

Public Document Pack



ADUR & WORTHING COUNCILS

23 September 2024

Joint Strategic Committee

Date:	1 October 2024
Time:	6.30 pm
Venue:	Committee Suite, Worthing Town Hall

Committee Membership:

Adur District Council: Councillors; Jeremy Gardner (Adur Chair), Lee Cowen (Adur Vice-Chair), Becky Allinson, Jude Harvey, Saffa Jan and Sharon Sluman

Worthing Borough Council: Councillors; Sophie Cox (Worthing Chairman), Rita Garner (Worthing Vice-Chair), Ödül Bozkurt, Dom Ford, John Turley, Vicki Wells and Rosey Whorlow

Agenda

Part A

1. Declarations of Interests

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

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

2. Minutes

To approve the minutes of the Joint Strategic Committee meeting held on 12 September 2024, copies of which have been previously circulated.

3. Public Question Time

To receive any questions from members of the public.

Questions should be submitted by noon on Thursday 26 September 2024 to Democratic Services, democratic.services@adur-worthing.gov.uk

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

4. Members Questions

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

Questions should be submitted by noon on Thursday 26 September 2024 to Democratic Services, democratic.services@adur-worthing.gov.uk

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

5. Items Raised under Urgency Provisions

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

6. Financial Strategy and Budget Update 2025/2026 (Pages 5 - 26)

To consider a report by the Director for Sustainability and Resources, copy attached as item 6

7. New Approaches to funding community outcomes (Pages 27 - 46)

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

Part B - Not for Publication – Exempt Information Reports

None.

Recording of this meeting

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

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
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Duration of the Meeting: Three hours after the commencement of the meeting the Chairperson will adjourn the meeting to consider if it wishes to continue. A vote will be taken and a simple majority in favour will be necessary for the meeting to continue.

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
1st October 2024

Ward(s) Affected: All

Financial Strategy and Budget Update 2025/2026

Report by the Director for Sustainability & Resources

Officer Contact Details

Paul Brewer, Director for Sustainability & Resources
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Executive Summary

In July 2024 the councils adopted a new financial strategy. The report both introduced the new financial strategy and highlighted the key supporting strategic reviews that are aimed at delivering better long term strategic direction in key areas and enabling more coordinated and realistic programmes of activity which deliver on the priorities of the two administrations and the statutory obligations of the councils.

The Medium Term Financial Plan and the 2025/2026 revenue budgets are currently being developed with the strategic reviews informing this work, together with other economic factors.

This report provides members with an update on the financial strategy and the medium term financial plan, including the current position on the 2025/26 revenue budgets. It also introduces the new format for the medium term financial plan, which is aligned to the supporting strategies and provides more information on the financial assumptions.

Work continues to ensure a balanced budget while acknowledging the ongoing uncertainties around future funding arrangements. This report represents the next step in the reporting process and represents 'work in progress' and a milestone in the budget process. This report represents a snapshot of the budget development in order to provide greater transparency.

The work plan for the implementation of the new financial strategy ensures that the different elements of the new strategy will be live and active in order to support the setting of the 25/26 budget and help the organisation look beyond that point with more certainty. While the financial situation continues to be challenging this budget reflects the considerable work going on to deliver greater long term financial resilience for the councils.

Purpose

- 1.1.** This report provides an update on the financial strategy and the development of the Medium Term Financial Plan and the 2025/2026 revenue budgets.
- 1.2.** To introduce the new format of the Medium Term Financial Plan

Recommendations

- 2.1** The Joint Strategic Committee is recommended to:
 - 2.1.1** Note the contents of the report including the working 5 year forecasts as at appendix 1

3.0 Context

- 3.1 The new financial strategy adopted by members has been designed to reflect what needs to be seen as the 'new normal' for Local Government finance, which looks to be challenging for some time.
- 3.2 This 'new normal' sees the ongoing pressures of inflation and interest rate rises along with considerable pressure from increasing need for emergency and temporary accommodation. The councils are also seeing considerable financial pressure from the impact of high volumes of supported accommodation in the area. The demand pressures are outlined in section 6.
- 3.3 The strategy provides a framework and connects together a number of different elements of the councils' financial management in order to create a more resilient financial foundation for the councils. The following key strategic reviews are in progress; asset and property investment strategy, commercial income strategy, procurement strategy and external funding and Investment, all incorporating the newly developed core principles:
- That organisational design work should always take us "to the future faster", maximising the use of new technologies to maximum effect and developing vital skills in the workforce such as participation, commercial and digital.
 - That financial literacy and management be supported and developed throughout the organisation, with specific focus on budget managers, to help support, develop and iterate this strategy going forward.
 - That the organisational designs help strengthen and deepen relationships with partners, businesses and communities, increasing the opportunities to work together differently to deliver outcomes.
 - That strategic programme planning and financial forecasting should be undertaken with a much longer term view, at least 10 years in key areas such as asset management and strategic property investment.

4. Medium Term Financial Plan

- 4.1 The medium term financial plan (MTFP) has been reviewed and a new format introduced at appendix 1 to clearly set out the key elements within the

forecasts:

- Alignment to key strategies
- Wider economic factors - inflation and interest rates assumptions
- Material items separately identified
- Central funding assumptions
- Funding from taxation

4.2 This information is intended to be visible in such a way to provide a clearer understanding of the financial impact of each element and to enable more informed decisions. The redesign of the MTFP is intended to make this critical financial information more transparent and as the new format is rolled out briefings will be provided for members to ensure that they are able to work effectively with the information.

4.3 The work to refresh the MTFP is ongoing as the new financial strategy requires development work in a number of the areas which have long term impacts on the organisation (see section 5)

5. Current estimated projections for 2025/26 and beyond

5.1.1 These projections as yet do not reflect a complete picture and highlight where work is being done to develop the balanced budget.

5.1.2 The updated forecast for the Joint Strategic Committee is attached at appendix 1, this has been revised to reflect current assumptions related to inflation and interest projection together with any change to budget assumptions emerging from the key strategic reviews.

5.1.3 There are a number of key assumptions that have not yet been refined / updated and these are listed in the section below which will be addressed before the next budget update.

5.1.4 A comparison between these updated General Fund projections to those provided in July presented in the following table:

	2025/26	2026/27	2027/28	2028/29	2029/30
Joint	£'000	£'000	£'000	£'000	£'000
July 2024 projected cumulative shortfall (surplus)	(396)	692	1,544	2,379	3,229
Current projected cumulative shortfall	(531)	454	1,152	1,943	2,693

* The Adur and Worthing share of the Joint Services budget is included within the estimates for each council

	2025/26	2026/27	2027/28	2028/29	2029/30
Adur	£'000	£'000	£'000	£'000	£'000
July 2024 projected cumulative shortfall	1,164	1,352	2,097	2,639	3,134
Current projected cumulative shortfall	916	1,332	1,911	2,465	2,969

	2025/26	2026/27	2027/28	2028/29	2029/30
Worthing	£'000	£'000	£'000	£'000	£'000
July 2024 projected cumulative shortfall	2,927	4,741	6,070	7,049	7,780
Current projected cumulative shortfall	2,491	4,211	5,429	6,259	6,960

The current projections are based on the following assumptions:

5.2 Government funding and taxation

The current assumption in relation to government funding is that it will be in line with the 2024/25 allocation for each council. This is an intentional prudent assumption at this stage of the budget process as there is currently no indication of the level of funding support that will be allocated to local authorities. The future of New Homes Bonus is uncertain and the government has not indicated if the 2025/26 settlement, which will not be published in draft until late December, will provide a single or multi year funding confirmation . The medium term financial assumptions will be updated as more information becomes available over the autumn from the Treasury.

Council tax is currently projected to increase by 2.99% each year. The level of increase will be determined by the referendum limit which will be confirmed by the government later in the year. Any decision to not increase council tax up to the referendum limit would have inevitable cumulative consequences to the council which need to be balanced with the need to find savings.

5.3 Inflation

Inflation is a pressure felt across the whole economy and the assumed rates within the MTFP are shown in the table below, the Bank of England target rate is 2% and this is projected from 2026/27.

At present the assumption for commercial / fee income increases are aligned to inflation but there is further work to be done on setting these charges and this will be reflected in the next update.

Assumptions around pay will be kept under close observation but as this is subject to national negotiations it is not something that the councils have direct influence on.

In the wider sense, inflation has had the greatest impact in delivery of major projects where projects have been subject to increased development costs.

	2025/26	2026/27	2027/28	2028/29	2029/30
Pay	3.5%	2%	2%	2%	2%
Costs, commercial income and fees and charges	2.5%	2%	2%	2%	2%

5.4 Interest Rates

The Bank of England interest rates remained consistently within the range 5.00- 5.25% throughout 2023/24 and into 2024/25, although as the inflation begins to fall there is an expectation that the interest rates will reduce albeit slowly with only one further drop in rates before the end of the financial year. These rates will influence both the returns that the Council is likely to get on any cash investments and the cost of any borrowing associated with the capital programme.

Assumptions are that the rate will drop marginally in 2025/26 to between 4.5% and 4% dropping further in the years beyond. However, there is uncertainty around these assumptions as much depends on the wider national and global economic performance.

It should be noted that the councils will experience the impact of historical borrowing for some time as debts which were taken on at low rates of interest need to be refinanced as the loan period matures.

Assumptions in the medium term financial strategy are:

	2025/26	2026/27	2027/28	2028/29	2029/30
Average interest yield	4.25%	4.00%	3.90%	3.90%	3.90%

The current assumption is that the capital programme will need to be funded through prudential borrowing where external funding has not been secured either through grant or external contributions. However, the new financial strategy aligns more closely the asset management programme and the capital programme with treasury. Expectations are that this work will have a number of benefits, capital receipts from disposals will help to reduce the overall cost of borrowing and a strong asset management strategy ensures revenue resources are invested efficiently.

Over the previous few months a zero based review of the current capital programme has commenced with projects being considered to determine if they should continue, be deferred or they are no longer a priority and therefore removed from the programme. In addition to this there are limited new bids for the 2025/26 capital programmes. This has had a positive impact on the financing assumptions that sees a reduction in the 2025/26 cost estimate of £170k in Worthing and £280k in Adur. However this has been offset by two factors: reduced income receivable from investments due to the projected fall in interest rates and increased interest costs associated with the refinancing of low interest loans that mature in the financial year, in Worthing this has reduced the benefit to £115k and in Adur to £176k.

Additionally the strategy sets out the intention to increase external funding to benefit both the capital and revenue budgets and help to deliver council priorities.

It should be noted that the asset management review is ongoing and there is currently no reflection in the projections for the impact of asset disposal both in terms of the capital receipts or any reduction in associated maintenance commitments within the revenue budget. Further work will be undertaken in the next couple of months to build these projections into the forecasts.

5.5 Other assumptions

Allowance for additional pressures has been made, in particular for housing pressures relating to the unusually high number of supported accommodation places provided in the area, which place an unfunded burden on the councils.

Work associated with the income generation strategy as set out in section 5.5 will inform further amendments during the autumn as review work is progressed in bereavement, commercial waste, parking and across other commercial fees & charges.

The ongoing work on the organisational design and associated savings programme is assumed as meeting its financial targets.

In addition there are cost pressures built into the MTFP to reflect the council commitments and priorities including the impact of some capital projects where revenue pressures are identified either from capital financing or loss of income. This is more applicable to Worthing where there are some assumptions associated with some key schemes including Grafton, Union Place and Worthing Integrated Care Centre.

To help build reserves there is a predicted contribution for Adur and Worthing. This is important to both rebuild reserve levels in Worthing but also ensure long term stability for both councils.

6. Strategic Reviews

6.1 There are a number of supporting strategies and activities which are in progress in order to support the development of the 25/26 budget and create greater financial resilience over the longer term.

6.2 Asset Management

The new Asset Management Strategy, which outlines a new approach to the rationalisation and improvement of the Council's assets, will bring together a number of elements:

- 6.2.1 a 'flight to quality' whereby we ensure we are holding the right assets in the right way.
- 6.2.2 A reset of the capital programme so that it better reflects the asset management approach

6.2.3 Reviewing reactive maintenance through the lens of long term asset management in order to create a more efficient and effective programme

The strategy development is looking at a number of elements and will outline how the Councils will get the basics right and fix the foundations. This involves understanding the total cost of ownership, such as lease income, borrowing costs, and maintenance spend, to leave the Councils with a more sustainable, manageable and purposeful estate.

The strategy proposes aligning the estate into new asset tiers - with each tier having its own strategic purpose, such as: income generation; community enablement and civic/cultural provision; or regenerative change. If an asset doesn't align and therefore lacks a clear purpose then disposal for best value will be considered.

As part of this strategy, the councils are also seeking to expand the scope of the estate and assets beyond buildings. There are huge ecological (and financial) opportunities in rewilding through biodiversity net gain (BNG) and with developers across the region looking for where they can spend their ecological/off-site contributions.

6.3 **New approaches to funding community outcomes**

A separate paper on the agenda sets out the opportunity for the councils to broaden their approach to external funding and investment based on the successes achieved so far across programmes such as Gigabit, Heat Network and Sussex Bay.

As part of the organisation design programme, a new team is being designed to take forward a mission-based approach to funding which emphasises the importance of working with partners and communities, joining forces to deliver long term social and environmental outcomes.

The report recommends that projects be assembled into mission-based programmes in order to engage funders more strategically, creating 'containers' for the funding of existing ideas and projects, and for new ones to be developed in pursuit of administration priorities.

The paper also points to the opportunity to seek opportunities across the councils' land estate, so that BNG stays local where possible and to support delivery of the Adur & Worthing Nature Plan (to be presented at the November

JSC).

6.4 Procurement Strategy and Contract Standing Orders

Procurement - what the councils buy and how it's bought - is a key activity both in terms of the financial wellbeing of the organisation but also in terms of delivering on the councils vision of being fair, green and local.

Further to this, work is ongoing to align external spend with the organisational design work, reviewing contracts to make sure that they reflect the work being done to create new operating and business models within the councils, while driving best value.

The new strategy is being developed in order to reflect this vision but also to ensure that procurement is being managed in a way which supports the long term financial resilience of the organisation.

The new strategy will update the Councils' public facing procurement priorities committing to how procurement will be delivered, reviewed and reported on.

The strategy will include updated guidance from the National Procurement Policy focusing on five areas; value for money; social value sustainability and circular economy; small/medium enterprises and local procurement; commercial and procurement delivery; skills and capabilities for procurement.

6.5 Income generation

6.5.1 The JSC report in July set out the iterative approach being taken with commercial incomes and the principles of:

- Enabling robust and accurate income projections to ensure greater resilience and avoid any surprises by using data more effectively. It's vitally important that the Councils move to assessing products less on turnover but more on profit and loss.
- To develop our commercial acumen and capability beyond price rises (set against inflation) as we need to adapt to improve customer journeys, boost our marketing presence (including cross-selling of services) and examine how technology will help drive smoother processes.

- Changing our approach in order the Councils can react to the changing market conditions and the ability to act 'in-year' rather than waiting on the cyclical budget setting process. This is an important area where the Councils will need to act differently in order to 'keep up with the market' and, more importantly, compete in the market.

6.5.2 In order to realise the above methodology, and those further detailed in the July JSC paper, there are a number of developments underway to improve the income generating approach, notably:

- Establishment of a new team: as part of organisational redesign, a team will be developed that will provide direct and indirect support to all commercial product owners across the Councils. This will provide a consistency in analysis and approach, including the opportunity to quickly replicate good practice (including the use of digital / tech) and also spot practice that can be improved. The intention is the new team will be able to advise on changes 'in year' to ensure the Councils continue to provide value for money in the market.
- Point-of-sale purchasing: aligned to the previous point, the Councils have adopted Book, Pay, Notify as a system but this needs to be developed and improved to ensure the Councils can provide a seamless customer experience. Where possible, those products that demand 'quick transactions' will be transitioned onto the new system that allows customers an easier interface but, for the Councils, an understanding of income levels and a greater depth of data to analyse and improve products. This model is now expected in day to day life, and in day to day transactions, therefore the Councils need to improve in this area to keep pace.
- Flexible pricing: as previously described in the JSC paper in July, the Councils will develop and establish a mechanism to allow for pricing changes, including those that are required 'in year'. This won't be the case for all products, however where there are changes in demand or the change in the seasons the Councils need to, at least, have the ability to make these changes.

6.5.3 In addition to the above, there are a number of independent reviews being undertaken that look to either rebalance income targets and / or are looking at the business cases associated with each product for today's and future markets. These include the following.

6.5.3.1 Fees and Charges:

This internal review has begun and looks at the rationale and costs associated with all products and services where there is a charge. It is currently assumed that 2.5% will be applied across all lines of business, which aligns with the anticipated increases in matched resources to run these products and services (whether staff, equipment or vehicles) but this assumption will be reviewed and may be updated in the next update. This exercise will assess the market demand, any competition, feedback received to date on the service, as well as benchmarking against other local authorities providing similar services (where higher increases circa 3.5% are starting to be seen), to determine percentage increases for 2025/26.

6.5.3.2 Bereavement:

As part of our change policy, a budget was set aside to undertake an independent review of this service due to its specialist and sensitive nature and the dependency on both capital and revenue investment (as part of any business case). Following an open tender exercise, the Councils have recruited an external consultant who will provide an expert view on the service to date, the opportunities for the future and, ultimately, will provide recommendations on how this service should be adapted moving forward to ensure full cost recovery or a surplus. This includes the crematorium and cemeteries. The report is expected to be completed by December 2024, and therefore influencing the strategy / delivery from 2025 onwards. At present assumptions in the MTFP do not reflect this work.

6.5.3.3 Commercial Waste:

Similar to Bereavement, a full review is due to be undertaken to assess the Council's position in the market regarding this service. There are a number of individual product lines that need to be assessed, including bulky waste, food waste and green waste, this review also needs to dovetail with the required assets that are required to run the service, as well as giving consideration to government legislative changes in this field. A commission will be released shortly with the results due by

December to help inform decision making for 2025 and beyond.

6.5.3.4 Parking:

As noted at previous JSC meetings, parking income, particularly in Worthing, continues to underperform due to the changing nature of the economy and those wishing to use multi-storey parking. The fees and charges will form part of 5.5.4 but, equally, will also align with strategic and financial considerations in terms of the change in technology and the adaptation of car parks in the future, noting the sustainability and net zero agenda. This internal review is ongoing and will continue to provide challenges and opportunities. The Council commissioned a review in 2019/20 and whilst some of the recommendations still hold, this will need to be revisited as this report was prior to Covid, and the changes in the modal habits of individuals (and the economy as a whole). At present assumptions in the MTFP do not reflect this work.

6.5.3.5 Beach Huts:

The Council continues to receive strong interest in this product and still holds a waiting list, however a full product review is planned to determine the long-term future of how the Council provides these in the future. In 2024/25, the Council will trial a 'pay as you go' model to provide a new option for residents and visitors wishing to have a 'day by the sea'. This option will be considered in line with the more traditional annual offerings and a business case will be drawn together that will likely come into effect from 2026/27 onwards. For this product there is a direct link between the quality of asset, the experience provided and the associated cost.

6.5.4 All of the reviews listed above will have a bearing on the budget for 2025/26, with some more than others, however all will assist with the medium term financial planning as the expectation is greater assurance and robustness will be built into the business cases associated with all. Equally, it should be noted that there is a dependency and alignment with some of the decision-making, such as with the asset management strategy as most products are dependent on the effectiveness of the asset and therefore the ability or level, to charge for the asset (for example parking and beach huts).

6.5.5 Finally, there are opportunities that are still untapped, whether that is better use of our land, our assets or our people or indeed the council brand as a long term and reliable public body. Examples being explored to provide additional income include further advertising space and coastal activity licences. As part of this exploration, the Councils have a number of successful examples of how initial investment has unlocked further income potential, therefore the councils will explore partnering with others in relation to income opportunities as part of generating 'new income'.

7. **Managing demand**

7.1 The councils, in common with the rest of the sector, have been working in a very difficult financial context for some time. However the combination of the rapid onset of high interest rates and the demand pressures in housing meant that in 2023 the councils had to address an in-year overspend which risked overshooting the reserves position in Worthing so that setting a balanced budget for 24/25 was a considerable challenge.

7.2 The combination of an ambitious and future-focused organisational design programme which over two years reduces costs by £4m and tight financial controls allowed the councils to set balanced budgets. The recent monitoring report shows the organisation as tracking more closely to budget than recent years, albeit while still having to absorb increasing demand pressures.

7.3 Further to this, the new financial strategy aims to address some of the longstanding issues which will take some time:

- The long-term impact of historic borrowing, which will be with Worthing for some time. This is something that will need to be mitigated through the asset management strategy over the long term.
- The drop off in commercial income in two critical areas for Worthing, parking and bereavement, needing a commercial reset which is underway.

7.4 This budget update and MTFP refresh does throw into stark relief the extent to which the organisation is having to 'run to stay still' as a result of pressures outside of our control.

- The councils are seeing sustained and growing pressure for temporary and emergency accommodation and is now forecasting to spend 26% of the Worthing and 15% of the Adur revenue budgets on this alone. The pressure from emergency and temporary accommodation brings a demand pressure at current forecast levels of £430k in Adur and £740k in Worthing this year alone.
- Adur and Worthing also have a disproportionately high allocation of supported accommodation placements (where people receive support, supervision or care), which has increased exponentially over the last 3 years, being driven in part by the commissioning decisions of other bodies as well as the underlying impact of housing benefit not matching housing charges for these placements. This number (relating to 'exempt' accommodation) brings a pressure estimated to be £761,000 for Worthing and £230,000 for Adur.

7.5 While there is considerable sectoral lobbying being undertaken on the temporary accommodation issues, the supported accommodation pressure we are facing requires more specific action and officers have been asked to raise this with MHCLG.

8. Engagement and Communication

- 8.1 The financial strategy, and the strategic reviews underway, involve a wide range of leaders and managers in a range of working groups, with the Organisational Leadership Team engaged in practical sessions, such as budget management and contract management workshops.
- 8.2 Regular all-staff briefings are provided by the Chief Executive to keep the whole workforce informed.
- 8.3 A set of cabinet member working groups are enabling ongoing input and challenge into the process, and a new Joint Overview and Scrutiny Budget Working Group is being established.
- 8.4 As our approach to external funding and proposition development is progressed, significant partnership development and community engagement will be required to maximise opportunities.
- 8.5 Our work to engage local partners, central government departments and key statutory agencies is developing well through a number of programmes and

projects, and this will continue to be key to successful development of new opportunities, and new approaches to funding and investment.

9. Financial Implications

- 9.1 There are no other financial implications other than those outlined above.

10. Legal Implications

- 10.1 The Councils are required to set a robust budget under the Local Government Act 2003. This report provides an update to the Councils in achieving this aim for the 2025/26 budget.
- 10.2 Under Section 111 of the Local Government Act 1972, the Councils have the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 10.3 s1 of the Localism Act 2011 empowers the Councils to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

Background Papers

[New Financial Strategy](#) - Joint Strategic Committee 17 July 2024

Sustainability & Risk Assessment

1. Economic

The work of the councils is vital in support of the local economy and its ability to respond to the challenges and opportunities presented in the context of post-covid recovery, cost of living, and climate. New opportunities are expected from a new government in housing, net zero and devolution which the councils must be ready to respond to.

2. Social

2.1 Social Value

The councils' new procurement strategy will reaffirm commitment to local purchasing where possible, and the delivery of social value through contracts, including the assembly of contract opportunities with local partners. The Worthing Heat Network is an example of a project creating local jobs and value through corporate social responsibility funding support.

2.2 Equality Issues

Matter considered and no issues identified with the budget strategy itself. However individual proposals arising from the budget will be the subject of an equalities impact assessment.

2.3 Community Safety Issues (Section 17)

The budget contains funding for community safety.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

The budget is being developed with regard to the councils' carbon neutral and biodiversity commitments, creating financial capacity for higher energy bills as we move off gas to low carbon heating through the heat network, and leveraging external funding for biodiversity projects.

4. Governance

Matter considered and no issues identified.

Appendix 1

Joint Committee - Medium Term Financial Plan					
	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
Base Budget	26,234	26,234	26,234	26,234	26,234
External Economic Factors					
Inflation:					
Pay	1,220	2,028	2,778	3,624	4,430
Costs	127	231	337	445	555
Income	(148)	(270)	(394)	(521)	(650)
Contracts & Long term commitments					
Impact from triennial pension Review	-	230	231	231	231
Investment in Services	100	102	104	106	108
Organisation Re-design	(1,830)	(1,867)	(1,904)	(1,942)	(1,981)
	25,703	26,688	27,386	28,177	28,927
Allocation to Adur and Worthing Budgets:					
Adur District Council	10,575	10,575	10,575	10,575	10,575
Worthing Borough Council	15,659	15,659	15,659	15,659	15,659
Total Allocation	26,234	26,234	26,234	26,234	26,234
(Surplus) / Shortfall in Resources	(531)	454	1,152	1,943	2,693
Savings required in each year	(531)	(78)	698	791	750

Adur District Council - Medium Term Financial Plan

	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
Base Budget	11,102	11,102	11,102	11,102	11,102
External Economic Factors					
Inflation					
Pay	516	857	1,198	1,568	1,950
Costs	172	313	457	604	754
Income	(153)	(278)	(406)	(536)	(669)
Interest from Investments	61	119	34	(62)	(162)
Commercial Income Strategy					
Additional Income from existing product lines	-	-	-	-	-
New product initiatives	-	-	-	-	-
Review of Planning income	50	100	100	100	100
External funding development					
Natural Capital	-	-	-	-	-
Decarbonisation	-	-	-	-	-
Capital Strategy					
Financing of Capital programme:					
Interest on borrowing	284	348	383	409	431
Minimum Revenue Provision (debt repayment)	(242)	(119)	(19)	77	183
Fleet strategy					
Interest on borrowing	24	71	113	139	149
Minimum Revenue Provision (debt repayment)	-	106	218	329	386
Digital strategy					
Interest on borrowing	30	38	40	41	41
Minimum Revenue Provision (debt repayment)	45	28	62	46	4
Asset Strategy					
Revenue impact - capital receipt on asset rationalisation	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Commercial Property	-	-	-	-	-
Impact of council commitments and long term obligations					

Housing Strategy					
Cost pressures from Housing (including Supported Accommodation)	300	300	300	300	300
Contracts & Long term commitments					
Impact from pension Review	(95)	83	84	84	84
Allowance for Committed Growth items	106	87	106	86	106
Removal of contingency budgets	(300)	(300)	(300)	(300)	(300)
Organisation Re-design	(732)	(747)	(762)	(777)	(792)
Reserves					
Increase to the Strategic Property Management provision	100	150	200	300	400
Provision to build reserves	150	200	300	400	500
Provision for investment in services	100	123	146	200	250
Budget requirement before central funding	11,518	12,581	13,356	14,110	14,816
Funding					
Business Rates	2,356	2,831	2,852	2,872	2,891
Council Tax	7,709	7,881	8,056	8,236	8,419
Other Grants:					
New homes bonus - One off payments					
Lower Tier Services Grant / Revenue Support Grant	79	79	79	79	79
Local Tax Guarantee Scheme - Council Tax					
Services Grant	11	11	11	11	11
Funding guarantee	447	447	447	447	447
Collection fund surplus/deficit (-)					
Total income from grants and taxation	10,602	11,249	11,445	11,645	11,847
Amount required to balance the budget	916	1,332	1,911	2,465	2,969
Annual Savings to be found	916	417	578	554	504

Worthing Borough Council - Medium Term Financial Plan					
	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
Base Budget	15,225	15,225	15,225	15,225	15,225
External Economic Factors					
Inflation					
Pay	878	1,278	1,817	2,343	2,867
Costs	448	815	1,190	1,572	1,962
Income	(375)	(682)	(995)	(1,315)	(1,641)
Interest from Investments	118	203	84	(54)	(198)
Commercial Income Strategy					
Additional Income from existing product lines	-	-	-	-	-
New product initiatives	-	-	-	-	-
Fees and charges	-	-	-	-	-
(Parking)	-	-	-	-	-
Planning Income reset	75	150	150	150	150
Impact of council commitments and long term obligations	-	-	-	-	-
External funding development					
Natural Capital	-	-	-	-	-
Decarbonisation	-	-	-	-	-
Capital Strategy					
Financing of Capital programme:					
Interest on borrowing	218	428	463	489	529
Minimum Revenue Provision (debt repayment)	413	626	777	933	1,039
Fleet strategy					
Interest on borrowing	42	127	201	246	265
Minimum Revenue Provision (debt repayment)	-	188	388	584	687
Digital strategy					
Interest on borrowing	3	12	18	24	28
Minimum Revenue Provision (debt repayment)	37	70	100	80	47
Asset Strategy					
Revenue impact - capital receipt on asset rationalisation	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Commercial Property	-	-	-	-	-
Impact of council commitments and long term obligations	890	978	976	724	722

Housing Strategy					
Cost pressures from Housing (including Supported Accommodation)	500	500	500	500	500
Contracts & Long term commitments					
Worthing Heat Network	141	141	141	141	141
Culture and leisure contracts	(70)	(70)	(70)	(70)	(70)
Impact from pension Review	(195)	137	138	138	138
Allowance for Committed Growth items	160	160	360	560	560
Removal of contingency budgets	(150)	(150)	(150)	(150)	(150)
Organisation Re-design	(1,098)	(1,120)	(1,142)	(1,165)	(1,189)
Reserves					
Increase to the Strategic Property Management provision	150	200	300	400	500
Provision to build reserves	200	250	350	450	550
Provision for investment in services	90	160	280	400	520
Budget requirement before central funding	17,700	19,626	21,101	22,205	23,182
Funding					
Business Rates	3,624	3,570	3,559	3,559	3,555
Council Tax	10,852	11,112	11,380	11,654	11,934
Other Grants:					
New homes bonus - One off payments	-	-	-	-	-
Lower Tier Services Grant / Revenue Support Grant	116	116	116	116	116
Local Tax Guarantee Scheme - Council Tax					
Services Grant	17	17	17	17	17
Funding guarantee	600	600	600	600	600
Collection fund surplus/deficit (-)					
Total income from grants and taxation	15,209	15,415	15,672	15,946	16,222
Amount required to balance the budget	2,491	4,211	5,429	6,259	6,960
Annual Savings to be found	2,491	1,720	1,218	831	701



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
1 October 2024

Ward(s) Affected: All

New Approaches to funding community outcomes

Report by the Director for Sustainability & Resources

Officer Contact Details

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Executive Summary

1. Purpose

- 1.1. This report proposes that Adur & Worthing Councils extend and broaden existing approaches to the securing of external funding and investment to support the delivery of the administration priorities of each council.
- 1.2. In the context of constrained core council funding, inflation and other cost pressures, along with reduced commercial income post-covid, it is more important than ever for the councils to achieve the delivery of community outcomes through innovative, externally funded propositions, which will often be developed with partners and communities themselves.
- 1.3. The councils have achieved some significant success in securing external funding in recent years such as Gigabit, the Worthing Heat Network, Colonnade House and Sussex Bay, and we have also seen new opportunities emerge such as natural capital (e.g. biodiversity net gain developer payments) that the councils need to be able to fully exploit. More recently still, early stage government announcements regarding local energy, point to the need to prepare

Adur & Worthing propositions with partners and communities.

- 1.4. This report provides an overview of what we have learnt about how to secure external funding support, and the principles that have driven success and should be applied to a wider set of challenges and opportunities.
- 1.5. The report also updates the Committee on the development of central capacity (a funding & investment team) as part of organisational design to allow us to embed core competence and capacity, and upskill a wider group of officers across the organisation.
- 1.6. The result of this work will be to secure significant additional funds for either directly council-led projects, or for partners able to access other forms of funding who may take the lead, enabling the creative and collaborative local delivery of priorities for and with the community.
- 1.7. The report also includes a specific request to accept grant monies into the councils' capital budget for the proposed delivery of improvements to the Rotunda building on Worthing Seafront for the provision of a storage facility for fish caught by local commercial small boat fishers with a separate retail unit.

2. Recommendations

- 2.1. That Joint Strategic Committee supports the principles of proposition development outlined in the report, aligned to the priorities of both administrations.
- 2.2. That the Committee supports the establishment of the funding and investment team as part of the organisational design process underway, and its role in proposition development alongside council commercial income growth.
- 2.3. That the Committee receive an annual report from the funding and investment team on funding success and programme impact.

- 2.4. To accept, on behalf of the Worthing Fishermen’s Society, a grant from the Marine Management Organisation of £33,632.59 to be added to agreed CIL funding of £16,000 to create a capital project budget of £49,632.59 for “improvement works to the Rotunda building on Worthing seafront”.

3. Local priorities and high potential areas

- 3.1. As set out in the Financial Strategy & Budget Update Report, also on this agenda, core council funding is severely constrained and of course has to be directed to essential services such as waste collection, street cleansing, planning and development, homelessness support and the maintenance of parks and open spaces among others. Both administrations have clear priorities around the provision of effective essential council services, and their ongoing modernisation and digitisation. This has been a critical priority for the councils in recent years, with the continuing organisational design programme supported by investment in additional resources for “rapid improvement” through digital transformation.
- 3.2. Alongside this, both administrations have clear ambitions for our places and communities that go well beyond delivering essential council services - to be councils that are able to deliver and enable broader and longer-term outcomes, working more deeply in partnership with local organisations and communities to respond to the multiple challenges we face including the cost of living, inclusion, well-being and community cohesion, and both climate and biodiversity crises. The Councils also want to ensure that opportunities arising from the drives from the new national government to build homes, decarbonise, invest in natural capital and grow the economy are taken.
- 3.3. The context we are in, of complex challenges and emerging opportunities, requires the development of propositions based on **regenerative principles** which prioritise capacity building and ongoing local collaboration and project development over the long term, avoiding the unhelpful cycle of projects and initiatives coming and going due to funding, with the risk of communities becoming dispirited, feeling briefly remembered and then forgotten.

- 3.4. The Administrations' priorities provide fertile ground for the development of such propositions, particularly in the context of the core aim of working in participation with local communities and businesses, through "Councils for the Community":
 - 3.4.1. Fair, green and local
 - 3.4.2. Becoming the most low carbon coastal towns
 - 3.4.3. Regenerating our streets and spaces
 - 3.4.4. Managing council land and assets well
 - 3.4.5. Preventing homelessness, and supporting well-being
 - 3.4.6. Helping citizens make active travel choices
 - 3.4.7. Spending council money locally and supporting local businesses
 - 3.4.8. Creating fair, green and safe neighbourhoods
 - 3.4.9. Restoring nature and adapting to a changing climate
 - 3.4.10. Restoring rivers, coast and sea through Sussex Bay
- 3.5. There are projects against these priorities across the strategic "Our Plan" programme which will be reviewed for external funding and investment needs, discussed in more detail below. Indeed, Our Plan will be reviewed during 2025 as the councils return to deeper consideration of administration priorities and the missions needed to deliver them.
- 3.6. Our learning from projects like Sussex Bay, is that sometimes "local" makes sense with a larger footprint, where scale creates a more compelling proposition, and delivers value back down into the local area. Moving forward this is also likely to be the case for net zero - the emerging Sussex Energy proposition - but also other strategic initiatives around for example transport (e.g. integrated transport), preventative health, learning and skills etc, working with strategic partners such as universities, central government, NHS and so on.

4. The principles of proposition development

- 4.1. Adur & Worthing Councils have an exceptional opportunity to demonstrate how forward-thinking local authorities can be both providers of essential local services while also taking a powerful long term approach that weaves together the capacities of local public organisations, businesses and communities to create a better future for our places and communities. There are significant philanthropic funds developing ever stronger interest in local communities and their capacity to survive and thrive as we face into multiple long-term

challenges.

- 4.2. There are organisations out there taking a 500 year view of these challenges (health, well-being, community cohesion, climate, nature, water, migration). And whilst caution is needed around ensuring ethical and high-integrity approaches, government, private companies and investors are keen to apply funds-for-return into nature projects (carbon, biodiversity, water quality), renewable technologies and in some cases social outcomes. Social impact investments, made through finance institutions such as Triodos Bank, can include loans to community projects, such as the Blue Bell Community Hub in Cocking, West Sussex).
- 4.3. Adur & Worthing Councils have good experience of developing large propositions that have brought partners together to leverage very significant funding, and there are excellent opportunities to do more.
- 4.4. There are key themes that have been less fully explored so far, relating to poverty, well-being, learning, skills and local economic growth, as well as more innovative use of the councils' assets including community buildings, land and open spaces.
- 4.5. Nevertheless, the councils' experience so far has shown that bold, long-term mission-based proposals are highly valued by funders. These proposals are attractive because they provide the opportunity for value to be created on an ongoing basis. They set the wheels in motion, and provide the framework for growth and development, for new things to come along in pursuit of the mission - expansions, replication, new ideas, new connections - and therefore the chance for new funders and investors to be brought in over time.

“The next big thing will be a lot of small things”
(Novo Foundation)

- 4.6. The Councils already have good experience in this approach with Sussex Bay, a regional and mission-based programme initiated by our councils.

A vision for Sussex Bay: 100 miles of coastline where our seascape and rivers flourish. A healthy blue ecosystem in which nature, people and local economy can thrive.

The project initially attracted central government funding from DEFRA and is now receiving core development funding from the Esmee Fairbairn Foundation. Esmee's interest comes from the potential of Sussex Bay to **deliver multiple, interconnected outcomes**, in this case taking the principle aim of restoring nature and delivering this through involving local communities in the work, creating well-being, inclusion, learning and skills outcomes along the way. Critically, the core Sussex Bay "team" expects to remain small, enabling existing organisations, community groups and new projects to create ideas and projects aligned to the mission, securing funding and support from the core.

- 4.7. Esmee Fairbairn as a funder recognises the need to fund core development capacity, placing an emphasis on the need for initiatives to develop sustainable funding strategies in the long term, enabling them as seed funder to eventually withdraw (3-5 years). A more detailed update will be provided to the Committee in November, where we expect to confirm significant further funding secured from several new sources.
- 4.8. A second example which has leveraged £25m of government support is the Worthing Heat Network - a low carbon infrastructure project which will help the councils decarbonise heat in its buildings through common infrastructure. The network, operated by private company Hemiko, will be expanded to connect more and more businesses and eventually homes using up to £500m of **private investment** through to 2050.
- 4.9. The project attracted such high levels of government support because it promised to develop a new contractual model (a concession

agreement) which could be used across the UK, along with showing how the public sector (local authority and NHS in this case) could act as **anchor organisations** leveraging their position as reliable long term customers. This anchor approach provides the investor certainty needed to unlock private capital.

- 4.10. Propositions with the **potential to be replicated** (such as the concession / anchor customer model) are understandably very attractive to funders seeking to support projects across the UK and internationally. And through its “Blue Natural Capital Lab” approach, Sussex Bay is beginning to work with Solent and Cornwall partners to propose the formation of a network, to help drive collaboration and establish common approaches across multiple sites, again aiming to create a replicable model for the UK.
- 4.11. It is important of course that these models are not seen as fixed templates that must just be *implemented*. Even in our local context - say neighbourhood by neighbourhood - any model is just a *starting point* that will meet with specific local conditions and need to be adapted and shaped *with* the organisations, businesses and communities that make up the unique local knowledge, connections and capacity of the particular place.
- 4.12. In these two examples, we see the value of ‘**pitching big**’, and creating propositions that have the potential to deliver outcomes well beyond the initial projects that make up the first phase. They are purposeful and long term, and continually generate interest, enthusiasm and new ideas. They are open and allow organisations and groups to join in while retaining their own sovereignty and identity. Across key themes, addressing equity and intergenerational justice, poverty, skills and well-being should be taken as core priorities.
- 4.13. Working with partners is critical. Such mission-base proposition development inevitably involves others beyond the councils’ teams and members. Those other organisations may well be far better placed to lead sometimes, with the council providing enabling support and using the mission as a helpful hook and framework in a bid. The councils’ nature work at Cissbury Fields and the Adur River has shown how vital this can be, and partners such as South Downs National Park, the Ouse & Adur Rivers Trust and Sussex Wildlife Trust bring such incredible experience and skill, and perhaps more importantly their own networks of connections in a place that can transform a piece of work

from a “council project” into a place-based mission that everyone can get behind. The councils have opportunities to develop exciting collaborations with strong and entrepreneurial local partners such as South Downs Leisure and a host of B Corp organisations.

- 4.14. Working with communities is of course at the heart of successful proposition development. We saw during the pandemic the power and scale of the community response - the mutual aid groups, the street by street WhatsApp groups. Programmes with larger geographies such as Sussex Bay will still aim to build opportunities for grassroots involvement, ideas and project creation. Support, enablement and curation in a highly distributed way, rather than centralised planning and control.
- 4.15. In this way of course, the “Council for the Community” approach will be key in developing the platform and networks to engage residents with mission-based proposition development.
- 4.16. The development or introduction of **digital community platforms**, ones that are locally controlled and curated (i.e. not from the tech giants like Facebook or X), have the potential to become part of a renewed “civic commons”, supporting the development and sustainment of connections between people and groups, promoting a sense of enablement and empowerment for people to self-organise, seek help, challenge each other, learn, differ, join forces to raise funds and deliver community projects.
- 4.17. Such community platforms (some digital tools are already supporting communities really well like *Neighbourly* and *Plinth*), along with new approaches to community data and insight, will be critical in driving understanding, connection and collaboration, helping people explore different perspectives, and providing a different approach to **local democratic engagement**, allowing the council to join in with conversations and explore ideas and plans, rather than only determine them through committee agendas and existing formulaic “consultations” on the councils’ terms.
- 4.18. With this approach, the many “small things” that make up a places’ efforts to create a better future, can be helpfully assembled to attract funders. Assembling ideas into useful “containers” or themes is incredibly powerful in the development of an attractive mission- and place-based proposition. The new funding and investment team

outlined below will undertake some assembly work as a first exercise - bringing existing ideas and projects together and creating an initial set of mission-based proposals, which will have the significant advantage of creating a manageable way to engage with and shape the many fantastic ideas that are generated by officers, members and communities.

- 4.19. For example, Joint Strategic Committee in September 2024 considered improvements at Homefield Park, Worthing and a Phase 2 SUDs garden project. Requiring external funding, the team will scan for specific opportunities, but also consider whether this project can be presented as part of a wider mission-based proposition regarding addressing flood risk - for example exploring strategic conversations with the Environment Agency, the County Council and Southern Water about strategic opportunities to work together through a repeatable model.
- 4.20. By way of illustrating further how the **assembly of small things** might work, we might imagine a neighbourhood that has an aim to work on making its homes sustainable and resilient. This mission-based framing might help assemble a package of ideas, and create an attractive “way in” for funders of different types of scheme, assembling match funding, creating a better way to engage residents for everyone, and reducing risk to individual funders. It might help the councils’ neighbourhood team spot how to support and develop a replicable model for other neighbourhoods.

The package could include

- 4.20.1.1. Learning to grow food and minimise food waste
- 4.20.1.2. Home composting
- 4.20.1.3. Rewilding the garden
- 4.20.1.4. Getting help with the garden (neighbourly help)
- 4.20.1.5. Planting a tree outside in the street
- 4.20.1.6. Help with energy bills and fabric improvements
- 4.20.1.7. Applying for solar panels and wind turbines
- 4.20.1.8. Sharing, learning and helping together
- 4.20.1.9. And from this simple base .. finding out about other support (financial advice, social prescribing, housing advice etc)

- 4.21. This kind of *assembly* doesn't prevent individual initiatives approaching their niche aim in other ways at the same time (e.g. a regional initiative to "rewild your garden"), but it creates a new and powerful "way in" to delivering outcomes which generate a "multiplier effect" and crucially emphasises **ongoing relationships and networks over particular ideas and schemes**.
- 4.22. The final principle is perhaps the most important. Priorities and their missions must be developed and put out into the world **before** the application form is filled in. Funders want to 'see the thing', and also get to know the people involved. It's important to have a fairly well formed idea in place, with good support already achieved, demonstrating energy, ambition and capability. In many cases this will be a "published intent" and for the councils this may well be a programme of ambitions put out into the world to be delivered "subject to funding". Or at times, it will be reaching out proactively to funders to discuss and explore ideas and develop alignment between their goals and the councils'.

5. Establishing the central team

- 5.1. As part of organisational design, a team is being developed to drive forward the work outlined in this paper. Whilst the Councils already hold traditional external funding expertise the ambition is this extends and develops to allow the team to have the capability to deliver proposition development and drive innovative inward investment into Adur and Worthing.
- 5.2. Whilst there are real opportunities for this team to grow and develop, it should be noted that two full-time equivalent officers will form part of the core team, however the capability of drawing different types of investment will be expected to be built across the organisation through a hub and spoke model, similar to other capabilities being developed across the Councils - e.g. participation. Due to the capacity in the team it's important that the team are focused and clear on the propositions that need to be developed, including those that are most impactful against Member priorities and Our Plan.
- 5.3. When developing propositions, and developing different concepts, it will be important that the team includes methods such as 'full cost recovery' with any funder or investor to ensure impacts on council core

staffing and resources are understood and accounted for. This again points back to the need for deliberate and extensive prioritisation.

- 5.4. The ambition is for the new team to be in place by December '24 / January '25 and following the initial creation of the team will be asked to develop a work programme, co-produced with senior officers and members, to allow the team to 'get up and running' as quickly as possible. To assist in the team's development, lessons will be learnt from existing successful / inspirational projects (including those identified in 1.6) that should assist in accelerating to this new way of working.

6. Opportunity areas for funding

6.1. National government funds

- 6.1.1. Through the national government's Budget on 30th October 2024, funds available to local government could change. As the Institute for Fiscal Studies notes,

“The new government plans to devolve powers over, and funding for, transport, skills, housing, planning and employment support, that some of the mayors of combined authorities have, to more areas of England. It also plans for more areas to receive funding for such responsibilities via a ‘single pot’ that they are free to allocate as they see fit, rather than use a plethora of ring-fenced grants as is now usually the case. More generally, all councils will benefit from multi-year as opposed to single-year funding settlements.” (Sept 2024).

The councils will of course review the outcomes of the budget and the implications and opportunities for funding, and how funds could be used to support mission-base propositions, potentially “crowding-in” further support from philanthropic funders and elsewhere to make everyone's investment go further.

- 6.1.2. The UK Shared Prosperity Fund is the government's domestic replacement for the European Structural and Investment Programme, Adur District Council and Worthing Borough Council each received £1m over 3 years, with 2024/25 being the final year of delivery. The Investment Plans were agreed at JSC

in 2022 that included project allocations and agreed KPI's. Officers have kept relevant Executive Members informed on the progress within the three core themes of Cost of Living, Sustainable Travel and Business Support.

6.1.3. The Department for Energy and Net Zero (DESNZ) provide a range of opportunities for local government, some of which Adur & Worthing Councils have successfully accessed, including

- 6.1.3.1. Public Sector Decarbonisation Fund
- 6.1.3.2. Social Housing Decarbonisation Fund
- 6.1.3.3. Public Sector Low Carbon Skills Fund
- 6.1.3.4. Green Heat Network Fund

6.1.4. The Department for Environment, Farming and Rural Affairs (DEFRA) provides support to landowners around nature restoration through funds including

- 6.1.4.1. Test & trials. Adur Council received £78k for work towards a research programme for kelp natural capital), and a further £60 for assessment work at New Salts Farm and Pad Farm
- 6.1.4.2. Landscape Scale Recovery. Adur Council partnered with Knepp Estate to secure £250k for a landowner engagement and assessment stage for Adur River Recovery

6.1.5. Innovate UK is the government's innovation agency and for some years innovation has been driven through a network of Catapults (Digital, Energy, Connected Places, Satellite and others). There are also grant competitions issued through the UK Research and Innovation (UKRI) and partnering with universities is often an effective route to access such funds. Sussex Bay is currently developing a major funding application to the Endangered Landscapes and Seascapes Fund with the universities, having previously come close with a UKRI fund in a proposition led by Sussex University.

6.2. Statutory - national

- 6.2.1. Biodiversity Net Gain is an instrument of the Environment Act 2021 and became mandatory in February 2024. It ensures developers leave habitats for wildlife in a measurably better state than they were before development, and includes the ability to enhance habitats “off-site” as close as possible to the development. Planning permission will include a statutory biodiversity gain condition. The new BNG world is already stimulating massive amounts of activity in the sector, including investors acquiring land for rewilding with an anticipated financial return. Adur & Worthing Councils need to do more both in relation to the planning function and as a landowner, and a paper is being prepared for the next Committee on a Natural Capital Team to be able to exploit the clear opportunities in this space, in order to leverage funds for the delivery of the forthcoming Adur & Worthing Nature Plan.
- 6.2.2. Countryside Stewardship (CS) provides financial incentives for farmers, foresters and land managers to look after and improve the environment. Through agreements based on an annual payment regime, landowners can receive funds for habitat recovery and protection activities, and the councils are actively engaging a consultant to explore opportunities here. Hastings Borough Council was recently awarded a 10-year Countryside Stewardship government grant to help manage Hastings Country Park Nature Reserve.

6.3. Statutory - local

- 6.3.1. The Community Infrastructure Levy Infrastructure Investment Plan (IIP) provides a framework for how collected CIL funds in Worthing are to be distributed, split into 70% for strategic infrastructure (councils), 10% for strategic infrastructure (other agencies), 15% for neighbourhood funding and 5% for administration costs, governed by the CIL Board with member involvement. Opportunities exist in future years again to align mission-based propositions with CIL funds, to potentially crowd-in funding and investment.
- 6.3.2. Although CIL is now the dominant means for securing financial contributions from development in Worthing, Planning

Obligations (Section 106), despite being 'scaled back', continue to play a key role in relation to affordable housing and certain site specific requirements. In 2017 Adur Council resolved not to pursue a CIL scheme, with Section 106 agreements used to secure infrastructure, however this will be reviewed by the new administration.

- 6.3.3. The CIL Neighbourhood Fund has been a successful mechanism for distributing funds to communities, but there are others which the councils could be more active around, helping communities access them, such as Operation Watershed Active Communities Fund, by West Sussex County Council which has supported over 400 projects and distributed over £4m to address flood risk including work on the riparian ditch network, damage to roads, and improving resilience to protect homes, businesses and highways.
- 6.3.4. These government funds will of course go further if assembled and matched up with philanthropic or crowd funds.

6.4. **Philanthropic funding**

- 6.4.1. Adur & Worthing Councils are currently receiving £150k p.a. support from Esmee Fairbairn Foundation, a large UK leading funder, for Sussex Bay. Rather than responding to a particular call for applications, the Director for Sustainability & Resources approached the Funding Manager for the foundation's Our Natural World programme. Discussion and exploration led to advice and shaping which ultimately assisted the formation of an acceptable proposal.
- 6.4.2. Similar exploratory discussions with Joseph Rowntree Foundation by the Chief Executive have led to a referral of Sussex Bay to the Novo Foundation with discussions developing very positively.
- 6.4.3. Opportunities are developing to broaden strategic conversations with these and other funders in relation to other key outcomes areas such as **poverty, skills, inequality, regeneration and local economic transition.**

- 6.4.4. Other key funders include the National Heritage Lottery Fund (who have recently funded Plymouth National Marine Park £11.1m), People's Postcode Lottery, Berkeley Foundation, Arcadia (Endangered Landscapes and Seascapes Programme), Paul Hamlyn Foundation, Leverhulme, Arts Council and Wolfson Foundation. Some funds do not fund local authorities directly, but with a partnership and community approach to proposition development, it is very possible for another organisation to take the lead, rather than discount the opportunity.

6.5. Crowdfunding and High Net Worth Individuals

- 6.5.1. Sussex Bay launched a Crowdfunder at the event in June 2024, which has raised £5,000 to date with 52 contributions ranging between £1 and £1,000. Whilst this is a modest amount, it is meaningful and a useful learning experience to take into other programmes and projects. Discussions are underway with Sussex Community Foundation and a possible partnership to administer a small grants programme to grass roots projects, assembling crowdfunds with larger funds in the future, for example from local SMEs such as B Corps.
- 6.5.2. It is also striking how much pro bono support has been offered to Sussex Bay, including legal, marketing, finance, graphic design, project management, surveying, architecture, design, communications and digital expertise.
- 6.5.3. Consideration is being given to approaches to local high net work individuals, and all learning from Sussex Bay will pass into the new funding and investment team for development in other programmes.

6.6. When not to seek funding

- 6.6.1. It is equally critical to understand the circumstances where the pursuit of external funding and investment is not feasible.
- 6.6.2. The central team can be expected to develop a significant list of requests which will need to be prioritised for attention, and assessments made of the likelihood of success and therefore whether effort should be expended in developing a proposition.

There could be a number of reasons for not taking an idea forward such as:

- 6.6.2.1. The development time vs reward ratio is poor
 - 6.6.2.2. Strong competition reduces expected chance of success
 - 6.6.2.3. The proposal is too similar to others previously funded and is likely to be rejected
 - 6.6.2.4. It has not been possible to secure the right level of local partnership or community support
- 6.6.3. A further set of criteria will need to be developed around internal capacity and liability such as:
- 6.6.3.1. The strategic importance of the proposition (scored)
 - 6.6.3.2. The internal resource required at each stage and whether there would be the right availability at the right times
 - 6.6.3.3. Whether overheads can be adequately assessed and included in the bid
 - 6.6.3.4. The nature of the project and whether a maintenance or other liability could be left with the councils (or indeed partners or community groups) that could cause issues
 - 6.6.3.5. The sustainability strategy (financial etc) after the funding period ends, and project closure liabilities and costs
 - 6.6.3.6. Appropriate levels of contingency in the costings
- 6.6.4. Assessment and selection criteria such as these will be created by the new team and applied to the work as a critical aspect of establishing a high performing and reputable approach to fundraising.

7. Next steps

- 7.1. This paper has set out how a renewed and extended approach to external funding and investment will support delivery of both administration's priorities.
- 7.2. A new funding and investment team is being created that will adopt the principles set out in this paper, harnessing the funding opportunities discussed here. Among its first tasks will be wider research to extend our understanding even further, and building proactive relationships with funders and investors in the development of mission-based propositions that will be ready in advance of funding calls. Building

capacity and awareness across the organisation will be key, including into key linked initiatives such as Council for the Community, the neighbourhood model, regeneration, housing and proactive. The new team is expected to be in place by January '25.

- 7.3. In order to establish a prioritised approach, and create the containing themes and blocks for the work, the new team will immediately review existing programmes, and their funding status, developing a list of ideas and projects that require full or part external funding and investment to be able to proceed. The team will work closely with participation and neighbourhood colleagues to work with them into community groups and partnerships to build a collaborative approach that enables bid partnerships to be formed.
- 7.4. It is anticipated that the team will have an initial programme of work defined by April 2025, with plans in place to submit strategically significant applications during that year, and effective governance linked to the Strategic Finance Board and the Executive.

8. Funding for the Rotunda Project

- 8.1. As discussed, a range of work to support delivery of community outcomes continues, and the Worthing Rotunda project is a current example.
- 8.2. Having been awarded £16k of funding from Worthing CIL funding, Worthing Fishermen's Society, working with the Fishing Animateurs (a Cornwall base charity supporting small boat fisher communities) were successful in their bid to the Marine Management Organisation's Fisheries and Seafoods Scheme for £33,632.59 of capital funds to develop the Rotunda site in terms of: Utilities, Water/Electric Cold Store Ice making machine Toilet and drainage, sales area. A two unit design has been developed, with storage and toilet plus separate retail unit.
- 8.3. Work is progressing with pro bono support from a local surveying company, our Surveying and Estates teams, and project management support from Sussex Bay. A planning application has been made and draft Heads of Terms and lease have been prepared. The recommendation in this report relates to the acceptance of the grant monies and the creation of a capital budget to enable the project to move into delivery, subject to a final programming decision by the

council's asset management board.

9. Engagement and Communication

- 9.1. Existing externally funded projects such as Sussex Bay have established good engagement and communication approaches, digitally (#SussexBay) and in-person, attending community events, an e-newsletter and attending multiple partnership events and meetings.
- 9.2. The Council for the Community approach, and the series of community leaders events underway is providing the platform for engagement on needs, opportunities and project development. As part of this, we'll be making it easier for people to get involved and help strengthen their communities through funding that support communities to make a difference, improving how our services work with our residents to best support them, listening to lived experience to shape the future of our services and places and supporting our civil society to build more inclusive and connected communities.
- 9.3. The new neighbourhood team, working through the Council for the Community approach will provide deeper connections and insights from neighbourhoods around needs and opportunities, and will work closely with the new funding and investment team.

10. Financial Implications

- 10.1 New approaches to funding community outcomes is a key strategy within the new Financial Strategy adopted by Adur and Worthing councils in July 2024. The approach will look to create opportunities to leverage external funding to support the delivery of the administrations priorities. The councils will of course review the outcomes of the budget and the implications and opportunities for funding. As set out in section 3, a new team is being established through the organisation redesign and will be funded from existing core budgets.
- 10.2 Section 6 of the report refers to the Rotunda project and the funding allocations that have now been awarded to develop the site. Members are asked to accept, on behalf of the Worthing Fishermen's Society, a grant from the Marine Management Organisation and approve the proposed development of a capital budget of £49,632.59 for "Improvement works to the Rotunda building on Worthing seafront",

subject to final programme approval by the Councils' Asset Management Board. In summary;

Improvement works - Rotunda Building on Worthing Seafront

Capital Budget Funding

Marine Management Organisation - grant £33,632.59

Community Infrastructure Levy funds allocation £16,000.00

Total budget funding £49,632.59

11. Legal Implications

11.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.

11.2 Section 1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation

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

11.4 In receiving Grant Funding the Councils must ensure that grant funding is spent for the purposes for which it is received and in accordance with the Grant Funding Terms and Conditions. Any expenditure of grant funding must be in accordance with the grant funding terms and conditions and is spent for the purpose for which it was received in a manner compliant with rules on public procurement where applicable.

Background Papers

None

Sustainability & Risk Assessment

1. Economic

In adopting a stronger approach to external funding and investment, Adur & Worthing Councils can leverage in more funding through its mission-based programmes and projects. The Worthing Heat Network has already created 40 local jobs, and potentially this could be 500 by 2050. Projects can directly improve local infrastructure, supporting businesses, and support people to improve their well-being and develop skills and pathways to work.

2. Social

2.1 Social Value

Many mission-based proposals will have specific aims to address social inclusion, poverty and well-being, and will secure additional funds to support local communities, particularly the most vulnerable.

2.2 Equality Issues

All proposals will use the Equalities Impact Assessment approach to ensure appropriate proposal design that supports EIA aims.

2.3 Community Safety Issues (Section 17)

Issue considered and none identified.

2.4 Human Rights Issues

Issue considered and none identified.

3. Environmental

There are significant opportunities in this area as outlined in the report.

4. Governance

All proposals developed will be run through the council's governance processes in the appropriate way.