



ADUR & WORTHING  
COUNCILS

18 September 2024

<b>Joint Audit and Governance Committee</b>	
<b>Date:</b>	<b>26 September 2024</b>
<b>Time:</b>	<b>6.30 pm</b>
<b>Venue:</b>	<b>QEII Room, Shoreham-Centre, Shoreham-by-Sea</b>

**Committee Membership:**

**Adur District Council:** Councillors; Nigel Corston (Adur Vice-Chair), Caroline Fuhrmann, Adrienne Lowe, Andy McGregor, Carol O'Neal, Julian Shinn, Debs Stainforth (Adur Chair) and Neil Parkin

**Worthing Borough Council:** Councillors; Mike Barrett, Dom Ford (Worthing Vice-Chair), Dan Hermitage (Worthing Chairman), Margaret Howard, Daniel Humphreys, Nigel Morgan and Rosey Whorlow

Co-opted Independent Non Voting Members: Simon Norris-Jones, Lindsay Viljoen

## Agenda

### Part A

#### 1. Substitute Members

Any substitute members should declare their substitution.

#### 2. Declarations of Interest

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

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

### **3. Minutes**

To approve the minutes of the Joint Audit and Governance Committee meeting held on 11 July 2024, copies of which have been previously circulated.

### **4. Public Question Time**

So as to provide the best opportunity for the Committee to provide the public with the fullest answer, questions from the public should be submitted by 12.00 noon on Monday 23rd September 2024

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

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

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

### **5. Members Questions**

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

Members question time is 30 minutes and questions should be submitted no later than 12.00 noon on Monday 23rd September 2024.

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

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

### **6. Items Raised under Urgency Provisions**

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

### **7. Internal Audit Report (Pages 5 - 64)**

To consider a report by the internal auditors Mazars, copy attached as item 7

### **8. Risks and Opportunities Updates (Pages 65 - 84)**

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

### **9. Annual Review of Corporate Complaints and Customer Feedback Report 23/24 (Pages 85 - 100)**

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

**10. Housing Improvement Plan: September 2024 Progress Report** (Pages 101 - 112)

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

**11. Annual Treasury Management Report 2023-24 for Adur District Council and Worthing Borough Council** (Pages 113 - 138)

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

**12. Conferment of Honorary Aldermen** (Pages 139 - 146)

To consider a report by the Director for Sustainability and Resources copy attached as item 12

**13. Amendments to the Constitution** (Pages 147 - 154)

To consider a report by the Director for Sustainability and Resources copy attached as item 12

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

None.

**Recording of this meeting**

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

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Simon Filler Democratic Services Lead 01903 221439 simon.filler@adur-worthing.gov.uk	Joanne Lee Head of Legal Services and Monitoring Officer 01903 221134 <a href="mailto:joanne.lee@adur-worthing.gov.uk">joanne.lee@adur-worthing.gov.uk</a>

The agenda and reports are available on the Councils website, please visit [www.adur-worthing.gov.uk](http://www.adur-worthing.gov.uk)

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

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Adur & Worthing Councils  
**Internal Audit Progress Report**  
Joint Audit & Governance Committee – 23 September 2024

Date Issued: 17 September 2024

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Strictly private and confidential

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## Disclaimer

This report ("Report") was prepared by Forvis Mazars LLP at the request of the Adur District Council and Worthing Borough Council ("the Councils") and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of the Councils and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.




# 01. Snapshot of Internal Audit Activity 2023/24

Below is a snapshot of the final position of the delivery of the **2023/24 Internal Audit Plan (Plan)**.



■ In Planning ■ ToR Agreed ■ Fieldwork ■ Review ■ Draft Issued ■ Deferred ■ Final Issued



**JAGC decisions needed**

- Note the progress being reported and consider final reports included separately in the paper pack;
- Note the 2023/24 Annual Reports and Opinion (provided as separate papers).

**RAG status of delivery of plan to timetable**

**Complete**

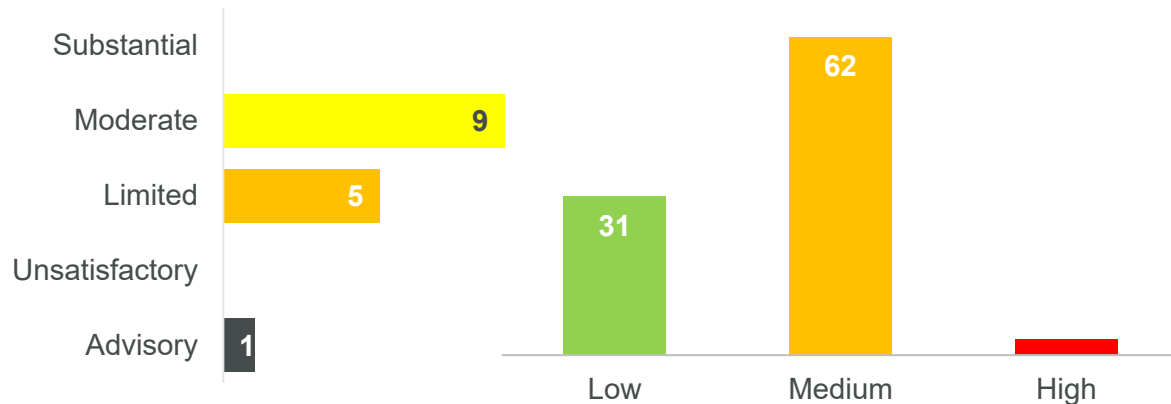
**Work Finalised**  
 Since the July 2024 Joint Audit & Governance Committee (JAGC) meeting, we have finalised the reports for our reviews of: **Member Expenses, Civica/Connect HR system, Follow up on Housing Recommendations, Accounts Receivable, and Key Financial Systems**. It should be noted that the latter two reports did not receive management responses, but were finalised following reminders and a final deadline of 11 September 2024.

A draft annual report for 2023/24 was provided to the July JAGC. Following finalisation of the above remaining audits, this has been reviewed and finalised for completed work. An updated paper is included separately in the papers.

**Other Matters**  
 We have held monthly (at minimum) catch-up meetings with the Assistant Director (Finance) in order to monitor progress and plan improvements / resolve concerns.

Assurance opinions to date

Audit recommendations to date





## 02 Overview of Internal Audit Plan 2023/24

The table below lists the final status of all reviews within the 2023/24 Plan.

Review	Days	Audit Sponsor	Status	Target Start	Assurance Level	Total	High	Medium	Low
Supply of Affordable Housing	12	Head of Housing	Final Report	Q1	Moderate	2	-	1	1
Planned Maintenance Programme	15	Senior Building Surveyor	Final Report	Q1	Moderate	7	-	3	4
Legal Services	12	Head of Legal Services	Final Report	Q2	Moderate	4	-	2	2
Disabled Facilities Grants	10	Head of Housing	Final Report	Q2	Limited	11	-	11	-
Safeguarding (Children and Adults)	12	Head of Wellbeing	Final Report	Q3	Limited	5	-	4	1
Discretionary Housing Payments (Cost of Living Response)	12	Revenue and Benefits Operations Manager	Final Report	Q3	Limited	7	-	2	5
Energy Supplier - Procurement & Contract Management	15	Strategic Procurement Manager	Final Report	Q1	Moderate	4	-	1	3
Health & Safety (Corporate Buildings)	15	Assistant Director (Finance)	Final Report	Q2	Moderate	4	-	3	1
Events - Processing and Management	12	Head of Place and Economy	Final Report	Q4	Moderate	3	-	-	3
Bereavement Services	15	Head of Wellbeing	Final Report	Q2	Limited	9	-	6	3
IT Policies (Advisory Review)	20	Head of Digital Strategy	Final Report	Q4	Advisory	-	-	-	-

\* Totals exclude days allocated to management of the Internal Audit plan.



## 02. Overview of Internal Audit Plan 2023/24 (Contd.)

The table below lists the final status of all reviews within the 2023/24 Plan.

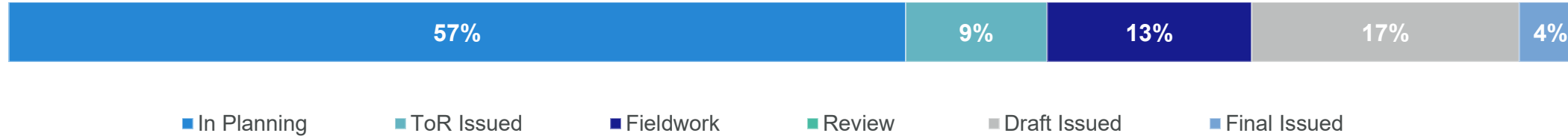
Review	Days	Audit Sponsor	Status	Target Start	Assurance Level	Total	High	Medium	Low
Workforce Planning	15	Head of HR	Final Report	Q3	Moderate	6	-	5	1
Invoicing of Housing Services - EATA	10**	Head of Housing	Deferred to 2024/25**	Q3	N/A	-	-	-	-
Key Financial Systems	40	Assistant Director (Finance)	Final Report	Q4	N/A – Effectiveness Testing only	14	2	11	1
Member Expenses	10	Head of Legal Services	Final Report	Q4	Moderate	6	-	2	4
Civica/Connect HR system	12	Head of HR	Final Report	Q3	Limited	9	1	6	2
Follow up on Housing Recommendations	15	Head of Housing	Final Report	Q4	N/A	-	-	-	-
Accounts Receivable	15	Assistant Director (Finance)	Final Report	Q3	Moderate	5	-	5	-
Carbon Reduction Programme	14**	Director- Operations & Sustainability	Deferred to 2024/25**	Q4	N/A	-	-	-	-
IT Audit Needs Assessment	15**	Head of Digital Strategy	Deferred to 2024/25**	Q3	N/A	-	-	-	-
<b>Totals*</b>	<b>257*</b>				<b>Totals</b>	<b>96</b>	<b>3</b>	<b>62</b>	<b>31</b>


\* Totals exclude days allocated to management of the Internal Audit plan.

\*\* Deferred audits excluded from total days

# 03 Snapshot of Internal Audit Activity 2024/25

Below is a snapshot of the current position of the delivery of the **2024/25 Internal Audit Plan (Plan)**.





**JAGC decisions needed**

- Note the progress being reported.

**RAG status of delivery of plan to timetable**

On Track

**Work Finalised and In Progress**  
 Since the July 2024 JAGC meeting, we have finalised the report for the **Land Charges** audit and completed fieldwork our audits of **Homelessness, Commercial Property Estate, FoI Requests and Savings Achievement, and Cash Office**.

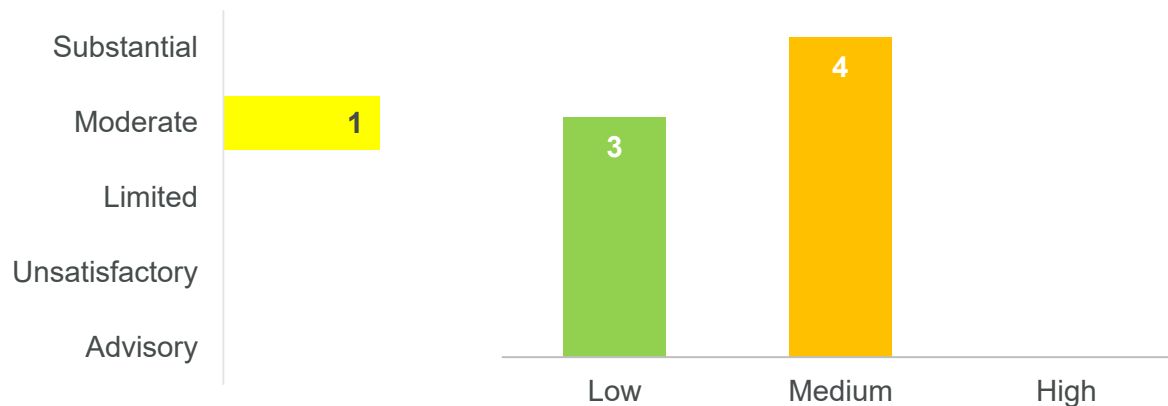
We have contacted sponsors/contacts for all audits on the Plan to commence planning and confirm fieldwork dates. Further details are set out within Section 4.

**Other Matters**  
 We have held monthly (at minimum) catch-up meetings with the Assistant Director (Finance) in order to monitor progress and plan improvements / resolve concerns. The most recent is scheduled 18 September 2024.

Within Section 05 we have provided an update over outstanding recommendations and our follow-up activity.

Assurance opinions to date

Audit recommendations to date



## 04. Overview of Internal Audit Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Plan.

Review	Days	Audit Sponsor	Status	Target Start	Start Date	Assurance Level	Total	High	Medium	Low
Improvement Plan Review	15	Director for Housing & Communities	Planning	Q4	29/01/25	-	-	-	-	-
Debt Management and Collection	20	Director for Housing & Communities	Planning	Q3	13/01/25	-	-	-	-	-
Homelessness	15	Assistant Director - Homelessness & Prevention	Fieldwork Complete	Q2	22/07/24	-	-	-	-	-
Corporate Complaints	15	Head of Resident Services	Planning	Q3	21/10/24	-	-	-	-	-
Land Charges	15	Head of Planning	Final Issued	Q1	28/05/24	Moderate	7	-	4	3
Commercial Property Estate	15	Assistant Director - Regenerative Development	Draft Issued	Q2	20/06/24	-	-	-	-	-
Building Control	15	Head of Planning	Planning	Q4	10/02/25	-	-	-	-	-
Invoicing of Housing services - EATA	10	Director for Housing and Communities	Planning	Q3	04/11/24	-	-	-	-	-
Emergency Planning	15	Director for Sustainability & Resources	Draft ToR issued	Q2	30/09/24	-	-	-	-	-
FoI Requests	15	Assistant Director - Legal & Democratic Services	Draft Issued	Q2	15/07/24	-	-	-	-	-
Key Financial Systems	40	Assistant Director - Finance	Planning	Q4	13/01/25	-	-	-	-	-
Cash Office	15	Assistant Director - Finance	Draft Issued	Q1	31/05/24	-	-	-	-	-

\* Totals exclude days allocated to management of the Internal Audit plan.

## 04. Overview of Internal Audit Plan 2024/25 (Contd.)

The table below lists the status of all reviews within the 2024/25 Plan.

Review	Days	Audit Sponsor	Status	Target Start	Start Date	Assurance Level	Total	High	Medium	Low
Savings Achievement	15	Assistant Director - Finance	Draft Issued	Q1	07/05/24	-	-	-	-	-
Electoral Services	15	Assistant Director - Legal & Democratic Services	Planning	Q3	28/10/24	-	-	-	-	-
Treasury Management	15	Assistant Director - Finance	Planning	Q3	25/11/24	-	-	-	-	-
Environmental Health - Licensing	20	Assistant Director - Operations and Sustainability	Planning	Q4	23/01/25	-	-	-	-	-
Carbon Reduction Programme	14	Director- Operations & Sustainability	Draft ToR issued	Q4	06/01/25	-	-	-	-	-
Capital Programme	15	Assistant Director - Finance	Planning	Q4	20/01/25	-	-	-	-	-
IT - Audit Needs Assessment *	15	Head of Technology and Design	Fieldwork	Q1	29/07/24	-	-	-	-	-
IT - Housing System - accuracy of data (Rent accounts) *	20	Director for Housing & Communities	Fieldwork	Q2	01/07/24	-	-	-	-	-
Project Assurance - Worthing Integrated Care Centre and Union Place Joint Venture)	20	Director for Place	Planning	Q3	07/10/24	-	-	-	-	-
NFI Testing	30	Assistant Director - Finance	Planning	Q4	TBC	-	-	-	-	-
Follow Ups	20	Assistant Director - Finance	Fieldwork	Ongoing	Ongoing	-	-	-	-	-
<b>Totals*</b>	<b>404*</b>					<b>Totals</b>	<b>7</b>	<b>-</b>	<b>4</b>	<b>3</b>



## 05. Follow-Up Activity

Following the request/agreed action at the JAGC in July 2024, we have summarised the current status of the Councils' outstanding Internal Audit actions, previous work to follow-up on these, and future activities. As part of our reports, we confirm implementation timescales for all agreed recommendations in consultation with the action owners, and routinely conduct Follow-Up review in order to assess progress made in implementing these – or revised implementation dates where needed. Internal Audit is not responsible for action implementation, with controls being the responsibility of relevant management, but conduct assurance activity to independently assess changes made against agreed responses.

During the 2023/24 year action tracking was to be managed through the Council's Audit App, with action owners to update the status of actions; and Internal Audit to then periodically review those reported as complete, gaining assurance that the steps taken to implement the recommendation would satisfactorily negate the risk identified. . This approach resulted in challenges with some actions not being updated for status by the recommendation owner, and others being closed off/removed from the tracker without alerting Internal Audit beforehand, before internal Audit has been able to provide independent verification/comment. Following discussion with the Assistant Director of Finance, we have now reverted to use of a tracker of all live actions, held by Internal Audit, as the basis for confirming action status and directing Follow-Up activity. Actions will not be marked as "Complete" on this tracker without evidence of completion being provided by the recommendation owner and verified by Internal Audit.

Follow-Up activity in the 2023/24 year continued, principally through:

- A review of 107 recommendations in February 2024, as a result of which we found that 86 were Not Implemented (three of which subsequently revised their implementation date into 2025), 20 were found to have been Implemented, and one was Superseded; and
- A review of 32 Housing recommendations April-July 2024, as a result of which we found that eight could be closed (six Implemented, two Superseded) and 24 had not been implemented. Management responses were provided for the 24 not implemented to set out reasons, as well as revised target timescales.

In the 2024/25 plan to-date, we have been engaging with action owners in order to secure updates over latest status in managements view, and to complete Follow-Up review for those actions indicated as being complete. Upon receipt of further responses, we will be conducting further rolling review of recommendations reported complete over the year.

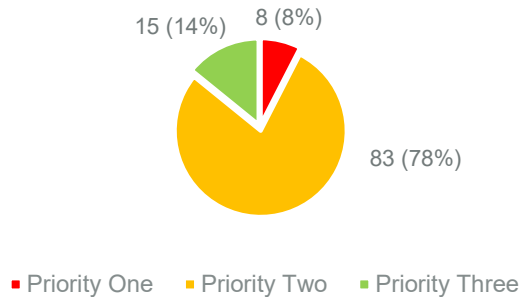
As of September 2024, there are 109 outstanding actions from reports which are awaiting Follow-Up. N.B. This number is subject to rolling changes as new reports are finalised and verified actions are removed from the tracker. Of the 109 in total, 106 have now passed their due date. Further details are provided on the following page.



## 05. Follow-Up Activity, continued

As of September 2024, there are 106 outstanding actions from reports which are awaiting Follow-Up. We have provided key details of these for the JAGC’s reference as below:

Overdue Recommendations

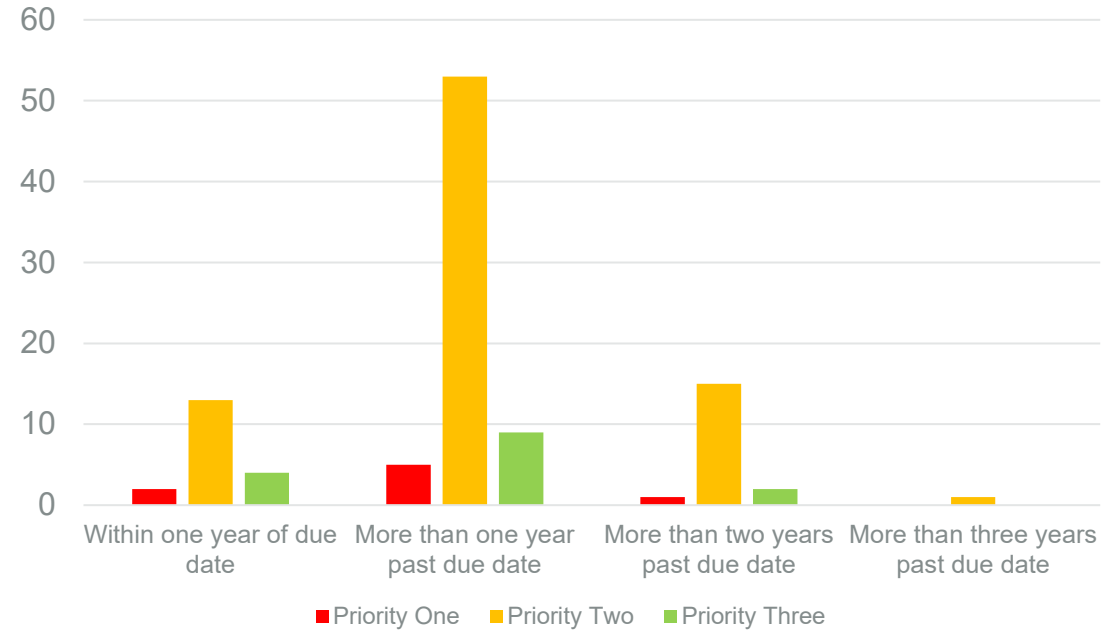


Of the overdue recommendations, 87 (82%) were due for completion in 2023 or earlier.

The oldest recommendation with outstanding actions is from 2018/19 (Bereavement Services – Priority 2).

With agreement from the Assistant Director of Finance, Internal Audit conducted a cleanse of the tracker by accepting emailed confirmation of status for all recommendations from 2016/17 to 2020/21, and Priority 3 recommendations. 22 recommendations were marked as completed, and four were marked as superseded/no longer relevant.

Breakdown of Audit Recommendations now Due/Overdue



# Contact

## Forvis Mazars

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robert.grant@mazars.co.uk

### Statement of Responsibility

We take responsibility to Adur District Council and Worthing Borough Council (the Councils) for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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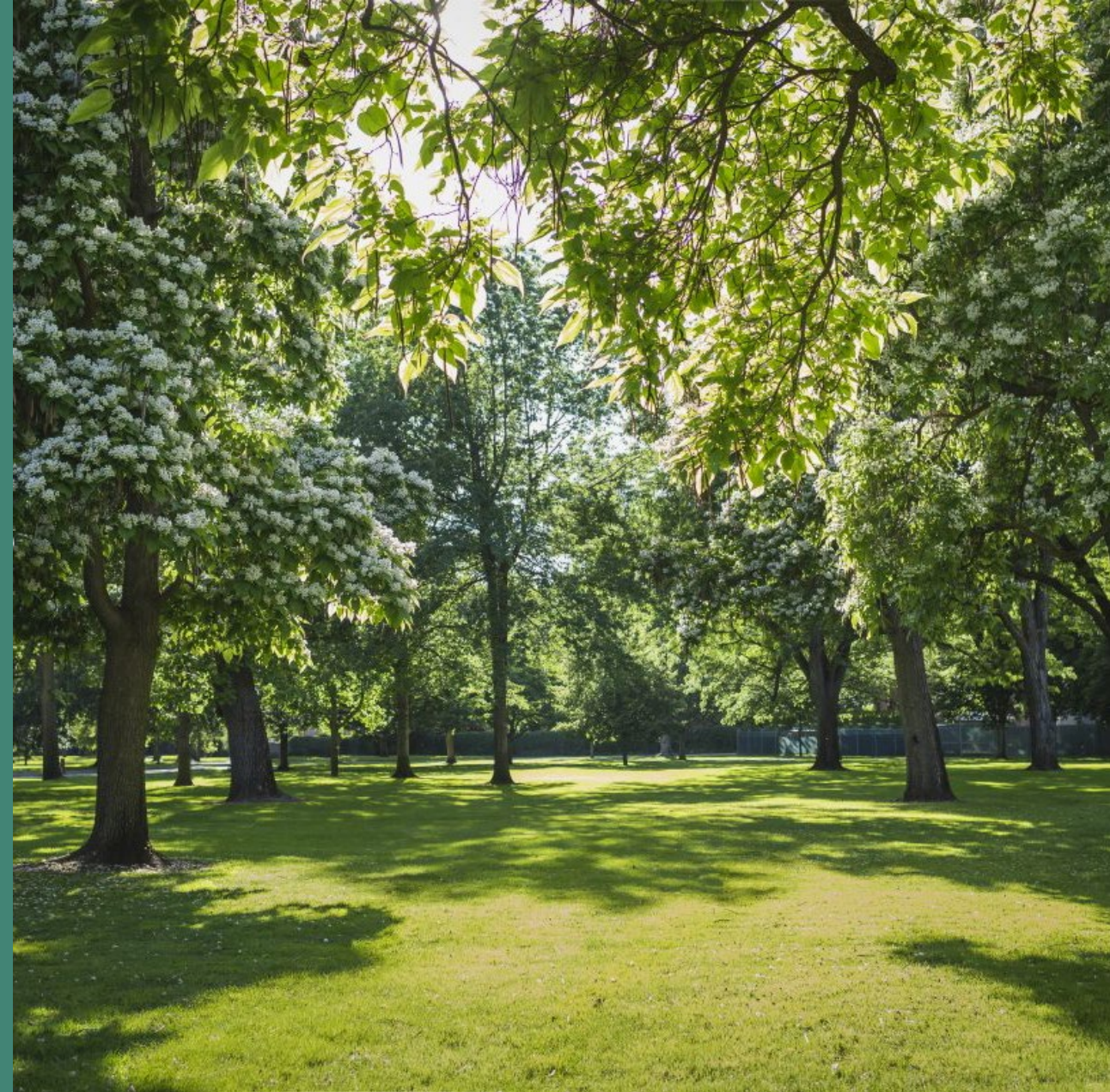
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Adur District Council

# Internal Audit Annual Report 2023/24 - Final

Prepared by: Forvis Mazars LLP

Date: 17 September 2024





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Introduction

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Internal Audit Opinion

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Internal Audit Work 2023/24

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Benchmarking

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Performance of Internal Audit

## Disclaimer

This report ("Report") was prepared by Forvis Mazars LLP at the request of Adur District Council and Worthing Borough Council (the Councils) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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## Appendices

A1 Implementation of Recommendations

A2 Definitions of Assurance

# 01 Introduction

## Background

This Annual Report covers the internal audit work we have undertaken in delivery of the 2023/24 Plan for Adur District Council and Worthing Borough Council (the Councils) and incorporates our internal audit opinion. Our work to the Council is delivered as part of a joint arrangement with both Councils, contracted through the APEX Framework with the London Borough of Croydon.

This annual report reflects our Assurance Opinion to Adur District Council based on the joint plan delivered and including consideration of specific applicable findings to individual Councils.

## Scope and purpose of internal audit

The purpose of internal audit is to provide the Councils, through the Joint Audit and Governance Committee (JAGC) and the Assistant Director of Finance (AD Finance), with an independent and objective opinion on risk management, control and governance and their effectiveness. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance, and control.

This annual report forms part of the framework of assurances received by the Councils. It should be used to help inform the Annual Governance Statement within the Financial Statements. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

Our work is conducted in accordance with PSIAS which includes the Core Principles for the Professional Practice of Internal Auditing and Code of Ethics and GovS 009. In conducting our work we also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life ('Nolan principles').

The report summarises the internal audit activity and, therefore, does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to the JAGC during the course of the year.

## Performance against the Internal Audit Plan

Our 2023/24 Internal Audit Plan for the joint Internal Audit service was considered and approved by the JAGC at its' meeting on 23 March 2023. The Plan was for 406 days, including 35 days for IT audits, 44 days for Programme/Project and Contract audits, 30 days for NFI audits, 20 days for Follow Up, and 60 management days. There were 26 joint audits in the Plan. Audits comprised a mixture of key financial systems, service-specific (operational and financial), corporate-wide, and IT reviews.

During the year changes were made to the Plan resulting three audits being deferred to the 2024/25 Plan: Carbon Reduction Programme, IT Needs Assessment Audit, and Invoicing of Housing Services – EATA. These changes were discussed with the Assistant Director of Finance and communicated to JAGC and agreed in-year.

Of the remaining audits in the Plan, all have now been finalised. In two cases (Accounts Receivable and Key Financial Systems) we did not receive management responses, and therefore finalised the reports on this basis following reminders and final response deadline.

It should also be noted five audits remained outstanding following presentation of the previous Annual Report for 2022/23. All five of those audits (Markets, Governance of Property Disposals, Risk Management, Adur Leisure Contracts, and Fire Doors Contract Management) have since been finalised and as such the assurances incorporated within this Annual Report.

## Acknowledgements

We are grateful to the AD Finance, Directors, and other staff throughout the Councils as well as the JAGC for the assistance provided during the year.

# 08 Internal Audit Opinion

## Scope of Opinion

In giving our annual opinion, it should be noted that assurance can never be absolute. The Internal Audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance, and control processes.

The matters raised in this report are only those that came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The results of all internal audits undertaken in the 2023/24 Plan;
- The results of follow up action in respect of previous internal audits;
- Whether or not any High or Medium recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports to the JAGC;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the entire internal audit needs of the organisation; and
- What proportion of the organisation's internal audit needs have been covered to date.

Further detail on the definitions of our opinions raised in our reports can be found in Appendix A2.

## Arriving at our opinion

In the remainder of this report, we set out our opinion (Section 02) and then summarise the work we have completed to support this opinion (Sections 03 and 04), including in relation to following up completed actions (Appendix A1). This also includes a benchmarking section to compare the extent of our work and findings of our internal audit assurance work at the Council over the last five years (Section 05).

A performance section has also been included to confirm that we meet key requirements to enable us to provide an opinion to the Councils, such as our compliance with professional standards (Section 06).

## Our opinion

Based on the audit work performed, we consider the control framework operated within the Council to be **Limited** in its overall adequacy and effectiveness. The previous HIA Report for 2022/23 included five audits that were in progress. We have considered these to form our opinion for 2023/24.

Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

In reaching this opinion the following factors were also into consideration:

### Remote Working

The audit plan was delivered in a hybrid manner, with some fieldwork completed remotely, with walkthroughs and client interviews held virtually and all evidence being requested and provided digitally. The need/preference for on-site work was considered as part of each audit's scoping.

The annual internal audit opinion reflects the Plan agreed and is not limited in scope, to the extent that the assurance provided by internal audit can only ever be reasonable, not absolute.

### Follow Up

We follow up on all recommendations to ensure management have addressed and implemented appropriate actions to address those recommendations. Follow-up review in-year included a follow up of 107 recommendations, due to have been implemented as of February 2024. 86 recommendations were assessed as Not Implemented/In progress (eight P1 and 76 P2). Further details have been listed in Appendix 1.

We also conducted a specific follow up review to assess progress made in implementing agreed internal audit recommendations within the Housing team. In this Follow Up we considered the status of 32 recommendations. 24 recommendations were considered to be overdue (six P1 and 17 P2), six were implemented and two were superseded.

## 03 Internal Audit Work 2023/24

The audit findings in respect of each review, together with our recommendations for action and the management responses are set out in our detailed reports.

In accordance with the approach set out within the Councils' Plan, we have completed 18 in-depth audit reviews, covering a number of important control systems, processes and risks, one advisory review and one follow up review relating to the implementation of recommendations. The results of this work are summarised below:

Audit area	Assurance level	Recommendations				Accepted	Not Accepted
		P1	P2	P3	Total		
Events - Processing and Management	Moderate	-	-	3	3	3	-
Safeguarding (Children and Adults)	Limited	-	4	1	5	5	-
Invoicing of Housing services - Disabled Facilities Grants	Limited	-	11	-	11	11	-
Legal Services	Moderate	-	2	2	4	4	-
Discretionary Housing Payments	Limited	-	2	5	7	7	-
Planned Maintenance Programme Corporate Offices	Moderate	-	3	4	7	7	-
Corporate Health and Safety	Moderate	-	3	1	4	4	-
Bereavement Services	Limited	-	6	3	9	9	-
IT Policies (Advisory Review)	N/A	-	-	-	-	-	-
Markets*	Moderate	-	3	2	5	5	-
Governance of Property Disposals*	Moderate	-	2	2	4	4	-
Risk Management*	Moderate	-	3	-	3	3	-
Fire Doors Contract Management*	Limited	2	0	4	6	6	-

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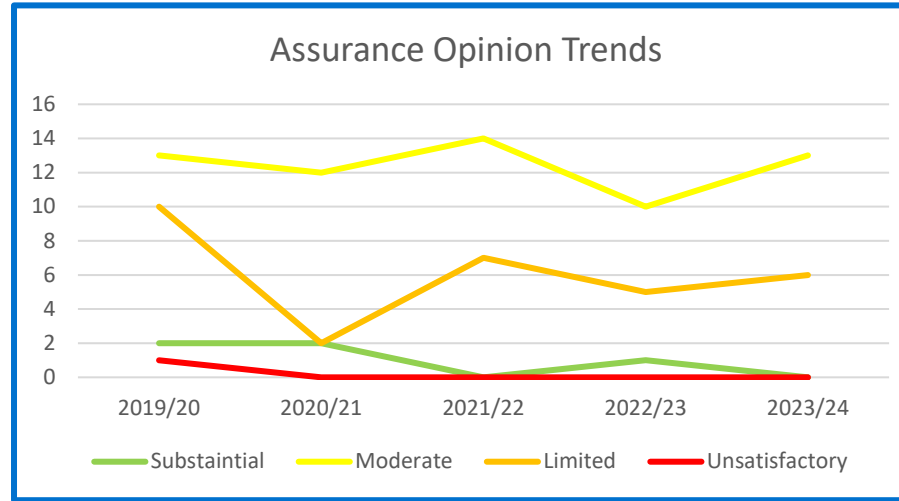
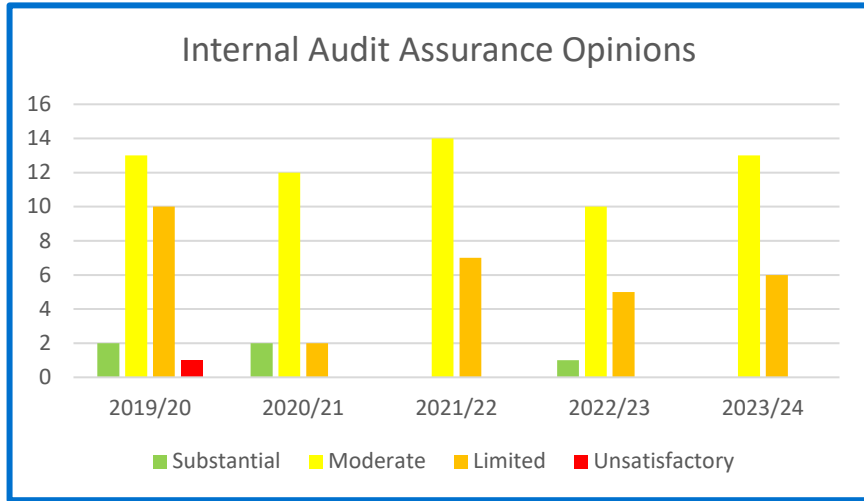
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<b>Total</b>		<b>5</b>	<b>69</b>	<b>43</b>	<b>117</b>	<b>95</b>	<b>3</b>

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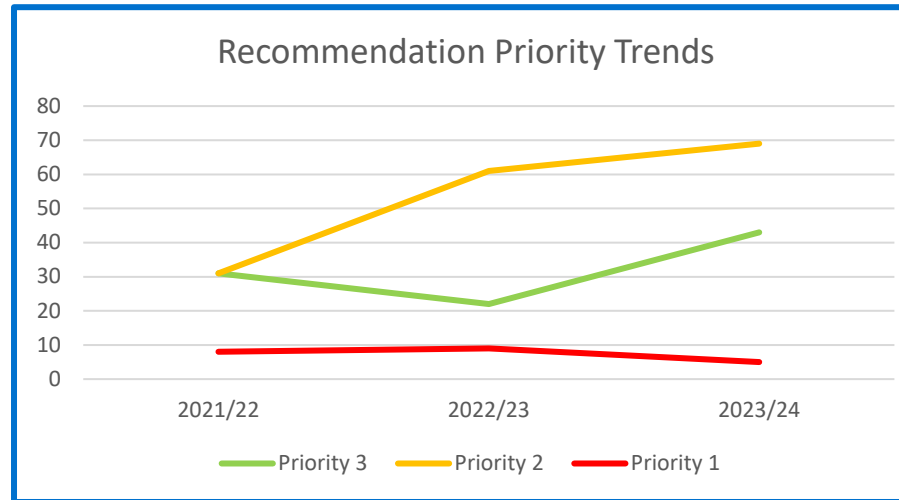
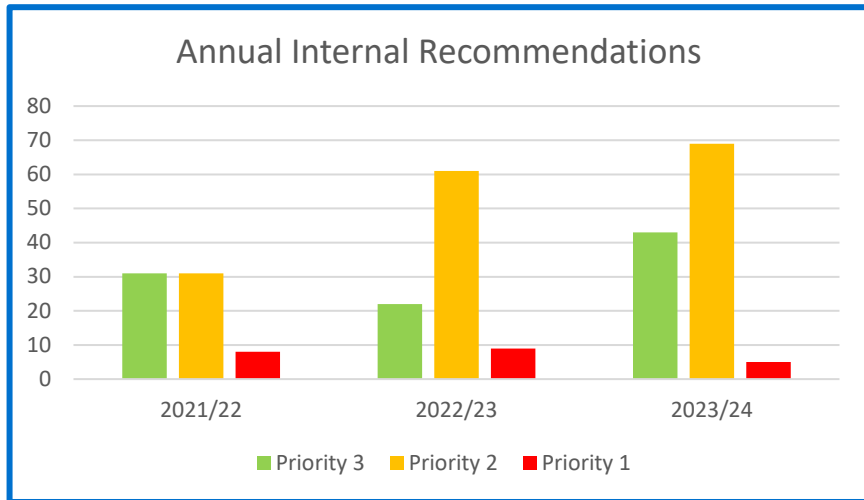
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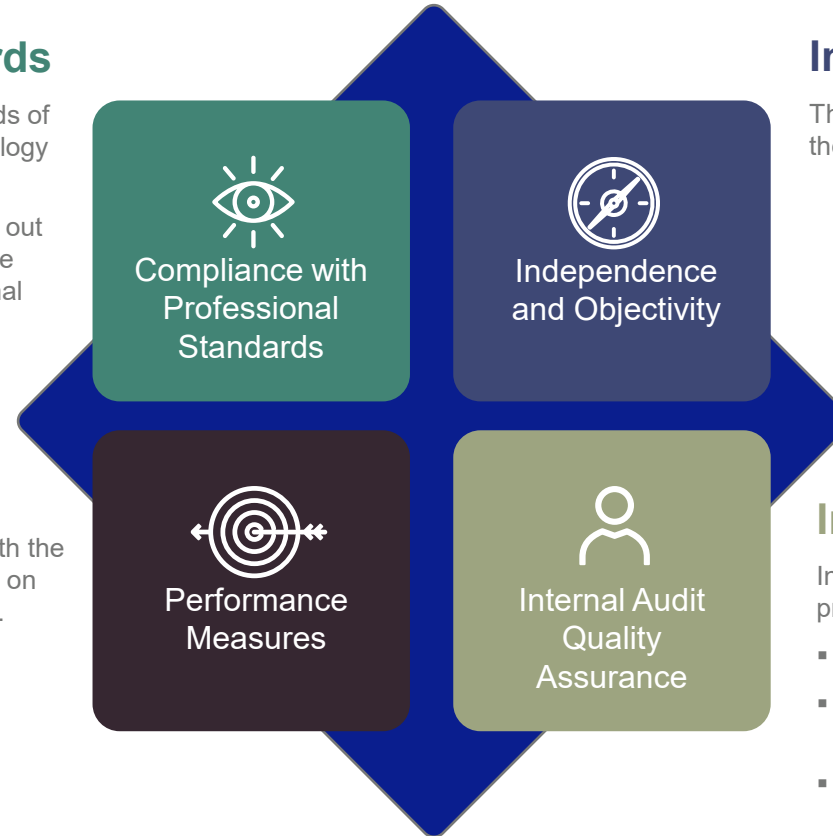
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# Appendices

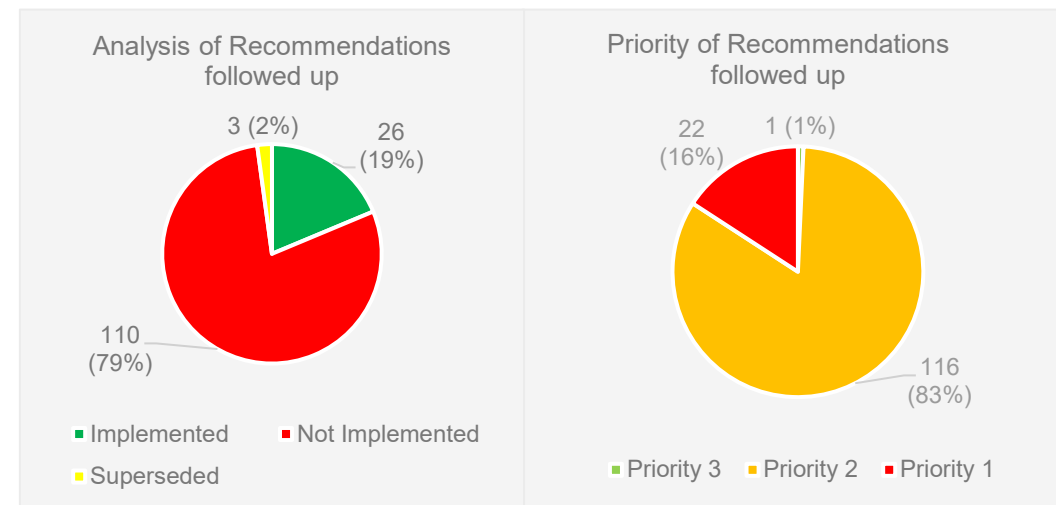
A1 Implementation of Recommendations

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## **Rob Grant**

Assistant Manager, Forvis Mazars

[Robert.grant@mazars.co.uk](mailto:Robert.grant@mazars.co.uk)

We take responsibility to Adur District Council and Worthing Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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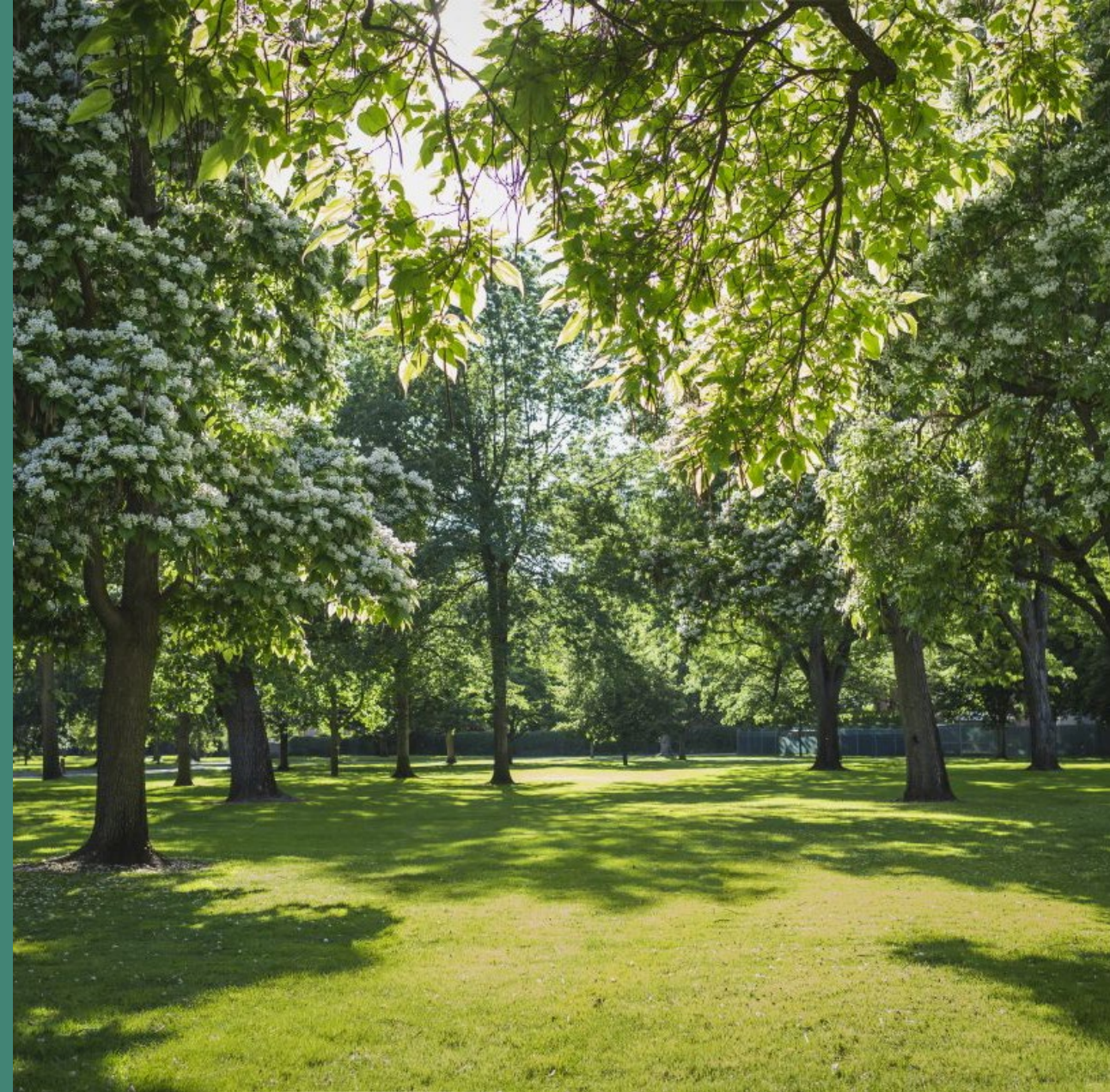


Worthing Borough Council

# Internal Audit Annual Report 2023/24 - Final

Prepared by: Forvis Mazars LLP

Date: 17 September 2024





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## Disclaimer

This report ("Report") was prepared by Forvis Mazars LLP at the request of Adur District Council and Worthing Borough Council (the Councils) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of the Councils and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.

## Appendices

A1 Implementation of Recommendations

A2 Definitions of Assurance

# 01 Introduction

## Background

This Annual Report covers the internal audit work we have undertaken in delivery of the 2023/24 Plan for Adur District Council and Worthing Borough Council (the Councils) and incorporates our internal audit opinion. Our work to the Council is delivered as part of a joint arrangement with both Councils, contracted through the APEX Framework with the London Borough of Croydon.

This annual report reflects our Assurance Opinion to Worthing Borough Council based on the joint plan delivered and including consideration of specific applicable findings to individual Councils.

## Scope and purpose of internal audit

The purpose of internal audit is to provide the Councils, through the Joint Audit and Governance Committee (JAGC) and the Assistant Director of Finance (AD Finance), with an independent and objective opinion on risk management, control and governance and their effectiveness. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance, and control.

This annual report forms part of the framework of assurances received by the Councils. It should be used to help inform the Annual Governance Statement within the Financial Statements. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

Our work is conducted in accordance with PSIAS which includes the Core Principles for the Professional Practice of Internal Auditing and Code of Ethics and GovS 009. In conducting our work we also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life ('Nolan principles').

The report summarises the internal audit activity and, therefore, does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to the JAGC during the course of the year.

## Performance against the Internal Audit Plan

Our 2023/24 Internal Audit Plan for the joint Internal Audit service was considered and approved by the JAGC at its' meeting on 23 March 2023. The Plan was for 406 days, including 35 days for IT audits, 44 days for Programme/Project and Contract audits, 30 days for NFI audits, 20 days for Follow Up, and 60 management days. There were 26 joint audits in the Plan. Audits comprised a mixture of key financial systems, service-specific (operational and financial), corporate-wide, and IT reviews.

During the year changes were made to the Plan resulting three audits being deferred to the 2024/25 Plan: Carbon Reduction Programme, IT Needs Assessment Audit, and Invoicing of Housing Services – EATA. These changes were discussed with the Assistant Director of Finance and communicated to JAGC and agreed in-year.

Of the remaining audits in the Plan, all have now been finalised. In two cases (Accounts Receivable and Key Financial Systems) we did not receive management responses, and therefore finalised the reports on this basis following reminders and final response deadline.

It should also be noted five audits remained outstanding following presentation of the previous Annual Report for 2022/23. All five of those audits (Markets, Governance of Property Disposals, Risk Management, Adur Leisure Contracts, and Fire Doors Contract Management) have since been finalised and as such the assurances incorporated within this Annual Report.

## Acknowledgements

We are grateful to the AD Finance, Directors, and other staff throughout the Councils as well as the JAGC for the assistance provided during the year.

# 03 Internal Audit Opinion

## Scope of Opinion

In giving our annual opinion, it should be noted that assurance can never be absolute. The Internal Audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance, and control processes.

The matters raised in this report are only those that came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The results of all internal audits undertaken in the 2023/24 Plan;
- The results of follow up action in respect of previous internal audits;
- Whether or not any High or Medium recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports to the JAGC;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the entire internal audit needs of the organisation; and
- What proportion of the organisation's internal audit needs have been covered to date.

Further detail on the definitions of our opinions raised in our reports can be found in Appendix A2.

## Arriving at our opinion

In the remainder of this report, we set out our opinion (Section 02) and then summarise the work we have completed to support this opinion (Sections 03 and 04), including in relation to following up completed actions (Appendix A1). This also includes a benchmarking section to compare the extent of our work and findings of our internal audit assurance work at the Council over the last five years (Section 05).

A performance section has also been included to confirm that we meet key requirements to enable us to provide an opinion to the Councils, such as our compliance with professional standards (Section 06).

## Our opinion

Based on the audit work performed, we consider the control framework operated within the Council to be **Limited** in its overall adequacy and effectiveness. The previous HIA Report for 2022/23 included five audits that were in progress. We have considered these to form our opinion for 2023/24.

Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

In reaching this opinion the following factors were also into consideration:

### Remote Working

The audit plan was delivered in a hybrid manner, with some fieldwork completed remotely, with walkthroughs and client interviews held virtually and all evidence being requested and provided digitally. The need/preference for on-site work was considered as part of each audit's scoping.

The annual internal audit opinion reflects the Plan agreed and is not limited in scope, to the extent that the assurance provided by internal audit can only ever be reasonable, not absolute.

### Follow Up

We follow up on all recommendations to ensure management have addressed and implemented appropriate actions to address those recommendations. Follow-up review in-year included a follow up of 107 recommendations, due to have been implemented as of February 2024. 86 recommendations were assessed as Not Implemented/In progress (eight P1 and 76 P2). Further details have been listed in Appendix 1.

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The audit findings in respect of each review, together with our recommendations for action and the management responses are set out in our detailed reports.

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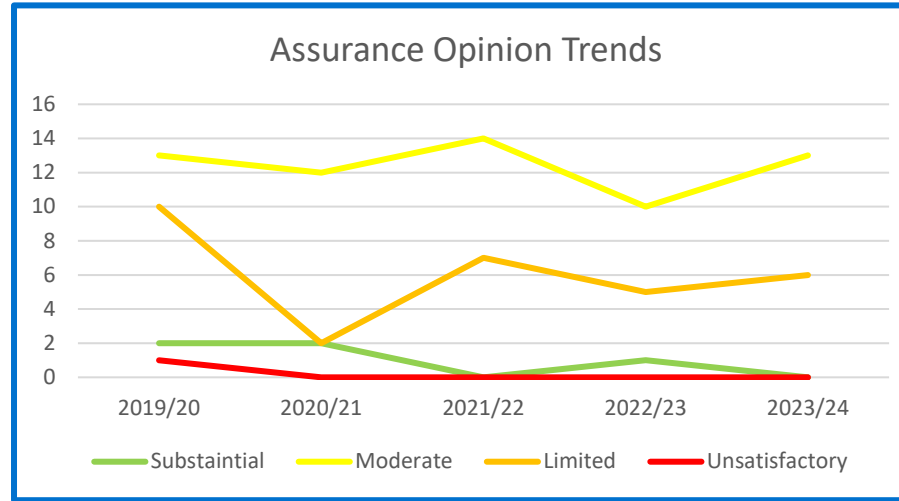
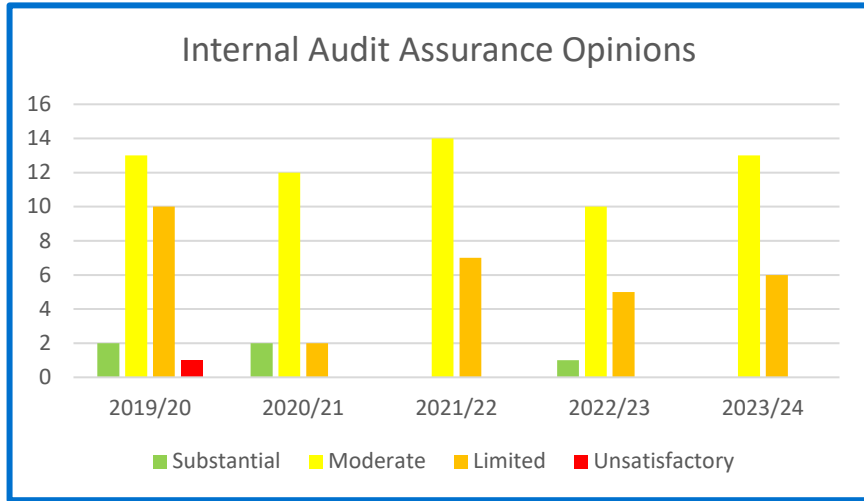
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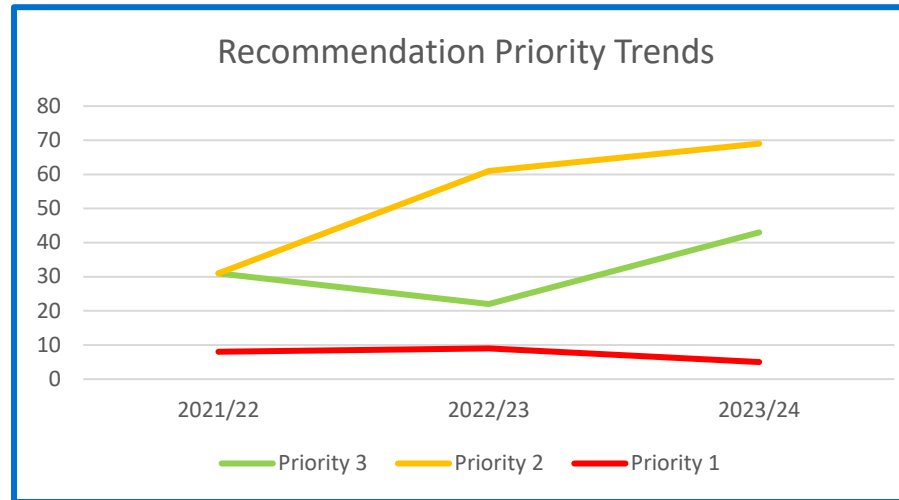
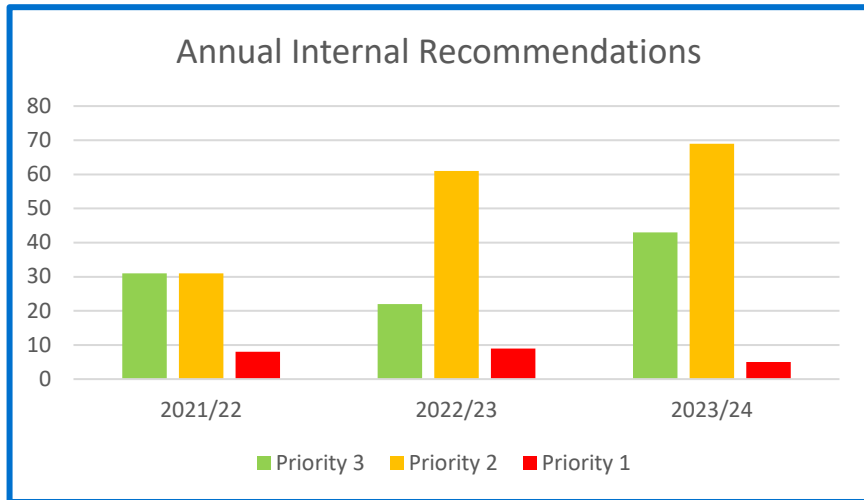
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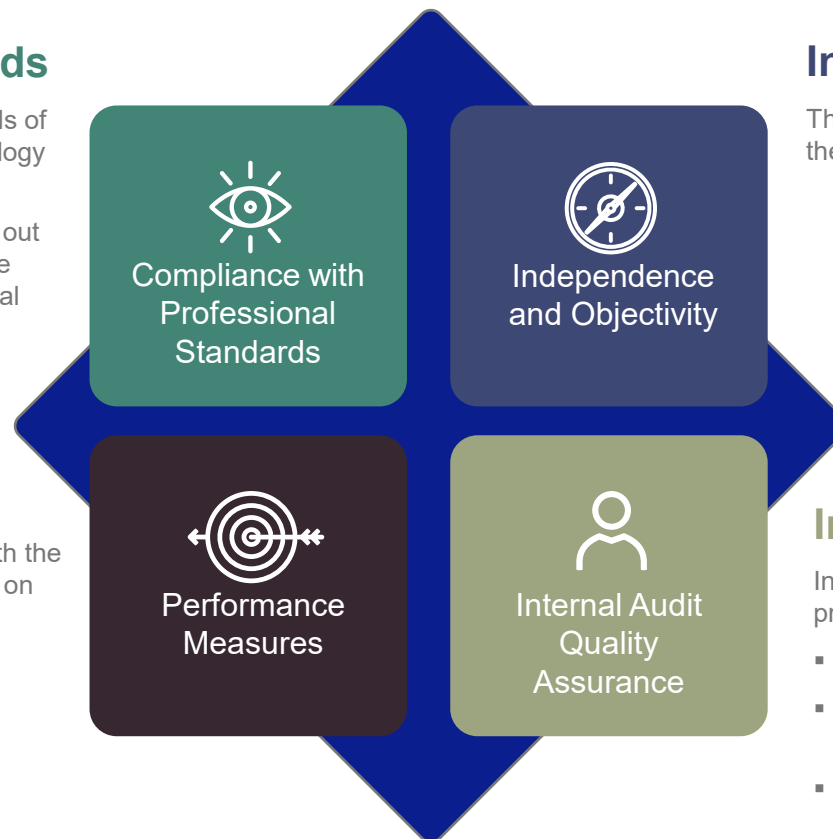
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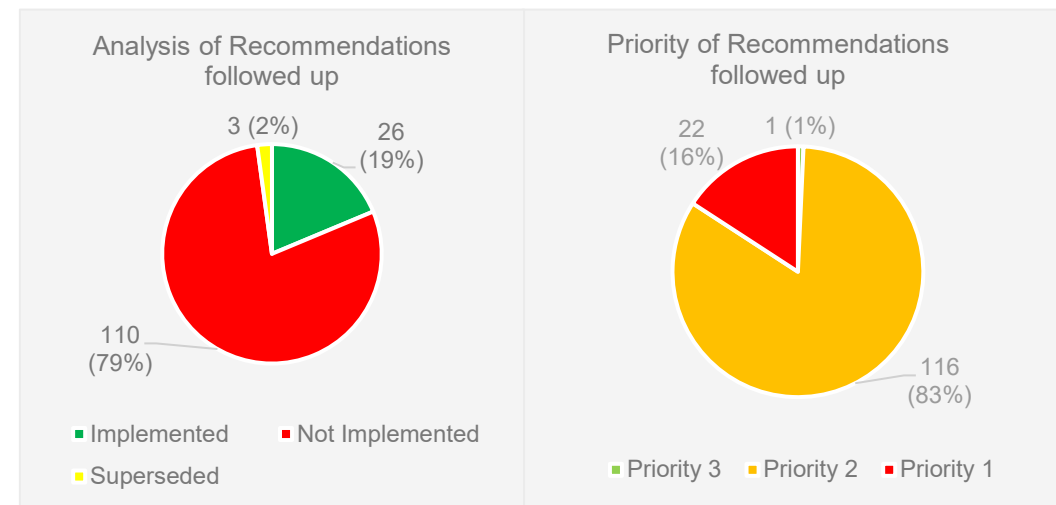
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We take responsibility to Adur District Council and Worthing Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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## Adur and Worthing Borough Councils: Internal Audit Final Report Housing Recommendations Follow Up (2023/24)

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### August 2024 Reporting Timetable

Last information received: 30/05/24

Draft Report Issued: 01/07/24

Comments Received: 19/07/24; 06/08/24; 30/08/24

Final Report Issued: 30/08/24



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### Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of Adur and Worthing Borough Councils (the Councils) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of the Councils and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

## 01 Introduction

As part of the Councils' Internal Audit Plan for 2023/24, we have conducted a follow up review to assess progress made in implementing agreed internal audit recommendations within the Housing team.

Following challenges within the Councils' Housing team and the self-referral by Adur Homes to the Regulator of Social Housing (RSH) in February 2023, our standard follow-up activity over past audit recommendations made in relation to Housing were paused at the request of the Councils and as agreed with the Audit Committee to allow further time to focus on known challenges and key activities. A dedicated review of Housing-related recommendations was included for quarter four of our 2023/24 plan in order to resume monitoring of action progression/implementation in these areas.

The audit fieldwork was originally scheduled for February before being moved to April 2024 due to unavailability of the original auditor. Fieldwork was due to commence 15 April 2024, with testing to be completed by 23 April 2024. Following initial delays in availability of key contacts, and notification that they would not be able to provide the resource to confirm the implementation status of recommendations provided or provide supporting documentation requested to verify implementation, we extended our fieldwork window to run into May. Internal Audit requested that confirmation of the recommendation status should be provided by 1 May 2024, with supporting documentation by the 10 May 2024. While the Council provided a partial response to our initial document request, Internal Audit were unable to verify the implementation status of the recommendations under review. A final deadline for receipt of information was set at for 29 May 2024. Following this, we have drafted a report on the basis of information provided by that date. Where no, or limited, information was received by the time of our extended deadline, recommendations have therefore been reported as "Overdue" by default.

Recommendations within the scope of this review arose from the following reports:

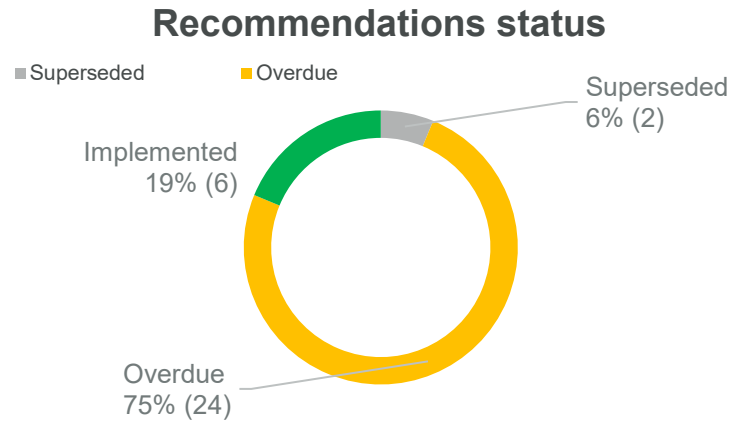
- Rent Collection and Collection of Arrears (2017/18)
- Leaseholder Charges (2017/18)
- Gas Safety (2017/18)
- Housing Repairs (Matsoft Processes) (2018/19)
- Rent In Advance/Rent Deposit Scheme (2019/20)
- Regulatory Compliance – Housing (2019/20)
- Contract Management and Procurement – Housing (2019/20)
- Rent Collection and Recovery of Arrears (2020/21)
- Leaseholder Charges (2020/21)
- Tenancy Management (2020/21)

Further details of our approach are included in **Appendix A1**.

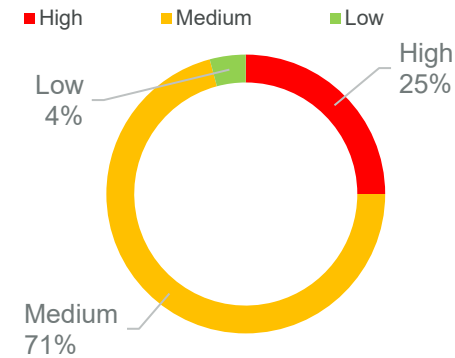
## 02 Summary of findings

At the time of the Follow Up review there were a total of 32 open actions in the Housing team. Using our priority rating, eight were 'High', 23 were 'Medium' priority and one 'Low' priority. Of the 32 open actions, based on available evidence/updates Internal Audit have assigned an implementation status to each recommendation with Internal Audit verifying six as implemented and a further two closed ("Superseded"). In some cases, Internal Audit were unable to provide assurance or verify the implementation status as the Councils did not provide an update or required documentation during the fieldwork period. Fieldwork was extended in order to provide greater chance of receiving information to close actions.

The assessed status of recommendations is shown below. A table showing the results of the implementation of recommendation by report is provided over the page.



### Priority of overdue recommendations



Further details of the four actions considered as ‘Overdue’ are included in **Section 02** of the report.

Year	Audit report	Actions Reviewed	Implemented			Overdue			Superseded			Not Yet Due	Total
			High	Medium	Low	High	Medium	Low	High	Medium	Low		
2017/18	Rent Collection and Collection of Arrears	1	-	-	-	-	-	1	-	-	-	-	1
	Leaseholder Charges	5	1	1	-	2	1	-	-	-	-	-	5
	Gas Safety	2	-	-	-	-	1	-	-	1	-	-	2
2018/19	Housing Repairs (Matsoft Processes)	6	1	2	-	-	3	-	-	-	-	-	6
2019/20	Rent In Advance/Rent Deposit Scheme	4	-	-	-	1	2	-	-	1	-	-	4
	Regulatory Compliance – Housing	7	-	1	-	2	4	-	-	-	-	-	7
	Contract Management and Procurement – Housing	1	-	-	-	1	-	-	-	-	-	-	1
2020/21	Rent Collection and Recovery of Arrears	1	-	-	-	-	1	-	-	-	-	-	1
	Leaseholder Charges	2	-	-	-	-	2	-	-	-	-	-	2
	Tenancy Management	3	-	-	-	-	3	-	-	-	-	-	3
<b>Total</b>		<b>32</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>6</b>	<b>17</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>32</b>
			<b>6 (19%)</b>			<b>24 (75%)</b>			<b>2 (6%)</b>				

## 03 Management Actions Overdue

Details of the management actions overdue are included below. Definitions of our recommendation gradings are included in **Appendix A1**.

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p><b>Rent Collection and Collection of Arrears (2017/18)</b></p> <p>An alternative solution to the regular payment of housing benefit into the Rent's suspense account for Worthing Emergency Housing before it is allocated out by the Cashiers, should be established.</p> <p><b>Risk:</b> Where the suspense account is continuously used in this way, there is the risk that the amounts may not be correctly re-allocated into the appropriate accounts, leading to potential financial loss for the Council.</p>	Low	<p><b>Overdue - Partially Implemented.</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy Lead that "This is still ongoing as a work around as the Orchard system is only set for Adur and cannot take the benefits payments for Worthing in the same way".</p> <p>We were unable to verify when and if resolution to this issue was expected.</p>	<p>We confirm that this is an ongoing area of work. The Orchard system currently is only set for Adur and cannot take the benefits payments for Worthing in the same way.</p> <p>Updated timeframe for completion in March 2025 once new Systems and Applications Team Leader confirmed in post and they undertake this work.</p> <p>Updated Timeframe: March 2025</p>
<p><b>Leaseholder Charges (2017/18)</b></p> <p>The Council should document a Leasehold Management Policy, which outlines the legislative framework (and timescales) within which it is required to operate for the various leasehold functions and services that it provides. The policy should:</p> <ul style="list-style-type: none"> <li>· Outline any local policy decisions in respect of the management of leaseholders, recovery of charges etc. and detail how these requirements will be achieved;</li> <li>· Clearly state how the Council will deal with major repair costs, including outlining the statutory processes that have to be completed and the timescales to ensure the recovery of costs (e.g. invoice or issue S20B notice within 18 months of cost being incurred; and</li> <li>· State at what level the cost of repairs will be pursued (e.g. minor costs above the £250 legislative rate may not be cost effective for the Council to pursue where there are only a few leaseholders, but if there were several</li> </ul>	High	<p><b>Overdue - Partially Implemented.</b></p> <p>Internal Audit confirmed that a Leasehold Service Charge Income Collection Policy was presented to the Joint Strategic Sub Committee Meeting in June 2023.</p> <p>Examination of the policy confirmed that while this did include expected controls for the management of leasehold charges and recovery actions, this did not provide an overview of the following:</p> <ul style="list-style-type: none"> <li>- Management of Leaseholds;</li> <li>- Controls relating to major repairs, nor the statutory processes to be followed; and</li> <li>- The threshold of repair costs which will be pursued by the Council.</li> </ul>	<p>Gaps identified are addressed through the Leasehold Management Policy <a href="#">Leasehold Management Policy 2020-2025.pdf</a></p> <p>Leasehold Major Works charges are covered in our <a href="#">Payment Policy for Leasehold Major Works Charges v1.pdf</a></p> <p>Minutes from the meeting where the Leaseholder Management Policy were agreed are as follows: the <a href="#">23rd March 2023 Joint Audit and Governance Meeting</a> and extended at the <a href="#">Joint Strategic Subcommittee for Adur on the 24th March 2024</a>.</p> <p>There are 3 Leasehold Policies:</p> <p>1) Leasehold Management Policy</p>



Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p>then the costs and effort would be worth it). Once documented, the Policy should be approved by the relevant senior management, member and committee</p> <p><b>Risk:</b> Where an up to date documented and approved policy does not exist, there is a risk that the Council's objectives and/or responsibilities are not known and may not therefore be achieved.</p>		<p>Internal Audit were also provided with a Leasehold Management Policy (2020-2025). Examination of the policy confirmed that this identified it had been reviewed in March 2024, however no meeting minutes were provided to confirm ratification.</p> <p>Further examination of the policy confirmed that while this outlined the policy's principles, and the Council's principles to the management of leaseholds held, this did not outline the following:</p> <ul style="list-style-type: none"> <li>- Controls for the management of leaseholds held by the Council;</li> <li>- Controls relating to major repairs nor the statutory processes to be followed; or</li> <li>- Threshold of repair costs which will be pursued by the Council.</li> </ul>	<p>2) Payment Policy for LH Major Works Charges</p> <p>3) Leasehold Service Charge Income Collection Policy</p> <p>Reference to the Major repairs process is referenced within this document.</p> <p>Major Works Policy amendments Required:</p> <ol style="list-style-type: none"> <li>1. Threshold for repair costs which will be pursued</li> <li>2. S20B reference to policy</li> </ol> <p>Updated timeframe for completion: 30th November 2024</p>
<p><b>Leaseholder Charges (2017/18)</b></p> <p>Once the Council's policy re leasehold management has been agreed, and procedures have been reviewed and updated, training should be provided to all relevant staff on how processes should be undertaken, particularly in relation to major works.</p> <p>Evidence should be retained to support training provided, to whom and when.</p> <p><b>Risk:</b> Where staff are not provided with training, there is an increased risk that they do not undertake processes correctly</p>	Medium	<p><b>Overdue - Unable to Verify</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that the recommendation was implemented at the time of the follow up (May 2024). However, we were not provided with documentation to validate the recommendation status.</p>	<p>Informal training has been provided to staff. However, formal training will be undertaken on 10th December 24. Evidence to support this will be a training booklet and certificate.</p> <p>Updated timeframe for completion: 31st December 2024.</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p>or consistently lead to errors or omissions which may result in financial loss to the Council.</p>			
<p><b>Leaseholder Charges (2017/18)</b></p> <p>Once the Major Works Payment Policy has been decided the Council should review how implementing payment loans/arrangements will for major works will be achieved. An agreed process, which reflects policy requirements should be effected to ensure that any future loans/arrangements are correctly actioned. Legal Services and Finance should be involved in any discussions to ensure that all legal and financial requirements are met. The agreed process should be formalised in a documented procedure which details the forms that need to be completed, by whom and when and how supporting information/documentation should be retained.</p> <p><b>Risk:</b> Where a defined process for effecting payment arrangements does not exist, there is an increased risk that arrangements are not correctly made or that legal requirements are not satisfied, and this may impact on the Council's ability to recover all relevant costs leading to possible financial loss.</p>	High	<p><b>Overdue</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that the process for the implementation of payment loans or arrangements for major works undertaken were incorporated within the Major Works Policy. However, this was not provided at the time of the follow up (May 2024) and therefore we were unable to validate the recommendation status.</p> <p><i>Subsequently to issuing our draft report, we were provided with a further document, "PAYMENT POLICY FOR LEASEHOLD MAJOR WORKS CHARGES". This includes details of leasehold financial assistance including extended and deferred payment options. However, the version provided did not record a review/approval date and included draft text/comments – and we are therefore unable to confirm the policy has been approved / gone live.</i></p>	<p>The process for the implementation of payment loans or arrangements for major works undertaken are incorporated within the <a href="#">Major Works Policy</a> and the Leasehold Service Charge Income Collection Policy at the June <b>2023 at the Adur Joint Strategic Subcommittee</b>. Further updates are planned to meet the audit requirements.</p> <p>Updated timeframe for completion: 30th November 2024.</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p><b>Gas Safety Inspections (2017/18)</b></p> <p>Documented procedures should be developed to detail all processes undertaken in respect of gas servicing. Once developed, these procedures should be reviewed and updated regularly and subject to version control.</p> <p>Procedures should be made available to all relevant staff within a central location.</p> <p><b>Risk:</b> Where up to date procedures covering all processes do not exist, there is a risk that staff may follow incorrect procedures, resulting in possible processing errors and financial loss to the Councils.</p>	Medium	<p><b>Overdue - Partially Implemented.</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that a Gas Safety Policy was being drafted by the Councils, but (as set out above) had not been completed or approved at the time of the audit (May 2024).</p> <p>Examination of the draft policy noted that this did not include detailed operating procedures (separate to or as part of overall Policy) for the processes to be followed by members of staff in respect of gas servicing.</p>	<p><u><a href="#">Gas safety policy</a></u> is not a draft but an interim policy that has been approved at the <u><a href="#">23rd March 2023 Joint Audit and Governance Meeting</a></u>.</p> <p>As part of the Improvement Plan and Regulatory referral, work to review and update all health and safety compliance policies and procedures to ensure effective control is underway.</p> <p>Updated timeframe for completion: March 2025.</p>
<p><b>Housing Repairs (2018/19)</b></p> <p>The process for making variations to works should be documented within a procedure and be available to all relevant staff.</p> <p>Risk: Where processes are not documented, there is risk that staff are unsure of the process to be followed and this may lead to errors and/or inconsistencies.</p>	Medium	<p><b>Overdue - Partially Implemented.</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy Lead that a draft Responsive Repairs Policy was under review by the Councils but was not approved and ratified at the time of the follow up review (May 2024).</p> <p>Examination of the draft Responsive Repairs Policy found that this referenced the process for variations to works, which was documented in section 17 – Works Order Variation.</p>	<p>As part of the Improvement Plan and Regulatory referral, work to review and update all health and safety compliance policies and procedures to ensure effective control is underway. A draft response repairs policy including works variations is completed and will be approved in 2024.</p> <p>Updated timeframe for completion: March 2025.</p>
<p><b>Housing Repairs (2018/19)</b></p> <p>Adur Homes Post Inspection requirements should be documented within a Policy.</p>		<p><b>Overdue – Partially Implemented.</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that a Responsive Repairs Policy was under review by the Council but was not</p>	<p>As part of the Improvement Plan and Regulatory referral, work to review and update all health and safety compliance policies and procedures to ensure effective control is underway. A draft</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p><b>Risk:</b> Where Policy requirements are not documented, there is a risk that they are unknown and are not therefore complied with.</p>		<p>approved and ratified at the time of the follow up review (May 2024).</p> <p>Examination of the draft Responsive Repairs Policy found that this referenced the Post Works Inspection requirements; detailed within section 18 – Quality Assurance (Pre and post Works Inspection).</p>	<p>response repairs policy including post inspection requirements is completed and will be approved in 2024.</p> <p>Updated timeframe for completion: March 2025.</p>
<p><b>Housing Repairs (2018/19)</b></p> <p>Enhancement of the Mats system is required to enable reporting of PIs once agreed.</p> <p><b>Risk:</b> Where there is no mechanism for PI reporting, monitoring and identification of any performance issues cannot occur.</p>	Medium	<p><b>Overdue - Not Implemented.</b></p> <p>The Performance, Policy and Strategy lead stated that the recommendation was not implemented at the time of audit, with additional work required with the Digital team.</p> <p>We were unable to confirm when additional work might be completed.</p>	<p>We are able to select from a number of parameters to report status of works. Screen grab provided for an example period 01/01/24 - 31/01/24 and include parameters for reporting. Jobs complete, queued, in progress for example.</p> <p>Updated timeframe for completion: Complete (screenshots added to Huddle 29/08/24)</p>
<p><b>Rent In Advance/Rent Deposit Scheme (2019/20)</b></p> <p>The RiA/DG process should be reviewed, and the documented procedure updated to reflect the necessary process requirements for this scheme only.</p> <p>In addition, the process to be followed if the applicant is only going to claim DHP should be recorded in a separate procedure.</p> <p>Once updated/generated documented procedures should be dated and be made available to all relevant staff and any procedural changes should be highlighted to staff.</p> <p><b>Risk:</b> Where documented procedures do not reflect procedural requirements, there is a risk that staff do not</p>	Medium	<p><b>Overdue - Not Implemented.</b></p> <p>The Performance, Policy and Strategy lead stated that the recommendation was not implemented at the time of follow up audit (May 2024).</p> <p>We were unable to confirm when the revised completion date was anticipated.</p>	<p>Private Sector checklists ensure awards are appropriately made and steps required to be eligible for an award i.e. owed a prevention, relief or full housing duty under the Homeless Reduction Act.</p> <p>The documents were updated in February 2022 to differentiate between self-sourced and service offered private sector accommodation.</p> <p>A spreadsheet is maintained to record dates of completion for each</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p>follow the process and some requirements are not therefore completed. This could lead to clients receiving RiA/DG funds where they are not eligible and may increase the possibility of financial loss due to inability to recover the debt.</p>			<p>individual task related to the process of letting a PRS property. Housing Needs Managers review cases to check all documents on file and eligibility. The checklist is submitted to the Housing Needs Manager/Duty Managers with request for RIA funds for sign off before funds are released.</p> <p>In relation to a separate process for those 'only claiming DHP', casework is varied and complex , when eligible (i.e. in receipt of Housing Benefit ) DHP is applied for, amount of award affects amount of RIA needed. it is part of the process rather than stand alone.</p> <p>Updated timeframe for completion: 30/09/2024</p>
<p><b>Rent In Advance/Rent Deposit Scheme (2019/20)</b></p> <p>Every form used in the RiA/RD process which is used to collect the personal data of the client (and/or their family members) needs to be reviewed and relevant privacy notice added.</p> <p>Furthermore, where personal data is collected and recorded within forms and the Councils are relying on a client's consent to process the information then the relevant consent(s) need to be obtained.</p> <p>The Housing Needs Manager should liaise with the Councils' Senior Information Governance Officer (SIGO) in order to affect this.</p> <p><b>Risk:</b> Where the required consent and privacy notices are not contained on forms, the Council is in breach of the DPA 2018</p>	<p>High</p>	<p><b>Overdue - Not Implemented.</b></p> <p>The Performance, Policy and Strategy lead stated that the recommendation was not implemented at the time of follow up audit (May 2024).</p> <p>We were unable to confirm when the revised completion date was anticipated.</p>	<p>Consent is acquired at the point a homeless application is made.</p> <p>Further consent is acquired, and Privacy Notices issued for landlord and tenant at the point of securing PRS and has been in place since 05.09.2023</p> <p>Complete and Implemented since 05.09.23 for Opening Doors (Recorded on PRS, Prevention &amp; File Management sheet columns W &amp; X) .</p> <p>Updated timeframe for completion for all other PRS: 30.08.2024.</p>



Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
and GDPR and should the ICO investigate this the Council may face significant fines.			
<p><b>Rent In Advance/Rent Deposit Scheme (2019/20)</b></p> <p>Relevant debt recovery actions should be taken in respect of all outstanding RiA Debts.</p> <p>Housing Management should be provided by Exchequer Services, with details of those agreements where debts are not being repaid, as agreed, in order that they are aware of such outstanding issues.</p> <p><b>Risk:</b> Where debt recovery does not occur, there is an increased risk that outstanding monies are not collected, and financial loss therefore occurs.</p>	Medium	<p><b>Overdue - Unable to Verify</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that the recommendation was implemented at the time of the follow up audit (May 2024). However, we were not provided with documentation to validate the recommendation status.</p>	<p>This procedure is in place with details of those agreements where debts are not being repaid, as agreed, in that they are aware of such outstanding issues.</p> <p>Updated timeframe for completion: Complete (Report sent via Huddle 20/08/2024)</p>
<p><b>Regulatory Compliance – Housing (2019/20)</b></p> <p>The Council should reconcile the different regulatory compliance schedules and timetables with other Council property systems, (such as the property terrier, housing management system etc.) to ensure that all and every single housing property is included in the different regulatory compliance schedules and timetables used to ensure compliance with the various legislative requirements.</p> <p><b>Risk:</b> Where all Council housing buildings/assets requiring regulatory checks are not identified, there is a risk that the Council is failing in its' regulatory duties and putting the health and safety of its tenants at risk.</p>	Medium	<p><b>Overdue - Partially Implemented.</b></p> <p>The Performance, Policy and Strategy lead stated that “this is one of the main areas for the Improvement plan and Regulator’s action - full and ongoing review of data across all compliance areas has been underway for the last 12 months with spreadsheets and systems being updated accordingly. Working with IT to transfer this data into the new MATS compliance system for a more electronic interface with contractors.”</p> <p>Examination of the Housing Improvement Plan 2023-25 confirmed that this included a Delivery Outcome which related to the provision of a consolidated asset management stock condition data. The Improvement Plan action planner stated that as of April 2024, the asset management system</p>	<p>Work continues on the data collection and transfer to the MATS databases for Compliance and Asset Management.</p> <p>Target date for Compliance is end of August 2024 and Asset Management following full stock condition survey project finishing in October.</p> <p>Both systems will be linked, and one address list will be the source of this data.</p> <p>A full reconciliation with the housing management system will also be completed whilst a one system option is investigated.</p> <p>Updated timeframe for completion: July 2025</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
		was created, however data from the stock condition survey was not transferred.	
<p><b>Regulatory Compliance – Housing (2019/20)</b></p> <p>All regulatory documents should be retained in a central location (Google Drives).</p> <p>Documents known to be held in other locations should be moved to the central repository.</p> <p>Staff should be reminded of this requirement and advised not to retain documents in any other area, particularly within local drives.</p> <p>This recommendation should be considered in line with recommendation 3.3.</p> <p><b>Risk:</b> Where regulatory documents are not all held in a central location, there is an increased risk that the Council does not have all the records and information it requires and compliance with regulatory requirement may therefore not be achieved.</p>	Medium	<p><b>Overdue - Unable to Verify</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that the recommendation was implemented at the time of the follow up (May 2024). However, we were not provided with documentation to validate the recommendation status.</p>	<p>Identified through the housing improvement plan.</p> <p>Currently documents have been moved and are stored in a central compliance folder in the shared google drive - with items being tracked for compliance on an additional spreadsheet. We are currently migrating over to a central system for compliance based in matsoft - which will also store documents by property and asset to ensure the golden thread needed for the housing safety act.</p> <p>Updated timeframe for completion: Some areas are already implemented onto the central database and others following shortly with the aim to have all compliance areas by end of March 2025 at the latest.</p>
<p><b>Regulatory Compliance – Housing (2019/20)</b></p> <p>Adur Homes should review when the last Asbestos management surveys were undertaken and urgently progress any outstanding ones.</p> <p>Furthermore, the outcomes of the surveys should be recorded and monitored, and a monitoring process should be effected to ensure that assessments are undertaken every 12 months.</p>	High	<p><b>Overdue - Unable to Verify</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that this was being addressed through the Housing Improvement Plan with this being part of the contract development for cyclical works. Therefore, the Council</p>	<p>System still available to verify. Processes remain in place for surveys to be reviewed if available or arranged if not before works commence.</p> <p>Updated timeframe for completion: Complete. As above the current system allows access to view if a survey is available and if not, then</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p><b>Risk:</b> Where the Council does not carry out an asbestos survey every 12 months, the Council is in breach of the regulations and can face penalties. There is also a risk that residents health and safety is put at risk leading to potential lawsuits, financial penalties and reputational damage.</p>		<p>deemed that this recommendation was implemented at the time of the follow up.</p> <p>We were not provided with the Asset Management spreadsheet which detailed properties with a completed Asbestos Survey within the (extended) fieldwork portion of the review, and therefore we were unable to complete sample testing to provide assurance to the implementation status.</p>	<p>one is arranged and filed. A full programme to survey all properties is within the scope for further development but subject to budgets and contract but processes in place as stated to ensure these are available/completed before works commence.</p>
<p><b>Regulatory Compliance – Housing (2019/20)</b></p> <p>The Electrical Testing spreadsheet should continue be reviewed and updated to ensure it accurately reflects those properties where an inspection has been undertaken with completion dates and outcomes recorded.</p> <p>As noted in rec 3.2 above, certificates obtained from inspections should then be retained in a centralised location.</p> <p><b>Risk:</b> Where inspection records are not reviewed regularly and kept up to date, there is a risk of non-compliance with the Landlord and Tenant Act 1985 and properties needing an inspection could be missed. This could lead to financial loss, penalties and breach of legislation.</p>	Medium	<p><b>Overdue - Unable to Verify</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that this was being addressed as part of the Regulator’s Referral and Improvement Plan. Therefore, the Council deemed that this recommendation was implemented at the time of the follow up.</p> <p>We were not provided with the Asset Management spreadsheet which detailed properties with a completed electrical inspection within the (extended) fieldwork portion of the review, and therefore we were unable to complete sample testing to provide assurance to the implementation status.</p>	<p>System still available to verify. Processes remain in place for outstanding surveys to be completed with major programme underway and ongoing update of spreadsheet.</p> <p>This work is in conjunction with the database development to bring all asset and compliance data into one system and away from spreadsheets.</p> <p>Updated timeframe for completion: Current position is for the central database to replace current records, and this is planned to be live by the end of September 2024. Major works programming to visit and inspect all outstanding properties by the end of August 2024 with following works being planned from this.</p>
<p><b>Regulatory Compliance – Housing (2019/20)</b></p>	Medium	<p><b>Overdue - Not Implemented.</b></p>	<p>Loler and servicing reports are stored in the central compliance</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p>The Council should ensure that appropriate processes are in place to ensure compliance with the LOLER.</p> <p>An internal monitoring record should be developed to ensure that all lifts are maintained/inspected every 6 or 12 months in accordance with requirements.</p> <p>Results of these inspections and/or maintenance visits should be centrally maintained and recorded to allow for any remedial actions to be undertaken in line with recommendations and/or legislation timescales.</p> <p><b>Risk:</b> Where the Council fails to retain inspection reports and to record the results of the risk assessments (and subsequently, the need for any follow up works), there is a risk that the Council is in breach of the LOLER and may face large financial penalties, as well as the possible harm to lift users. Where the results of the inspections are not recorded, required remedial works may not be identified and rectified.</p>		<p>The Performance, Policy and Strategy lead stated that the recommendation was not implemented at the time of follow up audit (May 2024).</p> <p>We were unable to confirm when the revised completion date was anticipated.</p>	<p>folder, in a specific lift folder broken down by building and type of inspection in the shared google drive - with items being tracked for compliance on an additional spreadsheet. We are currently migrating over to a central system for compliance based in matsoft - which will also store documents by property and asset to ensure the golden thread needed for the housing safety act.</p> <p>Updated timeframe for completion: As stated above regarding all compliance areas, some areas are already implemented onto the central database and others following shortly with the aim to have all compliance areas by end of March 2025 at the latest.</p>
<p><b>Regulatory Compliance – Housing (2019/20)</b></p> <p>Management should monitor and record the outcomes of inspections and/or maintenance visits to ensure any rectification needed is identified. Management should also ensure that any rectifying actions undertaken address the issues originally identified/raised.</p> <p>Where applicable, any documentation (inspection reports, new certificates etc.) received which support the completion of rectification works should be retained.</p> <p>Rectification of recommended actions and/or issues identified should be performed in a timely manner and/or in line with established timescales (i.e. recommended by specialists or legislation).</p>	High	<p><b>Overdue - Unable to Verify</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that the recommendation was implemented at the time of the follow up audit (May 2024). However, we were not provided with documentation to validate the recommendation status.</p>	<p>Full report provided to the Regulator, and this is replicated for the H&amp;S Board and includes all compliance areas.</p> <p>We are currently migrating over to a central system for compliance and asset based in matsoft, which is in development - which will also store documents by property and tie into the repair system, this will also look to flag failures in any compliance report and allow this to be tracked and reported, to ensure the golden thread needed for the housing safety act.</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p><b>Risk:</b> Where issues identified from compliance checks are not rectified in a timely manner and management do not monitor these to ensure that rectification occurs in a timely manner, there is an increased risk that the Council continues to be non-compliant and risks the health and/or safety of the public/staff.</p>			<p>Updated timeframe for completion: As stated above regarding all compliance areas, some areas are already implemented onto the central database and others following shortly with the aim to have all compliance areas by end of March 2025 at the latest.</p>
<p><b>Contract Management and Procurement – Housing (2019/20)</b></p> <p>(i) The Contracts Register should be reviewed for completeness and brought up to date.</p> <p>(ii) A timetable of all contracts that are greater than £100,000 and due to terminate should be produced and the tender evaluation panel and evaluation criteria should be timetabled for agreement and documenting in accordance with the Joint Councils CSOs.</p> <p>(iii) The Joint Councils CSOs should be updated to stipulate that initial evaluations undertaken by individual tender evaluation panel members should be retained on file.</p>	High	<p><b>Overdue - Unable to Verify</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that the recommendation was implemented at the time of the follow up (May 2024). However, the Housing Contract Register was provided after the final deadline provided and therefore, we were unable to complete sample testing to provide assurance to the implementation status.</p>	<p>All current contracts are being reviewed and retendered where applicable and timetable developed with new contracts being developed for capital and revenue works.</p> <p>Updated timeframe for completion: Ongoing. This is a staged approach with the most urgent being dealt with now (2024/25 financial year) and others falling into the programme as and when they are required or coming to the contract end.</p>
<p><b>Rent Collection and Recovery of Arrears (2020/21)</b></p> <p>The rent collection procedure should be updated to reflect the current actions being taken to collect arrears. This should include following the suggested actions on Orchard as well as alternative actions taken when Orchard suggested actions are not considered appropriate.</p> <p>Risk: Where procedures are not kept up to date, there is a risk staff are not aware of and do not therefore follow current procedures.</p>	Medium	<p><b>Overdue - Unable to Verify</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy lead that the Rent Collection policy was updated to reflect the Council's current actions to collect arrears identified. However, we were not provided with the Rent Collection policy to validate the recommendation status.</p>	<p>The new Rent Collection Procedure can be accessed <a href="#">here</a> (and sent via pdf of 06/08 and by Huddle 20/08/24)</p> <p>A new rent arrears recovery procedure was written on 1/10/22 then checked and verified by the councils' legal team. The housing team's rental income and arrears work is guided by the revised maximising income procedure guide</p>



Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
			<p>A “health check” of MRI/Orchard the council housing management system pertaining to the collection of rental income has been carried out in July 2024 with the councils IT and housing systems team. We await MRIs report to clarify the optimal operational function of the current system and evaluate the training to system users.</p> <p>Updated timeframe for completion: 30/10/24</p>
<p><b>Leaseholder Charges (2020/21)</b></p> <p>Minimum leaseholder service standards, to which the Council commits, should be set and the Leasehold Team should devise KPIs based on the service standards, to allow the standard of service to be more easily monitored and measured.</p> <p>Furthermore, the service standards should be documented within the Leaseholders Handbook.</p> <p><b>Risk:</b> Where service standards are not set, monitored and reported, there is a risk that expected standards are not known and that any poor performance is not identified and addressed.</p>	Medium	<p><b>Overdue - Not Implemented.</b></p> <p>The Performance, Policy and Strategy lead stated that the recommendation was not implemented at the time of follow up audit (May 2024).</p> <p>We were unable to confirm when the revised completion date was anticipated.</p>	<p>We will set KPI's for our service standards for monitoring and update the Leasehold Handbook in December 2024.</p> <p>Updated timeframe for completion: 31/12/24</p>
<p><b>Leaseholder Charges (2020/21)</b></p> <p>The Council should agree an approach to the way in which leaseholder observations, responses and correspondence are held.</p> <p><b>Risk:</b> Where observations and the resulting response(s) are not held in the correct location, there is a risk that the observation is not considered when the works are conducted,</p>	Medium	<p><b>Overdue - Not Implemented.</b></p> <p>The Performance, Policy and Strategy lead stated that the recommendation was not implemented at the time of follow up audit (May 2024).</p>	<p>Currently records are kept on G Drive within the leasehold folder. Documents can be scanned to NEC System. Expected completion date July 2025 due to the size of this task.</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
and this may result in leaseholder dissatisfaction, complaint and/or Council reputation loss. There is also a risk that information is held in duplicate locations.		We were unable to confirm when the revised completion date was anticipated.	Updated timeframe for completion: July 2025
<p><b>Tenancy Management (2020/21)</b></p> <p>(i) The Tenancy Strategy should be reviewed and updated regularly (i.e. every three years).</p> <p>(ii) Once updated and finalised the new Tenancy Strategy should be made available to all staff and updated on the Adur &amp; Worthing Councils website.</p>	Medium	<p><b>Overdue - Not Implemented.</b></p> <p>The Performance, Policy and Strategy lead provided the following update:</p> <p>“Work to update the strategy hasn't been undertaken and consideration is being given to the review process, including if it should be part of the new wider Housing Strategy.”</p>	<p>The preliminary work for the new tenancy strategy has been completed and the research and evaluation of tenancy types concluded. The new tenancy strategy document will launch with the Councils' new tenancy agreement and tenant handbook in 2024/2025. A draft has been produced and it is important to note that this requires extensive consultation with residents, and this will take time.</p> <p>Updated timeframe for completion: March 2025</p>
<p><b>Tenancy Management (2020/21)</b></p> <p>Once generated, documented procedures should be dated and be made available to all relevant staff. Procedures should be reviewed and updated annually.</p> <p>The 'maximising rental income' procedure should also be subject to regular reviews and updated.</p>	Medium	<p><b>Overdue - Not Implemented.</b></p> <p>The Performance, Policy and Strategy lead stated that a draft Adur Council Tenancy Policy was created at the time of the follow up review (May 2024).</p> <p>Examination of the draft Adur Council Tenancy Policy found that while this provided guidance for tenants, it did not document internal procedures for the benefit of Council officers or maximising rental income for the Council.</p>	<p>The maximising rental income policy is to be submitted in its draft form to the full committee in 2024.</p> <p>The service is in phase 1 or redesign progressing to stage 2 in the fourth quarter of 2024/5 when all policies and procedures will be reviewed in line with revised processes for service delivery.</p> <p>Updated timeframe for completion: March 2025</p>
<p><b>Tenancy Management (2020/21)</b></p>	Medium	<p><b>Overdue - Not Implemented.</b></p>	<p>The tenancy service team have been trained, have logins and</p>

Recommendation and Risk	Priority	Forvis Mazars update and revised timescale	Updated Management Response/Timeframe
<p>(i) Management should develop a mechanism to record and maintain appeals processes documentation.</p> <p>(ii) Considerations should also be given to undertake spot checks ensuring compliance with the process described, including an independent review of appeals cases.</p>		<p>The Performance, Policy and Strategy lead confirmed that this recommendation was not incorporated at the time of the follow up (May 2024).</p> <p>We were unable to confirm when the revised completion date was anticipated.</p>	<p>access to information at work the tenants online filing system. This is where all scanned documentation pertaining to a tenancy is to be kept. Including appeals to tenancy services discretionary decisions.</p> <p>Updated timeframe for completion: 01/01/25</p>

## 04 Management Actions Superseded

Details of the management actions assessed as Superseded are included below. Definitions of our recommendation gradings are included in **Appendix A1**.

Recommendation and Risk	Priority	Forvis Mazars update
<p><b>Gas Safety Inspections (2017/18)</b></p> <p>The Council should have a documented, approval policy which sets out its' objectives and legal obligations, and how these will be achieved, in respect of the servicing of gas installations within its' properties.</p> <p><b>Risk:</b> Where an up to date and published policy does not exist, there is a risk that the public is not aware of, or does not understand, the importance of the inspection and servicing of the gas appliances within their property so may delay access to their property thus preventing the Council from ensuring their appliances are safe.</p>	Medium	<p><b>Superseded.</b></p> <p>Internal Audit were informed by the Performance, Policy and Strategy Lead that a Gas Safety Policy was being drafted by the Councils but had not been completed or approved at the time of this follow up (May 2024).</p> <p>From review of the draft policy shared with Internal Audit, we noted that this did include detail of requirements, including in relation to managing Tenant Appliances and carrying out servicing. However, the document remains a work-in-progress with tracked changes/live queries.</p> <p><i>Subsequently to issuing our draft report we were provided with an updated document, "Interim Adur Homes Gas Safety Arrangements and Procedures" (March 2024). As previously this covers Council objectives and obligations alongside wider processes for gas servicing. As such we believe this recommendation may be closed but have assigned a status of superseded noting that the policy is of interim status and subject to future review.</i></p>
<p><b>Rent In Advance/Rent Deposit Scheme (2019/20)</b></p> <p>Performance targets should be set, monitored and reported on a regular basis to senior management &amp; Members.</p> <p><b>Risk:</b> Where performance is not reported to senior management and Members, there is an increased risk that they are not aware of performance issues and decision making may therefore be impacted.</p>	Medium	<p><b>Superseded.</b></p> <p>During initial fieldwork the Performance, Policy and Strategy lead stated that the recommendation was not implemented at the time of follow up audit (May 2024).</p> <p>We were subsequently informed that new senior officers have joined the service since the recommended audit action and disagree that performance targets should be set. We were told that RiA/RDS are used as prevention tools as an alternative to a homeless application and is already reported as part of quarterly HCLIC DLUHC data collection. Obviously the higher the number the better but collection of further performance targets would be unnecessary duplication of data that's already available.</p> <p>As such we have assess this recommendation as closed but note that this is due to the residual risk being deemed acceptable due to wider mitigations in place as opposed to the partial or alternative implementation of the original recommendation.</p>

# A1 Audit Information

## Agreed Audit Objective and Scope

The effectiveness of internal audit relies upon there being a robust process for establishing that audit recommendations have been implemented. The purpose of this review has been to establish whether the Councils is effectively dealing with recommendations raised. The recommendations from the following Housing team audit reports were reviewed during this follow up:

### Audit reports followed up

- Rent Collection and Collection of Arrears (2017/18)
- Leaseholder Charges (2017/18)
- Gas Safety (2017/18)
- Housing Repairs (Matsoft Processes) (2018/19)
- Rent In Advance/Rent Deposit Scheme (2019/20)
- Regulatory Compliance – Housing (2019/20)
- Contract Management and Procurement – Housing (2019/20)
- Rent Collection and Recovery of Arrears (2020/21)
- Leaseholder Charges (2020/21)
- Tenancy Management (2020/21)

Our approach involved obtaining sufficient audit evidence through sample testing, observation and discussions with management and staff, in order to independently confirm the implementation of recommendations.

## Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The audit fieldwork was originally due to commence 15 April 2024, with testing to be completed by 23 April 2024. As set out in Section 01, due to the Council being unable to provide sufficient documentation we extended fieldwork on multiple occasions in order to allow for responses, prior to setting a final deadline, 29 May 2024. As we did not receive responses to a number of recommendations by this stage, we were unable to provide assurance in relation to a number of recommendations incorporated within the scope. These have therefore been reported on as Overdue by default, with further details included within Section 02 and 03.

## Definitions of Assurance Levels and Recommendation Priority Levels

In order to assist management in using our internal audit reports, we categorise our recommendations according to their level of priority, as follows:

Definitions of Recommendations	
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Definitions of Status	
Implemented	Recommendations for which we have received suitable evidence to confirm that actions have been taken to ensure the related risk is mitigated.
Overdue	Recommendations not fully implemented which have passed the due date for implementation. Some parts of the recommendation may be implemented, or progress has been made, however, the recommendation as a whole has not yet been completed.
Superseded	Recommendations for which the related risk is no longer applicable due to organisation change or alternative control. A new recommendation has been raised which has superseded the original recommendation.



## Statement of Responsibility

We take responsibility to Adur & Worthing Councils for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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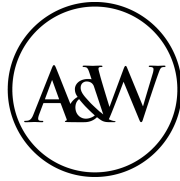
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ADUR & WORTHING  
COUNCILS

Joint Audit and Governance Committee  
26 September 2024

Key Decision [No]

Ward(s) Affected:N/A

## **Risks and Opportunities updates**

### **Report by the Director for Sustainability and Resources**

#### **Executive Summary**

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

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

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

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

2.2 That the Committee agrees to receive a further progress report in March 2025.

### **3. Context**

- 3.1 The Local Government (Accounts and Audit) Regulations state that “A local authority is responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which facilitates the effective exercise of the authority’s functions; and includes arrangements for the management of risk.
- 3.2 The Councils recognise that there are risks and opportunities involved in everything that they do and they have a duty to manage the risks and opportunities in a balanced, structured and cost-effective way. In line with the Councils’ Risk and Opportunities Management Strategy, this report provides the Committee with the detail of the updates including information on the ‘High/Red’ Service Risks. The last report to the Committee was on 18 January 2024. Further information on the management of Risks and Opportunities by the Councils is contained in the [Risks and Opportunities Management Strategy](#)
- 3.3 The Committee will receive two update reports per year on the general management of the Councils’ Risks and Opportunities to assist the Committee in its role monitoring the effective development and operation of risk management and corporate governance in the Councils.

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

- 4.1 The latest summary of the Risks and Opportunities is attached at Appendix A to this report to assist the Councils in the monitoring and management of the Risks and Opportunities and this is also good practice in effective Risk and Opportunity management. Information on the High ‘Red’ Risks is contained in Appendix B to this report and information relating to the Major Projects is contained in Appendix C.
- 4.2 All of the Risks and Opportunities for each Council are reported and updated to the Council Leadership Team (CLT) and in consultation with Heads of Service and relevant Officers. Information relating to the Corporate Risks and Opportunities are also provided to the Joint Strategic Committee on a regular basis in order that it can monitor the effective development and operation of Risk and Opportunity management in the Councils. A report was submitted to that Committee on 12 September 2024 and any comments will be reported from that Committee to this meeting.

- 4.3 All Risks and Opportunities are key issues which have been identified by the Leadership Team and Senior Officers as having the potential to impact on the operations and delivery of the Strategic and Service objectives and priorities of both Councils and affect the direction contained in the Corporate Plan, 'Our Plan' covering the three years 2023-2025 which sets out for the Councils to be resilient, adaptable and participative and address the big ambitions and complex issues contained in Missions - 'Thriving People - Thriving Places, Thriving environment, Thriving economy and 'Thriving Organisation'. Service Risks and Opportunities relate to the day to day operations of each individual service and are linked to each Service area's Business Plan.
- 4.4 The inclusion of these issues on the Risks and Opportunities registers does not mean that they will occur but ensures that effective risk and opportunity management arrangements are in place as an integral component of strategic decision making, service planning and delivery which will help increase the likelihood of the Councils achieving the Corporate and Service level aims and objectives and move in the direction prescribed in the Corporate Plan.
- 4.5 Despite the recent change in national Government, Local Government continues to operate within an environment of substantial budget cuts and major policy changes with potential significant impact/risk on service delivery and organisational structures. The pace and scale of recent changes and the Policy changes being implemented by the new Government requires the Councils to constantly assess the risk and opportunity profile and implement suitable controls to manage those risks and opportunities. There are many different sources of high level risks and opportunities which could impact on the priorities of the Councils and these are included in the risks and opportunities registers, there are also some key strands of risk and opportunity areas set out below which need to be highlighted as seriously impacting on the delivery of services and priorities for the Councils and these are reflected in the Risks and Opportunities which the Councils are managing:-
- Councils finances
  - Housing demand, supply and management
  - Major Projects development;
  - The organisational design of the Councils
  - Statutory obligations in compliance
  - Issues with data systems

## **5. Engagement and Communication**

5.1 The Council Leadership Team, relevant Officers and Cabinet Members have been consulted on the production of this report.

## **6. Financial Implications**

6.1 There are no direct financial implications as a result of this report but there are financial implications connected with the actual Risks and Opportunities.

## **7. Legal Implications**

7.1 There are no direct legal matters arising as a result of this report. The Joint Audit and Governance Committee has responsibility for receiving a report on the management of the Risks and Opportunities at least twice a year and has the responsibility for monitoring the effective development and operation of risk and opportunity management. The approved Code of Corporate Governance specifies that the Councils should have an effective system of Risk management in place.

### **Background Papers**

Adur and Worthing Councils Risk and Opportunity Management Strategy - 2024 - 2025 [Risks & Opportunities Management Strategy](#)

'Our Plan' - A three year framework for Adur and Worthing Councils  
[Our Plan](#)

New Joint Strategic Priorities for Adur and Worthing Councils - [JSC 15/7/24](#)

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## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered. The Risks and Opportunities are directly linked to the projects and work streams that are in place to help deliver the commitments and activities contained in 'Our Plan and the Councils' priorities and some may impact on the economic development of the areas if they occur.

### **2. Social**

#### **2.1 Social Value**

Matter considered. Some of the Risks and Opportunities impact on communities.

#### **2.2 Equality Issues**

Matter considered. No issues identified. There is a Corporate Risk on equality issues.

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

Matter considered and no direct issues identified.

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

Matter considered and no direct issues identified.

### **3. Environmental**

Matter considered. There is a Corporate Risk covering 'Climate Emergency' that considers these issues.

### **4. Governance**

The Risks and Opportunities are aligned with the Councils' priorities and the objectives of 'Our Plan'. As part of good Governance the Councils need to manage Risks and Opportunities effectively and clear governance controls are contained in the Risk and Opportunity Management Strategy which include the requirement to report on the Risks and Opportunities to the Joint Audit and Governance Committee twice a year.

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

**Joint Audit and Governance Committee - 26 September 2024**

**Updates on Risk and Opportunity Management**

	<b>January 2024 update</b>	<b>September 2024 update</b>
<b><u>Corporate Risks and Opportunities</u></b>	19 Risks - Plus 5 3 Opportunities - Minus 1	18 Risks - Minus 2 2 Opportunities - Minus 1
<b><u>Service Risks and Opportunities</u></b> <b><u>Housing &amp; Communities Directorate</u></b>		
Residents Services	4 Risks - Plus 1	5 Risks - Plus 1
Housing, Homelessness & Prevention	13 Risks	12 Risks - These are from the Housing Improvement Plan which is reported to JAGC on a regular basis.
<b><u>Sustainability &amp; Resources Directorate</u></b>		
Finance	5 Risks	5 Risks
Legal & Democratic Services	6 Risks	8 Risks - Plus 2
Operations & Sustainability	5 Risks - Minus 1	5 Risks
Technology & Design	2 Risks	2 Risks

<b><u>Place Directorate</u></b>		
Place & Economy	12 Risks - Plus 1	17 Risks - Plus 5 (Includes some Risks transferred from the Community, Capacity & Resilience Service)
Regenerative Development Planning	14 Risks 20 Risks - Plus 1	12 Risks - Minus 2 18 Risks - Minus 2

<b><u>High Risks on Service Risk registers</u></b>	<b><u>January 2024</u></b>	<b><u>September 2024</u></b>
Adur Homes/Housing	1 - No change	None
Financial Services	4 - No change	4 - No change
Residents Services	1- No change	1 - No change
Regenerative Development	2 - Plus 1	1- Minus 1
Legal & Democratic Services	None	1 - Plus 1

 <p>Risks where assessment score/level has increased since the last report</p>	<p><b><u>Planning</u></b> - Building Control - Implementation of new Building Safety Act. Risk of not being able to fulfil statutory Building Control duties. Reputational damage and impact to major development schemes requiring sign off. - Risk escalated to Corporate level - Medium Risk</p> <p><b><u>Legal &amp; Democratic Services</u></b> - Elections and referenda - Risk of increasing complexity and frequency implementing legislative changes creating additional responsibilities and activity required of the electoral services team. - High Risk</p>
 <p>Risks where assessment score/level has reduced since the previous report.</p>	<p><b><u>Place &amp; Economy</u></b> - Risk of proposed CCTV contract changes by Sussex Police to cease to operate the current arrangements from post 31 March 2024 - Risk reduced to a Service level risk from Corporate Risk - Medium Risk</p>

<p>New Risks/Opportunities added since last report or changes to Risk descriptions</p>	<p><b><u>Corporate</u></b> - Risk - Strategic Property Investment Fund (SPIF) - Risk that the Councils fail to meet SPIF income targets which affects overall Council funds - High Risk .</p> <p>Corporate income and debt collection - Medium Risk</p> <p><b><u>Sustainability &amp; Resources Directorate -</u></b>  <b><u>Legal &amp; Democratic Services</u></b> - The Interim DPO/SIGO does not hold the required qualifications (Practitioner in Data Protection and Practitioner in FOI/EIR). This poses a risk that advice and guidance may be delayed in response times - Medium Risk</p> <p>A reduction in Feedback &amp; Request for Information Officer post from 30 September - Risk that statutory deadlines and requirements are not being met (both on RFI and Customer Feedback side). - Medium Risk</p> <p><b><u>Technology &amp; Design</u></b> - Corporate wifi connection is broken - This remains out of service for some considerable time - Expected network refresh end of 2024 - Medium Risk.</p> <p><b><u>Residents Services</u></b> - Contact Centre - Risk of reputational damage due to a reduction in staffing levels as a result of the redesign of the service - Medium Risk.</p>
<p>Risks/Opportunities removed since last report.</p>	<p><b><u>Corporate</u></b> - Delivery of partnership working and joint services impacted by different administrations - Risk mitigated.</p> <p>Opportunity - Rapid Improvement Team - Opportunity removed because the Rapid Improvement Team has merged into the wider team and sits under a new 'Digital Transformation' area.</p> <p><b><u>Technology &amp; Design</u></b> - Town Hall based servers present potential Business continuity</p>

	<p>risk including lack of service availability and potential data loss - Pace and quality of cloud migration project (IAAS) is critical to Business Continuity - Risk now mitigated.</p> <p><b><u>Regenerative Development</u></b> - Risk of failure to develop and adhere to property management protocols for the Council's commercial property portfolio - Risk removed because this is no longer an issue of concern.</p> <p>Affordable homes development in Shoreham - Neighbour dispute about consultation - Risk now mitigated.</p> <p><b><u>Planning</u></b> - Sale of Adur Civic Centre (Main site) - Risk of failure to secure planning permission for the redevelopment of sites. (Phase II). Risk of a delay in generating a capital receipt and securing the regeneration of the wider site to provide homes and jobs - Risk removed because planning permission granted.</p> <p>GDPR compliance - Risk that the Planning and Development service publishes personal details or sensitive material which breaches GDPR and Data Protection guidelines - Risk removed because the Service is now compliant with the outcomes from the Audit.</p>
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APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS										
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status	
Corporate	C1	Adur	Risk that Adur Council will fail to comply with statutory health and safety obligations as a social landlord (Adur Homes)	<p>September - The Improvement Plan is well underway and monthly meetings are progressing well with the Regulator for Social Housing. Reporting has continued to JAGC and the Adur Joint Cabinet. The primary focus has continued to be compliance and H&amp;S and the data is now showing good progress in all areas with much work to still do. The fire door programme has been recommissioned and is working well. Surveys are now underway to gather data for the work in relation to Decent Homes. The service redesign will also be completed shortly and ensure that all roles are in place. The AHs Business Plan will be going before the AH Advisory Board once we have data to inform decent homes. Tenant engagement is being commissioned shortly and another survey is being planned. Work is being scoped for the audit required by the Regulator.</p> <p>Data and action around disrepair claims and service history expected to approve post redesign completion, until then mitigating steps have been agreed between Adur Homes and Legal services to settle claims at best available option.</p>	CLT/Rob Jarvis	Major	Very Likely	High	Improved	
Corporate	C2	Joint	Cost of living (coastal inequalities) crisis	<p>September 2024</p> <p>Our Proactive work is well underway and we are supporting our most vulnerable residents through our Proactive Caseworkers and the use of TellJo</p> <p>A snapshot summary of households (on HB or CTS) from the LIFT database shows in total 9,730 low-income households, with 3,360 children; 2,879 households below the poverty line, with 1,346 children; 443 households with a cash shortfall, with 45 children</p> <p>In Adur, there are 3,555 low-income households, with 1342 children; 1117 households below the poverty line, with 546 children; 123 households with a cash shortfall, with 12 children</p> <p>The Worthing figures are 6181 low-income households, with 2018 children; 1762 households below the poverty line, with 800 children; 320 households with a cash shortfall, with 33 children</p> <p>In addition, Citizens Advice data shows (April to June 2024):</p> <p>Worthing, compared to the same period last year, has seen a significant increase in the requirement for crisis support, but a reduction in the advice requested regarding benefits:</p> <p>32% increase in issues compared to a 3% increase in the number of clients, indicating that residents are experiencing multiple/complex challenges.  30% rise in foodbank enquiries  52% increase in threatened homelessness cases  25% increase in actual homelessness cases.</p> <p>In Adur there has been a 14% increase in requests for disability benefit advice (28% of all benefit advice).</p>	CLT/Tina Favier	Major	Very Likely	High	Worse	

## APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS

Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Corporate	C3	Joint	Housing supply - Limited housing supply in all areas and all tenures is a key risk for the Councils in terms of both discharging its statutory duty to prevent homelessness and support those at risk, as well as placing critical budgetary pressures on the Councils. Managing this demand is challenging and places additional capacity pressures on the operational teams.	<p>September 2024</p> <p>Work is underway in respect of the development of the new Housing Strategy. This will look at the priorities for the local authorities around homelessness, housing allocations, housing delivery and keeping people safe and secure in their homes. It is anticipated that a new Housing Strategy will be adopted by the end of the financial year with an extension to the current strategy approved by councillors earlier this year.</p> <p>Given the overspend in temporary accommodation (TA) work has been done to clarify and bring to Members attention the risks and opportunities of the work underway to alleviate these pressures and ensure that our governance for the pipeline of affordable and in-area TA is able to continue.</p> <p>Strategic work continues, the Mental Health Housing Strategy resulting in Mental Health Housing Advisors funded by Sussex Partnership Trust co-locating with the Housing Needs Team, the workers are now embedded, with outcomes currently reported for West Sussex with local District and Borough sets being planned. The work is not only preventing homelessness via case work, but by improving relationships and pathways between services, increasing knowledge of housing and homelessness triggers enabling mental health workers to manage low level issues and refer cases appropriately to the Housing Needs Team.</p> <p>As previously reported, demand for homeless services continues to increase as a result of 'no fault' section 21 notices and family evictions as lack of alternative affordable options leaves households unable to secure their own housing in the private sector.</p> <p>As part of the organisational design work throughout the Council, the housing service has been redesigned to ensure resources are in the right places and have been enhanced where possible. Key changes in respect of housing needs specifically include an increased number of Homeless Intervention &amp; Prevention Officers that will enable us to have the skilled and experienced officers available at the earliest opportunity to prevent homelessness and implement prevention options. An additional benefit of this approach is that citizens needing our advice and support aren't having to transfer case officers as they move through the prevention, relief and main duty stages of homelessness. Further increased capacity in Temporary Accommodation Officer role and Income Recovery Officer supporting citizens placed in temporary accommodation through both income and debt management support but also wider wrap around support including health, addiction, healthy relationships and access to employment opportunities and housing options where needed.</p> <p>Affordable Housing Delivery Group and subgroup continue to meet to identify opportunities to develop our owned and contracted temporary accommodation portfolios to meet current and predicted future demand. As well as building our strategic relationship with Homes England, we are also working closely with the Department for Levelling Up and Communities and Homes England to secure revenue and capital for housing programmes for single homelessness. Increasing our portfolio of owned temporary accommodation is a priority as the most cost effective way to deliver good standard local accommodation.</p>	CLT/Rob Jarvis	Major	Very Likely	High	Worse

APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS

Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Corporate	C4	Adur	Risk corporate debt collection. Orchard Housing system and ongoing issues with Academy and other systems means payment of Housing Benefit to some Adur Homes tenants might not be reflected on the Orchard Housing system. Risk that some people might be receiving over or underpayments and this might be moving people into debt or giving money that needs to be claimed back. In addition the Council cannot accurately manage the data. No confidence in accurate balance on accounts impacting income /debtcollection as well as inability to print rent statements and produce mail merges for communications to our tenants. Debt owed to the Council is increasing, unable to quantify but presumed high given the current system failures. The longer debts remain outstanding the less likely they are to be fully recovered.	September 2024 - Progress with corporate debt management is now reported regularly to the Strategic Finance Board, and a prioritisation plan is being developed. Housing Redesign means temporary shortage of staff. Officers in business support, tenancy services, digital and finance are working to address a number of issues whilst the key officer is absent. It is intended that the rapid digital improvement team will support system development and data improvement. A number of actions are in place to address the issues: 1. Increasing the number of staff with bank registrations (can take up to 3 months) 2. Contact made with MRI (housing management software provider) to undertake this work and fully map and train staff to undertake the process. 3. Appointment of a temporary finance assistant who has the required specialist knowledge to increase capacity and resilience in this area. Housing business support, tenancy services, digital and finance are meeting each week to address and resolve the situation. Also working to put a Comms Strategy in place to deal with complaints from tenants and Councillor enquiries. Director for Housing and Communities has advised Resident Services teams of the situation who are able to reassure and update residents and councillors as appropriate. Communications Team also briefed. Tenants will make sure that tenants are not disadvantaged as a result of the issues. Generally on this Risk, Officers from the Housing Team are aware of the manual process in generating the file across. The file needs to be moved before the end of each working day so that a new one can be generated. There is currently scoping for this process to be automated. Alternative housing operating systems are to be considered in 2024. Short term and long term impact is high and requires rectification from Benefits and Housing Teams in the event of errors. A debt strategy working group has been set up to commence ethical debt collection.	CLT/Tina Favier/Rob Jarvis/Tracey Strutt	Major	Likely	High	Worse
Corporate	C5	Joint	Wider economic uncertainty in relation to inflation, interest rates and workforce shortages which are impacting on local businesses, including energy costs, upward pressure on wages, inability to fill vacancies, skills shortages	The Councils have agreed to utilise a proportion of the UKSPF funds to a Business Support Programme (BSP). The BSP will be delivered in 2024 by a series of business experts that will support organisations to help navigate the current challenges whilst also exploring new opportunities around innovation, leadership and management and sustainability. Pressures on the local economy are significant and diverse, with the need to also address major local term transitional challenges associated with climate change and the rapid development of artificial intelligence. The Worthing Heat Network is a key strategic initiative which will provide long term price certainty the Councils in terms of building heating whilst providing the opportunity for other businesses and residential customers to achieve the same, whilst also decarbonising their heat. August 2024 - The Councils continue to liaise with strategic partners, including health and education partners, to determine how the wider system is supporting the economic challenges currently being experienced locally.	CLT/Andy Willems	Major	Likely	High	No change
Corporate	C7	Joint	Risk - Strategic Property Investment Fund (SPIF) - Risk that the Councils fail to meet SPIF income targets which affects overall Council funds. This overall Risk also contains:- - risks of non-compliance which might create voids in the estate, - risks of tenant failure which create debt and or risk of voids, - risks of tenant failure to comply with lease terms which create difficulties in managing the estate and consequent potential loss of capital value and or income. There is also property specific risks relating to lack of compliance with MEES and/or new legislation.	September 2024 - What are we doing to mitigate the Risks? Site visits Regular contact with Savills as property managers Regular contact with tenants Use of Lease Event Diary and regular updates from the Estates App to alert forthcoming lease events Market intelligence from agents, social media, business networks Annual revaluations Rent collection data quarterly Risk reserve is held to help manage the volatility in the performance and manage void periods. New asset strategy going to JSC in October 2024. And bespoke, proactive monitoring of SPIF properties.	CLT/Mark Hooper/Chris Maughan	Extreme	Very likely	High	New Risk added July 2024

APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS									
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Corporate	C10	Joint and Adur and Worthing	Council Finances - Risk that Councils finances will continue to be under pressure	<p>September 2024 - Council finances continue to be under severe pressure, an issue widely experienced across local government. Budget outturn for 23/24 left Worthing with an overspend of £3.052m and Adur £598,000. In order to address budget pressures for 24/25, the Councils have implemented a suite of budget management initiatives to control spend, this has supported both the mitigation of overspends where possible and the delivery of in-year savings. These controls include tighter controls on external spend, vacancy management and agency and consultant spend and triaging purchase requests to bring the forecast overspend, particularly in Worthing, down to addressable levels within reserves. A Budget Management Group meets weekly to review spend requests above £25k, and sub £25k requests are being considered daily by a triage group. Staffing budgets are very carefully controlled. A range of initiatives were identified in the process of forming the budget for 2024/25, with significant organisational design work being included to set a balanced budget and these arrangements will be ongoing. Worthing Councils reserves position is in a critical state as a result of pressures in 23/24, the 24/25 budget is designed to gradually replenish reserves over the next 5 to 10 years. Local government settlement was announced in December 2023 with very little additional funding than previously assumed in the MTFS. For 2024/25 Budgets were balanced with an agreed 2.99% increase in council tax.</p>	CLT/Emma Thomas	Major	Very Likely	High	No change
Corporate	C14	Joint	Risks to service delivery due pace of change, staff vacancies and recruitment difficulties.	<p>September 2024 - As part of the Organisational Design programme, the organisation is redesigning the way it prioritises and manages its programmes and tracks its performance. Through the development of a single organisational work programme based on joint priorities across both Adur &amp; Worthing administrations, the organisation has improved how it prioritises programmes to provide it with a sustainable and manageable programme of work and help prioritise what projects are delivered to support the Councils' joint priorities and manage resources. The Organisational Design programme has made good progress in redesigning services to help the organisation become more resilient. While making good progress, the programme has a very demanding timetable and some delays have been experienced in the early stages the teams are mobilised. As a result the organisation is bringing forward the savings for 2025/26 into 2024/25 – delivering all savings by April 2025 and accelerating the delivery of redesigns. This accelerated timetable is increasing the pace of change and mitigations put in place are stronger review and support by Core Services to support the delivery of the redesigns.</p>	CLT/Noel Hatch	Major	Likely	High	Improved

APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS									
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Corporate	C17	Joint	Climate emergency risk - Councils need to mitigate climate change, adapt to climate change and prepare for more frequent extreme climate events and impacts.	September 2024 - Progress against the 2030 carbon neutral target is good. The Worthing Heat Network project has progressed well and contract award took place in April 2024. The construction phase is underway starting with decarbonising the Worthing civic centre site and the hospital. It will form the foundation to decarbonise heat for the NHS, new builds, and ultimately all households in Worthing with up to £500m of private investment to grow the network. The corporate fleet strategy and options will be presented to committee in autumn 2024. A £1m project to test the use of hydrogen at the crematorium was the first of its kind in the UK. The trial was completed in May/ June 2024 and the findings are now being evaluated by Ricardo. The Trees for Streets programme launched in June 2023 and work is progressing on an Adur & Worthing Nature Plan to help drive the delivery of nature based solutions in development, public realm and open spaces to be presented to committee in November 2024. The Sussex Bay marine project has recently secured external grant funding from Rewilding Britain and a Research Lead has been appointed to undertake development of a Seascape recovery Framework in the next 12 months.	CLT/Paul Brewer/Chloe Clarke	Major	Likely	High	No change
Corporate	C18	Joint	Adoption of the Environment Act - Significant implications for how the Councils collect waste and recycling from households and businesses. Not being in a position to roll out food waste collections due to insufficient resources and not achieving Environment Act targets for 65% recycling by 2035. Potential reputational damage. Legal sanctions. Broader environmental impacts associated with the aim of reducing waste.	September 2024 update - In October 2023 the government announced its plans for Simpler Recycling as part of the Environment Act. It requires, amongst other things, local authorities to collect food waste from households by 1 April 2026. There remains uncertainty regarding funding for the new service, the costs of which can not be met from existing council budgets. Capital funding has been announced and allocated (for vehicles and containers) but the previous government did not make announcements regarding implementation or revenue costs before the election.  In July 2024, JSC approved the decision to continue with the planning for the roll out of the service, with a cap on revenue spend (75% of the total cost of the service) to minimise the risk of a shortfall in funding. The service will be rolled out to higher density housing in the first instance, with funding options being explored to encourage community and home composting for those areas which may not be included in the first phase.  The Environment Act also requires businesses to recycle the same materials as domestic properties. We offer recycling and food waste collections to our commercial customers, but many have not taken these services up yet. We need to be able to offer these services to all commercial customers by March 2025 to enable them to be compliant and to avoid customers moving to other providers, which would have an adverse impact on our income generation. The commercial service is actively engaging with businesses to advise them of the changing requirements and offering the additional services.	CLT/Jan Jonker	Major	Likely	High	Worse

APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS										
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status	
Financial Services	F1	Joint Adur Worthing	Risk to overall financial position - Known areas of risk within the budget eg Income from demand led services, outcomes of job evaluation, Pay award higher than assumed.	<p>September 2024 - Council holds some contingency budgets against inflationary pressures</p> <p>Council holds reserves to manage the risk of lost income, however reserves have reduced in Worthing.</p> <p>Where a service has been identified as being at risk a close monitoring regime is put in place.</p> <p>The enhanced monitoring for CLT for areas of commercial risk is continuing. .</p> <p>Proactive control of discretionary spend implemented to help resolve areas of overspend within the budget.</p> <p>Budget management strategy in place to build reserves and to better manage risks. Risk still persists due to economic uncertainty and inflation.</p>	Emma Thomas	Major	Very Likely	High	Worse	
Financial Services	F2	Joint Adur Worthing	Future spending requirements are under-estimated - Budgets are insufficient to fund core costs leading to an overspend.	<p>September 2024 - Council has set a balanced budget for 2024/25. Closely monitor progress through Budget/ Performance Monitoring. • Where issues are identified build into budget for the following year.</p> <p>Proactive management of discretionary budgets to manage in year pressures.</p> <p>Annual savings and budget exercise now in progress to reset budget and deal with areas of high pressure. Organisational re-design programme taking place which will help achieve this.</p> <p>A suite of budget management initiatives are also in place to control spend, this has supported both the mitigation of overspends where possible and the delivery of in-year savings. These controls include tighter controls on external spend, vacancy management and agency and consultant spend. A Budget Management Group meets weekly to review spend requests above £25k, and sub £25k requests are being considered daily by a triage group. Staffing budgets are very carefully controlled.</p> <p>Rigorous process for establishing new posts. Other staffing controls – recruitment and selection. Controlling vacancy filling and monitoring against targets.</p> <p>Deferral of expenditure where possible to help mitigate the current financial position.</p>	Emma Thomas	Major	Likely	High	Worse	



APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS										
Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status	
Financial Services	F3	Joint Adur Worthing	Risk that future resources from Government are less than assumed	<p>September 2024 - Councils have lobbied Government for an appropriate resource distribution. • Take action to reduce the overall cost of services or increase income where possible.</p> <p>Councils have responded to the previous Business Rate retention scheme proposals.</p> <p>Councils have responded to the previous funding review consultation.</p> <p>Councils have responded to the previous Local Government settlement consultation.</p> <p>Councils will look to respond to future consultations.</p>	Emma Thomas	Major	Likely	High	Worse	
Financial Services	F4	Joint Adur Worthing	General risk of not finding significant budget savings from both Councils.	<p>September 2024 - Sufficient savings have been identified to meet 2024/25 budget pressures.</p> <p>Introduced Financial Savings Tracker to check savings over 2 years.</p> <p>Risk is now for the 2025/26. Reports to JSC in October 2024.</p>	Emma Thomas	Major	Likely	High	Worse	
Resident Services	RS1	Joint	<p>Revenues and Benefits Team - Reductions in staffing levels may affect service provision. Increase claim turn-around times, increased error/fraud and overpayments, hardship to vulnerable claimants and reputational damage to Councils.</p> <p>Revenues Team has been unable to absorb additional work volumes since April 2013.</p> <p>Opportunity to develop digital solutions that automate some processes.</p> <p>Backlog on Revenues processing times.</p>	<p>September 2024 - The performance of the benefits team has reduced and processing times increased due to less staff and additional work requested by the DWP - full case reviews.</p> <p>The performance of the revenues team has significantly reduced and the backlog increased.</p> <p>Majority of self service work implemented. Staff led discovery work completed and translated into a programme of work which includes the introduction of e-forms and automation of data handling of data provided by customers - Director has oversight of this work.</p>	Tracey Strutt	Major	Likely	High	Worse	

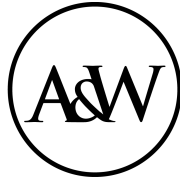
## APPENDIX B - CORPORATE /DIRECTORATE HIGH (RED) RISKS

Category	Ref	Authority	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
Legal & Democratic Services	LSDS5	Joint	<p>Elections and referenda - Increasing complexity and frequency implementing legislative changes creating additional responsibilities and activity required of the electoral services team, this increases costs of delivering elections, overspend in 24/25 against budget extent of which cannot yet be assessed until accounts processed. Knowledge limited to key individuals. Risk of staff burn-out. Redesign includes collaboration between Democratic Services and Elections for increased resilience.</p> <p>Robusticity of software against timing of network refresh project.</p>	<p>September 2024 - Learning development between Democratic services and elections teams.</p> <p>Team staying up to date with Electoral Commission and Boundary Commission on the proposed changes and will plan accordingly. Meeting booked to discuss issues with Electoral Commission and ongoing access line for assistance.</p> <p>The Elections Team are continually engaging with the DLUHC and the Association of Electoral Administrators (AEA) following development of legislation and guidance as it develops.</p> <p>Business continuity has been reviewed with the Digital Team and Emergency Planning.</p> <p>Additional pressures in service redesign causing additional costs and concerns of being understaffed to meet needs. Meetings with VL (finance) and TB to go through budgets in detail have been arranged and ongoing.</p>	Jo Lee	Major	Likely	High	No change

**APPENDIX C - MAJOR PROJECTS RISKS**

Category	Ref	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status
<b>Major Projects</b>								
Major Projects	MP1	Union Place development - Risk that the Council will be delayed in bringing the site forward as a mixed use development. The economic, social and environmental benefit of developing the site will be delayed.	Aug 2024 - planning permission submitted to WBC Nov 2023 granted February 2024. Side letter agreed with Roffey to enable formal Joint Venture to be entered early 2024 pending successful resolution of outstanding issues. Risks remain around funding sequencing; RTL agreements; LCR payments; NCP negotiations.  Update reports provided to the Joint Strategic Committee.	Chris Maughan/Gary Peck	Minor	Unlikely	Low	Improved
Major Projects	MP2	Decoy Farm development - Risk that that a new commercial/industrial development is delayed and that the commercial benefits to the Council of owning a large industrial estate are not realised.	September 2024 - Working with a commercial property consultancy to prepare to market Decoy Farm for sale as soon as possible.	Chris Maughan/Gary Peck	Moderate	Moderate	Medium	Improved
Major Projects	MP3	Redevelopment of the Grafton development site - Risk that the development does not proceed in order to create residential units, new car parks and public realm improvements.	September 2024 - Grafton site marketed from Jan 2024 through CBRE. Several viable offers have been received. Council working up plans on how to short/long list developers. Risk remains around keeping the site safe and secure until freehold sale occurs. It is a complex site with challenging access rights.	Chris Maughan/Gary Peck	Moderate	Moderate	Medium	Improved
Major Projects	MP4	Provision of flood defence walls on the Sussex Yacht Club site - Risk that if flood defence walls are not built then there may be further flooding which will affect long term investment and growth along the Western Harbour Arm regeneration area.	Aug 2024 - Challenges remain to complete the flood wall given minor variation of land required to enable the addition of the SYC access gates and gates at the legally defined Right of Ways / public access to the water. ADC have a legal duty to provide public access to the river on the legally defined RoW. SYC do not agree with the RoW location and have frustrated the process preventing completion.	Chris Maughan	Moderate	Moderate	Medium	Worse
Major Projects	MP5	Redevelopment of the Worthing Civic Centre car park site - Risk that the redevelopment does not proceed or is delayed.	September 2024 - The risk of increased overall project costs arising from the development have been mitigated with Member approval obtained for the increase in the budget to ensure the development is kept on track.	Chris Maughan	Major	Likely	Medium	Worse

APPENDIX C - MAJOR PROJECTS RISKS									
Category	Ref	Risk / Opportunity	Latest update and Internal Controls	Owner	Impact	Likelihood	Risk rating	Status	
Major Projects	MP6	Teville Gate redevelopment site - Delays in the redevelopment of the Teville Gate site or it does not proceed.	August 2024 - Site successfully sold to Homes England and initial pre-application discussions have commenced. As the Council is no longer the owner of the site it has no direct control on the speed of future redevelopment.	Chris Maughan/Gary Peck	Major	Unlikely	Medium	Improved	
Major Projects	MP7	New Monks Farm and Shoreham Airport - Risk that developments are delayed.	August 2024 - permission granted for phases 3 and 4 for Cala Homes. Industrial units nearing completion. However Ikea has taken the site off the market in view of the current economic market. Ikea to put the site on the market in the autumn. Housing being delivered.	Chris Maughan/Gary Peck	Minor	Unlikely	Low	Improved	
Major Projects	MP8	West Sompting redevelopment - Failure to secure planning permission and delay in the delivery of a strategic housing site.	August 2024 - Planning permission issued and work commenced on site for first phase of 96 dwellings.	Chris Maughan/Gary Peck	Moderate	Moderate	Medium	Improved	
Major Projects	MP9	Shoreham Harbour regeneration - Risk that Harbour regeneration does not happen as development sites are unviable.	August 2024 - New application refused and both allowed following appeal. Developer to start work on site shortly.	Chris Maughan/Gary Peck	Moderate	Moderate	Medium	Improved	
Major Projects	MP10	Chatsmore Farm development - Risk to strategic gap and emerging Local Plan	August 2024 - The Local Plan Inspectors report has been received and fully supports the approach to Chatsmore Farm that it should remain undeveloped and allocated as a Local Green Gap. This reduces any impact on the emerging Local Plan. However, Persimmon Homes is pursuing legal action to try and secure permission for housing on the site. The Council successfully overturned the s78 appeal decision to allow 475 dwellings on the site in the High Court but the SofS and Persimmon Homes have recently secured leave to challenge the decision in the Court of Appeal. This could mean the Council would have an adopted plan but if Persimmon is successful with its challenge the site could still be developed for housing. This would undermine the Local Plan process but only in relation to this site. Redetermined appeal by Planning Inspectorate due to start on 17 September.	Chris Maughan/Gary Peck	Major	Moderate	Medium	No change	



ADUR & WORTHING  
COUNCILS

Joint Audit and Governance Committee  
26 September 2024

Key Decision No

Ward(s) Affected: All

## Annual Review of Corporate Complaints and Customer Feedback Report 2023/24

Report by the Director for Housing and Communities

### Executive Summary

#### 1. Purpose

- This report provides an overview of compliments and complaints received by the councils for the financial year 2023-24 including trend analysis.
- It sets out an update on progress and improvements to the feedback process and policy and what steps are planned over the coming year to embed a feedback driven culture.
- This is an annual corporate overview report but will cover the implementation of the Housing Ombudsman's (HO) Complaint Handling Code which became statutory on the 1 April 2024 and the work towards the implementation of Local Government and Social Care Ombudsman (LGSCO) Complaint Handling Code which comes into force on the 1 April 2026.
- [Report can be found here.](#)

#### 2. Recommendations

##### 2.1 Recommendation

- Members are asked to consider this report which is for information only

- Members are asked to continue to support the implementation and compliance of the Housing Ombudsman's Complaint Handling Code and the work towards the implementation of the Local Government and Social Care Ombudsman Complaint Handling Code.

### **3. Context**

- 3.1. Customer feedback is important and an opportunity to learn. This report is the annual report presented to members and provides an overview of formal complaints and compliments received by the councils for the financial year 2023-24. A report was presented to members in March (See background papers for link) outlining the new code of conduct and appointing a member for each council as "Member Responsible for Complaints".
- 3.2. Both quantitative and qualitative customer feedback is collected by many areas of the councils. Quantitative data is the most commonly collected (e.g. the number and types of calls received by the customer service team, and how long they take to answer and resolve). Qualitative data collected is often in the form of surveys that are used to ask our customers what they think of the service that they have received.
- 3.3. This is the annual report for complaints and compliments and reports on formal complaints and compliments logged through the customer feedback system and does not report on service enquiries or any other queries dealt with as business as usual.
- 3.4. During the financial year 2023-24 the organisation commenced an ongoing restructure which included reorganising both directorates and services including the addition of Assistant Directors.
- 3.5. The customer feedback system is built on the Human Resources (HR) system. The system is not agile, so changes in organisational design and structure are not reflected in the reporting. This should be considered when interpreting the data and is why there are complaints that have no directorate.
- 3.6. Other considerations are the implementation of the Housing Ombudsman Complaint Handling Code which became statutory from 1 April 2024. As part of the code there are two key areas
  - How we handle complaints

- A duty to learn from our complaints
- [Complaints Report](#)

3.7. Prior to the adoption of the new Complaint handling code, the Council worked to a 10 day response time. These response times will be referenced throughout this report , as this report reflects performance in 2023-24.

#### 4. Customer Feedback - Compliments

4.1. Compliments are logged when an officer or service has gone over and above what the resident or service user expected. Thank you messages for doing the day to day job are not logged although these expressions of appreciation are also collated and passed to the teams.

<b>Number of compliments logged per year per directorate</b>				
<b>Directorate</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Housing and Communities</b>	104	172	208	305
<b>Sustainability and Resources</b>	80	109	195	264
<b>Place</b>	23	43	38	86
<b>Chief Executive</b>	3	0	0	2
<b>No Directorate</b>	106	151	139	24
<b>Totals</b>	316	475	580	681

#### 5. Customer feedback - Complaints

5.1. A complaint is defined as *“an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents”*.



- 5.2. Council officers have thousands of interactions with residents on a daily basis in the community, on the phone, in our receptions and digitally. Contextually, the number of complaints we receive is low, but increasingly more complex.
- 5.3. Complaints can be about a process or interaction. In both cases we use insight from complaints to identify processes that need improvement. We have an obligation to demonstrate to the regulator that we learn from complaints, and a duty to our residents to mitigate the risk of recurrence.
- 5.4. The council's have a two stage process. Since adopting the new code on April 1st 2024 the following response times must be adhered to.

**Stage 1** - Complaints must be acknowledged, defined and logged at stage 1 within 5 working days of the complaint being received. A full response to stage 1 complaints must be given within 10 working days.

**Stage 2** - If all or part of the complaint is not resolved to the resident's satisfaction at stage 1, it must be progressed to stage 2 of the complaint procedure.

Stage 2 is the final response.

Requests for stage 2 must be acknowledged, defined, and logged at stage 2 of the complaint procedure within 5 working days of the escalation request being received. A full response to stage 2 complaints must be given within 20 working days.

If the customer is not satisfied with the Stage 2 response they can contact either the Local Government Ombudsman or the Housing Ombudsman Service to ask for an independent review.

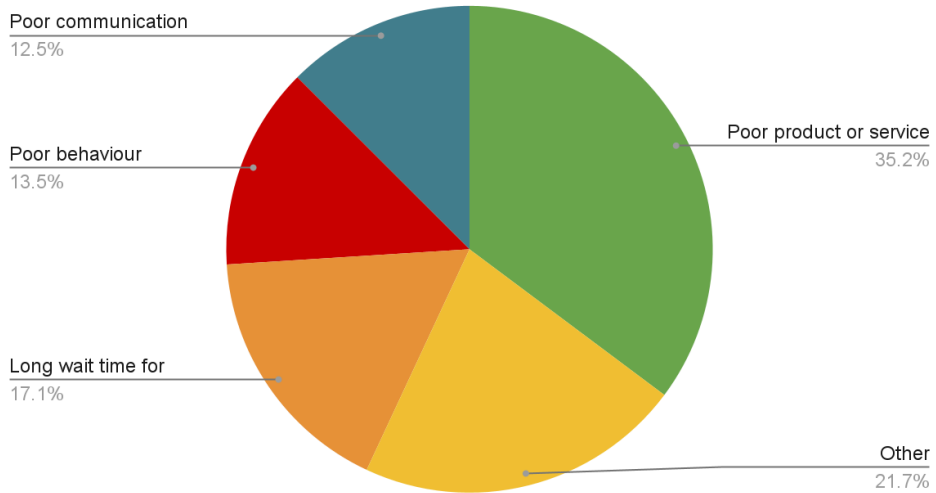
## **6. Stage 1 complaints**

- 6.1. Stage 1 complaints increased by 14.7% in 2023-24 when compared to the previous financial year. Volume of complaints has increased steadily year on year.
- 6.2. 3.3 of the HO code states high volumes of complaints must not be seen as a negative, as they can be indicative of a well-publicised and accessible complaints process. Low complaint volumes are potentially a sign that residents are unable to complain.

<b>Number of stage 1 complaints logged per directorate</b>				
<b>Directorate</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Housing and Communities</b>	99	166	188	250
<b>Sustainability and Resources</b>	77	98	164	217
<b>Place</b>	20	30	29	70
<b>Chief Executive</b>	0	0	0	1
<b>No Directorate</b>	78	107	92	5
<b>Totals</b>	274	401	473	543

- 6.3. There were 543 stage 1 complaints logged in 2023-24 and 39% (212) were with Operations and Sustainability. Housing and Housing, Homelessness and Prevention show as two services for reporting purposes but both are effectively the Housing Service and received 35.4% (192) meaning that over 70% of all complaints are received by these two services.
- 6.4. The largest increases in volume are Housing and Operations and Sustainability (61 and 59 respectively). The largest increase in percentage when compared to the previous financial year are Place and Economy increasing by 164.7% (17 in 2022-23 to 45 in 2023-24) and Housing increasing by 68.2% (131 in 2022-23 to 192 in 2023-24). Some services have seen a drop in complaints in 2023-24 with Resident Services seeing complaints fall by 34.9% from 86 complaints in 2022-23 to 56 complaints in 2023-24
- 6.5. Complaints are categorised into five categories.
- Poor communication
  - Poor behaviour,
  - Poor product or service,
  - Long wait time and
  - Other.

### Reason category for complaints



6.6. Corporately the aim in 23/24 was to complete a stage 1 complaint within 10 working days from the date that the complaint is received. 77.5% of complaints were answered within the corporate aim of 10 working days or by the date that was agreed with the resident. There are differences across directorates with only 59.6% of complaints within Housing and Communities currently answered within 10 working days.

Response times for stage 1 complaints per directorate			
Directorate	Complaints answered within 10 working days	Complaints answered outside of 10 working days	% within 10 working days
Housing and Communities	115	78	59.6%
Sustainability and Resources	199	15	93%
Place	55	13	80.9%
Chief Executive	0	1	0%
No Directorate	4	1	80%
<b>Totals</b>	<b>373</b>	<b>108</b>	<b>77.5%</b>

- 6.7. When a complaint is completed on the system the responding officer should add an outcome for the complaint. These are “not upheld”, “partially upheld” and “ upheld”. There were 36 cases where no outcome was added.

<b>Outcomes for Stage 1 complaints per directorate</b>						
<b>Directorate</b>	<b>Not upheld (we are not at fault)</b>		<b>Partially upheld (we are partially at fault)</b>		<b>Upheld (we are at fault)</b>	
<b>Housing and Communities</b>	60	37.3%	68	42.2%	53	32.9%
<b>Sustainability and Resources</b>	102	51.3%	37	18.6%	60	30.1%
<b>Place</b>	33	55.9%	18	30.5%	8	13.6%
<b>Chief Executive</b>	1	100%	0	0%	0	0%
<b>No Directorate</b>	2	40%	3	60%	0	0%
<b>Totals</b>	<b>198</b>	<b>44.5%</b>	<b>126</b>	<b>28.3%</b>	<b>121</b>	<b>27.2%</b>

- 6.8. The area with the most responses is operations and sustainability who have a total of 194 responses on the system and of these 49% were either “partially upheld” or “upheld” (95 complaints). The second largest number of responses is from Housing who have 137 and of these 67.9% were either “partially upheld” or “upheld” (93 complaints).
- 6.9. The main reason for finding fault with Housing is due to “delayed/poor timing” with “communication breakdown” second. The service is sighted on this, and will be addressed as part of the service redesign. In Resident services “communication breakdown” was the main reason for finding fault.

## 7. Stage 2 complaints

### 7.1.

<b>Number of stage 2 complaints logged per directorate</b>				
<b>Directorate</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Housing and Communities</b>	5	6	20	71
<b>Sustainability and Resources</b>	3	11	31	47
<b>Place</b>	3	13	9	16
<b>Chief Executive</b>	3	1	0	2
<b>No Directorate</b>	28	47	45	4
<b>Totals</b>	42	78	107	140

7.2. There were 140 stage 2 complaints logged in 2023-24. This is an increase of 33 (30.8%) when compared to the same period in the previous financial year with the largest volume received by Housing (both Housing and Housing Homelessness and prevention) with 55 complaints which was 39.3% of the total. Operations and Sustainability received 43 complaints which was 30.7% of the total.

7.3. The categories that are assigned to complaints at a stage 2 are the same as those listed in stage 1 (para. 5.5). The main reason for a stage 2 complaint is for a poor product or service (40%). When looking at individual services 65.1% of Operations and Sustainability complaints are about a poor product or service whilst in Housing, Homelessness and Prevention the main reason for a stage 2 complaint is about poor communication (35.5%)

7.4. The corporate aim is for stage 2 complaints to be responded to within 15 working days. In the financial year 2023-24 123 stage 2 complaints were responded to with 69.1% within 15 working days.

<b>Response times for stage 2 complaints per directorate</b>			
<b>Directorate</b>	<b>Complaints answered within 15 working days</b>	<b>Complaints answered outside of 15 working days</b>	<b>% within 15 working days</b>
<b>Housing and Communities</b>	37	20	64.9%
<b>Sustainability and Resources</b>	31	14	68.9%
<b>Place</b>	12	3	80%
<b>Chief Executive</b>	2	0	100%
<b>No Directorate</b>	3	1	75%
<b>Totals</b>	<b>85</b>	<b>38</b>	<b>69.1%</b>

- 7.5. In summary - the service that has answered the most stage 2 complaints is Housing who answered 44 complaints with 56.8% (25) of these within the 15 working days. The second highest was Operations and Sustainability with 71.4% within 15 working days.
- 7.6. Of the 123 complaints answered in 2023-24 119 have had outcomes added. Corporately 47.9% of stage 2 complaints have the councils as fault to some degree. The directorate with the highest percentage of stage 2 complaints where there was fault is Place where 64.2% were either upheld or partially upheld.

<b>Outcomes for Stage 2 complaints per directorate</b>						
<b>Directorate</b>	<b>Not upheld (we are not at fault)</b>		<b>Partially upheld (we are partially at fault)</b>		<b>Upheld (we are at fault)</b>	
<b>Housing and Communities</b>	30	53.6%	19	33.9%	7	12.5%
<b>Sustainability and Resources</b>	22	51.6%	11	25.6%	10	23.3%
<b>Place</b>	5	35.7%	8	57.1%	1	7.1%

<b>Chief Executive</b>	1	50%	0	0%	1	50%
<b>No Directorate</b>	4	100%	0	0%	0	0%
<b>Totals</b>	<b>62</b>	<b>52.1%</b>	<b>38</b>	<b>31.9%</b>	<b>19</b>	<b>16%</b>

7.7. Place and Economy have the highest percentage of stage 2 complaints where some element of fault was found (either upheld or partially upheld) with 66.7%. Operations and Sustainability also found fault in 52.5% of cases.

7.8. The main reason for escalating complaints to a stage 2 was delayed/poor timing.

## 8. Ombudsman complaints

8.1. Customers who are not satisfied with a stage 2 response can contact the ombudsman to review their complaint in a fair and independent way. There are two ombudsmen that a customer can go to and they can potentially ask both to investigate in certain circumstances. These are the Local Government Ombudsman (LGO) and the Housing Ombudsman (HO). They each deal with different types of service complaints.

The LGO investigates:

- Planning and Building Control
- Some housing issues
- Housing benefit
- Council tax
- Environment and waste
- Neighbour nuisance and antisocial behaviour
- Transport and highways
- Social care
- Some education and schools
- Children's services

The LGO will generally not investigate until the council has had the opportunity to try and resolve the complaint.

8.2. The HO investigates:

- Disputes involving the tenants and leaseholders of social landlords
- Leasehold services
- Rent/service charges



- Moving to a property - tenancy/transfer/mutual exchange
- Tenant behaviour
- Repairs/housing standards
- Environmental health issues at a property
- Complaints about housing staff
- Councils' handling of the complaints process

A complaint can be referred to the HO as soon as the formal process from the councils has been completed.

- 8.3. Either ombudsman can decide to reopen a case up to a year after it has been completed and can take up to a year to come to a final decision i.e. most of the cases in this report were initially stage 1 complaints in 2022-23 or earlier. We will not see the full impact on the ombudsman cases of increase in the number of stage 1 complaints in 2023-24 until the annual report 2024-25 or beyond.

## **9. Ombudsman reporting**

- 9.1. All cases are calculated from the date that the ombudsman case was closed on the customer feedback system. This may not align with the ombudsman's own dates as they use a different system but for consistency and accuracy of reporting and to show trends, this report is based on the dates in our system.
- 9.2. A copy of the report can be found [Here](#)

## **10. Local Government Ombudsman Cases**

- 10.1. The LGO has contacted the councils regarding complaints in 20 cases in 2023-24 which is less than 2022-23 when they contacted the councils in 30 cases.
- 10.2. When the LGO contacts the councils at an initial stage they will ask for specific information to allow them to decide if they will investigate further or if they will close the case at this stage. If they decide not to investigate they will send a decision notice detailing why they will not investigate and close the case as “not upheld”. If they decide to investigate further they will ask more detailed questions and require further documentation in order to make their decision. They will then make their decision based on the evidence provided by both the complainant and the councils. At this stage they will issue a decision notice where the complaint is either “not upheld” or they will find the councils “at fault”. If they find “at fault” they will issue a list of remedies that they wish the councils to evidence that they have done and depending on the impact and severity they may award financial recompense.

- 8.3 The annual complaint report has been received by the LGSCO. The LGSCO categorise as below and their full report can be found: [Annual LGSCO complaint report](#).

**Complaints upheld** - The Ombudsman uphold complaints when they find fault in an organisation's actions, including where the organisation accepted fault before they investigate. They include the total number of investigations completed to provide important context for the statistics.

**50% of complaints were upheld**

**2 Upheld decisions**

**This represents 1.8% upheld decisions per 100,000 residents**

**The average for authorities of this type is 1.2% upheld decisions per 100,000 residents.**

**Statistics are based on a total of 4 investigations for the period between 1 April 2023 to 31 March 2024.**

**Compliance with recommendations** - The Ombudsman have recommended ways for organisations to put things right when faults have caused injustice and monitor their compliance with their recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern. Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. The Ombudsman encourages the early resolution of complaints and give credit to organisations that accept fault and find appropriate ways to put things right.

**No recommendations were due for compliance in this period.**

**Satisfactory remedy provided by the authority** - In these cases, the organisation upheld the complaint and the Ombudsman agreed with how it offered to put things right. The Ombudsman encourages the early resolution of complaints and give credit to organisations that accept fault and find appropriate ways to put things right.

**In 0% of upheld cases the Ombudsman found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.**

**Statistics are based on a total of 2 upheld decisions for the period between 1 April 2023 to 31 March 2024.**

**This compares to an average of 21% in similar organisations.**

## **11. Housing Ombudsman Cases**

- 11.1. The HO has contacted the councils regarding complaints in 9 cases in 2023-24 which is 1 less than 2022-23.
- 11.2. When the HO contacts the councils at an initial stage they will ask for specific information to allow them to decide if they will investigate further or if they will close the case at this stage. The case can be reopened if the HO does contact at a later date.
- 11.3. Currently all 9 cases are showing as being at initial enquiry stage meaning the Council has answered all questions required and is now awaiting further communication from the HO. The HO has been in touch during May 24 for two of the cases although it hasn't indicated if it will be taking these further.

## **12. Financial Implications**

- There are no financial implications as a direct result of this report.

## **13. Legal Implications**

- The Housing Ombudsman Scheme is approved by the Secretary of State under section 51 of, and Schedule 2 to, the Housing Act 1996 (as amended by the Localism Act 2011 and the Building Safety Act 2022). The Act requires social landlords, as defined by section 51(2) of the Act, to be members of an approved scheme. It is mandatory for all local authorities and registered social housing providers to be members of the Ombudsman Scheme. There have been previous versions of the Complaint Handling Code, however the revised version became statutory from 1 April 2024 meaning that landlords are obliged by law to follow its requirements in accordance with the Social Housing (Regulation) Act 2023.
- The Local Government Ombudsman has asserted it has the power to issue “advice and guidance about good administration” to organisations under section 23(12A) of the Local Government Act 1974. Therefore, the LG&SC Code will be considered statutory guidance. The Code will be statutory for all councils. The Code will not apply to other bodies in

the Ombudsman's jurisdiction such as fire and rescue authorities and private care providers.

### **Background Papers**

- [Housing Ombudsman Complaint Handling Code](#)
- [Local Government and Social Care Complaint Handling Code](#)
- [Creating a positive complaints culture: a new code for complaints handling](#)
- [Corporate complaints procedure](#)

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

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Role Senior Insight and Performance Officer  
Telephone  
Email [mandy.redman@adur-worthing.gov](mailto:mandy.redman@adur-worthing.gov).

## Sustainability & Risk Assessment

### 1. Economic

- Matter considered and no issues identified

### 2. Social

#### 2.1 Social Value

- A robust and easy to access feedback system gives a voice to those who need to complain. Through an equality risk assessment, other channels have been made available for those that need to access the system but don't have access to the online feedback system.

#### 2.2 Equality Issues

- Adur and Worthing collect equality data. This data will highlight queries about access and participation.
- The council is subject to the general equality duty set out in section 149 of the Equality Act 2010. This duty covers the following protected characteristics: age, gender, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation.

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

- Better complaints handling and learning will ensure that procedures are robust and adhered to council wide. Community safety issues will be addressed quickly and root cause investigated.

#### 2.4 Human Rights Issues

- Matter considered and the human right to have concerns thoroughly investigated and addressed will be supported throughout the complaints process. Appointing two member champions (MRC's) will create an additional layer to ensure that appropriate action is taken.

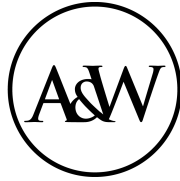
### 3. Environmental

- Matter considered and no issues identified

### 4. Governance

- There is a risk to Adur and Worthing Councils' reputation by not investigating complaints thoroughly or acting on the lessons learned.
- Non-compliance could result in the Ombudsman issuing complaint handling failure orders.
- [Policy on dealing with non-compliance with the Ombudsman's orders](#)

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ADUR & WORTHING  
COUNCILS

Joint Audit and Governance Committee  
26 September 2024

Key Decision [/No]

Ward(s) Affected: All Adur

## **Housing Improvement Plan: September 2024 Progress Report**

**Report by the Assistant Director for Housing and Homelessness Prevention**

### **Executive Summary**

#### **1. Purpose**

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

#### **2. Recommendations**

2.1 Members are asked to note the good progress being made to ensure that Adur Homes becomes fully compliant with regulatory standards that led to the self-referral to the Regulator for Social Housing and the work underway to significantly transform Adur Homes to ensure residents have safe, secure and sustainable homes.



## **1. Background context**

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

## **2. Adur Homes Improvement Plan - Areas of focus**

- 2.1. The Adur Homes Improvement Plan sets out a number of key priorities for the service, which primarily address the concerns of the Regulator (around compliance and decent homes) and also include wider-ranging priorities to ensure the whole service is transformed, including: systems, workforce, governance, asset management, health and safety compliance issues, tenancy management and engagement, complaints and FOIs.
- 2.2. **Service Redesign - Establishing the right leadership and workforce**
  - 2.2.1. Since the last update to this committee, as part of the Council wide Organisation Development the wider Housing Service has been through a formal consultation and redesign with a number of changes to roles. We are now in the implementation stage of

the redesign and progressing recruitment to a number of essential roles. These include Asset Manager, Technical Officers in key disciplines areas and growth to our Tenancy Services teams. We have created a small number of apprenticeship and trainee roles to help “grow our own” staff for the future. Colleagues in these roles will go through formalised training as part of their roles.

- 2.2.2. This new structure aligns with others across the wider Council to support residents including Income and Debt Team and Proactive team within Resident Services.

### **2.3. Gas Surveys**

- 2.3.1. We continue to focus on those that do not provide access and now tackle these with prompt and relevant actions with warrants being obtained quickly. Properties with overdue surveys can be for a number of reasons including a resident in prison and not communicating, or having moved to nursing homes. Of these cases work is undertaken between property and tenancy services regarding tenancy positions. We still follow up to obtain warrants to gain entry and waiting for court dates

The main reasons for non engagement for surveys has been debt on meter, overdue rent, resident failed to communicate, resident location (prison, nursing home). We had 4 overdue surveys at the end of August with court dates pending for access for each.

### **2.4. Electrical Installation Condition Report (EICR)**

- 2.4.1. We continue to work through surveys in this area and have a multi faceted approach to scheduling these survey works including letters, door knocks. There are a perceived high number of cancelled appointments (50 cancelled by residents) and no access responses (420 with no contact) so work is underway to better understand this and consider alternative options for further improved compliance

### **2.5. Fire Risk Assessments**

- 2.5.1. We have reached 100% compliance in this area when we last reported to the regulator in August

### **2.6. Achieving Decent Homes**

- 2.6.1. Following the temporary delay due to the election, work restarted in the procurement and governance process to develop tenders and contracts for both planned and cyclical

works.

- 2.6.2. The appointment of a multidisciplinary consultant to manage the contracts going forward is being tested against in-house provision with some initial costs still to be confirmed and a fully assessed proposal being worked through by officers.
- 2.6.3. The current procurement governance process allows us to review existing frameworks set up specifically for work areas and appoint a contractor under these arrangements, this being either a direct award to the top ranked contractor under the framework or undergoing a mini tender with all or a selected number of the approved contractors.
- 2.6.4. This process eliminates the requirement for a full open tender thereby saving the council time in appointing a contractor and the associated costs.
- 2.6.5. Governance reports will be shared via the appropriate route for approval as soon as possible to progress this work

## **2.7. Stock Condition Surveys**

- 2.7.1. Works progressing well with a third of surveys completed. Original programme completion date is end of October with a further month for data validation. There have been no issues raised to affect the planned completion of this work being met.
- 2.7.2. As these surveys are undertaken we are being notified of areas that need urgent intervention prior to the full results being collated in the Autumn.
- 2.7.3. We have planned and developed how we will store and import the data, and will be undertaking a sample import of data to test the setup that has been built. From this any changes will be made to be ready to import the data into the assets interface when it is made available from the contractor.

## **2.8. Damp and Mould**

- 2.8.1. We currently have 100 properties awaiting survey and 123 with ongoing works currently ongoing.
- 2.8.2. Numbers are reducing and the new process is embedding well with a clear plan of action being adopted by both the team and contractor.
- 2.8.3. We will be providing updated detail around the current intervention plan to the Regulator to ensure we are aligning our work with known vulnerabilities of tenants.

## **2.9. Void Properties**

- 2.9.1. Data as of the end of July shows 139 void properties with 21 currently being worked on and 14 made ready to let in the month. A significant number are awaiting either asbestos surveys or

removal works to be completed.

- 2.9.2. The team has placed a greater emphasis on completing the specification work in advance of allocating to the contractors. We are considering how we can bolster this work and considering adding to the number of contractors currently supporting this area.
- 2.9.3. We have been tasked by the Regulator to provide them with a measurable plan to reduce the number of void properties currently being worked through. This will be reported to them at the September meeting and also to our Members in the next report period.

## **2.10. Systems and Data**

- 2.10.1. Following the wider housing service redesign we have a fully resourced Systems and Applications team. Alongside other officers in the Adur Homes team they have worked through improvements to our compliance system. Following the successful completion of the EICR transfer, the remaining compliance areas will be reviewed and updated/incorporated into the new system with an anticipated completion of all compliance areas being completed by end of December 2024. This will also include where possible, other key areas of monitoring that are deemed appropriate to include where data is collected and stored in other systems, thus providing one central point of access and reporting.
- 2.10.2. In advance of the stock condition surveys being completed later this year we have been preparing an appropriate database to support the use of this data. This will be subject to testing in advance of the final datasets being received

## **2.11. Complaints**

- 2.11.1. Our new Housing Complaints Policy was approved by JAGC in July and it has been signed and published on the website. A requirement to remain compliant with the code is to publish our annual complaints report which will be considered by JAGC in September. As a service we are currently missing some key roles across the organisation, Complaints Manager and a specific Housing Complaints Officer. Following the wider organisation redesigns involving Resident Services and Housing both these roles are being recruited to but are currently vacant.
- 2.11.2. In the meantime we know we have significant work to do regarding the timeliness of responses and the significant issues that lead from this including low satisfaction rates from residents.

## **2.12. Tenant Satisfaction Results**

- 2.12.1. The results from the survey and the management measures have been received and shared with residents through residents meetings, a summary of the results has been shared

in our newsletter and the full set of results have been provided on a new dedicated webpage. We met with survey providers in August to agree the survey approach for 2024 and following a review of learning we intend to follow a similar approach to 2023 (to be undertaken in October/November using online, telephone and postal responses).

2.12.2. The results have confirmed our understanding of the areas needing additional focus for improvement. We know there is still much to do which our development around participation and engagement approach below seeks to improve.

### **2.13. Tenant Participation and Engagement**

2.13.1. Our tenant participation and engagement commission is progressing well and feedback from the Regulator was incorporated. A call to potential providers has been made and 9 have registered their interest. The commission will be shared with them in the coming weeks and applications will be scored by a staff team including housing officers, the new neighbourhoods team and resident representatives. We anticipate awarding the contract in October.

### **2.14. Policies and Procedures**

2.14.1. We have made progress in reviewing all our policies and procedures and we are developing an overall plan of review. The following documents have been drafted and will be consulted on with residents and members in the autumn.

- Tenant Policy
- Tenant Handbook
- Tenancy Agreement
- Recharge Policy
- Repairs Policy

2.14.2. With regard to consultation, we are proposing that the Tenancy Policy, the Responsive Repairs Policy and the Tenant Handbook are consulted with residents through a simple consultation and feedback page on our website and tenant and leaseholder representation at the Adur Homes Advisory Board. We are currently taking legal advice on the process for updating the tenancy agreement for new tenants only.

2.14.3. Following the above consultation, the drafts of these documents will be taken to the Adur Homes Advisory Board for final comment and feedback before being agreed and adopted by the Joint Strategy Committee.

## **3. Engagement and Communication**

5.1 In undertaking this work a range of engagement and communication has been carried out, as referenced above as part of the Improvement Plan. In addition, members have been briefed about this work throughout.

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

#### **4. Financial Implications**

- The resources to ensure compliance with the regulator's standards must be found within the Adur HRA which is a ring-fenced account. Overall, the HRA has a significant budget available to it (£15.3m) and every endeavour will be made regarding best use of this existing resource to deliver the improvement plan.
- Previously changes have been made to the calculation of depreciation which has been of benefit to the HRA's financial standing. Specifically, increasing the proportion of the overall valuation on council properties applied to residual value (the remaining value of an asset after depreciation) from 30% to 40%. It's important to note that residual value itself is not subject to depreciation. This adjustment is based on professional judgement, considering the limited availability of land in the South East of England.

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

- Development of a new Housing Revenue Account Business Plan is being undertaken and will be informed by the stock condition survey information expected to be received by the end of the calendar year. The business plan will support the management of resources to deliver

against the government's Decent Homes Standard and to ensure compliance in all other service areas.

## 5. Legal Implications

- Under Section 111 of the Local Government Act 1972, the council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of its functions.
- Section 1 of the Localism Act 2011 empowers the council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 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.
- Section 8 of the Housing Act 1985 continues to place a duty on every local housing authority to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation.

### Background Papers

- [Adur Homes Compliance with Housing Regulator Standards - Joint Audit and Governance Committee March 2024](#)
- [Regulatory Compliance Notice for Adur Homes - Joint Audit and Governance Committee 30 May 2023 and Adur Joint Strategic Sub-Committee 15 June 2023](#)
- [Regulatory Standards](#)
- [Decent Homes Standards](#)
- [Housing Strategy: Enabling communities to thrive in their own home” 2020-2023;](#)
- [Social Housing Act summary](#)

### Officer Contact Details:-

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## **Sustainability & Risk Assessment**

### **1. Economic**

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

### **2. Social**

#### **2.1 Social Value**

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

#### **2.2 Equality Issues**

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

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Foster good relations between different groups

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

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

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

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

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

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

## **2.4 Human Rights Issues**

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

## **3. Environmental**

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

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

#### **4. Governance**

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

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

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ADUR & WORTHING  
COUNCILS

Joint Audit and Governance Committee  
26 September 2024  
Joint Strategic Committee  
01 October 2024

Key Decision : No  
Ward(s) Affected: All

## Annual Treasury Management Report 2023-24 for Adur District Council and Worthing Borough Council

Report by the Director for Digital, Sustainability and Resources

### EXECUTIVE SUMMARY

#### 1. PURPOSE

- 1.1 The purpose of this and the other treasury management reports that are submitted during the year is to ensure that proper scrutiny is undertaken of the treasury and capital expenditure activities of the Councils and that the activities are conducted in a prudent manner in order to safeguard the financial position of the Councils.
- 1.2 Councils are required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities; and a review of performance against the prudential and treasury indicators for the year.
- 1.3 The key message arising from this report is that both Adur and Worthing Councils have complied with the approved policies and the indicators agreed prior to the start of the financial year.
- 1.4 This report asks Members to note the Treasury Management performance for Adur and Worthing Councils for 2023/24 as required by regulations issued under the Local Government Act 2003.

#### 2. RECOMMENDATIONS

##### 2.1 Recommendation One

The Joint Audit and Governance Committee is recommended to note the annual report and to refer any comments or suggestions to the next meeting of the Joint Strategic Committee on 1st October 2024.

##### 2.2 Recommendation Two

The Joint Strategic Committee is recommended to note the annual treasury management report for 2023/24.

### **3. CONTEXT**

#### **3.1 Treasury Management is defined as:**

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

#### **3.2 This report details the treasury management activities and portfolio positions for the 2023/24 financial year for Adur District Council and Worthing Borough Council. The Councils are required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/24. This report meets the requirements of both the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).**

#### **3.3 During 2023/24 the minimum reporting requirements were that the full Councils should receive the following reports:**

- Before the beginning of the financial year, the first report, the Treasury Management Strategy and Annual Investment Strategy, seeks approval for the Councils’ approach to the management of investments and the borrowing of funds for the forthcoming year. This report details how the Councils will manage risk in their treasury activities and was approved by Worthing Council on the 21st February 2023 and by Adur Council on the 23rd February 2023.
- This is followed by a mid-year review of performance against the approved strategies (JAGC 21st November 2023, JSC 5th December 2023).
- At the year end, there is an annual report which confirms actual performance for the year (this report).

#### **3.4 There is a clear regulatory environment governing the Council’s investment and treasury activities. The Local Government Act 2003 requires that the Council complies with the Prudential Code for Capital Finance. This is a framework established to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within this clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. As part of the Prudential Code, indicators are established to ensure that the Council has approved limits on both capital expenditure plans and associated borrowing activity.**

#### **3.5 The Councils’ Treasury Management Strategy and Annual Investment Strategy place the security of investments as foremost in considering all treasury management dealing. By doing so, it contributes towards the Councils’ priorities.**

## 4. ISSUES FOR CONSIDERATION

- 4.1 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury management activities and highlights compliance with the Councils' policies previously approved by members.
- 4.2 The Annual Report also confirms that the Councils have complied with the requirement under the Code to give scrutiny to all of the above treasury management reports by the Joint Governance Committee and the Joint Strategic Committee before they were reported to the full Councils.
- 4.3 Member training on treasury management matters is now a requirement of the Prudential Code. To facilitate this for the 2023/24 year officers are requesting quotations and specifications from appropriate providers. Once an appropriate provider has been identified members will be notified of the plan to deliver training sessions.

## 5. Summary of Prudential and Treasury Indicators

During 2023/24, the Councils complied with their legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are shown in the tables below. Other prudential and treasury indicators are to be found in the main body of this report. The Chief Financial Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limits, (the authorised limits), were not breached.

### Adur District Council

Prudential and treasury indicators	31.3.23 Actual £m	2023/24 Projected £m	31.3.24 Actual £m
<b>Capital expenditure</b>			
· Non-HRA	3.505	55.548	4.741
· HRA	10.212	29.508	15.305
· Total	13.717	85.056	20.046
<b>Capital Financing Requirement:</b>	29.516	80.799	28.813
· Non-HRA	60.60	92.562	73.869
· HRA	77.556	76.685	76.685
· Strategic	174.426	250.046	179.367
· Total			
<b>Gross borrowing</b>	<b>(164.962)</b>	<b>(240.582)</b>	<b>(168.739)</b>
<b>Investments</b>			
· Longer than 1 year	2.684	3	4
· Under 1 year	8.090	7.774	0.15
· Total	<b>10.774</b>	<b>10.774</b>	<b>4.15</b>

<b>Net borrowing</b>	<b>(154.188)</b>	<b>(243.192)</b>	<b>(164.589)</b>
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## Worthing Borough Council

<b>Prudential and treasury indicators</b>	<b>31.3.23 Actual £m</b>	<b>2023/24 Projected £m</b>	<b>31.3.24 Actual £m</b>
<b>Gross Expenditure non-HRA</b>	<b>57.559</b>	<b>33.595</b>	<b>14.106</b>
<b>Capital Financing Requirement:</b>	137.82	161.463	141.152
· <b>Non-HRA</b>	68.791	68.010	68.01
· <b>Strategic</b>	<b>206.611</b>	<b>229.473</b>	<b>209.162</b>
<b>Total</b>			
<b>Gross borrowing</b>	<b>(203.948)</b>	<b>(224.713)</b>	<b>(198.936)</b>
<b>Investments</b>			
· <b>Longer than 1 year</b>	16.974	15.71	15.71
· <b>Under 1 year</b>	17.355	20.776	7.425
· <b>Total</b>	<b>34.329</b>	<b>36.486</b>	<b>23.135</b>
<b>Net borrowing</b>	<b>(169.619)</b>	<b>(188.227)</b>	<b>(175.801)</b>

This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

## 6. The Councils' Capital Expenditure and Financing

6.1 The Councils undertake capital expenditure on long-term assets (land, buildings, vehicles, software and equipment). These activities may either be:

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



6.2 The actual capital expenditure forms one of the required prudential indicators, because the Councils must ensure that capital expenditure is affordable, approved and monitored. The tables below show the actual capital expenditure and how this was financed. The full explanation of the expenditure and the variances between the budgets and actual expenditure can be found in the Capital Monitoring Reports. The “current budget” includes subsequent approvals and reprofiled budgets approved during the year.

<b>Adur District Council Total</b>	<b>2022/23 Actual</b>	<b>2023/24 Original Budget</b>	<b>2023/24 Actual</b>
<b>Capital expenditure £m</b>	13.717	85.056	20.046
<b>Financed in year £m</b>	6.138	6.697	13.531
<b>Unfinanced capital expenditure £m</b>	7.579	78.359	6.515

The following table shows the General Fund share of the figures in the table above

<b>Adur District Council General Fund</b>	<b>2022/23 Actual</b>	<b>2023/24 Original Budget</b>	<b>2023/24 Actual</b>
<b>Capital expenditure £m</b>	3.505	55.548	4.741
<b>Financed in year £m</b>	1.478	2.397	4.741
<b>Unfinanced capital expenditure £m</b>	2.027	53.151	0

The following table shows the HRA share of the figures in the table above

<b>Adur District Council HRA</b>	<b>2022/23 Actual</b>	<b>2023/24 Original Budget</b>	<b>2023/24 Actual</b>
<b>Capital expenditure £m</b>	10.212	29.508	15.305
<b>Financed in year £m</b>	4.660	4.300	8.790
<b>Unfinanced capital expenditure £m</b>	5.552	25.208	6.515

For Adur, the original budget was revised due to subsequent approvals and re-profiling of budgets, most significantly the reprofiling of the Strategic Property Economic Regeneration Fund (£43.4m) and the impact of extended lead times and staff resources on the ability to deliver some projects.

The difference between the current budget and the actual spend is, in part, attributed to:

- re-profiling of budgets including large schemes where works will complete in a future year such as:  
 £4.7m Small Sites schemes at Daniel Close and Gravelly Crescent  
 £4.31m Adur Homes External Works  
 £2.1m South Street Housing Development  
 £1.9m Shoreham Harbour Walls
- a net underspend of £0.277m

Worthing Borough Council	2022/23 Actual	2023/24 Original Budget	2023/24 Actual
Capital expenditure £m	57.559	33.595	14.106
Financed in year £m	3.811	8.729	9.696
Unfinanced capital expenditure £m	53.748	24.866	4.410

For Worthing, the original budget was revised due to subsequent approvals and re-profiling of budgets, and the impact of extended lead times and staff resources on the ability to deliver some projects.

The difference between the current budget and the actual spend is attributed to:

- re-profiling of budgets including large schemes where works will complete in a future year such as:  
 £4.9m Worthing Heat Network  
 £2.7m Montague Gardens  
 £1.6m Victoria Road Housing Development
- a net underspend of £63,840

## 7. THE COUNCILS' OVERALL BORROWING NEED

- 7.1 Some of the Councils' capital expenditure is funded immediately by, for example, capital grants, capital receipts from the sale of assets, or from contributions from the revenue budget (capital funded by revenue as approved by statute). Capital expenditure that is not funded by any of these means is described as "the underlying need to borrow" and is known as the Capital Financing Requirement (CFR). The CFR is a gauge of the Councils' indebtedness. It results from the capital activity of the Councils and resources used to pay for the capital spend. It represents the 2023/24 unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Councils' treasury activities is to address the funding requirements for this

borrowing need. Depending on the capital expenditure programme, the treasury service organises the Councils' cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Councils. The Councils make these decisions based on a number of factors, including the prevailing interest rates for borrowing compared to those for investing, the likelihood of a capital receipt in the near future or a forecast of additional capital grants.

**7.2 Reducing the CFR** – the Councils' (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Councils are required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR. The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Councils' 2023/24 MRP Policies (as required by DLUHC Guidance), were approved as part of the Treasury Management Strategy Report for 2023/24 by Worthing Council on the 21st February 2023 and by Adur Council on the 23rd February 2023.

The tables below show the Councils' CFRs for the year, which represent key prudential indicators. The CFR would include PFI and leasing schemes on the balance sheet because they increase borrowing need. However the Councils do not have any PFI or other qualifying schemes.

Adur District Council - total of General Fund and HRA

CFR (£m):	31.3.23 Actual	2023/24 Budget	31.3.24 Actual
<b>Opening balance</b>	168.723	174.426	174.426
<b>Add unfinanced capital expenditure (as above)</b>	7.579	78.359	6.515
<b>Less MRP/VRP</b>	(1.876)	(2.739)	(1.574)
<b>Closing balance</b>	174.426	250.046	179.367

#### Adur General Fund share of the CFR

CFR (£m): General Fund	31.3.23 Actual	2023/24 Budget	31.3.24 Actual
Opening balance	106.921	107.072	107.072
Add unfinanced capital expenditure (as above)	1.460	53.151	0
Less MRP/VRP	(1.876)	(2.739)	(1.574)
Closing balance	107.072	157.484	105.498

#### Adur HRA share of the CFR

CFR (£m): HRA	31.3.23 Actual	2023/24 Budget	31.3.24 Actual
Opening balance	61.802	67.354	67.354
Add unfinanced capital expenditure (as above)	5.552	25.208	6.515
Less MRP/VRP	0.000	0.000	0.000
Closing balance	67.354	92.562	73.869

#### Worthing Borough Council

CFR (£m): General Fund	31.3.23 Actual	2023/24 Budget	31.3.24 Actual
Opening balance	154.820	206.611	206.611
Add unfinanced capital expenditure (as above)	53.748	24.866	4.410
Less MRP/VRP	(1.693)	(2.004)	(1.859)
Closing balance	206.611	229.473	209.162

### 7.3 Gross borrowing and the CFR

in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Councils should ensure that their gross external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement in the preceding year (2022/23), plus the estimates of any additional capital financing requirement for the current (2023/24) and next two financial years. This essentially means that the Councils are not borrowing to support revenue expenditure. This indicator allows the Councils some flexibility to borrow in advance of immediate capital needs to take advantage of, say, low interest rates.

The difference between the CFR and the gross borrowing position is termed under or

over borrowing. If a Council is under borrowed, it is using some of its internal cash that could otherwise be invested. It can therefore choose to borrow externally up to the CFR so as to take advantage of favourable interest rates. If a Council is over borrowed, it needs to ensure that this position is remedied over a two year period. The Councils have complied with this prudential indicator over a two year period.

This table shows the total CFR and gross borrowing for Adur District Council and the two following tables show the separate figures for the General Fund and the HRA.

Adur District Council Total	31 March 2023 Actual	31 March 2024 Strategy	31 March 2024 Actual
CFR £m	174.426	251.810	179.367
Gross borrowing position £m	164.962	249.658	170.649
Under/(over)funding of CFR £m	9.464	5.154	8.988

Adur District Council General Fund	31 March 2023 Actual	31 March 2024 Strategy	31 March 2024 Actual
CFR General Fund £m	107.072	156.994	105.498
Gross borrowing position £m	97.344	153.940	100.618
Under/(over)funding of CFR £m	9.09	3.054	4.880

Adur District Council HRA	31 March 2023 Actual	31 March 2024 Strategy	31 March 2024 Actual
CFR HRA £m	67.354	94.816	73.869
Gross borrowing position £m	66.960	92.716	68.121
Under/(over)funding of CFR £m	0.39	2.100	5.748

As at 31 March 2024, for Adur District Council, the HRA was under-borrowed by £5.748m. The General Fund was under-borrowed by £4.880m. Under borrowing results from the use of internal resources to fund capital expenditure, which reduces the amount of interest payable on external borrowing. Interest rates on investments are currently very low in comparison to the rates charged on borrowed sums, so this is a cost-effective strategy reducing the overall net cost of borrowing.

Worthing Borough Council	31 March 2023 Actual	31 March 2024 Strategy	31 March 2024 Actual
CFR General Fund £m	206.875	229.884	209.162
Gross borrowing position £m	203.948	224.713	198.936

<b>Under/(over)funding of CFR £m</b>	2.927	5.131	8.401
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Worthing Borough Council was under-borrowed by £8.401m at 31 March 2023. As for Adur, the difference between the strategy and the actual CFR figures is due to re-profiling of the Capital budgets as detailed in section 5.2 above.

- 7.4 The **authorised limit** is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Councils do not have the power to borrow above this level. The tables below demonstrate that during 2023/24 the Councils maintained gross borrowing within the authorised limits.

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

**Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs, net of investment income), against the net revenue stream. The costs incurred through capital expenditure are the interest payable on money borrowed and the Minimum Revenue Provision (see section 12), which is a statutory annual revenue charge to reduce the indebtedness of a Council, based on the amount of capital expenditure which has not been funded by capital receipts, grants etc.

Investment income and other income generated from the capital assets purchased or created through the capital programme are deducted from these costs. The net figure is then compared to the Councils’ net revenue streams - the income received from grants and taxation as shown in the Statement of Accounts. Consequently if only the costs of the capital programme increase, so will the proportion of financing cost to net revenue stream. If only the net revenue stream increases, then the proportion will reduce. Usually there will be a combination of both factors.

<b>Adur District Council</b>	<b>2022/23</b>
Authorised limit	<b>£259.000m</b>
Maximum gross borrowing position during the year	<b>£175.283m</b>
Operational boundary	<b>£256.000m</b>
Average gross borrowing position	<b>£164.946m</b>
Commercial properties financing as a proportion of net revenue stream	<b>(12.40)%</b>
Other GF financing costs as a proportion of net revenue stream	<b>26.43%</b>
HRA Financing costs as a proportion of net revenue stream	<b>12.78%</b>

The figures for the financing as a proportion of net revenue stream differ from the original forecasts, partly due to the high level of grants received to support the Council through the pandemic, which increased the value of the net revenue stream.

Worthing Borough Council	2022/23
Authorised limit	£248.300m
Maximum gross borrowing position during the year	£209.252m
Operational boundary	£245.000m
Average gross borrowing position	£201.489m
Commercial properties financing as a proportion of net revenue stream	(22.78%)
Other GF financing costs as a proportion of net revenue stream	5.35%

As with Adur, the figures for the financing as a proportion of net revenue stream differ from the original forecasts, partly due to the high level of grants received to support the Council through the pandemic, which increased the value of the net revenue stream.

## 8. Treasury Position as at 31 March 2024

The Councils' treasury management debt and investment positions are organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Councils' Treasury Management Practices. At the end of 2023/24 the Councils' treasury positions are shown in the following tables.

### 8.1 Adur District Council's position at the beginning and end of the year is shown below (nb PWLB refers to the Public Works Loan Board - an arm of the government).

	Principal at 31.03.24 £m	Average Rate of Return	Average Life in Years	Principal at 31.03.23 £m	Average Rate of Return	Average Life in Years
<b>Debt Portfolio</b>						
PWLB	(148.323)	3.76%	17.71	(140.002)	3.59%	19.00
Other Borrowing	(22.327)	4.57%	18.44	(24.939)	4.56%	24.29
<b>Total Debt</b>	<b>(170.650)</b>			<b>(164.952)</b>		
<b>CFR</b>	<b>179.367</b>			<b>174.427</b>		
<b>(Over)/under borrowing</b>	<b>8.988</b>			<b>9.485</b>		
<b>Investments</b>						
Bonds	0.025	n/a	n/a	0.025	n/a	n/a
Property Fund	2.555*	4.67%**	n/a	2.659*	4.04%**	n/a
Long Term	0.000	n/a	n/a	0.000	n/a	n/a
Short Term	1.150	4.17%	< 1 year	8.090	3.49%	< 1 year

<b>TOTAL INVESTMENTS</b>	<b>3.730</b>			<b>10.774</b>		
<b>NET DEBT</b>	<b>(166.920)</b>			<b>(154.178)</b>		

\* value of units at 31 March 2024

\*\* return on original investment (£3m) over the financial year 2023/24

The maturity structure of debt table below demonstrates that procedures are in place to prevent the maturity of too much debt in a single period, when only high interest rates may be available for refinancing the debt, if required.

<b>Adur District Council Maturity Structure of Debt</b>	<b>31 March 2023 actual</b>	<b>2023/24 original limits</b>	<b>31 March 2024 actual</b>
under 12 months	9%	20%	11%
12 months and within 24 months	6%	30%	10%
24 months and within 5 years	8%	50%	16%
5 years and within 10 years	20%	70%	19%
10 years and within 20 years	35%	80%	23%
20 years and within 30 years	2%	60%	2%
30 years and within 40 years	8%	60%	7%
Over 40 years	12%	45%	12%

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

	<b>Principal at 31.03.23 £m</b>	<b>Average Rate of Return</b>	<b>Average Life in Years</b>	<b>Principal at 31.03.22 £m</b>	<b>Average Rate of Return</b>	<b>Average Life in Years</b>
<b><u>Debt Portfolio</u></b>						
PWLB	(136.411)	2.28%	16.31	(142.423)	2.24%	19.66
Other Borrowing	(62.275)	3.31%	0.71	(61.525)	2.25%	1.42
<b>TOTAL BORROWING</b>	<b>(198.686)</b>			<b>(203.948)</b>		
<b>CFR</b>	209.162			<b>206.875</b>		
<b>(Over)/under borrowing</b>	10.476			<b>2.927</b>		
<b><u>Investments</u></b>						
Bonds	0.050	n/a	n/a	0.050	n/a	n/a
Property Fund	1.277*	4.67%**	n/a	1.329*	4.04%**	n/a
Long Term	1.000	4.70%	1.8	1.00	4.70%	1.8
Short Term	6.425	5.17%	< 1 year	18.865	3.29%	< 1 year
<b>TOTAL INVESTMENTS</b>	<b>8.752</b>			<b>21.244</b>		
<b>NET DEBT</b>	<b>(189.934)</b>			<b>(169.559)</b>		

\* value of units at 31 March 2024

\*\* return on original investment (£1.5m) over the financial year 2023/24



The maturity structure of debt table that follows demonstrates that procedures are in place to prevent the maturity of too much debt in a single period, when only high interest rates may be available for refinancing the debt, if required.

Worthing Borough Council Maturity Structure of Debt	31 March 2023 actual	2023/24 original limits	31 March 2024 actual
under 12 months	18%	35%	32%
12 months and within 24 months	21%	35%	7%
24 months and within 5 years	18%	75%	17%
5 years and within 10 years	15%	75%	16%
10 years and within 20 years	8%	75%	6%
20 years and within 30 years	3%	75%	4%
30 years and within 40 years	9%	75%	10%
Over 40 years	8%	75%	9%

### 8.3 Investments held by Adur District Council at 31 March 2024:

Counterparty	Issue Date	Maturity Date	Principal	31.03.24 Interest Rate*	Long Term Rating
Lloyds Bank call account	31/03/2024	n/a	£150,000	5.14%	A+
Close Bros	09/08/2022	09/08/2024	£1,000,000	3.20%	BBB+
CCLA Local Authorities Property Fund	25/04/2017	n/a	£3,000,000	variable	n/a
Boom Credit Union	06/03/2015	n/a	£25,000	n/a	n/a
<b>TOTAL</b>			<b>£4,175,000</b>		

#### Non-treasury investments

Adur District Council has approved a strategy to invest in properties and developments for economic regeneration purposes. Full details can be found in the Capital Strategy and Commercial Property Investment Strategy. Adur also holds, for policy purposes, shares in what was originally the West Sussex Credit Union, now known as Boom Community Bank. This is a member-owned financial co-operative with services available to residents and workers of East Hampshire, Kingston upon Thames, Surrey and West Sussex.

### 8.4 Investments held by Worthing Borough Council at 31 March 2024:

Counterparty	Issue Date	Maturity Date	Principal	31.03.23 Interest Rate	Long Term Rating
Lloyds Bank Call Account	31/03/2024	n/a	£695,000	5.14%	A+
Close Brothers Limited	05/01/2023	03/01/2025	£1,000,000	4.70%	BBB+
Debt Management Office (DMO)	28/03/2024	02/04/2024	£5,730,000	5.19%	GOV
CCLA Local Authorities Property Fund	25/04/2017	n/a	£1,500,000	variable	n/a
Boom Credit Union	06/03/2015	n/a	£50,000	n/a	n/a
<b>TOTAL</b>			<b>£8,975,000</b>		

## **Non-treasury investments**

Worthing Borough Council has made two loans of £5m each for 10 years to Worthing Homes to support the building of homes. The Council receives £70k per annum net in interest over and above the cost to the Council of borrowing the £10m from the Public Works Loan Board. The loans are fully secured on property and mature in 2027 and 2028.

A loan of £5m was made to GB Met College in January 2020 for 20 years to support local education. The Council received £97k in 2022/23 net in interest over and above the cost to the Council of borrowing the £5m from the Public Works Loan Board. This amount will reduce in future years because the loan is repayable by equal instalments of principal. The loan is fully secured on property.

Worthing BC has approved a strategy to invest in properties and developments for economic regeneration purposes. Details can be found in the Capital Strategy and Commercial Property Investment Strategy. Worthing also holds, for policy purposes, shares in what was originally the West Sussex Credit Union, now known as Boom Community Bank. This is a member-owned financial co-operative with services available to residents and workers of East Hampshire, Kingston upon Thames, Surrey and West Sussex.

## **9. THE STRATEGY FOR 2023/24**

### **9.1 Investment Strategy and control of interest rate risk**

Some of the information and tables in the following paragraphs are supplied by the Councils' treasury advisors, Link Asset Services and consist of detailed economic and market information which informed the Councils' treasury management decisions throughout the year.

Both Councils take a cautious and prudent approach to investing, which historically has served their portfolios well. This approach continues to bear out in the current strategy, investing only with highly rated institutions and diversifying to ensure that significant reliance is not placed on any single institution.

The approach of keeping investment to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. Shields the Councils from additional cost, due to the differential between borrowing and investment. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.

### **9.2. Borrowing strategy and control of interest rate risk**

During 2023/24, both Councils maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns largely remained lower than borrowing costs, shielding both councils from

undue interest expense.

A cost of carry generally remained in place during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. As the cost of carry dissipated, the Councils sought to avoid taking on long-term borrowing at elevated levels (>5%) and focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<3 years) as appropriate.

The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, owing to the repayment of excess grant funds received during the pandemic, both Councils experienced a reduction in cash balances available to implement this strategy in the 2022/23 year, this has tempered its effectiveness over 2023/24. As with all elements of the treasury strategy, this policy is adaptive and remains under ongoing review to control the risk of both authorities being exposed to a higher market rate on refinancing the maturing debt.

9.3 Against this background and the risks within the economic forecast, significant challenges were presented to treasury operations. The Chief Financial Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy to manage interest rate risks. The strategy is underpinned by two fundamental options:

- Where it was felt that there was a significant risk of a sharp **fall** in long and short-term rates, (e.g a marked increase of risk indicators of a recession or indicators of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would be considered.
- Where it was felt that there was a significant risk of a much sharper **rise** in the long and short-term rates than initially expected, perhaps arising from an acceleration in inflationary pressures and a rise in central bank rates in the UK, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

9.4 Interest rate forecasts initially suggested further gradual rises in short, medium and longer-term fixed borrowing rates during 2023/24. Bank Rate had initially been forecast to peak at 4.5% but it is now expected to have peaked at 5.25%.

By January it had become clear that inflation was moving down significantly from its 40-year double-digit highs, and the Bank of England signalled in March 2024 that the next move in Bank Rate would be down, so long as upcoming inflation and employment data underpinned that view. Currently the CPI measure of inflation stands at 3.4% but is expected to fall materially below 2% over the summer months and to stay there in 2025 and 2026. Nonetheless, there remains significant risks to that central forecast, mainly in the form of a very tight labour market putting upward pressure on wages, and continuing geo-political inflationary risks emanating from the prevailing Middle East crisis and the Russian invasion of Ukraine.

9.5 The below tables show two variants of the interest rate forecast supplied by Link Group, the appointed treasury advisors for both Councils. The first table is the forecast used to inform Annual Treasury Management Strategy Statement 2023/24 from, and the second is the final forecast received in the 2023/24 financial year. The marked difference again shows it has been a turbulent period, with markets initially under estimating the persistence and extent of inflationary pressures and the economy's ability to absorb interest rate increases before entering recession.

Link Group Interest Rate View		19.12.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>BANK RATE</b>	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Link Group Interest Rate View		08.01.24											
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by levels of persistent inflation that are exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable

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particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

Gilt yields have generally been on a continual rise since the start of 2021, peaking in the autumn of 2023. Currently, yields are broadly range bound between 3.5% and 4.25%.

At the close of the day on 28 March 2024, all gilt yields from 1 to 50 years were between 3.81% and 4.56%, with the 1 year being the highest and 6-7 years being the lowest yield.

Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)
- HRA Borrowing rate is gilt plus 40 40bps (G+40bps)

#### **High/Low/Average PWLB Rates for 2023/24**

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.13%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.53%	5.96%	5.74%
<b>Date</b>	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
<b>Average</b>	5.54%	4.99%	4.97%	5.34%	5.08%
<b>Spread</b>	1.71%	1.80%	1.33%	1.38%	1.47%

There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate falls and inflation (on the Consumer Price Index measure) moves below the Bank of England's 2% target.

As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

The Bank of England is also embarking on a process of Quantitative Tightening. The Bank's original £895bn stock of gilt and corporate bonds will gradually be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, and high in historic terms, is an unknown at the time of writing.

## 10. BORROWING OUTTURN

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

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

### Adur District Council

Lender	Principal	Purpose of Loan	Interest Rate	Maturity
PWLB	£5m	Albion Street	5.21%	30/04/2024
PWLB	£5m	HRA Refinancing	4.75%	28/06/2025
PWLB	£5m	GF Refinancing	5.31%	08/03/2024
Worthing BC	£1.5m	GF Refinancing	5.27%	02/10/2023
Worthing BC	£2m	GF Refinancing	5.47%	16/10/2023
Worthing BC	£2m	GF Refinancing	5.30%	20/10/2023
West Midlands Combined Authority	£3m	GF Refinancing	3.95%	14/02/2024

### Worthing Borough Council

Lender	Principal	Purpose of Loan	Interest Rate	Maturity
West Midlands Combined Authority	£5m	Refinancing	4.00%	17/08/2023
Gloucestershire CC	£5m	Refinancing	4.70%	22/04/2024
North Northamptonshire Council	£5m	WICC	5.75%	09/09/2024
South Derbyshire DC	£5m	Refinancing	5.45%	30/09/2024
West Midlands Combined Authority	£5m	Refinancing	3.95%	28/11/2024
West Midlands Combined Authority	£6m	WICC	3.95%	12/02/2025
West Midlands Combined Authority	£5m	Refinancing	3.95%	14/02/2025
West Midlands Combined Authority	£4m	Refinancing	5.30%	24/02/2025
West Sussex Credit Union	£0.25m	Refinancing	3.80%	Notice

### 10.3 Borrowing in advance of need

The Councils have not borrowed more than, or in advance of their needs, purely in order to profit from the investment of the extra sums borrowed.

## 11. INVESTMENT OUTTURN

### 11.1 Investment Policy

The Councils' investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy, and the Councils had no liquidity difficulties.

### 11.2 Resources

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

#### Adur District Council

Balance Sheet Resources (£m)	31 March 2024	31 March 2023
General Fund Balances	(1.051)	(1.051)
HRA Balances	(0.741)	(1.079)
Earmarked reserves	(9.035)	(12.445)
Provisions	(0.688)	(0.625)
Usable capital receipts & grants	(6.221)	(7,020)
<b>Total</b>	<b>(18.096)</b>	<b>(22.220)</b>

#### Worthing Borough Council

Balance Sheet Resources (£m)	31 March 2024	31 March 2023
Balances	(0.761)	(1.347)
Earmarked reserves	(2.192)	(5.502)
Provisions	(0.229)	(0.184)
Usable capital receipts & grants	(14.940)	(14.668)
<b>Total</b>	<b>(18.122)</b>	<b>(21.701)</b>

### 11.3 Investments held by the Councils

Both Councils recorded investment income above the budgets, mainly due to unprecedented interest rate rises which benefited investment markets. This resulted in higher than forecast investment returns.

Details of the income earned are shown below. A comparable performance indicator is the average 3 month London Interbank Bid Rate (the rate bid by banks on deposits), which was 5.12%.

#### **Adur District Council:**

Adur District Council maintained an average balance of £4.656m of internally managed short term investments, which earned an average rate of return of 4.40% and an average balance of £4.010m of long term investments, which earned an average rate of 3.87%. This excludes the £3m investment in the Local Authorities' Property Fund, which returned an average dividend rate of 4.09%.

The treasury investment returns included in the reported income of Adur Council for 2023/24 exceeded the General Fund and HRA budgets by £53k, due in large part to the acceleration of interest rates during the year and their increased period of elevation. The Council's policy of holding more liquid investments during this time enabled Adur to realise the changes in interest rates more quickly than if investments were longer term.

The Council also made a saving of £81k against the budget on the interest payments on borrowing due to careful management of cash flow resources and borrowing decisions. This was also aided by the reprofiling of capital expenditure as detailed earlier in the report.

#### **Worthing Borough Council:**

Worthing Borough Council maintained an average balance of £18.680m of internally managed short term investments, which earned an average rate of return of 4.89% and a long term investment of £4.684m which earned 3.40%. Those figures exclude:

- the £10m loan to Worthing Homes, which earned 0.70% above the rate at which the funds were borrowed from the PWLB, amounting to £70k;
- the repayment loan to GB Met College, (originally £5m), which earned 2.00% above the rate at which the funds were borrowed from the PWLB, amounting to £97k;
- the investment in the Local Authorities' Property Fund, which earned an average dividend rate of 4.09%.

The treasury investment returns included in the reported income of Worthing Borough Council for 2023/24 exceeded the General Fund budget by £533k, due in large part to the acceleration of interest rates during the year. The Council's policy of holding more liquid investments during this time enabled Worthing to realise the changes in interest rates more quickly than if investments were longer term. Due to the alphabetical nature of Covid related grant reconciliations Worthing held balances in relation to these for longer than Adur, which also benefited investment return.



The Council also made a saving of £68k against the budget on the interest payments on borrowing due careful management of cash flow resources and borrowing decisions. This was also aided by the reprofiling of capital expenditure as detailed earlier in the report.

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

- 12.1 The Councils, in accordance with legislation, make a provision from revenue to enable the repayment of borrowing that has been undertaken to fund the capital programme. This provision is known as the Minimum Revenue Provision (MRP) and is charged to the General Fund Revenue Account each year. The Councils are also permitted to make a Voluntary Revenue Provision (VRP) which is additional to the MRP and can be used to reduce the MRP in future years.
- 12.2 For 2023/24 an amount of £1.574m of MRP, after an offset of £10k of VRP, has been provided in the Adur District Council General Fund. The VRP total balance at 31 March 2024 was £10k. No voluntary amount has been set aside for the HRA.
- 12.3 For 2023/24 an amount of £1.840m of MRP and a net £160k offset of VRP has been provided in the Worthing Borough Council revenue accounts. The VRP total balance at 31 March 2022 was £150k.

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

- 13.1 In recent history, due to the Covid-19 virus, the government made substantial payments to both Councils to provide relief to the local community, support the additional costs that the Councils are incurring, and to compensate for the loss of income. Administration of the funds was successful and both councils have since returned unused funds reducing the available cash balances.
- 13.2 Following the consultation undertaken by the Department of Levelling Up, Housing and Communities [DLUHC] on IFRS 9, the Government had extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency. The only investment held by each Council relevant to this override is the CCLA Local Authorities Property Fund.

## **14 The Economy and Interest Rates - Economic Summary Provided by Link Group (Treasury Management Advisors)**

### **UK Economy**

Against a backdrop of stubborn inflationary pressures, the Russian invasion of Ukraine, and war in the Middle East, UK interest rates have continued to be volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2023/24.

Markets have sought an end to central banks' on-going phase of keeping restrictive monetary policy in place on at least one occasion during 2023/24 but to date only the Swiss National Bank has cut rates and that was at the end of March 2024.

UK, EZ and US 10-year yields have all stayed stubbornly high throughout 2023/24. The table below provides a snapshot of the conundrum facing central banks: inflation is easing, albeit gradually, but labour markets remain very tight by historical comparisons, making it an issue of fine judgement as to when rates can be cut.

The Bank of England sprung no surprises in their March meeting, leaving interest rates at 5.25% for the fifth time in a row and, despite no MPC members no longer voting to raise interest rates, it retained its relatively hawkish guidance. The Bank's communications suggest the MPC is gaining confidence that inflation will fall sustainably back to the 2.0% target. However, although the MPC noted that "the restrictive stance of monetary policy is weighing on activity in the real economy, is leading to a looser labour market and is bearing down on inflationary pressures", conversely it noted that key indicators of inflation persistence remain elevated and policy will be "restrictive for sufficiently long" and "restrictive for an extended period".

	UK	Eurozone	US
<b>Bank Rate</b>	5.25%	4%	5.25%-5.5%
<b>GDP</b>	-0.3%q/q Q4 (-0.2%/y/y)	+0.0%q/q Q4 (0.1%/y/y)	2.0% Q1 Annualised
<b>Inflation</b>	3.4%/y/y (Feb)	2.4%/y/y (Mar)	3.2%/y/y (Feb)
<b>Unemployment Rate</b>	3.9% (Jan)	6.4% (Feb)	3.9% (Feb)

Of course, the UK economy has started to perform a little better in Q1 2024 but is still recovering from a shallow recession through the second half of 2023. Indeed, Q4 2023 saw negative GDP growth of -0.3% while y/y growth was also negative at -0.2%.

But it was a strange recession. Unemployment is currently sub 4%, against a backdrop of still over 900k of job vacancies, and annual wage inflation is running at above 5%. With gas and electricity price caps falling in April 2024, the CPI measure of inflation - which peaked at 11.1% in October 2022 – is now due to slide below the 2% target rate in April and to remain below that Bank of England benchmark for the next couple of years, according to Capital Economics. The Bank of England still needs some convincing on that score, but upcoming inflation and employment releases will settle that argument shortly. It is noted that core CPI was still a heady 4.5% in February and, ideally, needs to fall further.

Shoppers largely shrugged off the unusually wet weather in February, whilst rising real household incomes should support retail activity throughout 2024. Furthermore, the impact of higher interest rates on household interest payments is getting close to its peak, even though fixed rate mortgage rates on new loans have shifted up a little since falling close to 4.5% in early 2024.

From a fiscal perspective, the further cuts to national insurance tax (from April) announced in the March Budget will boost real household disposable income by 0.5 - 1.0%. After real household disposable income rose by 1.9% in 2023, Capital Economics forecast it will rise by 1.7% in 2024 and by 2.4% in 2025. These rises in real household disposable income, combined with the earlier fading of the drag from previous rises in interest rates, means GDP growth of 0.5% is envisaged in 2024 and 1.5% in 2025. The Bank of England is less optimistic than that, seeing growth struggling to get near 1% over the next two to three years.

As for equity markets, the FTSE 100 has risen to nearly 8,000 and is now only 1% below the all-time high it reached in February 2023. The modest rise in UK equities in February was driven by strong performances in the cyclical industrials and consumer discretionary sectors, whilst communications and basic materials have fared poorly.

Despite its performance, the FTSE 100 is still lagging behind the S&P 500, which has been at an all-time high for several weeks.

## **USA Economy**

Despite the markets willing the FOMC to cut rates as soon as June 2024, the continued resilience of the economy, married to sticky inflation, is providing a significant headwind to a change in monetary policy. Markets currently anticipate three rate cuts this calendar year, but two or less would not be out of the question. Currently, policy remains flexible but primarily data driven.

In addition, the Fed will want to shrink its swollen \$16 trillion balance sheet at some point. Just because the \$ is the world's foremost reserve currency (China owns over \$1 trillion) does not mean the US can continually run a budget deficit. The mix of stubborn inflation and significant treasury issuance is keeping treasury yields high. The 10 year stands at 4.4%.

As for inflation, it is currently a little above 3%. The market is not expecting a recession, but whether rates staying high for longer is conducive to a soft landing for the economy is uncertain, hence why the consensus is for rate cuts this year and into 2025...but how many and when?

## **EZ Economy**

Although the Euro-zone inflation rate has fallen to 2.4%, the ECB will still be mindful that it has further work to do to dampen inflation expectations. However, with growth steadfastly in the slow lane (GDP flatlined in 2023), a June rate cut from the current 4% looks probable.

## **14. ENGAGEMENT AND COMMUNICATION**

- 14.1 The Adur and Worthing Councils' treasury management team provides treasury services to Mid Sussex District Council through a shared services arrangement (SSA). The SSA is provided under a Service Level Agreement that was renewed from 18th October 2022, and which defines the respective roles of the client and provider authorities for a period of three years. The shared service also took on Treasury work for Arun District Council in 2021 which has run on a rolling contract since expiry on the 1st March 2023 under a three year service level agreement. A new agreement will be signed very shortly following reviews by respective legal teams.
- 14.2 Information and advice is supplied throughout the year by Link Asset Services Ltd, the professional consultants for the Councils' shared treasury management service.

## **15. FINANCIAL IMPLICATIONS**

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

## **16. LEGAL IMPLICATIONS**

The presentation of the Annual Report is required by regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators for 2023/24.

### **Background Papers**

Joint Treasury Management Strategy Statement and Annual Investment Strategy Report 2022/23 to 2024/25 – Joint Governance Committee 25 January 2022, Joint Strategic Committee 8 February 2022, Worthing Council 22 February 2022, Adur Council 24 February 2022

Joint Mid-Year Treasury Management Review 2022/23 – Joint Governance Committee, 29 November 2022 and Joint Strategic Committee, 6 December 2022

Link Asset Services Annual Report Template 2022/23

CIPFA Code of Practice on Treasury Management and CIPFA Code for Capital Finance in Local Authorities

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## **SUSTAINABILITY & RISK ASSESSMENT**

### **1. ECONOMIC**

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

### **2. SOCIAL**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

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

Matter considered and no issues identified.

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

Matter considered and no issues identified.

### **3. ENVIRONMENTAL**

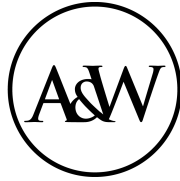
Matter considered and no issues identified.

### **4. GOVERNANCE**

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

4.2 The operation of the treasury management function is as approved by the Councils' Treasury Management Strategy and Annual Investment Strategy 2022/23 - 2024/25, submitted and approved before the commencement of the 2022/23 financial year.

4.3 In the current economic climate the security of investments is paramount, the management of which includes regular monitoring of the credit ratings and other incidental information relating to credit-worthiness of the Councils' investment counterparties.



ADUR & WORTHING  
COUNCILS

Joint Audit & Governance Committee  
26 September 2024

Ward(s) Affected: None

## Conferment of Honorary Aldermen

### Report by the Director Digital and Sustainability

#### Executive Summary

#### 1. Purpose

- 1.1. To consider conferring the title of Honorary Alderman of the Borough of Worthing on former Mayor Hazel Thorpe who has now left the Council.

#### 2. Recommendations

- 2.1. The Joint Audit & Governance Committee recommends that Worthing Borough Council confers the title of Honorary Alderman to former Mayor, Hazel Thorpe.
- 2.2. That the Joint Audit & Governance Committee agrees the following recommendation to Worthing Borough Council:

*That a special meeting of the Council be arranged under section 249(1) of the Local Government Act 1972 for the specific purpose of conferring the title of Honorary Alderman to Hazel Thorpe.*

### 3. Context

3.1. At the meeting of Worthing Borough Council on 18th July 2023 a Motion was passed on the following terms:-

- Make no further appointments under the Council's Honorary Alderman/Alderwoman scheme and therefore ask officers to remove this scheme from its constitution;
- Allow existing holders of this title to continue to use it if they so wish, but not provide any special recognition or treatment for them that is not offered to other former members of the council; and
- Those councillors who are currently eligible for Alderman/Alderwoman status can continue to receive the title at the end of their term of office should they choose to do so. After this there will be no further conferment of the title.

3.2. The recommendations within this Report are therefore made pursuant to the Motion that was approved by Full Council and the final bullet point at 3.1 above.

3.3. Section 249(1) of the Local Government Act 1972 provides the following criteria for conferring the Honorary titles of Alderman and Alderwoman, namely:

*“persons who have, in the opinion of the Council, rendered eminent services to the Council as past Members of that Council but who are not then Members of the Council.”*

3.4. Full Council has previously determined its own criteria for the conferment of the honorary title. The previously approved criteria is attached at Appendix A.

3.5. The appointments are honorary in nature so the persons appointed to the office do not carry out Council duties or have a vote.

3.6. Honorary Alderwomen / Aldermen may attend and take part in civic ceremonies as the council may from time to time decide, but shall not have the right to attend meetings of the council or a committee of the council (including a joint committee upon which they are represented),



or to receive any allowances or payments under section 173 to 176 of the Local Government Act 1972.

3.7. Group Leaders have been consulted on the contents of this report.

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

4.1. Councillor Hazel Thorpe represented the Tarring ward from May 2000 to May 2024 and was Mayor of Worthing for 2019 to 2020

4.2. The Joint Audit & Governance Committee is therefore invited to consider conferring the title of Honorary Aldermen for the Borough of Worthing to former Councillor Hazel Thorpe. Cllr Thorpe left the Council in May 2024 following the local elections.

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

5.1. It is customary to present a scroll commemorating the conferment, expenditure for which would be contained within the existing budget.

#### **6. Legal Implications**

6.1. The power to appoint Honorary Alderman is contained within Section 249 of the Local Government Act 1972, as amended.

6.2. A principal Council may, by a resolution passed by not less than two thirds of the Members voting thereon, at a meeting of the Council specially convened for the purpose with notice of the object, confer the title of honorary alderman on persons who have, in the opinion of the Council, rendered Eminent Services to the Council as past Members of that Council but who are not then Members of the Council. In practice this title has been conferred on those retiring Councillors who have also been the Mayor of Worthing Borough Council.

6.3. Each Council can decide its own criteria or tradition for the appointment. The Council's agreed criteria for appointment is set out in Appendix A.

**Local Government Act 1972**

**Background Papers:**

None.

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## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered, no matters arising.

### **2. Social**

#### **2.1 Social Value**

Matter considered, no matters arising.

#### **2.2 Equality Issues**

All former Mayors who are no longer members of the Borough Council are considered for conferment of the honorary title 'Alderman/Alderwoman'.

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

Matter considered, no matters arising.

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

Matter considered, no matters arising.

### **3. Environmental**

Matter considered, no matters arising.

### **4. Governance**

Matter considered, no matters arising

### **Criteria for 'eminent service' in the appointment of Honorary Aldermen or Honorary Alderwomen**

Definition of 'Eminent' - well-known, renowned, important, distinguished, famous, celebrated, prominent, outstanding, reputed (Thesaurus).

Past Councillors who have served as Mayor (prior to the date of 18th July 2023 Full Council) shall be entitled to be nominated for conferment of the title.

Nominations for conferment of Honorary Alderman or Honorary Alderwoman will be considered by the Joint Audit & Governance Committee and Council at the next available meetings when an application is made by a political group leader along with reasons why it is felt that the criteria have been met.

When considering the conferment of the title Honorary Alderman or Honorary Alderwoman for Eminent Services on a past member of the Council (who has not been Mayor), then each of the following four criteria should apply:

**1. Past Councillor:**

(A) No longer serving on the Council:

- (i) Must have made a conscious decision to retire from the position of councillor on the council rather than resign from the position or be defeated at an election.
- (ii) In circumstances of resignation or defeat at an election, 4 years should elapse before consideration for conferment of the honour.

And:

**2. Service on the Council:**

- (i) The nominee should have served more than 12 years on Worthing Borough Council, being at least 3 consecutive election wins.

And:

**3. Community representative:**

- (i) Should have a known record of eminent and special service to the Borough that can be demonstrated by their public service on the Council and by their service to the residents of Worthing through their social role in charity or non-remunerated work in the community or in a special interest role.

And:

**4. Either:**

(i) Held a position on the council in one of the following categories for at least 6 years:

- a. Leader of the Council
- b. Cabinet member
- c. Chair of the Council or a Committee
- d. A political group leader

(6 years is chosen as it covers a period of time covering at least two election cycles)

Or:

(ii) The Council acknowledges that there is likely to be an occasion when a recommendation for this honour does not meet the criteria it has adopted. In these circumstances the nomination should be supported by at least three representatives from two different political groups in the Council chamber at the time of the nomination. In making the nomination, a supporting statement should be presented by these three representatives showing how the nominee meets the four criteria.

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ADUR & WORTHING  
COUNCILS

Joint Audit and Governance Committee  
26 September 2024

Key Decision [Yes/No]

Ward(s) Affected:

## **Amendments to the Constitution**

## **Report by the Monitoring Officer**

## **Executive Summary**

### **1. Purpose**

1.1. This report seeks to update Members of the Joint Audit & Governance Committee on proposed amendments made to Adur District Council's and Worthing Borough Council's Constitutions by:-

(a) the Monitoring Officer under a delegated authority to "make minor and inconsequential amendments to the Constitution at any time" following the last report relating to constitutional amendments to the Joint Audit and Governance Committee on 21st March 2024; and

(b) An amendment proposed by the Monitoring Officer which is more than minor or consequential and requires Joint Audit & Governance recommendation to Full Council.

### **2. Recommendations**

2.1. The Joint Audit and Governance Committee is asked to consider the matters raised in this report and:-

- a) note the use of the Monitoring Officer's delegation to make minor and inconsequential amendments.
- b) endorse the amendment to the Constitutions proposed by the Monitoring Officer at Paragraph 5 and recommend the proposed amendment to both Full Councils for their approval.

### **3. Context**

- 3.1. The Monitoring Officer has a duty to maintain an up-to-date version of the Councils' Constitutions and to ensure that the Constitutions are publicly available. The Monitoring Officer has the authority, as set out in Article 11 Paragraph 11:03 of each Constitution, to "make minor and inconsequential amendments to the Constitution at any time".

### **4. Minor and Inconsequential Amendments made by the Monitoring Officer under Delegated Authority**

#### **4.1. Part 3 - Responsibility for Functions**

- ADC and WBC - The Cabinet Member Portfolios and policy advisors have been updated.
- ADC and WBC - The Illustrative A-Z of Service Areas / Cabinet Portfolios & Committees are updated to reflect Cabinet Member Portfolio changes.
- ADC and WBC - In 2021 both Adur and Worthing Full Councils approved the adoption of the Local Government Association Model Code of Conduct including amendments to the Complaints and Standards Sub-Committee Procedure Rules. Full Councils agreed that a Standards Sub-Committee would be made up of three voting Councillors from the Subject Member's authority. Although this decision was reflected in the constitution, the position was not updated in the Terms of Reference for the Joint Audit & Governance Committee. The Monitoring Officer has therefore rectified this by making the following amendment to the terms of reference at paragraphs (g) and (h) of the general section to read as follows:



*“(g) A Sub-Committee (other than a Standards Sub-Committee) will consist of 6 Elected Members (3 appointed by the Council and 3 by the Borough Council of Worthing) and 1 Independent Person for Audit purposes. The quorum of any Sub-Committee shall be 4.*

*“(h) A Standards Sub-Committee shall have the terms of reference set out in the Members’ Complaints and Standards Sub-Committee Procedure Rules and shall be made up of 3 Members from the Subject Member’s Council with a quorum of 3. In addition 1 Independent Person for Standards matters shall sit on the Sub-Committee and 1 Parish representative may sit on the Sub-Committee when determining a Standards matter relating to a Parish Councillor. The Parish Member cannot be from the same Parish as the Subject Member complained of and should be from the other Parish within the District of Adur. The Independent Person and the Parish representative will be co-opted non-voting Members of the Sub-Committee. ~~The quorum of any Sub-Committee shall be 4.~~*

- ADC and WBC - In March 2024 the Joint Audit & Governance Committee recommended to both Full Councils the adoption of the Housing Ombudsman Complaint Handling Code and the appointment of the Cabinet Members with the housing portfolio to be the ‘Members Responsible for Complaints’ (MRC) under that code. The Committee also noted that the MRC (through Officers) is to report to the Committee as required by the Code and at paragraph 2.5 of the March report.

On approval of both Full Councils the Monitoring Officer has updated the Member Portfolios for Housing & Citizen Services in the Adur and Worthing Constitutions and has amended the Joint Audit & Governance Terms of Reference at Paragraph 11 to reflect the reporting requirement as follows:- *“To receive regular reports on the performance of the Corporate Complaints Process, Local Government Ombudsman referrals, Housing Ombudsman Complaints Handling Code, Annual Governance Statement and Code of Corporate Governance and to recommend revisions to related policies and procedures, as appropriate.”*

#### 4.2. Part 4 - Procedure Rules

- ADC and WBC - The Officer Scheme of Delegations has been amended to reflect the changes made to the Senior Management Structure, i.e. the deletion of the post of Head of Community, Capacity & Resilience, which has resulted in delegations under paragraphs 3.2.1 and 3.2.2 of the Officer Scheme of Delegations being delegated to the Head of Place. Delegations at 3.2.3 to 3.2.6 have been deleted from this section of the Scheme of Delegations as they are already held by other post holders elsewhere in the Scheme (namely the Assistant Director Operations & Sustainability for those relating to regulatory functions, Health & Safety at Work legislation and animal welfare, and the Assistant Director Legal & Democratic Services for the determining of whether a simple caution should be administered following an investigation into an alleged criminal offence).
- ADC and WBC - The Officer Scheme of Delegations was also amended at section 3.5 for the Head of Planning, to clarify the wording of existing delegations 3.5.1 and 3.5.2 as follows:

*“3.5.1 - All matters relating to the naming and numbering of streets (which includes creating new addresses and maintaining the Local Land and Property Gazetteer).”*

*3.5.2 - To issue and serve notices pursuant to the Building Act 1984 (as amended), The Building Safety Act 2022 and Building Regulations currently in force, and to carry out works in default.”*

#### **5. Further amendments requiring Member consideration and approval (and which are more than minor and inconsequential)**

- 5.1 On 17th July 2024 the Joint Strategic Committee (JSC) approved the end of the Pilot Scheme for use of JSC Sub-Committees and recommended an amendment to the Joint Committee Agreement. A copy of the [Report](#) to JSC is listed as a background paper to this report.
- 5.2 Under the Joint Committee Agreement (JCA) all matters come before a Joint Committee as Joint Matters, unless they are Reserved Matters by Schedule 1 of the JCA. These include each Council's Budget; the Local Plan; or a matter related to the delivery of Adur Housing stock.

5.3 To date there has been a historic and unwritten agreement between Members so that Joint Matters which substantially affect only one authority at a Joint Committee, are only discussed, debated and voted on by the relevant authority. However it has been recognised that with additional financial pressures, a shared officer service and a desire to work more collaboratively there will be matters which come before the Committee which are not reserved matters and therefore classified as 'joint matters' but which substantially affect one council more than the other for which the unwritten agreement has generally come into play.

There is an existing voting protection at paragraph 6 of the Joint Committee for Reserved Matters only, which protects Members of one Council being outvoted by the other. The voting protection currently applies to the Joint Strategic Committee, Joint Audit & Governance Committee and to the Joint Overview and Scrutiny Committee.

The JSC has recommended to the Joint Audit & Governance Committee an amendment to the voting protection so that it reads:-

*This Clause applies where there is a matter which is 'solely' in the province of one Council and has not been 'reserved' to the relevant Executive or sub-committee under clause 4.1(l) or the matter is substantially in the province of one Council as determined by the Proper Officer . This clause does not apply to decisions of JSSC or JSfC.*

Rather than rely on the unwritten agreement the amendment enables Members of the Joint Audit & Governance Committee to have more comfort to debate (if so wanted) and vote on all joint matters giving the benefit of relevant experience or knowledge but with the safety of the voting protection at paragraph 6 of the JCA, knowing that if a matter substantially affected Adur or substantially affected Worthing, then the Committee as a whole would not be able to outvote the Members of the relevant authority.

The Monitoring Officer invites Members of the Committee to consider the proposed amendment and recommendations within this report.

## **6. Financial Implications**

6.1. There are no financial implications arising from this report.

## **7. Legal Implications**

- 7.1. Article 11, paragraph 11.03 of the Councils' Constitutions sets out the functions of the Monitoring Officer and states "the Monitoring Officer has the delegated authority to make minor and inconsequential amendments to the Constitution at any time".

### **Background Papers**

- [Adur District Council Constitution](#)
- [Worthing Borough Council Constitution](#)
- [Joint Strategic Committee 17.07.2024](#)

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## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered and no issues identified.

### **2. Social**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

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

Matter considered and no issues identified.

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

Matter considered and no issues identified.

### **3. Environmental**

Matter considered and no issues identified.

### **4. Governance**

The risk of not having up-to-date Constitutions is that procedures and practices may not be transparent, fair and consistent and may increase the risk of legal challenge.

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