

**Minutes of a meeting of the
Joint Strategic Committee
Adur District and Worthing Borough Councils**

Gordon Room, Worthing Town Hall

10 December 2024

Councillor Sophie Cox (Chair)

Adur District Council:

Councillor Becky Allinson
Councillor Lee Cowan
Councillor Jeremy Gardner
Councillor Andrew Harvey
Councillor Saffa Jan
Councillor Sharon Sluman

Worthing Borough Council:

*Councillor Odul Bozkurt
*Councillor Dom Ford
Councillor Rita Garner
Councillor John Turley
Councillor Vicki Wells
Councillor Rosey Whorlow

**Member not present*

JSC/52/24-25 Declarations of Interests

There were no declarations of interest.

JSC/53/24-25 Minutes

Resolved: that the minutes from the Joint Strategic Committee meeting held on 12 November 2024 be approved as the correct record

JSC/54/24-25 Public Question Time

There were no questions from the public.

JSC/55/24-25 Members Questions

A Member asked the following question

I note Worthing Councils statement that it intends to write to MHCLG to request 'exceptional financial support'. Invariably if granted, this is achieved by granting a capitalisation direction which permits a local authority to meet its pressing revenue costs through using capital raised on assets that are sold, on current capital financial resources already held or on further borrowing by the authority. Clearly a lot of thought will have been applied prior to this request. So can you please explain what capital sum/s from what assets have been identified for capitalisation.

Response:

I think it would help to provide some context which will help with the response to this question and some of the following questions from other members.

As you say exceptional funding support is provided in the form of a capitalisation direction which permits the use of capital resources to meet revenue costs. These capital resources can include capital receipts (for example from the sale of assets) and borrowing. The new Labour government has confirmed the removal of the interest premium which the Conservative government previously applied to borrowing for this purpose from the government (i.e. from the Public Works Loans Board or PWLB). So the borrowing costs will be lower that they previously would have been under a Tory government, interest rate movements notwithstanding.

We will be asking MHCLG (Ministry of Housing, Communities and Local Government) to address our central funding gap associated with homelessness and the supported accommodation subsidy. This request is unlikely to have been reviewed before the 2025/26 budget is finalised and therefore funding support will be sought to bridge the budget gap followed by a correction to reflect the actual need to borrow.

To come to the specific question regarding the raising of sums from assets, I am sure you will appreciate this is a commercial matter so we cannot go into specifics.

You will recall that we presented our new asset strategy and draft disposals policy at the last of these meetings - these are important elements of our overall financial strategy irrespective of our conversations with MHCLG. If we do, as we expect, receive a capitalisation directive from the government to address our funding gap then we will need to make sensible choices about where to apply our capital receipts vs when to borrow to support our revenue budget. This will be done as part of our treasury management approach which is looking carefully at how we manage debt vs capital.

A Member asked the following question

The Financial Strategy and Organisational Design demonstrate that the Councils are not only redesigning services to meet significant financial challenges but also actively improving outcomes for our communities in ways that are more sustainable and cost-effective in the long term". Given you have approached the government for exceptional financial support to balance a large budget gap, and given the scale of cuts you have had to make over the last few years, do you honestly believe that you are improving outcomes for our communities?

Response

1 in 4 councils have told the LGA they expect to be asking for help from the Government within the next two years. These types of cuts have been happening in local government for over 10 years now with the chronic underfunding of local government.

Despite significant financial challenges that have been ongoing for years for local councils, I firmly believe we are improving outcomes by transforming services to be more efficient, sustainable, and focused on prevention.

The Neighbourhood Model is being designed in a way that residents will start to see the difference, like we are in West Durrington, with officers in Neighbourhood teams knowing their patches and being able to progress work more quickly and with better knowledge of their areas.

Exceptional financial support would allow us to bridge the gap while we work on longer term changes that are necessary for us to be more sustainable and resilient, and already working on plans for improved income generation and better asset management. Balancing these current pressures is tough, but our strategy will start to deliver real benefits for our communities.

A Member asked the following question

There is a state of financial emergency in local government with a number of councils issuing formal section 114 declarations of bankruptcy in recent years. Earlier this year nineteen councils were granted Exceptional Financial Support by the government. It looks like Worthing may be next.

These "Capitalisation directions" allow capital assets to be sold or funds to be borrowed to plug holes in revenue budgets. Which of these does the Cabinet Member for Resources anticipate using? If the former, which assets does he have in mind to sell? If the latter could he please say how much will be borrowed, where from, at what interest rate and what the repayment schedule will be?

Response

We will almost certainly see a blend of the use of capital receipts and borrowing but at this stage we cannot say how much will need to be borrowed. We generally look to minimise borrowing of course. We can say that the borrowing will be from the PWLB and it is worth repeating that the new Labour government has helped here by removing the Conservative's premium on borrowing where exceptional financial support is being sought.

For commercial reasons we cannot say at this stage which assets might be part of a disposal process.

A Member asked the following question

The recent AWC press release stated that "Worthing Borough Council has therefore begun discussions with the Ministry of Housing, Communities and Local Government to request exceptional financial support". As you are "being open and responsible about our situation" can you provide detail about the nature of these discussions thus far and can the detail of these discussions be made public for residents?

Response

The Chief Executive and S151 officer have met with the relevant team at MHCLG to outline our financial situation and the plans we have in place to create a more resilient financial position over the course of the new financial strategy. It is apparent that this new Labour government is listening far more than the previous Conservative government and this has been a constructive discussion. We have already sent over information as requested by the government team. Subject to the decision on the Budget Update paper later this evening, the Chief Executive will be writing this week to formalise our request and also share this latest budget update. The letter will be shared with all Members and will not be made confidential.

A Member asked the following question

In 8.6 of the report, it says “We have launched a budget campaign with our residents and partners to help our communities better understand how we are funded, our financial challenges and how we spend our money ...” Assuming the Press Release of 2.12.24 was the launch of that campaign, when is the next stage, what form will it take, and how will it explain the nature and detail of the “exceptional financial support” being sought and the “ongoing work to push for fair, long-term funding for local councils so they can keep providing services whilst planning for the future” in an accessible way?

Response

Beyond the press release on the budget which you have referenced, we are also sharing with residents infographics on how we are funded, on our budgetary challenges and how we spend our money. These will be accompanied by a quiz to enable residents to participate in an interactive way. I have seen this and I think this will really help residents understand the challenges we are facing and also the services we are responsible for (such as bin collections) and those we are not responsible for (such as fixing potholes).

A Member asked the following question

The recent press release stated “Recent announcements from the government have outlined a clear intention to address the structural issues with local government finance”. Other than multi-year financial settlements from 26-27, what announcements are these and how will they impact WBC’s financial situation in 25/26?

Response

The full Local Government policy statement is on MHCLG’s website.

The District Council Network have very helpfully produced a briefing on the statement. In addition to multi-year funding from 26/27, there are key elements that will protect district council funding:

There is a new funding floor to guarantee that no council will see a cash reduction in its Core Spending Power (CSP) assuming it increases council tax by the maximum amount permitted under the referendum principles.
Revenue Support Grant and Baseline Funding Levels will increase by CPI.

All councils will receive additional income from Extended Producer Responsibility for Packaging (EPR) payments (over and above increases to CSP). EPR payments will be guaranteed and will not be ringfenced.

Taking into account all funding allocated through the Finance Settlement and EPR payments, almost all councils will receive a real-terms increase in funding.

The government will look to build on the lessons learned from the Conservatives Fair Funding Review, which was delayed and delayed and in the end never implemented.

In addition, grants will be repurposed to produce better outcomes locally. The number of specific funding pots will be reduced to allow councils more flexibility.

There will be a consultation with Council leaders to ensure the government gets this right, with the aim of having the changes in place for the 26/27 financial year.

A Member asked the following question

Support provided via this EFS (Exceptional Financial Support) framework is usually provided in the form of a capitalisation direction. Capitalisation directions permit a local authority to meet revenue costs through capital resources. If this EFS allows WBC to sell assets to make up the revenue shortfall, is the council concerned about the impact of the Council's EFS directive on the value of our capital assets?

Response

In an earlier response I referred to our asset strategy and disposals policy

In that policy we talk about a "flight to quality" where we are looking to move towards a higher quality, lower risk and more sustainable asset portfolio. The Budget Update paper explains how this involves addressing the challenges associated with managing an ageing portfolio while taking account of community and social needs. So this work is already in our plans.

It must be stressed that any disposal process will happen in a controlled way so that we are able to obtain best consideration for any disposals, as required by the Local Government Act of 1972.

JSC/56/24-25 Items Raised under Urgency Provisions

There were no urgent items

JSC/57/24-25 Mid-Year Review of Treasury Management 2024-25

Before the Committee was a report by the Assistant Director for Sustainability and Resources, copies of which had been circulated to all Members and a copy of which is attached to the signed copy of these minutes as Item 6.

The purpose of treasury management reports that are submitted during the year was to ensure that proper scrutiny was undertaken of the treasury and capital expenditure activities of the Councils and that the activities were conducted in a prudent manner in order to safeguard the financial position of the Councils.

Councils were required by regulations issued under the Local Government Act 2003 to produce a mid-year treasury management review of activities; and a review of performance against the prudential and treasury indicators for the year.

The key message arising from the report was that both Adur and Worthing Councils had complied with the approved policies and the indicators agreed prior to the start of the financial year.

This report asked Members to note the Treasury Management mid-year performance for Adur and Worthing Councils at the 30 September 2024, as required by regulations issued under the Local Government Act 2003.

Decision:

That the report be noted and forwarded to the Worthing Borough Council Meeting on 17th of December 2024 and Adur District Council 19th of December 2024 for noting

Call In: Decisions of full council are not able to be called in

JSC/58/24-25 2nd Quarter Revenue Monitoring Report

Before the Committee was a report by the Director for Sustainability and Resources, copies of which had been circulated to all Members and a copy of which is attached to the signed copy of these minutes as Item 7.

The report updated the Committee with the latest expenditure and income projections for both Adur District Council and Worthing Borough Council for the financial year 2024/25, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' would be the position as at the 30th September 2024, the forecast outturn position reflected the information available to ensure an up-to-date forecast was presented.

The outturn projection for the 2024/25 financial year for the Worthing Borough Council General Fund was a net overspend of £511k and for Adur District Council General Fund was a net underspend of £333k. Those projections reflected the assumption that the budgeted contributions to rebuild reserves within the councils budgets would not be possible unless there were underspend outturn positions and surplus funds to transfer. A breakdown was set out in section 4.4 of the report.

The report showed that the councils were absorbing most of the considerable pressure of housing needs which had risen beyond the budget allocation which had in term been increased for 23/24, but the overspend in Worthing reflected the challenges that this had caused.

Decision:

That the report and projected outturn position be noted for the Joint Committee, Adur District Council and Worthing Borough Council against the approved revenue budgets and proposed use of reserves (Appendix 2b and 3b).

Call In: The call-in deadline for decisions will be 5.00pm on 20 December 2024

Before the Committee was a report by the Director for Sustainability and Resources, copies of which had been circulated to all Members and a copy of which is attached to the signed copy of these minutes as Item 8.

This report updated the Committee on the progress made on the delivery of the 2024/25 Capital Investment Programme for Adur District Council and Worthing Borough Council. The programme included schemes which supported the delivery of services by the Joint Services Committee.

Included within the report was information about the prudential indicators which provided a link between the Councils' revenue budget and capital budget. Quarterly monitoring of these indicators was a requirement of the prudential code

Decision:

1. That the reprofiling of the Worthing Borough Council capital schemes as advised in paragraph 7.2.1 and appendix 2 be noted;
2. That the Kingston Beach urgent virement be approved retrospectively as requested in 7.11;
3. That the virement of grant funding to Splashpoint GSHP project be approved as requested in 7.2.2;
4. That as at 6.3.1 that financial decisions in relation to Worthing Pier be considered as part of another report;
5. That the budget amendments to both the Adur District Council and Worthing Borough Council 2024/25 capital programmes detailed in appendix 3 be approved following the programme review referenced in sections 4.2, 4.3 and 4.4 of the report

Call In: The call-in deadline for decisions will be 5.00pm on 20 December 2024

Before the Committee was a report by the Director for Sustainability and Resources, copies of which had been circulated to all Members and a copy of which is attached to the signed copy of these minutes as Item 9.

The report presented an update on the budget setting process for 25/26 for both councils as well as updating on the progress of the implementation of the new financial strategy.

Progress on the new strategy was progressing well and was showing mid-term benefits, the short term budget pressures caused by external factors were considerable. As a result neither council was as yet able to show a balanced budget and the report showed the steps being taken to achieve this.

The Local Government Finance Policy Statement indicated a significant change to the approach to the settlement process and as such a likely material change to the budget position. The government had committed additional funding to local authorities, however the allocation across individual councils would not be visible until the provisional settlement. This is suggested by the focus on housing needs which was the main driver of the challenges in both Councils' position. The statement was currently being reviewed and will be reflected in the next budget update alongside the updated funding levels for both councils.

Despite this, and despite the considerable work being done to redesign the organisation and implement a more resilient and sustainable financial strategy, it was clear that it was unlikely to provide the funding required to close the significant budget gap in Worthing and so the proposed route for requesting exceptional funding support which is outlined in the policy statement was also welcome. Members were being recommended to request the Chief Executive formally write to the Ministry for Housing, Communities and Local Government to request this support for Worthing.

Decision:

1. That the contents of the report including the working 5 year forecasts be noted as at appendix 1
2. That the Chief Executive writes to MHCLG in order to request exceptional financial support for Worthing in order to get the help needed to balance the budget during this period while the new financial strategy is being implemented

Call In: The call-in deadline for decisions will be 5.00pm on 20 December 2024

JSC/61/24-25 Adur Homes Whole Block Repairs - Phase 1

Before the Committee was a report by the Director for Housing and Communities, copies of which had been circulated to all Members and a copy of which is attached to the signed copy of these minutes as Item 10.

As part of the Adur Homes Improvement Plan, officers had been developing a maintenance programme, which is a critical part of providing residents with decent homes.

Ten existing Adur Homes blocks had been identified as requiring essential and urgent repairs.

The Councils were asked to approve a contract with a main contractor to carry out multiple and varied repairs to the ten blocks.

Following surveys carried out at Warren Court in Lancing, The 'RAFA' blocks and Aston House in Shoreham, essential repairs and remedial work was required across these blocks. For efficiency it was proposed that all the work was instructed under one contract with a Principal Contractor who would manage the subcontract packages of work, the sequencing and programming, together with the necessary resident liaison.

Decision:

1. That the allocation of £5m from the previously approved Adur Homes Investment Programme budget for a 'Whole Blocks' repairs project be approved, covering ten existing Adur Homes blocks in phase 1, to include site investigations and professional fees;
2. That the multidisciplinary consultants be appointed to provide pre-contract services, site investigations and cost advice;
3. To commit to the principle of the repair and improvement of Adur Homes properties using a phased approach and Whole Block contracts, with one Principal Contractor where necessary.
4. That it be noted that the phase 1 blocks have been identified on the basis of existing, historic information and investigations, however the production of new building conditions surveys may identify further urgent works in other properties.

Call In: The call-in deadline for decisions will be 5.00pm on 20 December 2024

JSC/62/24-25 Adur Homes AH- Appointment of a Multi-Disciplinary Consultant

Before the Committee was a report by the Director for Housing and Communities, copies of which had been circulated to all Members and a copy of which is attached to the signed copy of these minutes as Item 11.

As part of the Adur Homes Improvement Plan, officers have been developing a maintenance programme, which is a critical part of providing residents with decent homes.

As part of the programme the paper set out a proposal to use what was referred to as a 'multi-disciplinary consultant' (MDC) to project manage a minimum of eight contracts over a three year period of time with the added extension options included.

The MDC role which broadly includes pre-contract design, undertaking surveys, and cost planning and further details are detailed in 4.3 below.

Members were told of the role of this consultant and options were set out for Members to consider. It proposed the appointment of one Multi-Disciplinary Consultant to manage the contracted packages of work with the appointed contractor(s). This work would be required for the purposes of obtaining key information to inform the overall scope of work and tender documents and subsequent contract management.

Decision:

1. That the appointment of a multi-disciplinary consultant for an initial three year period be approved for the essential contract professional services required for the development, procurement and management of contracts entered into.
2. That the spend be authorised in respect of the MDC to cover 8 work areas detailed in section 3.3 over a 3 year period. The spend is in accordance with procurement consortium tender price of 4.24% of full contract value and detailed further in section 7.3.

Call In: The call-in deadline for decisions will be 5.00pm on 20 December 2024

The meeting was declared closed by the Chair at 7.40 pm, it having commenced at 6.30pm

Chair