



ADUR & WORTHING  
C O U N C I L S

3 February 2020

Joint Strategic Committee	
Date:	11 February 2020
Time:	6.30 pm
Venue:	QEII Room, Shoreham Centre, Shoreham by Sea

**Committee Membership:**

**Adur District Council:** Councillors; Neil Parkin (Adur Chairman), Angus Dunn (Adur Vice-Chairman), Carson Albury, Brian Boggis, Emma Evans and David Simmons

**Worthing Borough Council:** Councillors; Daniel Humphreys (Worthing Chairman), Kevin Jenkins (Worthing Vice-Chairman), Edward Crouch, Heather Mercer, Elizabeth Sparkes and Val Turner

**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 14 January 2020, copies of which have been previously circulated.

### **3. Public Question Time**

To receive any questions from members of the public.

In order for the Committee to provide the fullest answer, questions from the public should be submitted by **noon on Friday 7 February 2020**.

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

Questions should be submitted to Democratic Services,  
[democratic.services@adur-worthing.gov.uk](mailto:democratic.services@adur-worthing.gov.uk)

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

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

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

### **5. Delivering our Housing Strategy - Adur and Worthing Councils' Housing Allocations Policies** (Pages 1 - 48)

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

### **6. Final Revenue Budget Estimates for 2020/21** (Pages 49 - 78)

To consider a report from the Director for Digital & Resources, a copy is attached as item 6.

### **7. Joint Treasury Management Strategy Statement and Annual Investment Strategy 2020/21 to 2022/23, Adur District Council and Worthing Borough Council** (Pages 79 - 132)

To consider a report from the Director for Digital & Resources, a copy is attached as item 7.

### **8. Beyond Consultation: Engaging Adur and Worthing - Adur & Worthing Councils' Engagement Guide** (Pages 133 - 160)

To consider a report from the Director for Digital & Resources, a copy is attached as item 8.

### **9. Adur Homes Development Programme - Albion Street and Cecil Norris House** (Pages 161 - 172)

To consider a report from the Director for Communities, a copy is attached as item 9.

## 10. Exclusion of the Press and Public

In the opinion of the Proper Officer the press and public should be excluded from the meeting for consideration of the following item. Therefore the meeting is asked to consider passing the following resolution:

'that under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraph of Part 3 of Schedule 12A to the Act indicated against the item'

## Part B - Not for Publication – Exempt Information Reports

### 11. Adur Homes Development Programme - Albion Street and Cecil Norris House - Appendix 1 (Pages 173 - 174)

To consider an exempt appendix from the Director for Communities.

### Recording of this meeting

The Council will be voice recording the meeting, including public question time. The 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:
Neil Terry Democratic Services Lead 01903 221073 neil.terry@adur-worthing.gov.uk	Susan Sale Solicitor to the Council and Monitoring Officer 01903 221119 Susan.sale@adur-worthing.gov.uk

**Duration of the Meeting:** Four 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  
11 February 2020  
Agenda Item 5

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

## **Delivering our Housing Strategy - Adur and Worthing Councils' Housing Allocations Policies**

### **Report by the Director for Communities**

#### **Executive Summary**

##### **1.0 Purpose**

- 1.1** To report back to the Committee on public consultation on the Adur District Council Housing Allocation Policy and the Worthing Borough Council Allocation Policy.
- 1.2** To seek approval for the Adur District Council Housing Allocation Policy and the Worthing Borough Council Housing Allocation Policy.

##### **2.0 Recommendations**

Members of the Joint Strategic Committee are recommended to:

- 2.1** Note the results of the consultation as set out in section 4 of the report.
- 2.2** Recommend to Adur District Council that they approve and adopt the Adur District Council Housing Allocation Policy.
- 2.3** Recommend to the Worthing Borough Council that they approve and adopt the Worthing Borough Council Housing Allocation Policy.

**2.4** Delegate authority to the Head of Housing, in consultation with the Executive Members for Customer Services, to determine the implementation date of the policy.

**2.5** Delegate authority to the Housing Needs Manager to approve rehousing cases on the basis of exceptional circumstances.

### **3.0 Context**

3.1 All statutory Housing Authorities are obliged to have a published scheme which sets out how they will decide to allocate any social housing that is within the geography of their authority. This includes both social housing owned by the Council, and nominations to properties provided by registered providers.

3.2 The Allocations Policy sets out how each Council decides who will be offered social and affordable housing and on what basis. It is therefore one of the Councils' most important housing policies. The last full review of the Choice Based Lettings Policies which includes our current policy for the allocation of social housing, was carried out in 2014.

3.3 Table 1, shows the number of households on each housing register, and table 2, the number of lets from the register in the preceding 12 months.

**Table 1: Households on the Housing Register**

<b>Households on the Housing Register</b>	<b>Adur</b>	<b>Worthing</b>
<b>as at 31/12/2018</b>	651	1076
<b>as at 31/03/2019</b>	608	1299
<b>as at 31/09/2019</b>	642	1337
<b>As at 31/12/2019</b>	668	1368

**Table 2: Number of Lets in the preceding 12 months**

<b>Adur</b>	137
<b>Worthing</b>	210

- 3.4 On 7 November 2019, the Joint Strategic Committee approved the draft policy for public consultation.
- 3.5 The consultation took place for 1 month between 6 December 2019 and 5 January 2020
- 3.6 Contextually, many councils across the UK have experienced increased demand for housing and homelessness services. Committee members will be well aware that both Adur and Worthing Councils have seen significant increases in those presenting to the Councils in housing need. Therefore it is imperative that this policy both reflects the local context of housing demand and supply, and is in line with current legislation and policy. Both councils are experiencing increased demand for the Housing Register, more significantly in Worthing.
- 3.7 This report sets out the consultation response to the proposed changes to the Councils' renamed Allocation Policies to respond to a changing housing landscape as well as key legislative changes which include:
- The Homelessness Reduction Act 2017 and code of guidance, which imposes a legal duty on local authorities to provide Prevention and Relief duties to applicable households who are homeless or at risk of homelessness as well as respond to agencies with 'Duty to Refer' responsibilities.
  - The Housing and Planning Act 2016;
- 3.8 The revised policies will also support the Councils' current and future strategic ambitions to continue to prevent homelessness by 'Making Homelessness Everyone's Business' and further embeds the ethos of early intervention and prevention, into our policy and practice.

#### **4.0 Issues for Consideration**

Of the thirty people that responded to the consultation 76.7% ( 26.7% Adur and 50% Worthing) were local residents:

About you. Are you:  
30 responses



The following paragraphs outline the key changes proposed in the revised Policies, the consultation responses and changes made as a result of the consultation.

#### 4.1 *Increase in Local Connection criteria from two years to five years*

4.1.1 60% either support or have no strong feeling to the increase in local connection criteria, with one comment that should only apply to those who have *lived* in the area for 5 years and that those working in the area should have a higher threshold to acquire local connection.

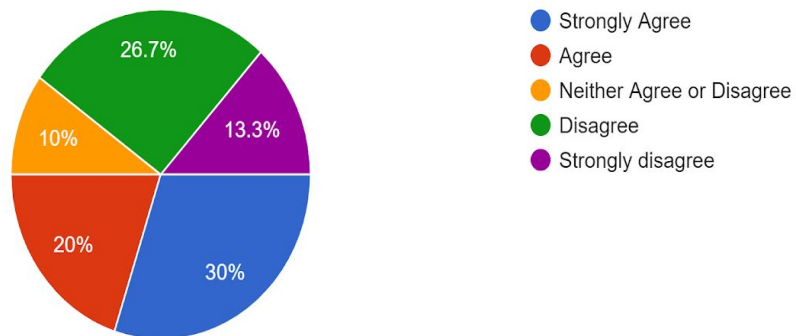
4.1.2 40% disagreed with the proposal. There were two concerns raised, after two years it would be hard for someone to go back to their original area for social housing, that we would refuse people from our list and they would go to another area to benefit from lesser local connection criteria and vulnerable groups would be disadvantaged. This is addressed in part by the fact that in implementing this policy the new local connection will not be applied to those already accepted on the register.

4.1.3 Introducing the five year local connection for new applicants will mitigate risk of households from surrounding areas who all have a five year local connection requirement, moving to our areas and acquiring local connection for housing the housing register. It should also be noted that this does not affect local. Connection for homeless applicants which is six out of twelve months or three out of five years and that those who are homeless and at risk in their area of local connection receive reasonable preference on the register.



Do you agree with the increase in Local Connection qualification criteria from 2 years to 5 years?

30 responses



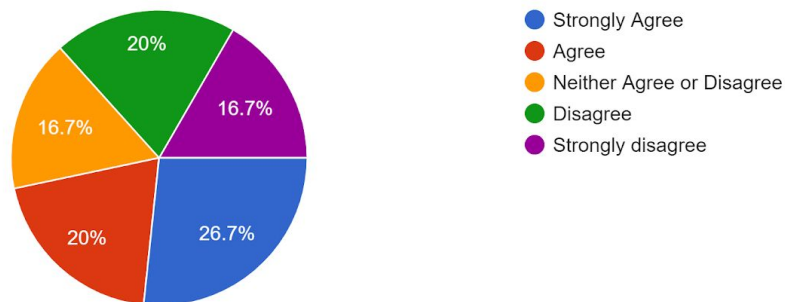
## 4.2 The removal of Band D

4.2.1 There are currently 417 Worthing households and 158 Adur households on the register in band D. Every household in band D household were written to and invited to participate in the consultation.

4.2.2. 63% of those who responded either supported the change or had no strong feelings regarding the removal of band D. There were some responses from those in band D, disappointed with the proposals impact on them.

4.2.3 Comments made *'People in band D are registered as they have low income and poor credit so this could be the only option if landlord sells up'*. A household in this situation would be eligible for assistance and support under Homeless Reduction Act duties. In addition the question was asked about what would happen to those in band D due to rent arrears, under the new policy these cases will be suspended in their awarded band whilst the debt is cleared.

Do you agree that those with no identified housing need should not qualify to join the register?  
30 responses

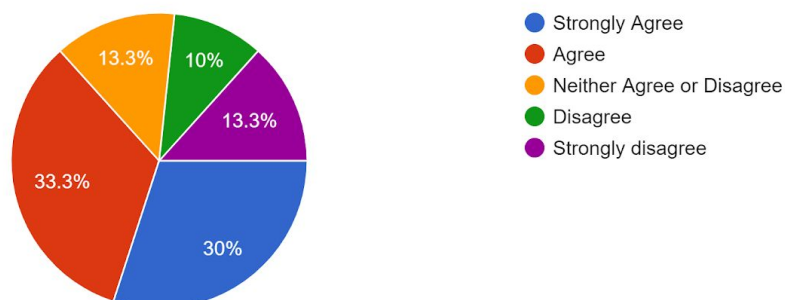


### 4.3 *One Reasonable Offer*

4.3.1 The revised policy introduces the concept of one reasonable offer for high priority categories as defined in section 13 of the policy, which includes Band B Prevention cases. A Direct Offer is a property allocated by the Accommodation Team and if refused without reasonable cause, the duty to that household can be discharged, and/or they can be removed from the register.

4.3.2 76.6% either support or have no strong feelings about the introduction of one reasonable offer. Comments were made stating that definition of reasonable offer and how to appeal needed to be clear in the policy. The wording in the draft Policy has been reviewed and section 14.1 updated to provide clarity.

Do you agree with the introduction of one reasonable offer for high priority cases?  
30 responses



4.4 The Policy also introduces the option to suspend or remove applicants who do not make bids on suitable properties within defined time frames as outlined as in section 3.6 of the Allocations Policy. An example would be a two bedroom need household bidding on houses and refusing to consider flats.

4.4.1 There were some concerns that applicants would be removed without attempts to contact them.

4.4.2 The following has been added to 3.6 of the Allocations Policy for clarity:

*Prior to any downgrade, suspension or exclusion, applicants will be contacted by the service, their circumstances or reasons for not bidding considered and support provided if needed.*

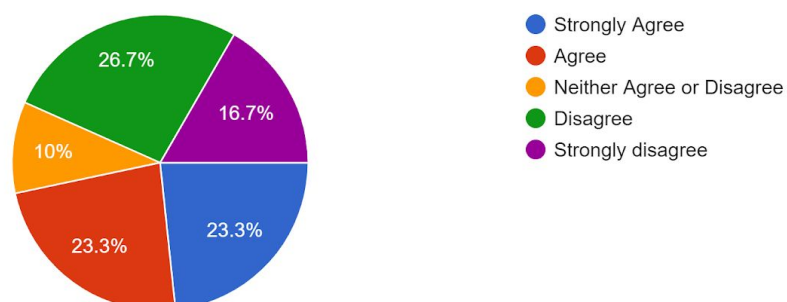
#### 4.5 *Changes to the Income and Savings Allowances:*

4.5.1 The revised policies introduce differentiated income and savings allowances, moving away from the current position of a standard amount for all households. Instead, it is proposed to introduce a scale that is linked to the size of the household. The policy also introduces some discretion for those in need of sheltered accommodation and/or who are threatened with homelessness, whose savings allowance exceeds the maximum allowance for their household size.

56.6% either agree or have no strong feelings.

Do you agree that those that have a housing need but have sufficient income or savings at the levels indicated in this policy should not qualify to join the register?

30 responses



4.5.2 Some responses raised concern that all income would be included

would be included in the calculation. This has been considered and the following made to (3.4 f):

*Income will be calculated taking account of all adults on the application and include income from working and any other income regardless of its source with the exception of disability related benefit payments.*

- 4.5.3 A further concern was raised that those who receive a backdated benefit payment may be subject to exclusion as may exceed the Savings cap.

#### 4.6 *Reasonable Preference*

4.6.1 The revised policy includes the concept of Reasonable Preference to recognise those eligible under the Homelessness Reduction Act. These include; Armed Forces Personnel for whom we had regard to under the Armed Forces protocol, those fleeing violence and Gypsies and Travellers. This is a requirement under housing legislation.

4.6.2 The inclusion of Gypsies and Traveller under reasonable preference was questioned '*as they would not comply with the definition of following a nomadic habit of life in a permanent home*'.

This update to the policy was not specifically consulted on as the included groups are a legal requirement.

#### 4.7 *Allocation of nominations to the Single Person's Pathway*

4.7.1 The policy proposes the removal of Band B for Rough Sleepers and the introduction of a bespoke allocation for those in the 'single person's pathway'. 76.7% of respondents support the proposal.

Concerns raised are summarised in this comment made:

*'There is no information as to how the Single Persons Pathway will be operated. Until it is shown how many people will be chosen each year for this and how many people are eligible to be chosen and what provision will be made for single people who are not chosen, the homeless singles should remain in category B lists. Otherwise this group of people become invisible and the Housing list is artificially shortened. It looks as though more people have been housed or that fewer people need*

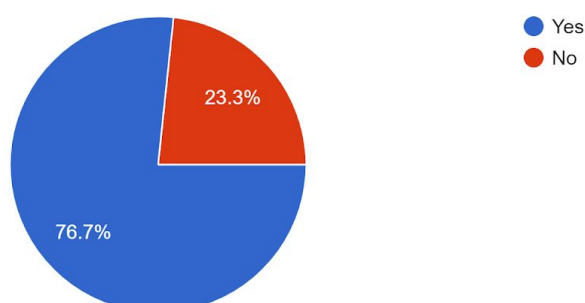
*housing just because homeless singles are no longer listed. This is not transparent and will be misleading’.*

4.7.2 The Single Persons Pathway is in development locally and across the County with all West Sussex Districts and Borough, West Sussex County Council colleagues and providers, working towards panels for allocations and ‘step up’ / step down’ options rather than evictions, as well as coordinating moves within the pathway to make best use of available stock between the councils and supported accommodation providers. The Homelessness Forum oversee this work. Under the current policy, only two rough sleepers in three years have been housed into social housing from the street and these were exceptional cases. Single homeless people in temporary or supported accommodation will remain eligible for Band C and included on the register.

4.7.3 Many of the people who have slept on our streets, experience significant and rapid changes in their circumstances and are often/usually excluded from securing social housing. Placing applicants who have slept rough in Band B does not therefore increase their chances of being housed. Instead, the policy will support an annually reviewable allocation of nominations to the Single Person's Pathway for move on from Supported Accommodation, where individuals with support needs have received support to address these issues. This will in turn release supported accommodation for single people in temporary accommodation and rough sleepers.

Do you agree that Band B for rough sleepers should be removed and replaced with an annual allocation to the Single Person's Pathway?

30 responses



4.8 Registered Providers who responded to the consultation requested the inclusion of the following information regarding the legislation around the prevention of fraud, for all applicants:

*The Prevention of Social Housing Fraud Act 2013 which criminalizes obtaining social housing by deception by application of fines up to £50k and 2 years imprisonment.*

This Act deals with unlawful subletting rather than obtaining social housing by deception. These offences are typically prosecuted under the Fraud Act 2006 which has been included in section 20.2 of the Policy.

4.9 This section answers general queries raised within the consultation:

- Can over 55's register for sheltered and general needs? - Yes, any suitable size property will appear on the applicants bidding lists, it is their choice which properties to bid on.
- Is there a maximum number of refusals permitted? - No, if the grounds for refusal are upheld.
- Income levels appear low, especially for three bedrooms, rather than annual review, could this be linked to average price index?
- Everyone should have equal opportunity to join the housing register, consider hard working, low income households and young people - The council will use other means and initiatives to support these groups e.g. affordable rents and shared ownership schemes through 106 agreements.

## **5.0 Engagement and Communication**

5.1 The draft policy has been drafted by a working group of Adur and Worthing Council officers, including a representative from Legal Services.

5.2 The key changes were presented and discussed with members of the Adur & Worthing Homelessness Forum in advance of the public consultation.

5.3 Public consultation was undertaken between 6 December 2019 and 5 January 2020. All partners, stakeholders and Registered Social Landlords as well as those on the Housing Register affected by the changes were written to, inviting them to participate in the consultation. The consultation page on Adur and Worthing Councils website contained the draft policy, background information and a table listing all the key changes. Thirty people responded.

5.4 Following final approval of the policies, all households on the two housing registers will be written to and any affected households will be notified in writing of the changes and impacts to them. It is intended that current households on the register who have a housing need but do not meet the new local connection criteria will be permitted to remain on the register. Those

without a housing need (Band D) will be removed but will have the opportunity to request a review of this decision. Information will also be made publically available on our website.

## **6.0 Legal Implications**

- 6.1 Housing Act 1996 Section 166A(1) requires every local housing authority to have an allocation policy and section 166A(13): requirement for consultation of an Allocations Policy is to send a draft to all Private Registered Providers and Social Housing landlords to which we have nomination rights and ensure they have reasonable opportunities to comment.
- 6.2 The policy has been written with advice from Legal Services to ensure compliance.
- 6.3 Section 8 Housing Act 1985 continues to place a duty on every local Housing Authority to consider housing conditions in their District/Borough and the needs of the District/Borough with respect to the provision of further housing accommodation. Further, part 7 Housing Act 1996 (as amended) places an obligation on Local Authorities to promote the prevention of homelessness.
- 6.4 The Allocations Policies support the Councils' to discharge their obligations under s8 Housing Act 1985, and work towards the promotion of the prevention of homelessness. The changing landscape in relation to housing regulation and homelessness prevention, including the Homelessness Reduction Act 2017, places an ongoing legal burden on Local Authorities to consider carefully their housing strategies.
- 6.5 The Homelessness Reduction Act 2017 placed additional responsibility on Local Authorities in the form of Prevention and Relief Duties and the proposed changes to the policy supports these functions.

## **7.0 Financial Implications**

- 7.1 There will be a requirement for a short term support staff member at a cost of £8,000 to deal with the transition to the new allocations policy and the implementation of the new choice based lettings system. The cost of this temporary resource can be accommodated from within existing budgets

Finance Officer: Donna Temple

Date: 28/01/19

## **Background Papers**

- Adur and Worthing Councils' - Housing Strategy 2017-2020
  - <https://www.adur-worthing.gov.uk/housing/policies-and-strategies/housing-strategy/>
- Adur and Worthing Councils - Choice Based Letting Policies
  - <https://www.adur-worthing.gov.uk/housing/policies-and-strategies/choice-based-lettings-policies/>
- Adur and Worthing Councils' - Platform for our Places
  - <https://www.adur-worthing.gov.uk/platforms-for-our-places/>

## **Officer Contact Details:**

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## **Sustainability & Risk Assessment**

### **1. Economic**

- Housing of all types and tenure, supports the economy of our places, enabling inward investment as well as providing safe and secure places for our communities to live and work from.

### **2. Social**

#### **2.1 Social Value**

- There is a growing understanding of the health and social impacts of poor housing and at its extreme, the impacts of homelessness can be significant for individuals and families. Adur and Worthing Councils seek to minimise these impacts through our work to identify and support individuals and communities at risk of homelessness and prevent this wherever possible. The revised allocation policies support these aims.

#### **2.2 Equality Issues**

An Equalities Impact Assessment has been carried out and attached as Appendix 2. [EIA Allocations Policy](#)

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

- The revised policies will allow for more flexibility in working with those who may have a history of complex behaviors and/or ASB that to access suitable accommodation.

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

- The Councils are committed to supporting our most vulnerable communities and those in most need to be supported into stable housing. The revised policies support these aims.

### **3. Environmental**

- Issue considered, no specific matters to report

### **4. Governance**

- Annual Review of all the applicants on the Housing Register to ensure they comply with the criteria.

- Local Quality audit assurance checks to ensure that the policy is being applied consistently and correctly
- Application of case law and central government guidance as it occurs and input into our processes of any feedback from the Local Government/Housing Ombudsman

# Adur District/Worthing Borough Council

## DRAFT Housing Allocations Policy

<b>1. Introduction</b>	<b>3</b>
<b>2. Choice and Empowerment</b>	<b>3</b>
2.1 Statement of choice	3
2.2 Equality and diversity	4
2.3 Vulnerability	4
<b>3. The Register of Housing Need</b>	<b>5</b>
3.1 What is the register of housing need?	5
3.2 Who can apply to join the register of housing need?	5
3.3 Qualification criteria	5
3.4 Who cannot join the register of housing need?	7
3.5 When will eligibility be assessed?	10
3.6 Who will be removed or suspended from the register of housing need?	10
3.7 Can people reapply once they have been excluded from the register of housing need?	11
3.8 What happens when a person applies to join the register of housing need?	11
3.9 Medical needs	12
3.10 Change of circumstances	12
3.11 Re-registrations	12
<b>4. Choice Based Lettings</b>	<b>13</b>
4.1 The guiding principles of the Choice Based Lettings Scheme	13
<b>5: The Banding Structure</b>	<b>13</b>
5.1 How are applications banded?	13
5.2 How do the bands give priority for housing?	13
5.3 The three priority bands	14
band A – Urgent/emergency	14
band B – High Housing Need	16
band C – an Identified Housing Need	18
5.4 What size properties can applicants bid for?	19
<b>6. Reasonable Preference</b>	<b>21</b>
6.1 Do certain applicants get preference over others?	21
<b>7: Lettings</b>	<b>21</b>
7.1 How available properties are advertised	21
7.2 The eligibility criteria for each property	21
<b>8. Bidding for Properties</b>	<b>22</b>

8.1 The bidding process	22
<b>9. Selection of Applicants</b>	<b>23</b>
9.1 The selection process	23
9.2 Viewings by successful bidders	23
<b>10. Shortlisting of Applicants</b>	<b>24</b>
10.1 How shortlisting takes place	24
<b>11. Local Lettings Plans and Sensitive Lets</b>	<b>25</b>
11.1 To ensure that communities are as balanced as possible	25
11.2 To ensure that allocations are sensitively made	25
11.3 To make the best use of social housing and to reduce under- occupation	26
<b>12. Time Limits</b>	<b>26</b>
12.1 Time limits for bidding on properties	26
<b>13. Properties Not Advertised – Direct Lettings</b>	<b>27</b>
13.1 Direct lettings	27
<b>14. Refusals</b>	<b>28</b>
14.1 Refusals following direct lettings	28
14.2 Reasonable offers and refusals	28
<b>15. Feedback</b>	<b>28</b>
15.1 Feedback on let properties	28
<b>16. Homelessness</b>	<b>29</b>
<b>17. Other Housing Solutions</b>	<b>29</b>
17.1 Private sector housing options	29
17.2 Help for home owners	29
17.3 Supported housing schemes	29
<b>18. Registered Provider Partners and Policies</b>	<b>30</b>
18.1 Registered Providers in Worthing/Adur	30
18.2 Registered Providers' policies	30
<b>19. Other Information and Review</b>	<b>30</b>
19.1 Rights to information and review	30
<b>20. Data Protection and False Information</b>	<b>31</b>
20.1 Data protection	31
20.2 False information	31
<b>21. Consultation and Equality Impact Assessment</b>	<b>32</b>
21.1 Consultation regarding changes in relation to qualification criteria	32
21.2 Equality Impact Assessment	32
<b>22. Terms and Definitions</b>	<b>32</b>
22.1 The terms referred to in this policy are defined below	32

# 1. Introduction

The register of housing need and Choice Based Lettings Policy is intended to make the best use of social housing in Worthing/Adur, match available housing to those in the highest housing need and give people more personal choice about where they wish to live. This policy has been adopted by Worthing Borough/Adur District Council and sets out the purpose of the register of housing needs and the operation of a Choice Based Lettings Scheme.

Worthing Borough/Adur District Council is part of the Sussex Homemove Partnership operating a subregional Choice Based Lettings scheme. Each local authority within the partnership has its own policy but the assessment of applicants and the principles of each scheme are broadly similar. This creates more consistency in the allocation of social housing across Districts and Boroughs in Sussex.

The Council is required by section 167 of the Housing Act 1996 to have a system of allocating properties that gives choice to applicants<sup>1</sup>. This policy sets out the priorities and procedures for the Council's nominations to Registered Providers (RP's). The register of housing need and Choice Based Lettings Policy applies to existing RP tenants in Worthing/Adur who want to transfer to another RP tenancy and to new applicants applying for housing.

This policy meets the requirements set out in Part VI of the Housing Act 1996 (as amended by the Homelessness Act 2002, the Localism Act 2011 and the Homelessness reduction Act 2017) and relevant Statutory Guidance<sup>2</sup>. The policy gives reasonable preference to those applicants in the greatest housing need. It also aims to ensure that the allocation of social housing is carried out in a way that is efficient, cost effective, customer focused, and accessible. This is achieved by increasing access to services via the internet, and having more transparent information available to customers about social housing. In addition, a partnership approach to Choice Based Lettings across several authorities in Sussex provides more cost effective and efficient services by sharing development and running costs.

## 2. Choice and Empowerment

Choice Based Lettings give greater personal choice to all those seeking housing and enable individuals to make informed choices about their housing options. The Choice Based Lettings Scheme is the set of rules by which we aim to treat everyone fairly and give the appropriate priority for housing. Choice Based Lettings encourage better use of the housing stock with Registered Providers by maximising the length of tenancies (as people have chosen their properties) and encouraging residents to have a stake in their community.

This policy sets out how people's circumstances are assessed when applying for housing. A banding system, made up of three bands, is used to assess and prioritise housing need. All applicants receive information to advise them how to search for a property through the scheme, which is called Homemove. Available properties with Registered Providers are advertised and applicants can use different methods to express their interest in the properties they want. This is referred to as 'bidding' and full details of the 'bidding' process are explained later in this policy.

### 2.1 Statement of choice

All applicants eligible to join the register of housing need (see Section 3 of this policy) can exercise choice over the part of the Borough/District in which they wish to reside. Applicants are able to

apply their preferences by bidding for the properties they want. However, all properties are let by a Registered Provider on the basis of household size and any other proven specialist requirements, e.g. a proven medical need for ground floor accommodation.

A Choice Based Lettings Scheme empowers applicants to make personal choices about where they want to live. The system offers transparency about properties that are available so applicants can be realistic about the choices they make. Some applicants may need greater assistance to understand and actively participate in Choice Based Lettings. The Council aims to guide and support applicants applying for housing and participating in Choice Based Lettings. Consideration is given below to equality, diversity and vulnerability issues.

## 2.2 Equality and diversity

Worthing Borough/Adur District Council is committed to providing and promoting services that are fair and equitable to all its customers. The Council seeks to ensure that services are accessible to all, and that no one applying for housing is disadvantaged on the grounds of age, disability, gender, race, religion/belief, or sexual orientation.

The process for allocating accommodation outlined in this policy is intended to be fair and transparent. The banding system allows people to identify why they are placed in a certain band as it is based on their current circumstances. Available properties are advertised and information is available about properties that have been let (for example, which band the successful applicant was in, how long they had been waiting in that band and how many bids were received).

Regular monitoring will be carried out to identify those people who have applied for housing but who have not registered an interest in any properties that have become available. Contact is made with those people to make sure they know how to access the Choice Based Lettings Scheme or to arrange for appropriate support to assist them. This covers all groups of people and provides a safety net to ensure that the scheme is accessible to all.

A summary of this policy is available, on request, in other formats, for example, large print or other languages. Alternatively, interpretation services can be arranged on request, for staff to verbally explain the policy to applicants. The Scheme User Guide that explains how the Choice Based Lettings Scheme works across Sussex is sent to all applicants and is also available on request in other formats and in other languages.

No particular group(s) of people should be disadvantaged by this policy (see 21.2).

## 2.3 Vulnerability

Social exclusion can arise where social, economic and cultural factors combine to exclude individuals and groups from accessing economic, cultural and social resources and from participating in the community. A person or group of people can be considered vulnerable when appropriate support is needed to enable or promote independent living and active participation in the community. When a vulnerable person does not receive support, social exclusion of a person or group can occur.

Although no particular groups of people are identified as being disadvantaged by this Policy, some people may need help to apply to join the register of housing need and participate in Choice Based Lettings. Help is available from the Housing Needs Team to assist applicants to complete the register of housing need application form. Home visits can be carried out to those people unable to come to the Council offices. Regular monitoring takes place to ensure that people with the highest housing need are actively participating in the Choice Based Lettings Scheme.

People requiring help to participate in Choice Based Lettings receive the level of support appropriate to their needs. The questionnaire attached to this Policy at Appendix 1 gives examples of the type of help people may need. People who need help, and do not already have support in place, are identified if they have not expressed an interest in available properties, from their application form, or by contacting the Council. Assistance is available from the Housing Needs Team at Worthing Borough/Adur District Council and from other services who work with people who are in housing need, for example, housing related support services.

## 3. The Register of Housing Need

### 3.1 What is the register of housing need?

The register of housing need is the register of people who want to be housed in the District of Adur/Borough of Worthing

### 3.2 Who can apply to join the register of housing need?

People who are 16 years of age or over, who are eligible and who qualify in accordance with this policy can join the register of housing need. Accommodation cannot be offered until a person is 18. Those joining the Register before 18 will be classed as suspended applicants until their 18th birthday. However, they will be able to accrue time on the Register from the date of acceptance.

There are certain classes of people that are excluded from joining the Register and details of who qualifies and who does not qualify are set out in sections 3.3 and 3.4 below.

To apply, an online Housing Register Self-Assessment Form must be completed and certain documents provided to confirm the details of those applying (for example, proof of identity and details of current and previous accommodation). Copies will be acceptable at the time of application, however, the original documents will be requested at the point when an applicant is nominated for a property.

The details provided in an application will be checked by the Council's Corporate Investigation Team at the point of application and annually thereafter. This is to ensure applications are assessed fairly in accordance with this policy and that only those who are eligible to join are able to do so.

### 3.3 Qualification criteria

The following categories of people are deemed to have a genuine housing need and so qualify to join the register of housing need:

- a) People with a local connection according to the criteria set out below. This local connection must be proven and verified.
  - The applicant or their partner are currently living in the District/Borough and have lived there permanently for at least 5 years out of the previous 6 years immediately prior to the application date;

<sup>1</sup> Section 167(1) and (1A) of the Housing Act 1996 as amended by the Homelessness Act 2002 and Homelessness reduction Act 2017

<sup>2</sup> Fair and flexible: statutory guidance on social housing allocations for local authorities in England, published in December 2009; the Allocation of accommodation: guidance for local housing authorities in England, published in June 2012; Providing social housing for local people: statutory guidance on social housing allocations for local authorities in England, published in December 2013.

- The applicant or their partner has been in employment which is based permanently in the District/Borough for at least five years on a full or part time basis (at least 24 hours per week) and remains in that employment. This can include zero hours contracts, in which case average hours over the last year will be taken into account); or
- The applicant or their partner needs to be in the District/Borough to give or receive regular daily support from or for a close relative (parents, adult children, brother and/or sister). The carer must be eligible for Carer's Allowance or able to demonstrate that this level of support is required. The support must be required on an ongoing long term basis and be unable to be provided by other family members or available support agencies. The family member must be permanently resident in the District/Borough and have lived here permanently for at least 5 years immediately prior to the application date.
- The applicant is a young person who is owed 'leaving care' duties by West Sussex County Council (WSSCC) under section 23C of the Children Act 1989, is under the age of 21, lived in the District/Borough for at least two years before they were 16.

b) People without a local connection but are deemed to have a Reasonable Preference because they are:

- accepted as statutorily homeless and thus the Council has accepted the main statutory homeless duty for them (as defined under Section 193 Part 7 of the Housing Act 1996, as amended by the Homelessness Act 2002 and the Homelessness Reduction Act 2017)
- accepted as being owed the prevention duty or relief duty in the District/Borough (as defined under Sections 195 and 189 Part 7 of the Housing Act 1996, as amended by the Homelessness Act 2002 and the Homelessness Reduction Act 2017)
- members of the Armed Forces and former Service personnel, where the application is made within five years of discharge
- bereaved (or divorced or separated) spouses and civil partners of members of the Armed Forces leaving Services Family Accommodation following the death of (or divorce or separation from) their spouse or partner
- serving or former members of the Reserve Forces who need to move because of serious injury, medical condition or disability sustained as a result of their service
- witnesses or otherwise vulnerable people who are afforded Protected Person Status, supported and verified by the necessary agencies, due to a real and immediate risk to their lives.
- fleeing domestic abuse, violence or threats of violence that are likely to be carried out and cannot safely reside within any of the council areas where they have a local connection
- Gypsies or Travellers who have a nomadic lifestyle and have been unable to establish a local connection as a result, and who do not have a local connection to any other Council areas

c) Current tenants of Adur District or current tenants of Registered Providers in Adur District/Worthing Borough who have an identified housing need and where the current landlord confirms they will accept a re-nomination of the tenant to a more suitable property if one is available. Identified Housing Need in these circumstances includes the need to move to smaller or larger accommodation or the need to move for medical reasons. Tenants who are



living in accommodation that has adaptations that are no longer needed for the household also qualify.

In addition, the Housing Needs Manager has discretion to consider other, very exceptional, circumstances where the local authority might reasonably consider that the requirement for a local connection can be waived. Each case will be considered on its merits. Applicants have to demonstrate why the case is exceptional in each case.

### 3.4 Who cannot join the register of housing need?

The following categories of people do not qualify to join the register of housing need:

#### ***a) Persons who do not have a local connection***

In order that local people are prioritised for housing in the District/Borough, applicants must be able to demonstrate a local connection, or else be eligible for a Reasonable Preference as set out in paragraph 3.3b) above.

#### ***b) Persons subject to immigration control***

Persons from abroad who are defined within current legislation as being 'subject to immigration control' cannot be given assistance with housing. They are, therefore, excluded from entry on the register of housing need and referred to as 'ineligible'. Within the meaning of the Asylum and Immigration Act 1996 special provisions in relation to immigration control may be introduced from time to time due to specific situations occurring in a country or in a particular area of a country. This means that the classes of people who are subject to immigration control are subject to change. Therefore, a complete list of all the categories of those that are ineligible at any one time cannot be provided in this policy

However, the general classes of people who are ineligible and excluded from the register of housing need are anyone who is NOT:

- A British Citizen
- A Commonwealth citizen with a right of abode, or
- An EEA National exercising Treaty Rights.

UNLESS they fall into one or more classes of eligible persons subject to immigration control (PSIC), as set out in Regulation 5 of the Housing and Homelessness (Eligibility) (England) Regulations. These are:

- a person with refugee status
- a person with discretionary leave to remain which is not subject to a "no recourse to public funds" condition
- a person who has indefinite leave to remain (settled status) and who is habitually resident in the Common Travel Area, other than a person who has been given leave on the basis of a sponsorship undertaking and has been resident for less than 5 years (unless the sponsor has died).
- a person who has humanitarian protection granted under the Immigration Rules.
- Certain Afghan citizens who were locally employed by the United Kingdom Government in Afghanistan and have since been granted limited leave to remain in the UK.

- a person who has limited leave to enter or remain in the UK on family or private life grounds, who is subject to a “no recourse to public funds” condition
- a person who is habitually resident in the Common Travel Area who has been given leave to remain because they sought asylum in another European Country as a child and were resettled in the UK but have not been given Refugee status and humanitarian protection.
- a person who is habitually resident in the Common Travel Area and has “Calais leave” to remain in the UK - that is they were brought to the UK as children as part of the Calais migrant camp clearance in 2016 to reunite with family members but have not been given Refugee status and humanitarian protection.

Note: The homelessness habitual residence test is in Annex 1 of the Homelessness Code of Guidance 2018.

### ***c) Persons exhibiting serious unacceptable behaviour***

An applicant may be excluded from the register of housing need when he or she (or a member of his or her household) has demonstrated unacceptable behaviour. This unacceptable behaviour must be such that if the applicant was a tenant of the Council, the Council would be entitled to a Possession Order (in accordance with Part 1 of Schedule 2 of the Housing Act 1985). In the case of debt, the exclusion will be until the debts are repaid in full. For all other categories, the exclusion will be for a minimum of 2 years, from the date of the most recent incident, dependent on the nature and severity of the behaviour at the discretion of the Housing Needs Manager. At the end of the exclusion period, the applicant can reapply.

This behaviour includes the following and any such amendments made to Schedule 2 of the Housing Act 1985:

- Outstanding rent arrears in respect of previous private or social tenancies or other Housing related debt, such as for Housing Benefit, Council tax, rent in advance and deposit guarantee loans or unpaid bills for Emergency or Temporary Accommodation. NB The exclusion policy may be waived for those tenants who have accrued arrears as a result of the under occupation charge if they are downsizing or in other exceptional circumstances, at the discretion of the Housing Needs managers.
- Identified benefit fraud
- Breach of tenancy conditions;
- Involvement in serious nuisance, harassment or annoyance to neighbours which has resulted either in a written warning or other action by a public authority or eviction;
- Unspent conviction or eviction for using accommodation or allowing its use for illegal or immoral purposes;
- Unspent conviction for any other arrestable offence,
- Domestic abuse causing a partner or other family member to leave the property;
- Causing or allowing deliberate damage to residential property or seriously neglecting the upkeep of residential property;
- Providing false information when applying to join the register of housing need

**d) Persons who are current tenants (or household members of tenants) of:**

- Registered Providers in Adur or Worthing whose accommodation meets their housing needs (in accordance with this policy).
- Local Authorities or Registered Providers and the tenancy is not in either Adur or Worthing (except those who would qualify under criteria 3.3.3b and 3.3.3d).

**e) People who are owed a statutory housing duty by another local authority** (either District or Borough Council or County Council) or people who are living in accommodation in Adur/Worthing that has been provided or arranged by another local authority.

**f) Home ownership, financial resources and exceptions -**

- People who own a property or have an interest in a property, either in the UK or abroad, which reasonably meets their housing needs or where there is sufficient equity to be able to sell the property and purchase or rent suitable alternative accommodation to meet their needs. This includes applicants who own or part own accommodation or who have a legal interest in home ownership (for example through marriage or civil partnership in accommodation owned by their spouse or civil partner)

(NB, if as a result of legal proceedings a Court has ordered that the Applicant may not reside in the former matrimonial or civil partnership home in which they still have a legal interest for a period which is likely to exceed 5 years, then the Applicant will be treated as if they do not own or part own accommodation).

- The council is permitted to take into account the financial resources available to an applicant to meet their own housing need. The following will not qualify to join the housing register. An income financial assessment will be carried out. If a household's income exceeds the following amounts they will not qualify to join the housing register:
  - Studio/One Bedroom - £22,000
  - Two Bedroom - £32,000
  - Three Bedroom or above - £36,000

Income will be calculated taking account of all adults on the application and include income from working and any other income regardless of its source with the exception of disability related benefit payments.

- In addition to the cap on income, account will be taken of any savings or investments that the household has to enable them to source accommodation. The level set will be:
  - Studio/One Bedroom - £5,000
  - Two Bedroom - £7,000
  - Three Bedroom and above - £8,200

Where income/savings is derived from the sale of any assets such as a house then the council will assume that this sum is available as part of the financial assessment. If an applicant deliberately deprives themselves of capital or income in order to qualify for housing, they will be treated as still having it for the purpose of the financial assessment. Where a person is treated as having "notional" capital this amount may be reduced on a monthly basis to take into account living costs such as rent, council tax and other general outgoings until the notional capital is less than the financial caps under this policy. Deliberate deprivation includes gifted money to relatives and friends and payments to third

parties that do not form part of authorised loans that are regulated by the financial services authority.

- Exceptions to the Savings Cap The savings cap for applicants for Sheltered Accommodation will be £16,000
- The above financial caps will be reviewed on an annual basis taking into account average rents and average incomes in the District/Borough.

#### ***g) Persons who have deliberately worsened their circumstances***

Where there is evidence that an applicant has deliberately worsened their housing circumstances within the last five years, they will no longer qualify to be on the Register and will be unable to reapply for one year. Deliberately worsening circumstances may include the failure to take reasonable actions or follow advice which would prevent them becoming homeless or improve their housing circumstances, for example: failing to take up a reasonable offer of suitable private or social rented accommodation or deliberately moving to/remaining in unsuitable accommodation where other more reasonable housing options are available.

### **3.5 When will eligibility be assessed?**

The eligibility of an applicant will be assessed at the time their application is considered, again if there is a change of circumstances or a new report of unacceptable behaviour is received while an applicant remains on the register of housing need and before a firm offer of a property is made. If found to be no longer eligible, the applicant will be removed from the Register.

### **3.6 Who will be removed or suspended from the register of housing need?**

The following persons will be removed or suspended from the register of housing need:

- Those who have either refused three offers of accommodation made under Part 6 of the Housing Act 1996 or Part 7 of the Homelessness reduction Act 2017, unless the applicant is being assisted to bid by the Accommodation Team (excluding autobids) or in certain circumstances have refused one offer (See the individual band categories for details of where this applies).
- Those who are found to have provided false information in their application to join the register, or once on the register have neglected to advise about a change of circumstances or have provided false information about a change of circumstances.
- Those who are found to have committed an act of unacceptable behaviour, as defined in paragraph 3.3 (c) above, while on the Register.
- Those whose circumstances change so that they are no longer eligible according to the criteria set out in paragraphs 3.2 and 3.3 above.

In addition, those who have failed to bid on properties for the following lengths of time (unless no suitable properties have been advertised during that time):

- band A - 6 months
- band B - 9 months
- band C - 12 months

may, at the discretion of a Housing Manager, have autobids made on their behalf, be downgraded to the next band down or, in the case of band C, may be suspended or excluded from the Register.

Prior to any downgrade, suspension or exclusion, applicants will be contacted by the service, their circumstances or reasons for not bidding considered and support provided if needed.

### 3.7 Can people reapply once they have been excluded from the register of housing need?

Where a person is excluded from the register of housing need, a fresh application will be considered if:

- the immigration status of the applicant has changed; or
- the applicant can demonstrate, following the exclusion period of two years, that there has been a significant improvement in their behaviour; or
- outstanding rent arrears or other housing related debts have been paid in full; or
- there has been a material change in the circumstances of the applicant or a member of their household (for example, an illness or disability has developed or an existing medical condition has worsened); or
- the period of the exclusion has been completed; or
- the applicant did not previously meet the qualification criteria but the criteria is now met .

There is a review procedure if a person is suspended from or excluded from the register of housing need after filling in an application form. This procedure is set out in section 19 of this policy.

### 3.8 What happens when a person applies to join the register of housing need?

- An application form is completed on-line (in very exceptional circumstances, as determined by a Housing Needs manager, home visits may be carried out to assist an applicant to complete the form and verify the circumstances of applicant). NB The form must be completed and submitted within 28 days or it will be automatically closed.
- Once completed and submitted, the application is assessed in accordance with this policy and necessary checks made to verify the information provided.
- If eligible, the applicant is placed into one of three bands: A, B or C.
- Once all information requested has been received, the applicant's entry on the Register will be made live. If this information, or an update on when the information will be available, is not received within 10 days, the application may be cancelled and the applicant may have to reapply.

Once the completed application form has been assessed, the applicant will be contacted to let them know whether they have been accepted onto the register of housing need and, if so, the following information:

- Priority band and reason for it.
- Mobility Level
- Priority date.

- What size property the applicant can bid for (based on how many bedrooms the applicant is entitled to in accordance with this policy).

### 3.9 Medical needs

The following factors are taken into account when an assessment is carried out to determine which band is appropriate:

- Medical condition or illness supported by evidence from a medical professional
- Physical disability supported by evidence from a medical professional or Occupational Therapist (The Housing Accommodation Team will advise what evidence is required)
- Mental health diagnosis supported by evidence from a mental health professional
- Care or support needs which have been determined via a Care Act Assessment

In and of themselves, these factors do not mean an applicant will be placed in a higher band. The assessment looks at whether the medical need is affected by the current housing situation of the household, or whether there are specific requirements in relation to alternative accommodation. When carrying out an assessment any treatment, care or support an applicant may be receiving is taken into account to decide the appropriate level of priority given to an application.

Applicants can supply additional information from a GP or other relevant health professional(s) in support of their application if they so choose. However, if the health professional charges a fee to provide this information, it is the responsibility of the applicant to pay the fee. The Council may choose to make its own enquiries into the medical needs of an applicant and, in that circumstance, will meet reasonable charges where appropriate.

An officer within the Housing Needs team, or an alternative officer at an equal or higher position within the Authority, carries out the assessment of medical information provided in support of an application. This officer is referred to as the 'Medical Assessor' for the purpose of this policy. The medical information provided may enable the Medical Assessor to decide the level of medical priority given to an application. Alternatively, the Medical Assessor may conclude that further enquiries are needed before a decision can be made. The Medical Assessor may seek advice and guidance from an independent medical adviser in making a decision.

### 3.10 Change of circumstances

Applicants are responsible for telling the Accommodation Team at the earliest opportunity of any changes in their circumstances that may affect their application, for example change of address, family size, income (including savings and investments), medical diagnosis or change in immigration status.

The Council must be notified of any change of circumstances in writing.

Any applicant whose circumstances have changed so that they would be deemed to have a different housing need may have any offer of a property withdrawn and/or be suspended from the Register while their housing need is reassessed.

### 3.11 Re-registrations

All applications are reviewed on an annual basis (or sooner if changes occur). The Council writes to applicants to ask them to confirm that they still wish to be on the register of housing need. If an applicant does not respond within the time specified, their application is removed from the register of housing need. An applicant can re-apply later but the application will only be registered at the

date of the new application and their priority date is based on their new application. Therefore, any time priority, linked to an earlier priority date from a previous application, is lost

## 4. Choice Based Lettings

### 4.1 The guiding principles of the Choice Based Lettings Scheme

- To balance housing need and the requirement for customer choice in lettings;
- To harmonise the criteria between Housing and Transfer Registers to create a single Choice Based Lettings Scheme.
- To ensure that access to tenancies with Registered Providers is possible on a fair and needs related basis.
- To provide information and advice freely, openly and in an accessible and clearly understood way.
- To ensure that all services are delivered in accordance with the Council's corporate policies in respect of Equality and Customer Care.

## 5: The Banding Structure

### 5.1 How are applications banded?

There are three bands – A, B, and C. These enable applicants to see the priority they have and their likely prospects of rehousing.

### 5.2 How do the bands give priority for housing?

Each band has a number of different categories which reflect housing need. Applicants in band A are assessed as having the highest levels of housing need and have the highest priority for housing. Applicants in band C have the lowest levels of housing need or their priority has been reduced.

The prospects of rehousing depend on an applicant's housing need compared to others. The aim of this policy is to house those most in need first. Priority is given according to:

- The applicant's housing need, reflected by the band they are placed in. Each band has a number of different categories which reflect housing need.
- The length of time an applicant has been in that band.

The band categories give priority to applicants who need to move on medical grounds, those moving on from supported housing (who were living in Worthing/Adur for at least XX(*this is under discussion*) months prior to moving into Supported Housing) and existing tenants of Registered Providers who have a property that no longer meets their needs (for example, tenants who are under-occupying accommodation or tenants living in a property which has adaptations that they no longer need). These priorities reflect the local situation in Worthing/Adur where emphasis is placed on making best use of existing housing stock (including supported housing). Applicants are given priority when they are living in accommodation that is no longer suitable for them and when their existing accommodation would meet the needs of other applicants.

For certain properties additional priority may be given according to mobility level or need for adaptations. Also some landlords may advertise properties for specific groups.

Applicants in the higher bands have the highest priority when they bid for a property. However, Choice Based Lettings encourages applicants to exercise choice over which properties they choose to bid for. Applicants in bands A and B may bid less frequently for advertised properties either because the properties are not suitable for their needs, or because they are exercising choice. Applicants in the band C may therefore be successful when bidding for properties that applicants in the higher bands do not want.

All housing applicants are assessed and, if they are found to have a housing need, are placed into one of the three bandings, A, B, or C, depending on the urgency of their need to move. When an applicant's situation fits into more than one banding, the application will be registered in the higher band.

## 5.3 The three priority bands

The three bands (A, B, and C) and the categories within each band ('band reasons') are set out below.

### band A – Urgent/emergency

A1	Homeless households owed the main housing duty by Worthing/Adur Borough/District Council placed in emergency temporary accommodation where, due to a severe disability need, the only prospect of meeting the households' needs is in permanent accommodation.
A2	<p>Successors, non-statutory successors with a priority need and lawful occupiers of Registered Provider tenancies in Worthing/Adur who are approved by the Housing Needs Manager for an offer of smaller or more suitable alternative accommodation in agreement with the Registered Provider.</p> <p>Applicants in this category who do not place a bid on a suitable property, subject to a suitable property being advertised, for three months may be made a direct offer of accommodation.</p>
A3	Releasing an adapted property, or to make best use of adapted stock, in Worthing/Adur, at the Council's discretion or where the tenant does not require adaptations.
A4	<p>High medical priority awarded where the applicant, or a member of their household, has a severe mental or physical illness or condition AND where their housing conditions are having such a major adverse effect on the medical condition that it is regarded as life-threatening.</p> <p>High medical priority must be supported by evidence from a suitably qualified medical professional.</p>
A5	A5 Tenants of Registered Providers in Worthing/Adur under-occupying family sized accommodation and where Worthing Borough/Adur District Council can nominate to the vacancy that arises.



A6	<p>Households living in Worthing/Adur which are statutorily overcrowded (based on the Housing Act 1985 standard) where the overcrowding could not have been avoided.</p> <p>The council may reduce a person's band award if there are indications that a person has moved into accommodation knowing that this accommodation is not suitable to meet the needs of their household. This will include moving into studio accommodation that causes statutory overcrowding and moving additional people into accommodation knowing that this will cause severe overcrowding'.</p>
A7	<p>Applicants leaving supported housing in Worthing/Adur, where there is an overriding need for social housing and Worthing Borough/Adur District Council will have nomination rights to a supported housing property following the vacancy arising.</p> <p>The overriding need must be evidenced by a relevant care plan, references where appropriate and a full support package to meet future care or support needs.</p> <p>Applicants in this category who do not place a bid on a suitable property, subject to a suitable property being advertised, for three months may be made a direct offer of accommodation.</p> <p><i>NB The nominations under this category will be authorised by the Housing Needs Manager until such time as a Single Person Pathway Panel is established. The number of properties let in this category will reviewed annually be capped at ten per annum.</i></p>
A8	<p>Care leavers moving on from supported accommodation who are eligible to join the Housing Register in Worthing/Adur, and who are officially deemed tenancy-ready by West Sussex Leaving Care Team.</p> <p>NB: If the young person is not deemed to be ready to manage an independent tenancy and are offered a supported housing placement then they will be awarded band A once there is an agreement from Housing and Children's services that the young person is tenancy ready.</p>
A9	<p>Priority transfer of a Registered Provider tenant in Worthing/Adur where a crisis has arisen due to severe ongoing harassment, exceptional circumstances due to significant and insurmountable problems associated with the tenant's occupation, where there is imminent personal risk to the household if they remain, or where there are exceptional circumstances resulting in an urgent need to move. This includes transfers under Reciprocal arrangements with other Local Authority areas.</p> <p>The reason for the priority must be supported by information from other agencies, such as the police, tenancy services, health services and environmental health, as appropriate.</p> <p>Applicants in this category who do not place a bid on a suitable property, subject to a suitable property being advertised, for three months may be made a direct offer of accommodation.</p>

A10	Former tenants of Registered Providers in Worthing/Adur, or applicants who previously had temporary accommodation in Worthing/Adur, where Worthing Borough/Adur District Council has given an undertaking to accommodate them at the time the tenancy was relinquished, for example following the tenant going into an institution or care setting, and they are now ready for release or discharge from that institution or care.
A11	<p>Private sector households occupying properties in Worthing/Adur which have Category 1 Hazards under the Housing Act 2004 Housing, Health &amp; Safety Rating System (report required from Environmental Health) and where:</p> <ul style="list-style-type: none"> <li>· The Private Sector Housing Manager agrees works cannot be done in a reasonable time period (must have been notified formally by landlord); AND</li> <li>· The client is vulnerable and the hazards impact on their ability to live normally by worsening their health to the extent that their quality of life is significantly reduced (for example, no heating in winter, excessive damp), or make the property unsafe (for example no proper fire escape) AND</li> <li>· The client is unable, due to their physical or mental health, as evidenced by a relevant medical practitioner, to make their own arrangements for alternative accommodation and the Council has not been able to source suitable alternative private sector accommodation for them.</li> </ul>
A12	<p>Applicants who are witnesses or otherwise vulnerable people who are afforded protected person status due to a real and immediate risk to their lives.</p> <p>These applicants will be made a direct offer.</p>
A13	The Housing Needs Manager shall have discretion to award band A in exceptional circumstances arising from severe, multiple and complex needs not otherwise covered in this policy where it is deemed that emergency priority is warranted.

## band B – High Housing Need

B1	Households with dependent children living in Worthing/Adur and lacking 2 or more separate bedrooms, except for those living in supported housing or accommodation provided in accordance with the homelessness legislation.
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B2	<p>Households threatened with homelessness who would be owed the main housing duty by Worthing Borough/Adur District Council, where the household is making their own temporary arrangements in unsettled accommodation for a minimum of a year (for example, moving in with family where a commitment is made to provide accommodation for at least a year). Assured Shorthold Tenancies are considered to be settled accommodation.</p> <p>NB the cause of homelessness cannot be the source of the temporary accommodation (for example, if evicted by family or friends, the applicant cannot then make arrangements to stay on with that household for another year. In those circumstances, the applicant will be deemed to have not been evicted).</p> <p>It is expected that applicants in this category will bid on all suitable properties and we may therefore place autobids on their behalf. Only one offer of suitable accommodation will be made. Applicants in this category who do not place a bid on a suitable property, subject to a suitable property being advertised, for six months may have their priority reduced. If a suitable offer is refused, it is likely to result in suspension from the register.</p>
B3	<p>Medium medical priority is awarded where the applicant, or a member of their household, has a severe mental or physical illness or condition AND where their housing conditions are having such a major adverse effect on their medical condition that significantly reduces their quality of life but is not regarded as life-threatening.</p> <p>Medium medical priority must be supported by evidence from a suitably qualified medical professional.</p>
B4	<p>Households who are:</p> <ul style="list-style-type: none"> <li>· Foster carers approved by West Sussex County Council who have a child/children placed with them;</li> <li>· Foster carers newly approved by West Sussex County Council who are waiting for a child to be placed with them</li> <li>· In the process of adoption and have had a child placed with them prior to the adoption order being made.</li> </ul> <p>AND require accommodation that meets the property size and health and safety conditions set down in legislation.</p> <p>When considering housing applications from prospective foster carers or adopters who would require an extra bedroom to accommodate a foster or adoptive child, the Council will assess the risk that the application to foster or adopt may be unsuccessful (leading to the property being under-occupied), against the wider benefits to the Borough/District if the placement was successful.</p> <p>All those placed in this category will be subject to a review of circumstances with West Sussex County Council on an annual basis.</p> <p>NB The definition of a Foster Carer includes extended family who are approved as foster carers for their relative under the Fostering Regulations, 2011, where a residence order is granted by the court and supported by Children's Social Care, and Special Guardianship</p>

	cases which are supported by Children's Social Care. It does not include private foster carers or non-agency adoption arrangements
B5	The Housing Needs Manager shall have discretion to award band B in exceptional circumstances arising from multiple and complex needs not otherwise covered in this policy where it is deemed that high priority is warranted.

## band C – an Identified Housing Need

C1	Households lacking one separate bedroom, or lacking two bedrooms but it would not be appropriate to give additional priority (for example, applicants who have moved into accommodation that is too small for their household or households with non-dependent adult children over the age of 18).
C2	Homeless households where a duty has been accepted by Worthing Borough Council/Adur District Council, and who are in emergency or temporary accommodation.
C3	Households owed a prevention or relief duty under homelessness legislation.
C4	<p>Households which are:</p> <ul style="list-style-type: none"> <li>• Subject to a Care Plan which identifies that accommodation is required to assist in delivering the Care Plan or to relieve other social/welfare hardship (Must have been formally agreed between Adult Social Care, Children's Social Care or other relevant agency, e.g. mental health services, and the Housing Needs Team).</li> <li>• Living in housing where support is provided, or households who have previously lived in supported housing but have moved on to alternative accommodation in a planned way as part of the Single Persons Pathway (Must be formally agreed between the support provider and the Housing Needs Team).</li> </ul> <p><i>NB The Single Persons Pathway refers to those living in Supported Accommodation , associated move on housing with floating support and Private Sector Housing, as agreed by the Housing Needs Manager, where there is an arrangement with a named landlord to let affordable private sector accommodation to those who would not normally be able to secure a private sector let e.g. because of previous tenancy history.</i></p>
C5	Applicants, or a member of their household who have a minor need to move due to limited mobility, for example someone who has difficulty using the stairs or using a bath where the property cannot be adapted to meet their needs.
C6	Applicants with a need for sheltered housing and where no higher need exists.

C7	<p>Applicants who are:</p> <ul style="list-style-type: none"> <li>members of the Armed Forces or former Service personnel, where the application is made within five years of discharge</li> <li>bereaved (or divorced or separated) spouses and civil partners of members of the Armed Forces leaving Services Family Accommodation following the death of (or divorce or separation from) their spouse or partner</li> <li>serving or former members of the Reserve Forces who need to move because of serious injury, medical condition or disability sustained as a result of their service</li> </ul>
C8	The Housing Needs Manager shall have discretion to award band C in exceptional circumstances arising from unsatisfactory housing conditions and needs not otherwise covered in this policy where it is deemed that inclusion on the register is warranted.
C9	<p>Care leavers moving on from supported accommodation who are eligible to join the Housing Register in Worthing/Adur but who have not been formally deemed to be ready to manage an independent tenancy by the West Sussex Leaving Care Team.</p> <p>NB These applicants will be able to bid on suitable properties but will not be offered a property unless a Housing Needs manager is satisfied that they are tenancy ready.</p>

## 5.4 What size properties can applicants bid for?

**Table (T1) for assessing required bedroom provision for each household member (for the purpose of assessments on the register of housing need). Bedroom provision is based on the severe shortage of accommodation and to ensure that best use is made of all available housing stock within Worthing Borough/Adur District:**

A single independent adult (18+ years)	Bedsit/studio or 1 bedroom
Co-habiting couples	1 bedroom
A co-habiting couple or single parent/carers with a single dependent child or non-dependent adult	2 bedrooms
A co-habiting couple or single parent/carers with two dependent children or non-dependent adults of the opposite sex where one of the dependents is aged 10 years or over	3 bedrooms
<p>A co-habiting couple or single parent/carers with two dependent children or non-dependent close relatives of the same sex</p> <p>NB Close relatives is defined as brothers, sisters, cousins, step brothers, step sisters. It can also include uncles and aunts where the age gap is deemed appropriate.</p>	2 bedrooms

Dependent children are defined as those who are ordinarily resident with the applicant, who do not appear on another person's application or have an application in their own name (if 16 years and over), and who do not have accommodation elsewhere available to them.

Non dependent adults are defined as those who are 18 years of age and over who are ordinarily resident with the applicant and are reasonably expected to reside with the applicant, who do not appear on another person's application or have an application in their own name and who do not have accommodation elsewhere available to them.

Table (T2) illustrates the maximum property size applicants can bid for based on the composition of their household (for the purpose of assessments on the register of housing need):

**Table (T2) illustrates the MAXIMUM property size applicants can bid for based on the composition of their household (for the purpose of assessments on the register of housing need):**

Single person	Studio or one bedroom property
Couple	One bedroom property
Single person or Couple with a confirmed pregnancy	One bedroom property (until the baby is born)
One adult or a Couple with one child or adult family member	Two bedroom property
One adult or a Couple with with two children or two adult family members of the same sex	Two bedroom property
One adult or a Couple with two children of different sexes where neither of the children are aged 10 years or over	Two bedroom property
One adult or a Couple with two children or adult family members of different sexes where at least one child is aged 10 years or over	Three bedroom property
One adult or a Couple with three children or three adult family members	Three bedroom property
One adult or a Couple with four children or four adult family members	Three bedroom property where it has three double bedrooms and one child over 10 would not have to share with a child of the opposite sex or Four bedroom property
One adult or a Couple with more than four children or more than four adult family members	Four bedroom property (This could be a three bedroom house with two

	living rooms where one of the living rooms could reasonably be used as a bedroom)
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Some exceptions may occur to the details in table T1 and T2. for example, where an additional bedroom is deemed essential on medical grounds or where a property has specific adaptations or a minimum age restriction applies.

## 6. Reasonable Preference

### 6.1 Do certain applicants get preference over others?

Local Authorities have to give 'reasonable preference' to certain types of applicant in accordance with the Housing Act 1996 (as amended by the Homelessness Act 2002 and the Homelessness reduction Act 2017) However, each Local Authority can exercise discretion to decide the priority between applicants.

Housing applicants are placed into the most appropriate band, which represents their housing need. The band indicates the 'reasonable preference' they are given. Their priority within the band in which they have been placed is determined by length of time in that band and local connection criteria.

Applicants are able to move from one band to another if their circumstances change and the new circumstances place them into a different band. If any change of circumstances results in a band change, the Housing Needs Team will write to inform the applicant of the new band and their new priority date if applicable.

The principle of the scheme is that no one should overtake existing applicants in a band. If an applicant moves into a higher band, their priority date is the date they entered that higher band or the date they acquired a local connection. If an applicant moves into a lower band, their priority date reverts to the date that applied when the applicant was previously in that band, or an earlier date they had from being in a higher band.

The Housing Needs Manager (or equivalent) may authorise a change of band where an applicant has severe multiple needs that mean exceptional circumstances and/or multiple needs warrant emergency priority.

## 7: Lettings

### 7.1 How available properties are advertised

Available properties are advertised on the Homemove website.

Any applicants who are unable to access the internet can contact the Housing Needs Team either in person or by telephone to obtain details of properties advertised.

### 7.2 The eligibility criteria for each property

The eligibility criteria for each property are stated in the property advert and are likely include:

- The minimum and maximum number of persons in the household.

- If there is an age limit or a requirement for a household without young children.
- The mobility group, if applicable (see definition in section 22).
- If applications are restricted to special cases such as a priority transfer.
- If pets are allowed.
- Whether it is sheltered housing.
- Whether a local lettings policy applies.

The advert also specifies:

- The Registered Provider which owns the property.
- The weekly rent, including any other charges.
- Whether the rent must be paid in advance and whether a deposit is required.
- The tenure type of the property being advertised and whether the tenancy is being offered on a fixed term basis.
- The date the property is expected to be ready for occupation (in some cases).

All adapted properties are advertised with a description of who the property might be suitable for, for example those who use a wheelchair, cannot manage steps or need a level access shower. Those who need these adaptations are likely to be prioritised for such properties.

If a property is advertised but there are no suitable applicants who have bid, the property may be offered as a direct let to applicants in band A, B or C.

Where there have been no eligible bidders on a property which has an age restriction, applicants without children may be considered.

In cases where the Council has accepted a full homeless duty under the Housing Act 1996, Part VII, and have awarded the relevant band, a direct let will constitute a final offer to bring the Council's duty under the homelessness legislation to an end.

If there are no suitable applicants for a property with adaptations, the property may be used to provide temporary accommodation to a homeless household in accordance with Part VII of the Housing Act 1996.

In addition:

- No applicants can bid for properties that would result in overcrowding or under-occupation.
- Supported housing will only be offered to people who have support needs and if the supported housing scheme would meet their support needs.

The Council may occasionally allocate properties to larger households outside the usual size criteria.

The Council aims to maximise the use of available social housing and so priority may be given to existing tenants of Registered Providers who are downsizing or transferring from a property with adaptations that are no longer needed by them. The property advert will clearly state if priority will be given to existing Registered Provider tenants.



## 8. Bidding for Properties

### 8.1 The bidding process

Applicants can bid for properties online via the website.

Any applicants who are unable to access the internet or who have difficulty with written English, can contact the Housing Needs Team either in person or by telephone to be signposted to support for bidding.

Full details of how to bid are set out in a Scheme User Guide, which is sent out to all new applicants.

Applicants who urgently need to move and who do not bid for properties may receive a direct allocation of a property or be removed or suspended from the register in line with the time limits section.

All bids for a property are checked against the eligibility rules. Ineligible bids are excluded from consideration. Applicants who regularly bid for properties for which they are not eligible will be contacted and offered support.

Applicants can bid for up to three properties they are eligible for each issue. Once an offer has been made the applicant has the choice to refuse the property.

## 9. Selection of Applicants

### 9.1 The selection process

All eligible bids for each property are placed in priority order which is decided by:

- band, then by
- Priority date within the band.

If there is a tie, a Panel of Housing Officers will consider the applications and decide which bid will be given priority.

If there are no eligible bidders for a property, a direct allocation may be made or the property may be re-advertised.

### 9.2 Viewings by successful bidders

- The Council sends details of prospective nominees to the Registered Provider, advising of the priority order.
- To minimise delays multiple viewings may be carried out. Applicants are required to take proof of identity to the viewing.
- Subject to their own affordability checks and verification processes, the Registered Provider will offer the applicant with the highest priority the option to accept the property
- If the applicant chooses to refuse the property, the Council will note the reasons for refusal and the Registered Provider will offer the tenancy to the next person on the priority list, and so on.

Note: Being nominated for a property to a Register Provider does not guarantee that a tenancy offer will be made. The final decision on whether to make an offer is for the Registered Provider.

Applicants who have bid for properties are not penalised for reasonably refusing an offer of tenancy. However, applicants who are deemed to have unreasonably refused offers of suitable accommodation will be removed or suspended from the Housing Register. For most applicants on the Housing Register this will be after three unreasonable refusals.

For some band categories, however, this will be one unreasonable refusal. These are:

- A2: Successors, non-statutory successors with a priority need and lawful tenants of registered providers who are approved for an offer of smaller or more suitable accommodation who have been made a direct offer because they have not placed a bid on a suitable property for three months.
- A7: Applicants leaving supported housing, where there is an overriding need for social housing and the Council will have nomination rights to a supported housing property following the vacancy arising, who have been made a direct offer because they have not placed a bid on a suitable property for three months.
- A8: Care leavers moving on from supported accommodation who have been made a direct offer because they have failed to bid successfully or have an urgent need to move.
- A9: Applicants where a priority transfer has been agreed due to imminent personal risk to the household who have been made a direct offer because they have not placed a bid on a suitable property for three months.
- A10: Former tenants of Registered Providers or temporary accommodation in Adur/Worthing, who have been given an undertaking to accommodate at the time their tenancy was relinquished, who have been made a direct offer because they have not placed a bid on a suitable property for three months.
- A12: Applicants who are afforded protected person status. These applicants will be made a direct offer of suitable accommodation.

Homeless households who have been accepted onto the Register will only be made one offer of accommodation and, if unreasonably refused, the Council will discharge its duty under homelessness legislation.

- A1: Homeless households owed the main housing duty by the Council who are placed in emergency temporary accommodation. These applicants will be made a direct offer of suitable accommodation.
- B2: Households threatened with homelessness who would be owed the main housing duty but where the household is making their own arrangements in unsettled accommodation. These applicants will be expected to bid on all suitable properties and accept the first offer, or alternatively they will be made a direct offer if they have not placed a bid on a suitable property for six months.

If the previous tenant of a property has reported that he or she was a victim of racial or other harassment, the Registered Provider will advise a prospective tenant of this fact before they formally offer the tenancy.

## 10. Shortlisting of Applicants

### 10.1 How shortlisting takes place

Offers are made to applicants who match the property type (including any priority given to specific household types) in the order they appear on the shortlist.

In some circumstances, an applicant on the shortlist for a particular property may be by-passed for the following reasons:

- To ensure that wider objectives are met as set out in the next section (local lettings plans and sensitive lets).
- If the property is withdrawn by the Registered Provider at short notice, for example, the existing tenant has not moved or the property is damaged and requires major works.
- If the property is required to meet an applicant who has specific needs or an urgent need and the property on offer matches those needs.
- If the applicant has rent arrears or a housing related debt owed to the Council or another housing authority.
- If the applicant is transferring from a social housing tenancy and their current social landlord anticipates significant recharges will apply due to the condition of the property or the tenant has been asked to rectify non standard work or poor decoration in the property and has failed to do so.
- When the circumstances of the applicant have changed and the change is likely to result in them moving into a lower band.
- If further investigation is required into the circumstances of the applicant or a member of their household, which were not apparent at the time of the application.
- When an applicant cannot reasonably be contacted or is not available to take up an offer of accommodation.
- When an applicant has bid for a property that does not meet their housing needs (for example, they have a mobility recommendation and have bid on a property that is unsuitable and cannot be adapted to meet their needs).

## 11. Local Lettings Plans and Sensitive Lets

The majority of available properties will be advertised and applicants will be shortlisted in priority order within their band. However, there are times when exceptions need to be made to ensure the best use of social housing, and that communities are balanced. These exceptions are set out below.

### 11.1 To ensure that communities are as balanced as possible

A Local Lettings Plan may be adopted for specific areas. This plan would take into account the needs of the local area and would consider any evidence of problems that need addressing. A Local Lettings Plan may be adopted when a new build development is being let for the first time to ensure a balanced community, and to ensure the area is not over or under populated from the outset. Properties subject to Local Lettings Plans would be clearly advertised and priorities given to those that meet the agreed criteria.

## 11.2 To ensure that allocations are sensitively made

There are occasions when particular problems may occur in relation to a property or properties within a specific area. To avoid ongoing problems or a recurrence of similar problems, an allocation may need to be made sensitively, for example, it may not be suitable to allocate a property to a particular group based on age, gender or race. Therefore, in exceptional cases, the person at the top of the shortlist may not be offered the property when a sensitive allocation is required. Some properties may be subject to maximum and minimum age restrictions and these are clearly labelled in the property advert.

## 11.3 To make the best use of social housing and to reduce under-occupation

From time to time a property may be advertised for those who are releasing larger social housing properties or reserved for those who need to move urgently where a social housing vacancy will arise.

# 12. Time Limits

## 12.1 Time limits for bidding on properties

The Council may advise applicants of a time limit for bidding. This will occur where an applicant has a housing need (in band A, B or C) and they have not bid for properties that have been suitable for them or there is a need for them to move quickly. The categories of applicants who will be given time limits for bidding are:

- A2: Successors, non-statutory successors with a priority need and lawful tenants of registered providers who are approved for an offer of smaller or more suitable accommodation will be expected to bid on all suitable properties - if they do not bid for three months, subject to a suitable property being advertised, they will be made a direct offer.
- A7: Applicants leaving supported housing, where there is an overriding need for social housing and the Council will have nomination rights to a supported housing property following the vacancy arising, will be expected to bid on all suitable properties - if they do not bid for three months, subject to a suitable property being advertised, they will be made a direct offer.
- A9: Applicants where a priority transfer has been agreed due to imminent personal risk to the household will be expected to bid on all suitable properties - if they do not bid for three months, subject to a suitable property being advertised, they will be made a direct offer.
- A10: Former tenants of Registered Providers or temporary accommodation in Adur/Worthing, who have been given an undertaking to accommodate at the time their tenancy was relinquished, will be expected to bid on all suitable properties - if they do not bid for three months, subject to a suitable property being advertised, they will be made a direct offer.
- A13: Applicants living in a refuge or other form of safe temporary accommodation having escaped domestic abuse will be expected to bid on all suitable properties - if they do not bid for three months, subject to a suitable property being advertised, they will be made a direct offer.

- B2: Households threatened with homelessness who would be owed the main housing duty but where the household is making their own arrangements in unsettled accommodation. are expected to bid on all suitable properties and accept the first offer; If they do not bid for three months, subject to a suitable property being advertised, they will be made a direct offer.

The applicant will be notified of the time limit and it will be made clear to the applicant when the time limit will start and end.

## 13. Properties Not Advertised – Direct Lettings

### 13.1 Direct lettings

In limited circumstances the Council will allocate properties directly as set out below:

- A12: Applicants who are witnesses or otherwise vulnerable people who are afforded protected person status due to a real and immediate risk to their lives will be made a direct offer. If refused the applicant will be suspended or removed from the Housing Register.
- A1: Homeless households owed the main housing duty by the Council who are placed in emergency temporary accommodation. These applicants will be made a direct offer of suitable accommodation.
- B2: Households threatened with homelessness who would be owed the main housing duty but where the household is making their own arrangements in unsettled accommodation will be made a direct offer if they have not placed a bid on a suitable property for six months.
- A2: Successors, non-statutory successors with a priority need and lawful tenants of registered providers who are approved for an offer of smaller or more suitable accommodation will be made a direct offer if they have not placed a bid on a suitable property for three months.
- A10: Former tenants of Registered Providers or temporary accommodation in Adur/Worthing, who have been given an undertaking to accommodate at the time their tenancy was relinquished, will be made a direct offer if they have not placed a bid on a suitable property for three months.
- A9: Applicants where a priority transfer has been agreed due to imminent personal risk to the household will be made a direct offer if they have not placed a bid on a suitable property for three months.
- A7: Applicants leaving supported housing, where there is an overriding need for social housing and the Council will have nomination rights to a supported housing property following the vacancy arising, will be made a direct offer if they have not placed a bid on a suitable property for three months.
- A8: Care leavers moving on from supported accommodation who fail to bid successfully or have an urgent need to move may be made a direct offer.
- Applicants living in the Borough/District and who qualify to be on the Adur/Worthing Housing Register and where there is no suitable accommodation available to meet their needs in the area but there is suitable accommodation in another Housing Authority areas.

In these circumstances a reciprocal arrangement may be agreed and approved by the Housing Needs Manager and the applicant may be made one direct offer.

All properties which are the subject of a direct offer will be assessed as to suitability for the needs of the applicant's household before the offer is made.

## 14. Refusals

### 14.1 Refusals following direct lettings

In the categories set out in section 13 of this policy, the Council will make one reasonable offer which, as far as possible, matches the size and type of property for which the applicant is eligible, be in good enough condition and that is not in an area known to be unsafe for the household. Suitability must also consider any disability or health issues. The applicant must give the reasons for refusing the offer. If refused the property will not be held empty while the refusal is reviewed but will be let to another applicant.

NB: Applicants can accept an offer and ask for a review of suitability after the tenancy has started.

If the offer is to a homeless household where the Council has accepted the full housing duty, a manager will review the case to consider whether the refusal is reasonable, and whether the offer constitutes a final offer in accordance with the homelessness legislation. In this circumstance the applicant will be advised of their rights and directed to seek independent advice.

### 14.2 Reasonable offers and refusals

When considering the types of property that are suitable for applicants, it is important to remember that more flats become available than houses and bungalows. Generally, single people and couples are considered for studio/one bedroom properties respectively.

Properties with 2 bedrooms are normally let to a couple or single person with one child or two children of the same sex.

Properties with 3 bedrooms are normally let to a couple or single person with three or more children.

There are very few four bedroom properties and these are almost always let to a couple or single person that has four or more children.

If an additional bedroom is required on health grounds, supporting information must be provided to enable an assessment to be carried out. A decision is made by the Housing Needs Manager (or equivalent) in consultation with the Council's Medical Adviser to decide whether an additional bedroom is essential on medical grounds.

Applicants will not be allowed a bedroom to accommodate children who do not live with them permanently, for example children who visit regularly as part of custody arrangements.

The definition of the age children can share rooms is different in Housing legislation than in Housing Benefit legislation. Applicants should note that, whereas Housing Benefit may be claimed for a larger property in the private sector, the applicant may only be entitled to bid on smaller Register Provider properties under Housing legislation.

## 15. Feedback

### 15.1 Feedback on let properties

All properties let are listed in a future copy of the electronic Homemove magazine (available on the Sussex Homemove website) showing the number of bidders for each property and the band and priority date of the successful applicant.

## 16. Homelessness

If an applicant has been accepted as homeless under the prevention or the relief duty (as set out in the Homelessness Reduction Act 2017) and, in particular, if the applicant is living in temporary accommodation arranged by the Council, they cannot wait indefinitely to bid for properties. This is because the property that they have been placed in will be needed for another homeless household. When an applicant is accepted as homeless they are told that the Council will cease to be under a duty to assist them if they refuse an offer of reasonable and suitable accommodation. Applicants in these categories will be given a time limit in which to bid and if an applicant does not bid within the time specified, a direct letting will be made.

If a household that has been accepted as being owed the full homelessness duty refuses an offer of accommodation, the Council no longer has a duty to accommodate the applicant in temporary accommodation or to offer alternative permanent accommodation. If the applicant does not consider the accommodation suitable, they may ask for a review of the decision even though they may have accepted the offer. If, however, the applicant does not accept the offer and the review is unsuccessful, the Council will not be able to provide any further assistance with accommodation.

## 17. Other Housing Solutions

### 17.1 Private sector housing options

The Council provides advice to applicants seeking alternative accommodation in the private rented sector.

In exceptional circumstances, discretionary assistance may be offered to households we are working with to prevent homelessness. This assistance can be matching the household with a suitable private landlord or occasionally be a loan to cover for rent in advance or a deposit or deposit guarantee. Priority for discretionary assistance may be given to people moving on from supported housing when this will release a vacancy in a supported housing project that is needed for another person nominated by the Council.

### 17.2 Help for home owners

The Council provides advice to homeowners who may be at risk of losing their homes due to repossession or other financial problems.

There are a number of options that can assist homeowners. These range from negotiation with lenders and exploring the lenders hardship tools to contacting the Department of Work and Pensions about help that may be available to benefit claimants. It is not always possible to prevent someone's home from being repossessed but it is important for applicants to seek advice at an early stage so the maximum options are available to them.

## 17.3 Supported housing schemes

Applicants can apply to be considered for particular supported housing schemes that would meet their needs. These schemes are usually for specific groups of people, such as supported housing for young people, or housing for older people. Some housing that has support linked to the accommodation, such as sheltered housing, is advertised in accordance with this policy. Other housing where the criteria are more specific, such as extra care housing, is not advertised under the Choice Based Lettings scheme. There are alternative arrangements in place in West Sussex to allocate supported housing which is not let under the Choice Based Lettings Scheme.

## 18. Registered Provider Partners and Policies

### 18.1 Registered Providers in Worthing/Adur

The following Registered Providers (RPs) operate in Worthing/Adur:

#### **Worthing:**

Worthing Homes

Clarion (Affinity Sutton)

Guinness Partnership

Home Group

Hyde Martley

Optivo

Sanctuary Housing

Southern Housing Group

Stonewater

Crown Simmons

Ability Housing

Sanctuary Housing

#### **Adur:**

Adur Homes

Worthing Homes

Clarion (Affinity Sutton)

Guinness Partnership

Home Group

Hyde Martlet

Optivo

Sanctuary Housing

Southern Housing Group



## 18.2 Registered Providers' policies

Registered Providers may have individual policies which prevent them making an offer of a tenancy even when an applicant has successfully bid for a property. Common policies, which exclude people from being offered a tenancy, are:

- Applicants under 18 years, unless they have a guarantor;
- Applicants with outstanding rent arrears in their current accommodation or with a housing related debt owed to them or another Registered Provider or local housing authority;
- Applicants who have demonstrated anti social behaviour;
- Applicants who have previously held a tenancy with a local authority or Registered Provider and been evicted from that tenancy or voluntarily left it;
- Applicants who have a tenancy (either solely or jointly) with another Registered Provider and the applicant does not live there or the joint tenant is remaining in the property;
- Applicants who own a property (either solely or jointly), or have an interest in a property;
- Applicants with substantial savings, investments or other assets;
- Applicants with significant levels of debt and the Registered Provider has assessed them as not being able to meet their rental liability;
- Applicants with high support needs who are assessed by the Registered Provider as not being able to manage a tenancy.

When a Registered Provider (RP) does not make an offer of a tenancy to an applicant who has successfully bid for a property, the RP will provide the applicant with full details of the reason for refusal. Any right of review or appeal regarding the refusal by the RP is dealt with by the RP in accordance with their policies and procedures. There is no right of review or appeal to the Council as the decision to refuse the applicant is not a decision of the Council.

# 19. Other Information and Review

## 19.1 Rights to information and review

Applicants have the right to request general information to enable them to assess how their application is likely to be treated, for example, whether housing accommodation appropriate to their needs is likely to be made available. This information includes whether an applicant is likely to be regarded as a member of a group which has been awarded reasonable preference.

The register of housing need and Choice Based Lettings Scheme give applicants the following rights about decisions which are taken in respect of their applications:

- The right to be notified in writing of any decision to: a) suspend or exclude an applicant from the register of housing need (see section 3) b) make a direct offer (see section 13)
- The right to request a review of any decision made in accordance with a) or b, above.

A request for a review must be made within 21 days of the date of the letter which notifies the applicant of the Council's decision. The Council has discretion to extend the time limit if it considers this is reasonable.

A review request must be submitted in writing. If a person has difficulty writing, the Housing Needs Team can complete a written request on behalf of the applicant which the applicant must then sign.

The review will be carried out by a Manager or officer within the Housing Needs team at an equivalent or higher level than the original decision maker. Further enquiries may be necessary and the person carrying out the review may ask an officer at a lower level to carry out these enquiries.

The applicant will be advised of the review decision and the reasons for the decision, in writing, within eight weeks of receiving the review request. This time limit may be extended by mutual agreement if further enquiries need to be made before a decision can be given.

The decision made on review is the final decision of the Council. There is no further right of review and no right to appeal against the decision on review.

If there is a change in the applicant's circumstances following the review decision, the applicant may submit a fresh application for consideration in accordance with sections 3, 6 and 13 of this policy.

## 20. Data Protection and False Information

### 20.1 Data protection

Adur District/Worthing Borough Council collect personal data about all persons applying for housing. This information is asked for on the Housing Register Self Assessment Form and supporting information, such as medical reports, may also be requested where they will have an impact on decisions. This data is processed and held on a database. The purpose of processing your personal data is to identify housing needs and administer the Choice Based Letting Scheme

All applicants are asked to sign a declaration, which acknowledges that their data is processed in accordance with data protection legislation. In addition, applicants must provide consent to allow their details to be verified and shared with other statutory bodies and other agencies working in partnership with the Council.

Records are kept in accordance with the Council's disposal schedule and we will not keep your information for longer than necessary.

More detailed information about what we collect and the legal basis for collecting this information can be found in the Housing Privacy Notice which is available on the Adur and Worthing Councils website.

### 20.2 False information

Section 171 of the Housing Act 1996 (as amended) makes it an offence to withhold information that is reasonably required to assess an application or to provide false or misleading information to obtain a tenancy.

The Prevention of Social Housing Fraud Act 2013 which criminalizes obtaining social housing by deception by application of fines up to £50k and 2 years imprisonment.

Appropriate action will be taken against anyone who obtains a social housing tenancy by knowingly providing false information. This action can result in a fine and / or the termination of the tenancy that has been granted as a result of the false information given and prosecution under The Fraud Act 2006 would be considered.

## 21. Consultation and Equality Impact Assessment

### 21.1 Consultation regarding changes in relation to qualification criteria

Consultation was carried out between November 2019 and December 2019, prior to the implementation of this revised policy.

### 21.2 Equality Impact Assessment

An [Equality Impact Assessment](#) was carried out prior to the adoption of this Policy.

## 22. Terms and Definitions

### 22.1 The terms referred to in this policy are defined below

*To be added*

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ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
11 February 2020  
Agenda Item 6

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

## **Final Revenue Budget Estimates for 2020/21**

### **Report by the Director for Digital & Resources**

#### **Executive Summary**

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

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

- The final revenue estimates for 2020/21 including any adjustments arising from settlement;
- An updated outline 5-year forecast; and

These budgets reflect the decisions taken by members to date in relation to agreed savings proposals and any committed growth. The budgets are still to be adjusted for the proposals to invest in services detailed in Appendix 2 which were considered by the Executives last week.

1.3 The budget is analysed by Executive member portfolio. In addition, the draft estimates for 2020/21 have been prepared, as always, in accordance with the requirements of the Service Reporting Code of Practice for Local Authorities (except in relation to pension cost adjustments that do not impact either on the Budget Requirement or the Council Tax Requirement).

1.4 The respective Adur and Worthing 2020/21 Estimates and Council Tax setting reports have already been considered by the Worthing Executive on 3rd February 2020 and the Adur Executive on 4th February 2020. Both the estimates for Adur District Council and

Worthing Borough Council include their respective share of the cost of the Joint Strategic Committee.

1.5 The following appendices have been attached to the report:

- (i) **Appendix 1** 5 year forecasts for the Joint Strategic Committee
- (ii) **Appendix 2** Proposals for investment in services
- (iii) **Appendix 3** Summary of Executive Member Portfolio budgets for 2020/21

## **2. Recommendations**

2.1 The Joint Strategic Committee is recommended to:

- (a) Note the proposals to invest in services outlined in Appendix 2 which were considered at the Executive meetings in early February;
- (b) Agree to the proposed 2020/21 budget detailed in Appendix 3 which will be adjusted by any growth proposals approved by the Executives.

## **3. Summary**

- 3.1 The Joint Strategic Committee considered the *'Becoming financially sustainable - Revenue Budget Strategy for 2020/21'* on 9<sup>th</sup> July 2019. This report outlined the financial context, the key budget pressures and the budget strategy for Adur and Worthing Councils. The report built on the strategy first proposed in 2015/16 whose strategic aim was to ensure that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax and business rates.
- 3.2 On 3rd December the *'Financially Sustainable Councils: Update to the 2020/21 - 2024/25 budget forecast and savings proposals for 2020/21'* was approved by the Joint Strategic Committee, this report updated the members on the latest budget forecast, the options for addressing the budget shortfalls and considered any unavoidable growth.
- 3.3 To address the known pressures and to realise its ambitions set out in *Platforms for our Places*, the Councils have set-up several strategic programmes delivering new income and savings for the next 5 years:

- The Major Projects programme will lead on delivering regeneration projects to increase employment space and additional housing;
- The Service Redesign programme leads on the delivery of the Digital Strategy and ensures that the benefits are realised from this programme of work;
- The Strategic Asset Management programme will lead on delivering the income growth associated with the Strategic Property Investment Fund;
- The Commercial programme develops initiatives to promote income growth from commercial services and seeks to improve the customer experience; and
- The Affordable Homes Working Group leads on initiatives to improve the supply of affordable homes and to reduce the cost of temporary and emergency accommodation.

For 2020/21 the Service Redesign programme, the Commercial programme and the Strategic Asset Management Board were set explicit targets as part of the budget strategy.

- 3.4 Since the meeting on the 3rd December, the Joint Strategic Committee budget has been finalised and the last adjustments have been included. Overall, therefore, the current financial position of the Joint Strategic Committee for 2020/21 can be summarised as :

	£'000
<b>Original 2019/20 budget shortfall</b>	<b>2,691</b>
<b><i>Budgets transferred to / from the Joint Strategic Committee:</i></b>	
(a) Removal of the Head of Culture	-107
(b) Transfer of insurances budget	346
<b><i>Other changes:</i></b>	
(c) Reduction in employers pension contribution expected from 2019 triennial valuation.	-167
(i) Net committed growth items identified by Service Heads in December	111
<b>Revised Budget Shortfall as at 3<sup>rd</sup> December 2019</b>	<b>2,874</b>

	£'000
<b>Revised Budget Shortfall as at 3<sup>rd</sup> December 2019</b>	2,874
<b><i>Impact of Settlement</i></b>	
Adjustment to funding from the constituent authorities following the delay to fairer funding and savings exercise	-1,765
<b><i>Adjustment for final items</i></b>	
Recharge of insurances within the Joint Strategic Committee	-326
<b>Revised Budget shortfall</b>	784
Less: Net savings agreed in December	-784
<b>Balanced budget</b>	-

3.5 The government published the provisional local government finance settlement for 2020-21 on 20th December 2019 via a written statement. Consultation on the provisional settlement closed on the 17th January 2020.

3.6 A full update on both the one-year spending review and settlement is included in the Budget Estimate reports for both Councils. However, the key issues which will affect the future funding for the Joint Strategic Committee include:

- i) The Council Tax referendum thresholds confirmed as the higher of 2% or £5.00 for a Band D property.
- ii) The Government is now formally delaying the fairer funding review to 2021/22 and are proposing a 'roll forward' settlement for 2020/21.

The implications of this change for 2020/21 are twofold:

- 1. Existing homelessness grants will continue until absorbed into the business rate retention scheme; and
  - 2. The councils will retain all surplus business rate income for one more year.
- iii) A proposed reform to both the Business Rate Retention Scheme and the Fairer Funding Review which will consider how much of business rates each Council should keep via the tariff and top-up system is now delayed to 2021/22. This is likely to reduce the Councils share of Business Rate income in future.
- 3.7 This will have inevitable consequences for the services of the Joint Strategic Committee which will need to reduce its budget in line with the challenges faced by the constituent Councils.



#### 4.0 DRAFT REVENUE ESTIMATES 2020/21

- 4.1 Detailed budgetary work for the Joint Strategic Committee is now complete (subject to any decisions arising from the Adur and Worthing Executives in February) and the estimate of the budget requirement is £22,696,320. This includes the savings agreed by the Joint Strategic Committee in December. Attached at Appendix 2 are the additional proposals for investment into services recently considered by the Executives.
- 4.2 Details of all of the main changes in the base budget from 2019/20 to 2020/21 are at Appendix 1. A breakdown of each Executive Member's summary budget is attached in Appendix 3. The changes can be summarised briefly as follows:

	£'000	£'000
<b>2019/20 Original Estimate</b>		22,033
<b>Add: Net Transferred budgets</b>		240
<b>Add: General Pay and Price Increases</b>		746
<b>Add: Committed and Unavoidable Growth:</b>		
Increased Expenditure as per 5 year forecast (net of any proposed use of reserves)	1,159	
<b>Less: Compensatory savings and additional Income:</b>		
Compensatory savings	-372	787
2020/21 budget prior to agreed savings		23,806
<b>Less: Savings agreed by members</b>		
Approved in December	-784	
<b>Less: Effect of change in recharge process - inclusion of insurance recharge</b>	-326	-1,110
<b>Net cost to be funded by the Councils</b>		22,696
<b>Allocated as follows:</b>		
- Adur District Council		9,252
- Worthing Borough Council		13,444
<b>Cost reallocated to both Councils</b>		22,696

- 4.3 The Joint Strategic Committee budget has been reflected in both the Adur and Worthing Estimates, which will be approved by their respective Executives on 3<sup>rd</sup> and 4<sup>th</sup> February 2020. The allocation of the costs of joint services under

the remit of the JSC has again been reviewed this year. There is no significant swing of costs between the two Councils this year.

Further details can be provided by request from the Emma Thomas (Chief Accountant) or Sarah Gobey (Chief Financial Officer).

## 5.0 IMPACT ON FUTURE YEARS

- 5.1 The impact of the proposed changes on the overall revenue budget for the next 5 years is shown at Appendix 1. However, following settlement, it is clear that the Councils will continue to have budget shortfalls for at least the next 2 - 5 years. Consequently, the Joint Strategic Committee is likely to show the following shortfalls in line with that experienced by the Constituent Councils:

	Expected shortfall (Cumulative)				
	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Cumulative budget shortfall as per appendix 1	784	1,185	1,365	1,841	2,326
<b>Less:</b>					
Net savings identified in 2020/21 budget round	-784	-784	-784	-784	-784
Adjusted cumulative budget shortfall	-	401	581	1,057	1,542
Savings required each year	-	401	180	476	485

- 5.2 To ensure that the Joint Strategic Committee continues to balance the budget there will need to be a continuing emphasis on efficiency and value for money in the annual savings exercise.

## 6.0 SIGNIFICANT RISKS

- 6.1 Members will be aware that there are several risks to the Joint Strategic Committee's overall budget. These can be summarised as follows:-

### (i) Income

The Committee receives income from a number of services which will be affected by demand. Whilst known reductions in income have been built into the proposed budgets for 2020/21, income may fall further than expected.

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

All budgets within the public sector continue to come under intense scrutiny which may lead to partners reassessing priorities and withdrawing funding for partnership schemes. Consequently, either council might lose funding for key priorities, which would leave the Joint Committee with unfunded expenditure together with the dilemma about whether to replace the funding from internal resources.

(iii) **Inflation**

A provision for 2% inflation has been built into non-pay budgets. Pay budgets include an average inflationary allowance of 3.0%. Each 1% increase in inflation is equivalent to the following amount:

	1% increase
	£'000
Pay	236
Non-pay	53

- 6.2 To help manage these risks, both councils have working balances and other earmarked reserves although these reserves are becoming depleted.

## **7.0 CONSULTATION**

- 7.1 The Council ran a consultation exercise in 2015/16 which supported the Council's five year budget strategy. In light of this, no consultation exercise was undertaken this year.

- 7.2 Officers and members have been consulted on the content of this report

## **8.0 COMMENTS BY THE CHIEF FINANCIAL OFFICER**

- 8.1 Section 25 of the Local Government Act 2003 requires an authority's Chief Financial Officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions. The Section requires Members to have regard to the report when making their decisions.

- 8.2 As Members are aware, the Joint Strategic Committee must set its Estimates in advance of the start of the financial year. This is because both Councils must decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services. This includes a share of the cost of the Joint Strategic Committee. Because they decide on the council tax in advance

of the financial year in question, and are unable to increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:

- making prudent allowance in the estimates for each of the services, and in addition;
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

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

- (1) The provision of estimates for items outside of the direct control of the Council:
  - Income from fees and charges in volatile markets, and income from grants.
  - External competition and declining markets, particularly during a recession.
- (2) Cost pressures not identified at the time of setting the budget. This would include items such as excess inflation.
- (3) Initiatives and risks not specifically budgeted for.

### **8.3 Overall view on the robustness of the estimates:**

It will therefore be important for members to maintain a diligent budget monitoring regime during 2020/21.

- 8.4 The Chief Financial Officer and Section 151 Officer's overall view of the robustness of the estimates is, therefore, as follows:

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

## **9.0 LEGAL IMPLICATIONS**

- 9.1 The Local Government Act 2003 requires that the Councils set a balance budget. This report demonstrates how the Council will meet this requirement for 2020/21

## **10.0 CONCLUSION**

- 10.1 The Councils have implemented a budget strategy which plans for the eventual removal of all general government grant by 2020/21. The strategy outlines a series of proactive steps which would contribute significantly to meeting the financial challenge by increasing income or by promoting business efficiency through the use of digital technology. Overall the Committee has successfully contributed to this strategy by identifying savings of £784k to meet the current year's shortfall.
- 10.2 Looking further ahead, 2021/22 will be again be challenging as the Council grapples with the impact of the fairer funding review, and the continuing consequences of the withdrawal of funding by the County Council for supported housing. Consequently, the strategy of delivering commercial income growth and business efficiencies through the digital agenda continues to play a vital role in balancing the budget.
- 10.3 However, provided we continue to deliver on this strategy, the Councils will become increasingly financially resilient over the next 5-10 years as Revenue Support Grant disappears, New Homes Bonus reduces and we become largely funded by our community through Council Tax and Business Rates and income from our commercial services.

### **Background Papers**

Report to the Joint Strategic Committee 9th July 2019 'Becoming Financially Sustainable – Budget strategy for the 2020/21'

Report to the Joint Strategic Committee 3rd December 2019 'Financially Sustainable Councils: Update to the 2020/21 - 2024/25 and savings proposals for 2020/21'

Report to the Joint Strategic Committee 3rd December 2019 'Investing for the future: Capital Investment Programme 2020/21 to 2022/23'

Local Authority Finance (England) Settlement Revenue Support Grant for 2020/21 and Related Matters: DCLG Letters and associated papers of 23rd December 2019.

2019 Spending Review – On-the-day briefing

Local Government Act 2003 and Explanatory Note

"Guidance Note on Local Authority Reserves and Balances" – LAAP Bulletin No. 77 - CIPFA -published in November 2008

Statement of Accounts 2018/19

Report to Joint Strategic Committee 3rd December 2019 – 2nd Quarter Revenue  
Budget Monitoring 2019/20

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## **SUSTAINABILITY AND RISK ASSESSMENT**

### **1. ECONOMIC**

Matter considered and no issues identified

### **2. SOCIAL**

#### **2.1 Social Value**

Matter considered and no issues identified

#### **2.2 Equality Issues**

Matter considered and no issues identified

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

Matter considered and no issues identified

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

Matter considered and no issues identified

### **3. ENVIRONMENTAL**

Matter considered and no issues identified

### **4. GOVERNANCE**

Matter considered and no issues identified





## Appendix 1

JOINT STRATEGIC COMMITTEE						
Revenue Budget Summary Statement 2019/20 - 2024/25						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	22,033	22,033	22,033	22,033	22,033	22,033
(a) <i>Net transfers of budget</i>						
Removal of Head of Culture		(107)	(107)	(107)	(107)	(107)
Transfer of insurance budget		346	346	346	346	346
(b) <i>Annual Inflation</i>		746	1,484	2,236	2,946	3,667
(c) <i>Committed Growth / Cost reductions</i>						
Net cost of increasing recycling to meet 50% targets:						
- Full year impact of implementation of Alternative Weekly Collection		(205)	(205)	(205)	(205)	(205)
- Impact of introducing weekly food waste collections		-	200	200	200	200
Reduction in pension contributions		(167)	(363)	(589)	(589)	(589)
Net new committed growth items identified by heads of service approved in December		111	111	111	111	111
(d) <i>Impact of County budget reductions</i>						
Withdrawal of recycling support		1,048	1,048	1,048	1,048	1,048
<b>Total budget requirements</b>	<b>22,033</b>	<b>23,806</b>	<b>24,548</b>	<b>25,074</b>	<b>25,784</b>	<b>26,505</b>
<b>Less:</b> Recharges of insurances within the Joint Strategic Committee	-	(326)	(326)	(326)	(326)	(326)
<b>Net cost to be reallocated to the Councils</b>	<b>22,033</b>	<b>23,480</b>	<b>24,222</b>	<b>24,748</b>	<b>25,458</b>	<b>26,179</b>
Adur District Council	8,886	9,252	9,391	9,532	9,627	9,723
Worthing Borough Council	13,147	13,444	13,646	13,851	13,990	14,130
<b>Total income for services provided by the constituent councils</b>	<b>22,033</b>	<b>22,696</b>	<b>23,037</b>	<b>23,383</b>	<b>23,617</b>	<b>23,853</b>
<b>(Surplus) / shortfall in resources</b>	<b>-</b>	<b>784</b>	<b>1,185</b>	<b>1,365</b>	<b>1,841</b>	<b>2,326</b>

**JOINT STRATEGIC COMMITTEE**  
**Revenue Budget Summary Statement 2019/20 - 2024/25**

	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
<b>AMOUNT REQUIRED TO BALANCE THE BUDGET</b>	-	<b>784</b>	<b>1,185</b>	<b>1,365</b>	<b>1,841</b>	<b>2,326</b>
<b>Savings / Initiatives identified to date:</b>						
<i>Commercial activities and commissioning</i>						
Commercial and Customer Activities		57	57	57	57	57
<i>Efficiency Measures</i>						
Service and Digital redesign		161	161	161	161	161
<i>Savings identified by Heads of Service</i>		566	566	566	566	566
<b>Total savings initiatives identified to date</b>		<b>784</b>	<b>784</b>	<b>784</b>	<b>784</b>	<b>784</b>
Cumulative savings still to be found/ (surplus)		-	401	581	1,057	1,542
Annual savings still to be found		-	401	180	476	485

	<b>Expected cost (cumulative)</b>					
	<b>2020/21</b>			<b>2021/22 and beyond</b>		
	<b>Joint (memo only)</b>	<b>Adur</b>	<b>Worthing</b>	<b>Joint (memo only)</b>	<b>Adur</b>	<b>Worthing</b>
<b>Service reinvestment proposal</b>	£	£	£	£	£	£
<b>Climate change and environmental investment proposals</b>						
Ash Dieback Strategy (as per JSC report)						
Arboricultural Inspector resource	18,960	7,580	11,380	18,960	7,580	11,380
Surveys, road closure and associated costs	10,000	4,000	6,000	10,000	4,000	6,000
<b>Sustainability manager</b>	54,000	21,600	32,400	54,000	21,600	32,400
Climate change and protecting the environment are key priorities for the Councils, with a large programme of work ahead. In order to deliver this agenda, we need to increase resources and ensure both organisation and area based projects are supported and delivered.						
<b>Homes and Communities Enabling Officer</b>	32,000	12,800	19,200	32,000	12,800	19,200
To support our ambitions to build better and more creative relationships with Registered providers and developers and to involve our communities in the co-design of ideas and suggestions that meet our ambitions, we propose a part time role of Homes and Communities Enabling officer. Many local authorities have a housing enabling role which links to RPs and collates data. However we see this role as being critical to providing the resource to engage and involve communities in the design of place; the design of ideas that may use local CIL funds for example; and influencing the outcome of planning applications on what community benefit is desirable, as opposed to always thinking of the obvious off the shelf solutions (e.g a community centre) The officer will therefore work across housing - understanding housing need, planning - looking at forthcoming applications, with the new development team - building relationships with affordable homes providers and crucially with the communities and wellbeing teams. They will also be responsible for ensuring accurate and timely returns on data required by central government.						

	<b>Expected cost (cumulative)</b>					
	<b>2020/21</b>			<b>2021/22 and beyond</b>		
	<b>Joint (memo only)</b>	<b>Adur</b>	<b>Worthing</b>	<b>Joint (memo only)</b>	<b>Adur</b>	<b>Worthing</b>
<b>Service reinvestment proposal</b>						
	£	£	£	£	£	£
<b>Service Designer</b> Service design has been used in many projects including preventing homelessness, housing repairs, loneliness, supported housing and work & skills, delivering multiple benefits including cost saving and cost avoidance. This post will bring the specialist skills needed in-house, delivering a highly valued service at lower cost.	54,000	21,600	32,400	54,000	21,600	32,400
<b>Asset Manager</b> Following the expansion of the Council's asset portfolio, the council needs to invest into the management of the service to ensure it provides a sustainable level of income growth for the future.	45,000	18,000	27,000	60,000	24,000	36,000
Less: Provision for reinvestment back into services		-60,000	-90,000		-60,000	-90,000
Net impact of growth proposals	213,930	25,580	38,380	228,960	31,580	47,380

# JOINT SERVICE BLOCK ACTIVITY RECHARGED TO ADUR AND WORTHING COUNCILS



SERVICE BLOCKS	ESTIMATE 2019/2020	ESTIMATE 2020/2021
	£	£
Chief Executive & Communications	500,910	496,980
Director for Communities	7,360,430	8,060,350
Director for Digital & Resources	11,581,650	11,858,480
Director for the Economy	3,575,670	3,588,240
<b>TOTAL SERVICES</b>	23,018,660	24,004,050
<b>ALLOCATION OF COSTS</b>		
Less: Allocation of Insurances recharged to Joint services	-	(326,200)
Less: Allocation to Capital Programme previously included in allocations to Adur and Worthing	(986,000)	(981,530)
	22,032,660	22,696,320
Adur District Council	(8,885,380)	(9,251,890)
Worthing Borough Council	(13,147,280)	(13,444,430)
<b>TOTAL SERVICE BLOCK ALLOCATIONS</b>	<b>(22,032,660)</b>	<b>(22,696,320)</b>

**JOINT SUMMARY SERVICE BLOCK:**  
**Chief Executive & Communications**

SERVICE	ESTIMATE 2019/2020	ESTIMATE 2020/2021
	£	£
<b>CHIEF EXECUTIVE</b>		
Chief Executive Office	271,960	282,270
Vacancy Provision	(16,660)	(16,660)
	<b>255,300</b>	<b>265,610</b>
<b>Head of Communications</b>		
Head of Communications - Office	70,350	71,290
Communications	175,260	160,080
	<b>245,610</b>	<b>231,370</b>
<b>TOTAL FOR CEO AND COMMUNICATIONS</b>	<b>500,910</b>	<b>496,980</b>

# JOINT - CHIEF EXECUTIVE AND COMMUNICATIONS DIRECTORATE - 2020/2021 - SUBJECTIVE ANALYSIS



ADUR & WORTHING  
COUNCILS

SERVICE / ACTIVITY	Staff FTE	Employees	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	TOTAL BUDGET
		£	£	£	£	£	£	£	£
<b>CHIEF EXECUTIVE</b>									
Chief Executive Office	3	257,370	-	2,200	6,040	-	-	265,610	265,610
<b>Head of Communications</b>									
Head of Communications - Office	1	71,290	-	-	-	-	-	71,290	71,290
Communications	5	207,130	-	250	(2,120)	-	(45,180)	160,080	160,080
<b>TOTAL COST</b>	<b>9</b>	<b>535,790</b>	<b>0</b>	<b>2,450</b>	<b>3,920</b>	<b>0</b>	<b>(45,180)</b>	<b>496,980</b>	<b>496,980</b>
<b>Percentage Direct Cost</b>		99%	0%	0%	1%	0%			
An explanation of the changes to the budget since last year is provided on the previous page - the Variation page Staff FTE = Number of staff based on full time equivalent									

## JOINT CHIEF EXECUTIVE OFFICER - 2020/2021 - VARIANCE ANALYSIS

ADUR & WORTHING  
COUNCILS

SERVICE / ACTIVITY	Original Budget 2019/2020	Inflation	One-off Items	Committed Growth	Savings	Impact of Capital Programme	Additional Income	Non Committed growth	Non-MTFP other changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
<b>CHIEF EXECUTIVE</b>										
Chief Executive Office	255,300	9,760	-	-	-	-	-	-	550	265,610
<b>Head of Communications</b>										
Head of Communications - Office	70,350	860	-	-	-	-	-	-	80	71,290
Communications	175,260	4,100	-	-	(20,000)	-	-	-	720	160,080
<b>TOTAL COST</b>	<b>500,910</b>	<b>14,720</b>	<b>0</b>	<b>0</b>	<b>(20,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,350</b>	<b>496,980</b>



**JOINT SUMMARY SERVICE BLOCK:**  
**Communities Directorate**

SERVICE	ESTIMATE 2019/2020	ESTIMATE 2020/2021
	£	£
<b>DIRECTOR FOR COMMUNITIES</b>		
Director for Communities office	177,870	180,150
Directorate Vacancy Provision	(329,350)	(329,350)
	<b>(151,480)</b>	<b>(149,200)</b>
<b>Head of Housing</b>		
Head of Housing	257,460	233,470
Housing Needs	834,860	859,420
Housing - Environmental Health / Protection Team	495,510	506,110
Housing Strategy	58,150	53,870
	<b>1,645,980</b>	<b>1,652,870</b>
<b>Head of Environmental Services</b>		
Head of Environment	110,800	112,240
Parks (including Cems/Crems/Admin & Grounds Mtce)	868,270	709,080
Foreshores	207,860	208,820
Waste Management	256,400	274,310
Commerce Way Depot	165,360	148,480
Clinical Waste Collection	3,930	(530)
Recycling	(1,615,140)	(1,497,460)
Refuse Collection	1,528,810	2,287,620
Street Cleansing, Grafitti & Pest Control	1,452,600	1,411,260
Trade Refuse Collection	462,200	460,480
Vehicle Workshop	556,050	509,870
Waste Strategy	74,400	73,650
Off Street Parking	391,290	397,580
	<b>4,462,830</b>	<b>5,095,400</b>
<b>Less:</b> Vehicle Works Trading A/c - recharged to services per job	(556,050)	(509,870)
<b>Head of Wellbeing</b>		
Head of Wellbeing	190,570	153,460
Community Wellbeing	477,980	514,640
Dog Warden	84,240	85,060
Environmental Health - Domestic	777,400	781,800
Licensing	234,860	234,640
Democratic Services	194,100	201,550
	<b>1,959,150</b>	<b>1,971,150</b>
<b>TOTAL FOR COMMUNITIES</b>	<b>7,360,430</b>	<b>8,060,350</b>

## JOINT - DIRECTOR FOR COMMUNITIES - 2020/2021 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Staff FTE	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	TOTAL BUDGET
		£	£	£	£	£	£	£	£	£
<b>DIRECTOR OF COMMUNITIES</b>										
Director of Communities Office	2	(154,120)	-	-	1,110	3,810	-	-	(149,200)	(149,200)
<b>Head of Housing</b>										
Head of Housing	2	164,770	-	-	300	68,400	-	-	233,470	233,470
Housing Needs	20	851,100	-	-	840	7,480	-	-	859,420	859,420
Housing - Environmental Health / Protection Team	6	494,310	-	-	3,200	8,600	-	-	506,110	506,110
Housing Strategy	4.5	53,870	-	-	-	-	-	-	53,870	53,870
<b>Head of Environment</b>										
Head of Environment	1	111,320	-	-	920	-	-	-	112,240	112,240
Parks (including Cems/Crems/Admin & Grounds Mtce)	55.1	1,678,010	-	-	239,430	242,120	-	(1,450,480)	709,080	709,080
Foreshores	5.5	208,130	-	-	810	-	-	(120)	208,820	208,820
Waste Management	3	271,040	-	100	250	16,950	-	(14,030)	274,310	274,310
Commerce Way Depot	1	-	-	134,700	4,120	15,990	-	(6,330)	148,480	148,480
Clinical Waste Collection	1	23,690	-	-	6,860	12,010	-	(43,090)	(530)	(530)
Recycling	23	-	-	-	-	-	-	(1,497,460)	(1,497,460)	(1,497,460)
Refuse Collection	42	1,908,860	-	-	411,870	95,880	-	(128,990)	2,287,620	2,287,620
Street Sweeping & Cleansing	52.6	1,466,580	-	-	235,150	127,020	-	(417,490)	1,411,260	1,411,260
Trade Refuse Collection	10.2	346,030	-	-	91,880	28,120	-	(5,550)	460,480	460,480
Vehicle Workshop	7	224,080	-	270	8,000	313,760	-	(36,240)	509,870	509,870
Waste Strategy	2	63,350	-	-	10,300	-	-	-	73,650	73,650
Off Street Parking	12.5	397,580	-	-	-	-	-	-	397,580	397,580
Less: Vehicle Works Trading Account - recharged to services per job		-	-	-	-	-	-	(509,870)	(509,870)	(509,870)
<b>Head of Wellbeing</b>										
Head of Wellbeing	1	125,550	-	-	860	27,050	-	-	153,460	153,460
Community Wellbeing	30.3	1,201,670	-	-	840	18,660	-	(706,530)	514,640	514,640
Dog Warden	2	74,080	-	-	3,680	11,870	-	(4,570)	85,060	85,060
Environmental Health- Domestic	14.6	759,590	-	-	7,550	17,110	-	(2,450)	781,800	781,800
Licensing	6.5	229,180	-	-	500	4,960	-	-	234,640	234,640
Democratic Services	4.6	184,770	-	-	20	16,760	-	-	201,550	201,550
<b>TOTAL COST</b>	<b>309.4</b>	<b>10,683,440</b>	<b>0</b>	<b>135,070</b>	<b>1,028,490</b>	<b>1,036,550</b>	<b>0</b>	<b>(4,823,200)</b>	<b>8,060,350</b>	<b>8,060,350</b>
<b>Percentage Direct Cost</b>		<b>83%</b>	<b>0%</b>	<b>1%</b>	<b>8%</b>	<b>8%</b>	<b>0%</b>			

# JOINT COMMUNITIES DIRECTORATE - 2020/2021 - VARIANCE ANALYSIS



SERVICE / ACTIVITY	Original Budget 2019/2020	Inflation	One-off Items	Committed Growth	Savings	Impact of Capital Programme	Additional Income	Non Committed growth	Non-MTFP other changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR OF COMMUNITIES</b>										
Director of Communities Office	(151,480)	2,130	-	-	-	-	-	-	150	(149,200)
<b>Head of Housing</b>										
Head of Housing	257,460	5,240	-	-	(30,000)	-	-	-	770	233,470
Housing	834,860	22,890	-	-	-	-	-	-	1,670	859,420
Environmental Health - Domestic	495,510	9,680	-	-	-	-	-	-	920	506,110
Housing Strategy	58,150	-	-	-	-	-	-	-	(4,280)	53,870
<b>Head of Environment</b>										
Head of Environment	110,800	1,360	-	-	-	-	-	-	80	112,240
Parks (including Cems/Crems/Admin & Grounds)	868,270	(32,530)	-	-	(159,130)	-	-	-	32,470	709,080
Foreshores	207,860	(450)	-	-	-	-	-	-	1,410	208,820
Waste Management	256,400	11,220	-	-	-	-	-	-	6,690	274,310
Commerce Way Depot	165,360	2,910	-	(20,000)	-	-	-	-	210	148,480
Clinical Waste Collection	3,930	(4,860)	-	-	(340)	-	-	-	740	(530)
Recycling	(1,615,140)	(29,160)	-	1,090,090	(48,370)	-	-	-	(894,880)	(1,497,460)
Refuse Collection	1,528,810	83,680	-	(184,670)	(50,530)	-	-	-	910,330	2,287,620
Street Sweeping & Cleansing	1,452,600	20,220	-	-	(69,980)	-	-	-	8,420	1,411,260
Trade Refuse Collection	462,200	6,650	-	-	(7,490)	-	-	-	(880)	460,480
Vehicle Workshop	556,050	(70)	-	-	(57,300)	-	-	-	70	498,750
Waste Strategy	74,400	760	-	-	(490)	-	-	-	(1,020)	73,650
Off Street Parking	391,290	5,370	-	-	-	-	-	-	920	397,580
<b>Less:</b> Vehicle Works Trading Account - recharged to services per job	(556,050)	-	-	-	57,300	-	-	-	-	(498,750)
<b>Head of Wellbeing</b>										
Head of Wellbeing	190,570	19,020	-	-	(23,000)	-	-	-	(33,130)	153,460
Community Wellbeing	477,980	1,820	-	-	(1,110)	-	-	-	35,950	514,640
Dog Warden	84,240	1,050	-	-	(40)	-	-	-	(190)	85,060
Environmental Health- Domestic	777,400	3,280	-	-	-	-	-	-	1,120	781,800
Licensing	234,860	(870)	-	-	-	-	-	-	650	234,640
Democratic Services	194,100	6,730	-	-	-	-	-	-	720	201,550
<b>TOTAL COST</b>	<b>7,360,430</b>	<b>136,070</b>	<b>0</b>	<b>885,420</b>	<b>(390,480)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,910</b>	<b>8,060,350</b>

**JOINT SUMMARY SERVICE BLOCK:**  
**Digital and Resources Directorate**



ADUR & WORTHING  
COUNCILS

SERVICE	ESTIMATE 2019/2020	ESTIMATE 2020/2021
	£	£
<b>DIRECTOR FOR DIGITAL AND RESOURCES</b>		
Director for Digital and Resources office	139,880	143,750
Directorate Vacancy Provision	(299,400)	(299,400)
Sustainability	73,390	75,250
	<b>(86,130)</b>	<b>(80,400)</b>
<b>Finance</b>		
Head of Finance office	260,180	252,440
Management, Technical and Strategic Accounting	963,610	967,580
Exchequer and Fraud	438,440	837,650
Procurement	154,270	158,330
	<b>1,816,500</b>	<b>2,216,000</b>
<b>Head of Legal Services</b>		
Legal Services	674,640	673,420
	<b>674,640</b>	<b>673,420</b>
<b>Head of Human Resources</b>		
Human Resources	413,620	400,660
Organisational Development	245,270	236,290
	<b>658,890</b>	<b>636,950</b>
<b>Head of Business and Technical Services</b>		
Head of Business and Technical Services	96,780	98,050
Business Services	288,050	322,380
Engineers	588,260	553,240
Surveyors	791,760	815,900
Facilities - Admin Buildings	482,550	486,250
Centralised Costs	451,700	401,930
	<b>2,699,100</b>	<b>2,677,750</b>
<b>Head of Customer &amp; Digital Services</b>		
Head of Digital and Design	2,298,770	2,281,130
ICT, Systems Support and Development Team	-	-
Customer Services	1,278,200	1,295,130
Parking Services	155,660	159,830
Business Support	132,620	111,250
Elections	206,820	215,150
	<b>4,072,070</b>	<b>4,062,490</b>
<b>Head of Revenues &amp; Benefits</b>		
Revenues & Benefits	1,746,580	1,672,270
	<b>1,746,580</b>	<b>1,672,270</b>
<b>TOTAL for DIGITAL AND RESOURCES</b>	<b>11,581,650</b>	<b>11,858,480</b>

# JOINT - DIGITAL AND RESOURCES DIRECTORATE - 2020/2021 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Staff FTE	Employees	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	TOTAL BUDGET
		£	£	£	£	£	£	£	£
<b>DIRECTOR FOR DIGITAL&amp; RESOURCES</b>									
Director Office	1	(160,280)	-	1,060	3,580	-	(10)	(155,650)	(155,650)
Sustainability	0.7	75,180	-	70	-	-	-	75,250	75,250
<b>Head of Finance</b>									
Head of Finance office	1	108,980	-	130	143,360	-	(30)	252,440	252,440
Management, Technical & Strategic Accounting	18.3	917,500	-	1,450	80,170	-	(31,540)	967,580	967,580
Exchequer and Fraud	13.7	663,710	-	124,180	87,360	-	(37,600)	837,650	837,650
Procurement	3	158,320	-	10	-	-	-	158,330	158,330
<b>Head of Legal Services</b>									
Legal Services	15.5	805,470	-	290	42,980	-	(175,320)	673,420	673,420
<b>Head of Human Resources</b>									
Human Resources	7.6	384,100	-	290	16,270	-	-	400,660	400,660
Organisational Development	1	220,290	-	730	15,270	-	-	236,290	236,290
<b>Head of Business &amp; Technical Services</b>									
Head of Business & Technical Services	1	98,050	-	-	-	-	-	98,050	98,050
Business Services	6	332,540	50	940	77,510	-	(88,660)	322,380	322,380
Engineers	12	591,670	-	3,540	11,100	-	(53,070)	553,240	553,240
Surveyors	17.2	812,910	-	3,800	19,150	-	(19,960)	815,900	815,900
Facilities - Admin Buildings	0	-	558,230	-	26,570	-	(98,550)	486,250	486,250
Centralised Costs	0	-	-	42,880	367,820	-	(8,770)	401,930	401,930
<b>Head of Customer and Digital Services</b>									
Head of Customer & Digital	1	1,307,080	-	820	949,230	60,500	(36,500)	2,281,130	2,281,130
ICT, Systems Support and Development Team	25.4	-	-	-	-	-	-	0	0
Customer Services	39.1	1,283,400	-	500	11,230	-	-	1,295,130	1,295,130
Parking Services	3.8	159,830	-	-	-	-	-	159,830	159,830
Business Support	4.9	113,610	-	-	88,790	-	(91,150)	111,250	111,250
Elections	5	212,830	-	130	2,190	-	-	215,150	215,150
<b>Head of Revenues &amp; Benefits</b>									
Revenues & Benefits	51.5	1,667,200	-	5,070	-	-	-	1,672,270	1,672,270
<b>TOTAL COST</b>	<b>229</b>	<b>9,752,390</b>	<b>558,280</b>	<b>185,890</b>	<b>1,942,580</b>	<b>60,500</b>	<b>(641,160)</b>	<b>11,858,480</b>	<b>11,858,480</b>
<b>Percentage Direct Cost</b>		78%	4%	1%	16%	0%			

## JOINT DIGITAL AND RESOURCES DIRECTORATE - 2020/2021 - VARIANCE ANALYSIS

ADUR & WORTHING  
COUNCILS

SERVICE / ACTIVITY	Original Budget 2019/2020	Inflation	One-off Items	Committed Growth	Savings	Impact of Capital Programme	Additional Income	Non Committed growth	Non-MTFP other changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR FOR DIGITAL&amp; RESOURCES</b>										
Director Office	(159,520)	3,500	-	-	-	-	-	-	370	(155,650)
Sustainability	73,390	1,490	-	-	-	-	-	-	370	75,250
<b>Head of Finance</b>										
Head of Finance office	260,180	81,180	-	-	(89,000)	-	-	-	80	252,440
Management, Technical & Strategic Accounting	963,610	27,820	-	-	(1,000)	-	-	-	(22,850)	967,580
Exchequer and Fraud	438,440	(850)	-	50,950	-	-	-	-	349,110	837,650
Procurement	154,270	3,510	-	-	-	-	-	-	550	158,330
<b>Head of Legal Services</b>										
Legal Services	674,640	19,090	-	-	(22,500)	-	-	-	2,190	673,420
<b>Head of Human Resources</b>										
Human Resources	413,620	10,170	-	-	(1,150)	-	-	-	(21,980)	400,660
Organisational Development	245,270	460	-	-	-	-	-	-	(9,440)	236,290
<b>Head of Business &amp; Technical Services</b>										
Head of Business & Technical Services	96,780	1,190	-	-	-	-	-	-	80	98,050
Business Services	288,050	6,710	-	-	(1,840)	-	-	-	29,460	322,380
Engineers	588,260	14,130	-	-	(50,000)	-	-	-	850	553,240
Surveyors	791,760	22,510	-	-	-	-	-	-	1,630	815,900
Facilities - Admin Buildings	482,550	9,700	-	(6,000)	-	-	-	-	-	486,250
Centralised Costs	451,700	-	-	-	-	-	-	-	(49,770)	401,930
<b>Head of Customer &amp; Digital Services</b>										
Head of Digital and Design	2,298,770	48,390	-	15,000	(47,000)	-	-	-	(34,030)	2,281,130
ICT, Systems Support and Development Team	-	-	-	-	-	-	-	-	-	0
Customer Services	1,278,200	33,060	-	-	(20,000)	-	-	-	3,870	1,295,130
Parking Services	155,660	3,830	-	-	-	-	-	-	340	159,830
Business Support	132,620	3,580	-	-	(25,750)	-	-	-	800	111,250
Elections	206,820	7,460	-	-	-	-	-	-	870	215,150
<b>Head of Revenues &amp; Benefits</b>										
Revenues & Benefits	1,746,580	50,810	-	-	(115,280)	-	-	-	(9,840)	1,672,270
<b>TOTAL COST</b>	<b>11,581,650</b>	<b>347,740</b>	<b>0</b>	<b>59,950</b>	<b>(373,520)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>242,660</b>	<b>11,858,480</b>

**JOINT SUMMARY SERVICE BLOCK:**  
***Economy Directorate***

SERVICE	ESTIMATE 2019/2020	ESTIMATE 2020/2021
	£	£
<b>DIRECTOR FOR ECONOMY</b>		
Director of Economy Office	174,910	177,190
Directorate Vacancy Provision	(92,710)	(92,710)
	<b>82,200</b>	<b>84,480</b>
<b>Head of Planning &amp; Development</b>		
Head of Planning & Development	96,640	97,900
Planning Policy	318,340	332,250
Development Control	1,153,930	1,163,260
Building Control	506,660	538,380
LLPG	22,880	22,690
Land Charges	107,180	113,460
	<b>2,205,630</b>	<b>2,267,940</b>
<b>Head of Major Projects &amp; Investment</b>		
Estates	363,620	382,950
Major Projects	315,620	322,990
	<b>679,240</b>	<b>705,940</b>
<b>Head of Place &amp; Economy</b>		
Head of Place & Economy	70,680	86,660
Economic Development	307,230	319,260
Tourism & Events	121,720	123,960
	<b>499,630</b>	<b>529,880</b>
<b>Head of Culture</b>		
Head of Culture	108,970	-
	<b>108,970</b>	-
<b>TOTAL for ECONOMY</b>	<b>3,575,670</b>	<b>3,588,240</b>

## JOINT ECONOMY DIRECTORATE - 2020/2021 - SUBJECTIVE ANALYSIS

ADUR & WORTHIN  
COUNCILS

SERVICE / ACTIVITY	Staff FTE	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	TOTAL BUDGET
		£	£	£	£	£	£	£	£	£
<b>DIRECTOR OF ECONOMY</b>										
Director of Economy Office	2	82,520	-	-	510	1,450	-	-	84,480	84,480
<b>Head of Planning &amp; Development</b>										
Head of Planning & Development	1	97,030	-	-	110	760	-	-	97,900	97,900
Planning Policy	6	391,130	-	-	1,770	3,020	-	(63,670)	332,250	332,250
Development Control	24.3	1,097,920	-	-	2,930	62,410	-	-	1,163,260	1,163,260
Building Control	10.2	537,770	-	3,080	5,910	48,000	-	(56,380)	538,380	538,380
LLPG	1	51,040	-	-	30	16,430	-	(44,810)	22,690	22,690
Land Charges	3.4	110,000	-	-	-	3,460	-	-	113,460	113,460
<b>Head of Major Projects &amp; Investment</b>										
Estates	6	378,530	-	-	1,530	2,890	-	-	382,950	382,950
Major Projects	4	275,850	-	-	1,050	81,790	-	(35,700)	322,990	322,990
<b>Head of Place &amp; Economy</b>										
Head of Place & Economy	1	86,660	-	-	-	-	-	-	86,660	86,660
Economic Development	11.2	306,800	-	-	470	11,990	-	-	319,260	319,260
<b>Head of Culture</b>										
Head of Culture	1	-	-	-	-	-	-	-	0	0
<b>TOTAL COST</b>	<b>74.1</b>	<b>3,528,050</b>	<b>0</b>	<b>3,080</b>	<b>14,790</b>	<b>256,590</b>	<b>0</b>	<b>(214,270)</b>	<b>3,588,240</b>	<b>3,588,240</b>
<b>Percentage Direct Cost</b>		93%	0%	0%	0%	7%	0%			



# JOINT ECONOMY DIRECTORATE - 2020/2021 - VARIANCE ANALYSIS

SERVICE / ACTIVITY	Original Budget 2019/2020	Inflation	One-off Items	Committed Growth	Savings	Impact of Capital Programme	Additional Income	Non Committed growth	Non-MTFP other changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR OF ECONOMY</b>										
Director of Economy Office	82,200	2,130	-	-	-	-	-	-	150	84,480
<b>Head of Planning &amp; Development</b>										
Head of Planning & Development	96,640	1,180	-	-	-	-	-	-	80	97,900
Planning Policy	318,340	12,720	-	-	-	-	-	-	1,190	332,250
Development Control	1,153,930	6,360	-	-	-	-	-	-	2,970	1,163,260
Building Control	506,660	9,980	-	-	-	-	-	-	21,740	538,380
LLPG	22,880	(270)	-	-	-	-	-	-	80	22,690
Land Charges	107,180	5,560	-	-	-	-	-	-	720	113,460
<b>Head of Major Projects &amp; Investment</b>										
Estates	363,620	18,240	-	-	-	-	-	-	1,090	382,950
Major Projects	315,620	6,730	-	-	-	-	-	-	640	322,990
<b>Head of Place &amp; Economy</b>										
Head of Place & Economy	70,680	16,120	-	-	-	-	-	-	(140)	86,660
Economic Development	307,230	11,280	-	-	-	-	-	-	750	319,260
<b>Head of Culture</b>										
Head of Culture	108,970	(1,640)	-	-	-	-	-	-	(107,330)	0
Tourism and Events	121,720	1,980	-	-	-	-	-	-	260	123,960
<b>TOTAL COST</b>	<b>3,575,670</b>	<b>90,370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(77,800)</b>	<b>3,588,240</b>

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Joint Governance Committee  
28 January 2020  
Agenda Item 7

Joint Strategic Committee  
11 February 2020  
Agenda Item 7

Key Decision : No  
Ward(s) Affected: All

## **JOINT TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2020/21 to 2022/23, ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL**

### **REPORT BY THE DIRECTOR FOR DIGITAL AND RESOURCES**

#### **EXECUTIVE SUMMARY**

##### **1. PURPOSE**

- 1.1 This report asks Members to approve and adopt the contents of the Treasury Management Strategy Statement and Annual Investment Strategy for 2020/21 to 2022/23 for Adur and Worthing Councils, as required by regulations issued under the Local Government Act 2003.

##### **2. RECOMMENDATIONS**

- 2.1 The Joint Governance Committee is recommended to:
- i) Note the report (including the Prudential Indicators and Limits, and MRP Statements) for 2020/21 to 2022/23.
  - ii) Refer any comments or suggestions to the next meeting of the Joint Strategic Committee on 11 February 2020.
- 2.2 The Joint Strategic Committee is recommended to:
- i) Approve and adopt the TMSS and AIS for 2020/21 to 2022/23, incorporating the Prudential Indicators and Limits, and MRP Statements.
  - ii) Forward the Prudential Indicators and Limits, and MRP Statements of the report for approval by Worthing Council at its meeting on 18 February 2020, and by Adur Council at its meeting on 20 February 2020.

### **3. INTRODUCTION**

#### **3.1 Background**

The Councils are required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in high quality counterparties or instruments commensurate with the Councils' low risk appetite, providing adequate liquidity initially, before considering investment return. This is consistent with national guidance which promotes security and liquidity above yield.

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

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

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

CIPFA defines treasury management as:

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

## 3.2 Reporting requirements

### 3.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report to provide the following:

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

The aim of this capital strategy is to ensure that all elected Members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The Capital Strategy and the Commercial Property Strategy are reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through those reports. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

The capital strategy shows:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Councils have borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported as part of the outturn report and the annual review of the Corporate Property Investment Portfolio.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

### 3.2.2 Treasury Management Reporting

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

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

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how the repayment of borrowing associated with capital expenditure is funded from revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

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

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

**Scrutiny** - The above reports are required to be scrutinised by the Joint Governance Committee (JGC) which may make recommendations to the Joint Strategic Committee (JSC) regarding any aspects of Treasury Management policy and practices it considers appropriate in fulfilment of its scrutiny role. Such recommendations as may be made shall be incorporated within the above named reports and submitted to meetings of the JSC for consideration as soon after the meetings of the JGC as practically possible. The reports are approved by the JSC and recommended to the Councils for approval.

### 3.3 Treasury Management Strategy for 2020/21

The strategy for 2020/21 covers two related subjects:

#### **Capital programme financing**

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

#### **Treasury management (the management of the council's cash flow, investments and debt)**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Councils;

- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers

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

### **3.4 Training**

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. A briefing for members was provided by Link Asset Services in June 2019 and further training will take place in 2020 as required.

The training needs of treasury management officers are periodically reviewed and officers attend courses provided by appropriate trainers such as Link and CIPFA.

### **3.5 Treasury management consultants**

The Councils use Link Asset Services, Treasury Solutions as the external treasury management advisors.

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

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

The scope of investments within the Councils' operations includes both conventional treasury investments, (the placing of residual cash from the Councils' functions), and commercial type investments in property. The Councils use appropriate specialist advisers in relation to the commercial activity.

## **4. THE CAPITAL PRUDENTIAL INDICATORS 2020/21 – 2022/23**

The Councils' capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected

in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

#### 4.1 Capital expenditure

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

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

##### ADUR DISTRICT COUNCIL

Capital expenditure	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
	£m	£m	£m	£m	£m
Non-HRA	10.041	9.719	10.200	3.116	2.794
HRA	2.993	6.593	16.768	13.537	11.870
Commercial property purchases	26.532	49.868	37.020	0.000	0.000
<b>TOTAL</b>	<b>39.566</b>	<b>66.180</b>	<b>63.988</b>	<b>16.653</b>	<b>14.664</b>
<b>Financed by:</b>					
Capital receipts	0.490	1.967	1.045	0.923	0.423
Capital grants and contributions	1.024	6.536	2.317	0.388	0.388
Revenue Reserves & contributions	3.405	4.838	6.423	7.371	7.618
<b>Net financing need for the year</b>	<b>34.647</b>	<b>52.839</b>	<b>54.203</b>	<b>7.971</b>	<b>6.235</b>

The net financing need for commercial property purchases included in the above table against expenditure is shown below:

Adur DC Commercial property	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Capital Expenditure	26.532	49.868	37.020	0.000	0.000
Financing required	26.382	49.324	35.800		
<b>Net financing need for the year</b>	<b>34.647</b>	<b>52.839</b>	<b>54.203</b>		
Percentage of total net financing need	76%	93%	66%		



## WORTHING BOROUGH COUNCIL

Capital expenditure	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
	£m	£m	£m	£m	£m
Non-HRA	11.576	16.932	21.470	5.671	12.075
Commercial property purchases	26.697	50.304	47.999	0.000	0.000
<b>TOTAL</b>	<b>38.273</b>	<b>67.236</b>	<b>69.469</b>	<b>5.671</b>	<b>12.075</b>
<b>Financed by:</b>					
Capital receipts	2.534	0.357	4.056	0.000	0.000
Capital grants and contributions	2.910	2.293	7.290	1.162	3.496
Revenue Reserves & contributions	1.305	1.727	2.764	3.291	3.477
<b>Net financing need for the year</b>	<b>31.524</b>	<b>62.859</b>	<b>55.359</b>	<b>1.218</b>	<b>5.102</b>

Worthing BC Commercial property	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Capital Expenditure	26.697	50.304	47.999	0.000	0.000
Financing required	26.697	49.912	46.930		
<b>Net financing need for the year</b>	<b>31.524</b>	<b>62.859</b>	<b>55.359</b>		
Percentage of total net financing need	85%	79%	85%		

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

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

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life, and so charges the economic consumption of capital assets as they are used. The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Councils' borrowing requirement, these types of scheme include

a borrowing facility and so the Councils are not required to separately borrow for these schemes. The Councils currently do not have any such schemes within the CFR. The Councils are asked to approve the CFR projections below:

#### ADUR DISTRICT COUNCIL

<b>Capital Financing Requirement (£m)</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
CFR – non-HRA	25.185	28.372	35.356	36.337	36.800
CFR Commercial	37.962	87.287	123.087	121.357	119.577
CFR – HRA	60.103	60.430	71.849	80.569	88.121
<b>Total CFR</b>	<b>123.250</b>	<b>176.089</b>	<b>230.292</b>	<b>238.263</b>	<b>244.498</b>
<b>Movement in CFR</b>	<b>34.647</b>	<b>52.839</b>	<b>54.203</b>	<b>7.971</b>	<b>6.235</b>
<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	35.663	54.230	56.615	11.360	9.871
<b>Less:</b> MRP/VRP and other financing movements	(1.016)	(1.391)	(2.412)	(3.389)	(3.636)
<b>Movement in CFR</b>	<b>34.647</b>	<b>52.839</b>	<b>54.203</b>	<b>7.971</b>	<b>6.235</b>

#### Worthing Borough Council

<b>Capital Financing Requirement (£m)</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
CFR – non-HRA	43.977	56.924	65.353	68.285	75.152
CFR Commercial	26.697	76.609	123.539	121.825	120.060
<b>Total CFR</b>	<b>70.674</b>	<b>133.533</b>	<b>188.892</b>	<b>190.110</b>	<b>195.212</b>
<b>Movement in CFR</b>	<b>31.524</b>	<b>62.859</b>	<b>55.359</b>	<b>1.218</b>	<b>5.102</b>
<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	32.635	64.316	57.591	4.410	8.510
<b>Less:</b> MRP/VRP and other financing movements	(1.111)	(1.457)	(2.232)	(3.192)	(3.408)
<b>Movement in CFR</b>	<b>31.524</b>	<b>62.859</b>	<b>55.359</b>	<b>1.218</b>	<b>5.102</b>

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the Councils' overall financial position. The capital expenditure figures shown above demonstrate the scope of this activity and, by approving these figures, members consider the scale proportionate to the Councils' remaining activity.

#### **4.3 Minimum revenue provision (MRP) policy statement**

The Councils are required to set aside funds to repay the accumulated General Fund debt associated with the capital investment programme each year (the CFR) through a revenue charge to the General Fund budget (the minimum revenue provision - MRP), although they are also allowed to undertake additional voluntary payments (voluntary revenue provision - VRP).

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

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

The Councils are recommended to approve the following MRP Statements:

##### **ADUR DISTRICT COUNCIL**

For Adur District Council it was approved by the Joint Strategic Committee on 2nd June 2016 that for borrowing incurred before 1st April 2008, the MRP will be set aside in equal instalments over the life of the associated debt. No such policy was required by Worthing Borough Council which had no debt as at 1 April 2008.

##### **4.3.1 General Fund**

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

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

that MRP is matched at the same point as the debt is repaid, and is therefore cash (and revenue cost) neutral to the Council.

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

It is proposed to use the same policy for 2020/21.

#### **4.3.2 Housing Revenue Account**

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

### **WORTHING BOROUGH COUNCIL**

- 4.3.3 Worthing applies the same MRP policy as Adur for capital expenditure funded from borrowing from 1 April 2008. Worthing has the same discretion as Adur Council in the application of MRP in respect of capital loans to approved Counterparties. It is proposed to retain this policy for 2020/21.

### **ADUR and WORTHING COUNCILS - VOLUNTARY REVENUE PROVISION**

- 4.3.4 **MRP Overpayments** – A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory MRP, voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31<sup>st</sup> March 2020 Adur made VRP overpayments of £50k and Worthing has a cumulative £490k VRP overpayment which will be reclaimed over the following 5 years.

## **5. BORROWING**

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

## 5.1 Current portfolio position

The Councils' treasury portfolio positions at 31st March 2019 and at 31st December 2019 are shown below.

### Adur District Council

	Principal at 31.03.19 £m	Actual 31.03.2019 %	Principal at 31.12.19 £m	Actual 31.12.2019 %
<b>External Borrowing</b>				
PWLB	(98.227)	85%	(144.367)	88%
Other Borrowing	(17.940)	15%	(20.262)	12%
Finance lease	(0.000)		(0.000)	100%
<b>TOTAL BORROWING</b>	<b>(116.167)</b>	100%	<b>(164.629)</b>	
<b>Treasury Investments:</b>				
Local Authority Property Fund	0.983	9%	2.983	16%
<b>In-house:</b>				
Banks	6.010	57%	9.010	48%
Building societies	0.000	0%	2.000	11%
Bonds	0.055	1%	0.030	0%
Local authorities	0.000	0%	0.000	0%
Money market funds	3.504	33%	4.624	25%
<b>TOTAL INVESTMENTS</b>	<b>10.552</b>	100%	<b>18.647</b>	100%
<b>NET DEBT</b>	<b>(105.615)</b>		<b>(145.982)</b>	

### Worthing Borough Council

	Principal at 31.03.19 £m	Actual 31.03.2019 %	Principal at 31.12.19 £m	Actual 31.12.2019 %
<b>External Borrowing</b>				
PWLB	(61.222)	91%	(108.008)	89%
Other Borrowing	(6.028)	9%	(14.000)	11%
Finance lease	(0.000)		0.000	
<b>TOTAL BORROWING</b>	<b>(67.250)</b>	100%	<b>(122.008)</b>	100%

	Principal at 31.03.19 £m	Actual 31.03.2019 %	Principal at 31.12.19 £m	Actual 31.12.2019 %
<b>Treasury Investments:</b>				
Local Authority Property Fund	0.491	5%	1.484	8%
<b>In-house:</b>				
Banks	7.000	72%	4.500	25%
Building societies	0.000	0%	3.000	17%
Bonds	0.075	1%	0.050	0%
Local authorities	0.000	0%	5.000	28%
Money market funds	2.200	22%	3.850	22%
<b>TOTAL INVESTMENTS</b>	<b>9.766</b>	<b>100%</b>	<b>17.884</b>	<b>100%</b>
<b>NET INVESTMENTS</b>	<b>(57.484)</b>		<b>(104.124)</b>	

Worthing Borough Council has also made two loans which are categorised as capital rather than a treasury investment:

- a £10m loan to Worthing Homes
- a £5m loan to GBMet

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

#### ADUR DISTRICT COUNCIL

Adur District Council External Debt £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Debt at 1 April	(85.138)	(116.167)	(168.456)	(221.709)	(228.480)
Expected change in Debt	(31.029)	(52.289)	(52.253)	(6.771)	(4.835)
Other long-term liabilities (OLTL)	0.000	0.000	0.000	0.000	0.000
Actual gross debt at 31 March	(116.167)	(168.456)	(221.709)	(228.480)	(233.315)
The Capital Financing Requirement	123.250	176.089	230.292	238.263	244.498
Under/(over) borrowing	7.083	7.633	8.583	9.783	11.183

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

<b>Adur District Council</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
<b>External Debt for commercial activities / non-financial investments</b>					
Actual debt at 31 March £m	(37.962)	(87.187)	(122.887)	(121.057)	(119.177)
Percentage of total external debt %	33%	52%	55%	53%	51%

### **Worthing Borough Council**

<b>Worthing BC External Debt £m</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
Debt at 1 April	(41.564)	(67.250)	(130.009)	(184.868)	(185.086)
Expected change in Debt	(25.686)	(62.759)	(54.859)	(0.218)	(4.102)
Other long-term liabilities (OLTL)	0.000	0.000	0.000	0.000	0.000
Actual gross debt at 31 March	(67.250)	(130.009)	(184.868)	(185.086)	(189.188)
The Capital Financing Requirement	70.674	133.533	188.892	190.110	195.212
Under/(over) borrowing	3.424	3.524	4.024	5.024	6.024

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

<b>Worthing B C</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
<b>External Debt for commercial activities / non-financial investments</b>					
Actual debt at 31 March £m	(26.697)	(76.509)	(123.339)	(121.525)	(119.660)
Percentage of total external debt %	40%	59%	67%	66%	63%

Within the prudential indicators there are a number of key indicators to ensure that the Councils operate their activities within well-defined limits. One of these is that the Councils need to ensure that their gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Chief Financial Officer reports that the Councils complied with this prudential indicator in the current year and does not envisage difficulties for

the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

## 5.2 Treasury Indicators: limits to borrowing activity

The Councils have approved a maximum budget of £125m per Council in respect of commercial property purchases.

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

### ADUR DISTRICT COUNCIL

Operational boundary £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Debt	103.0	105.0	112.0	119.0
Other long term liabilities	1.0	1.0	1.0	1.0
Commercial activities/ non-financial investments	88.0	124.0	122.0	120.0
<b>Total</b>	<b>192.0</b>	<b>230.0</b>	<b>235.0</b>	<b>240.0</b>

### WORTHING BOROUGH COUNCIL

Operational boundary £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Debt re Worthing Homes	10.0	10.0	10.0	10.0
Debt re GB Met	5.0	5.0	4.7	4.5
Other Debt	55.0	55.0	57.3	60.5
Other long term liabilities	1.0	1.0	1.0	1.0
Commercial activities/ non-financial investments	80.0	124.0	122.0	121.0
<b>Total</b>	<b>151.0</b>	<b>195.0</b>	<b>195.0</b>	<b>197.0</b>

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

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



2. The Councils are asked to approve the following authorised limits:

#### ADUR DISTRICT COUNCIL

Authorised limit £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Debt	105.0	120.0	124.0	129.0
Other long term liabilities	1.0	1.0	1.0	1.0
Commercial activities/ non-financial investments	90.0	124.0	122.0	120.0
<b>Total</b>	<b>196.0</b>	<b>245.0</b>	<b>247.0</b>	<b>250.0</b>

#### WORTHING BOROUGH COUNCIL

Authorised limit £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Debt re Worthing Homes	10.0	10.0	10.0	10.0
Debt re GB Met	5.0	5.0	4.7	4.5
Other Debt	50.0	60.0	62.3	69.5
Other long term liabilities	1.0	1.0	1.0	1.0
Commercial activities/ non-financial investments	90.0	124.0	122.0	120.0
<b>Total</b>	<b>156.0</b>	<b>200.0</b>	<b>200.0</b>	<b>205.0</b>

### 5.3 Prospects for interest rates

The Councils have appointed Link Asset Services as their treasury advisor and part of their service is to assist the Councils to formulate a view on interest rates. The following table gives their central view:

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the

EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

Bond yields / PWLB rates. There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. (See paragraph 5.9 for comments on the increase in the PWLB rates margin over gilt yields of 100bps introduced on 9.10.19.) There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward

pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

## Investment and borrowing rates

Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.

Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. The gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%, therefore the Councils will consider carefully the duration of longer term borrowing until such time as the extra 100 bps margin is removed.

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

### 5.4 Borrowing Strategy

The Councils are both currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt, as cash supporting the Councils' reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are currently low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL borrowing rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then borrowing will be postponed.
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast*, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

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

- 5.5 Both Councils will refer in the first instance to the Public Works Loan Board (PWLB) for sourcing their borrowing needs, given that they are eligible to access the PWLB “Certainty” rate of interest, being 20 basis points below the normal prevailing PWLB rates. However, borrowing from other sources, including other Local Authorities and the Local Government Association Municipal Bonds Agency, may from time to time offer options to borrow more cheaply than from the PWLB, and therefore will be considered.

Where appropriate, the Councils will investigate the possibility of using “ethical” or “green” borrowing options eg “green bonds.” Such borrowing is usually only available for significant amounts eg over £20m and takes time to arrange because the lender and the Council needs to undertake due diligence. However the new health hub may offer an opportunity to take advantage of this form of borrowing, if it is at lower rates than the PWLB.

Given the expected under borrowing position of the Councils, the borrowing strategy will give consideration to the most appropriate sources of funding from the following list:

- i) Internal borrowing, by running down cash balances and foregoing interest earned at historically low rates, as this is the cheapest form of borrowing;
  - ii) Weighing the short term advantage of internal borrowing against potential long term borrowing costs, in view of the overall forecast for long term borrowing rates to increase over the next few years;
  - iii) PWLB fixed rate loans for up to 20 years;
  - iv) Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB, market debt and loans from other councils in the debt portfolio;
  - v) PWLB borrowing for periods under 5 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt.
  - vi) Short term loans from other Councils where appropriate;
  - vii) Longer term PWLB loans
  - viii) Other forms of borrowing where appropriate eg green bonds or the Municipal Bonds Agency where these offer better value than the PWLB
- 5.6 Preference will be given to PWLB borrowing by annuity and EIP loans instead of maturity loans, as this may result in lower interest payments over the life of the loans.

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

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

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

## **5.8 Debt rescheduling**

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

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

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

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree to which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

# **6. ANNUAL INVESTMENT POLICY AND STRATEGY**

## **6.1 Investment Policy – Management of risk**

6.1.1 The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). The strategy and approach to managing risk for investing in non-financial investments, essentially the purchase of commercial property, is dealt with by the Commercial Property Investment Strategy which forms part of the Capital Strategy.

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

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)

- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018

The Councils’ investment priorities will be security first, portfolio liquidity second and then yield, (return).

- 6.1.3 The Chief Financial Officer, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements, and Prudential Indicators. As conditions in the financial markets remain uncertain, most of the proposed maximum limits for Specified and Unspecified Investments for 2020/21 are the same as for 2019/20. However the indicators will be revised to reflect the recent £5m loan by Worthing Borough Council to GB Met College. Over the forthcoming months, the Councils will consult the treasury advisors about the range of “ethical” and “green” investments that is developing. Counterparties will be asked to provide their “sustainability” or “climate change” policies to ensure that the Council invests funds appropriately.
- 6.1.4 Investment instruments identified for use in the financial year are listed in Appendix B under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Councils’ treasury management practices.
- 6.1.5 The guidance from the MHCLG and CIPFA place a high priority on the management of risk. The Councils have adopted a prudent approach to managing risk and define risk appetite by the following means: -
- a) Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
  - b) **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Councils will engage with the advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
  - c) **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
  - d) The Councils have defined the list of **types of investment instruments** that the treasury management team is authorised to use. There are two lists in Appendix B under the categories of ‘specified’ and ‘non-specified’ investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
  - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity ie an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.
- e) **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in Appendix B.
  - f) **Transaction limits** are set for each type of investment in Appendix B.
  - g) The Councils will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 6.10).
  - h) Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see paragraph 6.5). The UK is excluded from this limit because it will be necessary to invest in UK banks and other institutions even if the sovereign rating is cut.
  - i) The Councils have engaged **external consultants**, (see paragraph 3.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of the Councils in the context of the expected level of cash balances and need for liquidity throughout the year.
  - j) All investments will be denominated in **sterling**.
  - k) As a result of the change in accounting standards for 2019/20 under IFRS 9, the Councils will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18. Consequently any fluctuations in the value of the Councils' investments in the Local Authorities' Property Fund will not be taken through the general fund for the period of the override).

6.1.6 However, the Councils will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 6.16). Regular monitoring of investment performance will be carried out during the year.



### 6.1.7 Changes in investment limits from last year

- a) Worthing Borough Council has added GB Met College to its list of investments.
- b) Both Councils intend to explore the options for “ethical” or “green” investments with the treasury advisors.
- c) The investment limit with other local authorities has been set at £5m per authority, to ensure that there is an appropriate spread of risk.
- d) The investment limit with AAA rated money market funds has been amended to £9m for Worthing for any period over 7 days. For Adur, investment in money market funds will now be at the discretion of the Chief Financial Officer, who will ensure that best value investment opportunities are maximised. The limit per fund of £3m remains the same.
- e) Deutsche Bank has been removed from the Specified Investments list.

## 6.2 Creditworthiness Policy

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

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

6.2.2 The Chief Financial Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to the Councils for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the service may use, rather than defining what types of investment instruments are to be used.

6.2.3 Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with our criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council

criteria will be suspended from use, with all others being reviewed in light of market conditions.

- 6.2.4 The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.
- 6.2.5 The result is a series of colour coded bands for counterparties indicating the relative creditworthiness of each as they are categorised by durational bands. These bands are used by the Councils to form a view of the duration for investments by each counterparty. The Councils are satisfied that this service gives a robust level of analysis for determining the security of its investments. It is also a service which the Councils would not be able to replicate using its own in-house resources.
- 6.2.6 Using Link's ratings service, potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications. The effect of a change in ratings may prompt the following responses:
- If a downgrade results in the counterparty/investment scheme no longer meeting the Councils' minimum criteria, its further use as a new investment will be withdrawn immediately.
  - In addition to the use of Credit Ratings the Councils will be advised by Link of movements in Credit Default Swaps and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils' lending lists.
- 6.2.7 The Councils' officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets, the government support for banks, and the credit ratings of that government support.
- 6.2.8 Accordingly, the Councils may exercise discretion to deviate from Link's suggested durational bands for counterparties where circumstances warrant a more flexible approach being taken.

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

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

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

#### 6.4 **UK banks – ring fencing**

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Councils will continue to assess the new-formed entities in the same way that they do others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

#### 6.5 **Country Limits and Proposed Monitoring Arrangements**

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

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

- 6.6 Although the Councils can control the foreign exposure for fixed term deposits via the choice of counterparties, the ability to do this for instant access Money Market Funds (MMFs) is more difficult, as the assets which comprise the

funds generally consist of loans to other financial institutions (UK and worldwide).

- 6.7 Recognising the present financial climate, and that any investment is only as good as the underlying assets, the Councils shall use a Money Market Fund Portal for placing and redeeming transactions. This will allow access to information on the underlying composition of the MMFs, including the geographic spread of the underlying assets.

### **Investment Strategy**

#### **6.8 In-house funds**

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

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

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

#### **6.9 Investment returns expectations**

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

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

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.

The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

- 6.10 **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Councils' liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

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

#### **ADUR DISTRICT COUNCIL**

<b>MAXIMUM PROPORTION OF PRINCIPAL SUMS INVESTED &gt; 365 DAYS</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Principal sums invested > 365 days	50%	50%	50%

#### **WORTHING BOROUGH COUNCIL**

<b>MAXIMUM PROPORTION OF PRINCIPAL SUMS INVESTED &gt; 365 DAYS</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Principal sums invested > 365 days	50%	50%	50%

Both Councils are currently holding investments in the Local Authorities' Property Fund and other small bonds (£50k for Worthing and £25k for Adur) which are expected to be invested for more than 365 days.

- 6.11 In any sustained period of significant stress in the financial markets, the default position is for investments to be placed with The Debt Management Account Deposit Facility of the Debt Management Office (DMO) of the UK central government. The rates of interest are below equivalent money market rates, however, the returns are an acceptable trade-off for the guarantee that the Councils' capital is secure.

6.12 The Councils' proposed investment activity for placing cash deposits in 2020/21 will be to use:

- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV) or a Low Volatility Net Asset Value (LVNAV) under the new money market fund regulations
- other local authorities, parish councils etc.
- business reserve accounts and term deposits. These are primarily restricted to UK institutions that are rated at least A- long term.
- the top five building societies by asset size

### **Other Options for Longer Term Investments**

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

- a) **Supranational bonds greater than 1 year to maturity** eg European Reconstruction and Development Bank
- b) **Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
- c) **The Councils' own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.
- d) **Building societies not meeting the basic security requirements under the specified investments.** The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use the top five building societies by asset size up to £2m, (£4m Nationwide).
- e) Any **bank or building society** that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).
- f) Any **non-rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a guarantee from the parent company, and total exposure up to the limit applicable to the parent.
- g) **Registered Social Landlords** (Housing Associations) **and other public sector bodies** - subject to confirming that the Councils have appropriate powers, consideration will be given to lending to Registered Social Landlords and other public sector bodies. Such lending may either be as an investment for treasury management purposes, or for

the provision of “social policy or service investment”, that would not normally feature within the Treasury Management Strategy.

- h) **Property Investment Funds** for example the Local Authorities’ Property Fund. The Councils will consult the Treasury Management Advisors and undertake appropriate due diligence before investment of this type is undertaken. Some of these funds are deemed capital expenditure – the Councils will seek guidance on the status of any fund considered for investment.
- i) **Other local authorities**, parish councils etc.
- j) **Loan capital** in a body corporate.
- k) **Share capital in a body corporate** – *The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.*

**(Note:** For (j) and (k) above the Councils will seek further advice on the appropriateness and associated risks with investments in these categories as and when an opportunity presents itself).

- 6.14 **The accounting treatment** may differ from the underlying cash transactions arising from investment decisions made by the Councils. To ensure that the Councils are protected from any adverse revenue impact, which may arise from these differences, the accounting implications of new transactions will be reviewed before they are undertaken.
- 6.15 The Councils will not transact in any investment that may be deemed to constitute **capital expenditure** (e.g. Share Capital, or pooled investment funds other than Money Market Funds), without the resource implications being approved as part of the consideration of the Capital Programme or other appropriate Committee report.
- 6.16 **Investment risk benchmarking** – the Councils will subscribe to Link’s Investment Benchmarking Club to review the investment performance and risk of the portfolios.
- 6.17 **End of year investment report** – at the end of the financial year the Councils will report on investment activity as part of the Annual Treasury Report.
- 6.18 **Local Authorities’ Property Fund** – both Councils hold investments in the Fund (Adur DC - £3m and Worthing BC £1.5m). The treasury service receives regular reports and quarterly dividends. Representatives of the Fund are due to visit the Councils at the end of January to give a presentation on current and forecast performance.

## **7. OTHER MATTERS**

- 7.1 **Balanced budget requirement** - the Councils comply with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.
- 7.2 **Worthing Leisure Trust** - the arrangements for establishing The Worthing Leisure Trust include provision for Worthing Council to provide the Trust with temporary cash flow advances (if required) up to a maximum of £500k to assist it in the early start-up years. Such advances as may be made shall be repayable as soon as practical and attract a rate of interest for the loan term of Bank Base Rate plus 5%.

## **8. ENGAGEMENT AND COMMUNICATION**

- 8.1 The Adur and Worthing Councils' treasury management team provides treasury services to Mid Sussex District Council through a shared services arrangement (SSA). The SSA is provided under a Service Level Agreement that was renewed from 18th October 2019, and which defines the respective roles of the client and provider authorities for a period of three years.
- 8.2 Information and advice is supplied throughout the year by Link Asset Services Ltd, the professional consultants for the Councils' shared treasury management service.

## **9. FINANCIAL IMPLICATIONS**

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

Finance Officer .....

Date.

## **10. LEGAL IMPLICATIONS**

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

Legal Officer: Susan Sale

Date: 16th January 2020

### **Background Papers**

Joint Treasury Management Strategy Statement and Annual Investment Strategy Report 2019/20 to 21/22 – Joint Governance Committee, 22 January 2019 and Joint Strategic Committee 31 January 2019



Annual Joint In-House Treasury Management Operations Report 1 April 2018 – 31 March 2019 for Adur District Council and Worthing Borough Council – Joint Governance Committee, 30 July 2019 and Joint Strategic Committee, 10 September 2019

Overall Budget Estimates 2020/201and Setting of 2020/21 Council Tax Report

Link Asset Services Ltd TMSS Template 2020/21

Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA, December 2017)

The Prudential Code for Capital Finance in Local Authorities (CIPFA, December 2017)

MHCLG Investment Guidance

Funding and Management Agreement with South Downs Leisure Trust

**Officer Contact Details:-**

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## **SUSTAINABILITY & RISK ASSESSMENT**

### **1. ECONOMIC**

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

### **2. SOCIAL**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

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

Matter considered and no issues identified.

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

Matter considered and no issues identified.

### **3. ENVIRONMENTAL**

Matter considered and no issues identified.

### **4. GOVERNANCE**

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

4.2 The operation of the treasury management function is as approved by the Councils' Treasury Management Strategy and Annual Investment Strategy 2020/21 - 2022/23, submitted and approved before the commencement of the 2020/21 financial year.

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

## Appendix A

### THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2020/21 – 2022/23

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

#### Adur District Council

Adur Capital expenditure	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
	£m	£m	£m	£m	£m
Non-HRA	10.041	9.719	10.200	3.116	2.794
HRA	2.993	6.593	16.768	13.537	11.870
Commercial activities	26.532	49.868	37.020	0.000	0.000
<b>TOTAL</b>	<b>39.566</b>	<b>66.180</b>	<b>63.988</b>	<b>16.653</b>	<b>14.664</b>

#### Worthing Borough Council

Worthing Capital expenditure	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
	£m	£m	£m	£m	£m
Non-HRA	11.576	16.932	21.470	5.671	12.075
Commercial activities	26.697	50.304	47.999	0.000	0.000
<b>TOTAL</b>	<b>38.273</b>	<b>67.236</b>	<b>69.469</b>	<b>5.671</b>	<b>12.075</b>

### 1.2 Affordability prudential indicators

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

#### Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

## Adur District Council

Adur %	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Non-HRA	% 16.04	% 14.81	% 16.45	% 22.29	% 23.58
HRA	23.82	25.10	27.24	29.86	30.50
Commercial activities	(8.25)	(19.45)	(25.51)	(24.02)	(22.69)
<b>TOTAL</b>	<b>31.61</b>	<b>20.46</b>	<b>18.18</b>	<b>28.13</b>	<b>31.39</b>

## WORTHING BOROUGH COUNCIL

Worthing %	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Non-HRA	% 4.84	% 3.62	% 2.53	% 4.89	% 6.39
Commercial activities	(2.43)	(10.64)	(19.09)	(17.32)	(16.41)
<b>TOTAL</b>	<b>2.41</b>	<b>(7.02)</b>	<b>(16.56)</b>	<b>(12.43)</b>	<b>(10.02)</b>

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

## HRA Ratio

Adur	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
HRA debt £m	(59.581)	(59.908)	(71.327)	(80.046)	(87.599)
Number of HRA dwellings	2552	2540	2539	2560	2574
Debt per dwelling	£23.3k	£23.6k	£28.1k	£31.3k	£34.0k

### 1.3 Maturity structure of borrowing

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

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

**Adur District Council**

<b>Limits to maturity structure of fixed interest rate borrowing 2020/21</b>		
	<b>Lower Limit</b>	<b>Upper Limit</b>
<b>Under 12 months</b>	0%	20%
<b>12 months to 2 years</b>	0%	25%
<b>2 years to 5 years</b>	0%	40%
<b>5 years to 10 years</b>	0%	70%
<b>10 years to 20 years</b>	0%	80%
<b>20 years to 30 years</b>	0%	60%
<b>30 years to 40 years</b>	0%	60%
<b>40 years to 50 years</b>	0%	45%

**WORTHING BOROUGH COUNCIL**

<b>Limits to maturity structure of fixed interest rate borrowing 2020/21</b>		
	<b>Lower Limit</b>	<b>Upper Limit</b>
<b>Under 12 months</b>	0%	35%
<b>12 months to 2 years</b>	0%	35%
<b>2 years to 5 years</b>	0%	75%
<b>5 years to 10 years</b>	0%	75%
<b>10 years to 20 years</b>	0%	75%
<b>20 years to 30 years</b>	0%	75%
<b>30 years to 40 years</b>	0%	75%
<b>40 years to 50 years</b>	0%	75%

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

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

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

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

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

The investment policy proposed for the Councils is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

### **SPECIFIED AND NON SPECIFIED INVESTMENTS**

#### **Specified Investments identified for use by the Councils**

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Councils have the right to be repaid within 12 months if they wish. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

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

*\* Investments in these instruments will be on advice from the Councils' treasury advisor.*

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

### **Non-Specified Investments identified for use by the Councils**

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

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

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

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

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

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

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

New specified investments will be made within the following limits:

<b>Instrument</b>	<b>Country and sovereign rating</b>	<b>Counterparty</b>	<b>Max'm exposure limit £m and/or %</b>
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/ Call Accounts	UK	Other UK Local Authorities	£5m
Term Deposits/ Call Accounts	UK	Santander UK	£4m
Term Deposits/ Call Accounts	UK	Bank of Scotland/ Lloyds (RFB)	£4m
Term Deposits/ Call Accounts	UK	Barclays (RFB)	£4m
Term Deposits/ Call Accounts	UK	Clydesdale	£4m
Term Deposits/ Call Accounts	UK	HSBC (RFB)	£4m
Term Deposits/ Call Accounts	UK	Close Brothers Ltd	£4m
Term Deposits/ Call Accounts	UK	Royal Bank of Scotland/Nat West Group (RFB)	£4m
Term Deposits/ Call Accounts	Australia - AAA	National Australia Bank Ltd	£3m
Term Deposits/ Call Accounts	US - AAA	JP Morgan Chase Bank NA	£3m
Term Deposits/ Call Accounts	UK	Handelsbanken plc	£3m
Term Deposits/ Call Accounts	UK	Goldman Sachs International Bank	£3m
Gilts	UK	Debt Management Office (DMO)	£3m or 25% of funds



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

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

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

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

## APPENDIX B - ANNEX 1

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

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

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

## APPENDIX B - ANNEX 1

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

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure?
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Yes
Property Funds approved by HM Treasury and operated by managers regulated by the Financial Conduct Authority, such as the Local Authorities' Property Fund	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	£3m	To be confirmed
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No. 534 or SI 2007, No. 573.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	The higher of £2m or 20% of funds	Yes

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

**WORTHING BOROUGH COUNCIL SPECIFIED AND NON SPECIFIED INVESTMENTS**

**Specified Investments identified for use by the Council**

New specified investments will be made within the following limits:

<b>Instrument</b>	<b>Country and sovereign rating</b>	<b>Counterparty</b>	<b>Max'm exposure limit £m and/or %</b>
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/ Call Accounts	UK	Other UK Local Authorities	£5m
Term Deposits/ Call Accounts	UK	Santander UK	£4m
Term Deposits/ Call Accounts	UK	Bank of Scotland/ Lloyds (RFB)	£4m
Term Deposits/ Call Accounts	UK	Barclays (RFB)	£4m
Term Deposits/ Call Accounts	UK	Clydesdale	£4m
Term Deposits/ Call Accounts	UK	HSBC (RFB)	£4m
Term Deposits/ Call Accounts	UK	Close Brothers Ltd	£4m
Term Deposits/ Call Accounts	UK	Royal Bank of Scotland/Nat West Group (RFB)	£4m
Term Deposits/ Call Accounts	Australia - AAA	National Australia Bank Ltd	£3m
Term Deposits/ Call Accounts	US - AAA	JP Morgan Chase Bank NA	£3m
Term Deposits/ Call Accounts	UK	Handelsbanken plc	£3m
Term Deposits/ Call Accounts	UK	Goldman Sachs International Bank	£3m
Gilts	UK	Debt Management Office (DMO)	£3m or 25% of funds

<b>Instrument</b>	<b>Country and sovereign rating</b>	<b>Counterparty</b>	<b>Max'm exposure limit £m and/or %</b>
Bonds	EU	European Investment Bank/ Council of Europe	£3m or 25% of funds
AAA rated Money Market Funds		Constant Net Asset Value or LVNAV MMFs	£9m (the limit may be exceeded for up to 7 days), maximum £3m per fund
Other MMFs and CIS	UK	Collective Investment Schemes	25%
Term Deposits	UK	Nationwide BS	£4m
Term Deposits	UK	Yorkshire BS	£2m
Term Deposits	UK	Coventry BS	£2m
Term Deposits	UK	Skipton BS	£2m
Term Deposits	UK	Leeds BS	£2m
*Term Deposits	UK	Worthing Homes (10 year loan)	£10m
*Term Deposits	UK	GB Met (20 year loan)	£5m
Share Capital	n/a	West Sussex Credit Union	£0.05m deferred shares
Share Capital	n/a	Local Capital Finance Co (Municipal Bonds Agency)	£0.05m
Temporary Loans	n/a	Worthing Leisure Trust	£0.5m

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

*NB No more than 25% of funds shall be invested in Non-UK financial institutions whether by term deposits, call accounts or Money Market Funds, or any combination thereof, except that this limits may be breached for liquidity purposes for up to 1 week at any time.*

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

## APPENDIX B - ANNEX 2

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

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

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

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

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure?
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Yes
Property Funds approved by HM Treasury and operated by managers regulated by the Financial Conduct Authority, such as the Local Authorities' Property Fund	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	£3m	To be confirmed
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No. 534 or SI 2007, No. 573.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	The higher of £2m or 20% of funds	Yes

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

**COUNTERPARTIES WHERE THE COUNCILS HAVE OPTED UP TO  
PROFESSIONAL INVESTOR STATUS**

**(i) Money Market Funds**

Invesco  
Federated Investors  
CCLA  
Black Rock

**(ii) Building Societies**

Skipton Building Society  
Coventry Building Society  
Leeds Building Society

**(iii) Brokers**

BGC (Sterling)  
Tradition  
ICAP  
Imperial

**(iv) Other**

ICD (Portal used for money market fund investments)  
Link Asset Services

These arrangements will be regularly reviewed as appropriate.



**TREASURY MANAGEMENT SCHEME OF DELEGATION**

**(i) Full Council**

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

**(ii) Joint Strategic Committee**

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

**(iii) Joint Governance Committee**

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

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

**(iv) The S151 (responsible) officer**

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

**TREASURY MANAGEMENT SCHEME OF DELEGATION**

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

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

## ECONOMIC BACKGROUND

**UK. Brexit.** 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the general election on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

**GDP growth** has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another **quarterly Inflation Report**, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

**The MPC meeting of 19 December** repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that domestic "unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government

has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000 which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44 year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

**USA.** President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. Growth in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However; CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

**The Fed** finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%.. At its September meeting it also said it was going to start buying Treasuries again, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with

increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China. However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

**EUROZONE.** **Growth** has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

**The European Central Bank (ECB)** ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”, but that was of little help to boosting growth in the near term. Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank’s eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a resumption of quantitative easing purchases of debt for an unlimited period; (at its October meeting it said this would start in November at €20bn per month - a relatively small amount compared to the previous buying programme). It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments will need to help stimulate growth by ‘growth friendly’ fiscal policy.

There were no policy changes in the December meeting which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of forming **coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to

address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

**JAPAN.** has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

**WORLD GROWTH.** Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.**

The trade war between the US and China is a major concern to financial markets due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

## **INTEREST RATE FORECASTS**

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.** On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The



forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

### **The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

### **Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **A resurgence of the Eurozone sovereign debt crisis.** In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the

anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.

- **Other minority EU governments.** Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on some \$19trn of corporate debt in major western economies, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

#### **Upside risks to current forecasts for UK gilt yields and PWLB rates**

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- **The Bank of England** is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.





ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
11 February 2020  
Agenda Item 8

Key Decision [No]  
Ward(s) Affected: All

## **Beyond Consultation: Engaging Adur and Worthing - Adur & Worthing Councils' Engagement Guide**

**Report by Director for Communities**

### **Executive Summary**

#### **1. Purpose**

- 1.1. The Committee agreed to consult on the document '*Engaging Adur and Worthing*' in November 2019. This consultation concluded on 17 January 2020.
- 1.2. At the Committee's request, the revised *Engaging Adur and Worthing - Adur & Worthing Councils' Engagement Guide (Attachment A)* is being presented for agreement following the consultation process which involved members of the public, staff and elected members.
- 1.3. A consultation report (Attachment B) has been prepared to provide a summary of the responses received and how officers have sought to incorporate these into the revised Guide. They do not represent a significant change from the draft Guide considered by the Committee in November 2019.
- 1.4. Officers have also used the consultation process to update the Councils' website, as recommended by the Joint Overview and Security Committee, making it easier for our communities to get involved, have their say and stay informed.

## 2. Recommendations

It is recommended that the Joint Strategic Committee:

- 2.1. Note the comments on the draft Engagement Guide outlined in the Consultation Report ([Attachment B](#)).
- 2.2. Agree to the Councils' adopting *Engaging Adur and Worthing - Adur & Worthing Councils' Engagement Guide* ([Attachment A](#)), replacing the Adur & Worthing Councils' Consultation Policy Statement.
- 2.3. Note the updates to the Councils' website to support our communities to get involved, have their say and stay informed on the Councils' activities.

## 3. Context

- 3.1. The Committee agreed to place on consultation: *Engaging Adur and Worthing - A Guide to Adur & Worthing Councils' engagement principles and toolkit* (the Guide) at its meeting on 7 November 2019.
- 3.2. The Guide is designed to inform our communities and to assist Council staff in designing, managing and completing specifically designed engagement activities. This is presented in two parts:
  - 3.2.1. **Part One - Our Engagement Principles** outlines the Councils' definition of engagement, how we engage and our core principles for engagement. Our core engagement principles will be: **Transparency, Inclusivity and Relevance**.
  - 3.2.2. **Part Two - Our Engagement Toolkit** will help Council officers to design, manage and conclude engagement activities. It provides models, poses questions, and gives tips for good practice. This toolkit will be supported by the resources available via the staff intranet and cross team opportunities to share best practice and learning.

The toolkit identifies three core questions when framing an engagement process or activity:

- a. What are your objectives?

- b. Who are your communities of interest?
- c. What is the best way to reach them and meet your objectives?

3.2.3. Throughout the Guide there is a recognition that there is no one or preferred method of engagement. How we engage with our communities will depend upon the nature of the issue or opportunity, as well as the communities we wish to engage with. Instead, there is a range of considerations that underpin the design, management and conclusion of engagement activities

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

##### *The Consultation Process*

- 4.1. The consultation is intended both to seek the views of community, staff and elected Members on strengthening our engagement with our communities, partners and staff and also to seek views on the draft Guide by asking: *What does good engagement look like?* For our elected Members and staff we also asked: *What support do you need to run engagement activities well?*
- 4.2. The consultation ran until 17 January 2020, and was promoted externally through the Councils' website and social media channels, and internally through the Councils' intranet and staff and members' newsletters.
- 4.3. Over the course of the consultation period, officers recorded 73 views of the Councils' webpage, while on Social Media we averaged 1,400 people reached per post. This resulted in five submissions from members of the public. Over 100 members of staff viewed online notices on the proposed engagement Guide. Officer also appeared before the Joint Overview and Scrutiny Committee on 20 November 2019.

##### *Overview of Comments*

- 4.4. Internally, comments received both formally and informally have been constructive and have resulted in further conversations about approaches to engagement and how the Guide compliments other work being undertaken.
- 4.5. Comments from elected Members focused on how the aspirations set out in the Guide will be embedded, and on clarifications as to the relationship between the Guide and the concept of engagement sitting alongside our legal obligations to consult our communities.

- 4.6. External comments have focused on:
- ensuring that good practice is realised,
  - the quality and length of the Guide,
  - the use of models that underpin the approach outlined in the Guide, and
  - providing further clarity on some concepts outlined in the Guide.
- 4.7. Where appropriate, officers have sought to provide further clarity as a result the issues raised. However, the comments do not warrant significant change to the draft that was presented to Joint Strategic Committee in November 2019. Any amendments have been noted in 'How we responded' sections in the Consultation Report ([Attachment B](#)).

#### *Updating our Website*

- 4.8. During the consultation, officer took the opportunities to revise the Council web pages relating to how our communities can get involved, have their say and stay informed, by updating [www.adur-worthing.gov.uk/get-involved](http://www.adur-worthing.gov.uk/get-involved) and providing information on how our communities can engage with the Councils on an ongoing basis in one place.

## **5. Engagement and Communication**

- 5.1. Subject to the decision of the Committee, the revised Guide and consultation report will be published on the Councils' website.
- 5.2. The Guide will also be shared and promoted internally with Council staff and support on engagement will be provided where needed.
- 5.3. Current consultations have also begun to be published in the monthly Members' newsletter, to help build awareness of the Councils' current engagement activities.

## **6. Financial Implications**

- 6.1. There are no direct financial implications arising from the revised Engagement Guide. The cost of consultations and engagements is funded from individual service budgets.

## 7. Legal Implications

- 7.1. The Toolkit encourages consultation with legal services as early as possible to identify any legal issues and the statutory power or duty that the Councils will use to carry out the proposal.
- 7.2. The Councils are required to carry out statutory consultation in relation to certain matters. The correct statutory process must be followed in these cases.
- 7.3. There may also be other occasions when consultation is required such as where the Councils have made a commitment to consult and there is a legitimate expectation of consultation.
- 7.4. Adopting an updated consultation guide and toolkit will assist officers in carrying out meaningful and informed consultation.

### Background Papers

- [Engaging Adur Worthing - how we engage with our communities](#) (Joint Strategic Committee - 7 November 2019)
- [JSC Response - JOSC Review of Consultations](#) (Joint Strategic Committee - 6 November 2018)
- [Scrutiny review of consultations](#) (Joint Overview and Scrutiny Committee - 26 July 2018)
- [Adur & Worthing Councils' Consultation Policy Statement](#)

### Officer Contact Details

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## **Sustainability & Risk Assessment**

### **1. Economic**

Issue considered, no direct issues identified. Our business sector is reference as potential stakeholders staff may wish to involve in engagement activities.

### **2. Social**

#### **2.1 Social Value**

The social value of engaging with our communities is explored in the Guide, in terms of supporting decision-making, and strengthen the Councils' relationships with our communities.

#### **2.2 Equality Issues**

Specific reference is made to identifying communities of interest based on how a person may identify or belong to a specific social, economic or cultural group. There is also reference made to the need to engage with groups and individuals who may not traditionally engage with the Councils, and there may need to be specific methods developed to assist in their participation.

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

Issue considered, no direct issues identified.

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

Specific reference is made to identifying communities of interest based on how a person may identify or belong to a specific social, economic or cultural group. There is also reference made to the need to engage with groups and individuals who may not traditionally engage with the Councils, and there may need to be specific methods developed to assist in their participation.

Citizen participation and engagement with public and democratic institutions are strengthened through the provision made in the Guide.

### **3. Environmental**

Issue considered, no direct issues identified.

### **4. Governance**

Developing the leadership of our place and engagement with our communities are strong themes within *Platforms for our Places: Going Further*. The Guide assists the Councils' staff to contribute to informed and engaged communities, strengthening our democratic institutions and enabling greater partnership with our communities to find innovative solutions to economic, social and environmental opportunities and challenges facing Adur and Worthing.

Having good and trust engagement activities serves to enhance the Councils' reputation with its partners and our communities. While additional insight provided by well managed engagement activities will enhance decision-making.

# Engaging Adur and Worthing

*Adur & Worthing Councils' Engagement Guide*

## Purpose of this Guide

As Councils, we regularly engage with our communities, partners and elected Members on a regular and ongoing basis. We are committed to engage with our communities in a transparent and inclusive way, that is relevant to the issue or opportunity before us.

Throughout the Guide there is a recognition that due to the issues, communities of interest involved and other factors and contexts there is no single approach to engagement. Instead, there is a range of considerations that go into designing, managing and concluding engagement activities.

## How to use this Guide

This Guide is designed to inform our communities and to assist Council staff in designing, managing and completing specifically designed engagement activities. This is done in two parts:

### **Part One - Our Engagement Principles**

Outlines the Councils' definition of engagement, how we engage and our core principles which should underpin all our engagement activities.

### **Part Two - Our Engagement Toolkit**

Acts as a starting point to help Council Officers to design, manage and conclude engagement activities by providing models, posing questions, and giving tips for good practice. Staff are encouraged to move through the Toolkit when designing, managing and concluding their engagement activities. The Toolkit is supported by resources available via the staff intranet and opportunities to share best practice and learning.

If you want more information about this Guide and Councils' engagement activities, please visit: [www.adur-worthing.gov.uk/get-involved](http://www.adur-worthing.gov.uk/get-involved) or email: [policy@adur-worthing.gov.uk](mailto:policy@adur-worthing.gov.uk)



## Part One: Our Engagement Principles

### What is Engagement?

We define engagement as:

*...a planned activity with the specific purpose of working across organisations, partners and communities to help shape the decisions or actions of the community, partners or organisation relative to an issue or opportunity.*

Engagement can include internal engagement with our staff, or engagement with a community based on shared location or shared interests. Engagement activities can have a specific focus, or be part of an ongoing piece of work. Engagement activities may also vary over time or as the context changes.

### Why we engage

We have seen how local government engagement with our communities has evolved from a situation in which engagement took place only in regard to matters involving our legal obligations to a situation in which the broader benefits of engaging with our communities have been recognised.

#### Supporting decision-making

Engagement helps us and our communities to understand an issue from a variety of perspectives. The exchange of information improves understanding and decision-making within the Councils and across our communities.

#### Deepening relationships

We recognise that our communities want to have a dialogue with us and we also want this to create opportunities to engage on relevant issues. A deeper understanding from a variety of perspectives helps to develop mutually respectful relationships.

#### Meeting our legal obligations

In addition to our desire to have a greater dialogue with our communities, we also have an ongoing requirement to consult our communities on changes to specific policies set by legislation or which have been established by case law. We may have a specific duty to consult:

- If the requirement has been set out in legislation,
- where there is a promise to undertake public consultation,
- if there is an established pattern that consultation takes place on a particular matter,
- In a case where there will be a significant impact on individuals or groups.

Where we are required to carry out statutory consultation, the correct statutory process must be followed.

## Why we don't engage (in a particular way)

There may be times it is not appropriate to engage in a particular way. This can be due to internal or external constraints which exist around the issue. These constraints may relate to time or resources available, to who has the decision-making responsibility or to provisions set out in legislation. We also need to consider the needs of our communities or of specific groups in our communities while at the same time avoiding the risk of people not engaging because we contact them too much (engagement fatigue). We may also have access to other sources of information, which means a particular engagement activity is not suitable or needed.

## Our core engagement principles

### Transparency

We will be clear about why we are engaging with you, what influence you have and keep you informed about the engagement process and its outcomes.

### Inclusivity

Our engagement activities will be designed so as to take into account the needs of the relevant communities of interest and what will encourage engagement. We will try to identify and listen to the wide range of perspectives that may exist within communities or specific communities of interest, and give enough time for engagement.

### Relevance

Our engagement activities will reflect the impact and the interest in the issue or opportunities within our communities, and the level of influence our communities have on the issue. How we engage will be determined by what we are trying to achieve, the range and level of interest and the best way to reach those interested, within the Councils' available resources.

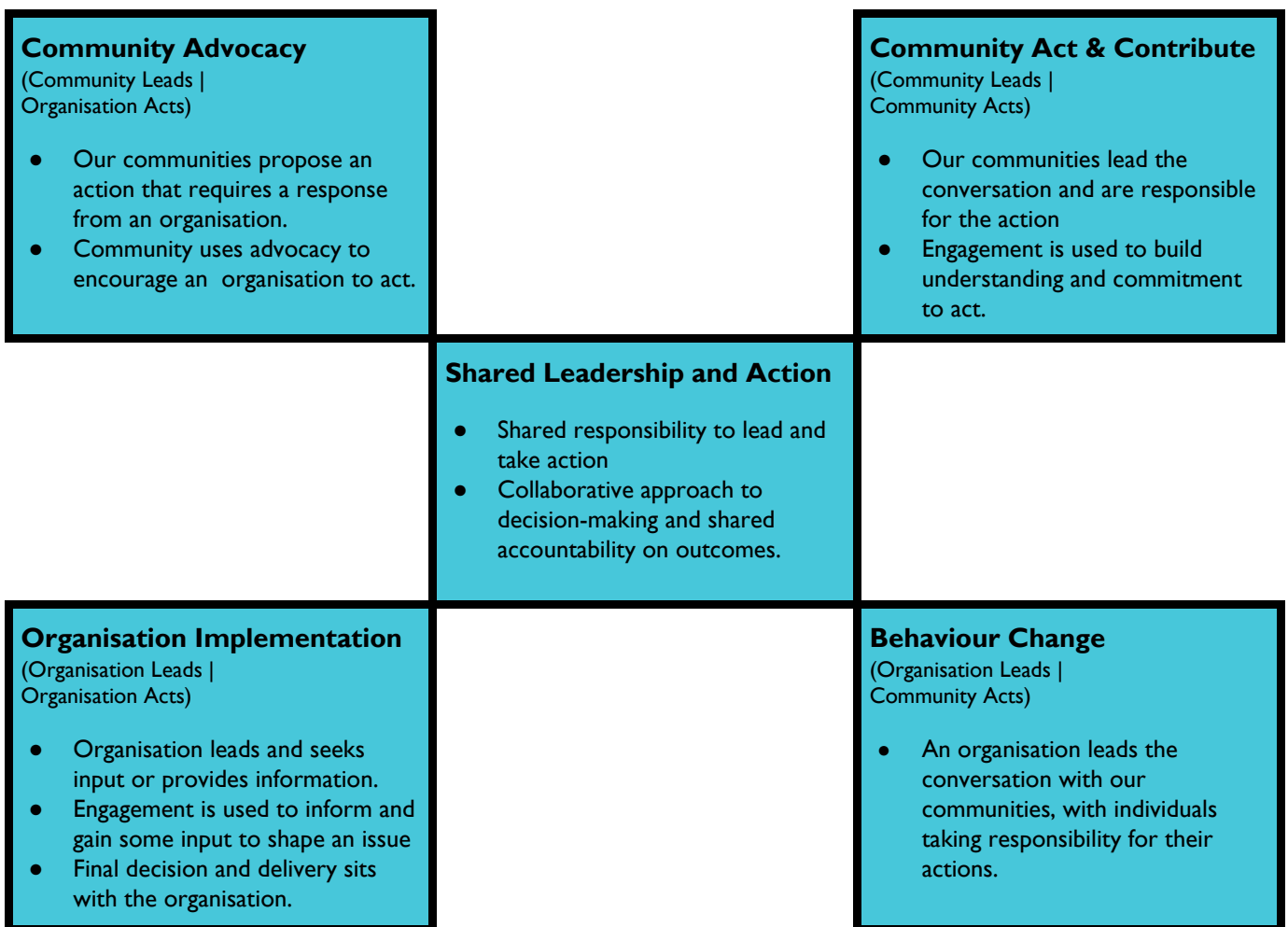
## Part Two: Our Engagement Toolkit

### Models of Engagement

These models of engagement can help us to understand how the Councils (the organisation) and our communities can define and lead engagement activities, and who will act as a result of the engagement activity. Over the course of an engagement activity you may seek to move from one model to another.

Using these models of engagement help us get the best out of any activity by starting to identify:

- who we involve and the impact they will have,
- how we engage - what methods we may use to achieve the engagement objectives, and
- what resources and roles are required.



## Types of Engagement

Engagement ranges from sharing information, through consulting on peoples' views, to involving, collaborating and empowering people directly in a process.

No type of engagement is better than another. The type of engagement used will depend upon the nature of the issue being considered and the level of influence that those being engaged with have in the final decision.

Each type of engagement will also inform the methods and tools to support an engagement activity and achieve your objectives. You may also use different types of engagement over the course of an engagement activity.

	Inform	Consult	Involve	Collaborate	Empower
<b>Engagement Goals</b>	Providing balanced and objective information to assist our communities of interest to understand the issue, alternatives, opportunities and/or solutions.	Obtaining feedback on analysis, alternatives and/or decisions.	Working directly with relevant communities of interest throughout a process to enable their concerns and aspirations to be heard, understood and considered.	Partnering with those being engaged with in each aspect of the decision including the development of alternatives and identify identification of preferred solutions.	To place the final decision in the hands of those we are engaging with.
<b>Promise to those being engaged</b>	We will keep you informed	We will keep you informed, listen and acknowledge concerns and aspirations, and provide feedback on how your input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in alternative being developed and provide feedback.	We will work together to formulate solutions and incorporate your advice and recommendations into the final decision as much as possible.	We will implement your decision.

## Framing your engagement activities

### Core Questions

There are three core questions when framing an engagement process:

1. What are your objectives?
2. Who are your communities of interest?
3. What is the best way to reach them and meet your objectives?

### Communities of Interest

Across our communities people can define themselves by their interests, identity, experience as well as where they live - some examples are people:

- who often identify themselves or are identified by society, by demographic characteristics, for example, children and young people, faith groups, older people, black and minority ethnic people, lesbian, gay, bisexual and transgender people or people with a shared social background.
- with a shared or similar interest, for example, in climate change, art, a local school or an allotment.
- with a similar or the same profession or place of work, for example, hoteliers, council workers, police officers, business associations.

### Deeper questions

#### Your objectives

- Is it clear why you are engaging and what you are trying to achieve?
- It is important to manage expectations - what is the real level of influence your communities of interest can have on this issue?
- What resources do you have available to undertake the engagement (time, staff, technology, finances, networks)?
- What is the role of elected Members before, during and after the engagement activity - how will they be kept informed or involved?
- What does success look like? How are you going to capture learning from this activity?

#### Your communities of interest

- Who are the communities of interest on this issue?
- What are the best ways to engage with your communities of interest?
- What information do your communities of interest need to be engaged?
- What questions can be possessed in order that your engagement is meaningful to you and your communities of interest?
- Is there value in targeting specific groups or individuals, compared to seeking the views of the whole community?

## How you engage

- What are the best ways to reach communities of interest and meet your objectives?
- What will make your communities of interest want to engage with you and provide them with a positive experience?
- Who, within the Councils or otherwise, can actively support your engagement and how can they do this? Are these people or organisations potential partners in your engagement activity?
- Are there other issues which may impact on your engagement?
- How and when are you going to communicate progress and/or feedback?

## Role of elected members

### ***As representatives - supporting engagement activities***

Elected Members have an important role in our engagement activities. As representatives of our communities they can:

- advise officers on particular communities of interests or sensitivities the Councils may need to consider when planning an engagement process,
- help to promote engagement activities to their constituents, as well be engaged in the process themselves, and
- use the outcomes from engagement to be kept informed of the views of our communities on issues and provide important input into the decision-making process.

### ***As decision makers***

Engagement outcomes are one of many of the important inputs that an elected Member will consider as part of a decision-making process. In this process, as a representative, a Member needs to include service, financial and legal considerations, policy and political objectives, and a weighing up the range of views expressed through engagement activities and the media. In the majority of cases the Councils' officers have a responsibility to present information available and make a series of recommendations based on an analysis of that information. Sometimes feedback from an engagement process may be out of scope, or contradictory, or include recommendations that are unachievable owing to other considerations or constraints.

It is ultimately the responsibility of elected Members (or other decision-makers) how they want to use this information as part of their decision-making.

## Managing your engagement process

### *Good practice to your engagement*

Managing each engagement process will be different depending on the issue, the context and the resources available. However, there is general good practice that you may consider.

#### Be clear about the scope of the engagement

You should be clear about why you are engaging, what you want to achieve, who you are seeking to engage with, how they can engage, what they can and cannot influence, how you will use the information gathered, and what are the benefits being involved.

#### Use existing evidence and insights

No engagement activity starts from nowhere. Use available research, knowledge and community intelligence to help plan and to provide context to those who you are engaging.

#### Timing

Allow sufficient time to design and carry out your engagement activities and to incorporate the outcomes from these into policy, plans or service design.

The duration of engagement activity will depend on the context, issues and resources, but a general rule of thumb is between six and eight weeks. Holidays in August and Christmas and the Purdah period before elections in May should be avoided or compensated for.

The Councils' engagement webpage and the Councils' engagement community of practice should also be referred to in order to identify other planned engagement activities and avoid risking engagement fatigue in our communities, or communities of interest.

#### Honest and clear communications

Communications should be open, honest and clear. They should be jargon free and relevant to the intended audience. A range of communications channels and opportunities managed by the Councils, other partners and in our communities can be used to inform people about an engagement activity and update them on it. Choose communication channel(s) that will reach your intended audience, keeping in mind you may have to change how you present your messages slightly to get the best out of different channels.

You should also include a contact if people want to find out more or seek clarification. This contact should be monitored and accessible during and after the engagement period.

The Councils' Communications team will be able to help about using communications channels:

[news@adur-worthing.gov.uk](mailto:news@adur-worthing.gov.uk)

## Legal Considerations - The Gunning Principles

The Gunning Principles have formed a strong legal foundation from which the legitimacy of public consultations is assessed, and are frequently referred to as a legal basis for judicial review decisions. Through case law, consultations have been defined as legitimate only when four principles are met:

1. **proposals are still at a formative stage** A final decision has not yet been made, or predetermined, by the decision makers
2. **there is sufficient information to give ‘intelligent consideration’** The information provided must relate to the consultation and must be available, accessible, and easily interpretable for consultees to provide an informed response
3. **there is adequate time for consideration and response. There** must be sufficient opportunity for consultees to participate in the consultation. There is no set time frame for consultation, despite the widely accepted twelve-week consultation period, as the length of time given for consultee to respond can vary depending on the subject and extent of impact of the consultation
4. **‘conscientious consideration’ must be given to the consultation responses before a decision is made** Decision-makers should be able to provide evidence that they took consultation responses into account

In the context of the Guide these principles would apply to ‘consult’, ‘involve’, ‘collaborate’ and ‘empower’ engagement activities.

### Tapping into expertise

We have a range of expertise across the Councils and in our communities who assist in accessing specific communities of interest and gain specific insights. Where possible and appropriate these should be involved. For example:

- Place & Economy - Business Sector (including the Chamber of Commerce)
- Wellbeing - Community and Voluntary Sector (including Community Works)
  - Community Works - the Councils’ Community and Voluntary Sector support partner is a local umbrella organisation for the community and voluntary sector and can ensure engagements reach particular communities of interest
- Human Resources - Engagement Training and Staff
- Legal Service - to identify any legal issues and the statutory power or duty that the Councils will use to carry out the proposal.



## Accessing various and new perspectives

Consideration should be given to how you access a variety of views from people beyond those who regularly participate in the Councils' engagement activities.

Depending on the scope of the engagement consideration should be given to how you access individuals and groups who are often not heard from due to limited access to engagement and communications channels or for other reasons (physical, economic, social or cultural). When engaging specific groups, especially young people, people with disabilities or learning difficulties or people who are vulnerable, it may be necessary to develop specific approaches to engagement.

External partners may help you or provide advice about accessing these groups.

## Concluding your engagement process

### Analysis

After your engagement activities (or appropriate milestones) you will have to take your raw data and intelligence to develop your understanding of what the response to your engagement activity has been. This may range from analysis of the numbers and demographics of those who engaged, to an analysis of the main points raised and recommended courses of action.

This analysis may also help in your reporting, feedback and evaluation. Your analysis should be considered in the context of other information you have available when preparing final recommendations and taking further action.

Any responses from an engagement process that are out of scope, contradictory or include unachievable proposals can be noted and may provide insight for future use. It will ultimately be the responsibility of elected Members (or other decision-makers) as to how they want to use the information as part of their decision-making.

### Reporting

Decision-makers are formally told about planning for engagement activities and about the outcome of these, through Council reports.

In the *Engagement and Communication* section of a report you should outline:

- what internal and/or external engagement activities have been planned or occurred
- the main points raised through the engagement process and how these points have
- how engagement outcomes and decisions have been or will be communicated.

You may wish to attach a more detailed engagement report outlining the engagement activities and outcomes in more detail.

### Feedback

It is important you conclude an engagement activity by providing feedback to those who participated. In providing feedback you should consider:

- the messages are clear and understandable,
- using a 'you said, we did' approach, outlining a clear reasoning on how the feedback was considered and used, and how decisions were reached.
- what the next steps are and whether there are opportunities for further involvement.

### Evaluation

Evaluation includes establishing how an engagement activity went; it provides you and your colleagues

with information as to what went well and may guide you as to what you would do differently next time.

Evaluation can be done by reflecting within your team and/or getting feedback from those who participated in the engagement activity.

There will be opportunities within the Councils to share what you have learned. You may also want to include this in your reporting (if relevant to the decision-making) and as part of your engagement feedback.

## **Additional Support and Resources**

This toolkit is supported by the resources available via the staff intranet and opportunities to share best practice and learning through an engagement community of interest. Our engagement community of interest will also assist the management of engagement fatigue.

For more information please email: [policy@adur-worthing.gov.uk](mailto:policy@adur-worthing.gov.uk)



# Consultation Report

*Engaging Adur and Worthing - Adur & Worthing Councils' Engagement Guide*

# Background

[Joint Strategic Committee](#) agreed on Thursday, 7 November 2019 to place on consultation the draft *Engaging Adur and Worthing - A Guide to Adur & Worthing Councils' Engagement Principles and Toolkit*. This consultation activity ran until Friday, 17 January 2020.

The focus of the consultation was seeking community, staff and elected Members' views on strengthening our engagement with our communities, partners and staff and seeking views on the draft Guide by asking:

## ***What does good engagement look like?***

In the case of our elected Members and staff, we will also be asking:

## ***What support do you need to run engagement activities well?***

The consultation was promoted externally through the Councils' website and social media channels, and internally through the Councils' Intranet and staff and Members' newsletters.

Over the course of the consultation period officers recorded 73 views of the Councils' webpage, while on social media 1,400 people were reached, on average, per post. This resulted in five submissions from members of the public. Over 100 members of staff viewed online notices on the proposed Engagement Guide. Officers also appeared before the Joint Overview and Scrutiny Committee on Wednesday, 20 November 2019.

# Overview of Comments

Internally, comments received both formally and informally have been constructive and have resulted in further conversations about approaches to engagement and how the Guide compliments other work being undertaken. Comments from elected Members focused on how the aspirations set out in the Guide will be embedded, and clarifications about how the relationship between the Guide and the concept of engagement sits alongside our legal obligations to consult our communities.

Externally, comments received have focused on:

- ensuring that good practice is realised;
- the quality and length of the Guide;
- the use of models that underpin the approach outlined in the Guide, and
- providing further clarity on some concepts outlined in the Guide.

Where appropriate we have sought to provide further clarity as a result of the issues raised, however, they do not warrant a significant change to the draft that was presented to the Joint Strategic Committee in November 2019. Any amendments have been noted in the '*How we responded*' sections to comments captured during the consultation process.

# Our response to what you said

## *What good engagement looks like*

These comments will also be carried forward to further activities with staff, developing the Councils' approach to engagement:

What you said	How we responded
It should be stimulating, enjoyable, engaging, honest, targeted, evidenced-based, time-bound and have an excellent mechanism for reporting back to all interested audiences.	There are a number of references to the points raised in this comment throughout the Guide. The following sections in the draft Guide have been updated: <ul style="list-style-type: none"> <li>• Our Core Principles (p.4)</li> <li>• Deeper Questions - how you engage (p.8)</li> </ul>
The proof of the pudding - evidence that you have actually engaged in a meaningful way, e.g. 'you said - we did'. Rather than we asked you and did what we wanted anyway.... The current leaning towards pushing stuff out on your website is lazy and is not accessible to elderly folk.	The Feedback section (p.11) makes reference to good practice in reporting back on engagement activities. 'Honest and Clear Communications' (p.9) encourages the use of a range of communications. Channels should be used to keep people informed. The wording has been strengthened in this section.
The proof is in the pudding - I would like to see more of 'you said we did'. Not much evidence of that at the moment. There are no suggestions about demographics and how to use them when looking at particular sorts of issues. If you want to engage elderly people the current practice of putting information online is lazy and you need to think of different ways to communicate with them on issues that are relevant to them.	In addition to the response above 'Tapping into Expertise' (p.9) makes reference to the Councils, staff members and parents who can access certain groups.  'Access Various and New Perspectives' (p.10) encourages staff members to consider accessing individuals and groups not often heard from, with reference-made groups being based on their geography, and social, economic or cultural/ethnic demographics. Further resources will be provided through the staff Intranet.
Engagement works in at least two ways and needs to satisfy all involved. As an individual I've tried to engage with the Council on several issues, e.g. Fernhurst Recreation and grass cutting regime; the inefficiency and crazy cost of the Cultural Service; unauthorised vehicular access in Bost Hill; and keeping the toilets on the Goring Greensward open all year. In every case responses have been very slow in coming and, other than with the reopening of the toilets, full of flannel. To get responses to my queries on	The Feedback section (p.11) makes reference to good practice in reporting back on engagement activities.  This Guide is supplemented by resources on the staff Intranet and exchange of good practice among staff.

the Cultural Service I had to raise a complaint via your Standards Officer. This is totally unacceptable. I am still waiting for responses on deliberations about the Bost Hill issue and Fernhurst many months after they were promised. Quite frankly it seems there is no point in trying to constructively engage with the Council. It appears you will just do what you want anyway. How can you convince me otherwise?	
Not ignoring residents of Sompting village and parish by lumping it under Worthing or Lancing.	'Access Various and New Perspectives' (p.10) encourages staff members to consider accessing individuals and groups not often heard from. Further resources will be provided through the staff Intranet.
Providing clear information as to what is proposed and giving indication whether I can affect change.	Our Core Principle - Transparency (p.4) addresses this comment.  This issue is also addressed in 'Framing your Engagement Activities' (p.7-8).
<p>..feedback we sometimes receive where communities have felt consultation could be 'tokenistic'. This related to:</p> <p>1) some local groups have reported before that people have tried to consult with them. If they haven't got back to them on one email address due to leave or other, then the X communities' views have not been included. Their response to this is "I'm not the only X person in Adur and Worthing". So considering how people ensure their engagement is representative.</p> <p>2) being clear about the purpose and scope of engagement helps create a transparent and open partnership on equal footing - where all parties know what's on the table.</p>	<p>Addressing the issues raised:</p> <ol style="list-style-type: none"> <li>1) This has been addressed under 'Honest and Clear Communications' (p.9)</li> <li>2) There is reference to this point throughout the Guide.</li> </ol> <p>It is the expectation that through further promotion of the Guide, support, and peer-learning, these concerns will be addressed in the future.</p>

## *What good engagement looks like*

<b>What you said</b>	<b>How we responded</b>
This guide is badly put together. It is badly written and full of errors. It is insulting to the internal and external people to which it is meant to be targeting.	<p>The Guide has been further reviewed and proofread.</p> <p>Resources will be included on the staff Intranet page. We are encouraged that many of the</p>



<p>There are excellent best practice engagement resources available (online) <a href="http://www.voicescotland.org.uk/">http://www.voicescotland.org.uk/</a> which officers could use to improve the Council's Guide. Officers could also talk to some of the winners of the Engage Awards 2019. There are public and private sector organisations who have won awards for the interesting engagement work they are doing: <a href="https://engageawards.co.uk/">https://engageawards.co.uk/</a></p>	<p>issues raised in the standards are reflected in the Guide. A range of national and international practices were reviewed to develop the Guide. We have sought to distil the core ideas and adapt them to the needs of Adur &amp; Worthing Councils.</p>
<p>11 pages to read!! Rather than a theoretical mishmash it would have been better to put in some actual methods to do things. Then everyone does it in the same way; members of the public get used to how things are done and might engage more.</p>	<p>Throughout the Guide there is a recognition that due to the issue, communities of interest involved, and other factors and contexts, there is no single approach to engagement. Instead, there is a range of considerations that go into designing, managing and concluding engagement activities.</p>
<p>I wonder how many staff and elected Members will read 11 pages - I am not sure I am any the wiser on whether this will improve the Council's approach to engaging with its community. Lots of old-fashioned management theory but a toolkit should be something people use on a regular basis i.e. things to use.</p>	<p>We have sought to provide a concise, but informative guide. 'The Purpose of the Guide' (p.2) has been revised to provide clarity for those using the Guide.</p> <p>The Guide acts as a starting point to help the Councils' officers to design, manage, and conclude engagement activities. The Toolkit within the Guide is supported by resources available via the staff Intranet and provides opportunities for staff members to share learning.</p>
<p>Unfortunately, it reads like a lot of bureaucratic twaddle and, in 2020, should be totally unnecessary. I seem to have missed the word 'listen' which should be integral when the Council seeks to engage or receives an attempted engagement from external sources. Listen and respond in a timely manner and follow up promised actions.</p>	<p>Staff members are encouraged to move through the Toolkit when designing, managing, and concluding their engagement activities to meet our communities' expectations of good quality engagement experiences. The significant work and effort to produce good engagement activities...</p> <p>'Listen' has been incorporated into the 'Inclusive' Principle (p.6) and 'The Models of Engagement' (p.5)</p>
<p>Nothing about disability and ways to interact e.g. deaf, blind, dyslexia etc.</p>	<p>Reference to engaging with people with disabilities is made under 'Accessing Various and New Perspectives' (p.10).</p>

<p>1) Page 5 diagram - really nice overview.I might give a sentence or two to introduce it: <i>below are some of the ways our organisation and the community can work together to make decisions</i> etc.</p> <p>2) Maybe define 'engagement fatigue' if you can in a few words</p> <p>3) Maybe something about managing expectations</p> <p>4) Community Works is the local umbrella organisation for the Community and Voluntary Sector and can ensure engagements reach particular communities of interest</p> <p>5) I would avoid the 'usual suspects' phrase. What are you actually trying to say here? Ensuring a representative voice? I like the 'not often heard from'.</p>	<p>1) The introductory text to 'Models of Engagement' has been revised further(p.5)</p> <p>2) 'Engagement fatigue' is clarified on p.4.</p> <p>3) This has been made more explicit under 'Deeper Questions - Your Objectives' (p.7)</p> <p>4) Community Works has been referenced under 'Tapping into Expertise' (p.10)</p> <p>5) This heading has been amended to 'Accessing Various and New Perspectives' (p.10)</p>
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## Joint Overview and Scrutiny Committee

Officers appeared before the Joint Overview and Scrutiny Committee (JOSC) on Thursday, 21 November 2019 seeking the Committee's views on the draft Guide. Full details, including a recording, are available via the [Adur & Worthing Councils' website](#). Members posed a number of questions to Officers. In addition to the responses provided to Members we have sought to use the issues raised to strengthen the Guide. Officers' engagement with the Committee was also very helpful in developing the [Background Paper and Frequently Asked Questions - Engaging Adur and Worthing](#), also made available on the Adur & Worthing Councils' website.

What you said	How we responded
In the same paragraph it states: <i>'No type of engagement is better than another'</i> . The point about needing to be flexible in consultations is clear, but the five models of engagement are quite distinct. It is clear what they are, but what is less clear is the circumstances that each one should be chosen. How do we ensure consultations don't default to the 'Organisation Implementation' when a more complex and empowering mode of consultation is more appropriate?	Members were informed that the document had been designed to be flexible and that issues would be assessed on a case by case basis.  Further to this, through sharing of best practice, resources, and support, we hope Officers will be encouraged to explore new ways to engage with our communities.
A Member asked if the document would offer more detail on the difference between our legal obligations for consultation and engagement outlined in the Guide.	Further to the response provided to JOSC, this point has been clarified under 'Why we Engage - Meeting our Legal Obligations' (p.3)  Specific reference to the 'Gunning Principles' has been made under 'Managing Your Engagement

	pProcess - Good Practice to Your Engagement' (p.10)
Regarding the 'Engaging Adur and Worthing' document, the 'you said, we did' mechanism ensures feedback to the public but doesn't in itself guarantee meaningful incorporation of consultation responses into decision-making. Does the process have any mechanism to ensure that consultation feedback has been fully incorporated into decision-making on an issue?	Further to the response provided, the 'Role of Elected Members' (p.8) and 'Concluding Your Engagement Processes - Analysis' (p.12) have been revised.

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ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
11 February 2020  
Agenda Item 9

Key Decision [Yes/~~No~~]

Ward(s) Affected:  
Southwick Green Ward  
St Nicolas Ward

## **Adur Homes development programme - Albion Street and Cecil Norris House**

### **Report by the Director for Communities**

#### **Executive Summary**

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

- 1.1. To provide Adur District Council Executive Members with an update on the Housing Revenue Account development programme, and in particular the Cecil Norris House and Albion Street projects.
- 1.2. To seek approval for the release of the sum of £378,000 from the unallocated capital budget for the Cecil Norris House Development to meet affordable housing needs.
- 1.3. To confirm the final scheme budget for Albion Street and seek approval for the the release of the sum of £2.8 million from the capital budget to meet affordable housing needs.

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

- 2.1. The Joint Strategic Committee is recommended to:

i) To release further budget for Cecil Norris House of £378,000 to fund the increased costs associated with the Cecil Norris House development which is to be funded from borrowing.

ii) To recommend to Adur District Council release budget of £2.8m to fund the Albion Street development funded by prudential borrowing.

iii) To delegate authority to the Director of Communities in consultation with the Executive Member for Customer Services, that if required, to appropriate for planning purposes the Albion Street Land under section 122 of the Local Government Act 1972 and the use of powers under section 203 of the Housing and Planning Act 2016, subject to obtaining the necessary Secretary of State consents.

### **3. Context**

3.1. As part of 'Platforms for Our Places - Going Further' adopted by Adur District Council (ADC) in December 2019, Members have committed to the ongoing focus on delivering new affordable homes across the District as part of the Housing Revenue Account (HRA) development programme. Two of the current projects within this programme are Cecil Norris House which will deliver 15 affordable homes and Albion Street, which following a further planning application to deliver an additional 5 units (if approved) will deliver a total of 55 new council homes.

3.2. It is well documented that across the Adur District and indeed across the South of England, there is a pressing and urgent need for more truly affordable accommodation. The Council has responded proactively by identifying a number of opportunities to develop new homes on Council owned lands. Cecil Norris House and Albion Street are the two schemes that were identified for delivery first and an update on each scheme is considered separately below. In addition to these two projects, ADC has identified a number of other sites through a "small sites" programme as outlined in the report to the Joint Strategic Committee in January 2020.

#### **3.3. Cecil Norris House**

3.3.1. The Joint Strategic Committee previously considered a report on the development at Cecil Norris House on 19th July 2018. This

report agreed a cost estimate for the development of £3.3 million and provided delegate authority to the Director for Communities to enter into a construction contract following a procurement process. Adur District Council (ADC) entered into contract with Pilbeam Construction in July 2019.

- 3.3.2. Demolition of the existing building has concluded, however works have been halted twice, firstly due to the discovery of previously unknown asbestos in the floor during demolition. Secondly, due to the need to demolish a party wall which was discovered as being structurally unsound following a professional assessment from a structural engineer.
- 3.3.3. Both of the above have had an estimated impact on the timing of the construction programme totalling c.19 weeks. The appointed Employers Agent for the scheme (RLF) who act as contract administrators have confirmed that ADC are responsible for these costs (and this is accepted) as both items were highlighted as provisional sums within the contract.
- 3.3.4. The cost impact of the demolition/rebuild of the wall and halting works on site are yet agreed with the contractor, although the Council's Quantity Surveying advisors have provided an indicative budget figure for this cost which has been included in the updated budget.
- 3.3.5. The Council's appointed development team has examined all possible cost savings to mitigate this variation and will work with the consultant team to identify and remove all non-essential specification items to manage any further variations to the cost of the contract. A request for approval to spend based on the new forecasted budget is included in this report.
- 3.3.6. With works on site re-commenced and piling now complete this scheme is on track to deliver 15 new affordable homes by winter 2020. While, it is unfortunate that the two issues have arisen it is considered that the proposed scheme will still deliver 15 quality affordable homes for the area which are in significant demand.

### **3.4. Albion Street**

- 3.4.1. Planning approval currently allows for 44 new build homes and 6 refurbished homes. In an attempt to maximise the number of affordable homes on the site and on the basis that the scheme is now 100% affordable, the team have reviewed the current design to assess whether more homes could be accommodated in lieu of parking spaces. This review has indicated that 5 further homes can be created with a loss of c.20 parking spaces. A planning application has now been submitted on this basis. As part of the application the Council will provide site specific disabled parking spaces and bike storage. The use of a car club will also be investigated for the site.
- 3.4.2. Contractor tenders were received on 17th December for this project. Whilst the clarification process is currently on-going RLF (the employers agent) have provided an estimated final build cost based upon the tender returns. This build cost is based on a competitively tendered price and as such now enables the final budget for the scheme to be fixed.
- 3.4.3. Since the original outline/estimated budget was put before Members, there have been a number of design changes, most notably the inclusion of the additional 5 flats and loss of 20 parking spaces.
- 3.4.4. The design team has also undertaken a review of the need for sprinklers in the building. In September 2019 the Government started a consultation suggesting that building regulations be changed to make sprinklers compulsory on all residential buildings of 18m and above, down from the current 30m threshold. Whilst the current height of the Albion Street building is just short of 18m it is felt that ADC should be setting the standard for exemplary design, especially in relation to fire safety. As such all bidders have been asked to include a sprinkler system in their pricing.
- 3.4.5. To offset the cost of including sprinklers, the design team are proposing minor changes to other elements of the specification. A revised specification has been drafted which removes the costly smart control of lighting within flats however retains the



monitoring of key equipment (e.g. plant room boilers and pumps) to help aid the asset management team in their day to day management of the buildings.

- 3.4.6. As part of the above design review, a number of other possible design changes have also been highlighted should the final tendered scheme require further changes to mitigate high costs. These will be reviewed in further detail with the incoming contractor should the need arise.

#### 4. Issues for consideration

Site	Risk	Mitigation/Alternatives
<b>Cecil Norris</b>	Increased costs are too high	Work with the design team and contractor to review specification in an attempt to reduce costs
	New wall design not agreed with neighbour	Continual dialogue with adjoining owner to agree mutually agreeable solution
	Outstanding provisional sums are higher than expected	A number of provisional sums remain, all of which are currently being investigated with the contractor to become firm costs. Current indications are that these will be within budget.
	Client specification changes lead to increased costs	Work with Housing and Maintenance colleagues to ensure only cost saving changes are made
<b>Albion Street</b>	Costs are too high for development to proceed	Do not enter into contract unless build costs are viable. Review costly design features and propose alternatives to reduce costs.
		Or Sell the site on the open market to recoup all costs and provide a nominal income for the Council.
	Planning for extra 5 homes is rejected	Revert to previously agreed planning position and amend contract sum

	Clean legal title is not fully established	Legal due diligence of the site to be finalised with mitigation measures put in place prior to entering into a build contract. Appropriation of the land for planning purposes to be considered as part of the mitigation measures.
	Funding not secured from Homes England (HE)	ADC are in continual dialogue with HE. A formal bid is being submitted based on the recent tender figures. ADC will not enter into contract with a Contractor until funding has been secured.

## 5. Engagement and Communication

- 5.1. In regards to Cecil Norris House, the main contractor has been tasked with ensuring local residents are kept informed of works on site and periodic updates will be provided to local Councillors as the scheme progresses.
- 5.2. As part of the revised planning application at Albion Street, local residents and Statutory Consultees will be informed of the changes by the Local Planning Authority as part of the planning process.
- 5.3. Local Councillors will be kept up to date on the delivery timescales for Albion Street once a preferred contractor has been selected.

## 6. Financial Implications

6.1. The Council's have previously agreed the following overall budgets to fund the HRA Development Programme:

	Actual 2018/19 £'000	Approved budget - Current profile			Total £'000
		2019/20 £'000	2020/21 £'000	2021/22 £'000	
<b>Adur District Council</b>					
<b>HRA Development Programme</b>					
North Road	183,520	25,000			208,520
Cecil Norris	257,190	1,466,660	1,576,150		3,300,000
Albion Street	265,320	1,564,760	4,129,050	3,440,870	9,400,000
Hidden Homes - Feasibility studies	51,420	223,580	235,000		510,000
Small sites - Future programme			765,000	1,000,000	1,765,000
Purchase of flats / contingency	-	200,000	181,500	702,980	1,084,480
<b>Total approved HRA programme</b>	<b>757,450</b>	<b>3,480,000</b>	<b>6,886,700</b>	<b>5,143,850</b>	<b>16,268,000</b>

6.2. Adur District Council set aside an additional £10m to fund new HRA development schemes in December 2018. This budget was only to be released on the presentation of a business case. Of this total, £7.3m was released to fund the expanded Albion Street project in April 2019. Consequently £2.7m remains available to support the HRA development programme if needed in addition to the budgets identified above provided that there is an approved business case.

### 6.3. Cecil Norris House:

6.3.1. The initial estimate of Cecil Norris House was £3.3m which was to be funded from £990,000 1-4-1 set aside capital receipts and £2,310,000 borrowing.

6.3.2. Since the initial estimates were approved, the Council has been awarded funding of £975,000 from Homes England. Following the successful funding application, the Executive Member approved an increase to the budget of £250,000 in June 2019 to enable the contract award to progress and the budget was increased to £3.55m.

6.3.3. Due to the identification of additional works outlined above in paragraph 2.3, it is clear that the current budget is not sufficient to finish the project. Negotiations are ongoing with the

Contractor on the claim amount but current estimates have been included in the overall final budget figure of £3.9m.

6.3.4. Homes England have also clarified that the grant cannot be used in combination with the 1-4-1 set-aside receipts which will now be used to part fund Albion Street. So the scheme will now be funded by £975,000 grant and borrowing of £2.95m,

6.3.5. The combination of the increased costs, increased borrowing and higher interest rates mean that the scheme is now expected to have an initial cost to the HRA of £29,530. Although in the longer term the scheme will be self financing, and will produce a return for the HRA.

	Year 1 - Net annual income (-) / cost	Net income over 40 years	NPV
	£	£	£
Debt charges	104,010	4,694,590	
Running costs	4,170	527,130	
Total costs	108,180	5,221,720	
Rental income (100% social rent)	-78,650	-5,930,450	
Net cost / income(-)	29,530	-708,730	-176,790

#### 6.4. **Albion Street:**

6.4.1. The most recent budget for Albion Street was approved in April 2019. The budget was for the development of 44 units on the whole site which was to be a mix of social and affordable rented units. This provided a budget for the development of £9.4m funded as follows:

	£
Borrowing	6,739,380
Homes England Grant	1,835,000
S106 Contributions	409,220
1-4-1 retained RTB receipts	416,400
Total scheme funding	9,400,000

- 6.4.2. The contract for the delivery of the scheme has recently been tendered for and it is clear from the tenders received that the contract price will be significantly higher than originally expected. In addition, the Council has recently submitted a planning application to increase the number of units delivered on the site from 44 to 49. Consequently the final scheme budget will need to increase from £9.4m to the figure cited in the exempt appendix 1. A break down of the increased budget is set out in exempt Appendix 1.
- 6.4.3. Again the increased build and financing costs will mean a short term cost to the HRA of £29,730, however in the longer term the scheme will produce a return for the HRA.

	Cost in year 1 £	Cost over 40 years £	Net Present Value £
Debt charges	289,140	13,527,100	
Property costs	13,860	2,202,630	
Total costs	303,000	15,729,730	
Less: Income			
Block 1	-151,880	-11,451,880	
Block 2	-121,390	-9,152,860	
Net cost	29,730	-4,875,010	-396,930

## 7. Legal Implications

- 7.1. Section 124 Local Government Act 1972 provides the Council with the power to acquire land or property and section 8 Housing Act 1985 places a duty of every local Housing Authority to consider housing conditions in their District and the needs of the District with respect to the provision of further housing accommodation.
- 7.2. On 4th December 2018 the Joint Strategic Committee recommended that Adur District Council approve the creation of a £10m budget to facilitate the potential purchase or development of additional units for

the HRA within the Adur area, to be funded by a combination of prudential borrowing, RTB receipts, and external and S106 monies. Budget to be released on submission and approval of a suitable business case for each scheme, to the Adur Executive Member for Customer Services. This recommendation was approved by Adur District Council.

- 7.3. On 10th July 2018 the Joint Strategic Committee recommended to Adur District Council that a budget of £3.3 million be released for the redevelopment of Cecil Norris House, to include fees, and this recommendation was approved by the Council on 19th July 2018.
- 7.4. On 4th December 2018 the Joint Strategic Committee delegated the authority to the Director for Communities, in consultation with the Adur District Council Executive Member for Customer Services, to award the contract for the construction work at Cecil Norris House. In awarding construction contracts compliance is required with procurement legislation and the Council's Contract Standing Orders and Financial Standing Orders.
- 7.5. On 4th December 2018 the Joint Strategic Committee delegated the authority to the Director for Communities, in consultation with the Adur District Council Executive Member for Customer Services, to award the contract for construction work at Albion Street. Compliance with procurement legislation and Contract Standing Orders and Financial Standing Orders is required. External solicitors have been advising the Council on procurement matters. Tenders have now been received and the Director for Communities will shortly be evaluating these and making a decision as to the award of the contract in line with the existing delegated authority. Her decision will be published by way of an Officer Decision Notice and subject to call in, in the usual way.
- 7.6. On 2nd April 2019 the Joint Strategic Committee approved the release of a further £7.3 million from the Adur Homes Development budget to fund the delivery of 44 new flats at Albion Street.
- 7.7. S203-205 of the Housing and Planning Act 2016 provides the Council with powers to override third party rights in land they own to unlock the redevelopment potential of the land.

## **Background Papers**

- Decision to award demolition and construction contract Cecil Norris House  
June 2019  
<https://democracy.adur-worthing.gov.uk/ieDecisionDetails.aspx?ID=149>
- HRA Development - Update and Next Steps - Report to the Joint Strategic Committee dated 2nd April 2019
- Platforms for Our Places - Going Further - Joint Strategic Committee  
December 2019

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## **Sustainability & Risk Assessment**

### **1. Economic**

This proposal assists the council in meeting its stated strategic goal of increasing the supply of affordable housing and enabling residents to live and work, at affordable prices in the district.

### **2. Social**

#### **2.1 Social Value**

This proposal will provide decent and affordable accommodation for those on the ADC housing register. This will have a positive impact on those individuals who may either be homeless or in unsuitable accommodation for their needs.

#### **2.2 Equality Issues**

This proposal does not have a specific effect on any specific group with protected characteristics

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

There are no specific impacts on crime and disorder.

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

This proposal assists with the right to respect for a home life by providing a disadvantaged group of people (ie homeless households) with a decent affordable home.

### **3. Environmental**

The accommodation provided will be built to modern current standards under the building regulations for example the latest standards of insulation and fire safety will also reduce fuel poverty for the residents

### **4. Governance**

The proposals in this report are fully in line with the Councils' Housing Strategy and with its Platform for our Places strategic document.



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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