions" report which was agreed by the JSC on 11th July 2023.
- 3.2 The Capital and Budget Strategies set out the following:
- (a) A maximum level of funding available per year for the next 5 years to fund new General Fund schemes was to be limited to £1.0m in 2024/25;
 - (b) £10.08m was to be invested into the Housing Investment Programme in 2024/25 which excludes any new developments which can be justified on a self-funding basis.
 - (c) The Budget Strategy highlighted concerns about affordability in the medium term. Members of the Council were made aware that the number, age and condition of the Council's assets continue to be a cause for concern. The funding of the programmes is to consist of

prudential borrowing, capital grants, revenue/reserve funding and capital receipts.

- (d) Additional capital expenditure will only be agreed where additional funding from capital grants, contributions, earmarked receipts, approved additional prudential borrowing or use of reserves has been secured.

3.3 The Capital Strategy agreed in July 2023 confirmed the approach to setting the capital investment programme. The strategy confirmed the following resource allocations for 2024/25:

- £400,000 set aside for partnership schemes principally to fund the planned vehicle and equipment replacements.
- £164,500 set aside for the delivery of the digital strategy.
- The Strategic Property Investment Fund to remain capped at an overall investment amount of £150m of which £43m remains. This can only be used to fund projects which support the wellbeing, affordable housing development and economic regeneration of the area.

3.4 As the July 2023 Capital Strategy explained, the top slicing of the capital programmes in each year to ensure funding for key strategic issues such as ICT and the other partnership programmes will mean that, of the overall resources available in 2024/25, only £435,500 of resources would remain for other schemes.

4. Supporting the delivery of the Council's priorities

4.1 Included within the proposed programmes for 2024/25 - 2025/26 are a number of programmes of work which will deliver the Council's priorities as set out in 'Our Plan'. The paragraphs below highlight those schemes which are of significant importance in delivering our priorities over the next two years.

4.2 Mission - Thriving People

There are several schemes included within the programme which will support both improved housing and community facilities. Highlights include the following planned investments:

- Small Sites Programme Phase 2 (£8,253.330)

Completion of 19 new homes across 5 underused garage sites is expected in 2023/24. These projects have been completed on time and to budget by local contractors, and to elevated standards of quality and specification, and will support net income of around £35,000 in the first year of occupation. Following these successes, the next phase of the housing programme to replace old under-used garages to build new homes for the community will continue on two new sites. 16 homes will be built as part of the Council's house building commitments

- Improvements to Council Homes (£20,995,750)
The programme is part of the Council's long term commitment to accelerate the improvement of the quality of local homes. There is a significant and continued focus around our compliance and health and safety work, including asbestos management, electrical safety, lift servicing, fire safety, gas safety and inner rooms. We are also responding to findings from the Regulator of Social Housing and are prioritising works to bring the dwellings up to decent homes standards.
- South Street Housing Development (£2,171,750)
New housing for temporary or emergency housing is to be developed on the old car park site of South Street in Lancing. This will contribute 8 units to the Council's stock.
- Temporary and Emergency accommodation (£1,984,340)
An unallocated budget is available to purchase land and buildings that could be used to provide high quality local temporary and emergency accommodation. Suitable sites within the Adur area are actively reviewed to ensure suitable developments can be identified and developed.
- Eastbrook Community Centre (£760,000)
Refurbishments and renewals are required for the centre to enhance it as a resource for local residents. Development of modular buildings will enable services for youth intervention delivery and will be facilitated by a grant from the Youth Investment Fund.
- Lancing Manor Leisure Centre (£449,400)
Replacement cladding and glazing are included in the programme. This will reduce the risk of water penetration and any resultant damage. Investing in the leisure centre will help to ensure that it is able to provide a warm and welcoming environment for residents and will improve energy efficiency with a beneficial impact on fuel costs.

- Asset and Tenancy Integrated Management System (£350,000)
The new system will carry out landlord functions for the Council, improve management and improve the service for our tenants. This system will provide efficiencies and support staff to deliver the service.
- Southwick Football Club (£300,000)

Since the Council agreed to grant a lease to the Russell Martin Foundation (RMF), considerable progress has been made on a project that will see the RMF team based in new facilities at the ground. The old clubhouse has been demolished and planning permission granted for a new facility that will allow RMF to provide community wellbeing services alongside its core football offer.

£300k from the Adur Capital Programme will be matched by RMF as part of a bid to the Football Foundation for £1.2m; all of which would go toward building the new facilities. RMF will raise an additional £200k and it is likely that the Council will need to commit a further £200k from a blend of next year's capital programme (2025/26) and/or Section 106 monies identified as part of development at the nearby Western Harbour Arm.

- Public Convenience improvement (£140,000)
A rolling programme of refurbishment for public conveniences. Works will improve the quality and accessibility in a number of locations, improving standards for residents and visitors to the area.

4.3 **Mission - Thriving Places.**

The following investments are planned to project and improve our local areas:

- Shoreham Harbour Walls Project (£1,500,000)

Flood protection measures are being delivered to protect homes and business in Shoreham from potential flooding through the installation of new sea defences and improved drainage for the areas most at threat.

- Parks improvement programme

The programme includes provision for works to improve parks and open spaces over the next two years to complement a number of initiatives that are already underway.

Buckingham Park represents a significant opportunity. The Council are planning to invest in a new pavilion within the park to serve the local community. The proposal was agreed at the JSC on 7th November 2023, however further reports will be forthcoming as this scheme progresses through detailed design, planning and finally construction.

Shadwells Park play area, funded from Section 106 contributions, is currently being tendered with onsite works being planned from spring 2024 onwards.

In addition, the Council is currently undertaking a strategic review of all playgrounds to ensure a fair distribution across Adur. The play area at Mile Oak Road has currently been identified as the next priority.

	2024/25 Approved
Adur	£'000
Play area improvements	365
Parks and Asset improvements	100
Buckingham Park Pavilion	1,650
	2,115

- Vehicular Incursion Prevention (£88,000)
Enhanced security and boundaries will be installed to prevent any unauthorised use of recreation grounds, helping to maintain and keep them in the condition local residents expect.

4.4 **Mission - Thriving Environment**

- Corporate Buildings - Decarbonisation schemes (£498,000)
A budget has been ring-fenced for invest to save schemes that will reduce the Council's carbon output whilst saving money. Schemes for this project are still to be identified and will be put to the Council.
- Adur Homes Heating and Energy Efficiency schemes (£660,000)

Replacement heating will be provided to selected dwellings. Improvements include improved insulation and replacement of inefficient boilers. Work is being done to quantify the energy performance of current Adur Homes stock that will enable future bids to the Social Housing Decarbonisation Fund to be considered.

4.5 **Mission - Thriving Economy**

The Council plans to invest in the town centres to provide welcoming places for our residents:

- Public Space improvements
Public space and landscaping improvements are included to enhance village and town shopping areas. It should be noted of the significant investment made by West Sussex County Council (under the Growth Deal arrangement) and the Council into Southwick Square. This scheme was delivered in 2023 and has provided Southwick with a contemporary and practical design. Public realm interventions continue to be assessed in other areas across Adur to improve safety and appearance. These are also delivered in partnership with West Sussex County Council to enhance these areas.

4.6 **Good foundations**

Investments are planned to improve how we work across all of the services delivered by the Council:

- Commerce Way (£320,000)
Refurbishment and renewals are required at the commerce way office to ensure staff can work in safe, suitable surroundings. Improvements to the office will show the Council's commitment to staff wellbeing and provide the facilities required to provide services to the local community and businesses.
- Corporate IT - Hardware and infrastructure replacement programme (£76,200)
Our hardware and infrastructure will continue to be modernised to ensure resilience, reduce risks to business continuity and help mitigate against cyber security risks. The hardware budget also covers investment in our future data centre, which will have a significantly reduced footprint, and replacement equipment including laptops, PCs, and monitors used by staff.

- Digital Cyber Security (£71,980)
Purchases of new security software and training for staff to ensure information is protected from outside threats and meet with the Council's commitments to data protection.
- Housing Needs System (£66,000)
The replacement system will manage the homelessness function following the end of the current partnership with Brighton and Hove City Council. The system will have improved functionality, provide data for reporting and improve the current service.

5. Resourcing the programme:

- 5.1 There are two influences on the overall size of the capital programmes, namely:
- (i) the level of available capital resources to fund the programmes;
 - (ii) the extent to which the revenue consequences of the programmes in terms of the cost of borrowing, lost investment income and any associated running costs can be accommodated within the revenue budget.
- 5.2 The financial position for Adur District Council remains challenging over the next five years. The need to invest in existing assets, as well as provide for partnership working and deliver significant projects set out in 'Our Plan', means the Council will need to sustain relatively modest programmes as outlined in paragraph 3.2 for the foreseeable future. However, the programmes are under pressure due to the age and condition of many of our assets. Nevertheless, the need to increase the level of investment has to be balanced against the difficult financial position of the Council.
- 5.3 There is little change in the method of financing the programmes planned over the next 3 years. In addition, the Council has approved a 'Strategic Property Investment Fund' which is an invest to save provision and specific investments which meet the criteria of the fund and support our local communities will be funded through prudential borrowing.
- 5.4 The proposed programme assumes a phased use of the available prudential borrowing, capital receipts, reserves and the Major Repairs Reserve for Adur

Homes which is generated from the depreciation set aside on an annual basis. These are discussed in more detail below:

5.5 Usable Capital Receipts derived from the sale of assets

5.5.1 Usable capital receipts are generated through the sale of council owned assets. The Council actively looks for opportunities to increase the available receipts. This forms part of our budget strategy as the generation of additional receipts will enable the Council to reduce the cost of financing the capital programme.

5.5.2 In the past, the main source of capital receipts for Adur District Council has come from council housing sales which are used to support the HRA Investment Programmes. However, the sale of Adur Civic Centre will lead to a substantial capital receipt.

5.5.3 Adur District Council has signed up to the Department for Levelling Up, Housing & Communities agreement allowing 100% of Right to Buy (RTB) receipts to be retained to finance new affordable homes within the Adur area. However, the receipt can only provide 40% of the cost of any new build which means that the remaining 60% has to be financed from other sources, including borrowing. The previous condition of being able to retain capital receipts arising from RTB sales was that they must be spent within a 3 year time limit, although this has been temporarily suspended in the light of the COVID-19 emergency. Receipts have to be returned if we cannot allocate the receipts to any new homes. Properties may be built by Adur Homes or another Registered Provider. These receipts have been allocated to support the HRA development programme.

5.5.4 Other Housing Revenue Account property or land sales fall outside the requirements of RTB receipts and may be retained by the Council provided it is spent on affordable housing, regeneration, or reducing the Housing Revenue Account debt.

5.5.5 Whilst the revenue implication of using any capital receipts is by no means as much as those incurred by borrowing, this is by no means a 'free' source of funding. The annual revenue costs of using £1m of capital receipts are as follows:-

	Year 1 £	Year 2 £

Interest at say 4.5% (current average return on investments)	22,500	45,000
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However, the use of these resources avoids the need to use more expensive forms of financing such as borrowing.

In the past capital receipts have been a major source of funding for the Council's capital programmes. Members will be aware that the Council now has only limited access to capital receipts as:

- a) The Council does not own large tracts of land that can be easily disposed of when capital receipts are needed. Indeed, any such tracts of land may give the Council the opportunity to either directly or indirectly improve the supply of affordable housing. There are some disposals which are currently taking place and which could be made available in time, but these are unlikely to meet all the investment needs of the Council in the immediate future;
- b) There are very few other options for future disposals of operational assets, owned by either council, without service provision implications;
- c) Any benefits that might accrue from the sale of non-operational assets, such as the commercial properties, will be largely negated by the loss of significant rental and lease income. Consequently, the disposal of such assets can only be undertaken when there is a clear business case to justify such an action;

5.5.6 In addition, due to the pressure on the reserves, some of the receipts generated in the period 2016 - 2023 have been set aside to fund the costs associated with delivering the savings necessary to balance the revenue budget.

5.5.7 In light of the budget strategy and the limitations on generating additional capital receipts, the estimated balance of capital receipts to fund the 2024/25 and 2025/26 Capital Investment Programmes will be:

Adur District Council		Balance at 1st April £'000	* Receipts Generated £'000	Planned Use £'000	Balance at 31st March £'000
2024/25	General	3,000	2,500	(500)	5,000

	Ring-fenced				
	- HRA	2481	500	(1,900)	1081
	- General Fund	220	150	(370)	0
	Total	5,701	3,150	(2,770)	6,081
2025/26	General	5,000	-	(500)	4,500
	Ring-fenced				
	- HRA	1081	500	(800)	781
	- General Fund	0	50	(50)	0
	Total	6,081	550	(1350)	5,281

The lack of capital receipts as a source of funding is a problem for the Council. It is inevitable that the Council will need to borrow to sustain the capital programme with inevitable higher revenue consequences as a result.

5.6 Prudential Borrowing

5.6.1 The Prudential Code generally gives an unlimited ability to borrow, provided it is 'affordable, sustainable and prudent'. In practical terms the amount of the borrowing is inhibited by the impact of the associated revenue consequences on the revenue budget and on council tax.

5.6.2 Since the removal of the debt cap for the Housing Revenue Account, the position for the HRA has been similar to the General Fund. The limitation on any future borrowing will be the affordability of the revenue consequences of the borrowing for the HRA.

5.6.3 Whilst, the HRA has the option to make a voluntary revenue provision (VRP) for the repayment of debt, at the moment, this option is not being exercised due to the financial position of the HRA. This will be reassessed once the HRA has addressed the current deficit. The repayment of debt can also be funded from the depreciation which is set aside into the Major Repairs Reserve (see 5.7.1 below).

5.6.4 The annual revenue costs of each additional £1m of Prudential Code borrowing are estimated to be as follows:-

	Year 1 £	Year 2 £
Principal repayment based on the annuity method *	0	53,770
Interest at say 4.5%	22,500	45,000
Total costs	17,500	88,770

* The Council has a policy of repaying any debt over the life of the asset acquired. On average the assets funded will have a life of 15 years which is equivalent to a 8.9% revenue provision each year.

MRP= Minimum Revenue Provision – the amount of loan that has to be repaid each year, notionally this is the amount set aside to repay debts which have accumulated to finance schemes.

5.7 Adur Housing Revenue Account - Major Repairs Reserve contribution

5.7.1 The Council is allowed to set-aside amounts into a Major Repairs Reserve, equivalent to at least the annual depreciation charge for the housing stock made to the Housing Revenue Account. This can be used to fund the repayment of debt or to finance new capital expenditure. The major repairs allowance calculation for 2024/25 is initially estimated at £11.04m which will be used to finance the capital programme.

5.7.2 New capital expenditure on housing will be financed from direct revenue contributions, capital receipts, the Major Repairs Reserve or from Prudential Borrowing. Any new borrowing will require amounts to be set aside from the Major Repairs Reserve for repayment of debt.

5.8 Revenue Contributions and Reserves

5.8.1 The HRA has a 'New Acquisition and Development' reserve specifically to fund initiatives to increase the supply of affordable housing.

5.9 Capital Grants and other external funding

5.9.1 The following capital grants and other contributions are expected and have been taken into account within the overall resources for the 2024/25 capital programmes:

Adur District Council External Funding

	£
Brownfield Land Release Fund	115,874
Disabled Facilities Grant (Better Care Fund)	375,000
West Sussex County Council Public Realms Grant	1,400,000

5.9.2 Disabled Facilities grants are mandatory and each council has to approve all eligible grants. All approvals are for 12 months and works can be undertaken at any time in this period. Any unspent grant can be carried forward to future years to fund outstanding grant commitments at 31st March.

6. Draft Programmes

General Fund Programme

6.1 The 2025/26 and 2026/27 draft General Fund programmes are attached at Appendix 2 and 3 which also includes the proposed changes to the 2024/25 programme. The indicative programmes have been prepared on the basis of the agreed guidelines and the estimated resources. Each scheme has been scored using the priority scoring system devised under the Capital Strategy, producing a balanced programme in accordance with the overall available funding. At this stage, the schemes recommended for inclusion 2025/26 are indicative only and will be reassessed next year.

6.2 Members are asked to consider the proposed programmes. Members can remove schemes if they consider that they should not be supported at this time or add schemes which merit support provided that the overall programme remains affordable. Additional information is provided below on the proposed invest to save schemes and other issues which members should be aware of when considering the overall programme.

6.3 Invest to save schemes

The Council will consider 'invest to save' capital proposals which produce revenue savings that exceed the cost of borrowing by at least 10% over the life of the investment. The following schemes are included in the capital

programme. Funding will be released on presentation of a business case to the Executive Member.

(i) Empty Properties

This scheme has been funded from New Homes Bonus. However, the future of the New Homes Bonus is uncertain and it may cease to be paid to the Council and is due to be fundamentally reformed. Consequently, this scheme will be funded in future from the repayment of empty property grants and loans. The effectiveness of the scheme is reviewed annually.

The Council will continue to build on the working relationship with the nominated private sector letting agent that we are currently in partnership with to manage our guaranteed rent scheme. There has been a growing number of empty home owners interested in the schemes and new approaches continue to be sought to promote the funding to empty property owners. Increasing the supply of private sector rental properties available at Local Housing Allowance levels remains a key objective.

Close working with our legal team to develop and finalise the Enforced Sales Procedure is nearing fruition which will allow us to proceed with the sale of three long term empty properties, we anticipate using this procedure on further properties in the future.

The Council will continue to focus on achieving the objectives set out in the Empty Property Strategy and working with partners in the charitable sector as well as individual empty property owners to increase the supply of affordable housing as these properties are let at social rents.

The success of this initiative will be monitored.

(ii) Strategic Property Investment Fund

The Council has committed to investing in commercial property and other income generating assets which support the Council's economic regeneration ambitions, carbon reduction initiatives or supports improvements to the supply of housing. The intention is to provide long term assets that both support the delivery of the Council's corporate strategy and produce a long term sustainable income for the Council which will fund the borrowing consequences of the investment and support the future aspirations of the Council. The investment in such

property is governed by the Commercial Property Investment Strategy which was approved by the Joint Strategic Committee on the 30th March 2021.

To enable this objective to be met, as part of the Capital Strategy, the Council has set aside funding for a Strategic Property Investment Fund. Each investment should generate income which exceeds the potential borrowing costs associated with the purchase or development of the new property.

Whilst under the constitution the Head of Major Projects has the delegated authority to purchase property provided that a budget exists; given the nature of these investments, each individual development proposal is the subject of a business case which is approved by the relevant Leader and Executive Member of Resources.

(iii) Temporary accommodation

The cost of temporary and emergency accommodation has been escalating. In response to this, the Council has created a budget to purchase temporary accommodation for residents who the Council has a duty to house temporarily. Each proposal is assessed for financial and operational viability before a business case is approved by the Executive Member.

6.4 **Adur Housing Investment Programme**

6.4.1 The estimated resources available to fund the 2024/25 - 2026/27 HRA Investment Programme are sufficient to fund all the schemes detailed in Appendix 3.

6.4.2 The first priority for the programme is the safety of tenants and the continued maintenance of council homes to address issues arising from the condition survey.

6.5 **Overall**

The following assumptions have been used in preparing the draft programmes:

- (a) Maximise use of external funding where possible.

- (b) Continuation of Specific Grant Aided Funding for Mandatory Disabled Facilities Grants.
- (c) The proposed Capital Programme includes a number of the larger planned maintenance schemes. Only schemes which meet the criteria for capital funding are included.

6.6 The following tables are a summary of total resources used to fund the new schemes included in the draft programmes for 2024/25, 2025/26 and 2026/27.

Programme Year	Revenue Contributions and Reserves £	Major Repairs Reserve £	Capital Grants and Contributions £	Usable Capital Receipts £	Borrowing £	TOTAL £
2024/25						
General Fund	-	-	675	-	2,650	3,325
HRA	-	3,500	-	-	6,580	10,080
Total	-	3,500	675	-	9,230	13,405
2025/26						
General Fund	95	-	462	550	2,255	3,362
HRA	-	3,500	-	800	5,780	10,080
Total	95	3,500	462	1,350	8,035	13,442
2026/27						
General Fund	95	-	462	500	4,853	5,910
HRA	-	3,500	-	300	6,280	10,080
Total	95	3,500	462	800	11,133	15,990
Overall total						
General Fund	190	-	1,599	1,050	10,058	12,597
HRA	-	10,500	-	1,100	18,640	30,240
TOTAL	190	10,500	1,599	2,150	28,398	42,837

6.7 Members will note that the total planned new spending for 2024/25, 2025/26 and 2026/27 is £42,837,000. The table above indicates how this proposed programme will be financed.

7. Revenue Implications

7.1 The revenue implications (excluding the revenue impact of financing the Capital Investment Programme) of all the capital projects in the draft programmes are shown in the last column of Appendices 2 and 3. An assessment of the revenue implications of the planned programme has already been built into the Medium Term Financial Plan. This has already been recognised as a genuine expenditure within the overall revenue budget. There is, of course, no obligation to spend merely because resources are available. In considering the merits of any capital investment proposal, the opportunity cost of using the resources, the revenue cost associated with any borrowing and the interest earnings foregone by utilising capital receipts and reserves, require full consideration.

7.2 The full year revenue impact of financing the capital programme is shown below:-

Adur District Council

Programme Year	Revenue Impact		Cumulative		Full-Year Impact in
	General Fund £	HRA £	General Fund £	HRA £	
2024/25	530,955	1,430,583	530,955	1,430,583	2025/26
2025/26	121,941	442,760	652,896	1,873,343	2026/27
2026/27	196,161	387,760	849,057	2,261,103	2027/28

The above figures do not include any other direct revenue implications, which could be either positive or negative, depending on the particular schemes. The draft programmes show the other ongoing annual running costs of servicing and maintaining the proposed schemes and savings generated from the capital investment which will be included within the revenue budget.

8. Prudential Indicators

8.1 The statutory framework for the Prudential System is set out in Chapter 1 of the Local Government Act 2003 and in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended. The framework incorporates four statutory codes. These are:

- The Prudential Code prepared by CIPFA
- The Treasury Management Code prepared by CIPFA
- The Statutory Guidance on Local Authority Investments prepared by MHCLG
- The Statutory Guidance on Minimum Revenue Provision prepared by DCLG

8.2 Part of the core process for the Prudential Code is for Members to set Prudential Indicators as detailed in the Prudential Code against which the performance of the Capital Investment Programme and Treasury Management can be measured and monitored throughout the year. These indicators will be calculated once the programme has been fixed and reported to the Cabinet and Council as part of the annual Revenue Budget report.

9.0 Engagement and Communication

9.1 The development of the programme is the subject of extensive internal consultation with Officers.

9.2 Members were consulted on the capital bids to be included in the draft programmes. Their comments are included in this report. The final recommendations for the capital programmes will be made to Adur District Council on the 7th February 2023.

9.3 Individual programmes of work, for example the design of playgrounds, will be the subject of consultation with local communities where appropriate to ensure that they meet local needs

10.0 Conclusion

10.1 The overall financial position of the Council dictates that there be only limited revenue resources allocated to fund the cost of financing the capital programme. Consequently the overall size of the core programme is relatively modest at £1m for Adur District Council and £10.8m for Adur Homes which this year has been increased to accommodate projects which need to be urgently progressed.

- 10.2 The Council has insufficient capital resources available to meet all of the identified demands for capital investment for 2024/25, 2025/26, and 2026/27. Where schemes are unable to be delayed due to pressing maintenance requirements, these have been recommended for inclusion. However, some schemes must remain on the respective Reserve List. This is a particular challenge for the maintenance of Adur Homes housing stock where there are a number of maintenance priorities that are being addressed with initial priority being given to fire safety and health and safety.
- 10.3 An implication of the necessary restriction in capital investment will be the need for strict cost management when addressing the maintenance needs of the Council's assets. As addressed in 10.2 maintenance schemes deemed critical have been recommended. In 2024/25 and future years the Council will need to continue to critically analyse its needs both in terms of assets required to support service delivery, and its ability to meet the cost of maintenance needs across its estates.
- 10.4 The continuing constraints on the availability of capital resources in the medium to long term and the direct impact on the revenue budget leaves little room for manoeuvre. Work needs to commence now to ensure sufficient resources are available to the Council to provide adequate funds for financing the respective Capital Investment Programmes from 2025/26 onwards. In any event, the revenue consequences of spending scarce resources must always be borne in mind in judging the merits of any capital investment proposal.

11. Financial Implications

- 11.1 The detailed financial implications associated with the development of the budgets are detailed throughout the report.
- 11.2 The final programme is higher than the £1m approved as part of the capital strategy. The addition of the £1,650,000 Buckingham Park project, can be accommodated within the revenue budget as detailed elsewhere on the agenda.

12. Legal Implications

- 12.1 Part 1 of the Local Government Act, 2003 sets out the framework for capital finance and expenditure.

12.2 The Local Government (Capital Finance and Accounting) (England) Regulations 2003 provide more detailed requirements.

12.3 Section 111 of the Local Government Act, 1972 allows the Council to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.

12.4 The Local Government Act 2003, Sections 16(2)(b) and 20: Treatment of costs as capital expenditure allows the Council to use any capital receipts generated in 2022/23 - 2024/25 to fund revenue expenditure which will generate an on-going saving via a direction from the Secretary of State which was issued on 2nd August 2022 subject to a limitation on the type of departure costs which can be funded. Departure costs are restricted to statutory payments only, any enhancement must be funded from within the Council's revenue resources.

Background Papers

- CIPFA Prudential Code for Capital Finance in Local Government
- Investing for our future - Capital Strategy 2024-27 – Report to Joint Strategic Committee on 11th July 2023
- Developing a revenue budget for 2023/24 in difficult economic circumstances – Report to Joint Strategic Committee on 11th July 2023
- 2nd Capital Investment Programme and Projects Monitoring 2023/24 – Report to Adur Joint Strategic Sub-Committee on 7th December 2023

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SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

Individual schemes within the three proposed capital programmes have been subjected to equalities impact assessment. Schemes which have a positive impact on equalities include:

- Affordable housing schemes – Schemes are targeted at the most vulnerable;
- Disability Discrimination Act - Works to improve accessibility of Council buildings;
- Disabled Facilities Grants – Improvements and adaptations to private housing to meet specific needs;
- Home Repair Assistance Grants – Grants to enable those in need to stay in their homes;
- Resurfacing of hard surfaces – Provides an improved surface for wheelchair users and other people with reduced mobility;
- Parks – Replacement of play area and outdoor fitness equipment which is designed to be more accessible and inclusive;
- ICT Hardware Replacement Programme – Provision of special keyboards and screens where required;
- Empty Property Grants – Increase the supply of affordable housing in the locality.
- Public Conveniences – Upgraded and new facilities include DDA improvements and facilities.

There will be no negative equalities and diversity outcomes arising from the proposed programmes.

SUSTAINABILITY AND RISK ASSESSMENT

2. SOCIAL

2.3 Community Safety Issues (Section 17)
Matter considered and no issues identified

2.4 Human Rights Issues
Matter considered and no issues identified

3. ENVIRONMENTAL

Matter considered and no issues identified

4. GOVERNANCE

Matter considered and no issues identified



ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
1. Schemes in Progress where the completion has been delayed beyond 31st March 2024		
Adur Homes Capital Investment Programme		
Albion Street	400,000	A new contractor has been tendered. Phase 1 to complete the structure has begun and will
Asbestos Management	150,000	The capital schedule has been revised as part of the dialogue with the regulator and Adur Homes. Budget reprofiled in line with anticipated expenditure.
Building Services - replacement Vehicle	48,000	Currently out for pricing, delivery expected in 2024/25.
Capital Works on Empty Properties	950,000	The capital schedule has been revised as part of the dialogue with the regulator and Adur Homes. Budget reprofiled in line with anticipated expenditure.
Decarbonisation schemes - Adur Homes	100,000	Invest to Save budget. No schemes have been identified. Budget profiled for future demand.
Development of Properties	8,253,330	i) Small Sites Programme - Construction expected to begin on a number of sites. Some sites to begin in 2024/25. Budget reprofiled in line with anticipated expenditure.
Electrical Safety Works	600,000	Electrical safety works to be combined with upgrades in the next year. Revised works schedules have been arranged for the new year.
External Structural Works	5,270,000	The capital schedule has been revised as part of the dialogue with the regulator and Adur Homes. Budget reprofiled in line with anticipated expenditure.
Fire Safety Works	2,650,000	Delivery of the fire safety works will progress in 24/25. Delays have occurred due to quality concerns with the original fire door contractor.
Professional and Consultancy Fees	1,007,750	The capital schedule has been revised as part of the dialogue with the regulator and Adur Homes. Budget reprofiled in line with anticipated expenditure.
Stock Condition Surveys	240,000	The capital schedule has been revised as part of the dialogue with the regulator and Adur Homes. Budget reprofiled in line with anticipated expenditure.



ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
1. Schemes in Progress where the completion has been delayed beyond 31st March 2024		
General Fund Schemes		
Asbestos Surveys and Remediation Works	110,000	Some reactive work has been carried out in 2023. Technical services are focused on delivering higher priority projects and anticipate further work in 24/25. Budget profiled for future demand.
Commerce Way - Replacement floor coverings	100,000	Some reactive work has been carried out in 2023. Technical services are focused on delivering higher priority projects and anticipate this project will begin in 2024/25
Commerce Way - Replacement roof covering	150,000	Project out to tender in February. Works to be on site in April. Budget reprofiled in line with anticipated expenditure.
Commerce Way - Upgrade of male showeres	35,000	Project out to tender in January. Works will roll into the new financial year.
Corporate Hardware and Infrastructure	28,200	Fewer equipment replacements have been requested this year. Budget reprofiled in line with replacement equipment schedule.
Cemeteries and Crematorium Software	28,070	Plotbox is on hold pending a more complete service review process. Budget profiled in line with anticipated expenditure.
Community Alarm Service	40,000	Demand-led service. Fewer replacements of old equipment this year. Budget profiled for future demand.
Condition Surveys	15,000	External supplier now in place to implement surveys for council assets. Budget profiled in line with anticipated expenditure.
Cyber Security	19,980	The mobile phone security software will go live from April 2024. Budget reprofiled in line with anticipated expenditure.
Decarbonisation schemes - Corporate Buildings	513,000	Invest to Save budget. No schemes have been identified. Budget profiled for future demand.
Digital Strategy - General Provision	28,200	Identity and Access Management System being reviewed. It is expected this will include other systems to produce a Single Sign On solution. Implementation now expected in 2024/25.
Disability Discrimination Act Improvements to council buildings	12,600	No improvements have been identified in the current year. Budget reprofiled for future demand.



ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
1. Schemes in Progress where the completion has been delayed beyond 31st March 2024		
Eastbrook Community Centre - Redevelopment	291,050	Funds are being finalised following acceptance of a YIF Grant. Works will begin in 2024/25. Budget profiled in line with anticipated expenditure.
Empty Property Grants and Loans	21,000	Demand-led service. No grant request from local residents in the current year. Budget profiled for future demand.
Equalities Act - Access Audits	35,000	No required audits have been identified in the current year. Budget reprofiled for future demand.
Extension of Ultrafast Fibre Network	1,175,000	Scheme in partnership with Adur District Council. Current delays with the contractor. Budget profiled in line with expected expenditure.
Fire Door Replacements to Council properties	40,000	No replacements have been identified in the current year. Budget reprofiled for future demand.
Fire Risk Assessment Remedial Works	12,500	No improvements have been identified in the current year. Budget reprofiled for future demand.
Fishersgate Car Park	140,000	Works will begin alongside the Eastbrook CC scheme. Budget profiled in line with anticipated expenditure.
Housing Development - South Street Car Park	2,171,750	Currently in the design phase. Construction expected to begin in 24/25. Budget profiled in line with anticipated expenditure.
Lancing Manor Leisure Centre Improvements	449,400	Works to the cladding and roof are due to be tendered after revised plans have been finalised. The previous tender price was too high. Budget profiled in line with anticipated expenditure.
Mill Lane Cemetery - Replacement Boundary Fence	85,000	Internal works beginning to prepare the project. Contractor works expected in the new financial year. Budget reprofiled in line with anticipated expenditure.
Office Equipment - Microphone system replacement	14,100	The systems at the Shoreham Centre and Worthing Town Hall require replacing. This is now expected to take place in 2024/25.
Planning and Building Control - Document Management System	60,200	IDOX delivery to begin in Dec 23 and will be complete by Dec 24. Budget reprofiled in line with anticipated expenditure.
Public Conveniences - Rolling programme of upgrades and improvements	110,000	Technical services are focused on delivering higher priority projects and will begin work on selected public convenience sites in 2024/25
Refuse/Recycling - Trade Waste Bins	30,000	Demand led. Budget reprofiled for future demand.



ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
1. Schemes in Progress where the completion has been delayed beyond 31st March 2024		
Refuse/Recycling - Wheeled Bins	18,200	No further purchases expected in the current year. Budget reprofiled to 24/25 for future demand
Shoreham Harbour Walls - West Harbour Arm	1,500,000	Construction works are planned to begin in 2024/25 pending the conclusion of a public consultation. Budget reprofiled in line with anticipated expenditure.
Southwick Community Centre - Replacement Windows and Flooring	65,000	The project will go out to tender following the approval of additional funding which has been requested as part of the 24/25 capital programme.
Strategic Property Investments	43,488,420	Investments in property for regeneration or service delivery. Currently no suitable properties have been identified that meet the council's strategic needs.
Street Cleansing Vehicles - EV charging points	18,200	Charging points to be installed in 24/25
Street Litter and Dog Bins	6,920	No further purchases expected in the current year. Budget reprofiled to 24/25 for future demand
Vehicle Incursion Prevention Measures	75,000	Hamble Road and Park Avenue completed under budget. Funds for Southwick and Adur Rec forecast for 2024/25. Budget reprofiled in line with planned expenditure
Total Reprofiled Budgets:	70,555,870	


Grants / Contributions Anticipated

towards above schemes:


Community Alarms - Revenue Contribution	40,000
Empty Property Grants - Capital Receipts	21,000
Local Enterprise Partnership - Shoreham Harbour Walls	112,280
Environment Agency - Shoreham Harbour Walls	59,840
Commerce Way Schemes - Worthing	142,500
Borough Council Contributions	
HRA - Major Repairs Reserve	7,540,000

Council Prudential Borrowing Budgets Reprofiled:	62,640,250
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ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2024/25 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL COUNCIL Description	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2023/24 £	Council Resources Funding 2024/25 £	External Funding 2024/25 £	Total Scheme Budget 2024/25 £
PROPOSED CHANGES TO 2023/24 CAPITAL INVESTMENT PROGRAMME Carry forward of contingency and underspends Current forecasts suggest an underspend for the 2023/24 capital programme. This will be vired to fund the 2024/25 programme			113,640	-113,640	-	-
Proposed Changes to 2022/23 CIP:			113,640	-113,640	-	
Proposed Funding:						
Contingency - 2023/24 predicted underspend				-113,640		
ADUR / WORTHING PARTNERSHIP SCHEMES FUNDED FROM RING FENCED FUNDING (See full Partnership Programme in Appendix 4)						
1P Bereavement Services - Mini Tractor and Flail (Purchase of all-round equipment to assist with required maintenance in cemeteries. Total Cost £70,000.)	KG	NB	-	35,000	-	35,000
2P Building Alarm Systems - Digital Upgrade (New system to replace analogue systems which are no longer supported. Total costs £85,000.)	KS	NB	-	34,000	-	34,000
3P Commerce Way - Floor Covering Replacement (Floors contain asbestos which needs to be removed or managed. Additional funding is required to complete the project. There is currently £166,030 in the 2023/24 capital budget. Total Cost £186,030)	KS	EB	-	10,000	-	10,000
4P Commerce Way - Roof Replacement (Health and Safety issues from water ingress and danger of falling ceilings. Additional funding is required to complete the project. There is currently £100,000 in the 2023/24 capital budget. Total Cost £150,000)	KS	EB	-	25,000	-	25,000
5P Corporate ICT hardware and infrastructure (ICT Hardware and Infrastructure 2023/24 Replacement programme: i) Tablet Devices £13,000 ii) Phones £16,000 iii) PCs £16,000 iv) Laptops £75,000. Total Cost £120,000)	AS	EB	-	56,400	-	56,400


ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2024/25 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL COUNCIL Description	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2023/24 £	Council Resources Funding 2024/25 £	External Funding 2024/25 £	Total Scheme Budget 2024/25 £
6P Cyber Security (Resources and software to minimise risks of cyber attacks to the council's infrastructure. i) Information Security Resource £30,000. ii) 3rd Line Technical Support £60,000. iii) Appguard Software £40,000. Total Cost £130,000.)	AS	EB	-	61,100	-	61,100
7P Dog Warden - Replacement Van (Replacement of the dog control van. Total Cost £25,000.)	NS	EB	-	10,000	-	10,000
8P Finance - Asset Management System (Upgrade the financial management system to include an asset feature for financial accounting purposes. Total Cost £35,000.)	ET	NB	-	17,500	-	17,500
9P Housing Needs System (Replacement system for managing statutory function of homelessness casework and choice	AE	NB	-	66,000	-	66,000
10P Waste Services - Forklift (Replacement forklift for the Commerce Way waste services depot. Total Cost £10,000.)	MQ	NB	-	3,640	-	3,640
Total Adur / Worthing Partnership Schemes:				318,640	0	318,640
SCHEMES FUNDED FROM HOUSING REVENUE ACCOUNT						
11 Asset and Tenancy Integrated Management System (Integrated system to support Adur Homes' day to day functions.)	KM	NB	-	350,000	-	350,000

ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2024/25 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL Description	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amend- ments to Council Resources 2023/24 £	Council Resources Funding 2024/25 £	External Funding 2024/25 £	Total Scheme Budget 2024/25 £
SCHEMES FUNDED FROM GENERAL FUND						
12 Adur Town Centre - Public Space Improvements (Public space and landscaping improvements to enhance village and town shopping centres.)	JM	EB	-	25,000		25,000
13 Buckingham Park Pavilion Redevelopment (Redevelopment of the changing rooms and toilet facilities)	MH	EB		1,650,000		1,650,000
14 Housing Renewal Assistance - Mandatory Disabled Facilities Grants (Funded from the DCLG Better Care Fund)	BR	EB	-	-	375,000	375,000
15 Parks and Asset Improvements (Improvements to park's buildings and pavilions)	SM/KS	NB	-	100,000	-	100,000
16 Parks and Open Spaces - Vehicular incursion prevention measures (Enhanced security for priority sites, boundary aesthetics and vehicular incursion deterrent)	MP/SM	EB	-	13,000	-	13,000
17 Play Area Improvements (Replacement of play equipment, safety surfaces and perimeter fencing.)	SM	EB	-	50,000	-	50,000
18 Public Conveniences - Rolling programme of refurbishments (Priority sites to be identified by executive member. £110,000 is currently ring-fenced in the 2023/24 capital programme.)	KS	EB	-	30,000	-	30,000
19 Southwick Beach Chalets - Door Replacements (Wooden Doors have become swollen and require replacement to enable access to the beach chalets.)	KS	NB	-	62,000	-	62,000

ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2024/25 CAPITAL INVESTMENT PROGRAMME

 ADUR DISTRICT COUNCIL Description	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amend- ments to Council Resources 2023/24 £	Council Resources Funding 2024/25 £	External Funding 2024/25 £	Total Scheme Budget 2024/25 £
20 Southwick Community Centre - Porter Room replacement of windows and floor works (Replacement windows are required and repairs to the walls and floor coverings from water leakages. Additional funds are requested. There is currently £65,000 in the 2023/24 capital budget. Total Cost	KS	EB	-	75,000	-	75,000
21 Southwick Football Club - Match Funding for Design and Planning (Grant funding to support Russell Martin Foundation to design and plan the new development. This will then be submitted to the Football Foundation to fund the construction.)	AR	EB	-	300,000	300,000	600,000
22 Southwick Leisure Centre -Replacement Roof (East Roof coverings are required and would enable solar panels to be installed in the future.)	KS	NB	-	90,000	-	90,000
23 Contingency provision for urgent / priority schemes, inflation and unavoidable overspends	ET	EB	-	50,000	-	50,000
TOTAL 2024/25 CAPITAL SCHEMES:				3,113,640	675,000	3,788,640
FUNDING FOR PROPOSED CAPITAL INVESTMENT PROGRAMME						
Capital Grants				-	375,000	375,000
Capital Underspends				113,640		113,640
External Contributions Russell Martin Foundation					300,000	300,000
Housing Revenue Account Contributions				350,000	0	350,000
Prudential Borrowing				2,650,000	-	2,650,000
TOTAL FUNDING:				3,113,640	675,000	3,788,640


ADUR DISTRICT COUNCIL NEW SCHEMES TO BE INCLUDED IN THE 2024/25 CAPITAL INVESTMENT PROGRAMME


 ADUR DISTRICT COUNCIL COUNCIL Description	Lead Officer	Bids Submitted Last Year (EB) New Bids (NB)	Amendments to Council Resources 2023/24 £	Council Resources Funding 2024/25 £	External Funding 2024/25 £	Total Scheme Budget 2024/25 £
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Lead Officers:


AS	Adam Saunders	Head of Technology & Design
AR	Adrian Rice	Property Management Surveyor
AE	Amanda Eremie	Housing Needs Manager
BR	Bruce Reynolds	Private Sector Housing Manager
ET	Emma Thomas	Assistant Director, Finance
JM	Joanna Malandain	Place Activation Officer
KG	Kate Greening	Bereavement Services Manager
KM	Keith Meredith	Head of Property Services
KS	Kevin Smith	Principal Building Surveyor
MH	Mark Hooper	Property & Investment Manager
MP	Martyn Payne	Senior Engineer
MQ	Mark Quartly	Waste Cleansing and Fleet Manager
NS	Nadeem Shad	Team Leader Environmental Protection
SM	Steve McKenna	Parks and Foreshore Manager


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SUMMARY							
ADUR DISTRICT COUNCIL CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27							
 ADUR DISTRICT COUNCIL	Total Estimate £	CAPITAL ESTIMATES					
		Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
			Original £	Current £	Current £		
Column Reference (1)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
BUDGETS							
Executive Member for Adur Homes and Customer Services	96,637,395	17,327,815	34,440,830	19,810,410	34,407,170	12,546,000	12,546,000
Executive Member for Environment and Leisure	8,983,526	518,630	1,728,840	1,533,216	3,576,360	403,660	2,951,660
Executive Member for Communities and Wellbeing	919,680	990	607,050	242,040	588,650	44,000	44,000
Executive Member for Regeneration and Strategic Planning	7,797,830	4,354,560	2,241,270	1,547,840	1,621,270	137,080	137,080
Executive Member for Resources	132,196,610	84,970,260	45,854,190	606,800	45,996,670	311,440	311,440
	246,535,041	107,172,255	84,872,180	23,740,306	86,190,120	13,442,180	15,990,180
FINANCING							
Capital Grants and Contributions							
Communities and Local Government			773,880	1,244,290	613,467	375,000	375,000
Environment Agency			637,470	577,630	156,110	87,080	87,080
S106 Contributions from Planning Agreements			167,450	349,120	-	-	-
Other Contributions			840,000	737,450	1,128,500	-	-
Prudential Borrowing			78,063,960	15,032,836	70,436,513	8,034,760	11,132,760
Revenue Contributions and Reserves							
Revenue Contributions			68,420	34,940	44,610	95,340	95,340
Revenue Reserves			4,200,000	4,768,000	11,040,000	3,500,000	3,500,000
Usable Capital Receipts			121,000	996,040	2,770,920	1,350,000	800,000
			84,872,180	23,740,306	86,190,120	13,442,180	15,990,180


SUMMARY FUNDING CAPITAL INVESTMENT PROGRAMME					
 ADUR DISTRICT COUNCIL	CAPITAL ESTIMATES				
	2023/2024		2024/2025	2025/26 Draft Estimate	2026/27 Future Estimate
	Original £	Current £	Current £	£	£
Column Reference (1)	(6)	(7)	(9)	(10)	(11)
<u>DETAILED FUNDING</u>					
<i>Capital Grants and Contributions</i>					
<u>Department for Levelling Up Housing and Communities</u>					
Better Care Fund (Disabled Facilities Grants)	375,000	298,630	375,000	375,000	375,000
Changing Places Fund (Shoreham Centre - Accessible toilet facilities)	-	100,000			
Housing - Brownfield Land Release Fund (Prince Charles Close) (South Street)			126,107		
Local Authority Housing Fund (LAHF Programme)		559,060			
Local Enterprise Partnership (Governments Growth Deal) (Shoreham Harbour Walls Project)	112,280	-	112,280	-	-
Shoreham Harbour Growth Point Grant (Shoreham Harbour Projects)	145,000	145,000		-	-
(Shoreham Harbour Walls Coast Protection Project)	141,600	141,600	-	-	-
West Sussex CC (Empty Property grant)		-	80		
	773,880	1,244,290	613,467	375,000	375,000
<u>Environment Agency</u>					
Coast Protection Grant (Strategic Monitoring Project for the South East Phase 5)	96,270	96,270	96,270	87,080	87,080
(Shoreham Harbour Walls Coast Protection Project)	541,200	481,360	59,840	-	-
	637,470	577,630	156,110	87,080	87,080


SUMMARY FUNDING CAPITAL INVESTMENT PROGRAMME					
 ADUR DISTRICT COUNCIL	CAPITAL ESTIMATES				
	2023/2024		2024/2025	2025/26 Draft Estimate	2026/27 Future Estimate
	Original £	Current £	Current £	£	£
Column Reference (1)	(6)	(7)	(9)	(10)	(11)
<u><i>S106 Receipts from Planning Agreements</i></u>					
(Contribution to the Sir Robert Woodward Academy for the provision of CCTV cameras)	-	5,000	-	-	-
(Buckingham Park Pavilion - Replacement)	150,000	150,000		-	-
Southlands Hospital - Play area improvements	17,450	17,450	-	-	-
Shadwells Play Area	-	104,150			
Shoreham Harbour Transport Plan - Cycle route contribution (Albion street)		72,520			
	167,450	349,120	-	-	-
<u><i>Other Contributions</i></u>					
Business Rate Pool (Extending Ultrafast Fibre Network)	662,500	22,500	640,000	-	-
External Funding (Parks and Open Spaces - Artwork)	15,000	15,000	-	-	-
Lawn tennis Association (Buckingham Park Tennis Courts)		67,130			
Russell Martin Foundation (Southwick Football Club)			300,000		
South Downs Leisure Wadurs Entrance Doors			11,000		
Sussex Police (CCTV infrastructure)		3,350			
West Sussex County Council (Adur Growth Deal - Southwick Square)		600,000			
Worthing Borough Council (Contribution to improvements at Commerce Way)	162,500	29,470	177,500		
	840,000	737,450	1,128,500	-	-


SUMMARY FUNDING CAPITAL INVESTMENT PROGRAMME					
 ADC ADUR DISTRICT COUNCIL	CAPITAL ESTIMATES				
	2023/2024		2024/2025	2025/26 Draft Estimate	2026/27 Future Estimate
	Original £	Current £	Current £	£	£
Column Reference (1)	(6)	(7)	(9)	(10)	(11)
<i>Prudential Borrowing</i>					
<i>Housing Revenue Account - Housing Capital Investment Programme</i>	25,208,070	8,636,550	16,359,080	5,780,000	6,280,000
(Carbon Reduction Schemes)	100,000	-	100,000	-	-
(Southwick Leasehold Acquisitions (Asset and Tenancy Integrated Management System))		1,350,000	350,000		
 <i>Invest to Save Schemes</i>					
(Carbon Reduction Schemes)	498,000	498,000			
(Property Acquisition - Acquisition of emergency or temporary property for the homeless)	2,642,470	250,470	3,806,090	2,000,000	2,000,000
(Strategic Property Investment Fund for investments in commercial property)	43,488,420		43,488,420	-	-
 <i>General Fund Schemes</i>					
(Other Schemes)	6,127,000	4,297,816	6,332,923	254,760	2,852,760
	78,063,960	15,032,836	70,436,513	8,034,760	11,132,760


SUMMARY FUNDING CAPITAL INVESTMENT PROGRAMME					
 ADUR DISTRICT COUNCIL	CAPITAL ESTIMATES				
	2023/2024		2024/2025	2025/26 Draft Estimate	2026/27 Future Estimate
	Original £	Current £	Current £	£	£
Column Reference (1)	(6)	(7)	(9)	(10)	(11)
Revenue Contributions and Reserves					
<u>Revenue Contributions</u>					
Community Alarm Service (Purchase of community alarm equipment)	50,000	10,000	40,000	40,000	40,000
Housing Service (Empty Properties - Grants and loans to bring empty properties back into use)		-		21,000	21,000
Adur and Worthing Refuse and Recycling Service (Wheeled bin replacements)	10,920	10,920		22,890	22,890
Adur and Worthing Refuse and Recycling Service (Trade waste bin replacements)	7,500	14,020	4,610	11,450	11,450
	68,420	34,940	44,610	95,340	95,340
<u>Revenue Reserves</u>					
Capacity Issues Reserve (Shoreham Centre - Air Source Heat Pump)	-	118,000	-	-	-
Major Repairs Reserve (Adur Homes Capital Investment Programme)	4,200,000	4,650,000	11,040,000	3,500,000	3,500,000
79100	4,200,000	4,768,000	11,040,000	3,500,000	3,500,000


SUMMARY FUNDING CAPITAL INVESTMENT PROGRAMME					
 ADUR DISTRICT COUNCIL	CAPITAL ESTIMATES				
	2023/2024		2024/2025	2025/26 Draft Estimate	2026/27 Future Estimate
	Original £	Current £	Current £	£	£
Column Reference (1)	(6)	(7)	(9)	(10)	(11)
Usable Capital Receipts					
Adur Homes Capital Investment Programme	100,000	100,000			
HRA Ring-Fenced					
Daniel Close and Gravelly Crescent (Southwick Leasehold EA/TA Acquisitions) <i>Estimate HRA usage</i>		550,000	1,900,000	800,000	300,000
Ring-Fenced					
(Empty Property Grants)	21,000	-	20,920		-
(Parks Grounds Maintenance Equipment)	-	11,840	-	-	-
(Shoreham Renaissance - Southwick Football Club refurbishment)		46,200	-	-	-
(South Street Housing)			350,000		
RSL - Ropetackle North <i>Estimate general usage</i>		288,000	500,000	550,000	500,000
	121,000	996,040	2,770,920	1,350,000	800,000


EXECUTIVE MEMBER FOR ADUR HOMES AND CUSTOMER SERVICES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
GENERAL FUND SCHEMES								
Affordable Housing Grants to Registered Social Landlords for the provision of affordable housing	AE	2,789,800		2,069,800	2,789,800		-	-
Community Alarm Service Purchase of community alarm equipment to replace old equipment (Funded from the Community Alarm Service)	BR	130,000		50,000	10,000	40,000	40,000	40,000
Housing Empty property grants and loans to bring empty properties back into use (Part funded ring-fenced capital receipts and WSCC grant)	BR	63,000	-	21,000	-	21,000	21,000	21,000
* Housing Needs System (Replacement system for managing statutory function of homelessness casework and choice based lettings. Partnership with Worthing Borough Council. Total Cost £150,000.)	AE	66,000				66,000		


EXECUTIVE MEMBER FOR ADUR HOMES AND CUSTOMER SERVICES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Housing Renewal Assistance								
<u>Discretionary Grants</u>								
Home Repair Assistance Grants	BR	125,930		40,000	65,930		30,000	30,000
<u>Mandatory Grants</u>								
Disabled Facilities Grants (Funded by DCLG Better Care Fund)	BR	1,423,630		375,000	298,630	375,000	375,000	375,000
Housing Property Development								
Acquisition and development of emergency, interim, temporary accommodation for the homeless (Invest to Save Schemes)								
i) Albion Street refurbishments	KS	1,202,160	1,202,160			-	-	-
ii) Land at North Road	AE	1,097,470	911,170	-	186,300	-	-	-
iii) South Street Housing Development	AP	2,336,000	100,080	1,836,000	64,170	2,171,750	-	-
iv) LAHF Programme					1,109,030			
iii) Unallocated budget	AE	5,984,340		806,470	-	1,984,340	2,000,000	2,000,000
TOTAL GENERAL FUND SCHEMES		15,218,330	2,213,410	5,198,270	4,523,860	4,658,090	2,466,000	2,466,000


EXECUTIVE MEMBER FOR ADUR HOMES AND CUSTOMER SERVICES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
<u>ADUR HOMES - HOUSING INVESTMENT PROGRAMME</u>								
1 Disability Adaptations for Homes On-going programme providing access and home facilities for Council tenants with disabilities	BR	1,350,000	336,120	250,000	163,880	300,000	300,000	250,000
2 External Structural Works i) Flat Roof Recovering/Replacement Programme ii) Re-Pointing Programme and Structural Works Essential work to keep buildings water tight and maintain structures iii) Pitched Roofs Recovering/Replacement Renewal of roof coverings, timber structures, chimney stacks and firewalls iv) External Joinery and Window Replacements v) Replacement of double glazed windows, external doors and timber frames vi) Replacement/Upgrade of door entry systems	KM	19,248,360	167,030	6,941,480	1,691,330	8,890,000	4,300,000	4,200,000
3 Kitchens and Bathrooms Replacement Kitchen and Bathrooms	KM	5,892,850	-	-	-	1,579,850	1,988,000	2,325,000


EXECUTIVE MEMBER FOR ADUR HOMES AND CUSTOMER SERVICES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
<u>ADUR HOMES - HOUSING INVESTMENT PROGRAMME (continued)</u>								
4 Electrical Works Rolling programme of works to ensure electrical compliance, improvements and upgrades	KM	2,390,000	-	400,000	-	640,000	1,050,000	700,000
5 Fire Safety Order Works Rolling programme of works to meet Regulatory Reform (Fire Safety) Order 2005 identified from Fire Risk Assessments	KS	8,178,910	1,728,830	4,200,000	2,234,080	4,216,000	-	-
6 Heating and Energy Efficiency Schemes i) Carbon reduction works including installation of heat pumps to replace or complement gas boilers. ii) Boiler replacement programme	KM	2,767,805	266,985	75,000	3,820	660,000	837,000	1,000,000
7 Stock Condition Survey To inform a planned programme of structural works	KM	175,000	10,620	200,000	14,380	150,000	-	-
8 Asbestos Management Management and removal of asbestos found in council dwellings	KM	251,440	8,790	75,000	17,650	75,000	75,000	75,000
9 Responsive Capital Repairs Urgent capital repairs identified in advance of planned capital works	KM	889,500	389,500	100,000	-	200,000	150,000	150,000


EXECUTIVE MEMBER FOR ADUR HOMES AND CUSTOMER SERVICES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
<u>ADUR HOMES - HOUSING INVESTMENT PROGRAMME (continued)</u>								
10 Capital Works on Empty Properties Over the course of a year approximately 120 council dwellings become vacant and require capital works before they can be re-let	KM	2,680,000	347,750	200,000	52,250	1,680,000	300,000	300,000
11 Building Services Vehicle replacements	KM	48,000	-	48,000	-	48,000	-	-
12 Asset and Tenancy Integrated Management System (Integrated system to support Adur Homes' day to day functions.)	AE	350,000				350,000		
13 Professional and Consultancy Services	KM	5,234,500	387,600	1,220,000	480,000	2,206,900	1,080,000	1,080,000
TOTAL WORKS TO CURRENT STOCK		4,768,190	3,643,225	13,709,480	4,657,390	20,995,750	10,080,000	10,080,000


EXECUTIVE MEMBER FOR ADUR HOMES AND CUSTOMER SERVICES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
14 Carbon Reduction Schemes Invest to Save Scheme. Funding to be released on submission of a business case to the Executive Member for Resources	DG	100,000	-	100,000	-	100,000	-	-
15 HRA Development Programme The development of new properties for let by Adur Homes.								
ii) Albion Street	AP	12,191,010	10,037,050	1,000,000	1,753,960	400,000	-	-
iii) Hidden Homes	AP	15,669,490	1,093,910	13,979,910	6,322,250	8,253,330	-	-
iv) Hidden Homes - Future Programme	AP	-	-	-	-	-	-	-
v) Ashcroft	AP	540,000	340,220	-	199,780	-	-	-
iv) Southwick Leasehold Acquisitions	AE	1,900,000	-	-	1,900,000	-	-	-
vi) Purchase of properties / Contingency) (Funded from borrowing, external funding, S106 receipts and capital receipts)	AP	453,170	-	453,170	453,170	-	-	-
TOTAL HOUSING INVESTMENT PROGRAMME		80,310,035	15,114,405	29,242,560	15,286,550	29,749,080	10,080,000	10,080,000
TOTAL		95,528,365	17,327,815	34,440,830	19,810,410	34,407,170	12,546,000	12,546,000


EXECUTIVE MEMBER FOR COMMUNITIES AND WELLBEING CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Community Centres								
Eastbrook Manor Community Centre - Provision of Multi Use Games Area and Building Fabric Repairs	KS MP	346,050		291,050	55,000	291,050	-	-
Southwick Community Centre - Replacement of windows to café area	KS	35,000	-	35,000	-	35,000	-	-
Southwick Community Centre - Replacement of windows to Porter Room and floor replacement	KS	105,000	-	30,000	-	105,000	-	-
Equalities								
Access Audits required under the Equalities Act	KS	74,000		40,000	15,000	35,000	12,000	12,000
Disability Discrimination Act Improvements - Rolling programme of improvements to Council buildings	KS	36,600		11,000	-	12,600	12,000	12,000
Shoreham Centre - Accessible toilet facilities (Part funded from the Changing Places Fund)	KS	150,000		100,000	150,000		-	-
Public Health								
Asbestos Management - Provision for management and removal of asbestos found in Council buildings	KS	161,860	990	100,000	10,870	110,000	20,000	20,000
CCTV								
Replacement of CCTV infrastructure	RF			-	11,170			
TOTAL		908,510	990	607,050	242,040	588,650	44,000	44,000


EXECUTIVE MEMBER FOR ENVIRONMENT AND LEISURE CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Bereavement Services								
* New operational vehicles - Mini tractor and flair (Partnership scheme with Worthing Borough Council. Total cost £70,000)	KG	35,000				35,000		-
Cemeteries								
Mill Lane Cemetery - Replacement of vehicle compound and fuel storage	KG	95,000	-	95,000	10,000	85,000	-	-
Dog Warden Service								
* Replacement of 1 vehicle (Partnership scheme with Worthing Borough Council. Total cost £25,000)	NS	10,000	-	-	-	10,000		-
Foreshore								
* Southwick Beach Chalets (Replacement doors)	KS	-				62,000		
Leisure Centres								
DDA accessible entrance doors for Southwick Leisure Centre, Lancing Manor Leisure Centre and Wadurs Swimming Pool	KS	44,600		-	44,600	-	-	-


EXECUTIVE MEMBER FOR ENVIRONMENT AND LEISURE CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Lancing Manor Leisure Centre								
Car Park - Vehicle access reconstruction at main entrance and vehicle restriction barriers to the grounds and car park	MP	88,480	75,780		12,700	-	-	-
External cladding replacement	KS	50,000	11,800	38,200	-	38,200	-	-
Renewal of flat roof area over the entrance hall and replacement of glazing units in the entrance hall	KS	460,000	470	459,530	59,530	400,000	-	-
Roof access system	KS	11,200	-	11,200	-	11,200	-	-
Parks and Open Spaces								
Art Work (Commissioning and installation of art in the parks both traditional and contemporary. Subject to external funding)	SM	15,000			15,000	-	-	-
* Building and Pavilion Improvement (Improvements to parks assets)	SM/KS	100,000				100,000		
Buckingham Park - Contribution to the replacement of the pavilion (£150,000 funded from S106 receipts)	SM	1,822,000	-	172,000	172,000	1,650,000	-	-
Buckingham Park - Replacement of fencing, resurfacing of footpaths and other hard landscaping to improve access, including disability access across the site	SM	55,990	21,630	-	34,360	-	-	-
Buckingham Park - Tennis Court refurbishment (Funded by LTA grant)	MP	67,130	-	-	67,130			
Fishersgate Recreation Ground - Car Park resurfacing	MP	140,000	-	140,000	-	140,000	-	-


EXECUTIVE MEMBER FOR ENVIRONMENT AND LEISURE CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Grounds Maintenance Service								
Replacement of operational vehicles (Partnership scheme with Worthing Borough Council.)	SM	72,000	33,630		38,370	-	-	-
Rolling programme of equipment replacements (Partnership scheme with Worthing Borough Council. .)	SM	81,090	44,640	20,000	36,450			
Infrastructure improvements to the Council's Parks (Improvements to include signage, recycling features, landscape enhancements and improved community facilities to meet Green Flag Award submissions)	SM	15,000	4,230		10,770	-	-	-
Landscape Adaptations - A series of initiatives designed to help cope with the changing climate. Schemes to include rain gardens, wildflower planting, prairie planting, edible landscapes, rewilding and wildlife habitat creation	SM	60,000			60,000	-	-	-
Replacement of trees affected by Ash Dieback	SM	50,020	8,510	25,720	41,510		-	-
Signage - Rolling programme of replacements	SM	19,990	11,340	-	8,650	-	-	-
Street litter and dog bins replacement programme (Partnership scheme with Worthing Borough Council)	MQ	20,140		5,700	2,580	6,920	5,320	5,320


EXECUTIVE MEMBER FOR ENVIRONMENT AND LEISURE CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Vehicular Incursion Prevention Measures (Enhanced security for priority sites, boundary aesthetics and vehicular incursion deterrent measures across the District's parks and open spaces)	MP	148,000		70,000	60,000	88,000		
Play Area Improvements								
Replacement of safety surfaces, equipment and perimeter fencing	SM	456,810	209,430	170,000	197,380	50,000		
Southlands Way Play Area Improvements (Funded from S106 receipts)	SM	31,226			31,226	-	-	-
Shadwells Play Area Improvements	SM	104,150		-	104,150			
Public Conveniences								
Rolling programme of upgrades and improvements	KS	140,000	-	110,000	-	140,000	-	-
Public Conveniences Van Replacements (Partnership scheme with Worthing Borough Council. Total cost £90,000)	MQ	27,000	-	27,000	27,000		-	-
Refuse/Recycling Service								
Provision of trade waste bins (Partnership scheme with Worthing Borough Council.)	MQ	110,920	21,120	22,910	14,020	30,000	22,890	22,890
Provision of wheeled bins (Partnership scheme with Worthing Borough Council.)	MQ	85,870	22,250	34,940	22,520	18,200	11,450	11,450


EXECUTIVE MEMBER FOR ENVIRONMENT AND LEISURE CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Street Cleansing / Refuse / Recycling Service Replacement vehicles (Partnership scheme with Worthing Borough Council.) Commerce Way - Removal of oil tanker. Installation of ventilation and brake tester * Forklift Replacement (Partnership scheme with Worthing Borough Council. Total cost £10,000)	MQ	3,628,020	-	326,640	333,820	18,200	364,000	2,912,000
		3,640			33,250	3,640		
Southwick Football Ground Rectification of building defects, floodlighting and boundary walling (£50,000 funded from capital receipts, £46,200 remaining 23/24)	JA	150,000	53,800	-	96,200		-	-
* Redevelopment Design and Planning (Next phase of the football ground redevelopment. £300,00 external)	AR	600,000				600,000		
Southwick Leisure Centre Replacement Roof Coverings (East Roof coverings)	KS	90,000				90,000		
TOTAL		8,888,276	518,630	1,728,840	1,533,216	3,576,360	403,660	2,951,660


EXECUTIVE MEMBER FOR REGENERATION AND STRATEGIC PLANNING CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Adur Town Centre Public Space Improvements Rolling programme of works to improve the environment of Adur District	AW	813,430	9,820		678,610	25,000	50,000	50,000
Coast Protection Works Shoreham Harbour Walls Project (Part funded from the Government's Growth Deal and the Environment Agency)		6,419,000	4,296,040	2,000,000	622,960	1,500,000	-	-
Strategic Monitoring Project for the South East Phase 5 (Contribution to the Maritime Authorities Partnership Scheme. Funded by the Environment Agency)	MP	415,400	48,700	96,270	96,270	96,270	87,080	87,080
Shoreham Harbour Projects (Approved by the Shoreham Harbour Project Board and funded from Shoreham Harbour Growth Point Grant)	CJ	145,000	-	145,000	145,000		-	-
Sport and Recreation Facilities in the Community S106 Contributions: CCTV Cameras at the Sir Robert Woodard Academy	JA	5,000		-	5,000	-	-	-
TOTAL		7,797,830	4,354,560	2,241,270	1,547,840	1,621,270	137,080	137,080

EXECUTIVE MEMBER FOR RESOURCES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Admin Buildings								
Commerce Way								
Provision of female facilities (Funded 50% by Worthing Borough Council)	KS	55,000	47,080	-	7,920	-	-	-
Refurbishment of floor coverings (Funded 50% by Worthing Borough Council)	KS	120,000	-	100,000	-	120,000	-	-
Refurbishment of offices, new kitchen, door controls and flooring (Funded 50% by Worthing Borough Council)	KS	53,970	53,970	5,000	-	-	-	-
Replacement roof covering including relocation of solar panels and thermal upgrade (Funded 50% by Worthing Borough Council)	KS	221,030	-	150,000	21,030	200,000	-	-
Upgrade of male showers (Funded 50% by Worthing Borough Council)	KS	70,000	-	70,000	35,000	35,000	-	-
Adur and Worthing Workspaces Project								
Portland House - Asbestos removal and fire safety works Town Hall - Refurbishment for new ways of working (Funded 40% by Worthing Borough Council)	KS	613,610	591,930	-	21,680	-	-	-

EXECUTIVE MEMBER FOR RESOURCES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Corporate Buildings								
Building Alarm Systems (Digital upgrade to the current alarm systems)	KS	34,000				34,000		
Condition Surveys (To provide an assessment of the current condition of the Council's corporate buildings to inform a programme of planned maintenance works)	KS	107,060	36,360	20,000	25,700	15,000	15,000	15,000
Decarbonisation Schemes General Provision (Invest to Save Schemes)	DG	525,790	27,790	498,000	-	498,000		
Decarbonisation Schemes - Project Management	DG	15,000	-	15,000	-	15,000		
Public Sector Decarbonisation Schemes Shoreham Centre - Installation of Air Source Heat Pumps	DG	658,620	589,800		68,820	-	-	-
Fire Risk Assessment Works (Remedial works identified from Fire Risk Assessment Surveys)	KS	62,500		12,500	25,000	12,500	12,500	12,500
Replacement of Fire Doors (Identified from Fire Risk Assessments of Council Properties)	KS	133,000			13,000	40,000	40,000	40,000

EXECUTIVE MEMBER FOR RESOURCES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Finance * Asset Financial Management System (Upgrade the financial management system to include an asset feature for financial accounting purposes. Partnership with Worthing Borough Council. Total Cost £35,000.)	ET	17,500				17,500		
Leased Out Properties Condition Surveys (To provide an assessment of the current condition of the Council's leased out properties to inform a programme of planned maintenance works)	KS	155,630	2,000	40,000	73,630		40,000	40,000
Office Equipment Microphone system replacement (Partnership scheme with Worthing Borough Council. Total cost £30,000)		14,100	-	14,100	-	14,100	-	-
Information and Communications Technology Cemeteries and Crematorium Software (Partnership scheme with Worthing Borough Council. Total cost £140,200)	KG	28,070	-	20,510	-	28,070	-	-
Corporate ICT hardware and infrastructure replacement programme (Partnership scheme with Worthing Borough Council.)	AS	359,390	119,080	77,550	42,910	84,600	56,400	56,400

EXECUTIVE MEMBER FOR RESOURCES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Information and Communications Technology (Cont.)								
COSHH Management Software To support Risk Management and Health and Safety Issues (Partnership scheme with Worthing Borough Council. Total cost £13,500)	AS	6,340		-	6,340	-	-	-
Digital Cyber Security Antivirus and anti phishing software, Information Security Resource and Cyber Software Solutions. In Partnership with Worthing Borough Council	AS	223,900		56,400	36,420	81,080	53,200	53,200
Digital Strategy - General Provision (Partnership scheme with Worthing Borough Council.)	AS	256,280	45,030	84,600	94,370	28,200	44,340	44,340
Network Refresh Project Wifi upgrade across all sites, improvements to remote working, network resilience and robustness (Partnership scheme with Worthing Borough Council. Total cost £879,690)	AS	368,670	318,420	24,280	50,250		-	-
Extending Ultrafast Fibre Network (Community fibre connections. £662,500 funded by the Buisness Rate Pool)	AS	1,952,070	729,750	1,083,160	47,320	1,175,000	-	-
Planning and Building Control Document Management Solution (Partnership scheme with Worthing Borough Council. Total cost £214,670)	JA	92,520	-	44,670	32,320	60,200	-	-
Payroll System - Bespoke solution	ET	5,130		-	5,130			

EXECUTIVE MEMBER FOR RESOURCES CAPITAL INVESTMENT PROGRAMME 2023/24 - 2026/27								
 ADUR DISTRICT COUNCIL Scheme	Lead Officer	Total Estimate £	CAPITAL ESTIMATES					
			Prior to 01/04/2023 £	2023/2024		2024/2025	2025/26 Draft Estimate £	2026/27 Future Estimate £
				Original £	Current £	Current £		
Column Reference (1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)	(10)
Strategic Property Investments Investments in property for regeneration or service delivery		125,897,470	82,409,050	43,488,420	-	43,488,420	-	-
Contingency: Inflation, Fluctuations and Urgent Schemes	SG	149,960		50,000	- 40	50,000 -	50,000	50,000
TOTAL		132,196,610	84,970,260	45,854,190	606,800	45,996,670	311,440	311,440

ADUR & WORTHING
COUNCILS

ADUR AND WORTHING PARTNERSHIP SCHEMES C/F FROM 2023/24 AND PROPOSED ADUR AND WORTHING CAPITAL INVESTMENT PROGRAMMES 2024/25 - 2026/27

		Scheme	Requesting Officer	Split of Costs ADC/WBC	Budgets c/f from 2023/24 to 2024/25 £	BUDGETS PROPOSED			TOTAL BUDGET £
						2024/25	2025/26	2026/27	
						£	£	£	
1	Bereavement Services	Bereavement Services - Cemeteries and Crematorium Software	Kate Greening	20 / 80	£ 140,200				£ 140,200
2	Bereavement Services	Bereavement Services - New operational vehicle; mini tractor and flail	Kate Greening	50 / 50		£ 70,000			£ 70,000
3	Dog Warden Service	Replacement of one operational vehicle	Mark Quartly	40 / 60		£ 25,000			£ 25,000
4	Finance	Financial Management System - Asset Management solution	Emma Thomas	50 / 50		£ 35,000			£ 35,000
5	Housing	Housing Needs and Choice Lettings System	Amanda Eremie	44 / 56		£ 150,000			£ 150,000
6	Information and Communications Technology	Replacement of Microphone System	Neil Terry	47 / 53	£ 30,000				£ 30,000
7	Information and Communications Technology	Corporate ICT hardware and infrastructure replacement programme	Adam Saunders	47 / 53	£ 60,000	£ 120,000	£ 120,000	£ 120,000	£ 420,000
8	Information and Communications Technology	Digital Strategy - Identity and Access Management (Single Sign On)	Adam Saunders	47 / 53	£ 60,000				£ 60,000
9	Information and Communications Technology	Digital Strategy - Digital Cyber Security	Adam Saunders	47 / 53	£ 42,500	£ 130,000	£ 113,200	£ 113,200	£ 398,900
10	Information and Communications Technology	Gigabit Project / Extension of Ultrafast Fibre Network	Adam Saunders	47 / 53	£ 2,500,000				£ 2,500,000
11	Information and Communications Technology	Planning and Building Control Document Management Solution	saunders/ James	47 / 53	£ 140,000				£ 140,000
12	Parks and Open Spaces	Street litter and dog bins replacement programme	Mark Quartly	36.4 / 63.6	£ 19,010				£ 19,010

		Scheme	Requesting Officer	Split of Costs ADC/WBC	Budgets c/f from 2023/24 to 2024/25 £	BUDGETS PROPOSED			TOTAL BUDGET £
						2024/25 £	2025/26 £	2026/27 £	
13	Refuse / Recycling / Street Cleansing	Replacement of essential operational vehicles with electric or low emission vehicles where available	Mark Quartly	36.4 / 63.6	£ 50,000				£ 50,000
14	Refuse / Recycling / Street Cleansing	Replacement of forklift	Mark Quartly	36.4 / 63.6		£ 10,000			£ 10,000
15	Refuse and Recycling Service	Wheeled Bin Replacements	Mark Quartly	36.4 / 63.6	£ 50,000				£ 50,000
16	Technical Services	BT Redcare Line	Kevin Smith	40 / 60		£ 85,000			£ 85,000
17	Technical Services	Commerce Way Improvements	Kevin Smith	50 / 50	£ 285,000	£ 70,000			£ 355,000
18	Trade Waste Service	Trade Waste Bins Replacements	Mark Quartly	30 / 70	£ 100,000				£ 100,000
BUDGET PROPOSED:					£ 3,476,710	£ 695,000	£ 233,200	£ 233,200	£ 4,638,110



ADUR & WORTHING
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ADUR AND WORTHING PARTNERSHIP SCHEMES C/F FROM 2023/24 AND PROPOSED ADUR AND WORTHING CAPITAL INVESTMENT PROGRAMMES 2024/25 - 2026/27