



ADUR & WORTHING  
COUNCILS

1 July 2019

<b>Joint Strategic Committee</b>	
<b>Date:</b>	<b>9 July 2019</b>
<b>Time:</b>	<b>6.30 pm</b>
<b>Venue:</b>	<b>Gordon Room, Worthing Town Hall</b>

<p><b>Committee Membership:</b></p> <p><b>Adur District Council:</b> Councillors; Neil Parkin (Adur Chairman), Angus Dunn (Adur Vice-Chairman), Carson Albury, Brian Boggis, Emma Evans and David Simmons</p> <p><b>Worthing Borough Council:</b> Councillors; Daniel Humphreys (Worthing Chairman), Kevin Jenkins (Worthing Vice-Chairman), Edward Crouch, Heather Mercer, Elizabeth Sparkes and Val Turner</p>
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## 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 4 June 2019, 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 5 July 2019.

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. Platforms for our Places Progress Report (January - June 2019) (Pages 1 - 34)**

To consider a report from the Chief Executive, a copy is attached as item 5.

## **6. Financial Performance 2018/19 - Revenue Outturn (Pages 35 - 78)**

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

## **7. Financial Performance 2018/19 - Capital and Projects Outturn (Pages 79 - 120)**

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

## **8. Becoming financially sustainable - Revenue Budget Strategy for 2020/21 (Pages 121 - 188)**

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

## **9. Becoming financially sustainable - Capital Strategy 2020/21 (Pages 189 - 226)**

To consider a report from the Director of Digital & Resources, a copy is attached as item 9.

- 10. Climate Emergency ... Becoming Carbon Neutral by 2030** (Pages 227 - 236)

To consider a report from the Director for Digital & Resources, a copy is attached as item 10.
- 11. Waste and Street Cleansing Vehicle Replacements: Moving to an ultra low emission fleet** (Pages 237 - 246)

To consider a report from the Director for Communities, a copy is attached as item 11.
- 12. Joint Overview and Scrutiny Committee - Review of Transport Issues** (Pages 247 - 278)

To consider a report from the Director for Digital & Resources, a copy is attached as item 12.
- 13. Delivering affordable homes and new workspace on the site of the former Adur Civic Centre** (Pages 279 - 288)

To consider a report from the Director for the Economy, a copy is attached as item 13.
- 14. Worthing Theatres and Museum - The Future of Culture for Worthing** (Pages 289 - 294)

To consider a report from the Director for the Economy, a copy is attached as item 14.
- 15. Delivering new employment opportunities at Decoy Farm - a proposed development partnership approach** (Pages 295 - 304)

To consider a report from the Director for the Economy, a copy is attached as item 15.
- 16. Highdown Gardens - Preserving Stern's Legacy** (Pages 305 - 314)

To consider a report from the Director for the Economy, a copy is attached as item 16.
- 17. Supporting further and higher education provision : Strategic loan to local education provider GBMet** (Pages 315 - 328)

To consider a report from the Director for Digital & Resources, a copy is attached as item 17.

## 18. 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 against the item.

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

### 19. Supporting further and higher education provision: Strategic loan to local education provider GBMet - Appendix (Pages 329 - 332)

To consider an exempt appendix to the report from the Director for Digital & Resources, as item 19.

### 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 Senior Democratic Services Officer 01903 221073 neil.terry@adur-worthing.gov.uk	Joanne Lee Solicitor 01903 221134 Joanne.lee@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.



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 5

Key Decision: No  
Ward(s) Affected: All

## ***Platforms for our Places Progress Report (January to June 2019)***

### **Report by the Chief Executive**

#### **Executive Summary**

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

- 1.1. To provide Joint Strategic Committee an update on the Councils' progress in delivering the ambitions and commitments set out in *Platforms for our Places* for the period January to June 2019, and highlights certain areas of strategic importance.
- 1.2. The Councils continue to implement the commitments adopted in January 2018 (and refreshed in July 2018). 8% are now complete (blue), 67% of activities are on track (green) and 25% are at potential risk (amber).
- 1.3. The report provides the opportunity for JSC to report to both Full Councils and the Joint Overview and Scrutiny Committee on progress.

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

- 2.1. Note the progress made and challenges experienced in the implementation of *Platforms for our Places* over the period January to July 2019.
- 2.2. Request the final update in December 2019 concluding the *Platforms for our Places* programme.
- 2.3. Agree to refer this report to Joint Overview & Scrutiny Committee for their consideration.

### 3. Context

- 3.1. In December 2016 Adur District and Worthing Borough Councils adopted *Platforms for our Places* as the Councils' direction of travel for the next 3 years. In July 2018 (18 months into that programme) both Councils adopted a revised set of commitments and activities to reflect the progress that had been made and the issues that had emerged over the first half of the programme.
- 3.2. *Platforms for our Places* builds on the need to explore and reset our relationship with our residents, recognising as Councils we cannot and should not do everything for everyone. Our role as Councils (as well as providing great services and vital safety nets) is to create and maintain five essential platforms upon which our communities can build happy, healthy, prosperous and connected places.
- 3.3. *Platforms for our Places* identifies five platforms underpinned by a series of commitments namely:
- a) Our Financial Economies
  - b) Our Social Economies
  - c) Stewarding our Natural Resources
  - d) Services and Solutions for our Places
  - e) Leadership of our Places

<b>Platform</b>	<b>Commitments</b>	<b>Activities and Projects</b>
<b>Our Financial Economies</b>	11	47
<b>Our Social Economies</b>	8	31
<b>Stewarding our Natural Resources</b>	7	21
<b>Services and Solutions</b>	5	18
<b>Leadership of our Places</b>	7	30

Table 3.1: Five Platforms and associated commitments, activities and projects

- 3.4. Progress reporting draws on the progress of the 147 projects and activities and the Councils broader activities to provide a snapshot of how the Councils are contributing to the development of the five identified platforms. Table 3.2 shows how the status of projects and activities are determined

Status Indicators	Status Definition
Blue	Completed
Green	In progress: on track and on time
Amber	In progress: but delays anticipated or minor issues to be resolved (no apparent 'show stoppers' identified)
Red	Significant difficulties in implementation
Grey	Yet to start

Table 3.2 Status Indicators and definitions

3.5. All previous 6-monthly update reports to Joint Strategic Committee have also been considered by Joint Overview & Scrutiny Committee (JOSC). JOSC has commented in the past that the analysis by platform was helpful and asked for particular commentary on any “red” commitments.

#### 4. Issues for consideration and update

4.1. The progress report ([Attachment A](#)) provides an overview of the main highlights, challenges and future focus in the development of the five platforms over the last six months. The Attachment also provides an overview of the current status of Platform Commitments in pie chart form. Table 4.1 provides a further breakdown of these activities and projects progress. In evaluating the progress of these activities and projects a reasonably objective analysis has been employed, and while there may be debate on ‘how green’ or ‘how amber’ a particular project may be, the overall assessment gives a reasonably robust view of our progress.

Platform	On Track	Potential Risk	Complete
Our Financial Economies	25 (53.2%)	16 (34%)	6 (12.8%)
Our Social Economies	18 (58.1%)	11 (35.5%)	2 (6.5%)
Stewarding our Natural Resources	17 (81%)	4 (19%)	0
Services and Solutions	14 (77.8%)	3 (16.7%)	1 (5.6%)
Leadership of our Places	25 (83.3%)	3 (10%)	2 (6.7%)
<b>Total</b>	<b>99 (67.3%)</b>	<b>37 (25.2%)</b>	<b>11 (7.5%)</b>

Table 4.1 Status of Commitments by Platforms

4.2. It is also perhaps worth remembering that these 140 or so commitments are not ‘everything we do’, far from it. Whilst progressing our Platforms agenda we have continued to provide a full portfolio of universal services to the communities we serve. At times this has been challenging, particularly in some of those demand led areas where we have seen an increase in need, without a consequent increase in supply of resources either in terms of finance or assets (e.g. new housing).

4.3. It is not intended in this covering report to comment on each and every issue flagged in Attachment A. There are, however, certain strategic themes that can be drawn from the past 6 months that are probably worthy of drawing to the attention of the Committee. These are:-

#### **4.4. Responding to our changing town centres**

4.4.1. The changing nature of town centres has increased in national prominence over the past six months. The pressures faced by the retail sector in particular has created greater uncertainty over the traditional (retail led) role of our town centres. While our town centres remain vibrant commercial, social and cultural focal points for our communities, as previously reported to JSC, the Councils have sought to take proactive actions to support and convey confidence in our town centres.

4.4.2. Over the last 6 months this has included:-

- (a) Continuing to provide quality cultural experiences for our residents, with over 800 new memberships for our Worthing Theatres audiences (adding to the over 40,000 existing audience members)
- (b) Continued maintenance, design and development of our public realm,
- (c) Recognition for the Councils maintenance of Worthing Pier (named 2019 Pier of the Year) and management of Shoreham Farmers Markets (named the best Farmers Market in Sussex)
- (d) Working with partners across Worthing’s town centre to successfully gain purple flag status for our night-time economy (at first time of applying)



- (e) Delivering and supporting a vibrant calendar of events, including a new Street Food & Drink Festival in Worthing and the Southwick Spring Fair
- (f) Pursuing innovative approaches to providing employment spaces in our town centres, Colonnade House, has reached 100% tenancy occupancy and the completion of Focus House on the old Adur Civic car park site in Shoreham (on time and on budget).
- (g) Organising the Waves Ahead Conference - *Streets Ahead: pathways to thriving town centres* to engage partners across the commercial sectors on the future of Town Centres and to hear from Bill Grimsey (UK national expert on thriving town centres)

4.4.3. The Councils intend to continue to develop this critical work over the coming months:

- (a) Reaching milestones on key development sites providing employment and housing opportunities in our town centre, including Union Place, Adur Civic Centre Phase II and both the Teville Gate projects.
- (b) continuing to offer attractions that will draw people into our town centres such as the Worthing Observation Wheel and 'SpinOut' programme of outdoor cultural activities, and
- (c) Identifying distinctive propositions for our town centres and seek to position those appropriately for investment opportunities.

#### **4.5. Digital place-making**

- 4.5.1. Phase one of the Ultrafast Full Fibre rollout is almost complete, connecting all main council buildings with gigabit-capable optical fibre.
- 4.5.2. The contract for phase two has been agreed, which will connect a further 83 council assets across Adur and Worthing. These include CCTV, leisure facilities, and seafront and parks assets. Further projects are in development for delivery of widespread public WiFi and implementation of an internet of things (IoT network).

#### **4.6. Housing (supply and demand)**

- 4.6.1. As with previous reports the provision of housing remains a critical area of focus for the Councils.

##### *Housing Supply*

- 4.6.2. Adur District Council have received confirmation that the Secretary of State will not be calling in the decision to grant permission for 600 homes at New Monks Farm. Applications for the development of further sizable provision for housing are expected to be brought and/or determined shortly, include Teville Gate, West Sompting and Kingston Wharf.
- 4.6.3. The Councils are also overseeing 11 housing development sites and (ADC) received planning permission for development at Albion street and 17 units at Cecil Norris House, whilst (WBC) submitted an application for 15 units at Rowlands Road in Worthing. The first phase of Albion street, is about to go out to competitive tender, and will involve the delivery of 44 units of affordable social housing. A further two units of accommodation have been completed at North Lancing Road and will be available to let as social rented accommodation. In total a schedule of around 150 units is currently in our project pipeline across both Council areas.
- 4.6.4. Worthing Borough Council has worked with Boklok UK to agree a proposition for approximately 150 units at Fulbeck Avenue (and an overarching agreement to collaborate on delivering up to a further 500 homes on other sites).
- 4.6.5. Possible infill sites have been identified within Adur Homes which could be used for housing development. Plans for the first phase, which involves four sites are being drawn up.
- 4.6.6. Our housing team has supported improvements to the value of £2.24 million in 237 homes through the Disability Facilities Grant, whilst ensuring that private tenants are living in safe accommodation; (handling nearly 400 complaints, which have lead to 62 enforcement notices, 2 civil penalty notices and 2 prosecutions).

### *Housing demand - Homelessness*

- 4.6.7. In the first three months of 2019 the Councils Housing Needs Team were contacted by 281 individuals or families seeking assistance as they were threatened with homelessness. In the same period 83 households homelessness was either prevented or relieved bringing the total number for homelessness prevented or relieved for Quarter 3 and Quarter 4 to 229.
- 4.6.8. We continue to pursue strategies to identify residents at risk of homelessness as early as possible. Over the past six months our focus has been on GPs as part of 'making homelessness everyone's business'. A training session has been delivered and GPs are looking at introducing prompts into their IT systems to flag up the triggers that could lead to homelessness. The Councils Housing and Wellbeing teams are also working closely to identify better synergies to increase good housing and wellbeing outcomes for residents.
- 4.6.9. The Councils are pursuing innovative strategies to provide stable housing to those experiencing homelessness. *Opening Doors* is a scheme that offers a package to private landlords to let properties to people we have a duty to house. A reduction in the supply of private rented accommodation (as risk/reward ratios have changed for landlords) can create real problems for people seeking private rented property. *Opening Doors* seeks to partially 'de-risk' renting by offering a free service to landlords that includes tenancy sign-up, guaranteed rent and assistance to evict if the tenancy fails. The *Opening Doors* pilot has seen 14 properties/landlords successfully trialed, with no bad debts accrued to date. It has also reduced the Councils' temporary accommodation costs by around £141,000. Our housing teams are now preparing for a full launch of the service. In addition property for temporary accommodation is being bought to reduce costs and increase locally available accommodation.
- 4.6.10. The Councils' efforts to support rough sleepers continues, between January and May more than 40 rough sleepers have been supported into accommodation. In winter 2017 there were an estimated 34 rough sleepers in Worthing and two in Adur, currently there are 12 rough sleepers in Worthing and none in Adur. The Councils and our partners efforts were boosted

recently by further Government funding, in addition to the Rough Sleeping Initiative, a Cold Weather Fund of up to £35,000 was made available to support rough sleepers excluded from other services. 27 rough sleepers were assisted, with only one case returning to rough sleeping (the others were reconnected to family, four to their EU country of origin, employment and private sector accommodation or provided short-term accommodation to give stability and access to longer term accommodation).

- 4.6.11. This winter there will be a second night shelter for our more complex rough sleepers and the team are working to try and ensure that no-one needs to rough sleeper this winter. Further Government funding is supporting work with partners across West Sussex, with a Rapid Rehousing pilot to support rough sleepers into accommodation. The pilot will be supported by trialing a 'Housing First' model with Turning Tides leasing a total of four properties from Worthing Homes, Saxon Weald and Adur Homes. The Rough Sleepers Team membership has increased and now includes Adult Social Care, WORTH, Pause and Drive Project improving our multidisciplinary approach further, our Rough Sleeper Coordinator is also improving links with our local hospitals, improving outcomes for our rough sleepers – the work being used as part of a current bid that is being formulated between all West Sussex Districts and Boroughs, West Sussex County Council, Clinical Commissioning Group, the NHS Sustainability and Transformation Partnership, Hospital Trust and our partners in the third sector to improve health outcomes for rough sleepers.

#### **4.7. Environmental Sustainability, Stewarding our Natural Resources**

- 4.7.1. Over the past six months we have stepped up our focus on response to a changing climate, and to responsible stewardship of our natural resources. The Councils have a good recent history of taking action, including the installation of solar panels on corporate buildings, reducing emissions in corporate travel, plastic waste reduction and the adoption of the 'SustainabilityAW' framework. The Councils have also signed the UK 100 Cities Network Pledge to work towards clean energy by 2050. And we are not complacent, more needs to be done.

- 4.7.2. The Councils have seen a reduction in our Carbon Dioxide emissions of 30% from a 2012-13 baseline (this reflects national carbon reduction in the energy sector and how the Council manages its energy contracts and energy projects). This includes the successful installation of a 20 kilowatt Solar PV system at the Shoreham Centre. The new system comprises of 72 Solar Panels and is expected to save about 11 tonnes of CO2 a year by producing 1,000 kilowatts of renewable energy.
- 4.7.3. In Waste and Recycling the move to alternate weekly collections is designed to enable and encourage our residents to think about the amount of waste produced and increase the amount of waste they recycled. The Councils are becoming a 'Plastic Free Council' and supporting initiatives like 'Plastic Free Worthing' and 'Refill Shoreham' and 'Refill Worthing'.
- 4.7.4. Elsewhere on this agenda the Councils are considering gearing up our response to Climate Change with a move towards carbon neutrality by 2030.

#### **4.8. Supporting our ambitions**

- 4.8.1. Our digital programme continues to make strong progress with new digital services receiving high customer satisfaction ratings and helping reduce demand in our contact centre. Financial savings continue to be made each year through the programme which was shortlisted for two national digital awards this year.
- 4.8.2. An improvement programme in financial services is progressing well, with a new financial management system launching in the autumn, alongside new budget management training, strategic procurement support through Orbis and ongoing development of the medium term financial strategy.
- 4.8.3. The '*Effortless*' customer services programme is well underway gathering in depth feedback directly from customers with a range of improvements planned including a new website, and expansion of customer contact channels such as live chat. A significant programme to transform the Revenues & Benefits

service is also well underway.

- 4.8.4. Adur & Worthing Councils are leading nationally on the development of a Service Design Apprenticeship, bringing together the Institute of Apprenticeships, Cabinet Office, HMRC, Department for Education, Cancer Research UK, London Borough of Hackney, University of the Arts London and others.
- 4.8.5. The HR policy review is well advanced, creating fewer, more accessible policies along with a very well received new Staff Handbook for new starters and all staff.

#### **4.9. Positioning our Places for Prosperity**

- 4.9.1. A degree of economic uncertainty has had an impact on appetites for inward investment across the UK. To date, and by careful management of relationships, Adur and Worthing appear to be retaining the interest of investors across sectors. If macro-economic indicators for the economy start to turn the wrong way this may become more difficult. It is essential, therefore, that the Councils continue to position themselves and their places as an attractive opportunity for investment and talent to come, set up business and put down roots.
- 4.9.2. Worthing Borough Council are looking to develop a form of place branding that can ignite interest from investors and attract people to work, live and play in the town. This work is underway (using small local agencies) and complements the need to continue to develop the Discover Worthing brand to its fullest potential.
- 4.9.3. As Government and private sector capital investment is squeezed it is ever more important that we promote our places on national and regional agendas. The Councils continue to be actively involved in the development by the Coast to Capital LEP of the Local Industrial Strategy seeking to ensure it picks up the needs of our places. The Councils are also likely to become more active players in the Greater Brighton Economic Board ensuring that investment in our City Region meets the needs of all of that large (and growing) region and that Adur and Worthing play their part and receive an appropriate share of dividend.

#### 4.10. **Looking to the future**

4.10.1. This is the penultimate 6 monthly report against the *Platforms for our Places* programme of activities. The programme as currently framed will conclude at the end of December 2019 and work will shortly begin on identifying themes, priorities and activities to guide our strategic direction over the period 2020-2023.

### **5. Engagement and Communication**

5.1. As outlined in the progress report (Attachment A) engagement with our communities and partners is critical to conveying and realising our objectives and delivering the individual activities and projects outlined in *Platforms for our Places*. It remains an important area of focus for officers in the final six months of implementation.

### **6. Financial Implications**

6.1. There are no unbudgeted financial implications in this report. Specific commitments that have capital or revenue consequences are individually assessed as part of the decision making process. The setting of a draft budget for both Councils for 2020/21 has been undertaken with the *Platforms for our Places* commitments in mind, as will be seen from a variety of reports to JSC in the near future and are consistent with the revenue budget and capital strategies.

### **7. Legal Implications**

7.1. There are no specific legal implications relevant to this report. The legal implications relevant to any individual commitment are reported in the usual decision making process.

## Background Papers

- [Platforms for our Places Progress Report \(July to December 2018\)](#) - Joint Strategic Committee (Item 5) - 31 January 2019
- [Mid-Term Review and Refresh of Platforms for our Places Commitments](#) - adopted by Adur District Council - 19 July 2018; adopted by Worthing Borough Council - 17 July 2018
- [Platforms for our Places: 6 month Progress Report \(January to June 2018\)](#) - Joint Strategic Committee (Item 5) - 10 July 2018
- [Delivering Platforms for our Places: Progress Report June - December 2017](#) - Joint Strategic Committee (Item 5) - 9th January 2018
- [Delivering Platforms for our Places: Mid-Year Report 2017](#) and [Appendix](#) - Joint Strategic Report - 11 July 2017 (Item 5)
- ["Platforms for our Places" unlocking the power of people, communities and our local geographies](#) - adopted by Adur District Council - 15 December 2016; adopted by Worthing Borough Council - 20 December 2016

## Officer Contact Details

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## Sustainability & Risk Assessment

### 1. Economic

- 1.1. Delivering our financial economies is one of 5 Platforms for development in *Platforms for our Places*. The progress report (Attachment A) provides an overview and highlights on how the Councils are working to develop this Platform.

### 2. Social

#### 2.1. Social Value

- 2.1.1. Developing our Social Economies is one of five Platforms for development in *Platforms for our Places*. The progress report (Attachment A) provides an overview and highlights on how the Councils are working to develop this Platform.

- 2.1.2. A particular focus on several elements of *Platforms for our Places* is how to build capacity within our communities and community partners to enable them to shape and lead our places, while at the same time ensuring the Councils provide a robust 'safety net' for vulnerable members of our communities.

#### 2.2. Equality Issues

- 2.2.1. *Platforms for our Places* objectives include building the capacity of our communities, engaging with them to find solutions that ensure that our services (and interventions) are designed to meet specific needs and address areas and issues of historic disadvantage.

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

- 2.3.1. There are specific commitments in *Platforms for our Places* which relate to the promotion of communities as safe places. Delivery of these commitments are in progress.

#### 2.4. Human Rights Issues

- 2.4.1. Through the implementation of *Platforms for our Places* the Councils are seeking solutions with other partners to enable our residents, communities and places to thrive.

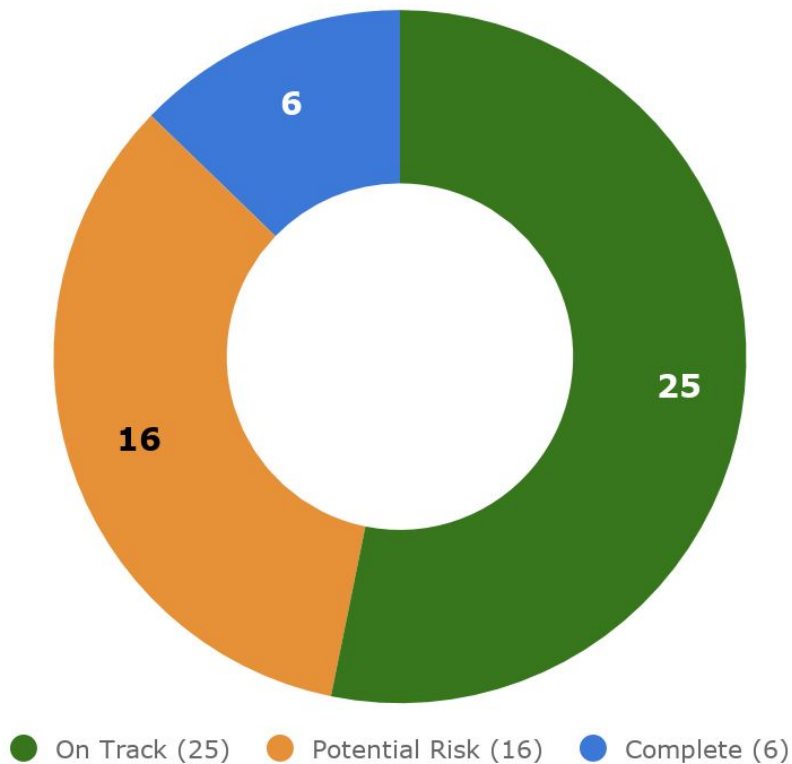
### 3. Environmental

- 3.1. Developing the Councils and communities role in stewarding our natural resources is one of five platforms for development in *Platform for our Places*. The progress report (Attachment A) provides an overview and highlights on how the Councils are working to develop this platform.

#### **4. Governance**

- 4.1. This report provides Joint Strategic Committee an overview of the progress being made to implement *Platforms for our Places*, the Councils' three-year plan to enable our places to thrive.
- 4.2. The presentation of this report and proposed recommendations to refer it to Joint Overview and Scrutiny Committee ensure that officers are accountable in delivering elected members' ambitions for our places.
- 4.3. Working with local and sub-regional partners is a critical element in delivering *Platforms for our Places*. It will remain an important area of focus for Officers.

## Commitment Tracker



### Overview : last six months

There have been a series of important steps forward on commitments to develop our Financial Economies during the past six months, as we seek to support the development of our creative and digital sectors, respond to the changing nature of our town centres, strengthen our relationship with local business and continue to see progress on major site.

We are seeking new ways to support our growing creative and digital sectors, including moving to the next stage with proposals for Colonnade House to underpin its future as a creative and digital hub, along with the significant expansion of the ultrafast fibre network to an additional 83 council sites including town centre, secondary shopping areas, seafront and park locations.

Over the last six months the health of retailing on our high streets has become of great concern across the country. We are exploring new and imaginative ways of addressing this challenge in partnership with those who wish to invest in our town centres and on the seafront.

To realise our local economies potential we are having a sharper series of conversations with the Adur & Worthing Business Partnership having focused on Brexit and Sustainability. This, together with active engagement with the Worthing & Adur Chamber of Commerce, means a coordinated approach to deliver a series of important events to support our local economies.

We have seen significant progress on our major projects sites. We received two planning applications for the former Teville Gate site, one of which has already been determined. The Secretary of State chose not to call-in the New Monks Farm and Shoreham Airport planning applications and work is underway to finalise the planning approvals for both schemes. The new office development 'Focus House' has been completed on time and on budget on the site of the former Adur Civic Centre car park, and we now look forward to the development of the main Adur Civic site.

### Platform Highlights : last six months

1. **Our Creative Economy:** Worthing Borough Council has agreed to establish an independent Cultural Trust to develop and manage the town's cultural assets. The aim is to take the development of Worthing's cultural offer to the next level. Meanwhile the cultural hub at Colonnade House continues to see 100 per cent occupancy and full gallery booking until March 2020.
2. **Digital infrastructure:** Adur & Worthing are clear leaders in the south east for ultrafast full fibre, with a major extension to the council fibre network now agreed, connecting an additional 83 council sites over the next 2-3 years including in our town centre, seafront, and parks.
3. **Recognition for local attractions:** Worthing Pier has been voted Pier of the Year 2019 by the National Pier Society, while Shoreham Farmers Market has been recognised as the best Farmers Markets in Sussex at the Sussex Food and Drink Awards.
4. **Focus House, Shoreham:** Adur District Council has completed the £9.8 million construction of Focus House on the Adur Civic Centre car park site has been completed ahead of time and within budget. The project will ensure the retention of 250 jobs in the area while allowing it to continue to grow - with hopes of a further 150 to 200 jobs created in the first 18 months of occupation.
5. **Specialist HMRC site at Teville Gate:** 70,000 sq ft office development approved by Planning Committee in June. The new five storey development is set to replace the existing building currently on the site and could accommodate around 900 full time equivalent employees by March 2021. Worthing will be one of five specialist sites located across the UK.
6. **Taxi Regulation:** We have updated and relaunched our new Taxi Handbooks for Adur and Worthing and continued to work closely with the licensed trade around safeguarding and wellbeing, promoting Wellbeing Checks at the Taxi Forums to improve Drivers wellbeing

# OUR FINANCIAL ECONOMIES



and securing the introduction of CCTV in vehicles as part of our efforts to ensure effective safeguarding.

## Challenges

1. **Thriving town centres:** We will need to respond to the challenges facing the retail sector in our **town centres**. A series of coordinating interventions will help to ensure that an evolving town centre is well equipped to offer a higher quality experience for residents and visitors. This will include our public realm; improving our car parks and supporting a year round programme of events and activities.
2. **Delivering our Economic Strategy:** A greater understanding of the local skills landscape is needed and the constructive role the Councils' can play. Also further thinking is required on how our ambitions to develop Advanced Manufacturing and Engineering in Adur is realised.

## Future Focuses

1. **Major Projects:**
  - a. WBC is working in partnership with West Sussex County Council and both '**Teville Gate**' developers to transform Railway Approach and deliver a high quality public realm that welcomes visitors to the town;

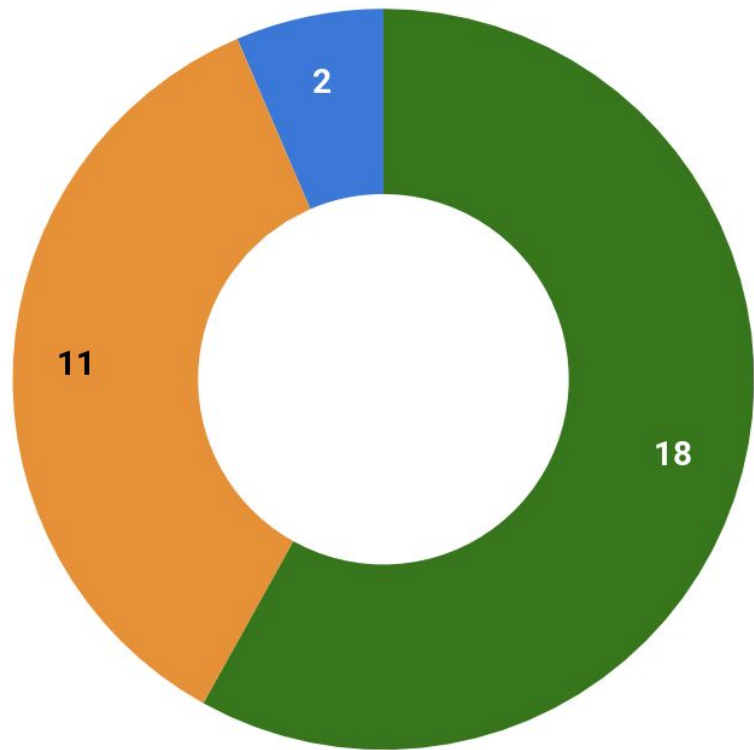
- b. Progress continues to be made on the **Bayside development** on the site of the former Aquarena;
- c. Work commenced on a seasonal giant **observation wheel** for Worthing seafront;
- d. Procurement of a development partner for **Decoy Farm** has commenced.
- e. Our partnership with London & Continental railways has seen a scheme for **Union Place** move into the design stage;
- f. we have successfully marketed the **Adur Civic Centre main site**, and look forward to progressing its development.

2. **Activating Digital Infrastructure:** The installation of gigabit provides our places with a new digital capability. The next period will see how this capability can impact our place, including businesses and the place making agenda. This includes examining the role of digital infrastructure in the changing nature of our town centres and data to inform economic and town centre development.

3. **Responding to the changing nature of our town centres:** Looking at what strategic inputs are required to respond to the changing nature of our town centre. The Councils will continue to pursue other initiatives to help enhance the town centre experience including events, markets, the Worthing Observation Wheel and public realm development.

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## Commitment Tracker



● On Track (18) ● Potential Risk (11) ● Complete (2)

### Overview : last six months

The Councils continue to take steps to support our communities when they are most vulnerable, and finding innovative approaches to reduce risk of poor health and housing outcomes.

We have received national recognition for our social prescribing programme - 'Going Local'. We are also expecting another milestone being reached on the development of the Worthing Health Hub (another example of the Councils' working in collaboration with health partners).

We have also seen significant progress being made in our efforts to provide housing and supporting those who are experiencing homelessness. We are seeing real results from our proactive approach to support those Rough Sleeping. The Councils are overseeing 11 housing development projects, in particular Albion Street, Cecil Norris House and Fulbeck Avenue developments are designed to provide new social and affordable housing solutions to our communities. Worthing Borough Council's formative partnership with BokLok to deliver a model for new homes at Fulbeck has attracted significant national and international attention and work will now begin on designing this important new scheme.



## Platform Highlights : last six months

1. **'Going Local', goes national:** 'Going Local', the Councils Social prescribing programme has been shortlisted in the Public Health Category of the MJ Local Government Awards. Between November 2018 and February 2019 the programme has undertaken 1,277 referrals, averaging 47 per month. The Councils have reinvested in the housing support worker for "Going Local" for a second year.
2. **Thrive and loneliness:** As part of our Health and Wellbeing agenda, we have been convening work focusing on some important agendas for our communities, including the way in which we think about and tackle loneliness. We have been convening a number of service design sessions with partners - including our Director for Public Health- over the last nine months around a Thrive agenda, to designing new and more creative ways in which communities can be better connected in places and through intergenerational approaches. The next steps are now taking shape to turn this work into actionable priorities
3. **Our communities remember:** Following a number of years working with the families Adur District Council unveiled the Shoreham Memorial on the banks of the Adur River. The memorial honours the 11 men who lost their lives at the Shoreham Airport tragedy. News of this touching memorial was shared by national, regional and local news outlets.
4. **Investing in our Bereavement Services:** Worthing Borough Council work commenced on the £750,000 investment into the extension of Durrington Cemetery. This will ensure that Durrington Cemetery will continue to provide burial options to our community for the next 30-35 years by providing 2,000 burial spaces and 1,200 ash plots. This work compliments the refurbishment of facilities at Worthing Crematorium.
5. **Action on rough sleeping:** The Councils' efforts to support those rough sleeping was recently boosted by Government funding. 27 rough sleepers were assisted, with only one person returning to rough sleeping (the others were reconnected to family, employment and private sector accommodation or provided short-term accommodation to give stability and access to longer term accommodation). Further Government funding is supporting work with partners across West Sussex to support rough sleepers into accommodation, including trialing a 'Housing First' model with Worthing Homes and Turning Tides. The important work of our teams and partners were also shared through a rough sleeping action week which reach 38,000 people across the Councils' social media platforms.



- 6. Building Homes:** The Councils are also overseeing 11 housing development sites and received planning permission for 50 units at Albion Street and 17 units at Cecil Norris House (Adur), and submitted an application for 15 units at Rowlands Road (Worthing). A total of 150 units is currently in our project pipeline. The first phase of Albion Street is about to go out to competitive tender will involve the delivery of 44 units of affordable social housing. A further two units of accommodation have been completed at North Lancing Road, and will be available to let as social rented accommodation. Worthing Borough Council has worked with Boklok UK to agree a plan for approximately 150 units at Fulbeck Avenue, and an overarching agreement to collaborate on delivering a further potential 500 homes.
- 7. Hidden Home:** Possible infill sites have been identified within Adur Homes which could be used for housing development. Plans for the first phase, which involves four sites is being drawn up.
- 8. “Opening Doors”:** The Councils are developing strategies to provide stable housing to those experiencing homelessness. “Opening Doors” is a scheme that offers a de-risking package to private landlords to let properties to people who are in temporary accommodation. The scheme offers a free service to landlords that includes tenancy sign-up, guaranteed rent and assistance to evict if the tenancy fails. The Opening Doors pilot has seen 14

properties/landlords successfully trialed, with no bad debts accrued to date. It has also reduced the Councils’ temporary accommodation costs by around £141,000. Our housing teams are now preparing for a full launch of the service.

## Challenges

- 1. Addressing anti-social behaviour** - The Councils long standing programme of work with partners continues. However Anti-Social Behaviours issues in our town centre and surrounding parks and spaces have become more apparent over the early summer months. Work has been focused on developing our approach to dealing appropriately with these issues whilst continuing a good level of assertive outreach support. This has been challenging due to the complex needs of some individuals and the length and duration of the legal work needed to address behaviours. We have retained a strong focus on support needs alongside this.

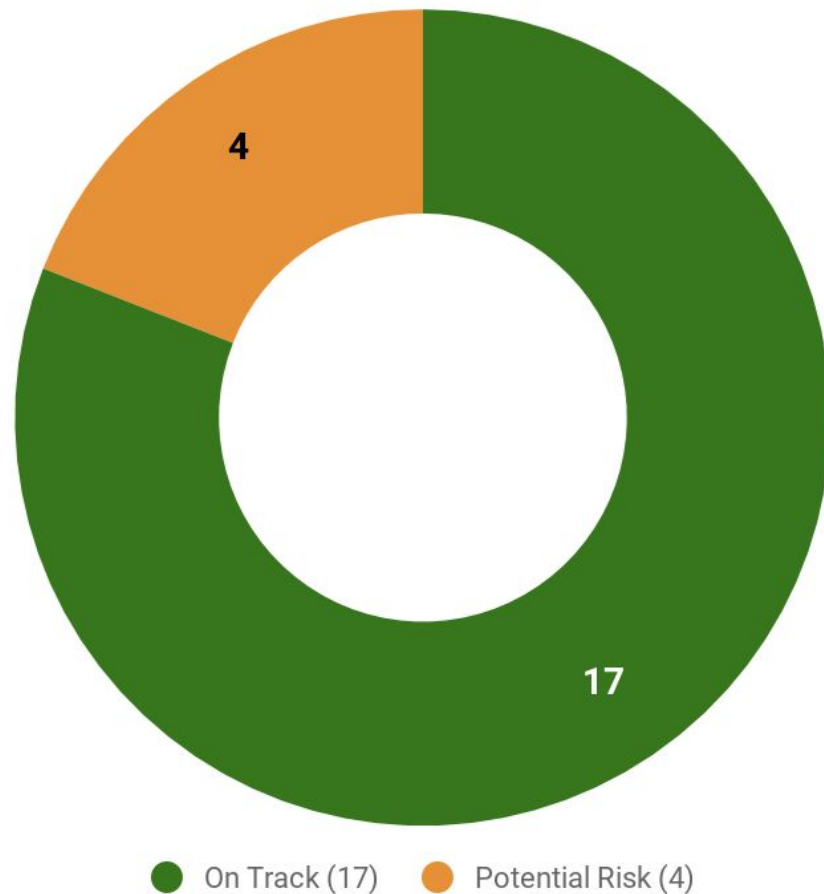
## Future Focus

- 1. Working on homelessness prevention:** A Temporary and Emergency Accommodation Strategy Working Group has been set up to develop formal strategy building upon the prevention work already started. This prevention work is focusing on bringing down the numbers requiring this support, reducing average nightly cost, continuing to monitor and increase the supply of affordable

accommodation, and supporting moves on into permanent accommodation.

2. **Reviewing our strategic approach to housing:** Given the emerging challenges and changing landscape around Housing the Councils will be reviewing a range of current housing policies, including our overarching housing strategy and housing allocation policy.
3. **Building continues:** Significant milestones should be achieved on Worthing Health Hub development along with Albion Street and Cecil Norris House contracts which should be proceeding well over the next six months.
4. **Working better together:** The Councils' Wellbeing and Housing team are undertaking design work to further our approach to address the underlying and interrelated preventative issues that contribute to poor health outcomes and people being at risk of homelessness.

## Commitment Tracker



### Overview : last six months

Real progress has been made. As Councils we have seen our carbon emission reduced by 30%, with plans for further reductions underway. We have also been working with our communities and businesses to reduce their carbon emissions through the LEAP energy saving scheme and promoting the easitADUR&WORTHING transport initiative. The Councils are continuing the work of turning ideas about our future cycling and walking infrastructure needs into strategies and policies ready for investment.

On waste, the Councils have made a commitment to become 'Plastic Free Councils' and continue to support community efforts to reduce plastic waste. Preparations are underway to move to alternative weekly waste collections and promote behavioural changes that encourage our residents to reduce the waste they produce and increase their recycling.

### Platform Highlights : last six months

- I. Environmentally engaged communities:** The Councils continue to grow the number of volunteer activities taking place in our parks, open spaces and foreshore. Over forty active green space groups are working in partnership with our parks team. We have an increased number of volunteer clean ups on our foreshore and in our parks.

2. **Award-winning stewardship:** Worthing has retained the Seaside Award for our successful stewardship of Worthing foreshore. The Councils have applied for seven green flag awards, the national standard of excellence for Parks. Looking to increase our number from five obtained last year.
3. **Preserving Stern's Legacy:** Worthing Borough Council was awarded £800,000 by the Heritage Lottery Fund. The planned programme of restoration works would improve the visitor experience, preserve the national chalk plant collection and celebrate the Stern legacy at Highdown Gardens.
4. **Adur Tidal Walls:** The Environment Agency have formally completed work on the Adur Tidal Walls project – an event marked at a ceremony in March 2019. This project reduces the risk of flooding in Shoreham.
5. **Reducing our Carbon Footprint:** The Councils have successfully reduced their carbon emissions by 30% (based on 2012-13 levels). This reduction is expected to continue with successful installation of a 20kw Solar PV System at the Shoreham Centre. The new system comprises 72 Solar Panels and is expected to save about 11 tonnes of CO<sub>2</sub> a year by producing 1,000 KW of renewable energy. We have reviewed our corporate vehicle fleet in our journey to operating an ultra low emission fleet, further work is also being undertaken to address the contribution of Council business travel. This work demonstrates the Councils' commitment to our "UK 100 cities" network pledge to work towards clean energy by 2050.
6. **LEAP into energy saving:** LEAP (the energy and money saving advice service) has in the 6 months exceeded targets and provided considerable benefits to our local communities:
  - a. 121 households have benefited by £235,747 through LEAP
  - b. 1011 energy saving measures have been installed;
  - c. 508 tonnes of carbon emissions will be saved (over 10 years);
  - d. 33 residents had received a total of £99,000 additional income per year through benefit entitlement being identified;
  - e. a total of £2,782 has been saved through energy switching
  - f. 182 referrals have been made to LEAP in Adur & Worthing, easily exceeding referrals achieved by other West Sussex authorities involved in LEAP (Horsham 55, Mid Sussex 55, Crawley 118).
7. **A sustainable commute:** The Councils adopted a Staff Travel Action Plan, working with Sustrans, to promote more sustainable transport options for staff commutes and business travel.
 

In March easitADUR&WORTHING was launched, within one month it achieved its target of 5,000 staff signed up across all the employers in Adur and Worthing. A large number of businesses have signed up, including: Mosaic Online Systems Ltd; Sussex Partnership NHS

Foundation Trust; Worthing Hospital (Western Sussex Hospitals NHS Foundation Trust); Pier 2 Pier Care Services Limited; The Proto Restaurant Group; AIG; Equiniti; Kreston Reeves; GSK etc.

- 8. Plastic Free Councils** - The Councils supported a commitment to becoming Plastic Free Councils. A working group is now overseeing initiatives (including single use plastics and waste audits) and drafting a Plastics Strategy. The Councils are also supporting Refill Worthing and Refill Shoreham.
- 9. 'Beauty and the Beach'** - On Saturday 11th May we celebrated the 'Beauty of Worthing Beach' event with our partners in Southern Water. This event was part of our broader work with Southern Water to improve bathing water quality in Worthing.

## Challenges

- 1. Local Cycling & Walking Plan (LCWIP):** We are at draft plan stage and now in a difficult period of aligning and cementing into policy, strategy and activity.

The first draft of our LCWIP will need to be developed to achieve a robust document against which we can apply for finance for building infrastructure, and adopt strong planning policy. We've been the first West Sussex District and Borough Council to draft an LCWIP and have perhaps been the "WS guinea pig".

- 2. Mitigating Shoreham's Flood Risk** - Planning permission granted for a flood defense wall at Sussex Yacht Club and agreement reached with the club for the purchase of the land. There remain challenges in identifying funding to support the construction of this infrastructure, with Adur District Council taking on the financial risk in the interest of our community.

## Future Focuses

- 1. Changing waste habits:** The Councils will continue to make preparations for the adoption of alternate weekly waste collections from September 2019 to all residential properties (excluding houses of multiple occupancies). 80,000 people were reached on the waste review campaign in three weeks, and our Communications team will continue to keep our residents fully informed about the service change and promote waste recycling and minimisation behaviours.

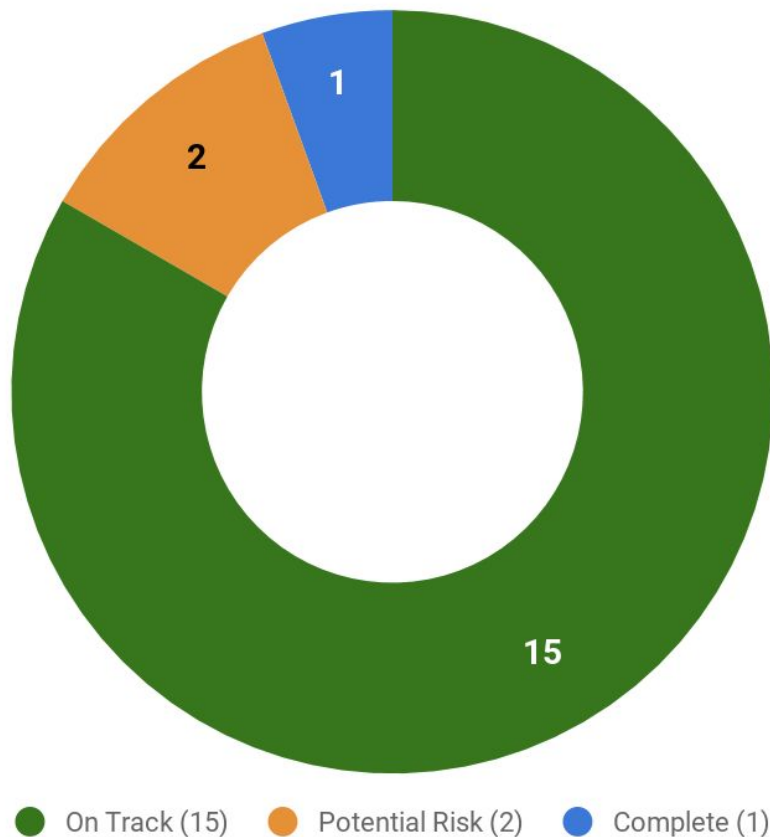
We have organised revised routes and keep our staff engaged through this period of change, and will be building in short term contingencies to cope with anticipated increased public demand for information.

**2. Energy and Carbon Reduction** - Procure and commission a Carbon Reduction Plan. This will cover two main areas:

- a. establishing a baseline date against which to measure our progress and a carbon reporting methodology;
- b. identifying a pathway for the council to achieve the adopted carbon reduction targets whether neutral carbon by 2030 or 2050; creating a prioritised list of cost effective energy interventions (such as LED installation, boiler replacement, solar PV installation);



## Commitment Tracker



### Overview : last six months

An important part of our financial strategy has been commercialising aspects of our services to generate revenues for the Councils. Our Environmental Services have finished the branding and marketing development of our trade waste services. Our Communications services are also pursuing opportunities to tell stories about our places. These commercial approaches will also improve the quality of services delivered to residents and support the delivery of service more broadly across the Councils.

A critical element to our financial strategy has been our digital programme. The Councils innovations with waste services and housing repairs have recently received national recognition, and are just two projects in a wider programme of nearly fifty digital innovations implemented or underway.

### Platform Highlights : last six months

- Our digital programme:** The Councils were shortlisted in the Digital Transformation category for MJ Local Government Awards in recognition of our low code development approach and the sophisticated products developed on the MATS platform for Environmental Services and Adur Repairs. The Digital Programme now has four active programmes and 49 projects, with a further four projects identified. The Councils were also shortlisted for Digital Council of the Year (Digital Leaders 100 awards)

and awarded Regional Digital Champion award 2019/20 (Digital Leaders 100 awards).

2. **Designing new solutions:** The Councils were selected as one of eight areas to work nationally with the Design Council and LGA on a design in the public sector challenge. Bringing together others partners from across different sectors, we have been using design thinking to focus on how we might develop the work and skills approach for those that are in our temporary accommodation in much more imaginative ways. The implementation of this work is being developed and co-led by our across the Communities and Economy Directorates.
3. **“Effortless”: Customer Service-** We have launched the “Effortless” programme, which aims to improve the customer experience across the councils. Key achievements to date include: customer service health checks completed with key heads of service, in-depth customer interviews completed with 36 customers, prototype design for a corporate customer service dashboard in place, improving functionality of our Salesforce (CRM) and starting work to renew webpages for four services.
4. **Telling our stories:** There is continued growth of our audiences across the Councils social and traditional platforms
  - a. Facebook monthly reach - 106,000
  - b. Twitter followers - 8,000 (up 5% in the last six months)
  - c. More than 50 front pages in local and regional media
  - d. Regular features on BBC South, ITV Meridian and BBC Sussex radio
  - e. #OurStoriesYourCouncils - 95,000 reach in four months from six council bloggers from across areas as diverse as planning to wellbeing and foreshore to digital.
5. **Our commercial ambitions:** Environmental Services has finished the branding and marketing development of our commercial waste trading arms to enable our trading services to operate under a strong, trusted and vibrant brand to increase and maintain our commercial trading opportunities.
6. **Reviewing our HR Policy:** The HR policy review is well advanced, creating fewer, more accessible policies along with a very well received new Staff Handbook for new starters and all staff which was co-produced by staff across the organisation.



## Challenges

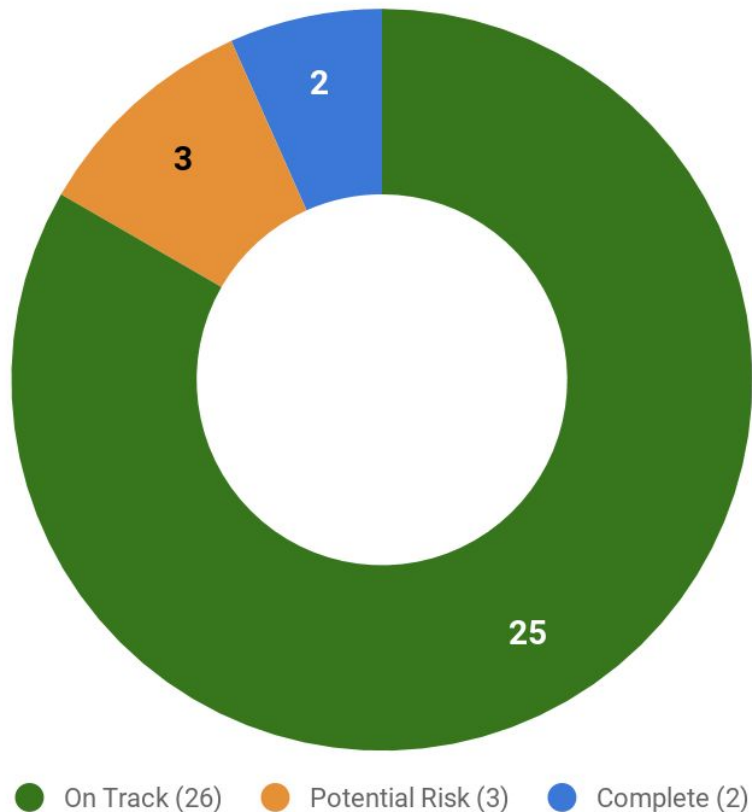
- 1. Medium Term Financial Strategy:** With significant additional pressures on the councils' finances, and uncertainty in relation to the timing of the Fairer Funding Review, these are difficult times for the budget. However, a strong strategic programme is in place with a coaching support model for senior leaders to help develop options in addition to the successful strands already in place.
- 2. Management and Pricing of Councils' Assets:** Further consideration is required in managing and marketing the Councils efforts to activate our public spaces. Seafront space planning continues to be critical, and a challenge. The Worthing seafront is starting to see significant change, for example, the forthcoming Worthing Observation Wheel, new restaurants, therefore we continue to plan the 'movements' effectively to ensure minimal disruption (to the public, concession holders, event organisers etc.) We also need to identify sustainable commercial arrangements with concession holders and events, balancing market value with policy objectives in developing a sustainable model.

## Future Focuses

- 1. Workforce strategy:** We will develop a workforce strategy over the next 6-12 months which will assess workforce demographics, recruitment and retention patterns, and the development of modern skills for the 21st century, such as commercial, service design and digital. Adur & Worthing are leading nationally on the development of a Service Design apprenticeship which is expected to be established to support the development of the profession across public, private and third sectors.
- 2. Strengthening our Capital Programme:** A new supplier framework will be developed for maintenance & inspections to improve proactive maintenance and compliance across our asset base, while delivering better value for money. The capital programmes for Adur Homes and the corporate estate are also being strengthened under new leadership and use of stronger project management methods.
- 3. Building up SameRoom service design capability:** with learning and development opportunities for a wide range of staff, and exploring the creation of a freelance network to provide skilled capacity when needed, which could develop into a commercial service offer.

- 4. Using data in prevention:** Use of data to provide an early indication of residents getting into financial difficulty and helping us work more proactively and preventatively.

## Commitment Tracker



### Overview : last six months

The Councils continue to develop and maximise our relationships with a wide variety of leaders of our places, in particular how we position our places into the future, develop our local economies and foster environmental sustainability. Despite economic uncertainty the Councils continue to engage with our strategic partners, and seek to position our places to attract people to work, live, invest and visit.

### Platform Highlights : last six months

- 1. Developing Worthing's identity:** Worthing has been presented in a positive light with an appearance on BBC's The One Show, and as a film location for cinema, TV and music videos over the past 6 months.
- 2. Elections:** Mobilising 720 staff to successfully conduct the Worthing Borough Council and European Parliamentary Elections. 85,000 ballots were counted over the two elections, with over 35% of registered voters participating in both elections.
- 3. Leaders in Sustainability:** Collaboration with partners on engagement events:
  - a. "Sustainable Business Partnership Breakfast" hosted at Gordon Room. (Attended by 30 businesses)
  - b. "Refill Shoreham", Ropetackle Arts. Attended by over 100 local residents, groups and businesses

- c. “Plastic Free Worthing”, hosted at Gordon Room. (Attended by over 150 local residents, groups and businesses).
- d. Collaborated with Southern Water on a water efficiency campaign to local residents focusing on wards suffering high levels of deprivation: Central; Heene; Eastbrook; Southwick Green.
- e. ‘Beauty of the Beach’ day of action with Southern Water and Environment Agency - 5,000 people were reached with messages around improving bathing water quality in Worthing

**4. Worthing’s Night Economy:** The Council led a partnership that achieved the Purple Flag accreditation for Worthing, at the first time of asking (only 15% of applicants manage this first time around). This award recognises quality aspects of the evening and night time economy.

**5. Facilitating place-based conversations:** Council officers supported the delivery of a high quality and professional Waves Ahead Conference, centred on the future of our high streets. A number of positive comments about the event have been received, including setup, style, delivery and overall experience.

There is recognition that town centre partners need to work together, demonstrating real partnership working and added value (especially when looking at the town centre developments - in the broadest sense).

- 6. Preparing for EU Exit:** Developing the Councils response to EU Exit, in particular engaging with strategic partners to identify areas where the Councils could provide the support our businesses and our communities may need to manage the changes resulting from Brexit.

## Challenges

- I. Future of our High Streets:** The Councils have made great efforts to start a conversation with our communities on the future of our town centres, however there is a need to better understand how the economy and places are performing. We’re currently investigating how we obtain, and then sustain, a dataset that aids service planning (e.g. town centre statistics, beyond TCI).

The Councils are also looking at a range of options to support the development of our town centres, including internal coordination of Council services, developing an external town centres commission.

**2. Reputation Management:** At a local level we need to continue to proactively engage with partners around the management of our town centres to avoid reputation damage. At a macro level the Councils, with partners, need to consider actions to address the challenges and opportunities to attract inward investment in the current and future economic climate and how we promote our places to visitors and inward investors.

## Future Focuses

- 1. Place-based learning & development:** Launch of Adur & Worthing Learning & Development/Organisational Development network to encourage greater partnership working and more place-based interventions (for example, a place-based mentoring programme)
- 2. Developing our relationships with Business:** AWBP (Adur & Worthing Business Partnership) is continuing to develop, with a revised Action Plan in place. The AWBP delivery model has been flipped in the last period with the Partnership meeting turning into a Strategic Conversation, meaning more businesses can attend, and the Board having a refined focus.

We will expand our business network, including through the AWBP (Adur & Worthing Business Partnership), to allow new partnerships to

be created allowing topic areas to grow the business engagement and interest.

- 3. Our future strategic direction:** *As Platforms for our Places* concludes we are looking at what priorities should be included to help support the development of our communities and our places for the next 3 years.

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## FINANCIAL PERFORMANCE 2018/19 - REVENUE OUTTURN

### REPORT BY DIRECTOR FOR DIGITAL & RESOURCES

#### EXECUTIVE SUMMARY

#### 1. PURPOSE

- 1.1 This report outlines the revenue financial monitoring position for the end of the 2018/19 financial year for Joint Strategic Committee, Adur District and Worthing Borough Councils. At the time of publication of this report, the Statements of Accounts are in the process of being audited. Any adjustments that emerge as the audit proceeds will be reported to members later in the year.

The outturn positions for operational spend were moderate overspends at both Adur (£158k) and Worthing Councils (£76k), which represents some improvement on the positions reported at Q3.

Overall outturn positions are underspends of £511,979 in Adur District Council, and £1,147,435 in Worthing Borough Council. After allowance for proposed carry forward of budgets in 2018/19, this represents a 4% underspend against budget for Adur and 5% for Worthing.

The table at 4.5 below sets out the components contributing to the underspend, with the most significant being business rate relief grant (received early, to be spent in the current year), lower capital borrowing costs in 2018/19, and project funding carry forwards.

The outturn figures include proposed carry forward requests, detailed in appendix 6, that will need to be met from these underspends which relate to committed spend that is now planned for 2019/20: Adur District Council £151,720 and Worthing Borough Council £407,900 (including the Joint Services proposals).

In addition there are some variances that relate specifically to 2018/19, some of which occurred in the last quarter of the year. Worthing Borough Council received additional income from planning fees and both Adur District and Worthing Borough Councils were allocated additional housing grant.

This is an improved outcome to what was projected in the quarter 3 monitoring report when net underspends of £291,000 and £1,105,000 were being forecast in Adur and Worthing respectively. The areas that have contributed to the net movement are highlighted in the report and appendix 5(b).

1.2 The following appendices are attached to this report:

**Appendix 1** Joint Summary of 2018/19 Outturn

**Appendix 2** (a) Adur District Council – Summary of 2018/19 Outturn  
(b) Adur District Council - Use of Earmarked Reserves

**Appendix 3** (a) Worthing Borough Council – Summary of 2018/19 Outturn  
(b) Worthing Borough Council - Use of Earmarked Reserves

**Appendix 4** HRA Summary

**Appendix 5** (a) Major Variations – Budget to Outturn  
(b) Major Variations – Quarter 3 to Quarter 4  
(c) HRA Major Variations – Budget to Outturn

**Appendix 6** Budgets Carried Forward to 2019/20



## **2. RECOMMENDATIONS**

2.1 The Joint Strategic Committee is asked to recommend that Adur District Council, at its meeting on 18<sup>th</sup> July 2019 and Worthing Borough Council at its meeting on 23<sup>rd</sup> July 2019:-

(a) NOTE the overall final outturn for 2018/19.

(b) APPROVE the net appropriations to General Fund Reserves in the year as detailed in paragraph 6.2 totalling:

Adur District Council	£563,683
Worthing Borough Council	£1,450,685

(c) AGREE the net carry over of revenue budget to 2019/20 funded from reserves as detailed in appendix 6:

Adur District Council	£151,720
Worthing Borough Council	£407,900

(d) APPROVE the transfer of additional business rates income to the Business Rates Smoothing Reserves to earmark funds to address the timing difference between the Business Rates income received in the General Fund in year (net of reliefs), and the grant income paid from Central Government to reimburse lost revenue as a consequence of Government policy decisions on reliefs.

Adur District Council	£328,161
Worthing Borough Council	£480,174

2.2 Joint Overview and Scrutiny Committee is recommended to note the contents of the report and consider whether it needs to scrutinise any budget area in detail.

## **3. CONTEXT**

3.1 Local authorities have a statutory duty under the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends in expenditure or shortfalls in income emerge. If monitoring establishes that the budgetary situation has deteriorated, authorities are required to take action as they consider necessary.

3.2 The monitoring of the revenue budgets has been reported to the Joint Strategic Committee three times during the year, the last monitoring report was considered on 5th March 2019.

- 3.3 The successful delivery of the medium term financial strategy is fundamentally changing how the Councils are funded. The Councils are moving increasingly away from ever reducing government funding towards funding from the local community via Council Tax and Business Rates, and will become increasingly reliant on income from commercial activities.

#### **4. REVENUE OUTTURN OVERVIEW**

- 4.1 As part of the 2018/19 budget, the Councils committed to savings of £1.365m for Adur District Council and £1.981m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Services were required to carry out efficiency, procurement and base budget reviews to identify where income could be increased or expenditure reduced. From the budget monitoring it is clear that the majority of these savings have been delivered as expected.
- 4.2 The operational position is a net overspend by services of £158,000 in Adur and £76,000 in Worthing as a result of previously reported cost pressures such as increasing demand in the homelessness budgets. This includes meeting the challenges of significant savings requirements to balance the 2018/19 budget.
- 4.3 There are a number of timing differences which have benefited the budget in 2018/19 associated with the business rate retention scheme and the financing of the capital programme which are discussed in more detail below.
- 4.4 The significant variations that impact on the final outturn from quarter 3 to quarter 4 are identified in appendix 5(b).
- 4.5 The current year-end forecasts are comprised of a number of elements as set out in the table below:

2018/19 Forecast Outturn	Adur		Worthing	
	Q3 Forecast £000	Outturn £000	Q3 Forecast £000	Outturn £000
<b><u>Over/(under)spend in operational services – including share from Joint</u></b>	<b>200</b>	<b>158</b>	<b>80</b>	<b>76</b>
<b><u>Reduced borrowing requirement:</u></b> A lower than forecast call on the MRP (provision to repay debt) and net interest in 2017/18, due to reprofiling of the capital programme already adjusted for in 2019/20 budget.	(88)	(118)	(466)	(479)
<b><u>Planned contributions to the capital programme</u></b> Revenue contributions set aside to fund future capital works.	0	0	(73)	(140)
<b><u>Expenditure to be funded from reserves</u></b> Items of expenditure which are to be funded from reserves as approved by members.	187	132	242	239
<b><u>Budget provision related to timing differences:</u></b> Project funding to Carry forward to 2019/20 for projects that have yet to commence or will complete next year.	(27)	(120)	(249)	(262)
Investment in services from additional income to be carried forward to 2019/20.	0	(32)	0	(6)
Additional Government grants for Business Rate reliefs granted in year which will be used to fund the financial impact in 2019/20.	(376)	(328)	(520)	(480)
<b>Net over/(under)spend before contributions from Reserves</b>	<b>(104)</b>	<b>(308)</b>	<b>(986)</b>	<b>(1,052)</b>
Net contribution to / from (-) Reserves and use of capital flexibilities.	(187)	(204)	(192)	(235)
Committed revenue contribution to capital funded from departmental underspends.	0	0	73	140
<b>Net underspend after contribution from Reserves</b>	<b>(291)</b>	<b>(512)</b>	<b>(1,105)</b>	<b>(1,147)</b>

4.6 The key factors underpinning the financial outturn position include:

- An underspend in the Minimum Revenue Provision (MRP) and net interest budgets. The budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current years capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have

reduced the expected cost in 2019/20. A full breakdown of the position is at 4.12.2.

- Budgets or additional income in year that have been committed as revenue contributions to capital schemes. Budget underspends to be carried forward to 2019/20. These occur where initiatives have not commenced or completed as early as expected. The expenditure is therefore still expected but not until the next financial year. This relates mainly to the major project budgets in Worthing which are currently in progress and run over several years.
- Government (section 31) grants received to compensate Councils for HM Treasury decisions relating to Business Rate reliefs. Although additional grants are paid in 2018/19 the impact of these decisions on business rates income will not hit the general fund until 2019/20. It is therefore prudent to transfer these additional funds to the Business Rates Smoothing Reserve. This reserve was established in 2017/18 to smooth the effect of the cash flow volatility within the Business Rates mechanism in future years.

4.7 The final revenue outturn reported for Q4 compared to budget are shown in the table below:

<b>Summary of Reveue Outturn 2018/19</b>			
	<b>Joint</b>	<b>Adur</b>	<b>Worthing</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Current Budget 2018/19	22,331	8,628	13,517
Outturn	22,408	8,116	12,370
Outturn over/ (underspend)	77	(512)	(1,147)
percentage		(5.9%)	(8.5%)

The Joint overspend is transferred to Adur and Worthing Councils in line with their allocated share. The reported budget variances in Adur and Worthing, in the table above, include the total share transferred from the Joint services.

4.8 In the table below, the outturn positions have been separated between authority and by income and expenditure, to indicate the level of under/overspend of costs and the over/under achievement of income targets.

	Expenditure	Income	Net Total
<b>Joint</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	29,224	(6,854)	22,371
Outturn	29,976	(7,529)	22,448
Actual (Under)/ Overspend	752	(675)	77
Varaince percentage	3%	10%	0%
<b>Adur</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	35,230	(25,804)	9,426
Outturn inc Joint share	34,344	(25,444)	8,900
Authority (Under)/ Overspend	(886)	361	(526)
Adjustment for variances in MRP & Depreciation	420		420
Reserve Transfers	(407)		(407)
Authority (Under) / Overspend	(873)	361	(512)
Varaince percentage	-2%	-1%	-5%
<b>Worthing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	66,642	(50,786)	15,856
Outturn inc Joint share	68,120	(52,938)	15,182
Authority (Under)/ Overspend	1,478	(2,151)	(674)
Adjustment for variances in MRP & Depreciation	144		144
Reserve Transfers	(617)		(617)
Authority (Under) / Overspend	1,004	(2,151)	(1,147)
Varaince percentage	2%	4%	-7%

4.9 There are a number of key issues listed above which require a more detailed explanation. These are listed below.

#### 4.10 COMMUNITIES DIRECTORATE

##### 4.10.1 Housing Needs

The continued increased spend on providing emergency and temporary accommodation reflects rising demand across the South East, including Adur and Worthing and the lack of housing supply for those needing affordable accommodation, whether this is to prevent homelessness or to move people on from emergency accommodation.

Across the South East there is competing demand between local authorities for both emergency and temporary accommodation, the latter often being leased private sector accommodation.

Whilst Adur and Worthing have made significant progress in leasing more

affordable units of temporary accommodation, competition does mean that prices in some areas (e.g. Worthing) are being pushed beyond the reach of the Councils, and the supply of suitable emergency and temporary accommodation within the Borough is reduced.

Numbers of households in temporary accommodation has increased over the year from 127 at the end of March 2018 to 150 at the end of March 2019, this is split Adur: 44 households, Worthing: 106 households, with a 10% (as a proportion of the total figure) increase in the numbers of single households placed in temporary accommodation.

The outturn position is a £143,000 overspend in Adur. The overspend that had been projected in Worthing was offset in full by the receipt of additional Flexible Homelessness Support Grant in the final quarter.

Additional grant was also received from the government in respect of New Burdens associated with the introduction of the Homelessness Reduction Act, £27,000 in Adur and £72,000 in Worthing.

#### **4.10.2 Environmental Health - Housing**

With effect from 1 October 2018 mandatory licensing of HMOs was extended so that smaller properties used as HMOs in England which house 5 people or more in 2 or more separate households will in many cases require a licence. This has generated additional income of £35,000 for Adur and £134,000 for Worthing for these 5 year licences.

#### **4.10.3 Environmental Services**

The Restructure of the Environment and Waste teams into a new single service was fully implemented by the end of August. This had been planned from April and therefore has impacted on the ability to achieve the full year saving.

In 2018/19, growth was approved to create two additional waste & recycling rounds to service new properties being constructed. An in-year review identified that it was not necessary to fully implement this growth immediately, (whilst retaining service delivery), therefore some of this budget has been used to offset the changes to the timeline of the Environment service redesign.

Additional income has been received above budget relating to rent, services and grant for Adur this amounted to £9,000 and Worthing £80,000.

#### **4.10.4 Commercial Waste**

The costs associated with commercial waste came in above budget due to a combination of increased tonnage charges and an under estimation of the budget required, Adur £38,000, Worthing £119,000. Budget issues have been addressed in the 2019/20 budget.

#### **4.10.5 Crematorium and Cemeteries**

The crematorium in Worthing saw a shortfall in income of £202,000 due to a decrease in the number of cremations. Business was affected during the year by the closure of the Muntham Chapel for 3 months whilst refurbishment work took place and a reduction in numbers generally over the closing months of the year against the numbers profiled.

Cemeteries in Adur and Worthing under achieved against their income with both exceeding the net budget by £22,000 and £47,000 respectively.

### **4.11 DIGITAL AND RESOURCES DIRECTORATE**

#### **4.11.1 Parking Services**

Income across Adur's car parks has increased from £509,000 in 2016/17 and £632,000 in 2017/18 to £698,000 in 2018/19. The income target in 2018/19 (£610,000) was exceeded by £88,000. Factoring in expenditure and central charges the service has generated a surplus of £74,000.

Income across Worthing's car parks has increased from £2,536,000 in 2016/17, £2,608,000 in 2017/18 to £2,861,000 in 2018/19. This increase of £253,000 over the last two years reflects the tariff review which came in to effect in January 2018. Controllable expenditure increased marginally by approximately £7,000 between 2017/18 and 2018/19. There was an increase in the depreciation charge to the service above budget in 2018/19, this was as a result of the revised upward valuation of the car parks by the external valuers. The overall position is a net overspend of £6,000.

#### **4.11.2 Digital and ICT**

The Digital and Design budget was underspent by £196,000, this was largely due to projects not commencing as projected. The primary reason for this has been the delay in the installation of the dedicated connectivity lines by third party suppliers into Adur and Worthing which are required to ensure services are performing. The delays have prevented several migrations from completing within the financial year. These connectivity issues have now been resolved and the programme of migrations is now underway.

#### **4.11.3 Revenues and Benefits**

Overall the service in Worthing had a net overspend against budget of £232,000. This was for a number of reasons including an underachievement in court cost and overpayment recovery.

The reduction in court cost income reflects the more customer-focused approach that has been adopted in respect of Council Tax arrears (e.g. being more prepared to enter into a payment arrangement for arrears to be paid without necessarily pursuing court action).

The reduction in overpayment recovery is directly linked to a lower value of overpayments being calculated, primarily due to the introduction of a secure national portal known as “Verify Earnings & Pensions” (VEP). This allows the Benefit team to obtain up to date income details (even where customers have supplied wage slips) and provides daily data matching reports in respect of discrepancies between Housing Benefit and HMRC taxable income records. Consequently, Housing Benefit records are more accurate and up to date, thereby reducing overpayments when erroneous data is retrospectively identified. Budget provision is being kept under review this year, and in the current year, income is broadly in line with the budget so far.

## **4.12 DIRECTOR FOR ECONOMY**

### **4.12.1 Major Projects and Investment**

The Major Project’s team have actively been working on a number of development sites and investments across the areas. The nature of these projects inevitably span over a number of budget years and commissioning timetables vary according to projects’ complexity and challenges that arise from market forces, public engagement, and viability issues. The effect of this is that projects have an uneven spend profile often with large amounts of money being paid over short time periods. This has resulted in an underspend of £147,000 in the budget set aside for this in 2018/19. The majority of this is to be earmarked to be used as revenue contribution to capital projects in 2019/20.

### **4.12.2 Culture**

A successful year at the Worthing Theatres resulted in a net overachievement of £108,000. A large proportion of this, £90,000, relates to ticket levy income and will be transferred to reserves to fund future capital expenditure on the buildings.

These positive results are due to another record breaking pantomime, improved negotiations on deals with promoters, increased ticket sales and the tight management of the salaries.

### **4.12.3 Place and Economy**

Markets and bus shelter advertising income in Adur exceeded the budget following a successful 12 months. For Markets, this has been generated through a sharper focus on the additional commercial elements, as well as a greater social media presence. The latter is shifting the Markets to a destination and experience, rather than just events. The bus shelter advertising has been realigned to a more commercial outlook, which has created greater business interest for advertising space. The net position was a £59,000 underspend.



In Worthing, additional income from seafront concessions and outdoor events contributed to a net underspend of £67,000. The concessions have moved to an application process, which has generated more interest, so much so that this year saw 100% coverage of all available concession sites for the very first time. The Outdoor Events Programme remains a positive intervention to the local economy as the events create greater experiences and activation across our places.

#### 4.12.4 Planning and Development

Worthing received additional planning fee income in quarter 4 including the applications for redeveloping Teville Gate and Teville Gate House, the outturn position improved by £77,000. A request has been made to carry forward some of this fee income into 2019/20 to resource the associated work on these major applications. There was also a saving on the professional services budget.

Building Control also saw a marginal improvement to its expected overspend of £10,000.

Adur had predicted an overspend in Development Management of £30,000 due to consultants costs related to the New Monks Farm planning application, but an underspend from fees for West Sompting housing development late in the year has offset this and has come in marginally under-budget by £7,000. An overall improvement of £37,000.

Additional grants were received in quarter 4 in Adur (£67,000) and Worthing (£39,000) in Planning Policy.

### 4.13 CORPORATE

#### 4.13.1 Business Rates

Additional net income was received in relation to Business Rates by Adur £328k and Worthing £480k during 2018/19; the table below shows a breakdown:

	Adur		Worthing	
	Budget	Actual	Budget	Actual
	£000	£000	£000	£000
Income - Fixed in January	7,352	7,352	13,106	13,106
Less: Tariff Payment	-4,930	-4,930	-9,840	-9,839
	2,422	2,422	3,266	3,267
Plus: s31 Grants from Govt	503	718	857	1,037
Less: Levy Payment	-587	-475	-764	-465
Net Income	2,337	2,665	3,359	3,839
<b>Additional income above budget for 2018/19</b>		<b>328</b>		<b>480</b>

The precept income from the Collection Fund is set before the start of the financial year as part of the budget process and the tariff payment is usually fixed by Government around the same time.

The section 31 grants are a reimbursement by Government for the income lost by local authorities for any reliefs or support given to local businesses under the business rate retention scheme.

This year there were a number of tax changes announced as part of the Budget Statement that have impacted on the income for the reporting year. However the changes were made after the income to be taken from the Collection Fund was determined. The result is a timing difference between when the grant is received (in 2018/19) and accounted for and when the Council will fund actual loss of income to the Collection Fund which will be in 2020/21.

To address this timing issue and protect the budget position in 2020/21, it is proposed that the additional business rate income is transferred to the Business Rate Smoothing Reserve (£328,000 for Adur and £480,000 for Worthing), which the committee is asked to ratify. This reserve will be used to compensate the Councils for reduced business rate income in 2020/21.

#### **4.13.2 External Borrowing Costs, Investments and Minimum Revenue Provision**

There are variances for both Adur and Worthing. For both Councils the MRP costs were lower than the budget due to re-profiling of the capital programmes: Adur had a favourable variance of £82k and Worthing had a favourable variance of £273k after an additional investment of £25k in the Boom Credit Union.

Investment returns were above budget for both Councils: Adur General Fund under achieved its income budget by £16k, but the HRA exceeded its income budget by £20k. Worthing exceeded its income budget by nearly £61k.

In addition, for Worthing, officers have taken advantage of the stability in interest rates to arrange some short term rather than long term borrowing, resulting in reduced costs from lower interest rates and reduced provision for repayment of debt, giving a net favourable variance of £170k. Most of Adur's borrowing is at long term fixed rates, so the Council does not benefit to the same degree from the current market rates. However, new long term borrowing at better than forecast rates resulted in a net favourable General Fund variance after expenses of £77k. There was a saving of £48k in interest costs for the HRA. Both Councils are also fixing longer term borrowing with the PWLB to fund the purchase of properties, as approved in their budgets.

Both Councils wrote down by £25k the value of their holdings in the Municipal Bonds Agency.

<b>Treasury Management (Under) / Overspends</b>	<b>Adur</b>	<b>Worthing</b>
Minimum Revenue Provision	(82,000)	(272,600)
Interest on Borrowing and TM costs	(89,700)	(169,300)
Investment Income	15,900	(60,700)
Write down of Municipal Bond Funds	25,000	25,000
Debt Management Expenses	12,400	(1,800)
<b>Total</b>	<b>(118,400)</b>	<b>(479,400)</b>

## **4.14 CROSS CUTTING**

### **4.14.1 Maintenance**

There have been some unavoidable costs incurred within Worthing during the financial year that have resulted in an overspend in maintenance costs of £285,000.

The contract for the maintenance of the cremators includes additional payments once the number exceeds the contracted threshold of cremations. These charges were paid in 2018/19 and related to the cremations carried out in the calendar years 2016, 2017 and 2018. The council made three payments of £25k for each of these years.

Maintenance works due to vandalism at our parade shelters and parks has also contributed to unavoidable costs of around £70k. Additional maintenance to our beach huts (we have 131 in total) has been necessary and a capital improvement budget bid will be made this year to replace some of the oldest and worse condition beach huts.

The maintenance costs at Splashpoint Leisure Centre and Worthing Leisure Centre that are the Councils responsibility continue to rise and an additional £100k spent. By its very nature the plant and equipment at Splashpoint are very specialist and hence expensive to maintain. The maintenance costs are also linked to the success/high usage of the facility. Some unavoidable costs have also been incurred due to vandalism of the external glazing at Splashpoint.

Expenditure on Worthing Pier substructure and landing stages has been necessary to keep this listed structure in good condition and to carry out fire safety works.

### **4.14.2 Facilities Management**

During 2018/19 a review of energy cost recharges to external organisations was carried out, it has been identified and previously reported to Committee, that these had not been completed for a number of years and a recharge made of £195,000.

These were charges for utilities supplied to the Health Clinic and Law Courts on the Town Hall site. This income was partially offset by some increases in utility and cleaning costs.

#### **4.14.3 Vacancy Provision**

The Councils had a total vacancy saving target of £758,530 for 2018/19. The final outturn position was an underachievement of £120,580 against this target which is a £40,000 improvement on the forecast in quarter 3. There was a higher level of staff turnover in the last three months of the year than anticipated. The Councils' budgets for salaries in 2018/19 was £26.1m so this equates to 0.46% overspend.

### **5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)**

5.1 Adur Homes is held within a ring fenced Housing Revenue Account, which is shown in Appendix 4. Overall the HRA shows a significant underspend against its budget of £547,328, higher than the £485,020 projected in quarter 3. This outturn includes a £750k reduction in depreciation charges as a result of a change in the asset valuation methodology, this has been adjusted for the 2019/20 budget. The significant variances are detailed in appendix 5(c).

5.2 The HRA Reserve stood at £1.752m at 31<sup>st</sup> March 2019 which will be used to support the HRA in the final year of the government's rent restructuring policy, which has required social rents to be reduced by 1% each year over a four year period. From 1st April 2020, social and affordable rents can be increased by a maximum of CPI+ 1% per annum for five years.

### **6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES**

#### **6.1 Recommended Carry Forwards of Unspent Budget**

Any unspent funds are placed into reserves at the year end. Budgets in respect of the items in appendix 6 remain unspent at 31<sup>st</sup> March 2019 and are required to complete existing initiatives in 2019/20.

The focus for carry forward proposals this year is on existing commitments or other essential items rather than bids for new initiatives. This is to build capacity in the reserves to protect the Councils' interests for the next two years. It is recommended that these amounts are carried forward to 2019/20 and funded from the respective Capacity Issues Reserves. The Committee may wish to consider how these items contribute to the Councils' priorities when approving the carry forwards.

The items detailed in appendix 6 are recommended for carry forward for the Joint Committee, Adur District Council and Worthing Borough Council.

## 6.2 Movements and Use of Reserves

As part of the 2018/19 final accounts process, officers have identified amounts that are recommended for transfer to reserves for specific purposes or planned as part of the budget process, as detailed below.

In 2018/19, both authorities drew down on reserves to fund redundancy and other costs. A detailed breakdown of the reserve positions is included in **Appendix 2b** for Adur and **Appendix 3b** for Worthing.

### Adur District Council:

<b>Adur District Council transfers to General Fund Earmarked Reserves 2018/19</b>		
<b>Budgeted/Committed contributions to/from reserves:</b>	£	£
<ul style="list-style-type: none"> <li>• Increase in Grants Carried Forward</li> <li>• Budgeted contribution to Reserves</li> <li>• Self-insurance charges and proposed contributions</li> </ul>	<p>9,902</p> <p>10,500</p> <p>30,700</p>	51,102
<b>Contribution to reserves for future needs:</b>		
<ul style="list-style-type: none"> <li>• Transfer to Business Rate Smoothing Reserve (paragraph 4.12.1)</li> </ul>	328,161	
<b>Contribution to reserves from general underspend:</b>		
<ul style="list-style-type: none"> <li>• Carry Forward requests to Capacity Issues Reserve (see appendix 6)</li> <li>• Unallocated General Fund underspend transferred to Capacity Issues Reserve</li> <li>• General Fund underspend transferred to General Fund Reserve (working balance)</li> </ul>	<p>151,720</p> <p>32,098</p> <p>602</p>	512,581
<b>Total recommended net contributions to Reserves</b>		<b>563,683</b>

If all the proposals in the above table are adopted, Adur District Council's General Fund Working Balance will increase to £518,773 which, at nearly 6.4% of net expenditure of £8.116m, is within the range of 6%-10% set by the Council. In addition the Council would retain earmarked revenue reserves of £1.049m (excluding the revenue grants reserve), an increase of £0.289m over 31<sup>st</sup> March, 2018. The full listing of earmarked reserves is attached as **Appendix 2b**.

**Worthing Borough Council:**

<b>Worthing Borough Council net transfers to General Fund Earmarked Reserves 2018/19</b>		
<b>Budgeted/Committed contributions to/from reserves:</b>	£	£
<ul style="list-style-type: none"> <li>• Increase in Grants Carried Forward</li> </ul>	199,608	
<ul style="list-style-type: none"> <li>• Withdrawal from Theatres Maintenance Reserve</li> </ul>	(59,000)	
<ul style="list-style-type: none"> <li>• Budgeted contribution to Reserves</li> </ul>	41,050	
<ul style="list-style-type: none"> <li>• Self-insurance charges and proposed contributions</li> </ul>	30,700	212,358
<b>Contribution to reserves for future needs:</b>		
<ul style="list-style-type: none"> <li>• Transfer to Business Rate Smoothing Reserve (paragraph 4.12.1)</li> </ul>	480,174	
<ul style="list-style-type: none"> <li>• Transfer to Property Investment Risk Reserve</li> </ul>	50,000	
<ul style="list-style-type: none"> <li>• Transfer to Theatres Capital Maintenance Reserve funded by levy payments</li> </ul>	90,893	621,067
<b>Contribution to reserves from general underspend:</b>		
<ul style="list-style-type: none"> <li>• Carry Forward requests to Capacity Issues Reserve (see appendix 6)</li> </ul>	425,900	
<ul style="list-style-type: none"> <li>• General Fund underspend transferred to General Fund Reserve (working balance)</li> </ul>	25,000	
<ul style="list-style-type: none"> <li>• Unallocated General Fund underspend transferred to Capacity Issues Reserve</li> </ul>	166,360	617,260
<b>Total recommended net contributions to Reserves</b>		<b>1,450,685</b>

If all the proposals in the above table are adopted, Worthing Borough Council will increase its General Fund Working Balance to £868,625 which, at 7% of net expenditure of £12.370m, is within the range of 6%-8% set by the Council. In addition the Council would retain earmarked revenue reserves of £3.214m (excluding revenue grants reserve), an increase of £0.664m over 31st March, 2018. The full listing of earmarked reserves is attached as **Appendix 3b**.

**7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2018/19 AND DEBT POSITION**

**MRP Requirement for 2018/19**

- 7.1 The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 require the Councils to make a prudent provision within the accounts for repayment of debt. This provision is called the Minimum Revenue Provision (MRP) and is charged to revenue expenditure.
- 7.2 The Councils' MRP policy was approved by the Joint Strategic Committee at its meeting of 2<sup>nd</sup> June 2016 and was recommended for approval by Worthing Council at its meeting on 19<sup>th</sup> July 2016 and by Adur Council at its meeting on 21<sup>st</sup> July 2016. It was agreed that: firstly for any debt associated with

unfunded capital expenditure incurred before 1st April 2008, the MRP will be set aside in equal instalments over the life of the associated debt.

This does not apply to Worthing Borough Council which had no debt as at 1st April 2008. Secondly, for both Councils' non-HRA capital expenditure which forms part of the Capital Financing Requirement (the CFR), (excluding loans to RSLs), after 1st April 2008, the MRP will be calculated as the annual amount required to repay the CFR using the Annuity Method over the life of the assets acquired. The option remains to use additional revenue contributions or capital receipts to repay debt earlier. Where a building is being constructed, the MRP will be set aside once the building has been completed. The CFR is a prescribed calculation which is used to measure the Councils' underlying need to borrow to finance all capital expenditure.

- 7.3 The MRP policy will ensure that, by the time debts are due to be repaid, sufficient funds will have been set aside.
- 7.4 As MRP is applied in the year after which capital expenditure is funded from borrowing, the MRP for 2018/19 relates to unfunded expenditure incurred up to and including 31<sup>st</sup> March, 2018. Voluntary MRP may be set aside, which can be offset in future years.
- 7.5 By applying the approved methodologies, described in paragraph 7.2, the following MRP determinations have been provided for in the 2018/19 accounts:
- For Adur District Council: £1,015,897. No Voluntary MRP was set aside for the HRA.
  - For Worthing Borough Council: £810,658, plus a voluntary provision of £300,000.

#### **Debt Position at 31 March 2019**

- 7.6 In recognition of the introduction of the HRA Self-Financing regime, the Councils' joint treasury management policy also includes a requirement to account separately for General Fund and HRA debt in accordance with the "two pool approach" recommended by CIPFA within the Treasury Management Code of Practice. This approach apportioned historic debt at 31 March 2012 between the HRA and General Fund in accordance with the Code guidance, and requires new borrowing from 1 April 2012 onwards to be attributed to either the General Fund or HRA according to the purpose for which it is obtained.
- 7.7 For Adur Council the separation of General Fund and HRA debt facilitates a comparison with the corresponding underlying need to borrow (the Capital Financing Requirement) i.e. capital expenditure not financed from internal resources. The purpose of the comparison is to enable General Fund and HRA treasury management decisions to be taken independently of each other, and in an equitable and transparent manner.

- 7.8 Accordingly, there follows a comparison of the respective debt outturn positions compared to the CFR for each Council, albeit that as Worthing does not have an HRA it therefore does not operate a two pool approach.

CFR v Debt Position at 31 March 2019	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
<b>Actual Long Term Debt 01/04/18</b>	<b>27,263,600</b>	<b>57,874,626</b>	<b>85,138,226</b>	<b>35,564,182</b>
New Long Term Debt Raised in year	32,440,800	2,000,000	34,440,800	32,499,375
Long Term Debt Repaid in Year	(1,705,823)	(1,706,167)	(3,411,990)	(2,813,511)
<b>Actual Long Term Debt 31/03/19</b>	<b>57,998,577</b>	<b>58,168,459</b>	<b>116,167,036</b>	<b>65,250,046</b>

CFR v Long Term Debt Position at 31 March 2019	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Capital Financing Requirement (CFR)	63,147,548	60,102,737	123,250,285	70,674,109
<b>(Over) / Under Borrowing</b>	<b>5,148,971</b>	<b>1,934,278</b>	<b>7,083,249</b>	<b>5,424,063</b>

- 7.9 In addition to the amounts reported in the table above, Worthing also held temporary borrowing of £2m at 31st March 2019, which will mature fully by 18th June 2019. Some of this may be refinanced as new temporary borrowing if required. Adur did not hold any temporary borrowing at 31st March 2019.

- 7.10 For Adur Council the General Fund is under-borrowed by approximately £5.149m. The HRA is under-borrowed by £1.934m because, although actual debt is gradually repaid, the Council has not made any Voluntary Minimum Revenue Provision for 2018-19 and consequently the Capital Financing Requirement has not reduced. This position largely reflects the opening position at 1<sup>st</sup> April 2012 arising from the application of the two pool split, where-in the CIPFA methodology assumed the HRA was fully borrowed at the level of its CFR, so that any under or over borrowing at that time was fully attributed to the General Fund. The General Fund took out new long term borrowing to fund property purchases and the construction of Focus House in Shoreham.

- 7.11 Worthing is under-borrowed by £5.424m based on long term borrowing, which reflects the cumulative impact over a number of years of consistently using internal borrowing and short term borrowing as a cheaper source of funding capital investment. This has been a prudent measure in the climate of historically low interest rates to reduce the “cost of carry” (i.e. the difference between the interest charged on new borrowing compared to the interest foregone on cash balances used to fund capital expenditure that would



otherwise have been invested). New long term loans amounting to nearly £32.5m have been taken out in 2018-19, largely to fund property purchases.

## **8.0 ENGAGEMENT AND COMMUNICATION**

8.1 The Corporate Leadership Team, Heads of Service and budget managers have all collaborated in the content of this report providing explanation and narrative on the outturn variances.

## **9.0 FINANCIAL IMPLICATIONS**

9.1 There are no further financial implications. The report sets out the final outturn position with both Adur and Worthing presenting underspends against budget.

## **10.0 LEGAL IMPLICATIONS**

10.1 Local authorities have a statutory duty under section 28 of the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge. Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.

## **11.0 CONCLUSION**

11.1 The overall underspends for Worthing and Adur are most welcome at this time to help the Councils manage the challenging financial climate which they are currently grappling with. However, the nature of many of the underspends does not indicate an improved outlook for the revenue budget going forward, and pressures very much remain.

11.2 The Councils have had a difficult year with reduced funding and cost pressures to manage, but they have successfully addressed some significant issues. The underspends in 2018/19 have given the Councils the opportunity to contribute to reserves, which is welcome at a time when local government faces ongoing financial pressures.

## **Local Government Act 1972**

### **Background Papers:**

Reports to the Joint Overview and Scrutiny and Joint Strategic Committee

Revenue Budget 2018/19 Joint, Adur and Worthing

3rd Monitoring Revenue and Capital Reports Joint Strategic Committee, Adur District Councils and Worthing Borough Council – Report to the Joint Strategic Committee dated 5<sup>th</sup> March 2019

Accounts and Audit Regulations 2015

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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


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## 2018/19 FINAL REVENUE OUTTURN JOINT SUMMARY

 ADUR & WORTHING COUNCILS	ORIGINAL ESTIMATE 2018/19	CURRENT ESTIMATE 2018/19	OUTTURN 2018/19	(UNDER)/ OVERSPEND 2018/19
	£	£	£	£
Chief Executive	432,650	432,650	468,039	35,389
Director for Communities	7,423,710	7,424,300	7,484,445	60,145
Director for Digital & Resources	11,006,380	11,095,830	10,158,606	(937,224)
Director for the Economy	3,418,140	3,418,140	3,554,062	135,922
Grants Reserves			3,980	3,980
<b>TOTAL SERVICES</b>	<b>22,280,880</b>	<b>22,370,920</b>	<b>21,669,133</b>	<b>(701,787)</b>
<b>ALLOCATION OF COSTS</b>				
Recharged to Capital			799,510	799,510
Recharged to other joint services	-	-	(21,169)	(21,169)
	<b>22,280,880</b>	<b>22,370,920</b>	<b>22,447,474</b>	<b>76,554</b>
Adur District Council ADC Capital	(9,213,250)	(9,242,240)	(8,975,494)	
Worthing Borough Council WBC Capital	(13,067,630)	(13,128,680)	(13,471,980)	
<b>TOTAL SERVICE BLOCK ALLOCATIONS</b>	<b>(22,280,880)</b>	<b>(22,370,920)</b>	<b>(22,447,474)</b>	


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**CIVIC BUDGET 2018-19**  
**Summary of Final Revenue Outturn**

 ADUR DISTRICT COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2018/19	CURRENT ESTIMATE 2018/19	OUTTURN 2018/19	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>CM for Environment</i>	2,525,430	2,561,710	2,591,947	42,981	-	(12,744)
<i>CM for Health &amp; Wellbeing</i>	1,208,510	1,259,730	1,234,340	-	-	(25,390)
<i>CM for Customer Services</i>	1,354,650	1,354,650	1,317,721	(2,860)	-	(34,069)
<i>Leader</i>	598,120	598,120	574,158	(880)	-	(23,082)
<i>CM for Regeneration</i>	1,522,330	1,529,830	1,521,078	23,440	-	(32,192)
<i>CM for Resources</i>	1,912,180	1,904,700	1,686,187	95,473	17,592	(331,578)
<i>Support Service Holding Accounts</i>	205,720	217,550	-	(35,370)	(17,592)	(164,588)
<i>Budget vired to HRA</i>						-
<b>TOTAL CABINET MEMBERS</b>	<b>9,326,940</b>	<b>9,426,290</b>	<b>8,925,430</b>	<b>122,784</b>	<b>-</b>	<b>(623,643)</b>
<i>Credit Back Depreciation</i>	(1,821,540)	(1,821,540)	(1,320,741)	(122,784)	-	623,583
<i>Minimum Revenue Provision</i>	1,097,860	1,097,860	1,015,897	-	-	(81,963)
<i>Additional Non Ring Fenced Grants</i>	-	-	272	-	-	272
<i>Financial Instrument Adjustment</i>	-	-	1,087	-	-	1,087
	<b>8,603,260</b>	<b>8,702,610</b>	<b>8,621,946</b>	<b>-</b>	<b>-</b>	<b>(80,664)</b>
<b>Transfer to/from reserves:</b>						
<i>Transfer from reserves to fund specific expenditure</i>	24,500	(74,850)	(506,767)	-	-	(431,917)
<i>General fund working balance</i>			603	-	-	603
<b>Net Underspend/(Overspend) Transferred to Reserves</b>			<b>511,979</b>	<b>-</b>	<b>-</b>	<b>511,979</b>
<b>TOTAL BUDGET REQUIREMENT BEFORE EXTERNAL SUPPORT FROM GOVERNMENT</b>	<b>8,627,760</b>	<b>8,627,760</b>	<b>8,627,760</b>	<b>-</b>	<b>-</b>	<b>-</b>


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 ADUR DISTRICT COUNCIL  <b>EARMARKED REVENUE RESERVE ACCOUNTS</b>	<b>Opening Balance</b>  <b>2018/19</b>	<b>Actual Decrease</b>  <b>2018/19</b>	<b>Actual Increase</b>  <b>2018/19</b>	<b>Closing Balance</b>  <b>2018/19</b>
<p><b>Capacity Issues Fund including General Fund Carry Forward Reserve</b></p> <p><b>Redundancy</b> costs approved 16 May 2018 by Executive Members for Resources</p> <p>Adur Grants Fund (5 Dec 2017 JSC/069/17-18)</p> <p><b>Carry forwards</b> approved at JSC 10th July 2018</p> <p>Budgeted contribution (to)/from revenue</p> <p>Revenue underspend</p> <p>Balance</p>	<p>£</p> <p>384,093</p>	<p>£</p> <p>(64,494)</p> <p>(10,670)</p> <p>(77,498)</p>	<p>£</p> <p>10,500</p> <p>183,818</p>	<p>£</p> <p>425,749</p>
<b>Insurance Fund</b>	174,943	(52,750)	30,700	152,893
<b>Investment Property Maintenance Fund</b>	38,387	(38,387)	-	-
<b>Business Rates Smoothing Reserve</b>	74,000		328,161	402,161
<b>Grants and Contributions held in Reserves</b>	552,668	(173,859)	183,761	562,570
<b>Election Reserve</b>	7,880			7,880
<b>Special and Other Emergency Reserve</b>	81,080	(20,826)		60,254
<b>General Fund Reserve</b>	518,171	-	602	518,773
<b>TOTALS</b>	1,831,222	(438,484)	737,542	2,130,280

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**CIVIC BUDGET 2018/2019**  
**Summary of Final Revenue Outturn**

 WORTHING BOROUGH COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2018/19	CURRENT ESTIMATE 2018/19	OUTTURN 2018/19	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	852,870	852,870	850,001	1,390	(18,824)	14,565
<i>CM for Digital and the Environment</i>	3,197,140	3,314,740	3,594,064	173,757	(31,616)	137,184
<i>CM for Health &amp; Wellbeing</i>	1,794,650	1,828,650	1,816,036	11,830	(31,914)	7,469
<i>CM for Customer Services</i>	4,711,980	4,762,380	4,954,410	(16,047)	(183,605)	391,682
<i>CM for Regeneration</i>	1,958,070	2,176,330	2,217,162	(73,217)	(67,977)	182,027
<i>CM for Resources</i>	2,389,660	2,166,140	1,775,527	92,900	(32,948)	(450,565)
<i>Holding Accounts</i>	710,280	754,870	-	180,768	366,884	(1,302,522)
<b>TOTAL CABINET MEMBER</b>	<b>15,614,650</b>	<b>15,855,980</b>	<b>15,207,200</b>	<b>371,381</b>	<b>-</b>	<b>(1,020,161)</b>
<i>Credit Back Depreciation</i>	(3,633,620)	(3,633,620)	(3,262,239)	(371,381)		742,762
<i>Minimum Revenue Provision</i>	1,408,260	1,408,260	1,110,658			(297,602)
<i>Additional Non Ring Fenced Grants</i>	-	-	323,150			323,150
	<b>13,389,290</b>	<b>13,630,620</b>	<b>13,378,769</b>	<b>-</b>		<b>(251,851)</b>
<b><i>Transfer to/from reserves:</i></b>						
<i>Transfer from reserves to fund specific expenditure</i>	127,300	(114,030)	(1,009,614)			(895,584)
<b><i>Net Underspend Transferred to Reserves</i></b>			1,147,435			1,147,435
<b>Total Budget requirement before External Support from Government</b>	<b>13,516,590</b>	<b>13,516,590</b>	<b>13,516,590</b>	<b>-</b>		<b>-</b>

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 WORTHING BOROUGH COUNCIL  <b>EARMARKED REVENUE RESERVE            ACCOUNTS</b>	<b>Opening Balance 2018/19</b>	<b>Actual Decrease 2018/19</b>	<b>Actual Increase 2018/19</b>	<b>Closing Balance 2018/19</b>
	£	£	£	£
<b>Capacity Issue Reserve</b>	1,442,378	(2,556)		
- Marketing/legal costs re disposal of High St & Civic Centre car park sites (28/02/12 JSC/094/11-12) up to £50k each		(59,440)		
- Funding for Decoy Farm survey (22/7/14 JSC/031/14-15)		(41,596)		
- Preliminary costs of Theatre Trust bid (10 July 2018 JSC/026/18-19)		(83,512)		
Redundancies		(30,926)		
<b>Expenditure funded from approved carry forwards from 2017/18</b>				
- Worthing carry forwards agreed Joint Strategic Committee 10th July, 2018		(214,178)		
- Budgeted contribution (to)/from revenue			41,050	
- Revenue underspend			592,260	
<b>Balance</b>				1,643,480
<b>Insurance Reserve</b>	296,907	(53,929)	30,700	273,678
<b>Joint Health Promotion Reserve</b>	7,810	(4,457)		3,353
<b>Leisure Lottery &amp; Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre</b>	77,766	(40,561)		37,205
<b>Museum reserve - 12/09/17 JSC/037/17-18 release of funds to support grant bid</b>	97,702			97,702
<b>Theatres Capital Maintenance Reserve</b>	138,593	(59,000)	90,893	170,486
<b>Special and Other Emergency Reserve - redundancies</b>	34,292	(31,239)		3,053
<b>Business Rates Smoothing Reserve</b>	425,000		480,174	905,174
<b>Grants &amp; Contributions</b>	542,176	(110,902)	310,510	741,784
<b>Property Investment Risk Reserve</b>			50,000	50,000
<b>Capital Expenditure Reserve</b>	29,658			29,658
<b>General Fund Working Balance</b>	843,625		25,000	868,625
<b>TOTAL</b>	3,935,907	(732,296)	1,620,587	4,824,198

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## HOUSING REVENUE ACCOUNT SUMMARY

	<b>BUDGET</b>	<b>OUTTURN</b>	<b>VARIANCE</b>
	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>EXPENDITURE</b>			
General Management	3,891,890	3,851,985	(39,905)
Special Services	413,760	427,715	13,955
Rent, Rates, Taxes & Other Charges	26,300	50,721	24,421
Repairs & Maintenance	2,823,320	2,914,307	90,987
Bad/Doubtful Debt	50,000	90,653	40,653
Contribution to reserves	-	-	-
<b>Capital Financing Costs</b>			
Depreciation and Revenue Contribution to Capital	4,600,000	3,875,901	(724,099)
Interest charges	2,308,980	2,260,573	(48,407)
<b>TOTAL EXPENDITURE</b>	<b>14,114,250</b>	<b>13,471,855</b>	<b>(642,395)</b>
<b>INCOME</b>			
Dwelling Rents	(11,991,720)	(11,940,951)	50,769
Non-Dwelling Rents	(566,920)	(551,776)	15,144
Heating and Other Service Charges	(551,710)	(480,572)	71,138
Leaseholder's Service Charges	(241,330)	(265,557)	(24,227)
Interest Received	(28,000)	(45,757)	(17,757)
<b>TOTAL INCOME</b>	<b>(13,379,680)</b>	<b>(13,284,613)</b>	<b>95,067</b>
<b>NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE</b>	<b>734,570</b>	<b>187,242</b>	<b>(547,328)</b>





Outturn 2018/19

The main variations to budget for this report, are detailed below:

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Description of Significant Variations
<b>Chief Executive</b>				
<b>Communcations</b>	(16)			Additional income - provision of Communications services to other outside bodies and interal projects.
	(16)	-	-	
<b>Director of Communities</b>				
<b>Env Health - Housing</b>	-	(35)	(134)	ADUR & WORTHING: Houses in Multiple Occupation (HMO) income - additional income due to change in regulations which make more properties eligible for licensing. Home Improvement Assistance (HIA) - Fees Income is based upon size and number of grants approved. Due to the scale of Better Care Fund (BCF) allocation, a discretionary Disabled Facilities Grant (DFG) policy has been introduced that has increased the size and number of grants. An ongoing review has also improved turnaround.
<b>Housing Needs</b>	-	143	(7)	ADUR: Demand for temporary accommodation saw a slight decrease in the final quarter from 50 to 46 cases The year end overspend in PSL accommodation (102k) was higher than anticipated at Q3, a combination of costs associated with the high number of void properties throughout the year and 25k of write-offs. WORTHING: Continued high level of demand for temporary accommodation from homeless applicants from 98 to 104 cases in the final quarter. However, the net overspend projected at Q3 was covered in full by an unexpected top up of Worthing's Flexible Homelessness Support Grant allocation for 2018-19.
<b>Housing Needs Grant</b>		(27)	(72)	Ministry for Housing, Communities and Local Government (MHCLG) grant received in respect of New Burdens associated with the introduction of the Homelessness Reduction Act. This funding has been carried forward to 2019/20.
<b>Env Health - Housing Grant</b>			(17)	MHCLG grant received in respect of Rogue Landlord Enforcement. Local Authorities have responsibilities to tackle rogue landlords, this funding will support a range of projects that councils have said will help them to ramp up action against criminal landlords. This funding was received in March 2019 and has been carried forward to 2019/20.
<b>Community Wellbeing</b>	-	(10)	(25)	ADUR: Eastbrook Manor underspend against budget. WORTHING: Grants and contributions in excess of budget, carry forward request for £10,560 has been submitted.
<b>Licensing</b>	-	(23)	11	ADUR: Net underspend in Licensing budget WORTHING: Net Overspend in Licensing budget
<b>Public Health &amp; Regulation</b>	(20)			JOINT: Underspend on supplies and services
<b>Democratic Services</b>			(14)	WORTHING: Mayoral Services and Member Allowance underspend
<b>Env Health - Commercial</b>		(9)	(13)	ADUR: Underspends on supplies and services WORTHING: Underspends on supplies and services
<b>Env Health - Domestic</b>		(8)	(9)	ADUR: Underspends on supplies and services WORTHING: Net overachievement of income
<b>Environmental Services - vehicles</b>	61			Net overspend on vehicle costs
<b>Parks &amp; Foreshore</b>	21	11	(22)	JOINT: Net underachievement of income from grounds maintenance external work, contracts & Adur Homes SLA, safety boat training income ADUR: Shortfall in Sports income WORTHING: £114.5k inconvenience payment and reimbursement of loss of income from Rampion for for the late reinstatement of the par 3 at Brooklands in Worthing, offset in part by reduced outdoor sports income £74 Supplies and services overspent including spend on parking restrictions on the front, and several large play equipment purchases (Tarring Park & Lyons Farm) £52k
<b>Environmental Services</b>	(13)	(9)	(80)	Rental income, other misc income and grant income received in addition to budget
<b>Clinical</b>	16			Health authority and commercial clinical waste shortfall of income
<b>Commercial Waste</b>		38	119	Increased rate for tonnages not fully budgeted. Adjusted for in the 2019/20 budget.
<b>Environmental services - premises costs</b>		22	11	ADUR&WORTHING Net overspend on premises costs less reimbursement of service costs from tenants
<b>Cemeteries</b>		22	47	ADUR&WORTHING:Shortfall of Cemetery Income projected based on current numbers and prior years profiles partly offset by reduced supplies & services

Outturn 2018/19

The main variations to budget for this report, are detailed below:

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Description of Significant Variations
Crematorium			202	WORTHING :Income under achieving following closure of one chapel last year and a lower number of Cremations compared to the past couple of years (146k), supplies & services overspend which include Medical referee surcharges (growth approved for 19/20) aborted kiosk re-siting, costs for ICCM assessment and recommendations, specialist machinery and software to enable the maximum reclamation of infant cremated remains, other addtl costs such as additional and replacement CRM database system support, CCTV and Crematorium Children's Garden development. (£56k)
Leisure		(18)	(46)	Sports and Leisure Facility study not completed - Request for carry forward
	65	97	(49)	
<b>Director of Digital and Resources</b>				
Elections	-		7	WORTHING; Net overspend on conducting of local elections
Parking Services		(74)	6	ADUR; Overachievement of income against parking budget (88k) offset in part by overspends in Supplies & services. WORTHING; Overachievement of income against parking budget.£65k offset by various contract costs overspend
Digital & ICT	(196)	-	-	There have been delays to a number of projects including IaaS, Uniform & Orchard migration in 18-19, primarily due to delays in the installation of the dedicated lines into Adur and Worthing. This has prevented several major migrations from completing within this financial year. A carry forward request of £77k has been submitted. Additionally there is an underspend in the residual CenSus costs £66k and some underspends in maintenance. The lines will ensure that AWS are performant.
Telephony	51	-	-	Overspend on Telephony costs - budget adjusted in 2019/20.
Revenue & Benefits			232	WORTHING Revenue & Benefits - underachievement in court costs of £130k and underachievement of income from Benefit overpayments £399k, Offset by grant income 75k, net cost of housing benefit payments is lower than budgeted 154k due to reduction in local authority error.
Legal Services	(60)	11		JOINT: Increased charge to HRA for Legal services ADUR:Underachievement of income
Business & Facilities			(37)	Mainly due to a Business Rate refunds for Public Conveniences
Transport costs	75			Overspend in transport costs related to pool cars. Following the Essential user review budgets were removed with no allowance retained for the cost of pool cars.
Admin Buildings	(165)			Income for Law Court energy recharge for past years £195k offset by overspend on water/cleaning & rates
Finance	41	45	40	JOINT; Supplies and Services overspend offset by additional income of £10k ADUR; Pensions strain overspend offset by Business Development Fund underspend of £54k, WORTHING; . R&B Client underspent by £35k, the Business Development Fund carry forward of £65k, D&R Grants £26k offset by increased Pension strain costs resulting from restructures and redundancies.
Insurance		62	54	ADUR ; Inceased premiums for insuring motor vehicles over and above inflation by £32k and £62k to be funded by the insurance reserve offset with income received from tenants (£11k) and underspends in employee (£23k) and premises insurances (£15k). WORTHING; Increased premiums for insuring premises and Transport insurance over and above inflation by £35k and £4k, plus expenditure of £54k to be funded from the insurance reserve, underspend in employee insurances of £8k and an error of £16k from previous year plus income from tenants of £10k.
Audit		38	22	ADUR and WORTHING ; Increased cost of the internal audit provision.
Set aside money for Major Projects			(147)	Money set aside for Major Projects - £140k to be cfwd forward for revenue contribution to capital projects re Colonade house £88k to offset Major Project spend
Business Rates		(328)	(480)	Additional income - includes section 31 government grants.
Finance:Treasury		(118)	(479)	ADUR: MRP £82k and interest payable £36k underspends and overachieved in investment interest net of write down of Credit Union payment within Capital. WORTHING: MRP £273k and Interest payable £206k overachieved net of write down of Credit Union payment within Capital.
	(254)	(364)	(782)	

Outturn 2018/19

The main variations to budget for this report, are detailed below:

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Description of Significant Variations
<b>Director of the Economy</b>				
Major Projects and Investment (Estates)	0	(10)	(73)	ADUR: Increase income from property investments. WORTHING: Increased income from property investments £94k offset by increased premises costs through insurance.
Major Projects and Investment (Major Projects)	(17)	18	0	JOINT: underspend of £54k in Supplies and Services, offset by unachieved income. ADUR: Unbudgeted costs in Supplies and Services for revenue professional fees relating to Focus House development, Sussex Yacht Club and final payment to Heritage Collective.
Head of Culture (Theatres)			(108)	WORTHING: Bulk of the underspend (£88k) is from Theatres Ticket Levy which is to be transferred to reserves to fund future capital projects.
Place and Economy	0	(59)	(67)	ADUR: Increased income from Markets and Bus Shelter Advertising. Carry Forward requests of £8k (funding Adur Christmas Events) and £19k (for Lancing Additional Street Planting) have been submitted. WORTHING: . Additional income from seafront concessions and Outdoor Events and savings on supplies and services budgets. for "A" Boards income, further Last year's approved carry forward of £10k was not used owing to change in strategy regarding charging and enforcement of Worthing "A" Boards, carry forward will be requested again this year to fund enforcement by WSCC, additionally carry forwards have been requested for Splashpoint Improvements (£18k) and Worthing Outdoor Cinema (£9k) to 2019/20.
Planning and Development (Building Control)	30	44	53	ADUR: Unachieved income. WORTHING: Unachieved income offset by a small saving in supplies and services.
Planning and Development (Development Control)	123	(7)	(109)	ADUR: Underspend from fees for West Sompting housing development late in the financial year offset by additional costs for expert advice for New Monks Farm development. Carry forward request has been submitted to assist with the workload from West Sompting development during 2019/20. WORTHING: Underspend of from overachieved fee income late in 2018/19 relating to Teville Gate and Teville House developments. Savings from supplies and services budget due to professional advice not being required for contraversion planned developments. Carry forward request has been requested to support additional workload and possible professional services required for Teville Gate developments.
Planning and Development (Planning Policy)	6	(67)	(39)	ADUR: Unbudgeted Government Grant of £60k - to be transferred to reserves to fund future initiatives. WORTHING: Unbudgeted cost for Worthing Transport Plan (£30k) funded from £60k government grant, remaining £29k to be transferred to reserves to fund future initiatives.
Planning and Development (Land Charges)	11	28	3	JOINT: Unbudgeted computer costs of £10k ADUR: Shortfall of income £36k offset by £8k saving in associated costs from West Sussex County Council
	153	(53)	(340)	
<b>Cross Cutting services</b>				
Maintenance	50	59	285	WORTHING: Cremator maintenance 3 years of excess maintenance costs £72k other Crematorium maintenance £20k. Worthing Leisure increased costs not forecast £175k, Theatres £78k.
Vacancy Provision	120			
Other	-41	-78	-72	
Transfer from Reserves		-215	-518	ADUR: £-77k Approved budget carry forward. £-64k Capacity Issues and £-21k Special & Other Emergencies Fund for redundancies and £-53 Insurance Reserve WORTHING: £214k Approved budget carry forwards, £-215 Capacity Issues In year contribution from reserves, £54k Insurance Reserve, £5k Joint Health Reserve, £-31k Redundancies Special & Other Emergencies Fund.
Transfer to Reserves		11	283	ADUR £11k Grants transferred to reserves WORTHING: £88k Theatres Levy, £195k Grants transferred to reserves
	129	-223	-22	
Allocation of Joint Variance		31	46	Share of joint services allocated 40:60 to Councils
<b>Total Variance</b>	<b>77</b>	<b>(512)</b>	<b>(1,147)</b>	

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Outturn 2018/19

Movement between quarters greater than £50,000 are detailed below

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Description of Significant Variations
Housing Needs	-	4	(103)	WORTHING: The net overspend projected at Q3 was covered in full by an unexpected top up of Worthing's Flexible Homelessness Support Grant allocation for 2018-19.
Housing Needs Grant	-	(27)	(72)	Ministry for Housing, Communities and Local Government (MHCLG) grant received in respect of New Burdens associated with the introduction of the Homelessness Reduction Act. This funding has been carried forward to 2019/20.
Environmental Services - vehicles	61	-	-	Net overspend on vehicle costs
Parks & Foreshore	21	11	68	JOINT: Net underachievement of income from grounds maintenance external work, contracts & Adur Homes SLA, safety boat training income ADUR: Shortfall in Sports income WORTHING: £114.5k inconvenience payment and reimbursement of loss of income from Rampion for for the late reinstatement of the par 3 at Brooklands in Worthing, offset in part by reduced outdoor sports income £74 Supplies and services overspent including spend on parking restrictions on the front, and several large play equipment purchases (Tarring Park & Lyons Farm) £52k
Environmental Services	(13)	(9)	(80)	Rental income, other misc income and grant income received in addition to budget
Crematorium	-	10	88	WORTHING :Income under achieving following closure of one chapel last year and a lower number of Cremations compared to the past couple of years (146k), supplies & services overspend which include Medical referee surcharges (growth approved for 19/20) aborted kiosk re-siting, costs for ICCM assessment and recommendations, specialist machinery and software to enable the maximum reclamation of infant cremated remains, other addtl costs such as additional and replacement CRM database system support, CCTV and Crematorium Children's Garden development. (£56k)
Parking Services	-	(4)	79	ADUR; Overachievement of income against parking budget (88k) offset in part by overspends in Supplies & services. WORTHING; Overachievement of income against parking budget.£65k offset by various contract costs overspend
Digital & ICT	(196)	-	-	There have been delays to a number of projects including IaaS, Uniform & Orchard migration in 18-19, primarily due to delays in the installation of the dedicated lines into Adur and Worthing. This has prevented several major migrations from completing within this financial year. A carry forward request of £77k has been submitted. Additionally there is an underspend in the residual CenSus costs £66k and some underspends in maintenance. The lines will ensure that AWS are pformant.
Revenue & Benefits	-	-	(143)	WORTHING Revenue & Benefits - underachievement in court costs of £130k and underachievement of income from Benefit overpayments £399k, Offset by grant income 75k, net cost of housing benefit payments is lower than budgeted 154k due to reduction in local authority error.
Legal Services	(60)	11	-	JOINT: Increased charge to HRA for Legal services ADUR:Underachievement of income
Admin Buildings	(95)	28	42	Income for Law Court energy recharge for past years £195k offset by overspend on water/cleaning & rates
Set aside money for Major Projects	-	-	(147)	Money set aside for Major Projects - £140k to be cfwd forward for revenue contribution to capital projects re Colonade house £88k to offset Major Project spend
Business Rates	-	48	40	Additional income - includes section 31 government grants.
Major Projects and Investment (Estates)	-	(10)	71	ADUR: Increase income from property investments. WORTHING: Increased income from property investments £94k offset by increased premises costs through insurance.
Major Projects and Investment (Major Projects)	(17)	18	121	JOINT: underspend of £54k in Supplies and Services, offset by unachieved income. ADUR: Unbudgeted costs in Supplies and Services for revenue professional fees relating to Focus House development, Sussex Yacht Club and final payment to Heritage Collective.

Outturn 2018/19

Movement between quarters greater than £50,000 are detailed below

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Description of Significant Variations
<b>Planning and Development (Development Control)</b>	7	(37)	(77)	ADUR: Underspend from fees for West Sompting housing development late in the financial year offset by additional costs for expert advice for New Monks Farm development. Carry forward request has been submitted to assist with the workload from West Sompting development during 2019/20. WORTHING: Underspend of from overachieved fee income late in 2018/19 relating to Teville Gate and Teville House developments. Savings from supplies and services budget due to professional advice not being required for contraversal planned developments. Carry forward request has been requested to support additional workload and possible professional services required for Teville Gate developments.
<b>Planning and Development (Planning Policy)</b>	6	(67)	(39)	ADUR: Unbudgeted Government Grant of £60k - to be transferred to reserves to fund future initiatives. WORTHING: Unbudgeted cost for Worthing Transport Plan (£30k) funded from £60k government grant, remaining £29k to be transferred to reserves to fund future initiatives.
<b>Maintenance</b>	34	(1)	385	WORTHING: Cremator maintenance 3 years of excess maintenance costs £72k other Crematorium maintenance £20k. Worthing Leisure increased costs not forecast £175k, Theatres £78k.
<b>Other Transfer from Reserves</b>	(121)	(21)	19	
	-	(215)	(518)	ADUR:£-77k Approved budget carry forward. £-64k Capacity Issues and £-21k Special & Other Emergencies Fund for redundancies and £-53 Insurance Reserve WORTHING: £214k Approved budget carry forwards, £-215 Capacity Issues In year contribution from reserves, £54k Insurance Reserve, £5k Joint Health Reserve, £-31k Redundancies Special & Other Emergencies Fund.
<b>Transfer to Reserves</b>	-	11	283	ADUR £11k Grants transferred to reserves WORTHING: £88k Theatres Levy, £195k Grants transferred to reserves



## HRA Major Variances

	(Under)/ Over Spends £'000
<b><u>Variations in Income and Running Costs:</u></b>	
Staff vacancies - mainly in Repairs and Maintenance and Tenancy Support	(143)
Feasibility costs of aborted capital schemes now charged to revenue	55
Legal costs in respect of contractual dispute	38
Fire Risk works	78
Software and equipment running costs	(17)
Administration savings	(37)
Council Tax - increase due to extended void periods for repairs to be undertaken	24
Building Maintenance, Repairs and Voids - increase in maintenance contracts	46
Additional expenditure on fire safety works - attributable to Leaseholders	45
Provision for Bad Debts - increase in provision due to increased total arrears and associated increase in % BDP rates as debts age.	41
Rental income - shortfall due to void periods and debts written off	66
Service charge income from tenants - shortfall due to void periods	71
Service charge income from leaseholders - £20k shortfall due to major repairs debts written off. £45k additional due to additional costs incurred in	(24)
<b>TOTAL VARIATION IN RUNNING COSTS:</b>	<b>243</b>
<b><u>Variations in Treasury Management and Capital Costs:</u></b>	
Interest payable - under spend due to reduced borrowing costs	(48)
Depreciation - reduction due to change in asset valuation methodology	(724)
Interest receivable - reduction due to higher level of reserves than anticipated	(18)
<b>TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:</b>	<b>(790)</b>
<b>TOTAL VARIATION:</b>	<b>(547)</b>

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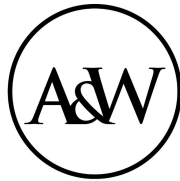
## Appendix 6

<b>Proposed Carry Forward of unspent budgets within the Joint Strategic Committee</b>			
	ADC	WBC	Joint
	£	£	£
<b>Digital and Resources</b> - Infrastructure as a Service project (IaaS), which is tasked with moving business critical services off the aged on-premise infrastructure to AWS or supplier's hosted environments.	30,800	46,200	77,000
<b>Digital and Resources</b> - Staff Travel plan initiative - produce a travel action plan which will outline key actions aimed at changing patterns of travel behaviour and increasing use of more active and sustainable transport modes in order to reduce pressure on car parking.	3,200	4,800	8,000
<b>Total carry forward proposals for the Joint Strategic Committee shared between Adur and Worthing</b>	34,000	51,000	85,000

<b>Proposed Carry Forward of Unspent Budgets within Adur District Council</b>	
	£
<b>Wellbeing:</b> Proportion of Sports Review from one-off budget provision of £20k	1,690
<b>Economy:</b> Planning Policy proportion of Sports & Playing Area Review	18,310
<b>Economy:</b> Adur Christmas events 2019-20	8,400
<b>Economy:</b> Street Planting Project 2019-20	12,000
<b>Economy:</b> Late application fee received which will impact on the workload of the department in 2019-20	20,000
<b>Digital:</b> Business Development Fund - SameRoom/Loneliness project	9,120
<b>Digital:</b> Business Development Fund - SameRoom/Loneliness project	45,200
<b>Leaders Projects:</b> To provide £3k towards the Overthemoon Programme and has been awarded by the CEO and Leader of Adur District Council	3,000
<b>Total carry forward proposals for Adur District Council</b>	117,720

## Appendix 6

<b>Proposed Carry Forward of Unspent Budgets within Worthing Borough Council</b>	
	£
<b>Wellbeing:</b> Funding awarded by Officer Decision to Citizens' Advice to support Going Local around independent housing advice - towards the WHAT (Wellbeing Housing Advice Team).	10,560
<b>Wellbeing:</b> Proportion of Sports Review from one-off budget provision of £50k	4,220
<b>Economy:</b> Planning Policy proportion of Sports & Playing Area Review	45,780
<b>Economy:</b> To fund Worthing seafront improvements 2019-20	23,000
<b>Economy:</b> To fund Worthing Outdoor Cinema 2019-20	11,980
<b>Economy:</b> Filming income to be used for promotional event for increased filming usage	6,000
<b>Economy:</b> Late application fees received which will impact on the workload of the department in 2019-20	50,000
<b>Economy:</b> Major Projects - £140k committed to capital improvements to 5 High St	140,000
<b>Digital:</b> Business Development Fund - SameRoom/Loneliness project	13,680
<b>Digital:</b> Business Development Fund - SameRoom/Loneliness project	51,680
<b>Total carry forward proposals for Worthing Borough Council</b>	<b>356,900</b>



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 7

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

## Financial Performance 2018/19 - Capital and Projects Outturn

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

#### Executive Summary

#### 1. Purpose

- 1.1 This report outlines the financial monitoring position for the end of the 2018/19 financial year for capital schemes included in the capital programmes of the Joint Strategic Committee, Adur District Council and Worthing Borough Council.
- 1.2 Information is also provided in respect of capital receipts for the 2 constituent authorities.
- 1.3 The following appendices have been attached to this report:

**Appendix 1:** Adur District Council Outturn Summary  
**Appendix 2:** Worthing Borough Council Outturn Summary  
**Appendix 3:** Adur District Council Sale Proceeds  
**Appendix 4:** Worthing Borough Council Sale Proceeds

#### 2. Recommendations

- 2.1 The Joint Strategic Committee is asked:
  - i) Note the outturn position for 2018/19

- ii) To **recommend** that Adur District Council at its Council meeting on 18<sup>th</sup> July 2019:
  - (a) Note the overall capital final outturn for 2018/19.
  - (b) Agree the net carry over of General Fund Capital underspends for Adur District Council as detailed in paragraph 5.4.
  - (c) Approve the financing of the Adur District Council 2018/19 Capital Investment Programme, including the use of capital receipts as set out in paragraphs 5.1 and 5.2.
  - (d) Approve the carry forward of Council resources underspends to fund budget pressures as detailed in paragraph 4.2.2. and summarised in paragraph 5.6.
  - (e) Approve the use of capital receipts to fund redundancy costs associated with the Environmental Services restructure and the resulting Capital Flexibilities Strategy as detailed in paragraph 5.3.
  
- iii) To **recommend** that Worthing Borough Council at its Council meeting on 23<sup>rd</sup> July 2019:
  - (a) Note the overall capital final outturn for 2018/19.
  - (b) Agree the net carry over of General Fund Capital underspends for Worthing Borough Council as detailed in paragraph 5.10.
  - (c) Approve the financing of the Worthing Borough Council 2018/19 Capital Investment Programme, including the use of capital receipts as set out in paragraphs 5.7 and 5.8.
  - (d) Approve the carry forward of Council resources underspends to fund budget pressures as detailed in paragraph 4.2.2. And to fund a contingency budget as detailed in paragraph 5.13 and summarised in paragraph 5.14.
  - (e) Approve the use of capital receipts to fund redundancy costs associated with the Environmental Services restructure and the resulting Capital Flexibilities Strategy as detailed in paragraph 5.9.

### 3. CONTEXT

- 3.1 The monitoring of capital budgets has been reported to the Joint Strategic Committee three times during the year.
- 3.2 In accordance with the Councils' Capital Strategy, the Joint Capital Working Group oversees the development, implementation and progress of both Councils' Capital Investment Programmes.

- 3.3 Full summaries of the outturn of all the schemes in the 2018/19 Capital Investment Programmes are available from the Councils' Joint Intranet and highlight:

Schemes not progressing satisfactorily or where there are financial issues	<b>Red</b>
Schemes where progress is being closely monitored	<b>Amber</b>
Schemes progressing well	<b>Green</b>
Schemes where progress is beyond officers' control	▣
Schemes with financial issues	£
Schemes where progress has improved	↑
Schemes where progress has deteriorated	↓

#### 4. 2018/19 Outturn

- 4.1 Overall performance against the programme can be summarised as follows:

Capital Outturn - Summary of Progress:	Adur	Worthing	Status
Schemes where the Councils have experienced significant challenges or where financial issues have been identified	6	4	<b>Red</b>
Schemes where progress is being closely monitored	21	24	<b>Amber</b>
Schemes progressing well	12	18	<b>Green</b>
Schemes completed	18	19	
<b>Total Schemes:</b>	<b>57</b>	<b>65</b>	

#### 4.2 Successes and challenges in the 2018/19 programme

- 4.2.1 There has been a number of significant schemes delivered this year, with real and visible impact across our area.

Overall the programme has been delivered successfully this year with less than 10% of schemes presenting any significant issues. Highlights include:

##### **Joint initiative:**

- i) Grants for disabled adaptations were awarded to 56 households in Adur and 96 households in Worthing.
- ii) Both Councils invested in new commercial property to provide sustainable income for the future.

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

- iii) The demolition of the old Adur Civic Centre was completed which will facilitate the development of the site and saved Adur District Council £160,000 in business rates a year and £50k in associated running costs.
- iv) The construction of a new office block on the old civic Centre car park site commenced in 2018/19 and completed April 2019. This will provide 25,000 sq m of new office accommodation to provide high quality employment space in the local area.
- v) The redevelopment of Albion Street to provide 44 new affordable homes progressed. Planning approval was granted and the site has now been cleared.
- vi) Improvements to Council Dwellings included:
  - Boiler replacements.
  - Fire Safety Works to flats front entrance doors
  - Disability adaptations to provide access and improve facilities
  - Major repairs to void properties to enable them to be relet
  - Replacement of community alarms in sheltered accommodation
  - Kitchen and bathroom refurbishments
  - Smoke detector installations

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

- i) The Brooklands Lake dredging and replanting scheme has completed.
- ii) The demolition of Teville Gate car park completed and the new surface car park works were completed early June 2019. The power supply and meter are due to be installed by the end of June 2019.
- iii) Structural repairs and improvements to the Buckingham Road, High Street and Grafton multi storey car parks have completed.
- iv) Worthing Borough Council purchased 2 sites in 2018/19. The Downlands Road site is currently being developed and the contract for the development of the Rowlands Road site is being progressed. These properties were acquired to provide the Council with high quality, cost effective temporary and emergency accommodation.
- v) The first phase of the improvement works to the Worthing Crematorium have completed.

4.2.2 However, there were some challenges faced by the Councils. The following schemes have been identified as having financial issues at 31<sup>st</sup> March 2019:

- i) **Adur District Council - Enhancements to Lower Beach Road (Riverside) Car Park**

This project was originally delayed by West Sussex County Council (WSCC) Traffic Regulation Orders (TROs) and agreements with WSCC. The scheme was further delayed by suspension of the final 10% of the works until the Environment Agency's Tidal Walls Coastal Protection Scheme completed.

All the car parking works finally completed October 2018. However, final lighting columns are still outstanding awaiting completion by SSE and carry forward of £6,850 budget is requested to complete this work.

An overspend of £18,405.14 has been revealed on final reconciliation of costs and has resulted from delays in the scheme's progress. This can be funded from the overall underspend in the 2018/19 Capital Investment Programme.

ii) **Adur District Council - Coast Protection Works Shoreham Harbour Walls Project**

The funding application to the Environment Agency (E.A.) is still in negotiation, but the submission is anticipated June 2019, with the outcome estimated in September 2019. Other external funding options are still being explored, however the council has agreed to underwrite the cost of the scheme to ensure that the defences are completed as expected.

Some costs in preparing the the E.A. submission have been incurred which are not eligible for grant funding and require allocation of £40,000 funding from Council resources. This can be accommodated within the overall 2018/19 Capital Investment Programme underspends.

iii) **Adur District Council and Worthing Borough Council Partnership Scheme - Wheeled Bin Replacements**

The joint budget for the 2018/19 wheeled bin replacements was £50,000. (Adur District Council Share: £18,200 and Worthing Borough Council Share: £31,800).

In November 2018 the Joint Strategic Committee approved the change to alternate weekly collection of refuse and recycling. It was anticipated that this would result in a greatly increased demand for larger refuse and recycling bins and to accommodate this anticipated demand additional bins were purchased in 2018/19.

The additional purchases have resulted in a joint services overspend of £103,118. (Adur District Council Share: £37,535 and Worthing Borough Council Share: £65,582.91) Some of the overspend has been funded from the Service underspend and the actual overspend which needs to be funded from capital resources is £61,259.06 (Adur District

Council Share: £22,298.30 and Worthing Borough Council Share: £38,960.76)

iii) **Worthing Borough Council Durrington Cemetery Extension to provide additional burial spaces**

The scheme was delayed by the need to obtain tree / ecological surveys and the installation of an off site monitoring ground well. In addition the extension was originally to be undertaken in 2 phases, but the outcomes from the ground water and ecological surveys required the full scheme to be constructed in one phase. This required the allocation of additional funding.

Construction works commenced on site March 2019 and are anticipated to complete July 2019. The construction works will be followed by planting in September 2019.

However, a number of design changes were necessary during the construction phase which has increased the overall delivery costs. The Engineering Section have mitigated the increases in costs by value engineering elements of the design through the build phase, but there could still be a funding shortfall of £50,000.

In addition the ground water monitoring has revealed recent high nitrate values which needs to be investigated.

iv) **Worthing Borough Council Worthing Crematorium - Provision of a walkway above the cremators to enable maintenance and ventilation to the roof area above the cremators**

The scheme was initially delayed whilst specialist advice was sought from the Cremator manufacturer and Mechanical and Electrical consultants on the preferred solution and design. The budget has been increased to take account of the design and the need to deal with asbestos contained within this area. Additional, resources of £40,000 will be required.

The current budget of £104,000 has been profiled in 2019/20 and it is requested that an additional £40,000 is carried forward to 2019/10 funded from the overall underspends in the 2018/19 Capital Investment Programme.



v) **Worthing Borough Council Grafton MSCP - Structural repairs**

Grafton MSCP structural repairs commenced on site October 2018. However, during the course of the works the consultants advised that 60 / 70 beams had structural issues and a provision of £80,000 is requested to be carried forward to fund the additional works to repair the beams. This can be accommodated from the overall underspend in the 2018/19 Capital Investment Programme.

The works have now completed but the final account has still to be agreed and the actual cost of the additional works may be more or less than the budget and the £80,000 provision.

4.2.3 In addition to the above schemes which have financial issues, the following schemes have provided challenges:

i) **Acquisition of Emergency Interim or Temporary Accommodation for the homeless (Invest to Save Scheme) - Adur District Council**

The 2018/19 Capital Investment Programme included budgets for the purchase of new temporary and emergency accommodation of £2,169,940 for Adur District Council.

Adur District Council is actively reviewing options to acquire land within Adur for the development of temporary and emergency accommodation and is in discussion with partners such as WSCC regarding the possibility of a joint development on vacant sites.

In addition, the Council has recently agreed to refurbish the two semi-detached houses at Albion Street to provide good quality temporary and emergency accommodation in 2019/20.

ii) **Grants to Registered Social Landlords for the provision of affordable housing**

Officers are in constant discussion with Registered Social Landlords regarding possible contributions to housing developments. However, it has proved difficult to identify developments to fund in 2018/19.

iii) **Adur District Council Buckingham Park - Contribution to Shoreham Rugby Club to part fund a replacement pavilion**

In December 2014 the Joint Strategic Committee agreed in principle to contribute £150,000 S106 receipts and £22,000 Council resource funding to be used as match funding to help secure additional external funding to replace the existing pavilion in Buckingham Park.

The Shoreham Rugby Club have so far been unsuccessful in raising all the additional funds required to commence the project. However, in April 2019 the Council agreed to continue to support the Club and a further update on the progress of raising the additional funding required will be sought in the Autumn.

#### 4.3 Adur District Council Capital Outturn – All Portfolios

4.3.1 The capital investment programme for all Adur Portfolios was originally estimated at £67,415,450. Subsequent approvals and reprofiling of budgets to and from 2019/20 produced a total current budget of £45,595,380.

4.3.2 Actual expenditure in the year totalled £39,566,110, a decrease of £6,029,270 on the current estimate, comprising of a net carried forward budget to 2019/20 of £5,930,590 and a net underspend of £98,680. Individual Portfolio expenditure was as follows:

	Current Estimate £	Actual Outturn £
<b>General Fund and Housing Revenue Account:</b>		
E.M. for Environment	737,380	714,041
E.M. for Health and Well-Being	221,950	191,155
E.M. for Customer Services		
- General Fund	890,840	582,025
- Housing (HRA) Investment Programme	5,202,830	2,993,321
E.M. for Regeneration	3,434,410	,84,708
E.M. for Resources	35,107,970	
		35,000,861
<b>TOTAL</b>	<b>45,595,380</b>	<b>39,566,110</b>

4.3.3 The major scheme variations are listed in Appendix 1 of this report.

4.3.4 The remaining usable capital receipts held at 31st March, 2019 totalled £2,998,062. To be utilised as follows:

- Ring-fenced Shoreham Renaissance Funds £200,347
- Ring-fenced for Affordable Housing (LASHG) £140,476
- Housing Revenue Account – Capital Investment £2,629,082

- Ring-fenced for Housing Renewal Grants £2,332
- Ring-fenced Empty Property Loans and Grants £25,825

4.3.5 Proceeds from sale of assets in 2018/19 are analysed in Appendix 3.

#### 4.3.6 HRA Right to Buy Capital Receipts

2012/13 was the first year of the significant increase in discount for tenants introduced by the government as part of reinvigorating 'Right To Buy' (RTB). In 2018/19, 9 properties were sold. The financial impact is detailed below:-

<b>Analysis of movement in RTB receipts</b>	<b>£'000</b>	<b>£'000</b>
Balance brought forward as at 31st March		2,333
Receipts generated in year	1,075	
Less: Administration costs deducted from the capital receipts	-12	
Capital receipts passed to MHCLG as part of pooling arrangement	-384	
Net receipts generated in year	679	
Use of receipts to finance the capital programme	-383	
Increase in receipts retained by the HRA		296
<b>Balance carried forward as at 31st March</b>		<b>2,629</b>

<b>Analysis of RTB receipts</b>	<b>£'000</b>
Capital receipts which can be used for any purpose	1,651
Capital receipts which are to be used for new affordable dwellings*	978
<b>Balance carried forward as at 31st March</b>	<b>2,629</b>

\* These receipts must be spent on the delivery of new affordable homes. Only 30% of the cost of any new build can be financed from these receipts, and they must be spent in a three year time frame. These receipts are currently allocated to the developments at Albion Street and Cecil Norris House.

#### 4.5 Worthing Borough Council Capital Outturn – All Portfolios

4.5.1 The Worthing capital investment programme for all Portfolios was originally estimated at £60,350,180. Subsequent approvals and reprofiling of budgets to and from 2019/20 produced a total current budget of £41,804,270.

4.5.2 Actual expenditure in the year totalled £38,273,831 a reduction of £3,530,439 on the revised estimate, comprising of a net carry forward of £3,444,780 and a net underspend of £85,659. Individual Portfolio expenditure was as follows:

	Revised Estimate £	Actual Outturn £
<b>General Fund Other Services:</b>		
E.M. for Customer Services		
- Housing	5,490,610	4,153,064
- Other Schemes	217,350	163,705
E.M. for Environment	2,365,950	1,618,413
E.M. for Health and Well-Being	121,580	119,486
E.M. for Regeneration	6,180,010	5,325,787
E.M. for Resources	27,428,770	26,893,376
<b>TOTAL</b>	<b>41,804,270</b>	<b>38,273,831</b>

4.5.3 The major scheme variations are listed in Appendix 2.

4.5.4 The remaining usable capital receipts held at 31st March, 2019 totalled £4,051,113. To be utilised as follows:

- Ring-fenced for Coast Protection £88,800
- Ring-fenced for Affordable Housing (RTB Clawback Receipts) £3,344,336
- Ring-fenced for Empty Property grants and loans. £5,599
- Ring-fenced for Discretionary Housing Renovation Assistance. £8,981
- Ring-fenced for the redevelopment of Brooklands Park. £260,045
- Ring-fenced for the flexible use of capital receipts. £343,353

4.5.5 The balance on the General Fund Capital Expenditure Reserve at 31st March, 2019 is £29,658.

4.5.6. Proceeds from the sale of assets in 2018/19 are analysed in Appendix 4.

## 5. Issues for consideration

### Adur District Council:

- 5.1 Adur District Council capital expenditure in 2018/19 was financed as follows:-

	£	£
<b>General Fund Schemes Financing:</b>		
Government Grants	681,271	
Prudential Borrowing	35,663,140	
Capital Receipts		
- General fund schemes	62,256	
- Use of capital flexibilities	44,625	
S106 Contributions	6,089	
Other Contributions	71,561	
Revenue Contributions / Reserves	43,847	
<b>TOTAL GENERAL FUND FINANCED</b>		<b>36,572,789</b>
<b>Housing Revenue Account Capital Investment Programme Financing:</b>		
Major Repairs Reserve	2,223,934	
Capital Receipts	383,040	
S106	265,323	
Development and Refurbishment of Housing Reserve	121,024	
<b>TOTAL ADUR HOMES FINANCED</b>		<b>2,993,321</b>
<b>TOTAL OVERALL FINANCED</b>		<b>39,566,110</b>

- 5.2 The Joint Strategic Committee is asked to recommend that the Council approve the overall financing of the 2018/19 capital programme, and the utilisation of £489,921 usable capital receipts in the funding of the 2018/19 capital programme.
- 5.3 The Joint Committee is also asked to recommend Adur District Council to approve the Capital Flexibilities Strategy which includes details of the use of capital receipts to fund the redundancy costs associated with the Environmental Services redesign.

Project	Overall annual saving generated £	Adur District Council				Nature of expenditure
		Annual saving %	Annual saving £	Financial year	Amount of capital receipts used £	
Environmental Services Redesign	336,670	37.91	127,630	2018/19	44,630	Redundancy costs and pension strain
<b>Total</b>	<b>336,670</b>		<b>127,630</b>		<b>44,630</b>	

- 5.4 Approval is requested to carry over to 2019/20 and bring forward from 2019/20 certain budgeted expenditure where spending patterns have changed since the 3<sup>rd</sup> Quarter Monitoring, as detailed in Appendix 1.

	<b>Carried Forward To 2019/20 £</b>
Executive Member Environment	74,280
Executive Member for Customer Services	
- General Fund	162,140
- Adur Homes Capital Investment Programme	2,209,510
Executive Member for Regeneration	3,393,550
Executive Member for Resources	235,200
<b>TOTAL CARRIED FORWARD TO 2019/20</b>	<b>6,074,680</b>

	<b>Brought Forward to 2018/19 £</b>
Executive Member for Environment	9,630
Executive Member for Health and Wellbeing	2,400
Executive Member for Resources	132,060
<b>TOTAL BROUGHT FORWARD TO 2018/19</b>	<b>144,090</b>
<b>NET CARRIED FORWARD TO 2019/20</b>	<b>5,930,590</b>

- 5.5 The reasons for the reprofiling of budgets in the capital investment programme have been detailed in Appendix 1.

5.6 In addition to the carry forward of existing budgets to finish approved projects in 2018/19, permission is also sought to utilise the capital resources overall underspend in the 2018/19 Capital Investment Programme to fund budget pressures as detailed in paragraph 4.2.2. and summarised below:

	£
Lower Beach (Riverside) Car Park – Enhancements	18,410
Coast Protection Works - Shoreham Harbour Walls Project	40,000
Wheeled Bin - Replacements Programme	22,230
<b>Total proposed allocations from underspend</b>	<b>80,640</b>

### **Worthing Borough Council**

5.7 Worthing Borough Council capital expenditure in 2018/19 was financed as follows:-

	£	£
Usable Capital Receipts		
- Housing	1,510,775	
- Other General Fund	858,590	
- Flexible Use of Capital Receipts	164,432	
		2,533,797
Prudential Borrowing	32,634,748	
S106 Contributions	1,745,772	
Government Grants	1,097,688	
Heritage Lottery Funding	66,811	
Revenue Contributions	195,014	
		35,740,034
<b>TOTAL CAPITAL FINANCED</b>		<b>38,273,831</b>

5.8 The Joint Strategic Committee is asked to recommend that the Council approve the overall financing of the capital programme and the utilisation of £2,533,797 usable capital receipts in the funding of the 2018/19 capital programme.

- 5.9 The Joint Committee is also asked to recommend to Council to approve the Capital Flexibilities Strategy which includes details of the use of capital receipts to fund the redundancy costs associated with the Environmental Services redesign

Project	Overall annual saving generated £	Worthing Borough Council				Nature of expenditure
		Annual saving %	Annual saving £	Financial year	Amount of capital receipts used £	
Environmental Services Redesign	336,670	62.09	209,040	2018/19	164,432	Redundancy costs and pension strain
				2019/20	22,300	
				2020/21	22,300	
<b>Total</b>	<b>336,670</b>		<b>209,040</b>		<b>209,040</b>	

- 5.10 Approval is requested to carry over to 2019/20 and bring forward from 2019/20 certain budgeted expenditure where spending patterns have changed since the 3rd Quarter Monitoring, as detailed in Appendix 2.

	<b>Carried Forward To 2019/20 £</b>
Executive Member Environment	780,570
Executive Member for Customer Services	1,295,270
Executive Member for Health and Wellbeing	150
Executive Member for Regeneration	941,550
Executive Member for Resources	472,960
<b>TOTAL CARRIED FORWARD TO 2019/20</b>	<b>3,490,500</b>

	<b>Brought Forward to 2018/19 £</b>
Executive Member for Customer Services	15,560
Executive Member for Environment	15,610
Executive Member for Health and Wellbeing	6,400
Executive Member for Regeneration	6,490
Executive Member for Resources	1,660
<b>TOTAL BROUGHT FORWARD TO 2018/19</b>	<b>45,720</b>
<b>NET CARRY OVER TO 2019/20</b>	<b>3,444,780</b>



- 5.11 The reasons for the carry forward and brought forward budgets in the capital investment programme have been analysed in Appendix 2.
- 5.12 In addition to the carry forward of existing budgets to finish approved projects in 2018/19, permission is also sought to utilise the Councils resources overall underspend in the 2018/19 Capital Investment Programme to fund budget pressures as detailed in paragraph 4.2.2.
- 5.13 It is also recommended that the remaining Council capital resources funding underspend, after funding of the above budget pressures, of £64,090, is carried forward to 2019/20 as an additional contingency for:
- i) High priority capital expenditure identified which cannot wait for the next bidding round for inclusion in the 3 Year Capital Investment Programme.
  - ii) Budget pressures that emerge as capital schemes progress. This could be due to additional works being identified as the work is evaluated or in progress.
- 5.14 In summary the following approvals are sought:

	£
Wheeled Bin - Replacement Programme	38,960
Durrington Cemetery - Extension	50,000
Worthing Crematorium - Provision of a walkway above the cremators	40,000
Grafton MSCP - Structural repairs	80,000
Contingency for overspends and inflation	64,090
<b>Total allocations requested within this report</b>	<b>273,050</b>

## **6. Engagement and communication**

- 6.1 The purpose of this report is to communicate with stakeholders on the outturn of the Adur District Council and Worthing Borough Council 2018/19 Capital Investment Programmes. Officers of the Council have been consulted with on the progress of the schemes which they are responsible for delivering. The overall progress of the programmes have been considered by the Capital Working Group

## **7. Financial implications**

- 7.1 There are no further financial implications arising from this report as the financing of the Adur District Council and Worthing Borough Council

original 2018/19 Capital Investment Programmes was approved by the Councils in December 2017. Subsequent changes have been reported to and approved by the Joint Strategic Committee. The issues considered in this report can all be funded from existing resources.

## **8. Legal implications**

- 8.1 Local authorities have a statutory duty under section 28 of the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.
- 8.2 Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.

### **Background Papers**

- Capital Investment Programme 2018/19 – 2020/21 Adur District Council, Worthing Borough Council and Joint Committee - Report to the Joint Strategic Committee dated 5th December 2017
- Capital Strategy 2018/21 - Report to the Joint Strategic Committee dated 11th July 2017.
- Reinvigorating Right to Buy and One for One Replacement - Information for Local Authorities - DCLG

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5937/2102589.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/5937/2102589.pdf)

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

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## **SUSTAINABILITY AND RISK ASSESSMENT**

### **1. ECONOMIC**

- The capital programme prioritisation model awards points for capital project proposals that impact positively on the economic development of our places or the economic participation of our communities.

### **2. SOCIAL**

#### **2.1 Social Value**

- The capital programme prioritisation model awards points for capital project proposals that impact positively on our communities.

#### **2.2 Equality Issues**

- The capital programme prioritisation model awards points for capital project proposals that address DDA requirements and reduce inequalities.

### **3. Environmental**

- The management, custodianship and protection of our natural resources are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programme.

### **4. Governance**

- The Councils' priorities, specific action plans, strategies or policies are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- The Councils' reputation or relationship with our partners or community is taken into account when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- Resourcing, risk management (including health and safety) and the governance of the either Council are fully considered during the preparation of the Councils' Capital Investment Programmes.

## ADUR DISTRICT COUNCIL - OUTTURN AND PROGRESS ANALYSIS

## ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - CUSTOMER SERVICES PORTFOLIO

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Adur Homes Capital Works Programme</b> <i>The following works were undertaken in 2018/19:</i> <ul style="list-style-type: none"> <li>i) Kitchen and Bathroom - 2018/19 Replacements programme complete.</li> <li>ii) Seaview Court - Boiler replacement.</li> <li>iii) Essential boiler replacements.</li> <li>iv) Fire Safety works to flats front entrance doors commenced in 2018/19 and will continue in 2019/20.</li> <li>v) Smoke detector installation programme commenced in 2018/19 and will continue in 2019/20.</li> <li>vi) Disability Adaptations to provide access and improve facilities</li> <li>vii) Rolling programme of stock condition surveys undertaken by consultants.</li> <li>viii) Asbestos condition surveys and works undertaken at Aston House and the council's garages.</li> <li>ix) Major repairs to void properties to enable them to be relet.</li> <li>x) Housing Repairs System - Phase 1 complete. Phase 2 further development in progress and will continue in 2019/20.</li> <li>xi) Power equipment and ladders were replaced in 2018/19.</li> <li>xii) Sheltered Accommodation Replacement of community alarm / alert systems. Replacements installed at Seaview Court, Shadwells Court, Ashcroft, Manor Court and Marsh House. The programme of works will continue in 2019/20.</li> </ul>		3,661,530	2,223,935	(1,437,595)	1,437,600

**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - CUSTOMER SERVICES PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<p>External Works Programme</p> <ul style="list-style-type: none"> <li>i) Works at Bushby Court and Beachcroft Court to replace doors, porches and screens. Phase 1 works at 74-84 Bushby Court complete. However on site issues are being reviewed before progressing with Phase 2.</li> <li>ii) Rocks Close external works package. To include fire safety works, electrical and water compliance, and floor and stair coverings where required. Works to be progressed in 2019/20.</li> <li>iii) Locks Court external works package. To include fire safety works, electrical and water compliance, and floor and stair coverings where required. Works to be progressed in 2019/20.</li> <li>iv) Millfield balcony railings and walkways. Works to be further considered before being progressed.</li> <li>v) Warren Court soffits and asphalt repairs. Works to be further considered before being progressed.</li> </ul>					
<p><b>Adur Homes Development of Properties</b></p> <ul style="list-style-type: none"> <li>i) Cecil Norris House - The contract for the development works has been let.</li> <li>ii) Albion Street - Demolition completed. Contract still to be let.</li> <li>iii) North Road, Lancing - The works have now completed.</li> </ul> <p>Eastbrook School and the Hidden Homes Project are still being assessed for development.</p>		1,541,300	769,387	(771,913)	771,910

**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - CUSTOMER SERVICES PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Community Alarm Service</b> <b>Purchase of Community Alarm Equipment to replace old equipment</b> 2018/19 purchases complete and cost less than originally forecast. No carry forward of budget is requested as there is a budget of £50,000 in 2019/20 which should be sufficient to fund equipment replacements required next year.		57,140	12,690	(44,450)	-
<b>Housing</b> <b>Disabled Facilities Grants</b> These grants are mandatory and the Council has to approve all eligible grants, which are funded from the CLG Better Care Fund. All approvals are for 12 months and works can be undertaken at any time in this period. Carry forward of budget is requested to fund outstanding commitments at year end.		705,000	519,865	(185,135)	156,960
<b>Empty Property Grants and Loans</b> There has been a slow down in the progress of the scheme following the departure of the Empty Property Officer. There is currently no empty property post. The Acquisitions and Landlord Support Team will now pick up some of this work.  No budget has been carried forward as there are budgets of £21,000 in 2019/20 and 2020/21.		47,820	-	(47,820)	-
<b>Home Repair Assistance Grants</b> The scheme is demand led; grant approvals are for 3 - 12 months and can be taken up at any time in this period. The discretionary grants have been less in demand due to the new Discretionary Safe and Warm Grant for vulnerable people, which provides the same function but uses Better Care Grant Funding.  Request for budget of £5,180 to be carried forward to 2019/20 to fund 2018/19 outstanding commitments.		80,880	49,471	(31,409)	5,180
<b>TOTAL - Customer Services Portfolio</b>		<b>6,093,670</b>	<b>3,575,347</b>	<b>(2,518,323)</b>	<b>2,371,650</b>

**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - ENVIRONMENT PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<p><b>Car Parks</b></p> <p><b><i>Lower Beach (Riverside) enhancements</i></b></p> <p>The scheme was originally delayed by WSCC Traffic Regulation Orders and agreements with WSCC. 90% of the works completed and the car park opened. The remaining works had to be suspended until the Environment Agency's Tidal Walls Coastal Protection Scheme completed. The outstanding car parking works commenced on site September 2018 and completed October 2018.</p> <p>However, final lighting columns are still outstanding awaiting completion by SSE and carry forward of budget is requested to complete these works.</p> <p>An overspend of £18,405.14 has been revealed on final reconciliation of costs and has resulted from delays in the scheme's progress.</p>	£	88,660	100,215	11,555	6,850
<p><b>Outdoor Fitness Equipment</b></p> <p><b><i>Fishersgate</i></b></p> <p>Purchase orders raised in 2018/19 and installation was scheduled to complete by end May 2019.</p>		20,000	-	(20,000)	20,000
<p><b>Play Area Improvements</b></p> <p><b><i>Adur Memorial Recreation Ground</i></b></p> <p>The scheme was initially delayed by land contamination issues and additional funding was allocated to fund contamination testing and works which completed October 2018.</p> <p>The scheme is currently on hold while further funding issues are resolved and a way forward is agreed. It is anticipated that the scheme will complete in 2019/20.</p>		30,800	6,877	(23,923)	23,920

**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - ENVIRONMENT SERVICES PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Cultural Projects</b> <b>Shoreham Air Crash Memorial</b> The project was delayed by problems resulting from requirements by interested parties. These issues were resolved by Technical Services. The 11 arches and seat / bench have been installed. However, the long lease of the land for the lighting sculpture is still to be registered with the Land Registry, which will be followed by installation of the lights.		72,000	60,820	(11,180)	11,180
<b>Refuse and Recycling Service</b> <b>Wheeled Bin Replacements</b> The joint budget for the 2018/19 wheeled bin replacements was £50,000. (Adur District Council Share £18,200). The November 2018 Joint Strategic Committee approved the change to alternate weekly collections of refuse and recycling. It was anticipated that this would result in a greatly increased demand for larger refuse and recycling bins and additional bins were purchased in 2018/19 to accommodate this demand. This has resulted in a joint services overspend of £103,118. (Adur District Council share £37,535). Some of this overspend has been funded from the Service underspend and the actual overspend which needs to be funded from capital resources is £22,298.30.	£	18,200	55,735	37,535	-
Completed schemes and Miscellaneous Minor Variations		507,720	490,394	(17,326)	2,700
<b>TOTAL - Environment Portfolio</b>		<b>737,380</b>	<b>714,041</b>	<b>(23,339)</b>	<b>64,650</b>



**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - HEALTH AND WELLBEING PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/Overspend £	Budget C/F (Budget B/F) £
<b>DDA Act Improvements</b> <i>Extension of the coastal footpath linking the existing access points along the Shoreham Beach frontage to enable disabled access on to the beach</i> The design of the scheme was delayed due to consultation with the Environment Agency regarding the Tidal Walls Project and the Port Authority regarding installation of a haul road adjacent to the fort and winter weather conditions. All works have now completed at a contract price lower than originally estimated.		155,000	122,358	(32,642)	-
Completed schemes and Miscellaneous Minor Variations		66,950	68,797	1,847	(2,400)
<b>TOTAL - Health &amp; Well-Being Portfolio</b>		<b>221,950</b>	<b>191,155</b>	<b>(30,795)</b>	<b>(2,400)</b>

**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - REGENERATION PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Coast Protection Works</b> <b>Shoreham Harbour Walls Project</b> <i>i) Grant to Sussex Yacht Club for the relocation of the club house:</i> Completed April 2019. <i>ii) Coastal Defence Works:</i> Funding application to the Environment Agency still in negotiation. Submission anticipated June 19, and the outcome anticipated September 2019. Other external funding options still being explored although the Council has agreed to underwrite the cost of the scheme. Some costs have been incurred which are not eligible for grant funding and require allocation of £40,000 Council resources from 2018/19 Capital Investment Programme overall underspends.	£	3,351,910	58,149	(3,293,761)	3,330,760
<b>Shoreham Harbour Projects</b> <b>Approved by the Shoreham Harbour Project Board and funded from the Shoreham Harbour Growth Point Grant</b> Carry forward of budget requested for the following project: i) £10,000 funding approved by the Project Board in January 2018 for a green infrastructure design in South Portslade, which did not complete as planned in 2018/19.		10,000	-	(10,000)	10,000

**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - REGENERATION PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Sport and Recreation Facilities in the Community</b> <b>S106 Contributions</b>		50,000	-	(50,000)	50,000
i) CCTV cameras at the Sir Robert Woodward Academy Funding agreement to be varied by exchange of letters and invoice for the S106 grant is imminent.					
ii) Swimming pool cover at the Globe School Funding agreement sent out beginning May 2019 and invoices for the S106 grant are imminent.					
Completed schemes and Miscellaneous Minor Variations		22,500	26,559	4,059	2,790
<b>TOTAL - Regeneration</b>		<b>3,434,410</b>	<b>84,708</b>	<b>(3,349,702)</b>	<b>3,393,550</b>

**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - RESOURCES PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Corporate Buildings</b>  <b>Condition Surveys</b> Surveys completed for some sites including the Pavilion in Buckingham Park and Wadurs Swimming Pool. 70% of surveys have now completed. Outstanding surveys for public conveniences in progress, completion estimated end June 19.		37,460	11,015	(26,445)	26,450

**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - RESOURCES PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Information and Communications Technology</b>					
<b><i>Corporate Hardware / Infrastructure Replacements Programme</i></b>					
i) Hardware / Equipment - 2018/19 purchases complete. Carry forward requested for 2019/20 ad hoc purchases.		23,500	9,353	(14,147)	14,150
ii) Desktop replacement programme. Project initially delayed by the SSC framework which required the Councils to provide 30 days for tender responses, followed by sign off by Legal. There were further delays due to consideration as to whether to use Chrome, Windows 10 or a mixture of both.  The Executive Members approved the release of the funding in December 2018 and the procurement commenced. It is estimated that 33% of the equipment has been delivered and the rollout will continue in 2019/20.  The initial stages of the rollout have been more time consuming than originally anticipated. This is largely due to software configuration and trouble shooting problems.		76,530	54,915	(21,615)	21,610
<b><i>Digital Strategy Schemes</i></b>					
<b><i>Land Charges and Planning /Building Control System.</i></b> The schemes are not proceeding due to the non functionality of the new systems. Any costs incurred to date have been recoded to the revenue budget. The Councils are looking for alternative systems.					
<b><i>Waste Management System</i></b> The system is now complete.					
<b><i>Telephony Equipment</i></b> Purchases complete.					
<b><i>Digital Unallocated Budget</i></b> Request for carry forward of unallocated digital budget of £51,340.		22,000	(30,747)	(51,340)	51,340

**ADUR DISTRICT COUNCIL CAPITAL OUTTURN 2018/19 - RESOURCES PORTFOLIO**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Financial Information System</b> A contract variation has been signed and the new financial management system project is progressing on target for the planned September 2019 go live.  The build stage is completed and the project is currently in the first round of user acceptance testing.		24,300	(17,263)	(41,563)	41,560
<b>Property Development</b> <b>Adur Civic Centre Redevelopment - Phase 1 Construction of a new office building on the former Civic Centre car park</b> Works completed May 2019 as scheduled.		8,354,520	8,333,889	(20,631)	20,630
<b>Adur Civic Centre Redevelopment - Phase 2 Construction of a new office building on the former Civic Centre car park</b> The Joint Strategic Committee March 2018 approved a disposal of the Adur Civic Centre site. Marketing was delayed due to the Council exploring the inclusion of a GP surgery on the site as a condition of sale.  The GCG / NHS Property Services need time and funding to carry out a study on future demand which will inform the floor areas and parking requirements.		57,250	-	(57,250)	57,250
<b>Strategic Property Investments</b> <b>Investments in commercial property to generate rental income</b> The Council purchased 3 commercial properties in 2018/19 and it was agreed that budget could be bought forward from 2019/20 to fund the final acquisition.		26,400,000	26,532,058	132,058	(132,060)
Completed schemes and Miscellaneous Minor Variations		112,410	107,640	(6,177)	2,210
<b>TOTAL - Resources</b>		<b>35,107,970</b>	<b>35,000,861</b>	<b>(107,109)</b>	<b>103,140</b>
<b>TOTALS - ALL EXECUTIVES</b>		<b>45,595,380</b>	<b>39,566,110</b>	<b>(6,029,270)</b>	<b>5,930,590</b>

## WORTHING BOROUGH COUNCIL - OUTTURN AND PROGRESS ANALYSIS

## WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - CUSTOMER SERVICES

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Housing</b> <b>Acquisition of temporary accommodation for the homeless</b> The Authority purchased 2 properties in 2018/19. The Downlands site is being developed and the contract for the Rowlands Road is to be let.  Request for remaining budget to be carried forward for the purchase of further acquisitions and the development of the properties purchased.		3,740,060	3,005,973	(734,087)	734,090
<b>Disabled Facilities Grants</b> These grants are mandatory and the Council has to approve all eligible grants. All approvals are for 12 months and works can be undertaken at any time in this period. The Council has received sufficient Better Care Grant to fund all 2018/19 expenditure and commitments. Carry forward of budget is requested to fund outstanding commitments at year end.		1,555,550	1,081,733	(473,817)	473,820
<b>Empty Property Grants and Loans to bring empty properties back into use (Funded from New Homes Bonus)</b> A project with the YMCA completed in 2018/19 and will provide 12 units of accommodation and full nomination rights for the Council.  There has been a slow down in the progress of the scheme following the departure of the Empty Property Officer. There is currently no empty property post. This work is now undertaken by the Acquisitions and Landlord Team.  No budget has been carried forward as there are budgets of £50,000 in 2019/20 and 2020/21.		100,000	24,750	(75,250)	-

**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - CUSTOMER SERVICES**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<p><b>Home Repair Assistance Grants</b> The scheme is demand led; grant approvals are for 3 - 12 months and can be taken up at any time in this period. The discretionary grants have been less in demand due to the new Discretionary Safe and Warm Grant for vulnerable people, which provides the same function but uses Better Care Grant Funding. Request for budget of £9,010 to be carried forward to 2019/20 to fund 2018/19 outstanding commitments.</p>		95,000	40,608	(54,392)	9,010
<p><b>Museum and Art Gallery</b> <b>Refurbishment of Costume Display House</b> Works have progressed well and in advance of original timescale. Completion estimated early in 2019/20.</p>		25,000	40,562	15,562	(15,560)
<p><b>Pavilion Theatre</b> <b>Replacement of auditorium seating Phase 1</b> The seating was delivered. However, there were major issues with the seating and negotiations are still in progress with the supplier.</p>		52,350	-	(52,350)	52,350
<p><b>Richmond Room</b> <b>Replacement of high level felted roof covering</b> The roof has been inspected and the works are in progress.</p>		28,000	3,000	(25,000)	25,000
Completed schemes and Miscellaneous Minor Variations		112,000	120,143	8,143	1,000
<b>TOTAL - Customer Services</b>		<b>5,707,960</b>	<b>4,316,769</b>	<b>(1,391,191)</b>	<b>1,279,710</b>

**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - DIGITAL AND ENVIRONMENT**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<p><b>Beach House Park</b> <b><i>Palm Court Café - Replacement of doors and windows</i></b> The scheme was initially delayed due to additional works being identified on inspection of the building. Additional funding was allocated to the project and planning permission was obtained. The contract was let 18th April 2019 and the scheme is estimated to start on site June 2019.</p>	█	30,000	5,817	(24,183)	24,180
<p><b>Brooklands Park</b> <b><i>Environmental Improvements - Removal of contaminated land silt from the water balancing facility known as Brooklands Lake and associated planting in the area</i></b> The scheme was tendered in April 2017 and a significant underspend was identified. The construction and planting works completed November 2018. On completion of the scheme the addition of a water aerator was approved by the Executive Member and carry forward is requested for the purchase and installation.</p>	█	320,000	243,477	(76,523)	50,000
<p><b>Redevelopment</b> The Master Plan for Brooklands Park Redevelopment was approved November 2018 and it was agreed that the demolition of old buildings in the Park would commence in 2018/19. Request for carry forward of budget for completion of the buildings demolition and infrastructure improvements in 2019/20. Increased volumes of asbestos have been uncovered during the removal of the buildings delayed the demolition programme.</p>	█	135,000	12,391	(122,609)	122,610



**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 -  
DIGITAL AND ENVIRONMENT**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under- spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Cemeteries and crematorium</b>					
<b><i>Durrington Cemetery - Extension of burial space</i></b>					
<p>The scheme was delayed by the need to obtain tree / ecological surveys and the installation of an off site monitoring ground well. In addition the extension was originally to be undertaken in 2 phases, but the outcomes from the ground water and ecological surveys required the full scheme to be constructed in one phase. This required the allocation of additional funding.</p> <p>Construction works commenced on site March 2019 and are anticipated to complete July 2019. The construction works will be followed by planting in September 2019.</p> <p>However, a number of design changes were necessary during the construction phase .. This has increased the overall delivery costs. The Engineering Section have mitigated the increases in costs by value engineering elements of the design through the build phase, but there could still be a funding shortfall of £50,000.</p> <p>In addition the ground water monitoring has revealed recent high nitrate values.</p>					
		402,500	87,526	(314,974)	314,970

**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - DIGITAL AND ENVIRONMENT**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/Overspend £	Budget C/F (Budget B/F) £
<p><b><i>Provision of a walkway above the cremators to enable maintenance and ventilation to the roof area above the cremators</i></b></p> <p>Scheme initially delayed by the need to obtain specialist M+E and design advice to understand the full extent of the works required.</p> <p>The presence of asbestos in this area will require additional resources of £40,000.</p> <p>Budget of £104,000 has already been profiled in 2019/20 and it is requested that an additional £40,000 is carried forward to 2019/20 funded from underspends in the 2018/19 overall capital programme.</p>		2,000	2,100	100	40,000
<p><b>Grounds Maintenance</b></p> <p><b><i>Replacement of vehicles</i></b></p> <p>One tractor which was originally to be replaced in 2019/20 had to be replaced in 2018/19 as the current vehicle was failing due to gear box problems.</p> <p>4 of the vehicles in the 2018/19 programme have been delivered, but the replacement of the dog van is on hold awaiting a decision that a replacement is still required.</p>		114,300	128,752	14,452	(14,450)
<p><b>Highdown Gardens</b></p> <p><b><i>Infrastructure improvements</i></b></p> <p>Stage 1 Development is now complete. The external funding bid to the Heritage Lottery for £813,200 has been submitted and a decision is anticipated June 2019. Carry forward of budget requested for match funding for the HLF bid.</p>		181,500	92,854	(88,646)	55,000

**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - DIGITAL AND ENVIRONMENT**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Information and Communications Technology</b> <b>Corporate Hardware/Infrastructure Replacements Programme</b>					
i) Hardware / Equipment - 2018/19 purchases complete. Carry forward requested for 2019/20 ad hoc purchases.		23,500	10,547	(12,953)	12,950
ii) Desktop replacement programme. Project initially delayed by the SSC framework which required the Councils to provide 30 days for the tender, followed by sign off by Legal. There were further delays due to consideration as to whether to use Chrome, Windows 10 or a mixture of both. The Executive Members approved the release of the funding in December 2018 and the procurement commenced. It is estimated that 20% of the equipment has been delivered and the rollout will continue in 2019/20. The initial stages of the rollout have been more time consuming than originally anticipated. This is largely due to software configuration and trouble shooting problems, but it is still anticipated that the scheme will complete in 2019/20.		83,310	61,925	(21,385)	21,390
<b>Digital Strategy Schemes</b> <b>Land Charges and Planning / Building Control System.</b> The schemes are not proceeding due to the non functionality of the new systems. Costs incurred have been recoded to the revenue budget. The Councils are looking for alternative systems.					
<b>Waste Management System</b> The system is now complete.					
<b>Telephony Equipment</b> Purchases complete.					

**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - DIGITAL AND ENVIRONMENT**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<p><b>Digital Unallocated Budget</b> Request for carry forward of unallocated digital budget of £66,940 for further schemes in 2019/20.</p>		33,840	(33,399)	(66,944)	66,940
<p><b>Financial Information System</b> A contract variation has been signed and the new financial management system project is progressing on target for the planned September 2019 go live. The build stage is completed and the project is currently in the first round of user acceptance testing.</p>		27,380	(19,467)	(46,847)	46,850
<p><b>Outdoor Fitness Equipment</b> <b>Provision of equipment at West Park Recreation Ground</b> The scheme was originally delayed by the decision to change the location of the equipment from Tarring Recreation Ground (where it will be installed in 2019/20) to West Park Recreation Ground. Purchase orders were raised March 2019 and the equipment was scheduled to be installed May 2019.</p>		20,000	-	(20,000)	20,000
<p><b>Refuse/Recycling</b> <b>Wheeled bin replacements</b> The joint budget for the 2018/19 wheeled bin replacements was £50,000. (Worthing Borough Council Share £31,800). The November 2018 Joint Strategic Committee approved the change to alternate weekly collections of refuse and recycling. It was anticipated that this would result in a greatly increased demand for larger refuse and recycling bins and to accommodate this anticipated demand additional bins were purchased in 2018/19.</p>		31,800	97,383	65,583	-

**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - DIGITAL AND ENVIRONMENT**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/Overspend £	Budget C/F (Budget B/F) £
<p>This has resulted in a joint services overspend of £103,118. (Worthing Borough Council share £65,582.91). Some of this overspend has been funded from the Service underspend and the actual overspend which needs to be funded from capital resources is £38,960.76.</p>					
<p><b>Worthing Leisure Centre Athletics Track Refurbishment</b></p> <p>There was a delay in tendering for the works due to the Harriers Running Club changing their minds on additional works which they wished to fund and a decision was taken to continue with the original scheme, resulting in an underspend on the contract price.</p> <p>The works commenced on site August 2018 and completed early October 2018.</p>		142,000	117,120	(24,880)	-
Completed schemes and Miscellaneous Minor Variations		818,820	811,388	(7,728)	4,520
<b>TOTAL - Digital and Environment</b>		<b>2,365,950</b>	<b>1,618,413</b>	<b>(747,537)</b>	<b>764,960</b>

**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - HEALTH AND WELLBEING**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/Overspend £	Budget C/F (Budget B/F) £
Miscellaneous Minor Variations		121,580	119,486	(2,094)	(6,250)
<b>TOTAL - Health and Wellbeing</b>		<b>121,580</b>	<b>119,486</b>	<b>(2,094)</b>	<b>(6,250)</b>



**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - REGENERATION**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/Overspend £	Budget C/F (Budget B/F) £
<p><b>Beach House Grounds</b></p> <p><b><i>Splash Pad - Installation of new water supply</i></b></p> <p>The scheme was b/f from 2019/20 due to contamination of the water supply from the existing water main over the winter shut down period. The works are nearing completion and awaiting the final connection by Southern Water.</p>		22,400	9,197	(13,203)	13,200
<p><b>Car Parks</b></p> <p><b><i>Grafton MSCP lift refurbishment</i></b></p> <p>The lift refurbishment started on site 18th March 2019, but issues with the existing wiring on the 1st lift has delayed the scheme. This lift is anticipated to be operational by 14th June 2019. The 2nd lift is programmed for completion by mid to end July 2019.</p>		160,160	-	(160,160)	160,160
<p><b><i>Grafton MSCP structural repairs</i></b></p> <p>Grafton structural repairs commenced on site October 2018. However, during the course of the works consultants advised that 60 / 70 beams had structural issues and a provision of £80,000 is requested to be carried forward for additional works to repair the beams. Works have now completed but the final account has still to be agreed and the actual cost of the works may be more or less than the budget.</p>		1,763,050	1,364,279	(398,771)	478,770
<p><b><i>Teville Gate Car Park Redevelopment</i></b></p> <p>The demolition of the old car park completed in 2018/19 and works on the surface car park started on site Feb 19 and completion is scheduled for end June 2019.</p>		748,980	522,762	(226,218)	226,220

**WORTHING BOROUGH COUNCIL CAPITAL OUTTURN 2018/19 - REGENERATION**

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/Overspend £	Budget C/F (Budget B/F) £
<b>Foreshore</b> <b><i>Purchase and installation of 32 new beach huts</i></b> The scheme was added to the Capital Investment Programme in October 2018 as an invest to save scheme. Planning approval has been submitted and the installations are anticipated September 2019 with completion October 2019.		10,000	-	(10,000)	10,000
<b><i>East Beach Walkway - Replacement of railings</i></b> This scheme was added to the Capital Investment Programme in March 2019 following concerns raised at the Health and Safety Board regarding the safety of the current railings. Quotes and design proposals have been prepared and the installation is anticipated June 2019.		44,800	-	(44,800)	44,800
<b>Miscellaneous Minor Variations</b>		3,430,620	3,429,550	(1,070)	1,910
<b>TOTAL - Regeneration</b>		<b>6,180,010</b>	<b>5,325,787</b>	<b>(854,223)</b>	<b>935,060</b>



WORTHING BOROUGH COUNCIL FINAL ACCOUNTS 2018/19 - RESOURCES

CAPITAL OUTTURN - DETAILS OF MAJOR VARIATIONS

Scheme	Scheme Progress	2018/19 Current Budget £	2018/19 Spend £	2018/19 (Under-spend)/ Overspend £	Budget C/F (Budget B/F) £
<b>Admin Buildings</b> <i>Town Hall - Fire Alarms Replacement</i> Works completed April 2019.		25,000	8,095	(16,905)	16,900
<b>Properties</b> <i>Property Condition Surveys</i> 70% of surveys now completed including our Theatre venues.. Outstanding surveys for public conveniences in progress and are anticipated to complete end June/beginning July 2019.		105,650	(1,466)	(107,116)	107,120
<b>Strategic Property Investments</b> <i>Investments in commercial property to generate rental income</i> The Council purchased 3 commercial properties in 2018/19. Request for remaining budget to be carried forward for further purchases in 2019/20.		27,000,000	26,695,656	(304,344)	304,340
Contingency and Flexibility Funding for Redundancy Payments Contingency allocated to fund schemes where overspends have been identified. Request for flexibility funding to be c/f for pension costs to be paid over the next 2 years.		273,120	164,432	(108,688)	44,600
<b>Miscellaneous Minor Variations</b>		25,000	26,659	1,659	(1,660)
<b>TOTAL - Resources</b>		<b>27,428,770</b>	<b>26,893,376</b>	<b>(535,394)</b>	<b>471,300</b>
<b>TOTALS - ALL EXECUTIVES</b>		<b>41,804,270</b>	<b>38,273,831</b>	<b>(3,530,439)</b>	<b>3,444,780</b>

**Adur District Council - Sale Proceeds**

<b>FINAL ACCOUNTS 2018/19</b>		
<b>Analysis of Capital Receipts</b>		
	<b>£</b>	<b>£</b>
<b>A. GENERAL FUND</b>		
<b>1. Grant Repayments:</b>		
Housing Renewal Grants	2,332	
<b>2. Equipment Sales:</b>		
Sale of Vehicles	18,672	
		21,004
<b>B. HOUSING REVENUE ACCOUNT</b>		
<b>1. Council House Sales:</b>		
Houses and Flats	1,071,900	
Lease Extension	2,400	
Mortgages	1,155	
<b>2. Less Pooling Requirement :</b>	(383,948)	
<b>3. Less Admin Fees:</b>	(12,060)	
		679,447
<b>TOTAL CAPITAL RECEIPTS</b>		<b>700,451</b>

**Worthing Borough Council - Sale Proceeds**

<b>FINAL ACCOUNTS 2018/19</b>		
<b>Analysis of Capital Receipts</b>		
	<b>£</b>	<b>£</b>
<b>A. GENERAL FUND</b>		
<b>1. Sales of Land and Other Assets*:</b>		
High Street Car Park	456,818	
Rampion Off-Shore Wind Farm	130,094	
Sale of vehicles	28,008	
Sea Place Overage Payments	40	
Shoreham Airport Deferred Premium	361,333	
		<b>976,293</b>
<b>B. HOUSING RECEIPTS (RINGFENCED)</b>		
<b>2. Worthing Homes:</b>		
Right to Buy Receipts	140,101	
<b>3. Loan Repayments:</b>		
Council House Mortgages	317	
<b>4. Housing Grant Repayments:</b>		
Housing Renewal Assistance	8,664	
		<b>149,081</b>
<b>TOTAL CAPITAL RECEIPTS</b>		<b>1,125,374</b>
<b>*Sale of Land and Other Assets:</b>		
The sale of the High Street Car park completed October 2018.		

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ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 8

Key Decision [~~Yes~~/No]

Ward(s) Affected:

## **Becoming financially sustainable - Revenue Budget Strategy for 2020/21**

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

#### **Executive Summary**

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

- 1.1 2020/21 is an unprecedented year for uncertainty. The timescales and quantum of the proposed changes arising from the new Comprehensive Spending Review and the associated Fairer Funding Review are very uncertain and it against this background that this year's budget strategy has been prepared.
- 1.2 The Council has a clear strategy for facing the challenges of rapidly changing local government finance and preparing for the reduction in retained business rates and the end of New Homes Bonus in the next few years. The Councils have already successfully addressed the removal of the Revenue Support Grant, and are actively and constructively working to mitigate the impacts of budget announcements by partners, in particular West Sussex County Council.
- 1.3 This strategic effort has involved the development of new and critical capabilities in the organisation, including strategic property investment, affordable housing investment, nationally recognised digital service design, and high quality, successful commercial services.
- 1.4 It has also required careful financial management, including managed and prudent increases in council tax, and a clear focus on driving efficiency and productivity.

- 1.5 Adur and Worthing Councils have responded to the challenge of falling government grant by promoting economic regeneration, investing in property, growing our commercial offer, and through business efficiency from the customer and digitisation transformation programmes. Despite the inevitable challenges brought about by reducing resources, the Councils have continued to maintain good core services across the board and have a clear focus on customer service excellence.
- 1.6 This report aims to set out how the Councils will continue to address the changing financial climate over the next 10 years, outlining the revenue forecast and setting out our strategic response to the challenges ahead. With the detailed budget proposals for 2020/21 coming forward to Joint Strategic Committee in December, this report sets out the broader context for the detailed work that will be undertaken over the intervening months.
- 1.7 As set out in the following pages, the Councils will be increasingly reliant on council tax income, business rate income, and our own income generating services. Our Councils have a good track record in innovation, working creatively in partnership, transforming our digital capabilities and putting the customer at the heart of our services, so that we have capacity to continue to deliver our aspirations for our Places.
- 1.8 Our strategy, 'Platforms for our Places' was approved by the Councils in February 2017 is sets out how we can play an even greater role in helping to shape the future of our places. The refresh of this strategy is elsewhere on this agenda. The 5 'Platforms' that provide the direction for all our work are:
- Our Financial Economies
  - Our Social Economies
  - Stewarding our Natural Resources
  - Services and Solutions for our places
  - Leadership of our Places
- 1.9 Work has been underway for some time to address the financial challenge in 2020/21 and beyond. This will continue over the summer and autumn, and the Operational Leaders Group (Heads of Service) will be working with the Councils Leadership Team to produce new service plans designed to deliver a balanced budget over the next 3 years. The outcome of the service planning process will be presented to the Joint Strategic Committee for approval in December 2019 as part of the development of the 2020/21 budget.

## **2. Recommendations**

2.1 The Joint Strategic Committee is recommended to:

- (a) Note the report and the outline 5-year forecasts in Appendix 2;
- (b) Approve the proposed budget process as set out in section 6 of the report;
- (c) **Recommend** to the Councils to approve the Budget Strategy for 2020/21 outlined in Section 9 of the report.

2.2 The Joint Overview and Scrutiny Committee is asked to note the content of the report.

## **3. Background**

3.1 Both Councils have successfully managed to maintain a balanced budget over recent years despite the considerable financial challenges presented by the withdrawal of Government funding. Council Tax increases have been kept to a minimum, with the Councils choosing to freeze or reduce the Council tax when possible.

3.2 However, the financial pressure continues. Revenue support grant has disappeared; the conditions attached to New Homes Bonus will mean that this will reduce as a resource in the future and is likely to be phased out from 2020/21 onwards; and the Councils expect a reduction in the level of retained business rates when the business rate system is reset. Local Government funding has changed considerably since 2010, and the pace of change is set to continue with the proposed changes to the business rates system and the new distribution of needs-based funding.

3.3 Members are being asked to consider the budget strategy at an early point in the year to enable the Councils to plan ahead. There are clear advantages in this approach, not least because it gives members and officers a good understanding of the overall financial position of the Council as well as giving sufficient time to consider how the challenges identified will be met.

## **4. Financial context**

### **4.1 National context and external factors**

4.1.1 Since 2010, the Councils have seen a considerable reduction in the level of funding from Government. The Comprehensive Spending Review of

2016/17 provided some certainty over the level of funding that the Councils could expect in the short term up to 2019/20. However the Councils are now awaiting the outcome of the next Comprehensive Spending Review (CSR) which should determine the overall resources allocated to Local Government for the four year period 2020/21 - 2023/24. But it is difficult to establish when the outcome of the new CSR will be announced with most commentators now predicting that it will not be reported on until November at the earliest.

To further complicate the position, the Country will also have a new Prime Minister in July and potentially a new Chancellor shortly thereafter. Much of the parliamentary time is currently taken up with deliberations about Brexit.

Consequently there is a real risk that the four year CSR will be delayed with a one year settlement being announced in the late Autumn.

#### 4.1.2 Reform of Local Government Finance

In parallel to the CSR, the Councils are expecting some fundamental changes to the distribution of Local Government funding. There are two elements to this reform:

- The Fair Funding Review which considers how business rates and any government funding would be distributed across the Country in future.
- The review of the business rate retention scheme.

##### i) Fairer Funding Review:

The Government is undertaking a fairer funding review with the aim of introducing a more up-to-date, more transparent and fairer needs assessment formula which will be used to distribute the Business Rate income nationally and any residual Revenue Support Grant.

The review is considering all services provided by local Government and will determine the new starting point for local authorities under the revamped Business Rate Retention Scheme which is due to be introduced in 2020/21.

The Government has undertaken a series of consultations on the new system, a further consultation on the final shape of the new proposals is expected. The sector is now awaiting the financial outcome of the review which will not be announced until after the CSR. Consequently, the earliest that the Council could expect to know what the new funding levels will be is in late November / early December.



It is extremely difficult to predict the outcome of this review as insufficient details have been released. Given the logistical challenges for Councils in such a late notification, it is inevitable that there will be some transition arrangements in place. These arrangements will enable all Councils to manage potentially significant swings in funding.

ii) Business Rate Retention:

Due to the impact of Brexit on the legislative timetable, the full return of business rate income to Local Government has been deferred. The proposal is now to increase the amount retained locally by the Council and the County Council to 75% from 2020/21 onwards.

The new system is expected to be fiscally neutral and so the increase in business rate income will be matched by the removal of grants such as Revenue Support Grant, Housing grants, Public Health Grant and other funding streams.

Whilst it is not clear how this change will be dealt with in two tier areas, given the requirement for new system to be cost neutral, it is likely that the County Council will be the beneficiary of the increased share of the business rate income.

As part of the new system, along with the impact of the fairer funding review, there will be a 'baseline' reset. The statement by the Secretary of State was clear that:

"Local authorities will be able to keep that same share of growth on their baseline levels from 2020 to 2021 when the system is reset. So that from 2020 to 2021 business rates will be redistributed according to the outcome of the new needs assessment subject to suitable transitional measures".

4.1.3 Given the delay to the CSR, and the consequences for the delivery of the reforms to both the business rate retention scheme and the distribution of needs based funding, the full financial impact may not be seen until 2021/22. There are potentially two scenarios emerging:

- The changes resulting from the fairer funding review and the revamp of the business rate retention scheme are delayed a year with minimal changes for 2020/21
- The fairer funding review and business rate retention scheme goes ahead as planned but the changes are phased in over three years with a partial change in 2020/21.

The Councils will have a clearer picture of the likely changes for 2020/21 later in the year.

## 4.2 The changes to how the Councils are funded:

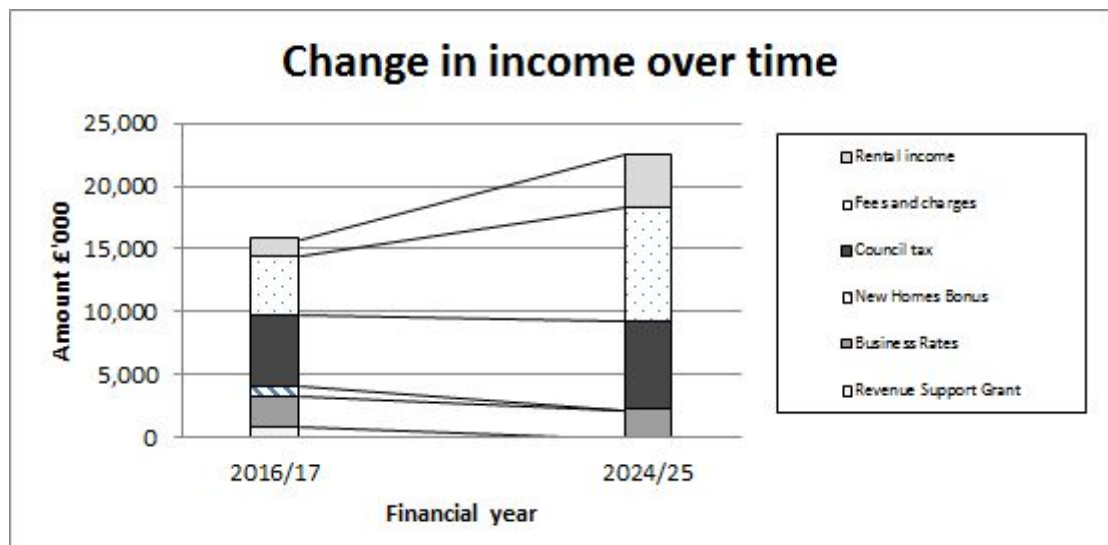
4.2.1 The Local Government Finance landscape has changed profoundly over the last few years due to three factors:

- The introduction of Business Rate Retention Scheme which is due to be reformed again for 2020/21
- Localising Council Tax Support (Council Tax Benefit)
- The continuing reduction in all Government grants

The Councils now receive three distinct funding streams from taxation which are discussed more fully later in the report:

- Business Rates;
- New Homes Bonus; and
- Council Tax

Revenue Support Grant (RSG) has ceased to be a funding source for the Councils and the underlying make-up of funding to the Councils continues to change rapidly with increasing proportions coming from fees and charges, rental income, Council Tax and the Business Rate Retention Scheme. New Homes Bonus has been substantially reduced and is likely to be phased out from 2020/21.



(Using Adur as an example)

These changes to local government funding have influenced how the Councils view both the building of new homes and the creation of new employment space. The Councils are taking an increasingly proactive role in stimulating the local economy through the Platforms for Our Places

strategy, whether this is through the provision of office space to attract high quality employers or through working with business to facilitate the development of sites within the areas to stimulate the economy.

#### 4.2.2 Baseline Funding and Business Rates Retention

Under the current business rate retention scheme, District and Borough Councils are entitled to retain a 40% share of the business rate income raised locally. However the system is complex, with the share retained being reduced by a series of nationally determined adjustments (the Tariff and the levy).

Ultimately the Scheme allows councils to keep a small element (20%) of any growth in business rate income over a retained 'baseline' amount. The forecasting of overall business rate income is again difficult this year due to two factors which are discussed in more detail below:

- i) The continuing impact of the appeals arising from the national business rate revaluation in 2017/18.
- ii) The potential further reform of the business rate system and the impact of the fairer funding review.

The forecasts contained within the report are based on the current business rate system but with the assumption that there will be a 50% reset in Business Rate income in 2020/21, however this is dependent on the progress of the CSR and the Fairer Funding Review.

There are three aspects of this scheme which will ultimately influence the amount of business rate income retained locally and also the Councils' budgets in the medium term:

##### 1. **The 'Tariff':**

Whilst the Councils are entitled to retain 40% of all business rate income, they are then obliged to pay over a substantial element of these retained business rates to the Government via an adjustment known as the Tariff. The 'Tariff' is due to be reset as part of the fairer funding review as the assumption for budgeting purposes is that this will increase by inflation for 2020/21. However the scale and timing of any adjustment to the tariff beyond 2020/21 is difficult to quantify at the moment due to the uncertainties around the fairer funding review.

##### 2. **Target income from Business Rates (Baseline funding):**

Every year the Councils are set a target by Government of how much business rates to collect. If this target is exceeded, the Council can keep 20% of the extra income in addition to the baseline funding amount. If there is a shortfall, then the Councils will have to make up

40% of the difference, although the maximum loss of income is limited to 7.5% of baseline funding.

The Councils have developed a five year model for business rate income which underpins the medium term financial plan. This includes the impact of larger developments currently being built and any new charitable reliefs being awarded. A summary of the expected additional business rates is detailed below:

	2019/20	2020/21	2021/22	2022/23	2023/24	2023/25
<b><u>Adur</u></b>	£'000	£'000	£'000	£'000	£'000	£'000
Baseline funding	1,738	1,773	1,808	1,845	1,881	1,919
Retained surplus rates	462	235	270	273	277	284
Total business rate income kept locally	2,200	2,008	2,078	2,118	2,158	2,203
Net business rate income collected	18,765	18,820	19,192	19,565	19,934	20,349
Percentage retained locally	11.72%	10.67%	10.83%	10.83%	10.83%	10.83%
<b><u>Worthing</u></b>						
Baseline funding	2,648	2,700	2,754	2,810	2,866	2,923
Retained surplus rates	826	300	309	309	315	321
Total business rate income kept locally	3,474	3,000	3,063	3,119	3,181	3,244
Net business rate income collected	32,889	33,127	33,823	34,447	35,138	35,838
Percentage retained locally	10.56%	9.06%	9.06%	9.05%	9.05%	9.05%

Members should be aware that there is significant volatility around aspects of the system, such as appeals, which make it difficult to forecast income with accuracy.

In addition, the local NHS trusts are claiming mandatory business rate relief. This is the subject of a national dispute. Whilst this will not significantly affect Adur District Council, Worthing Borough Council has

several substantial claims amounting to a potential loss of income to the Council £806,000. Worthing Borough Council has made a provision within the Collection Fund for the likely loss of income.

One of the features of the new system is that the Councils determine how much Business Rate income that they are entitled to from the Collection Fund at the outset of the new financial year. Once set, this total cannot be changed irrespective of any changes to the net business rate income within the year. Any surplus or deficit, due to changes in the business rate income, will be adjusted for in future years. This is similar to how Council Tax is treated. Both Councils saw an increase in reliefs during 2018/19 due to changes in Government policy together with a number of appeals being settled at the end of the financial year which led to a deficit within the Collection Fund of both Councils. This is being recouped in 2019/20. The Councils have set up a business rate smoothing reserves to help address this timing issue.

It is intended to refine the forecast of the business rate income over the coming months and to project forward the impact of new developments where planning permission has been granted but building has not yet started. There are a number of developments in progress which will ultimately benefit the business rate income for both Councils. These include:

- The Parcellforce site in Adur – Expected completion date is September 2019.
- New Monks Farm site in Adur – A planning application is expected to be considered by the Planning Committee in July. The proposal includes a new IKEA store which, if approved, is likely to be constructed over the next 2 – 3 years and will potentially benefit Adur in 2022.
- Free Wharf, Western Harbour Arm in Adur includes new commercial floorspace and is likely to start later in the year and be completed by 2021
- Union Place in Worthing – The development will take 3 – 4 years to complete once planning permission has been granted.
- Teville Gate in Worthing – A planning application is expected by the end of the year. The development will take 3 – 4 years to complete once planning permission has been granted.

Clearly, if the business rate income improves in 2019/20, then the surplus could be used to support the budget in 2020/21. An update to the likely surplus or deficit will be undertaken later in the year.

#### 4.2.3 New Homes Bonus

The Coalition Government introduced the New Homes Bonus (NHB) in 2011/12 which is specifically targeted at rewarding increases in the Council Tax base and dealing with empty properties. The scheme has been recently reformed. Grant is paid over 4 years. In addition, a national baseline for housing growth of 0.4% has been introduced from 2017/18 onwards; growth below this level will not qualify for grant. For Adur and Worthing, this means a substantial number of houses will need to be completed each year before any grant will be awarded (103 in Adur or 184 in Worthing).

Consequently, the grant will now only benefit those Councils which have the capacity to build a significant number of new homes, and Adur, in particular, will struggle to build sufficient homes to qualify for any grant.

At present the forecast assumes that the grant will be phased out as part of the next Comprehensive Spending Review. However, if as a result of delays to CSR, the New Homes Bonus continues of another year, it is suggested that the additional bonus be set aside for investment in one-off projects associated with Platforms for our Places.

<b>New Homes Bonus</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/243 £'000</b>
Adur	126	11	10	10	0
Worthing	1,042	524	290	68	0

#### 4.2.4 Council Tax

Council Tax is now the Councils' major source of general income from taxation. By 2020/21 it will be over 66% of the total general income received by Adur District Council and 72% of the income received by Worthing Borough Council. Consequently, there is an ever increasing strategic significance to the annual debate of how much to increase the Council Tax by.

The Councils have kept to a minimum increases over the past several years, opting to freeze or reduce Council Tax where possible whilst government support for such initiatives was available.

The Councils are well aware of the long term consequences of these decisions. Looking ahead the decision whether or not to increase Council Tax will have inevitable consequences for the Councils.

Clearly the loss of income will have an impact on the budget shortfall which would add to the level of savings required for the future.

However, the decision whether to freeze Council Tax is a finely balanced one. The Councils have a policy of keeping Council Tax low and the cost of freezing council tax in any particular year is fairly low, but the cumulative impact is growing. Therefore the Councils are faced with the dilemma of increasing Council Tax or finding additional savings to support a Council Tax freeze. This is particularly pertinent in the next two years when the Councils have to find savings of over £6.4m.

Finally, Members are reminded that there is a referendum limit. The limit announced last year was the higher of 3.00% or £5.00 per Band D property. At this time we do not know the referendum limit for the 2020/21 Council Tax increase. Historically the limit has been set at a lower limit at around 2%. The Consumer Price Index (CPI) is currently falling and was at 2.0% in May 2019. Consequently for the purposes of planning it is assumed that the limit will revert to 2%. A 2% increase would be equivalent to £6.02 per Band D property in Adur and £4.75 per Band D property in Worthing.

So, even if the Councils were minded to increase Council Tax, there is an imposed limit on the actual increase that the Councils can make. Members should be aware that a 1% change in Council Tax is equivalent to £63,460 in Adur and £91,560 in Worthing for 2020/21.

The current outline forecasts assume that the Councils will set the following increases over the next 5 years:

2020/21	2021/22	2022/23	2023/24	2024/25
2.0%	2.0%	2.0%	2.0%	2.0%

#### 4.3 Reserves Position:

Both Councils have a clear policy to maintain balances at a minimum level of 6% and a maximum level of 10% of net expenditure. The level of General Fund working balance as at the 1st April 2019 is:

	Adur	Worthing
	<b>£'000</b>	<b>£'000</b>
Working balance	519	869
Net budget	8,659	13,704
Percentage held	6.0%	6.3%

In addition to the General Fund reserves, the Councils can access other major reserves to help smooth the impact of Council Tax increases and levels of savings necessary:

- The Capacity Issues Fund which was set up to help the Council cope with a range of cost pressures including cushioning the impact of the recession and to fund one-off initiatives (both Adur District Council and Worthing Borough Council);
- The Special and Other Emergency Expenditure Reserve which was set up to fund any strategic or one-off expenditure that may arise (both Adur District Council and Worthing Borough Council).

The Councils have a policy of actively contributing to these reserves in 2019/20 by proactively managing the inflation provision. In addition, where possible, the Councils are opting to use the ability to use capital receipts to fund initiative which make on-going savings (capital flexibilities) to further protect the reserves position. Assuming that no further withdrawals are approved from these reserves, it is estimated that the balance available to support the budget will be:

	Adur District Council		Worthing Borough Council	
	Balance as at 31-Mar-19	Uncommitted resources*	Balance as at 31-Mar-19	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	425	385	1,646	1,216
Special and other emergency expenditure reserve	60	60	0	0
<b>Total</b>	<b>485</b>	<b>445</b>	<b>1,646</b>	<b>1,216</b>

\* This allows for approvals to use the resources from 2019/20 onwards including the funding of any carry forward requests.

## 5. Key budget pressures in the next 5 years

- 5.1 The Councils have a number of key financial issues that need to be addressed over the coming 5 years. Most of these were highlighted in the revenue budget report presented to Members earlier this year, and arise not from increasing service levels or delivering new services, but simply from maintaining current services. The most significant of these impacts are detailed below:



## 5.2 Pay and Prices

5.2.1 The largest source of immediate cost pressure comes from inflation. General inflation is currently at 2.0% (CPI) which is at the target 2% set by the Bank of England.

5.2.2 In addition to general inflation, the Council will need to allow for the any pay award for 2020/21. The Unions have put in a claim for a 10% pay award, however this has not been agreed by the employers and is under negotiation. For the purposes of the budget, the Council is assuming that pay inflation would be in line with general inflation at 2%.

5.2.3 The following pay and price inflation allowances have been built into the 5-year forecast which reflects the forecast provided by the Bank of England:

	2020/21	2021/22	2022/23	2023/24	2024/25
	%	%	%	%	%
Pay*	2	2	2	2	2
Supplies and Services	2	2	2	2	2
Income	2	2	2	2	2

\* An additional allowance for increments has been included in each of the budgets as follows:

Adur	Worthing	Joint Strategic Committee
£'000	£'000	£'000
40	80	290

Increment costs vary year on year due to the impact of re-gradings and recruitment. This is reassessed annually.

Overall net pay and price inflation is expected to add to the 2020/21 base budget over the next 5 years as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Adur*	342	677	1,007	1,326	1,648
Worthing*	506	1,005	1,499	1,979	2,464
<b>Note:</b>					
Joint Services * (included above)	746	1,484	2,214	2,924	3,645

Income is assumed to increase by 2.0% in 2020/21 which will help to offset the inflationary pressures.

It is difficult to be certain about inflation for 2020/21 at this early point in the year. A 1% difference in the inflation assumptions is equivalent to:

	Adur	Worthing	Joint
	£'000	£'000	£'000
Pay	8	29	236
Supplies and Services	23	110	53
Income	-35	-131	-60
<b>Total</b>	-4	8	229
<b>Share of joint inflation</b>	92	137	-229
<b>OVERALL TOTAL</b>	88	145	-

### 5.3 Impact of the Capital Programme

- 5.3.1 The General Fund capital programmes are currently funded through a combination of prudential borrowing and capital receipts supplemented by specific grants and contributions. The five year forecast assumes a programme of £1.0m per year for Adur District Council and £2.5m for Worthing Borough Council. This reflects concerns about affordability in the medium term balanced with the need to invest to maintain the Councils asset stock as identified within by the condition surveys.

In addition, within the capital strategy, Adur District Council has allocated £5.5m in 2020/21 and £5.6m in 2021/22 to the Housing Investment Programme for general maintenance of the Adur Homes stock which is reflected in the 30 year investment business plan.

Each £1m of borrowing is estimated to cost £10,000 in the first year and £78,000 the year after, although the cost is dependent on the prevailing rate of interest and the life of the asset acquired. (Based on a 2.0% interest cost and 15 year asset life)

### 5.3.2 Interest rates

The bank interest rates have continued to remain low for some time at 0.75% and are unlikely to rise until later in 2019 at the earliest. These will influence the returns that the Council is likely to get on any cash investments. There is considerable uncertainty at the moment about interest rates and our treasury advisors indicate that they will stay low for a longer period of time. Built into the 5 year forecasts are the following assumptions regarding average investment yields:

	2020/21	2021/22	2022/23	2023/24	2024/25
Average interest yield	0.90%	1.00%	1.25%	1.50%	1.75%

Each 0.5% change in interest rates is equivalent to £50,000 (based on £10,000,000 investments).

### 5.4 2020 recycling targets:

- 5.4.1 By 2020, the County will need to recycle 50% of all waste which is a statutory target enshrined in EU legislation. The Councils currently recycle around 36% of household waste.
- 5.4.2 To improve the councils recycling rates and to support the Councils' sustainability commitments within Platforms for our Places, the Councils have taken the decision to implement an Alternate Weekly Collection system which is due to be rolled out in September 2019. This was estimated to save the Councils £0.4m per year (£0.2m in 2019/20 and a further £0.2m in 2020/21) whilst boosting recycling rates to over 40%.
- 5.4.3 In parallel to this, the Councils are also actively considering a range of other waste recycling and minimisation initiatives. The Councils are working with our partners in the West Sussex Waste Partnership to drive up the county's recycling rate to meet the set 50% target on time. A provision of £200k per year for the cost impact of new measures to improve recycling collection rates across the two Councils is allowed for from 2021/22 onwards.

## 5.5 Impact of County Council budget proposals:

5.5.1 As part of the 2019/20 budget round, the County Council took the decision to reduce the budget for supported housing. This was a reduction in the level of housing support of £1.2m across Adur and Worthing Councils (30% from Adur and 70% from Adur) with potentially significant implications for the tenants of this accommodation and the Councils.

5.5.2 At this time the Councils do not know what the final financial impact of this decision will be. The Council is currently working with partners across the County area to recommission appropriate housing support and provision but at this time the full financial impact of this change cannot be quantified, therefore the budget currently contains a contingency amount of £1.2m.

5.5.3 In addition, it is clear that due to the financial position of the county Council, they are also considering reducing or cutting completely recycling payments from the budget. The Councils currently expect to receive £1.05m per year from the County and should prepare to receive no support from 2020/21 onwards.

5.5.4 Consequently, one of the Councils' largest financial pressures at the moment is the budget decisions of the County Council. These decisions are being made by the County Council against a backdrop of considerable financial pressure. The County need to significantly invest in core services whilst Government Funding fails to keep pace with the emerging demographic pressures. However, the consequences for District and Borough Councils are significant.

	Total £'000	Adur £'000	Worthing £'000
2019/20 - budget provision	300	90	210
Additional set aside in 2020/21	900	270	630
Contingency for the impact of Supported Housing	1,200	360	840
Withdrawal of recycling credits	1,048	377	671
Total current impact of County budget proposals	2,248	737	1,511

## 5.6 Cultural Services recommissioning

5.6.1 The current 5-year forecast has allowed the following additional amounts for the recommissioning of Cultural Services:

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Additional annual cost per year	100	200	150	100	50	0
Adjustment required in 2020/21 budget forecast		100	50	0	-50	-100

The report elsewhere on the agenda, updates members on the final costs associated with this exercise. If the report is approved, the 5-year forecast will be updated to reflect the profile of contract payments for the new Trust.

5.7 Councils' Budget and Shortfall:

5.7.1 A summary of the position for 2020/21 is therefore:

	Adur £'000	Worthing £'000
Main cost pressures:		
Inflationary pressures in excess of the likely increase in Council Tax	216	323
Changes in Government Funding		
Change in retained business rates	189	514
Change in New Homes Bonus	115	518
Reduction in Revenue Support Grant	184	120
Overall change to government funding	488	1,152
Other items:		
Potential impact of County budget decisions	647	1,301
Net impact of the capital programme	177	180
Impact of interest rates on investment income	-33	-56
Impact of 2020 recycling targets	-70	-130
Impact of reprocurement of Theatres and Culture services	0	100
Reinstatement of Elections budget	18	0
Provision for new investment in services	60	80
Removal of surplus / deficit on the collection fund	-41	-9
Reduction in commercial rental income		90
Contingency	70	90
Other changes		2
<b>Overall savings to be met from a combination of increased income from investment &amp; commercial activities, the service redesign strategy, and other savings initiatives.</b>	<b>1,532</b>	<b>3,123</b>

Note: This breakdown of the cost pressures is given at an early point in the financial year; consequently a contingency amount has been added for unidentified items and known budget risks. This will be stripped out as the year progresses.

5.5.2 The overall estimated budget shortfall for both Councils is expected to increase for the next five years is as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25
<b>ADUR*</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Overall cumulative shortfall	1,532	1,971	2,409	2,772	3,073
Annual shortfall	1,532	439	438	363	301
Total net budget	8,523	8,708	8,895	9,077	9,277
Annual savings as a percentage of overall net budget (%)	17.98%	5.04%	4.93%	4.00%	3.24%

	2020/21	2021/22	2022/23	2023/24	2024/25
<b>WORTHING*</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Overall cumulative shortfall	3,123	4,456	5,349	6,034	6,624
Annual shortfall	3,123	1,333	893	685	590
Total net budget	12,864	12,909	12,982	13,205	13,511
Annual savings as a percentage of overall net budget (%)	24.28%	10.33%	6.88%	5.19%	4.37%

	2020/21	2021/22	2022/23	2023/24	2024/25
<b>JOINT SERVICES**</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Overall cumulative shortfall	2,691	3,315	3,726	4,220	4,723
Annual shortfall	2,691	624	411	494	503
Total net budget	20,931	21,245	21,564	21,780	21,998
Annual savings as a percentage of overall net budget (%)	12.90%	2.90%	1.90%	2.30%	2.30%

## 6. Options for addressing the budget gap in 2020/21 and beyond

6.1 The Councils will need to identify significant savings or deliver income growth over the next 5 - 10 years to balance the budget; this is with building only limited additional capacity to deliver new or improved services. The Councils reshaped the budget strategy back in 2016/17, with new explicit strands of work designed to balance the budget and support the Councils priorities. The focus has been to increase income generation and reduce the savings to be delivered from service reductions – nevertheless each year efficiency savings will still need to be found, especially once the outcome of the fairer funding review is implemented when it is expected that income from government and business rates will fall.

6.2 This programme will continue to be shaped over the coming months by the strategic work streams. The current targets for the main agreed programme of work are:

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Strategic Property Investment Fund	1,000	400	400	400	400	2,600
Commercial income growth	600	600	600	600	600	3,000
Digital service redesign Programme	200	200	200	200	200	1,000
Affordable housing programme	160	115	0	0	0	275

6.3 The Councils will need to identify options to meet the budget shortfall for 2020/21 and beyond. The process follows the four stages:

1. Directors are responsible for identifying proposals to meet a significant proportion of the savings targets to be considered by Council Leadership Team.
2. The “Budget Reference Group” (joint Executives) will consider the proposals to meet the 2020/21 budget shortfall which fit with the Councils’ priorities.
3. Consideration by Joint Overview and Scrutiny Committee of the options put forward with a view to commenting on the proposed

savings than impact on the Worthing Borough Council budget. Joint Overview and Scrutiny Committee can also add to the list of proposed savings with additional options as considered appropriate.

4. Consideration by Joint Strategic Committee of which of the savings are to be used to fund the budget shortfall.

A flowchart with outline timescales for the 2020/21 budget is attached at Appendix 1.

6.4 There are several strands to the budget strategy which are explored in more detail below.

1. The Major Projects Board leads on delivering projects to increase employment space and additional housing;
2. The Commercial Activity working group leads on the delivery of the income growth from commercial services and seeks to improve the customer experience.
3. The Service Redesign Board leads on the delivery of business transformation and the Digital Strategy and ensure that the benefits are realised from this programme of work;
4. The Strategic Asset Management Board leads on delivering the income growth associated with the Strategic Property Investment Fund
5. 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.

6.5 These strands of work reflect the priorities identified as part of 'Platforms for our Places', as follows:

**Platform 1: Our Financial Economies**

The Councils will:

- i) Provide strategic support to the business sectors to drive growth across Adur and Worthing thereby facilitating the creation of more employment and retail space thereby increasing business rates income.
- ii) Invest in and deliver major projects and key infrastructure to increase employment space and new homes



- iii) Use the Council's Strategic Property Investment Fund to deliver new revenue streams and support investment projects. This will be achieved through the following strands of work:
- a) The Council will look for development opportunities for owned land. For example both Councils own land which could be developed in partnership to provide accommodation or commercial property which could be rented out to generate an income stream which potentially could exceed that generated through investment of any sale proceeds. Adur District Council has recently approved in principle the construction of a new office building.
  - b) The Councils will look for the opportunity to acquire or develop new commercial properties. To facilitate this, within the capital strategy, funding is released each year for opportunities that will generate a return of between 2% and 3% after allowing for any financing costs. It should be appreciated that actual spend in any given year will be dependent on successfully identifying properties to purchase. An element of the additional income will be set aside each year to help fund the impact of any future void properties

Per Council	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Expected cumulative return (after debt charges and allowance for voids)	400	500	600	700	800

- iv) Promote initiatives to increase employment and reduce the burden on the public purse associated with benefits and poverty.

## Platform 2: Our Social Economies

The Councils will:

- i) Provide and enable the delivery of new homes across Adur and Worthing. The delivery of new homes will increase Council Tax income and lever in any government reward grant (e.g. New Homes Bonus). On average each new home built (Band C) will generate £239.60 for Adur District Council and £199.68 for Worthing Borough Council in Council Tax income. There are a significant number of potential developments being considered by both Councils. Adur

District Council, via the HRA, is directly delivering a number of schemes to improve supply.

- ii) The Council will prevent homelessness and deliver the Homelessness reduction Act. As part of this, the councils have been proactively looking at ways in which to reduce the costs of accommodating residents in temporary and emergency accommodation including:
  - a) Preventing residents from becoming homeless;
  - b) Working with landlords on delivering fit for purpose, cost effective accommodation through the Open Door scheme; and
  - c) Acquiring or developing Council owned accommodation to meet community need. Three schemes have been approved to date which will generate savings for the Council whilst providing good quality temporary and emergency accommodation.
- iii) Encourage social innovation, social financing and supporting community and social entrepreneurs to create and deliver solutions that work for our places. This will include:
  - a. Extension of Community self-management of facilities such as sports sites and allotments;
  - b. Extension of the TCV project to involve communities in volunteering and conservation

### **Platform 3: Stewarding our Natural Resources**

The Councils will:

- i) Deliver solar panels on our corporate buildings and reduce, in the longer term, our energy costs and protect against future energy price rises. £735,680 has been allocated to deliver these improvements in the 2019/20 capital investment programme. A *Carbon Reduction Plan* developed by the end of 2019 will identify prioritised interventions to deliver cost effective carbon reduction and long term cost savings. As an example, Worthing Borough Council lowered energy costs by 63% in two Worthing car parks by investing in replacement LED lighting
- ii) Engage with our communities to promote and support the zero to landfill objective thereby minimising the costs associated with meeting the 2020 recycling targets.

#### **Platform 4: Services and Solutions for our places**

The Councils will identify and maximise the financial return on our services to support the Council's budgetary position by:

a. Implementing the Digital Strategy:

The Councils have embarked on a radical digital transformation programme as approved by the Joint Strategic Programme on the 2<sup>nd</sup> December 2014. There is an ongoing programme of work designed to lever in significant savings which the Council has continued to roll-out.

	2020/21	2021/22	2022/23	2023/24 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200
Cumulative impact	200	400	600	800

b. Identify options for commercialisation across all Directorates:

There are two elements to this area of work:

- Existing fee earning services are being reviewed:
  - Services which either have fees set by central government or can only break-even by statute will be reviewed to ensure that income is sufficient to cover costs. This includes Land Charges, Building Control and Development Management.
  - Services which have an agreed public subsidy (e.g. theatres) will be reviewed to ensure that the net cost of the service can be contained within the agreed subsidy and that the subsidy is reduced over time.
  - Services which operate on a commercial basis will be encouraged to maximise profit margins where possible.
- The Councils will look for new income generating opportunities.

A target increase in income from commercial activities has been agreed. It is expected that this strand of work will generate an additional £600k per annum which, if achieved, will be a substantial contribution to resolving the budget shortfall.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

c. Procurement

The Councils will continue to identify opportunities to lever in further procurement savings by implementing a category management approach to procurement with partners, working with other organisations to pool both specialist procurement resources and aggregate contracts to deliver value for money. The clear intention is to identify potential 'procurement savings' within existing budgets where possible thereby protecting front-line services.

d. Base budget review

The Councils will undertake a base budget review to ensure that the budgets are as accurate as possible and strip out any unneeded provisions.

6.6 The Councils currently have uncommitted reserves of:

	£'000
Adur	329
Worthing	1,248

So, there remains a limited option to use some reserves to smooth the impact of the savings required. However, any use of reserves can only be regarded as a short-term and non-sustainable solution and should have due regard to the level of reserves available. At this point of time in the budget cycle, it is not proposed to use reserves to balance the budget for 2019/20, but to set challenging targets for savings. This will be revisited in the autumn when the options for savings emerge and the Councils have a clearer understanding of the financial challenges ahead.

6.7 To ensure that the savings offered later in the year reflect the Councils' priorities, all the proposals which affect Worthing will also be presented to the Joint Overview and Scrutiny Committee for consideration and comment.

## 7. 2021/22 and beyond

7.1 The budget projections for 2020/21 to 2024/25 are also shown in Appendix 2. It is clear that many of the cost pressures identified in 2020/21 will continue on for the coming years and that there is a continuing need to make significant savings although the level of annual savings should decline once the Council has addressed the impact of the Fairer Funding Review .

	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Adur District Council</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Estimated cumulative savings required to balance the budget	1,532	1,971	2,409	2,772	3,073
Savings required each year	1,532	439	438	363	301
<b>Worthing Borough Council</b>					
Estimated cumulative savings required to balance the budget	3,123	4,456	5,349	6,034	6,624
Savings required each year	3,123	1,333	893	685	590

7.2 It is an inherent feature of the budget strategy that officers will continue to be asked to identify annual “cashable” efficiency and procurement savings to help meet the budget gap and to protect priority services. However, the focus of the current strategy is to meet a significant proportion of the challenge through income generation by:

- i) Building new homes and increasing income from Council Tax.
- ii) Increasing business rates through the development of new employment spaces.
- iii) Increasing income from commercial activity;
- iv) Investing in property using the Strategic Property Investment Fund.

7.3 This strategy will have long term benefits. Shown at Appendix 3 is a 10 year forecast which considers whether the current strategy will result in a more sustainable budget for the future based on known cost pressures. Whilst

the next 2 to 3 years are challenging, if the Councils are successful in delivering the strategy detailed above, the financial issues faced in the future should be manageable.

- 7.4 Challenging times are ahead, however if the Councils focus on delivering the strategy and continue to target limited resources on priorities, then we are in a good position to respond to the inevitable budget shortfalls.

## **8. Housing Revenue Account**

- 8.1 The Housing Revenue Account (HRA) has a 30-year financial plan which was included in the rent setting report considered in February this year. It is not intended to replicate those financial projections within this report but update the forecast later once the asset management plan has been refreshed. However, like the General Fund, the HRA is facing some significant challenges, not least the continued impact of the 1% rent reduction for the 4 years 2016/17 - 2019/2020.

- 8.2 Nevertheless, the HRA will be subject to the same budget process and strategy as outlined below.

## **9. Budget strategy for the development of the 2020/21 budget**

- 9.1 A detailed budget strategy now needs to be agreed, to underpin the preparation of the budget throughout the coming months and to reflect the discussion outlined above. The following are recommended as principles to be used in the preparation of the 2020/21 revenue and capital budgets:

### **9.2 Revenue Budget Strategy**

- The Councils aim to be self-sufficient by 2020/21 and reliant only on income from fees and charges, commercial rents, Council Tax and Business Rates
- The Councils will aim to keep Council Tax increases to a minimum;
- The Councils will seek to increase income from business rates and council tax by facilitating the creation of new homes and employment space.
- Growth in expenditure is to be restricted to unavoidable expenditure to satisfy the delivery of the Councils' Key Priorities and other legislative requirements. The key items of growth identified to date have been included in the outline 5-year forecast;
- Any other growth to be accompanied by proposals for equivalent ongoing savings and not to be funded from reserves;

- Income is to be increased in line with the inflationary pressures upon the Councils (2.0%) or such higher increase as the individual markets can bear
- Expenditure is to be increased by: 2% for pay (plus an allowance has been made for increments which are a contractual commitment) and 2.0% for all other expenditure (except for inflation arising from contractual indexation provisions and energy for which an appropriate provision is to be made);
- The Council aims to set a balanced budget. Any proposed use of reserves is to have regard to the adequacy of such reserves and any such policy must be sustainable in the longer term. In addition, the Council aims not to have any planned call upon the General Fund Working Balance;
- Officers are to identify 'cashable' efficiency savings, options for reducing non-priority services, and undertake a critical review of income.

### 9.3 Capital Investment Programme

- The maximum level of funding to be made available per year for the next 5 years to fund new General Fund schemes as follows:

**Adur District Council:** £1m core funding (plus £5.2m in 2019/20 and £5.5m in 2020/21 for the Housing Investment Programme)

**Worthing Borough Council:** £2.5m core funding

The funding of the programme is to be comprised of prudential borrowing, capital grants and capital receipts. This reflects concerns about affordability; however members need to be aware that the number, age and condition of the Councils' assets continue to be a cause for concern and that the programmes may need to be increased if any unavoidable expenditure that cannot be accommodated within the programme is identified.

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

## 10. Engagement and Communication

- 10.1 The budget proposals will be the subject of internal officer consultation.

- 10.2 All savings proposals will be scrutinised by the Joint Overview and Scrutiny Committee at its meeting of November 2018.
- 10.3 All members will participate in the setting of the annual budget at the Council meetings in February.
- 10.4 If appropriate the budget consultation this year will be undertaken over the autumn. The final form of the consultation is not yet decided.
- 10.5 The Adur Consultative Forum (tenants' forum) will be consulted on regarding any proposed changes to the HRA.

## **11. Financial Implications**

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

## **12. Legal Implications**

- 12.1 The Council is required to set a robust budget under the Local Government Act 2003. This report is the first step towards the Council achieving this aim for the 2019/20 budget round.



## **Background Papers**

Report to Adur District Council Executive 5<sup>th</sup> February 2019 - Estimates 2019/20 and setting of 2019/20 Council Tax

Report to Worthing Borough Council Executive 4<sup>th</sup> February 2019 - Estimates 2019/20 and setting of 2019/20 Council Tax

Report to Joint Strategic Committee 9<sup>th</sup> July 2019 – Final Revenue Outturn for Joint, Adur and Worthing 2018/19.

Budget Statement 2015 – Report from HM Treasury

Budget Statement 2018 – Report from HM Treasury

Report to Joint Strategic Committee 2<sup>nd</sup> December 2014 – Investing in New Technology: The Springboard to Excellent Customer Experience and Business Efficiency.

Report to the Joint Strategic Committee 6<sup>th</sup> December 2017 – “Platforms for our Places” – Unlocking the power of people, communities and our local geographies.

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

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Chief Financial Officer

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## **Sustainability & Risk Assessment**

### **1. Economic**

The budget contains funding for commitments made under Platform 1: Our Financial Economies.

### **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.

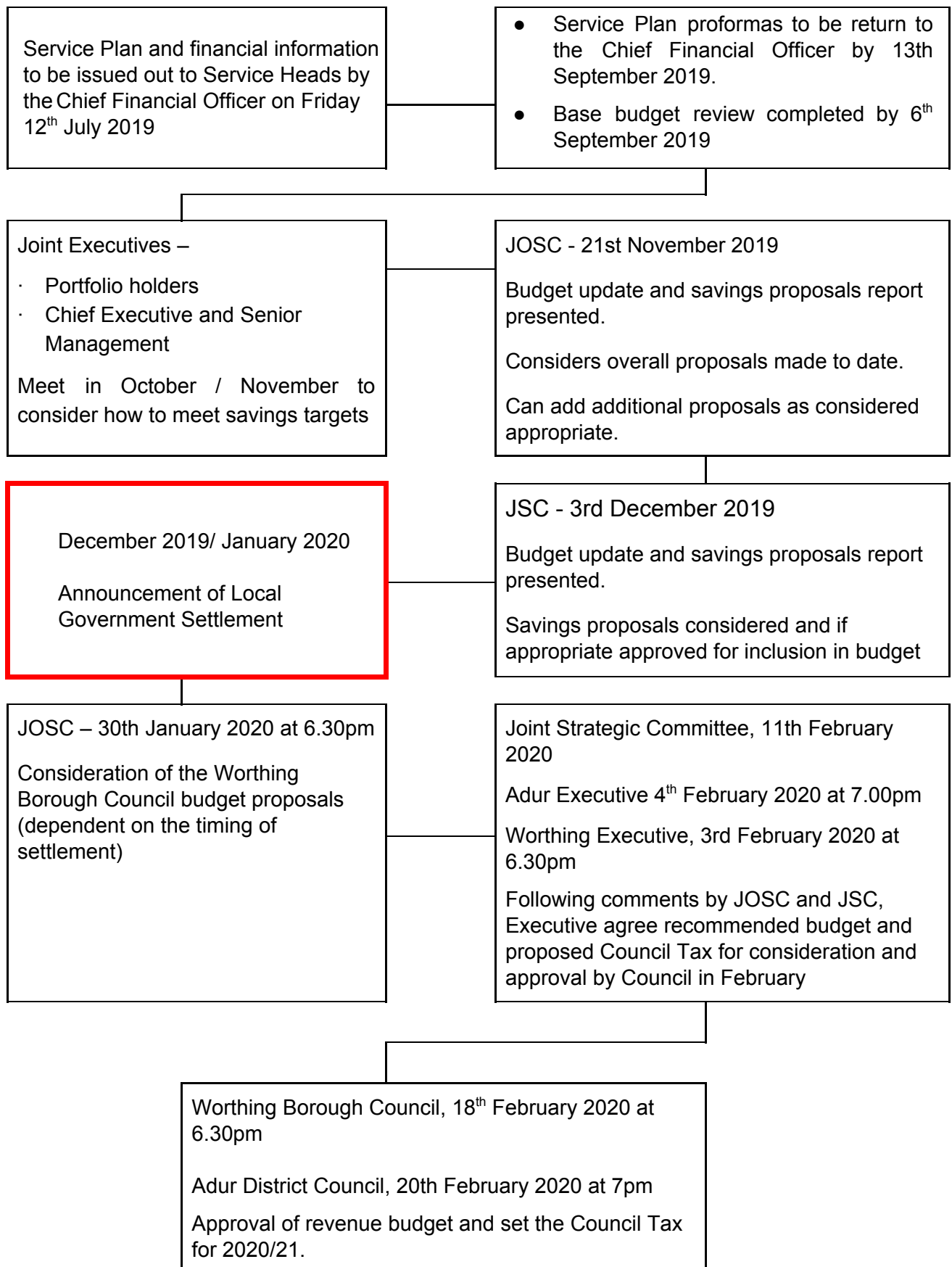
### **3. Environmental**

Matter considered and no issues identified.

### **4. Governance**

Matter considered and no issues identified.

## Appendix 1



## Appendix 2

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2019/20 - 2024/25						
Net Spending to be Financed from Taxation	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Base budget</b>	<b>8,659</b>	<b>8,659</b>	<b>8,659</b>	<b>8,659</b>	<b>8,659</b>	<b>8,659</b>
<b>(a) Annual Inflation</b>						
Estimated inflation		342	677	1,007	1,326	1,648
<b>(b) One -off / non-recurring items</b>						
)						
Local Elections (held every other year)		18	-	19	-	20
<b>(c) Committed Growth</b>						
Consolidation of homeless funding into overall Council funding as part of fairer funding review		184	184	184	184	184
<b>Net cost of increasing recycling to meet 50% targets:</b>						
- Full year impact of implementation of Alternate Weekly Collection		(70)	(70)	(70)	(70)	(70)
- Impact of introducing weekly food waste collections		-	72	72	72	72
Contingency for future committed growth		70	140	210	280	350
<b>(d) Impact of County budget reductions</b>						
)						
Further reduction in supported housing budgets		270	270	270	270	270
Withdrawal of recycling support		377	377	377	377	377
<b>(e) Impact of capital programme</b>						
Financing costs		135	249	404	528	566
Maximum impact of Gigabit Project		42	42	42	42	42
<b>(f) Additional income</b>						
Investment income		(33)	(42)	(50)	(59)	(68)
<b>(g) Approved Growth items</b>						
)						
Provision for new growth items		60	120	180	240	300
<b>Total Cabinet Member Requirements</b>	<b>8,659</b>	<b>10,054</b>	<b>10,678</b>	<b>11,304</b>	<b>11,849</b>	<b>12,350</b>

**ADUR DISTRICT COUNCIL**  
**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>Total Cabinet Member Requirements B/fwd</b>	<b>8,659</b>	<b>10,054</b>	<b>10,678</b>	<b>11,304</b>	<b>11,849</b>	<b>12,350</b>
<b>Baseline funding</b>	1,739	1,774	1,809	1,845	1,882	1,920
Add: Retained additional business rates	711	265	270	273	277	284
Add: Share of previous year's surplus / (deficit)	(250)					
Add: Levy surplus	27					
<b>Adjusted Baseline funding</b>	<b>2,227</b>	<b>2,039</b>	<b>2,079</b>	<b>2,118</b>	<b>2,159</b>	<b>2,204</b>
<b>Council Tax income</b>	<b>6,347</b>	<b>6,473</b>	<b>6,619</b>	<b>6,767</b>	<b>6,919</b>	<b>7,074</b>
<b>Other grants</b>						
New homes bonus (2016/17 - 2019/20)	115	-	-	-	-	-
New homes bonus (2017/18 - 2020/21)	1	1	-	-	-	-
New homes bonus (2019/20 - 2022/23)	10	10	10	10	-	-
New homes bonus (2019/20 - 2022/23)	-	-	-	-	-	-
New homes bonus (2020/21 - 2023/24)	-	-	-	-	-	-
<b>Total NHB</b>	<b>126</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>-</b>
<b>Collection fund surplus/deficit (-)</b>	<b>(41)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other grants and contributions</b>	<b>85</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>-</b>
<b>Total Income from Grants and Taxation</b>	<b>8,659</b>	<b>8,523</b>	<b>8,708</b>	<b>8,895</b>	<b>9,077</b>	<b>9,277</b>
<b>(Surplus) / Shortfall in Resources</b>	<b>-</b>	<b>1,532</b>	<b>1,971</b>	<b>2,409</b>	<b>2,772</b>	<b>3,073</b>
<b>AMOUNT REQUIRED TO BALANCE BUDGET</b>	<b>-</b>	<b>1,532</b>	<b>1,971</b>	<b>2,409</b>	<b>2,772</b>	<b>3,073</b>

**ADUR DISTRICT COUNCIL**  
**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 BUDGET</b>		1,532	1,971	2,409	2,772	3,073
Savings strategy to date:						
Strategic Property Investment Fund						
Future purchases		150	350	550	750	950
Impact of properties purchased to date		350	350	350	350	350
New office block		55	55	55	55	55
Provision for future voids		(100)	(200)	(300)	(400)	(500)
Commercial and Customer Activities		170	340	510	680	850
Efficiency Measures						
Digital strategy		80	160	240	320	400
Affordable Housing Programme						
Approved projects		30	60	60	60	60
Total future initiatives identified		735	1,115	1,465	1,815	2,165
<b>Cumulative savings still to be found/ (surplus)</b>		797	856	944	957	908
<b>Annual savings still to be found</b>		797	59	89	13	(49)
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£6.02	£6.11	£6.23	£6.36	£6.48
Weekly increase (Band D property)		£0.12	£0.12	£0.12	£0.12	£0.12
Average annual increase (Band C property)		£5.35	£5.43	£5.54	£5.65	£5.76
Average weekly increase (Band C property)		£0.10	£0.10	£0.11	£0.11	£0.11
<b>Savings required in each year</b>		1,532	439	438	363	301

**WORTHING BOROUGH COUNCIL**  
**Revenue Budget Summary Statement 2019/20 - 2024/25**

	2019/20 Base	2020/21	2021/22	2022/23	2023/24	2024/25
Net Spending to be Financed from Taxation Base budget	£'000 13,704	£'000 13,704	£'000 13,704	£'000 13,704	£'000 13,704	£'000 13,704
<b>(a) Annual Inflation</b>		506	1,005	1,499	1,979	2,464
<b>(b) One -off / non-recurring items</b>						
Local Elections (not held once every four years)		-	(50)	-	-	-
<b>(c) Committed Growth / Cost reductions</b>						
Fall out of SDLT pension costs.		(18)	(36)	(36)	(36)	(36)
Reduction in grant for homelessness		120	120	120	120	120
<b>Net cost of increasing recycling to meet 50% targets:</b>						
- Full year impact of implementation of Alternate Weekly Collection		(130)	(130)	(130)	(130)	(130)
- Impact of introducing weekly food waste collections		-	128	128	128	128
Reprocurement of theatres and culture		100	50	-	(50)	(100)
Closure of Café at Brooklands during planning improvements		20	20	20	20	20
Reduction in commercial rental agreements		90	90	90	90	90
Contingency for future committed growth		80	160	240	320	400
<b>(d) Impact of County budget reductions</b>						
Further reduction in supported housing budgets		630	630	630	630	630
Withdrawal of recycling support		671	671	671	671	671
<b>(e) Impact of capital programme</b>						
Financing costs - General Programme		12	162	201	449	683
Impact of refurbishment of High Street Car Park		105	291	291	291	291
Maximum impact of Gigabit Project		63	63	63	63	63
<b>(f) Impact of major projects</b>						
Impact of land acquisitions and new developments at Union Place, Grafton, town hall car park and other major projects.		-	400	700	800	900
<b>(g) Additional income</b>						
Investment income		(56)	(93)	(130)	(170)	(213)
<b>(h) Approved Growth items</b>						
Provision for new growth items		90	180	270	360	450
<b>Total Cabinet Member Requirements</b>	<b>13,704</b>	<b>15,987</b>	<b>17,365</b>	<b>18,331</b>	<b>19,239</b>	<b>20,135</b>

**WORTHING BOROUGH COUNCIL**  
**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>Total Cabinet Member Requirements b/fwd</b>	<b>13,704</b>	<b>15,987</b>	<b>17,365</b>	<b>18,331</b>	<b>19,239</b>	<b>20,135</b>
<b>Baseline funding</b>	<b>2,649</b>	<b>2,702</b>	<b>2,756</b>	<b>2,811</b>	<b>2,867</b>	<b>2,924</b>
Add: Net retained additional business rates	826	300	300	309	309	316
Add: Share of surplus /deficit (-)	-	-	-	-	-	-
Add: Levy surplus	41	-	-	-	-	-
<b>Adjusted Baseline funding</b>	<b>3,516</b>	<b>3,002</b>	<b>3,056</b>	<b>3,120</b>	<b>3,176</b>	<b>3,240</b>
<b>Council Tax income</b>	<b>9,155</b>	<b>9,338</b>	<b>9,563</b>	<b>9,794</b>	<b>10,029</b>	<b>10,271</b>
New homes bonus (2016/17 -2019/20)	518	-	-	-	-	-
New homes bonus (2017/18 - 2020/21)	234	234	-	-	-	-
New homes bonus (2018/19- 2021/22)	222	222	222	-	-	-
New homes bonus (2019/20 - 2022/23)	68	68	68	68	-	-
<b>Total New Homes Bonus</b>	<b>1,042</b>	<b>524</b>	<b>290</b>	<b>68</b>	<b>-</b>	<b>-</b>
<b>Collection fund surplus/deficit (-)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other grants and contributions</b>	<b>1,033</b>	<b>524</b>	<b>290</b>	<b>68</b>	<b>-</b>	<b>-</b>
<b>Total Income from Taxation</b>	<b>13,704</b>	<b>12,864</b>	<b>12,909</b>	<b>12,982</b>	<b>13,205</b>	<b>13,511</b>
<b>AMOUNT REQUIRED TO BALANCE BUDGET</b>	<b>-</b>	<b>3,123</b>	<b>4,456</b>	<b>5,349</b>	<b>6,034</b>	<b>6,624</b>



**WORTHING BOROUGH COUNCIL**  
**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 BUDGET</b>		<b>3,123</b>	<b>4,456</b>	<b>5,349</b>	<b>6,034</b>	<b>6,624</b>
<b>Savings / Initiatives identified to date:</b>						
<b>Strategic Property Investment Fund</b>						
Future property purchases		500	700	900	1,100	1,300
Provision for future voids and repairs		(100)	(200)	(300)	(400)	(500)
<b>Affordable Housing Programme</b>						
Approved projects		130	215	215	215	215
<b>Commercial and Customer Activities</b>		430	860	1,290	1,720	2,150
<b>Service and Digital redesign</b>		120	240	360	480	600
<b>Total savings initiatives identified to date</b>		<b>1,080</b>	<b>1,815</b>	<b>2,465</b>	<b>3,115</b>	<b>3,765</b>
<b>Cumulative savings still to be found/ (surplus)</b>		<b>2,043</b>	<b>2,641</b>	<b>2,884</b>	<b>2,919</b>	<b>2,859</b>
<b>Annual savings still to be found</b>		<b>2,043</b>	<b>598</b>	<b>243</b>	<b>35</b>	<b>(60)</b>
<b>Council Tax increase</b>		<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
Annual increase (Band D property)		<b>£4.75</b>	<b>£4.85</b>	<b>£4.95</b>	<b>£5.05</b>	<b>£5.15</b>
Weekly increase (Band D property)		<b>£0.09</b>	<b>£0.09</b>	<b>£0.10</b>	<b>£0.10</b>	<b>£0.10</b>
Average annual increase (Band C property)		<b>£4.22</b>	<b>£4.31</b>	<b>£4.40</b>	<b>£4.49</b>	<b>£4.58</b>
Average weekly increase (Band C property)		<b>£0.08</b>	<b>£0.08</b>	<b>£0.08</b>	<b>£0.09</b>	<b>£0.09</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
<b>Net Spending to be Financed from Taxation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Base budget</b>	<b>22,033</b>	22,033	22,033	22,033	22,033	22,033
(a) <b>Annual Inflation</b>						
Estimated inflation		746	1,484	2,214	2,924	3,645
(b) <b>Committed Growth</b>						
<b>Net cost of increasing recycling to meet 50% targets:</b>						
- 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
(b) <b>Impact of County budget reductions</b>						
Withdrawal of recycling support		1,048	1,048	1,048	1,048	1,048
<b>Net cost to be reallocated to the Councils</b>	<b>22,033</b>	<b>23,622</b>	<b>24,560</b>	<b>25,290</b>	<b>26,000</b>	<b>26,721</b>
Adur District Council	8,886	8,442	8,568	8,697	8,784	8,872
Worthing Borough Council	13,147	12,490	12,677	12,867	12,996	13,126
<b>Total income for services provided to the constituent councils</b>	<b>22,033</b>	<b>20,931</b>	<b>21,245</b>	<b>21,564</b>	<b>21,780</b>	<b>21,998</b>
<b>(Surplus) / Shortfall in Resources</b>	<b>-</b>	<b>2,691</b>	<b>3,315</b>	<b>3,726</b>	<b>4,220</b>	<b>4,723</b>

## 10-year Forecast - Adur District Council

	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029 /30
<b>Adur District Council</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Base	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659
Inflation	342	677	1,007	1,326	1,648	1,967	2,284	2,599	2,913	3,228
Impact of capital programme	177	291	446	570	608	735	880	929	1,029	625
Net growth	876	1,051	1,192	1,294	1,435	1,615	1,835	2,015	2,235	2,415
Net expenditure funded by taxation	10,054	10,678	11,304	11,849	12,350	12,976	13,658	14,202	14,836	14,927
<b>Income from taxation</b>										
Business rates	2,039	2,079	2,118	2,159	2,204	2,242	2,288	2,333	2,379	2,426
Council Tax	6,473	6,619	6,767	6,919	7,074	7,232	7,394	7,559	7,728	7,901
Other grants	11	10	10	0	0	0	0	0	0	0
<b>Total income from taxation</b>	<b>8,523</b>	<b>8,708</b>	<b>8,895</b>	<b>9,077</b>	<b>9,277</b>	<b>9,474</b>	<b>9,682</b>	<b>9,892</b>	<b>10,107</b>	<b>10,328</b>
<b>Cumulative budget shortfall</b>	<b>1,532</b>	<b>1,971</b>	<b>2,409</b>	<b>2,772</b>	<b>3,073</b>	<b>3,502</b>	<b>3,976</b>	<b>4,310</b>	<b>4,729</b>	<b>4,599</b>
<b>Budget strategy initiatives</b>										
Investment in commercial property	455	555	655	755	855	655	805	995	1,145	1,295
Development of commercial income	170	340	510	680	850	1,020	1,190	1,360	1,530	1,700
Impact of digital strategy	80	160	240	320	400	400	400	400	400	400
Other initiatives in place	30	60	60	60	60	60	60	60	60	60
Total savings initiatives identified	735	1,115	1,465	1,815	2,165	2,135	2,455	2,815	3,135	3,455
Remaining savings to be identified	797	856	944	957	908	1,367	1,521	1,495	1,594	1,144
<b>Savings per year to be identified</b>	<b>797</b>	<b>59</b>	<b>88</b>	<b>13</b>	<b>-49</b>	<b>459</b>	<b>155</b>	<b>-26</b>	<b>99</b>	<b>-449</b>


## 10-year Forecast - Worthing Borough Council

	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024 /25	2025/ 26	2026 /27	2027/ 28	2028/ 29	2029 /30
<b>Worthing Borough Council</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Base	13,704	13,704	13,704	13,704	13,704	13,704	13,704	13,704	13,704	13,704
Inflation	506	1,005	1,499	1,979	2,464	2,946	3,427	3,907	4,388	4,869
Impact of capital programme	180	916	1,255	1,603	1,937	2,211	2,490	2,972	3,203	3,435
Net growth	1,597	1,740	1,873	1,953	2,030	2,310	3,090	3,820	4,550	5,230
Net expenditure funded by taxation	15,987	17,365	18,331	19,239	20,135	21,171	22,711	24,403	25,845	27,238
<b>Income from taxation</b>										
Business rates	3,002	3,056	3,120	3,176	3,240	3,298	3,363	3,435	3,500	3,570
Council Tax	9,338	9,563	9,794	10,029	10,271	10,518	10,772	11,031	11,297	11,569
Other grants	524	290	68	0	0	0	0	0	0	0
<b>Total income from taxation</b>	<b>12,864</b>	<b>12,909</b>	<b>12,982</b>	<b>13,205</b>	<b>13,511</b>	<b>13,816</b>	<b>14,135</b>	<b>14,466</b>	<b>14,797</b>	<b>15,139</b>
<b>Cumulative budget shortfall</b>	<b>3,123</b>	<b>4,456</b>	<b>5,349</b>	<b>6,034</b>	<b>6,624</b>	<b>7,356</b>	<b>8,576</b>	<b>9,937</b>	<b>11,049</b>	<b>12,099</b>
<b>Budget strategy initiatives</b>										
Investment in commercial property	400	500	600	700	800	950	1,100	1,250	1,400	1,550
Development of commercial income	430	860	1,290	1,720	2,150	2,580	3,010	3,440	3,870	4,300
Impact of digital strategy	120	240	360	480	600	600	600	600	600	600
Affordable Housing Programme	130	215	215	215	215	215	215	215	215	215
Total savings initiatives identified	1,080	1,815	2,465	3,115	3,765	4,345	4,925	5,505	6,085	6,665
Remaining savings to be identified	2,043	2,641	2,884	2,919	2,859	3,011	3,651	4,432	4,964	5,434
<b>Savings per year to be identified</b>	<b>2,043</b>	<b>598</b>	<b>243</b>	<b>35</b>	<b>-60</b>	<b>152</b>	<b>641</b>	<b>781</b>	<b>532</b>	<b>471</b>

## 10-year Forecast - Overall


	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024 /25	2025/ 26	2026 /27	2027/ 28	2028/ 29	2029 /30
Overall	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Overall budget shortfall										
Adur	1,532	1,971	2,409	2,772	3,073	3,502	3,976	4,310	4,729	4,599
Worthing	3,123	4,456	5,349	6,034	6,624	7,356	8,576	9,937	11,049	12,099
Total	4,655	6,427	7,758	8,806	9,697	10,857	12,552	14,247	15,777	16,698
<b>Budget strategy initiatives</b>										
Investment in commercial property	855	1,055	1,255	1,455	1,655	1,605	1,905	2,245	2,545	2,845
Development of commercial income	600	1,200	1,800	2,400	3,000	3,600	4,200	4,800	5,400	6,000
Impact of digital strategy	200	400	600	800	1,000	1,000	1,000	1,000	1,000	1,000
Other initiatives in place	160	275	275	275	275	275	275	275	275	275
Total budget strategy initiatives	1,815	2,930	3,930	4,930	5,930	6,480	7,380	8,320	9,220	10,120
Remaining cumulative savings to be identified	2,840	3,497	3,828	3,876	3,767	4,377	5,172	5,927	6,557	6,578
<b>Annual savings still to be identified</b>	<b>2,840</b>	<b>657</b>	<b>331</b>	<b>48</b>	<b>-109</b>	<b>611</b>	<b>795</b>	<b>755</b>	<b>630</b>	<b>21</b>

SCHEDULE OF EARMARKED RESERVES

	Balance as at 01.04.18	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.19	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>1 CAPACITY ISSUES FUND</b> <b>Purpose:</b> To enable the Council to fund one-off initiatives. Now includes Carry Forward Reserve.	384	10	(259)	135	10	-	145
<b>2 INSURANCE FUND</b> <b>Purpose:</b> To offset the costs of insurance excesses and fund insurance risk management initiatives.	175	30	(63) *see below	142	30	(30)	142
<b>3 INVESTMENT PROPERTY MAINTENANCE FUND</b> <b>Purpose:</b> To offset future maintenance costs of investment properties.	38	-	-	38	-	-	38
<b>4. SPECIAL &amp; OTHER EMERGENCY RESERVE</b>	81	-	-	81	-	-	81
<b>5. ELECTION RESERVE</b> To offset future maintenance costs of investment properties.	8	-	-	8	-	-	8

\* contributions to be confirmed at year end

**SCHEDULE OF EARMARKED RESERVES**

<b>ADUR DISTRICT COUNCIL</b> 	<b>Balance as at 01.04.18</b>	<b>Planned Contributions</b>	<b>Planned Withdrawals</b>	<b>Forecast Balance as at 01.04.19</b>	<b>Planned Contributions</b>	<b>Planned Withdrawals</b>	<b>Forecast Balance as at 31.03.20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>6. BUSINESS RATES SMOOTHING RESERVE</b>	74	-	-	74	-	-	74
<b>7. GRANTS &amp; CONTRIBUTIONS HELD IN RESERVES *</b>	553	-	-	553	-	-	553
<b>8. RESIDUAL PROJECTED UNDERSPEND</b> Reserves to be identified at outturn*	-	- *see below	-	-	-	-	-
<b>9. GENERAL FUND WORKING BALANCE</b>	518	-	-	518	-	-	518
<b>TOTAL</b>	<b>1,831</b>	<b>40</b>	<b>(322)</b>	<b>1,549</b>	<b>40</b>	<b>(30)</b>	<b>1,559</b>

\*contributions to be confirmed at year end





**ADUR BUDGET 2019/2020**  
**Summary of Executive Member Portfolios**



ADUR DISTRICT  
 COUNCIL

**APPENDIX 5**

EXECUTIVE PORTFOLIO	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
Environment	2,525,430	2,266,260
Health and Wellbeing	1,208,510	1,269,140
Customer Services	1,354,650	1,507,950
Leader	598,120	604,800
Regeneration	1,522,330	1,745,460
Resources	1,912,180	1,087,230
Support Services Depreciation Not Charged To Services	205,720	249,790
<b>NET SERVICE EXPENDITURE</b>	<b>9,326,940</b>	<b>8,730,630</b>
Credit Back Depreciation / Impairments	(1,821,540)	(1,385,100)
Minimum Revenue Provision	1,097,860	1,242,940
	<b>8,603,260</b>	<b>8,588,470</b>
Transfer to / from Reserves	14,000	-
Balance Available to Transfer To / (From) Reserves	10,500	10,000
<b>TOTAL BUDGET REQUIREMENT BEFORE EXTERNAL SUPPORT FROM GOVERNMENT</b>	<b>8,627,760</b>	<b>8,598,470</b>
Baseline Funding	(1,699,870)	(1,738,820)
Additional business rate income	(637,000)	(461,370)
Levy Surplus	-	(26,680)
Other unfenced grants (New homes bonus)	(202,440)	(125,990)
Contribution to/ (from) Collection Fund	(4,190)	40,950
<b>AMOUNT REQUIRED FROM COUNCIL TAX</b>	<b>6,084,260</b>	<b>6,286,560</b>
<b>COUNCIL TAX BASE</b>	<b>20,932.2</b>	<b>21,195.0</b>
<b>Average Band D Council Tax - Adur District</b>	<b>290.79</b>	<b>296.64</b>
% increase		2.01%

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
<b>DIRECTOR FOR DIGITAL AND RESOURCES</b>		
<b>Business and Technical Services</b>		
Bus Shelters, Street Lighting & Highways	56,350	54,600
Public Conveniences	222,250	230,370
Sustainable Development	39,610	23,020
	<b>318,210</b>	<b>307,990</b>
<b>Customer &amp; Digital Services</b>		
Car Parking	(200,500)	(238,550)
	<b>(200,500)</b>	<b>(238,550)</b>
<b>DIRECTOR FOR COMMUNITIES</b>		
Leisure Client	514,640	490,820
	<b>514,640</b>	<b>490,820</b>
<b>Environmental</b>		
Foreshores	(27,960)	(35,490)
Allotments	(25,880)	(23,470)
Cemeteries	130,690	151,990
Parks	883,420	833,290
Abandoned Vehicles	5,830	5,850
Clinical Waste	(3,130)	1,430
Graffiti	7,760	4,480
Recycling	(340,860)	(433,020)
Refuse	903,710	828,980
Street Cleansing including Pest Control	566,820	570,620
Trade Refuse	(213,240)	(207,530)
	<b>1,887,160</b>	<b>1,697,130</b>
<b>Housing</b>		
Public Health Burials	2,870	2,870
	<b>2,870</b>	<b>2,870</b>
<b>Wellbeing</b>		
Pollution Control & Dog Control	1,450	35,150
	<b>1,450</b>	<b>35,150</b>
<b>DIRECTOR OF ECONOMY</b>		
<b>Place &amp; Economy</b>		
Street Scene	1,600	(29,150)
	<b>1,600</b>	<b>(29,150)</b>
<b>TOTAL ENVIRONMENT PORTFOLIO</b>	<b>2,525,430</b>	<b>2,266,260</b>

## ADUR - ENVIRONMENT PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR FOR DIGITAL &amp; RESOURCES</b>										
<b>Business and Technical Services</b>										
Bus Shelters, Street Lighting & Highways	-	27,390	-	7,170	-	(7,910)	26,650	13,210	14,740	54,600
Public Conveniences	-	162,820	-	120	-	(360)	162,580	13,400	54,390	230,370
Sustainable Development	-	-	-	-	-	-	0	23,020	-	23,020
<b>Customer &amp; Digital Services</b>										
Car Parking	-	111,290	-	131,160	57,800	(643,650)	(343,400)	97,300	7,550	(238,550)
<b>DIRECTOR FOR COMMUNITIES</b>										
Leisure Client	-	51,490	-	4,150	135,000	(9,740)	180,900	13,210	296,710	490,820
<b>Environment</b>										
Foreshores	-	11,620	-	8,910	-	(116,390)	(95,860)	29,150	31,220	(35,490)
Allotments	-	21,080	-	-	-	(47,390)	(26,310)	-	2,840	(23,470)
Cemeteries	119,670	79,750	-	-	-	(179,080)	20,340	125,410	6,240	151,990
Parks	(7,230)	660,690	-	47,660	-	(152,790)	548,330	243,770	41,190	833,290
Abandoned Vehicles	-	-	-	5,850	-	-	5,850	-	-	5,850
Clinical Waste	1,430	-	-	-	-	-	1,430	-	-	1,430
Graffiti	3,070	-	-	-	-	-	3,070	1,410	-	4,480
Recycling	(587,920)	-	-	-	-	-	(587,920)	55,010	99,890	(433,020)
Refuse	556,490	-	-	-	-	-	556,490	175,370	97,120	828,980
Street Cleansing including Pest Control	572,330	-	-	-	-	(133,950)	438,380	87,790	44,450	570,620
Trade Refuse	138,660	-	-	250,990	-	(652,530)	(262,880)	22,520	32,830	(207,530)
<b>Housing</b>										
Public Health Burials	-	-	-	2,870	-	-	2,870	-	-	2,870
<b>Wellbeing</b>										
Pollution Control & Dog Control	-	-	-	-	-	-	0	33,690	1,460	35,150
<b>DIRECTOR OF ECONOMY</b>										
<b>Place &amp; Economy</b>										
Street Scene	-	-	660	41,100	-	(70,910)	(29,150)	-	-	(29,150)
	<b>796,500</b>	<b>1,126,130</b>	<b>660</b>	<b>499,980</b>	<b>192,800</b>	<b>(2,014,700)</b>	<b>601,370</b>	<b>934,260</b>	<b>730,630</b>	<b>2,266,260</b>
<b>Percentage Direct Cost</b>	30%	43%	0%	19%	7%					

## ENVIRONMENT SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020



ADUR DISTRICT  
COUNCIL

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	Committed Growth	Non Committed Growth	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£
<b>DIRECTOR FOR DIGITAL &amp; RESOURCES</b>								
<b>Business and Technical Services</b>								
Bus Shelters, Street Lighting & Highways	56,350	340	-	-	-	-	(2,090)	54,600
Public Conveniences	222,250	3,460	-	-	-	-	4,660	230,370
Sustainable Development	39,610	-	-	-	-	-	(16,590)	23,020
<b>Customer &amp; Digital Services</b>								
Car Parking	(200,500)	(11,070)	-	-	(20,000)	-	(6,980)	(238,550)
<b>DIRECTOR FOR COMMUNITIES</b>								
Leisure Client	514,640	520	(20,000)	-	-	(10,000)	5,660	490,820
<b>Environment</b>								
Foreshores	(27,960)	170	-	-	-	(13,520)	5,820	(35,490)
Allotments	(25,880)	120	1,840	-	-	-	450	(23,470)
Cemeteries	130,690	(3,610)	16,650	-	-	-	8,260	151,990
Parks	883,420	840	36,410	-	-	(8,000)	(79,380)	833,290
Abandoned Vehicles	5,830	20	-	-	-	-	-	5,850
Clinical Waste	(3,130)	-	-	-	-	-	4,560	1,430
Graffiti	7,760	-	-	-	-	-	(3,280)	4,480
Recycling	(340,860)	-	-	-	-	-	(92,160)	(433,020)
Refuse	903,710	-	-	-	-	-	(74,730)	828,980
Street Cleansing including Pest Control	566,820	(2,880)	-	-	-	-	6,680	570,620
Trade Refuse	(213,240)	(8,430)	-	-	-	(15,190)	29,330	(207,530)
<b>Housing</b>								
Public Health Burials	2,870	-	-	-	-	-	-	2,870
<b>Wellbeing</b>								
Pollution Control & Dog Control	1,450	-	-	-	-	-	33,700	35,150
<b>DIRECTOR OF ECONOMY</b>								
<b>Place &amp; Economy</b>								
Street Scene	1,600	(880)	-	-	-	(30,000)	130	(29,150)
<b>TOTAL COST</b>	<b>2,525,430</b>	<b>(21,400)</b>	<b>34,900</b>	<b>0</b>	<b>(20,000)</b>	<b>(76,710)</b>	<b>(175,960)</b>	<b>2,266,260</b>

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
<b>DIRECTOR OF COMMUNITIES</b>		
<b>Wellbeing</b>		
Community Development, Fishersgate & Grants	345,440	350,570
Community Safety	261,020	237,060
Food Safety	189,950	157,520
Licensing	124,290	148,140
Public Health and Regulation	193,580	308,420
	<b>1,114,280</b>	<b>1,201,710</b>
<b>DIRECTOR OF DIGITAL AND RESOURCES</b>		
<b>Business and Technical Services</b>		
Emergency Planning	51,710	27,180
Street Lighting	42,520	40,250
	<b>94,230</b>	<b>67,430</b>
<b>TOTAL FOR HEALTH AND WELLBEING</b>	<b>1,208,510</b>	<b>1,269,140</b>

## ADUR - HEALTH AND WELLBEING PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR OF COMMUNITIES</b>											
<b>Wellbeing</b>											
Community Development, Fishersgate & Grants	-	80,260	850	-	217,920	-	(15,300)	283,730	62,400	4,440	350,570
Community Safety	-	126,150	1,370	-	8,820	-	-	136,340	100,720	-	237,060
Food Safety	-	1,910	-	-	950	-	-	2,860	154,660	-	157,520
Licensing	8,160	126,330	-	-	13,410	-	(122,030)	25,870	122,270	-	148,140
Public Health and Regulation	-	5,720	-	-	15,400	4,820	(13,090)	12,850	292,730	2,840	308,420
<b>DIRECTOR OF DIGITAL &amp; RESOURCES</b>											
<b>Business and Technical Services</b>											
Emergency Planning	-	5,580	-	-	-	-	-	5,580	21,600	-	27,180
Street Lighting	-	-	13,190	-	8,770	-	-	21,960	8,260	10,030	40,250
<b>TOTAL COST</b>	<b>8,160</b>	<b>345,950</b>	<b>15,410</b>	<b>0</b>	<b>265,270</b>	<b>4,820</b>	<b>(150,420)</b>	<b>489,190</b>	<b>762,640</b>	<b>17,310</b>	<b>1,269,140</b>
<b>Percentage Direct Cost</b>	1%	54%	2%	0%	41%	1%					

## HEALTH AND WELLBEING SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Compensatory savings	Reduction In Income	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR OF COMMUNITIES</b>											
<b>Wellbeing</b>											
Community Development, Fishersgate & Grants	345,440	-	-	-	-	-	-	-	(610)	5,740	350,570
Community Safety	261,020	30	-	-	-	-	-	-	-	(23,990)	237,060
Food Safety	189,950	-	-	-	-	-	-	-	(8,000)	(24,430)	157,520
Licensing	124,290	(2,630)	-	-	-	-	-	-	-	26,480	148,140
Public Health and Regulation	193,580	(280)	-	-	-	-	-	-	-	115,120	308,420
<b>DIRECTOR OF DIGITAL &amp; RESOURCES</b>											
<b>Business and Technical Services</b>											
Emergency Planning	51,710	-	-	-	-	-	-	-	-	(24,530)	27,180
Street Lighting	42,520	280	-	-	-	-	-	-	-	(2,550)	40,250
<b>TOTAL COST</b>	<b>1,208,510</b>	<b>(2,600)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,610)</b>	<b>71,840</b>	<b>1,269,140</b>

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
<b>DIRECTOR OF COMMUNITIES</b>		
<b>Housing</b>		
Housing including Homelessness	822,110	957,460
Community Alarm	171,450	162,380
	<b>993,560</b>	<b>1,119,840</b>
<b>DIRECTOR OF DIGITAL AND RESOURCES</b>		
<b>Revenues and Benefits</b>		
Revenues	268,480	303,130
Benefits	92,610	84,980
	<b>361,090</b>	<b>388,110</b>
<b>TOTAL FOR CUSTOMER SERVICES</b>	<b>1,354,650</b>	<b>1,507,950</b>



## ADUR - CUSTOMER SERVICES PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR OF COMMUNITIES</b>											
<b>Housing</b>											
Housing including Homelessness	-	279,050	263,090	440	943,210	112,060	(905,630)	692,220	265,240	-	957,460
Community Alarm	118,400	170,530	-	5,340	44,430	41,050	(323,730)	56,020	89,070	17,290	162,380
<b>DIRECTOR OF CUSTOMER &amp; DIGITAL SERVICES</b>											
<b>Revenues and Benefits</b>											
Revenues	53,000	252,000	-	1,910	77,610	-	(153,220)	231,300	71,830	-	303,130
Benefits	-	405,260	-	150	73,120	20,887,820	(21,352,590)	13,760	62,660	8,560	84,980
<b>TOTAL COST</b>	<b>171,400</b>	<b>1,106,840</b>	<b>263,090</b>	<b>7,840</b>	<b>1,138,370</b>	<b>21,040,930</b>	<b>(22,735,170)</b>	<b>993,300</b>	<b>488,800</b>	<b>25,850</b>	<b>1,507,950</b>
<b>Percentage Direct Cost</b>	1%	5%	1%	0%	5%	89%					

## ADUR CUSTOMER SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2018/2019

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Reduction in Income	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR OF COMMUNITIES</b>										
<b>Housing</b>										
Housing including Homelessness	822,110	14,970	-	150,000	-	-	-	-	(29,620)	957,460
Community Alarm	171,450	(6,650)	-	-	-	-	-	-	(2,420)	162,380
<b>DIRECTOR OF DIGITAL &amp; RESOURCES</b>										
<b>Revenues and Benefits</b>										
Revenues	268,480	(3,300)	-	-	-	-	-	-	37,950	303,130
Benefits	92,610	(11,840)	-	-	-	-	-	-	4,210	84,980
<b>TOTAL COST</b>	<b>1,354,650</b>	<b>(6,820)</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,120</b>	<b>1,507,950</b>

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
<b>CHIEF EXECUTIVE</b>		
<b>Communications</b>		
Strategic Planning	880	880
	<b>880</b>	<b>880</b>
<b>DIRECTOR OF COMMUNITIES</b>		
<b>Wellbeing</b>		
Members	373,070	388,850
Leaders Support for Cultural Projects	20,000	20,000
	<b>393,070</b>	<b>408,850</b>
<b>DIRECTOR OF DIGITAL AND RESOURCES</b>		
<b>Customer &amp; Digital Services</b>		
Elections	204,170	195,070
	<b>204,170</b>	<b>195,070</b>
<b>TOTAL for LEADER</b>	<b>598,120</b>	<b>604,800</b>

## ADUR - THE LEADER PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
<b>CHIEF EXECUTIVE</b>											
<b>Communications</b>											
Strategic Planning	-	-	-	-	-	-	-	0	880	-	880
<b>DIRECTOR OF COMMUNITIES</b>											
<b>Wellbeing</b>											
Members	214,880	85,260	-	-	12,280	-	(15,600)	296,820	92,030	-	388,850
Leaders Support for Cultural Projects	-	-	-	-	20,000	-	-	20,000	-	-	20,000
<b>DIRECTOR OF DIGITAL &amp; RESOURCES</b>											
<b>Customer &amp; Digital Services</b>											
Elections	7,000	76,520	2,000	-	59,380	-	(3,280)	141,620	50,650	2,800	195,070
<b>TOTAL COST</b>	<b>221,880</b>	<b>161,780</b>	<b>2,000</b>	<b>0</b>	<b>91,660</b>	<b>0</b>	<b>(18,880)</b>	<b>458,440</b>	<b>143,560</b>	<b>2,800</b>	<b>604,800</b>
<b>Percentage Direct Cost</b>	46%	34%	0%	0%	19%	0%					

THE LEADER - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Compensatory savings	Non Committed Growth	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
<b>CHIEF EXECUTIVE</b>										
<b>Communications</b>										
Strategic Planning	880	-	-	-	-	-	-	-	-	880
<b>DIRECTOR OF COMMUNITIES</b>										
<b>Wellbeing</b>										
Members	373,070	4,180	-	(2,000)	-	-	-	(1,470)	15,070	388,850
Leaders Support for Cultural Projects	20,000	-	-	-	-	-	-	-	-	20,000
<b>DIRECTOR OF DIGITAL &amp; RESOURCES</b>										
<b>Customer &amp; Digital Services</b>										
Elections	204,170	(30)	(18,000)	-	-	-	-	-	8,930	195,070
<b>TOTAL COST</b>	<b>598,120</b>	<b>4,150</b>	<b>(18,000)</b>	<b>(2,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,470)</b>	<b>24,000</b>	<b>604,800</b>

SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
<b>DIRECTOR FOR COMMUNITIES</b>		
<b>Wellbeing</b>		
Land Drainage	1,380	1,320
	<b>1,380</b>	<b>1,320</b>
<b>DIRECTOR FOR DIGITAL AND RESOURCES</b>		
<b>Business and Technical Services</b>		
Coast Protection & Ditch Clearing	115,120	115,520
	<b>115,120</b>	<b>115,520</b>
<b>DIRECTOR OF ECONOMY</b>		
<b>Grants</b>		
Shoreham Harbour	37,510	33,630
	<b>37,510</b>	<b>33,630</b>
<b>Planning &amp; Development</b>		
Planning Policy	166,240	319,140
Development Control & Major Projects	657,080	640,530
Building Control	166,550	202,660
	<b>989,870</b>	<b>1,162,330</b>
<b>Place &amp; Economy</b>		
Regeneration	378,450	432,660
	<b>378,450</b>	<b>432,660</b>
<b>TOTAL FOR REGENERATION</b>	<b>1,522,330</b>	<b>1,745,460</b>

## ADUR - REGENERATION PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR FOR COMMUNITIES</b>											
<b>Wellbeing</b>											
Land Drainage	-	-	-	-	30	-	-	30	-	1,290	1,320
<b>DIRECTOR FOR DIGITAL AND RESOURCES</b>											
<b>Business and Technical Services</b>											
Coast Protection & Ditch Clearing	-	-	4,240	-	5,820	-	-	10,060	25,220	80,240	115,520
<b>DIRECTOR OF ECONOMY</b>											
<b>Grants</b>											
Shoreham Harbour	138,340	-	-	-	-	-	(143,100)	(4,760)	38,390	-	33,630
<b>Planning &amp; Development</b>											
Planning Policy	-	6,140	-	-	17,790	-	-	23,930	295,210	-	319,140
Development Control & Major Projects	-	419,870	-	-	8,620	5,380	(261,850)	172,020	468,510	-	640,530
Building Control	-	235,570	-	-	-	-	(179,040)	56,530	146,130	-	202,660
<b>Place &amp; Economy</b>											
Regeneration	-	122,600	-	-	55,260	-	-	177,860	140,260	114,540	432,660
<b>TOTAL COST</b>	<b>138,340</b>	<b>784,180</b>	<b>4,240</b>	<b>0</b>	<b>87,520</b>	<b>5,380</b>	<b>(583,990)</b>	<b>435,670</b>	<b>1,113,720</b>	<b>196,070</b>	<b>1,745,460</b>
<b>Percentage Direct Cost</b>	14%	77%	0%	0%	9%	1%					

## REGENERATION SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Compensatory savings	Impact of Capital programme	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR FOR COMMUNITIES</b>										
<b>Wellbeing</b>										
Land Drainage	1,380	-	-	-	-	-	-	-	(60)	1,320
<b>DIRECTOR FOR DIGITAL AND RESOURCES</b>										
<b>Business and Technical Services</b>										
Coast Protection & Ditch Clearing	115,120	-	-	-	-	-	-	-	400	115,520
<b>DIRECTOR OF ECONOMY</b>										
<b>Grants</b>										
Shoreham Harbour	37,510	-	-	-	-	-	-	-	(3,880)	33,630
<b>Planning &amp; Development</b>										
Planning Policy	166,240	-	-	-	-	-	-	-	152,900	319,140
Development Control & Major Projects	657,080	(5,430)	-	-	-	-	-	(10,000)	(1,120)	640,530
Building Control	166,550	(4,830)	-	45,000	-	-	-	(2,640)	(1,420)	202,660
<b>Place &amp; Economy</b>										
Regeneration	378,450	-	-	-	-	-	-	-	54,210	432,660
<b>TOTAL COST</b>	<b>1,522,330</b>	<b>(10,260)</b>	<b>0</b>	<b>45,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(12,640)</b>	<b>201,030</b>	<b>1,745,460</b>



SERVICE	ESTIMATE 2018/2019	ESTIMATE 2019/2020
	£	£
<b>DIRECTOR FOR DIGITAL AND RESOURCES</b>		
<b>Business and Technical Services</b>		
Community Centres	129,970	124,760
	<b>129,970</b>	<b>124,760</b>
<b>Finance</b>		
Corporate Management & Pension costs	1,775,910	1,920,750
Treasury Management	889,130	1,052,820
	<b>2,665,040</b>	<b>2,973,570</b>
<b>Revenues &amp; Benefits</b>		
Non Domestic Rates	(51,560)	(32,650)
	<b>(51,560)</b>	<b>(32,650)</b>
<b>DIRECTOR OF ECONOMY</b>		
<b>Major Projects and Investment</b>		
Estates	(817,060)	(1,958,380)
	<b>(817,060)</b>	<b>(1,958,380)</b>
<b>Planning &amp; Development</b>		
Land Charges	(14,210)	(20,070)
	<b>(14,210)</b>	<b>(20,070)</b>
<b>TOTAL FOR RESOURCES</b>	<b>1,912,180</b>	<b>1,087,230</b>

## ADUR - RESOURCES PORTFOLIO - 2019/2020 - SUBJECTIVE ANALYSIS

SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support	Transfer to/from Reserves	Capital Charges	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR FOR DIGITAL &amp; RESOURCES</b>												
<b>Business and Technical Services</b>												
Community Centres	-	35,550	34,290	-	4,230	-	-	74,070	35,490	-	15,200	124,760
<b>Finance</b>												
Corporate Management & Pension costs	1,321,730	62,200	125,890	-	308,370	15,450	(612,200)	1,221,440	761,830	(62,520)	-	1,920,750
Treasury Management	-	-	-	-	-	-	(267,710)	(267,710)	880	-	1,319,650	1,052,820
<b>Revenues &amp; Benefits</b>												
Non Domestic Rates	-	57,020	-	-	17,470	-	(107,140)	(32,650)	-	-	-	(32,650)
<b>DIRECTOR OF ECONOMY</b>												
<b>Major Projects and Investment</b>												
Estates	-	15,360	148,720	-	15,240	-	(2,359,330)	(2,180,010)	108,580	-	113,050	(1,958,380)
<b>Planning &amp; Development</b>												
Land Charges	-	33,230	-	-	20,200	-	(103,220)	(49,790)	29,720	-	-	(20,070)
<b>TOTAL COST</b>	<b>1,321,730</b>	<b>203,360</b>	<b>308,900</b>	<b>0</b>	<b>365,510</b>	<b>15,450</b>	<b>(3,449,600)</b>	<b>(1,234,650)</b>	<b>936,500</b>	<b>(62,520)</b>	<b>1,447,900</b>	<b>1,087,230</b>
<b>Percentage Direct Cost</b>	60%	9%	14%	0%	17%	1%						

## RESOURCES SERVICES - SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET - 2019/2020

SERVICE / ACTIVITY	Original Estimate 2018/2019	Inflation	One off - items	Committed Growth	Compensatory savings	Impact of Capital programme	Non Committed Growth	Additional Income	Savings	Non-MTFP Other Changes	TOTAL BUDGET
	£	£	£	£	£	£	£	£	£	£	£
<b>DIRECTOR FOR DIGITAL &amp; RESOURCES</b>											
<b>Business and Technical Services</b>											
Community Centres	129,970	580	-	-	-	-	-	-	-	(5,790)	124,760
<b>Finance</b>											
Corporate Management & Pension costs	1,775,910	17,620	-	101,600	-	-	-	-	(15,720)	41,340	1,920,750
Treasury Management	889,130	(380)	-	-	-	3,000	-	(60,000)	(60,000)	281,070	1,052,820
<b>Revenues &amp; Benefits</b>											
Non Domestic Rates	(51,560)	(230)	-	-	-	-	-	-	-	19,140	(32,650)
<b>DIRECTOR OF ECONOMY</b>											
<b>Major Projects and Investment</b>											
Estates	(817,060)	1,450	-	-	-	-	-	-	(200,000)	(942,770)	(1,958,380)
<b>Planning &amp; Development</b>											
Land Charges	(14,210)	(2,220)	-	-	-	-	-	-	-	(3,640)	(20,070)
<b>TOTAL COST</b>	<b>1,912,180</b>	<b>16,820</b>	<b>0</b>	<b>101,600</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>(60,000)</b>	<b>(275,720)</b>	<b>(610,650)</b>	<b>1,087,230</b>

**GLOSSARY OF TECHNICAL TERMS FROM THE PROVISIONAL LOCAL GOVERNMENT SETTLEMENT CONSULTATION DOCUMENT**

***Baseline funding level***

The amount of an individual council's Start-up Funding Assessment for 2013-14 provided through the local share of the Estimated Business Rates Aggregate, updated in line with the small business rates multiplier (set at the September forecast of the Retail Price Index, unless otherwise decided).

***Billing authorities***

A unitary council, or a lower tier council in a two-tier area, which collects the Council Tax for its own activities, and for those of the precepting authorities in its area. The billing authority passes on the precept receipts to each precepting authority in its area. These are the 326 billing authorities that collect Council Tax and business rates: district councils, London boroughs, and unitary councils. Before 1 April 2009 there were 354.

***Business Rates***

These rates, formally called national non-domestic rates, are the means by which local businesses contribute to the cost of providing local council services.

***Business rates baseline***

Determined for individual councils at the outset of the business rates retention scheme by dividing the local share of the Estimated Business Rates Aggregate (England) between billing authorities on the basis of their proportionate shares, before the payment of any major precepting authority share.

***Business Rates Retention Scheme***

The name given to the current system of funding local authorities through the local government finance settlement, set out in the Local Government Finance Act 2013. The local government sector retains 50% of the business rates they collect. In addition they also receive Revenue Support Grant to help support their services.

***Council Tax***

A local tax on domestic property, set by councils – calculated by deducting any funding from reserves, income it expects to raise and general funding it will receive from the Government – in order to meet its planned spending. 31

***Council Tax Base***

This is the number of Band D equivalent dwellings in a council area. To calculate the tax base for an area, the number of dwellings in each Council Tax band is reduced to take account of discounts and exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. An adjustment is then made for the collection rate.

**Council Tax Bands**

There are eight Council Tax bands. How much Council Tax each household pays depends on the value of the homes. The bands are set out below.

Value of home estimated at 1 April 1991			Proportion of the tax due April 1991 for a band D property	
<b>Band A</b>	Under	£40,000	66.7%	(6/9)
<b>Band B</b>	£40,001 -	£52,000	77.8%	7/9)
<b>Band C</b>	£52,001 -	£68,000	8.9%	8/9)
<b>Band D</b>	£68,001 -	£88,000	100%	(9/9)
<b>Band E</b>	£88,001 -	£120,000	122.2%	(11/9)
<b>Band F</b>	£120,001 -	£160,000	144.4%	(13/9)
<b>Band G</b>	£160,001 -	£320,000	166.7%	(15/9)
<b>Band H</b>	Over	£320,001	200%	(18/9)

**Estimated Business Rates Aggregate**

The total business rates forecast at the outset of the business rate retention scheme to be collected by all billing authorities in England in 2013-14. The Estimated Business Rates Aggregate is updated year on year in line with the change in the small business multiplier (usually the September Retail Price Index).

**Floor damping**

A method by which stability in funding is protected through limiting the effect of wide variations in grant. A floor guarantees a lower limit to a year-on-year change in grant. The grant amounts of councils who receive changes above the floor are scaled back by a fixed proportion to help pay for the floor.

**Levy**

Mechanism to limit disproportionate benefit from business rates. The levy is applied proportionally on a 1:1 basis (i.e. a 1% increase in business rates income results in an council getting a 1% increase in revenue from the rates retention scheme) but with a limit on the maximum levy rate that is imposed, at 50p in the pound. Levy payments are used to fund the safety net.

**Local government finance settlement**

The local government finance settlement is the annual determination of funding distribution as made by the Government and debated by Parliament. 32

**Local government spending control total**

The total amount of expenditure for Revenue Support Grant in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit plus the local share of the Estimated Business Rates Aggregate that is allocated to the local government sector by Government for each year of a Spending Review.

### ***Local share***

The percentage share of locally collected business rates that is retained by local government. This is set at 50% of which the Council retains 40% and the County Council retain 10%.

### ***Lower tier councils***

Councils that carry out the functions which in shire areas with two tiers of local government are carried out by shire districts. They are the same councils as billing authorities.

### ***Multiplier***

The business rates multiplier which, when multiplied by the rateable value of a property, determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is updated annually by the Consumer Price Index, unless the Government decides otherwise and the other multiplier adjusted accordingly, to fund rate relief for small businesses.

### ***Precept***

This is the amount of Council Tax income all billing and precepting authorities need to provide their services. The amounts for all authorities providing services in an area appear on one Council Tax bill, which is administered by the billing authority.

### ***Precepting authority***

An authority or body that does not collect Council Tax or business rates but is part of the business rates retention scheme. This is an authority which sets a precept to be collected by billing authorities. County councils, police authorities, the Greater London Authority, single purpose fire and rescue authorities and parish councils are all precepting authorities.

### ***Proportionate share***

This is the percentage of the national business rates yield which a council has collected on the basis of the average rates collected by councils over the two years to 2011-12. This percentage was applied to the local share of the 2013-14 Estimated Business Rates Aggregate to determine the billing authority business rates baseline.

### ***Reserves***

This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

### ***Revenue Support Grant***

A Government grant which can be used to finance revenue expenditure on any service.

### ***Ring-fenced grant***

A grant paid to councils which has conditions attached to it, which restrict the purposes for which it may be spent.

### ***Safety net***

Mechanism to protect any council which sees its business rates income drop, in any year, by more than 7.5% below its baseline funding level (with baseline funding levels being uprated by the small business rates multiplier for the purposes of assessing eligibility for support).

### ***Settlement core funding***

The definition of settlement core funding for this purpose takes into account the main resources available to councils, which for this purpose comprise:

- Council Tax income
- the Settlement Funding Assessment, comprising:
  - estimated business rates income (baseline funding level under the rates retention scheme)
  - Revenue Support Grant.

### ***Settlement Funding Assessment***

Previously referred to as Start-Up Funding Assessment. It comprises at a national level the total Revenue Support Grant and the local share of Estimated Business Rates Aggregate for the year in question. On an individual council level it comprises each council's Revenue Support Grant for the year in question and its baseline funding level, uprated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.

### ***Specific grants***

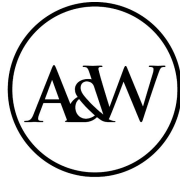
Grants paid under various specific powers, but excluding Revenue Support Grant or area-based grant. Some specific grants are ring-fenced.

### ***Tariffs and top ups***

Calculated by comparing at the outset of the business rate retention scheme an individual council's business rates baseline against its baseline funding level. Tariffs and top ups are self-funding, fixed at the start of the scheme and uprated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.

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ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 9

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

## **Becoming financially sustainable - Capital Strategy 2020/21**

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

#### **Executive Summary**

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

- 1.1 This report seeks the approval of the Council's Capital Strategy for 2020/23. The Strategy outlines the Council's approach to capital investment and how the Council ensures that capital investment is directed to the Council's Priorities. It also sets out the basis for prioritisation of capital bids included in the 3 Year Capital Investment Programme and the monitoring of the programme.

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

- 2.1 The Joint Strategic Committee is asked to recommend to the Councils that the Capital Strategy 2020/23 be approved.

##### **3. Context**

- 3.1 The Councils have fixed assets (land, buildings, equipment and software) worth £385m which are used directly in the delivery of services and council priorities or to generate income to support the activities of the Councils. The Councils' capital strategy details how the Councils approach investment in these assets and it is reviewed annually to reflect changes in the Council's priorities and resources.

3.2 It is a requirement of the Prudential Code that the Councils' have an annually approved capital strategy. The capital strategy brings together not only the capital expenditure policy and plans, but includes financing considerations in one comprehensive document. The requirements include:

- **The impact of the capital programme on debt and borrowing including:**

- A projection of external debt and use of internal borrowing to support capital expenditure
- Provision for the repayment of debt over the life of the underlying debt.
- Authorised limit and operational boundary for the following year.
- The authority's approach to treasury management including processes, due diligence and defining the authority's risk appetite.

- **Commercial activity**

The Council's approach to commercial investment activities including processes ensuring effective due diligence and defining the authority's risk appetite in respect of these, including proportionality in respect of overall resources. Requirements for independent and expert advice and scrutiny arrangements.

For Adur and Worthing Councils, this specifically refers to the Strategic Property Investment Fund.

- **Other long-term liabilities**

An overview of the governance process for approval, monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.

However, Adur and Worthing Councils do not have any significant exposure to this type of liability and so this is not addressed within the capital strategy.

- **Knowledge and skills**

A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's risk appetite.

3.3 In 2018/19 the Strategy was revised to reflect the ICT investment strategy and partnership working and confirmed the following direct resource allocations for 2019/20 and 2020/21:

	<b>Adur District Council £'000</b>	<b>Worthing Borough Council £'000</b>	<b>Total £'000</b>
Annual ring fence from available resources to fund essential capitalised planned maintenance schemes.	75	150	225
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy – to fund planned vehicle replacements	260	390	650
Recommended set-aside to facilitate the delivery of the digital strategy.	106	119	225
Essential replacement of ICT desktop equipment, minor software upgrades, and local network equipment in both Councils.	70	80	150
<b>Total resources earmarked for specific purposes</b>	<b>511</b>	<b>739</b>	<b>1,250</b>

3.3 The budget strategy considered elsewhere on this agenda will confirm that the resources to be made available to fund general schemes will be:

- £2.5m for Worthing Borough Council which reflects the increasing need to invest in the Council's assets in light of emerging maintenance issues such as the requirement to deal with asbestos in the Council's buildings, the need to invest in public facilities such as toilets, and the pressing need to replace aging plant and equipment in our main buildings with more sustainable options; and
- £1m for Adur District Council General Fund for the next 3 - 5 years and £5.5m for the HRA Housing Investment Programme in 2020/21 rising to £5.6m in 2021/22 (excluding new developments which are considered separately)

The allocations will be reviewed next year in the light of the corporate building condition survey which is currently being undertaken. These relatively low levels of investment have been recommended in light of the financial position of both councils over the next 5 years.

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

4.1 The changes proposed to the Capital Programme process and the Capital Strategy this year are detailed below:

##### **4.1.1 Strategic Property Investment Fund:**

It was agreed earlier in the year, following a review of the portfolio by independent property experts, to increase the maximum invested by each Council to £125m. The strategy has been updated to reflect this new higher amount. The Councils have limited the amount invested in any one year to £50m.

The intention behind the fund is to identify opportunities to procure or develop commercial property which will generate a sustainable income stream for the Councils for the future and potentially provide social and economic benefits. This is an important element of the budget strategy which will contribute to around 20% of the combined savings target in each financial year.

Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% over the life of the investment (1% if the property is of strategic importance or offers a particularly secure investment). The actual spend in each year will depend upon identifying suitable investment opportunities.

Members are reminded that in choosing to invest in Commercial Property, that the Council does not fully comply with the Prudential Code. This is allowable provided that the Council has an Investment Strategy that explains:

- Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and
- The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

The requirement is met through the publication of a Commercial Property Investment Strategy which sets out the Councils' approach to developing and managing the commercial property portfolio including how the associated risks will be managed.

##### **4.1.2 Increased allocation for the annual HRA programme:**

A condition survey on Adur Homes housing stock was undertaken in 2016/17. In light of the outcome of this survey, which revealed that there is a need to increase the level of investment in the stock to address high

priority repairs, the size of the programme was increased to £5.2m for 2019/20 and £5.5m for 2020/21. It is recommended within the report that the programme is increased again for 2021/22 to £5.6m. It is intended to progressively increase the capital programme over the next 5 years to build financial capacity to address the outcome of the condition survey.

#### 4.2 Resource allocations for 2021/22:

The following resource allocations to key corporate strategies are recommended for 2021/22:

- The continuation of the set-aside for building maintenance which is used to address the backlog maintenance identified within the planned maintenance programme and asset management plan.
- Resources are proposed to be set aside to fund the 'digital strategy' and key investments required into replacement IT infrastructure and equipment.
- Sufficient resources need to be set-aside for the Adur and Worthing partnership to fund the replacement of essential vehicles planned in 2021/22.

If approved, the overall the allocations will be:

	<b>Adur District Council £'000</b>	<b>Worthing Borough Council £'000</b>	<b>Total £'000</b>
Annual ring fence from available resources to fund essential capitalised planned maintenance schemes.	75	150	225
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy – to fund planned equipment and vehicle replacements	221	394	615
Recommended set-aside to facilitate the delivery of the digital strategy.	59	66	125
Essential replacement of ICT desktop equipment, minor software upgrades, and local network equipment in both Councils.	47	53	100
	<b>402</b>	<b>663</b>	<b>1,065</b>

- 4.3 The top slicing of the General Fund programme in each year to ensure funding for key strategic issues such as the planned building maintenance programme, ICT and the partnership programmes will mean that, of the overall resources of available in 2021/22, the following resources will remain for other schemes:

Adur District Council:	£598,000
Worthing Borough Council:	£1,837,000

- 4.4 The proposed capital strategy is attached at Appendix 1. Appendix 2 gives details of the prioritisation model to be used in 2019/20 which has been updated to reflect the priorities outlined in 'Platforms for our Places'.

## **5. Engagement and Communication**

- 5.1 The purpose of this report is to communicate with stakeholders on the approach to be taken to developing the Capital Investment Programmes of both Councils. The overall process for developing the new programme has been considered by the Capital Working Group

## **6. Financial Implications**

- 6.1 The Strategy sets out recommendations for financing the future Capital Investment Programme.

## **Legal Implications**

- 7.1 Part 1 of the Local Government Act, 2003 (as amended) sets out the framework for capital finance and expenditure and section 16 sets out the definition of capital expenditure.
- 7.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2012 (SI 2012/265) provide more detailed requirements.
- 7.3 Section 111 of the Local Government Act, 1972 allows the Council to do anything which is intended to facilitate or is conducive to or ancillary to any of its functions.
- 7.4 The statutory guidance on the flexible use of capital receipts is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003.
- 7.5 The Government has published a statutory guidance on local government investments. The new edition applies in England only and for accounting periods starting on or after 1st April 2018. This is statutory guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003.

## **Background Papers**

Report to the Joint Strategic Committee on 10<sup>th</sup> July 2018: Capital Strategy 2019/22

Report to the Joint Strategic Committee on 10<sup>th</sup> July 2018: Towards financial sustainability - Budget Strategy 2019/20

The Prudential Code for Capital Finance in Local Authorities (2017 edition) – Publication by the Chartered Institute of Public Finance and Accountancy

Report to the Joint Strategic Committee on 31st January 2019: Joint Treasury Management Strategy Statement and Annual Investment Strategy 2019/20 to 2021/22 for Adur District Council and Worthing Borough Council

Report to the Joint Strategic Committee on 5th March 2019: Strategic Property Investment Fund 2019 (SPIF) and the Commercial Property Investment Strategy (CPIS) 2019/20

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## **Sustainability & Risk Assessment**

### **1. ECONOMIC**

- The capital programme prioritisation model awards points for capital project proposals that impact positively on the economic development of our places or the economic participation of our communities.

### **2. SOCIAL**

#### **2.1 Social Value**

- The capital programme prioritisation model awards points for capital project proposals that impact positively on our communities.

#### **2.2 Equality Issues**

- The capital programme prioritisation model awards points for capital project proposals that address DDA requirements and reduce inequalities.

### **3. Environmental**

- The management, custodianship and protection of our natural resources are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programme.

### **4. Governance**

- The Councils' priorities, specific action plans, strategies or policies are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- The Councils' reputation or relationship with our partners or community is taken into account when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- Resourcing, risk management (including health and safety) and the governance of the either Council are fully considered during the preparation of the Councils' Capital Investment Programmes.





ADUR & WORTHING  
C O U N C I L S

**INVESTING IN ADUR AND  
WORTHING:  
CAPITAL STRATEGY  
2020-2023**

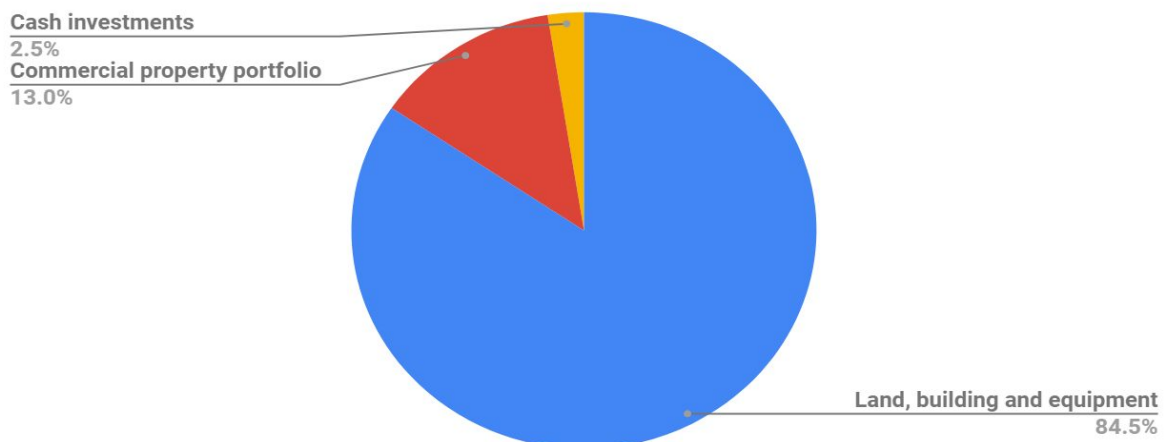
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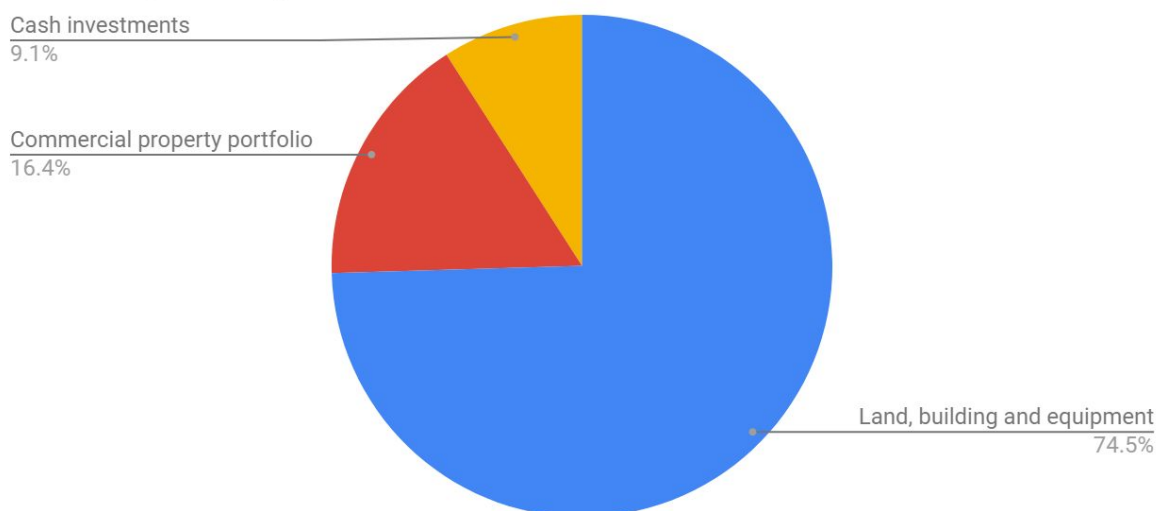
## 1.0 INTRODUCTION

1.1 Overall the Councils holds several different types of investment to support service delivery:

Adur District Council - Total investments of £284.7m



## Worthing Borough Council - Total Investments of £195.6m



There are three interlinked strategies governing how the Council manages these investments and the associated risks:

- Capital strategy which outlines the Councils approach to investing in fixed assets such as land, buildings and equipment together with detailing how the proposed programme will be financed;
- Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy which details how the Council will manage the risks and opportunities associated with cash investments and borrowings. This was approved by both Councils in March 2019;
- Commercial Property Investment Strategy which deals with how the Council will manage the risks associated with the investment in and management of the Investment Property Portfolio. This strategy was approved by both Councils in March 2019.

1.2 This document sets out the Councils' Capital Strategy, which outlines the approach to capital investment, how the Councils ensure that capital investment is directed to the Corporate Priorities and the implications of the financing strategy. It also shows how we work with partners to deliver schemes. The strategy outlines the basis for the prioritisation of all capital bids put forward for inclusion in the three-year programme, including Housing, and the monitoring and evaluation of the programme. The Capital Strategy is intrinsically linked to our Asset Management Plan as a substantial amount of capital expenditure is invested in the property assets held by the Councils.

### 1.3 **The Council's Vision and Corporate Plan**

In 2010 'Adur in Partnership' and 'Worthing Together', the Local Strategic Partnerships adopted an updated Sustainable Community Strategy 'Waves ahead'. This is a sixteen year plan, which will operate through to 2036 and help to deliver the vision for where the two areas want to be in twenty years' time and how some of this vision will be delivered.

1.4 The Corporate Plan focuses upon the areas of the Community Strategy to which the Council can and will contribute. The Councils current Corporate Priorities are detailed in 'Platforms for our Places' which captured the Councils vision for the next 3 years.

1.5 In order to help deliver the Vision, the following five 'Platforms' were agreed in 2017. Each Platform has a series of commitments for the next three years. Those which may have a direct impact on the capital strategy are summarised as follows:-

#### **Platform 1: Our Financial Economies**

- Support our business sectors in providing growth
- Use the Councils' Strategic Property Investment Fund to deliver new revenue streams and support investment projects.
- Investment in and delivery of Major Projects and key infrastructure.
- Developing our learning and skills ecosystem.

#### **Platform 2: Our Social Economies**

- Providing and enabling the delivery of new homes across Adur and Worthing
- Promoting the good physical and mental health of our communities

#### **Platform 3: Stewarding our Natural Resources**

- Improve environmental resilience in Adur and Worthing
- Provide infrastructure for environmental resilience.

#### **Platform 4: Services and Solutions for our places**

- Using customer insight to develop more customer-centred services.
- Utilising the expertise in our communities.

- Responding to regulatory change and competition.

### **Platform 5 – Leadership of our Places**

- Developing strong partnerships and the capacity of our place leaders.
- Working with partners to maintain and manage platforms.
- Utilising place data and intelligence.
- Promoting Adur and Worthing.

Further details of all of the priorities and how these will be achieved are included in a programme of work called ‘Platforms for our Places’ which can be found on the internet.

## **1.5 Three Year Capital Investment Programme**

The main purpose of the Councils’ Capital Investment Programme is to provide assets for the provision of services, fund capital investment to generate income streams for the future, and to deliver the Councils’ Priorities. It is prepared by considering resources available and then prioritising capital schemes in line with Corporate Objectives and other criteria. A summary of the current Capital Investment Programmes 2019/20 – 2021/22, including funding, is shown in Appendices 3, 4 and 5. Full details can be found on the Intranet and in the budget book.

Examples of where capital expenditure will help to deliver the Council’s strategic aims over the next three years are:

i) **Delivery of the Digital and IT strategy (Total: £1,856,810 split as follows Adur: £872,690 Worthing: £984,120)**

The Councils are committed to improving how services are delivered to the public. The Councils believe that good robust strategy and systems that are easily accessible by the public ensure that the Councils provide efficient services.

ii) **Affordable housing (Adur: £6,378,870, Worthing: £8,991,900 Total: £15,370,770)**

The Councils are committed to enabling affordable housing development for the residents of Adur and Worthing. The new Housing Strategy agreed earlier this year outlined the challenges clearly for the Council. The Council is committed to working with social sector landlords to support the development of homes for rent that are safe, decent, and meet the needs of residents in Adur and Worthing.

iii) **Adur and Worthing Services (Total: £2,264,100 split as follows: Adur share: £884,560 Worthing share: £1,379,540)**

The two Councils provide shared services with a view to improving service standards and reducing the cost of services to residents. Recent investments include a new vehicle fleet for street cleaning and refuse collection services at a cost of £4.2m. The Councils regularly invest in vehicles and equipment for the joint services.

iv) **Maintaining Council Homes for residents of Adur Homes**

Adur District Council has committed to maintaining Council homes with planned investments ranging from fire safety improvements to new kitchens and bathrooms. Overall the Council plans to invest £9,162,800 in the Council housing stock in 2019/20.

v) **Building a new office block in Adur District Council**

The council is currently building a new office block on the old car park site in Ham Road. This will provide 25,000 m<sup>2</sup> of modern office space.

vi) **Investing in the Town Centre in Worthing**

Worthing Borough Council has started a refurbishment programme of its main car parks to ensure that they are safe and pleasant to use for visitors to the Town Centre.

## **2.0 RESOURCE ALLOCATION**

### **2.1 Prudential Capital System**

2.1.1 The Government introduced the current system for the management of capital finance in 2004/05 contained in The Local Authorities (Capital Finance and Accounting) Regulations (2003), which became operative from 1<sup>st</sup> April 2004. The act sets out the financial power for local authorities to use unsupported prudential borrowing for capital investment provided that the Council can afford the revenue consequences of any proposed borrowing.

2.1.2 The key objectives of the prudential system are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. Under the regulations local authorities have been given the freedom to determine the amount of external borrowing they are prepared to undertake when considering their own capital spending and financing decisions.

2.1.3 The most significant change under the prudential system has been the initial determination of the limits of affordability for providing capital investment, taking into account the opportunity costs of alternative financing decisions.

2.1.4 The Prudential Code has recently been refreshed. The capital strategy has been expanded to include consideration not only of capital expenditure; but also capital investments and liabilities; and the link to treasury management. The intention is to bring together not only the capital expenditure policy and plans, but to include financing considerations in one comprehensive document. Additional requirements include:

- **The impact of the capital programme on debt and borrowing including:**

- A projection of external debt and use of internal borrowing to support capital expenditure
- Provision for the repayment of debt over the life of the underlying debt.
- Authorised limit and operational boundary for the following year.
- The authority's approach to treasury management including processes, due diligence and defining the authority's risk appetite.

- **Commercial activity**

The Council's approach to commercial investment activities including processes ensuring effective due diligence and defining the authority's risk appetite in respect of these, including proportionality in respect of overall resources. Requirements for independent and expert advice and scrutiny arrangements.

For Adur and Worthing councils, the key commercial investment activity is the Strategic Property Investment Fund which funds the acquisition of commercial property. The Property Investment Strategy details the Councils approach to risk management which will be added to this strategy as an appendix to the strategy once approved.

- **Other long-term liabilities**

An overview of the governance process for approval, monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.

- **Knowledge and skills**

A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's risk appetite.

2.1.5 The Councils comply with all of the requirements of the Prudential Code (the Code) with one exception. The Councils have chosen to invest in Commercial Property with the long term strategic intention of generating a sustainable income for the Councils to replace that lost through the reductions to Government Funding to support service delivery. Under the Statutory Guidance on Investment, the Councils are allowed to diverge from the Code provided that the Councils have an investment strategy for Commercial Property which details:

- Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and
- The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

This requirement is fulfilled by the Commercial Property Investment Strategy which is approved annually by the Councils.

## 2.2 Resources

2.2.1 At the outset of each Capital Investment Programme planning cycle, the level of resources available to fund the programme is reassessed in light of the most recent information. The current programme is then reviewed to establish the level of resources needed to fund the committed programme. This information is then used to establish the resources available to fund new schemes.

2.2.2 The current capital financing strategy is based on a mix of funding including capital receipts, capital grants, revenue contributions, use of reserves, specific one-off external contributions and Prudential Borrowing. The Council will always opt to use capital receipts and grants ahead of any borrowing if possible. The Capital Investment Programme Strategy assumes:

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

- A net overall addition to the general fund programme each year of £1.0m funded from a mix of Prudential Borrowing and capital receipts supplemented by S106 receipts and other grants and contributions.
- An annual HRA programme of £5.5m for 2020/21 and £5.6m for 2021/22 for capital maintenance. This is expected to be funded from the Major Repairs Reserve, capital receipts, prudential borrowing, revenue contributions, and any grants.

In addition, the Council will progress a new build programme funded by a mixture of grants, borrowing, retained capital receipts which have



been set-aside for replacement affordable housing and other capital receipts. Each new development is to be the subject of a financial appraisal.

- The Strategic Property Investment Fund is to be continued. This is to be used to procure or develop commercial property which will generate an income stream for the Councils for the future. Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% over the life of the investment. The approach to managing risk, the governance arrangements and appraising individual acquisitions is set out in the Property Investment Strategy.

Furthermore, if an investment is of particular strategic merit and/or of high quality and offering a long term secure tenancy; it was agreed that a lower yield would be accepted, with the proviso that the return should always exceed the cost of borrowing by at least 1%. It is proposed that each Council invests up to £50m per year gradually building up to a portfolio of £125m each. Funding can only be released with the approval of the Leader and the Executive Member for Resources. The proposed programme is detailed below:

	Actual 2016/17 £'000	Actual 2017/18 £'000	Actual 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'000	Total £'000
Adur	0	11,579	26,366	50,000	37,055	125,000

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

- A net overall addition to the general fund programme each year of £2.5m funded from a mix of Prudential Borrowing and capital receipts supplemented by S106 receipts and other grants and contributions.
- The Strategic Property Investment Fund is to be continued. This is to be used to procure or develop commercial property which will generate an income stream for the Councils for the future. Each proposal will be the subject of a detailed appraisal and the net income must exceed the cost of borrowing by at least 2% over the life of the investment. The approach to managing risk, the governance arrangements and appraising individual acquisitions is set out in the Property Investment Strategy.

Furthermore, if an investment is of particular strategic merit and/or of high quality and offering a long term secure tenancy; it was agreed that a lower yield would be accepted, with the proviso that the return should always exceed the cost of borrowing by at least 1%. It is proposed that each Council invests up to £50m per year gradually

building up to a portfolio of £125m each. Funding can only be released with the approval of the Leader and the Executive Member for Resources. The proposed programme is detailed below:

	Actual 2016/17 £'000	Actual 2017/18 £'000	Actual 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'000	Total £'000
Worthing	3,472	9,464	26,972	50,000	35,092	125,000

### 2.2.3 Capital flexibilities

The Councils have the ability to use capital receipts to fund revenue expenditure provided that :

- The proposed expenditure will generate on-going savings
- The Council produces a strategy detailing the projects to be funded by the capital flexibilities and the level of saving generated by the initiative. This can be updated at any time.

To take advantage of this flexibility, one third of new capital receipts generated in 2019/20 - 2021/22 will be set-aside to fund initiatives which will result in a reduction in the cost of delivering services. Such receipts can only be used to deliver savings proposals identified as part of the budget setting process. The Joint Strategic Committee or the Executive Member of Resources can approve the in-year use of the receipts which will be reported to Council together with an updated strategy.

The use of the capital flexibilities will enable the Councils to protect it's earmarked reserves and build capacity to take forward initiatives which generate budget savings.

2.2.4 The remaining capital receipts are used to fund the prioritised capital programme unless ring-fenced for a specific purpose such as the delivery of affordable housing and Shoreham Renaissance in Adur.

2.3 Of the total resources available, the following will be earmarked to fund specific council objectives:

	<b>Adur District Council £'000</b>	<b>Worthing Borough Council £'000</b>	<b>Total £'000</b>
Annual ring fence from available resources to fund essential capitalised planned maintenance schemes.	75	150	225
Annual Set aside from available capital resources for any capital investment needs arising from the partnership strategy – to fund planned vehicle replacements	221	394	615
Recommended set-aside to facilitate the delivery of the digital strategy.	59	66	125
Essential replacement of ICT desktop equipment, minor software upgrades, and local network equipment in both Councils.	47	53	100
	<b>402</b>	<b>663</b>	<b>1,065</b>

- 2.4 It is the both Councils' policy to maximise capital receipts through a review of existing property use. A rigorous approach has been adopted to the identification and disposal of surplus assets that are no longer required to meet the Corporate Priorities of the Councils and cannot be redeveloped to generate the Councils long term income streams. The Strategic Asset Management Board regularly considers the property portfolio and identifies property for sale. The Council views this as the most cost effective way to finance the capital programme. However, both Councils have a diminishing asset base and the sites remaining are some of the most difficult to sell.
- 2.5 Although the Councils have been able to fund some of its capital programme from capital receipts in recent years, asset sales are unlikely to be sufficient to fund the capital programme in the future. Therefore the Council will need to explore new sources of funding, particularly for major capital schemes. These could include extending the use of prudential borrowing, external funding from the various grant agencies including the national lottery distributors, S106 Agreements, Community Infrastructure Levy, Area Investment Framework funding and Private Finance Initiatives and Partnerships, including Public Private Partnerships Schemes. Examples of partnership funding are shown in 6.4.

## 2.6 External Funding

External funding is now an important source of finance for the Councils. With this in mind, the Councils will research new funding streams to ensure that the Councils are aware of upcoming opportunities.

Overall, the aim of external funding is to ensure that the Councils can continue to improve or renew community facilities whilst alleviating the cost to the public purse.

## 2.7 Invest to Save

Both Councils have introduced an 'invest to save' scheme. This provides capacity within the Councils to approve capital schemes which generate efficiency savings. The Councils will consider capital proposals which produce revenue savings that exceed the cost of borrowing by at least 10% over the life of the investment. The cost of these schemes can be funded from prudential borrowing as the revenue costs of borrowing will be funded by the on-going revenue savings. These schemes can be approved at any time by the Joint Strategic Committee. Examples of projects include:

- energy efficiency schemes whereby the reduction in energy costs may be sufficient to repay the borrowing costs.
- the provision of Empty Homes grants to assist people to bring properties back into use, increasing council tax revenue and also attracting additional New Homes Bonus Funding. It may also reduce homelessness costs indirectly if we are able to ensure the property is let to ADC/WBC housing applicants.
- Investment in new temporary accommodation to reduce the cost of accommodating affected residents.

Any such scheme is to be subject of a full option appraisal over the life of the asset, which should consider the whole life cost implications of the proposed investment and be considered by the Joint Strategic Committee as part of the approval to spend.

## 2.8 Value for Money

Getting value for money is a key priority for the Councils and the Capital Investment Programme should provide high quality, value for money public services. The Councils recognise that best value is based on whole life costs and therefore the on-going revenue implications of capital spend are identified when bids for capital resources are assessed and when schemes are approved; when a new capital project is proposed any impact on revenue expenditure is anticipated and costed. These revenue costs are used to inform the revenue budget planning process and are considered alongside other priorities in the revenue budget when the overall budget is

set. Costs to be assessed include the opportunity cost of using the resources, the interest earnings foregone by utilising reserves and capital receipts, and any additional revenue costs or savings arising from the investment.

## 2.9 Overall funding of the programme:

Details of the overall capital expenditure budgets and planned financing as approved by Council are attached as Appendices 3 and 4. These will be the subject of revision throughout the year as updated information regarding the likely profile of the spend becomes known.

The latest forecasts of the overall borrowing required to fund the capital programmes are as follows:

<b>Adur District Council - General Fund</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Capital Financing Requirement as at 1st April	63,147	119,049	155,326	152,409
Current estimate of new borrowing:				
General Fund Programme	7,243	2,060	1,000	1,000
For new Commercial Activities	50,000	37,055	0	
Less: Minimum Revenue Provision				
General Fund	-797	-1,044	-1,197	-1,290
New Commercial Activities	-544	-1,794	-2,720	-2,720
<b>CFR as at 31st March</b>	<b>119,049</b>	<b>155,326</b>	<b>152,409</b>	<b>149,398</b>
Actual General Fund Debt at start of year	57,999	113,901	150,178	147,261
Estimated Borrowing to be undertaken in year	55,902	36,277	-2,917	-3,010
<b>Estimated borrowing as at 31st March</b>	<b>113,901</b>	<b>150,178</b>	<b>147,261</b>	<b>144,250</b>
Estimated under borrowing (funded from internal resources)	<b>5,148</b>	<b>5,148</b>	<b>5,148</b>	<b>5,148</b>

	2019/20	2020/21	2021/22	2022/23
<b>Adur District Council - HRA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Financing Requirement as at 1st April	60,103	66,768	70,265	71,865
Current estimate of new borrowing:	6,665	3,497	1,600	1,700
<b>CFR as at 31st March</b>	<b>66,768</b>	<b>70,265</b>	<b>71,865</b>	<b>73,565</b>
Actual HRA Debt at start of year	58,168	64,833	68,330	69,930
Estimated Borrowing to be undertaken in year	6,665	3,497	1,600	1,700
<b>Estimated borrowing as at 31st March</b>	<b>64,833</b>	<b>68,330</b>	<b>69,930</b>	<b>71,630</b>
Estimated under borrowing (funded from internal resources)	<b>1,935</b>	<b>1,935</b>	<b>1,935</b>	<b>1,935</b>
<b>Adur District Council - Summary at 31st March</b>				
Total CFR	185,817	225,591	224,274	222,963
Total debt	178,734	218,508	217,191	215,880
Under / (over) borrowing	7,083	7,083	7,083	7,083

<b>Worthing Borough Council - General Fund</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Financing Requirement as at 1st April	70,674	128,392	163,056	161,736
Current estimate of new borrowing:				
General Fund Programme	8,925	2,420	2,500	2,500
For new Commercial Activities	50,000	35,092	0	
Less: Minimum Revenue Provision				
General Fund	-704	-1,095	-1,190	-1,159
New Commercial Activities	-503	-1,753	-2,630	-2,630
<b>CFR as at 31st March</b>	<b>128,392</b>	<b>163,056</b>	<b>161,736</b>	<b>160,446</b>
Actual General Fund Debt at start of year	67,599	125,317	159,981	158,661
Estimated Borrowing to be undertaken in year	57,718	34,664	-1,320	-1,289
<b>Estimated borrowing as at 31st March</b>	<b>125,317</b>	<b>159,981</b>	<b>158,661</b>	<b>157,371</b>
Estimated under borrowing (funded from internal resources)	<b>3,075</b>	<b>3,075</b>	<b>3,075</b>	<b>3,075</b>

The planned borrowing is within the borrowing limits approved by the Councils in February 2019. These limits are refreshed annually in the light of the new approved capital programme and progress against this programme.

Operational boundary	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
<b>Adur District Council</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Debt	143.0	191.0	191.0	191.0
Other long term liabilities	1.0	1.0	1.0	1.0
<b>Total</b>	<b>144.0</b>	<b>192.0</b>	<b>192.0</b>	<b>192.0</b>
<b>Worthing Borough Council</b>				
Debt re Worthing Homes	10.0	10.0	10.0	10.0
Other Debt	95.0	140.0	140.0	140.0
Other long term liabilities	1.0	1.0	1.0	1.0
<b>Total</b>	<b>106.0</b>	<b>151.0</b>	<b>151.0</b>	<b>151.0</b>

The revenue consequences of the planned borrowing are allowed for within the current General Fund revenue budget and the outline forecast. The costs of borrowing are expected to increase over the next four years, however the borrowing either associated with the Strategic Property Investment Fund or any invest to save initiatives will be funded by increased income or reduced costs. This is illustrated in the table below:

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
<b>Adur District Council*</b>				
Total debt charges	3,357	4,195	4,709	5,264
Less:				
Income from Strategic Property Investment Fund	-2,523	-3,726	-4,326	-4,926
Net additional cost of capital programme	834	469	383	338

\* This excludes the HRA borrowing which is factored into the 30-year business plan

<b>Worthing Borough Council</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total debt charges	3,188	4,008	4,787	5,342
Less:				
Income from Strategic Property Investment Fund	-2,462	-3,647	-4,512	-5,112
Net additional cost of capital programme	726	361	275	230

Full details of the Councils' borrowing strategy and associated prudential indicators can be found in the Councils' Treasury Management Strategy Statement which can be found on the Councils website.

### **3.0 PRIORITISATION**

3.1 In order to ensure that resources available for capital investment are used efficiently and effectively, all capital projects are prioritised in line with corporate objectives, priorities and other criteria using a prioritisation model, which is outlined in Appendix 2.

3.2 This is achieved by a 2 stage capital bidding process:

- Stage 1 will involve an outline business case for each scheme proposed. This will be the subject of an initial review to ensure that schemes have a realistic prospect of being included within the final programme and that proposals meet the strategic objectives of the Council. The initial bid list will be shared with the Corporate Leadership Team, Executives members and the Informal Cabinets for review.
- Stage 2 will include a full scored business case which will then be used to produce the draft programme for member consideration in December 2019. This is then subject to the Council's consideration and approval.

3.3 Bids for additional resources will only be considered where they accord with the Capital Strategy, and where the authority has taken into account ongoing commitments and conformity with Strategic Objectives, Service Plans and other criteria in relation to its capital needs and other resources. Schemes which are considered for inclusion in the capital programme outside the annual bidding process are also "priority scored" to ensure that they meet the priority score which would include them in the capital programme for the relevant year.



3.4 Each year after the 3 year capital investment programme has been agreed by the Councils, the Capital Working Group reviews the prioritisation process. If necessary, the capital bidding documents and process are amended to ensure that corporate objectives and priorities, and the benefits and impact of schemes are adequately reflected in the prioritisation procedure.

### 3.5 **Option Appraisal**

Option Appraisal is an essential part of the prioritisation process and enables the Councils to make informed, transparent and consistent decisions about the capital projects to be taken forward.

The Council's current policy on Option Appraisals is as follows:

- (i) Individual projects costing under £250,000 – Officers are asked to consider other options (including capital and revenue implications) as part of the Capital Bid Submission.
- (ii) Individual projects costing between £250,000 and £500,000 – Option Appraisals are completed in house by the project team. These should consider the whole life cost implications of the proposed investment and must be considered by the Joint Strategic Committee or Executive Member as part of the approval to spend process.
- (iii) Individual projects costing in excess of £500,000 – Option Appraisals are completed either using the in-house team or by using external consultants where appropriate. These should include the whole life cost of the proposals and will need to be ratified by the Joint Strategic Committee or Executive before giving approval to spend.

Grant programmes such as affordable housing and disabled facilities grant are excluded from the requirement to undertake detailed option appraisals.

### 3.6 **Scheme Approval**

Every year a draft 3 Year Capital Investment Programme is submitted to the Joint Strategic Committee in November/December and recommended to the Councils in December. The report identifies schemes where expenditure has been committed costing in excess of £250,000 necessitating approval as a Key Decision; schemes costing £250,000 or less where expenditure has been committed; and the future schemes for the three years under consideration. It also compares the revised outturn for the current year with the original estimate. Final amendments are made to reflect changes in timescales and cashflows, and to ensure the production of a balanced programme in accordance with the overall resources available for funding, prior to submission to the Budget Council Meeting in February each year.

- 3.7 Schemes costing £250,000 or more require a report to be prepared for the Joint Strategic Committee or Executive Member outlining details of the scheme, the method of procurement and the capital and revenue implications. The Chief Financial Officer in consultation with the relevant Executive Member has delegated approval for schemes costing under £250,000. This is achieved by Officers responsible for capital projects completing a Project Initiation Document (P.I.D.), comprising of a Capital Bid Sheet, Project Plan and Project Estimate Form. The P.I.D. is sent to the Executive Member(s) for comment with 3 days and is then approved electronically by the Chief Financial Officer and the Head of Service/Director who is responsible for the scheme. No scheme can proceed without either an approved P.I.D. or an Approval Report.
- 3.8 The programme is updated each year in July as a result of the financial outturns following the closure of the previous year's accounts, which are reported to Members in the early summer. Any slippage or works completed ahead of schedule are quantified in budget terms, and approval is sought to make the necessary financial adjustments to the approved budget.

#### **4.0 FRAMEWORK FOR MANAGING, MONITORING AND EVALUATING THE CAPITAL PROGRAMME**

- 4.1 Detailed management, monitoring and review in terms of both the delivery of Service outcomes and Corporate Objectives and financial performance is the responsibility of the Capital Working Group, working in conjunction with Heads of Service.
- 4.2 Quarterly progress reports incorporating any recommended variations to the Programme, financial monitoring reports and completed project evaluations are submitted to the Council's Leadership Team, and the Joint Strategic Committee. Any 'learning' arising from the monitoring/review process is used to inform the strategy on an ongoing basis. The Financial Regulations stipulate how the financial aspects of the capital programme and each capital scheme should be managed and the Capital Working Group ensures compliance with these requirements.

#### **5.0 CONSULTATION**

- 5.1 Both Councils are committed to consulting with the community, its partners and service users on the key issues affecting the quality of life within the area. It has always been important to ensure that resources and services are designed, delivered and improved to meet the changing needs and expectations of our community, our partners and our service users. To achieve this commitment the Council consults and involves the community on any major or controversial capital schemes and will make its policies, decisions and services more accessible to comment from residents,

businesses, agencies and major partners. Examples of areas where recent consultation exercises have been completed include:

- Development of new or improved playgrounds
- Shoreham Harbour regeneration
- Worthing Seafront Strategy regeneration schemes

## **6.0 PARTNERSHIP WORKING**

6.1 Both Councils recognise the importance of partnership working in delivering their own corporate priorities as well as those of many organisations, public and private and is actively developing partnership working, especially when it is considering capital expenditure to “add value” to all that it does. The Councils are aware that they do not work in isolation and that it must ensure that it looks outward to working with the community, its residents and partners, in order to identify and act on local priorities to improve the wellbeing of local communities. Tackling cross cutting issues, in particular, regeneration, community safety, social exclusion and sustainable development require a joined up approach across local authority service teams, other authorities and agencies, the private sector and also our voluntary sector partners.

6.2. The Councils have a history of working successfully together with other neighbouring Authorities on a range of activities including housing, coast protection and regeneration. The Councils continue to work closely with the Health bodies, Police and other organisations that can contribute to meeting its strategic objectives. In this regard, there has been a much closer working relationship forged with Health and Social Services to provide a more integrated service, especially in Housing.

6.3 Therefore, by working together in partnership with others the Councils seek to influence work to ensure that all opportunities are maximised to the full benefit of the residents of both areas, so that the Councils can be satisfied that they are maximising all funding opportunities and achieving efficiencies wherever possible.

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6.4 The Councils have many partners with whom they currently work and the potential for many more. The following are some examples of the areas where work is currently being undertaken with other Councils and partners:

<b>Registered Providers (Housing Associations) and Homes and Communities Agency (and developers)</b>	Affordable Housing Programme and the provision of temporary accommodation
<b>West Sussex County Council</b>	Community Strategy, Family Intervention Project, Help Points, Highway matters, Youth Homelessness Prevention
<b>West Sussex County Council and Brighton and Hove City Council</b>	Shoreham Harbour Regeneration Project and the City Deal bid.
<b>West Sussex County Council, Sussex Police Authority, Probation and Health Authorities</b>	Safer Communities Partnership
<b>Worthing Primary Care Group</b>	Local Health Improvement Programme, Wellbeing Hub
<b>Various maritime authorities from Selsey Bill to Beachy Head</b>	Coast Protection – Coastal Monitoring Project for the South Downs Coastal Group
<b>Various maritime authorities from New Forest to Thames Estuary (in conjunction with New Forest and Canterbury)</b>	Coast Protection – Strategic Coastal Monitoring Project for the South East Region
<b>Shoreham Port Authority</b>	Coast Protection – Brighton Marina to River Adur Flood and Coastal Erosion risk Management Strategy
<b>West Sussex County Council</b>	Better Care Fund – Provision of Disabled Facilities Grants
<b>West Sussex Local Authorities</b>	Provision and Management Agreement of a gypsy and traveller transit site

## **7.0 Links to other Strategies and Plans**

7.1 The overall capital strategy stands above the more operational strategies that are needed for key services, such as Housing, Leisure, Environment, and other locally determined blocks of spending. The capital strategy does not sit in isolation but is informed by and informs other strategies. It provides a basis upon which other strategies can be developed and devised. The links between these strategies are extremely important.

7.2 The Councils have identified the following major Strategies and Plans which have been approved or developed; 'Platforms for our Places', Asset Management Plan, Accommodation Strategy, Waves Ahead (Joint Community Strategy), Community Safety Strategy, Cultural Strategy, Economic Development Strategy, Housing Strategy, Information and Communications Technology (I.C.T.) Strategy, Leisure Strategy, Local Plan, Local Transport Plan, Local Waste Management Strategy, Procurement Strategy, Emergency Plan, Shoreline Management Plan, Surface Water Management Plan, Coast Defence Strategy, Public Realm and Seafront Strategy and Civic and Cultural Hub Strategy.

### **7.3 Link to the Housing Strategy**

The joint Adur Worthing Housing Strategy was approved by the Joint Strategic Committee in March 2017. This detailed a new three year programme of action and was developed in the light of emerging housing policy. Work is about to commence on a refresh of the strategy which is due to be considered in 2020.

### **7.4 Link to the Asset Management Plan**

The capital strategy provides the policy framework for the operational work of asset management. Corporate asset management planning covers all the Councils' assets and should result in a realistic, costed 3 - 5 year programme linked to outputs. The current Asset Management Plan is due for a complete refresh. The Asset Management Plan forms an important part of the Councils' Capital Strategy as it informs the investment requirement over the next 10 years.

### **7.5 Link to the ICT Strategy and Digital strategy**

The developing ICT and Digital Strategies are critical links between the Council's Corporate Plans, Central Government Initiatives and Information Technology and are therefore an integral part of the Council's business planning process. However, future capital investment must take account of resources available for future funding and be seen to offer value for money, and is informed by the Capital Strategy.

## **7.6 Link to the Commercial Property Investment Strategy**

The Property Investment Strategy outlines the approach that the Council takes to investing in Commercial Property. It details how the investment is governed, how council will manage risk, how the fund will be structured in the future.

## **8.0 PERFORMANCE MANAGEMENT AND MEASUREMENT**

8.1 In addition to adopting the Property Performance Indicators as set out in the requirements for Asset Management Planning, the Council has developed a range of local performance measures to inform various aspects of the Councils' Capital Programme. The overall performance of the capital programme, including post-scheme evaluation of projects, is overseen by the Capital Working Group as detailed in Section 4.

## **9.0 REVISING THE CAPITAL STRATEGY**

9.1 The Capital Strategy is reviewed annually; adapting to the review of the Councils' strategic objectives. It does not need to be overhauled annually so long as the existing documentation remains valid. However, the Councils review the allocation of its Capital Resources on an annual basis to ensure that its programme of investment is in line with the actual resources available to support its spending needs and priorities.

## **10.0 SKILLS AND KNOWLEDGE OF STAFF**

10.1 All staff involved in treasury management and property investment activities are professionally qualified. Staff have access to regular professional training to ensure skills are regularly updated. In addition, external advice is commissioned from advisors as appropriate. The council's current advisors are:

- For investment and borrowing advice - Link Asset consulting
- For property investments - CitiCentric

## **11.0 SUMMARY**

11.1 The Councils will continue to prioritise its capital spending in line with their corporate priorities and other criteria, recognising that a commitment to partnership working remains a significant part in the Councils' overall approach. The Councils will annually review their approach to capital expenditure having regard to outcomes of asset management reviews and any changes to the Corporate Plan.



## ADUR & WORTHING COUNCILS

### **CAPITAL PRIORITISATION MODEL**

#### **Criteria for scoring points**

Category	Criteria
<b>A</b>	<p><b>Revenue Implications</b></p> <p><b>Add Points – 1 point per £2,000</b></p> <ul style="list-style-type: none"> <li>• Additional revenue income as measured over asset life, after payment of running costs <b>OR</b></li> <li>• Projects result in a reduction in the revenue budget from date of completion.</li> <li>• Any project whose annual saving exceeds the costs of borrowing over the life of the acquisition by 10% or more will gain automatic approval under invest to save principles, subject to approval by the Chief Financial Officer and ratification by JSC.</li> </ul>
<b>B</b>	<p><b>Deduct Points – 1 point per £2,000</b></p> <ul style="list-style-type: none"> <li>• Additional annual operation costs <b>OR</b></li> <li>• The project results in increased net revenue costs.</li> </ul>
<b>C</b>	<p><b>Building Condition Survey</b></p> <ol style="list-style-type: none"> <li>1) Good – Performing as intended and operating effectively (0 points).</li> <li>2) Satisfactory – Performing as intended, but exhibiting minor deterioration (0 points).</li> <li>3) Poor – Exhibiting major defects and/or not operating as intended (1 point).</li> <li>4) Bad – Life expired and/or serious risk of imminent failure (5 points)</li> </ol> <p>(The Condition must be agreed with Derek Magee, Technical Services, before adding points). Finance will seek validation of any points awarded here.</p>

Category	Criteria
<b>D</b>	<p><b>Equipment/Vehicle Condition Survey</b></p> <ol style="list-style-type: none"> <li>1) Good – Performing as intended and operating effectively (0 points).</li> <li>2) Satisfactory – Performing as intended, but exhibiting minor deterioration (0 points).</li> <li>3) Poor – Exhibiting major defects and/or not operating as intended (1 point).</li> <li>4) Bad – Life expired and/or serious risk of imminent failure and non-replacement will have serious operational consequences (5 points).</li> </ol>
<b>E</b>	<p><b>Equalities Impact Assessment - Add 5 points or 1 point</b></p> <p>Score 5 points where the objective of the scheme is to improve equalities e.g. DDA schemes, or score 1 point for schemes which contribute to equalities, e.g. access improvements.</p> <ol style="list-style-type: none"> <li>1) How will the proposed project improve Equality and Diversity in the area?</li> <li>2) Who will benefit from this project? Is there likely to be a positive impact on specific equality groups (whether or not they are intended beneficiaries), and if so, how? Or is it clear at this stage that it will be equality “neutral”? i.e. will have no particular effect on any group.</li> <li>3) Is there likely to be an adverse impact on one or more equality groups as a result of this scheme? If so, who may be affected and why? Or is it clear at this stage that it will be equality “neutral”?</li> <li>4) Is the impact of the scheme – whether positive or negative – significant enough to warrant a more detailed assessment (Stage 2 – see guidance)? If not will there be monitoring and review to assess the impact over a period of time? Give reasons for your answer and any steps you are taking to address particular issues, including any consultation with staff or external groups/agencies.</li> </ol>
<b>F</b>	<p><b>Improvement/Betterment - Add 1 point</b></p> <p>Improvement beyond essential requirement to existing services, work to improve the level of service where there is a proven need and demonstrable benefit. This includes results of Business Transformation or Service Reviews.</p>
<b>G</b>	<p><b>Health &amp; Safety (non statutory) – Points 0 - 5</b></p> <p>The project is considered necessary for the health and safety of the Council’s employees or the general public and has been agreed with the Corporate Health &amp; Safety Officer:</p> <ul style="list-style-type: none"> <li>No Risk - 0 points</li> <li>Low Risk - 1 point</li> <li>Medium Risk - 3 points</li> <li>High Risk - 5 points</li> </ul>




Category	Criteria																
<b>H</b>	<p><b>Risk Register</b> If the scheme's risks are on the Corporate Risk Register the points to be awarded are High Risk 5 points, Medium Risk 3 points, and Low Risk 1 Point. Finance will seek validation of any points awarded here.</p>																
<b>I</b>	<p><b>Partnership working – Add 5 points</b> Projects that involve partnership working where the partner contributes to the completion of the scheme, rather than just benefits from the outcome. This could be funding, in-kind work or involvement in the design process which has a direct affect on the final project.</p> <p>Examples would be community involvement, WSCC schemes, "Better Together" (Coastal West Sussex Partnership) and the police. Full details of all partners involved and their contribution to the scheme must be provided.</p>																
<b>J</b>	<p><b>Match Funding / External Funding</b> Utilisation of Council resources. The higher the percentage of funding expected from the Local authority, the less points can be awarded: This has an individual ranking Matrix – please see below:</p>																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="145 1200 751 1267" style="text-align: center;">External Funding % received</th> <th data-bbox="751 1200 1450 1267" style="text-align: center;">Points to be added</th> </tr> </thead> <tbody> <tr> <td data-bbox="145 1267 751 1346" style="text-align: center;">0.1% - 24%</td> <td data-bbox="751 1267 1450 1346" style="text-align: center;">1</td> </tr> <tr> <td data-bbox="145 1346 751 1384" style="text-align: center;">25% - 49%</td> <td data-bbox="751 1346 1450 1384" style="text-align: center;">2</td> </tr> <tr> <td data-bbox="145 1384 751 1422" style="text-align: center;">50% - 65%</td> <td data-bbox="751 1384 1450 1422" style="text-align: center;">3</td> </tr> <tr> <td data-bbox="145 1422 751 1460" style="text-align: center;">66% - 75%</td> <td data-bbox="751 1422 1450 1460" style="text-align: center;">5</td> </tr> <tr> <td data-bbox="145 1460 751 1498" style="text-align: center;">76% - 89%</td> <td data-bbox="751 1460 1450 1498" style="text-align: center;">7</td> </tr> <tr> <td data-bbox="145 1498 751 1536" style="text-align: center;">90% - 99%</td> <td data-bbox="751 1498 1450 1536" style="text-align: center;">10</td> </tr> <tr> <td data-bbox="145 1536 751 1615" style="text-align: center;">100%</td> <td data-bbox="751 1536 1450 1615" style="text-align: center;">10 or Automatic Approval **</td> </tr> </tbody> </table>	External Funding % received	Points to be added	0.1% - 24%	1	25% - 49%	2	50% - 65%	3	66% - 75%	5	76% - 89%	7	90% - 99%	10	100%	10 or Automatic Approval **
External Funding % received	Points to be added																
0.1% - 24%	1																
25% - 49%	2																
50% - 65%	3																
66% - 75%	5																
76% - 89%	7																
90% - 99%	10																
100%	10 or Automatic Approval **																
<b>**</b>	<p>Automatic approval is subject to the scheme contributing to the Council's aims, and future financial revenue implications being accommodated with the Council's overall revenue budget. All external funding must be confirmed by source before scheme is included in the Adur or Worthing Capital Investment Programme.</p>																
<b>K</b>	<p>Consultation – points to be determined by Members (up to 5 points in total) Projects that are important for community/political reasons following consultation.</p>																

## COUNCIL PRIORITIES


Category	Criteria	Points
L	Minimum works required to prevent the Council failing in its statutory duty (e.g. DDA)	20
	<b>Or</b> There is a mandatory legal requirement to provide the service, the proposed scheme enables the service to be provided and that obligation cannot be met in any other way	20
M	Essential works are required to avoid serious long-term financial, operational or service consequences	15
	<b>Or</b> There is a demonstrable, priority need to replace the asset/ service on an essentially like for like basis (save for improvements in technology) as the existing asset is at the end of its useful life	15
N	Other schemes, which meet the Councils priorities as laid out in the Platforms for our Places, Service Plans, Local Area Agreements, Community Strategy Priority Action Plans or the Councils' plans	10
O	There is an expectation by the Government that the Council should undertake a particular course although it may not be currently statutory and there is a likelihood of some form of sanction being applied against the Council if that expectation is not met.	5
P	<b>Council Priorities (Platforms):</b> 1 point for each point achieved from each platform (max. 18)	
P1	<b>Platform 1 - Our Financial Economies</b>  1.1) Projects to regenerate and activate places.  1.2) Creating and leveraging opportunities for investment.  1.3) Developing partnership with business sector and identify supports.  1.4) Developing our learning and skills ecosystem.	

Category	Criteria
<p><b>P2</b></p>	<p><b>Platform 2 – Our Social Economies</b></p> <p>2.1) Responding to communities’ needs in particular housing.</p> <p>2.2) Encouraging social financing and social innovation.</p> <p>2.3) Promoting the health and safety of our places.</p> <p>2.4) Exploring place-based health solutions.</p>
<p><b>P3</b></p>	<p><b>Platform 3 – Stewarding our Natural Resources</b></p> <p>3.1) Developing the environmental resilience of communities, business and infrastructure.</p> <p>3.2) Engaging the community and business in stewarding our environment.</p> <p>3.3) Developing the environment’s role in health and wellbeing.</p>
<p><b>P4</b></p>	<p><b>Platform 4 – Services and Solutions for our Places</b></p> <p>4.1) Using customer insight to develop more customer-centred services.</p> <p>4.2) Utilising the expertise in our communities.</p> <p>4.3) Responding to regulatory change and competition.</p>
<p><b>P5</b></p>	<p><b>Platform 5 – Leadership of our Places</b></p> <p>5.1) Developing strong partnerships and the capacity of our place leaders.</p> <p>5.2) Working with partners to maintain and manage platforms.</p> <p>5.3) Utilising place data and intelligence.</p> <p>5.4) Promoting Adur and Worthing.</p>


**SUMMARY  
THREE YEAR CAPITAL INVESTMENT PROGRAMME**

 ADUR DISTRICT COUNCIL	Total Estimate £			
		2019/2020 Estimate £	2020/2021 Estimate £	2021/2022 Estimate £
Column Reference (1)	(2)	(3)	(4)	(5)
<b><u>BUDGETS</u></b>				
Executive Member for Customer Services	35,712,770	17,750,740	10,331,900	7,630,130
Executive Member for Environment	2,553,960	1,692,240	621,650	240,070
Executive Member for Health and Wellbeing	308,050	274,450	33,600	-
Executive Member for Regeneration	1,606,600	1,286,800	134,630	185,170
Executive Member for Resources	152,795,030	52,157,040	50,308,670	50,329,320
	192,976,410	73,161,270	61,430,450	58,384,690
<b><u>FINANCING</u></b>				
<b><i>Capital Grants and Contributions</i></b>				
Communities and Local Government		410,000	425,000	500,270
Environment Agency		1,140,500	12,500	12,500
S106 Contributions from Planning Agreements		400,000	409,200	-
Other Contributions		227,000	-	-
<b><i>Prudential Borrowing</i></b>		63,796,870	55,556,580	53,326,450
<b><i>Revenue Contributions and Reserves</i></b>				
Revenue Contributions		81,920	81,920	81,920
Revenue Reserves		3,800,000	3,900,000	4,000,000
<b><i>Usable Capital Receipts</i></b>		3,304,980	1,045,250	463,550
		73,161,270	61,430,450	58,384,690

**SUMMARY  
THREE YEAR CAPITAL INVESTMENT PROGRAMME**

 WORTHING BOROUGH COUNCIL	Total Estimate £	2019/2020 Estimate £	2020/2021 Estimate £	2021/2022 Estimate £
Column Reference (1)	(2)	(3)	(4)	(5)
<b><u>BUDGETS</u></b>				
Executive Member for Customer Services	12,820,770	4,248,770	4,178,600	4,393,400
Executive Member for Digital and Environmental Services	7,319,410	4,853,180	1,325,950	1,140,280
Executive Member for Health and Wellbeing	569,110	468,310	50,400	50,400
Executive Member for Regeneration	9,170,240	5,088,440	3,935,900	145,900
Executive Member for Resources	151,910,930	50,825,700	50,576,130	50,509,100
	181,790,460	65,484,400	60,066,980	56,239,080
<b><u>FINANCING</u></b>				
<b><i>Capital Grants and Contributions</i></b>				
Communities and Local Government		750,000	750,000	750,000
Environment Agency		17,500	17,500	17,500
S106 Contributions from Planning Agreements		538,800	20,000	-
Other Contributions		1,901,800	-	250,000
<b><i>Prudential Borrowing</i></b>		60,924,730	57,920,000	54,012,500
<b><i>Revenue Contributions and Reserves</i></b>				
Revenue Contributions		149,080	289,080	149,080
Revenue Reserves		210,590	70,400	60,000
<b><i>Usable Capital Receipts</i></b>		991,900	1,000,000	1,000,000
		65,484,400	60,066,980	56,239,080

**ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL PARTNERSHIP SCHEMES  
THREE YEAR CAPITAL INVESTMENT PROGRAMME**

 <b>ADUR &amp; WORTHING COUNCILS</b>	<b>Total Estimate £</b>			
		<b>2019/2020 Estimate £</b>	<b>2020/2021 Estimate £</b>	<b>2021/2022 Estimate £</b>
<b>Column Reference (1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
<b>PARTNERSHIP SCHEMES</b>				
<b>Cemeteries</b>				
Replacement of one vehicle	28,000	-	28,000	-
<b>Dog Warden Service</b>				
Replacement of one vehicle	25,000	25,000	-	-
<b>Grounds Maintenance</b>				
Rolling programme of equipment and vehicle replacements	105,000	35,000	35,000	35,000
Vehicle replacements	284,000	151,000	-	133,000
<b>Information and Communications Technology</b>				
Corporate ICT hardware and infrastructure replacement programme	635,320	470,320	65,000	100,000
Digital Strategy General Provision to facilitate delivery of the digital strategy	993,490	543,490	225,000	225,000
Financial Management System - Replacement including Total Licence extension	53,000	53,000	-	-
Payroll System - Replacement	175,000	175,000	-	-
<b>Parks and Open Spaces</b>				
Street litter and dog bins replacement programme	40,000	-	20,000	20,000
<b>Refuse / Recycling</b>				
Provision of wheeled bins	150,000	50,000	50,000	50,000
<b>Refuse / Recycling / Street Cleansing</b>				
Vehicle Replacements	1,632,100	824,100	431,500	376,500
	<b>4,120,910</b>	<b>2,326,910</b>	<b>854,500</b>	<b>939,500</b>



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 10

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

## Climate Emergency ... Becoming Carbon Neutral by 2030

### Report by the Director for Digital and Resources

#### Executive Summary

#### 1. Purpose

- 1.1 This encourages members to consider reports from the UN Intergovernmental Panel on Climate Change (IPCC) which urge radical action to combat the causes of climate change.
- 1.2 Growing numbers of local authorities are declaring the 'Climate Emergency' and pledging to work towards becoming carbon neutral.
- 1.3 Adur & Worthing Councils are making good progress on carbon reduction towards their 2050 target. This target could be brought forward to 2030 in light of the catastrophic impacts predicted if global warming continues at its current rate.

#### 2. Recommendation

It is recommended that the Joint Strategic Committee:

- 2.1 Declare a 'Climate Emergency';
- 2.2 Go beyond the previously set 2050 target adopted by Adur & Worthing Councils in 2018 and work towards becoming carbon neutral by 2030;
- 2.3 Call on the government to provide the powers and resources to make the 2030 target possible;
- 2.4 Continue to work with partners across the County and region to deliver

this goal; and

- 2.5 Request production of an outline strategy on how the Councils will work towards the carbon neutral target. The strategy to be produced by January 2020 at the latest

### 3.0 Context

- 3.1 On 8th October 2018, the UN Intergovernmental Panel on Climate Change (IPCC) released a [report](#) on the impacts of 1.5°C global warming above pre-industrial levels. It warned there are just 12 years to act to limit catastrophic climate change.
- 3.2 Beyond 1.5°C far reaching, catastrophic climate change impacts are predicted, increasing risks of extreme heat, drought, floods and poverty. These would expose millions to coastal flooding; create irreversible species loss and extinction; and result in climate-related risks to health, livelihoods, food security, water supply, human security, and economic growth.
- 3.3 Currently the world is on track to overshoot the Paris Agreement's 1.5°C limit possibly as early as the 2030's. The IPCC warns that urgent and unprecedented action is required to avoid overshoot through reducing greenhouse gas emissions, particularly carbon.
- 3.4 The October IPCC publication was joined by numerous further national and international warnings on the state of the environment, and the need for radical changes to prevent irreversible climate damage to ecosystems as a result of human activity. These include:
  - 3.4.1 *WWF Living Planet Report 2018* indexing decline in global wildlife populations of 60% in just over 40 years;
  - 3.4.2 the Environment Agency Chief Executive (2019) warning that climate impacts will lead to the 'jaws of death': inadequate water to supply our needs in 20-25 years;
  - 3.4.3 *2019 UN International Panel on Biodiversity & Ecosystems Report's* alert of *nature's dangerous decline* at rates unprecedented in human history; species extinction accelerating; and grave impacts on people around the world.
- 3.5 Local Authorities (LAs) are responding, being well placed to show leadership, drive change, and set targets for emissions reductions associated with council estates and services. Numbers of LAs to declare Climate Emergency and pledge action increased from 34 to 93 in England between 1st May - 6th June (appendix 1) and in May, Parliament itself made the declaration.
- 3.6 In February West Sussex 'noted' the Climate Emergency; pledging to pursue carbon neutrality by 2030, and setting up a Task and Finish Group. Lancing is



the first West Sussex parish to make the declaration (May 2019). If Adur & Worthing declare the Climate Emergency, they will be the first West Sussex District and Borough to do so.

#### **4.0 Issues for consideration: Progress is being made**

- 4.1 Adur & Worthing Councils are making good progress on the carbon reduction agenda. *Stewarding our Natural Resources is a core principle of the strategic vision in Platforms for our Places.*
- 4.2 Strong commitments have been made in *Sustainable AW* to reduce carbon emissions; including signing up to the *UK100 Cities Pledge* to achieve *100% Clean Energy by 2050* and the government's voluntary *Emissions Reduction Pledge 2020*, to report on annual energy use and emissions;
- 4.3 Council action is succeeding in reducing emissions<sup>1</sup>. Recent action includes:
  - 4.3.1 creating a Strategic Sustainability Manager post in 2016 to shape and drive this agenda;
  - 4.3.2 reducing council carbon emissions by 30% over the period 2012-19;
  - 4.3.3 LED upgrades to the lighting in Buckingham Road and High Street multi-storey car parks save 98 tonnesCO<sub>2</sub> a year.
  - 4.3.4 solar PV arrays of 40kW at Portland House and 20kW at Shoreham Centre save 32 tonnes a year;
  - 4.3.5 work is underway to produce a Carbon Reduction Action Plan for the councils to identify further carbon savings; actions to achieve these; and a monitoring programme.
  - 4.3.6 allocating over £400,000 for renewable energy and energy efficiency improvements to council stock, delivering long term savings and carbon reductions (see paragraph 8);
  - 4.3.7 producing a staff Travel Action Plan to support greater active travel and business travel and commuting other than by car;
  - 4.3.8 launching easitADUR & WORTHING to encourage greater use by council staff and local businesses of public transport, cycling and low emissions vehicles;
  - 4.3.9 increasing provision of electric vehicle charge points and preparing to replace council fleet with electric vehicles;
  - 4.3.10 working on the draft Local Cycling and Walking Infrastructure Plan to help make cycling and walking safer and easier;

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<sup>1</sup> These CO<sub>2</sub> reductions relate to gas and electricity use. Emissions from transport will be calculated under the Carbon Reduction Plan and monitored from summer 2019 onwards.

- 4.3.11 setting up the bike hire scheme “Donkey Bikes” in Worthing;
- 4.3.12 working with the county on the £40m Innovate UK *Smarthubs project* to deliver smart clean transport, heat and power.

## **5.0 Working towards being carbon neutral by 2030**

- 5.1 The recommendations at 2.1 - 2.4 echo commitments made by other LAs declaring the Climate Emergency. As previously recognised climate change is rapidly gaining as a public concern and as a political issue. The UK Parliament and an increasing number of Local Authorities are declaring a Climate Emergency and agreeing to work towards Carbon Neutrality by 2030. The declaration is more than a token act, used well it can become a catalyst for our Councils to become carbon neutral earlier than we are currently planning.
- 5.2 Declaring the Climate Emergency is in accordance with, but would trigger strengthening current policy; comfortably progressing the *Sustainable AW and Platform 3* agenda. Policy exists to work towards ‘clean energy’ by 2050: an enhanced target will require accelerated work, but maintains policy direction.
- 5.3 The production of a Carbon Reduction Plan (with actions) is already in the councils work programme. It will provide the outline strategy referred to in Recommendation 2.5, plus a robust monitoring methodology.
- 5.4 The extent of actions necessary for the councils to become carbon neutral by 2030 will need to be modelled but will include by 2030:
  - 5.4.1 virtually eliminating carbon emissions from council energy and transport use through almost entirely ceasing fossil fuel use;
  - 5.4.2 improvements to energy efficiency and significant increase in renewable energy on council buildings and land;
  - 5.4.3 shift to electric vehicles; use of smartgrids and battery storage
- 5.5 The Councils have already committed finance to deliver work in accordance with these types of projects (see paragraph 8, Finance).

## **6.0 Benefits**

- 6.1 Working towards being carbon neutral brings key benefits:
  - 6.1.1 reducing the Councils’ contribution to climate change;
  - 6.1.2 reducing the Councils’ energy and transport fuel bills to help manage budget deficits and protect against rising energy prices;
  - 6.1.3 developing future income streams to support public service delivery;

- 6.1.4 reducing the impact on air quality of council service delivery;
- 6.1.5 providing future energy security, affordability and resilience;
- 6.1.6 delivering against the *UK100 Cities Clean Energy* and *BEIS 2020 Emissions Reduction Pledges* already made.

## 7.0 Engagement and Communication

- 7.1 There is clearly significant community interest in expediting our work towards carbon neutrality. Extensive consultation has been carried out with, and by, council officers over energy efficiency, renewable energy projects, energy efficiency, transport emissions reduction, SALIX funding and the Smarthubs project.
- 7.2 Consultation with Sustainability Officers at County, Districts and Borough levels on Climate Emergency and carbon reduction progress.
- 7.3 Consultation with local community partners and stakeholders on climate action.

## 8.0 Financial Implications

- 8.1 There is currently £735,680 allocated to deliver energy efficiency and renewable energy improvements within the 2019/20 capital programme.

£325,000 Adur DC	<i>Rolling programme of installation of solar panels and other energy efficiency measures.</i>
£410,680 Worthing BC	<i>Solar Renewable Energy Projects and other Environmental Improvements.</i>

The budgets have been included on an ‘invest to save’ basis and each proposal should be generate a saving over the life of the investment. Each scheme is subject to a business case and approved by the Executive Member of Resources prior to spend.

- 8.2 The Carbon Reduction Plan to be produced in 2019 will identify prioritised interventions to deliver cost effective carbon reduction and long term cost savings (energy efficiency, renewable energy and transport projects).
- 8.3 Worthing Borough Council lowered energy costs by 63% in two Worthing car parks by investing LED lights. Savings have also been made in the cost of lighting Worthing Promenade. Portland House solar PV provides approximate energy costs of £5000 a year; these savings will increase as mains electricity costs increase.

- 8.4 The full cost of working towards carbon neutrality is unknown, but an estimation will be produced as part of the Carbon Reduction Plan. The cost of producing the Carbon Reduction Plan is £15,000 and this is being funded from the business development budget.
- 8.5 The cost of investing in energy efficiency measures could be reduced by setting up a [SALIX revolving fund](#) with BEIS through their Clean Growth Funds. These are match-funded, ring fenced budgets to support long-term, holistic plans for improving energy efficiency. A meeting with the government's SALIX team has been set up with officers for July 3rd.

## 9.0 Legal Implications

- 9.1 The Climate Change Act 2008 is the basis for the UK's approach to tackling and responding to climate change. It requires that emissions of carbon dioxide and other greenhouse gases are reduced and that climate change risks are prepared for.
- 9.2 Section 111 of the Local Government Act 1972 enables the Council to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.

## Background Papers

- [JSC Report 06.11.18: Stewarding our Environment Framework](#)
- [Platforms for our Places: Platform 3, Stewarding our Natural Resources](#)
- [SustainableAW](#)
- [Intergovernmental Panel on Climate Change, 2018, Global Warming of 1.5 °C Report](#)
- [May 2019 UN International Panel on Biodiversity and Ecosystems Report](#)
- [Reducing UK emissions – 2018 Progress Report to Parliament, Climate Change Committee, June 2018](#)
- [Net Zero – The UK's contribution to stopping global warming, Climate Change Committee, May 2019](#)
- [Emissions reduction pledge 2020: emissions reporting in public and higher education sectors, BEIS 2018](#)

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## **Sustainability & Risk Assessment**

### **1. Economic**

- With catastrophic climate change there is predicted by the IPCC to be damage to property and infrastructure, sea-level rise, floods, droughts, heatwaves, wildfires, and extreme storms requiring extensive repair of essential infrastructure such as homes, roads, bridges, railroad tracks, airport runways, power lines, dams, levees, and seawalls. Lost productivity is expected to follow with disruptions in daily life, lost work and school days and harm to trade, transportation, agriculture, fisheries, and energy production. The cost of addressing the causes of climate change are evaluated to be far less than the cost of inaction.

### **2. Social**

#### **2.1 Social Value**

- Some of the potential social value co-benefits of mitigating climate change include: The immediate benefits of avoided GHG emissions: less adverse effects from local air pollution on health & agriculture productivity; greater energy security and lower vulnerability of trade balance to oil price volatility; an acceleration of technological change when early investments in low-carbon technologies deliver. The short-term knock-on effects and long-term development benefits of a well-conducted low carbon transition include: redirecting savings toward productive investments; strengthening industrial fabric through investing in low-carbon technologies and local resources; reduced poverty through higher growth, higher employment, and better access to modern energy, transport, and housing infrastructures

#### **2.2 Equality Issues**

- The negative impacts of climate change are disproportionately borne by persons and communities already in disadvantageous situations owing to geography, poverty, gender, age, disability, cultural or ethnic background, among others, that have historically contributed the least to greenhouse gas emissions. In particular, persons, communities and even entire States that occupy and rely upon low-lying coastal lands, tundra and Arctic ice, arid lands, and other delicate ecosystems and at risk territories for their housing and subsistence face the greatest threats from climate change.

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

- Climate change is predicted by the IPCC to cause mass migrations, impacts on human health, infrastructure, and transportation systems, as well as energy, food, and water supplies. With damage to infrastructure and systems currently relied on, risks of the breakdown of social structures and so community safety may follow.

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

- The IPCC report sets out how climate change phenomena directly and indirectly threaten the full and effective enjoyment of a range of human rights by people throughout the world, including the rights to life, water and sanitation, food, health, housing, self-determination, culture and development.

#### **3. Environmental**

- See paragraph 1. Economic, above.

#### **4. Governance**

- Declaring Climate Emergency and adopting the 2030 target progresses Sustainable AW and Platform 3 policy direction.

## Appendix 1

List of councils which have passed motions relating to a climate emergency and/or targets from the [Campaign Against Climate Change website](#) (at 06.06.19)

Bath and North East Somerset  
Bedford Borough Council - aspiring for carbon neutral by 2030  
Bradford Metropolitan District Council - (90% reduction in carbon emissions compared to 2005 levels by 2030)  
Brighton Hove City Council - (carbon neutral by 2030)  
Bristol City Council - (carbon neutral by 2030)  
Calderdale (no fixed target date)  
Cambridge City Council  
Carlisle (net zero carbon by 2030)  
Carmarthenshire (zero carbon by 2030)  
Cheltenham (carbon neutral by 2030)  
Cheshire West and Chester (aspires to carbon neutral by 2030)  
Cornwall County Council (carbon neutral by 2030)  
Devon County Council  
Dorset  
Durham County Council  
Forest of Dean District Council (carbon neutral by 2030)  
Gwynedd County Council  
Hastings Borough  
Herefordshire - 'aspiration to be carbon neutral by 2030' (motion p79) -  
Isles of Scilly  
Kirklees Metropolitan District Council (carbon neutral in line with IPCC carbon targets)  
Lancashire  
Lancaster City Council (carbon neutral by 2030)  
Leeds City Council (carbon neutral by 2030)  
Leicester City Council (carbon neutral by 2030)  
Lewes D.C.  
Greater London Authority  
London Borough of Haringey - carbon neutral by 2030  
London Borough of Greenwich  
London Borough of Hackney (declared by Mayor of Hackney)  
London Borough of Lambeth (carbon neutral by 2030)  
London Borough of Lewisham (carbon neutral by 2030)  
London Borough of Newham - carbon neutral by 2030  
London Borough of Southwark carbon neutral by 2030  
London Borough of Tower Hamlets - carbon neutral by 2025  
Maidstone  
Manchester City Council (carbon neutral by 2038)  
Medway  
Mendip District Council (carbon neutral by 2030)  
Milton Keynes - (carbon neutral by 2030)  
Newcastle - carbon neutral by 2030  
North Somerset Council (net zero carbon by 2030)  
Norwich  
Nottingham City Council (carbon neutral by 2028)  
Oxford City Council (carbon neutrality target TBC)

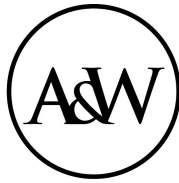
Oxfordshire County Council - carbon neutral by 2030  
Plymouth (carbon neutral by 2030)  
Portsmouth - carbon neutral by 2030  
Powys County Council (carbon neutral eventually)  
Preston  
Reading Borough Council (to pursue zero carbon by 2030)  
Redcar and Cleveland Borough Council - aiming for zero  
Reigate and Banstead B.C.  
Richmond  
Rushcliffe  
Scarborough Borough Council (carbon neutral by 2030)  
Sheffield City Council (carbon neutral asap)  
Shropshire (carbon neutral 2030)  
Somerset  
Somerset West and Taunton - carbon neutral by 2030  
South Cambridgeshire (target date of 2050)  
South Lakeland District Council - no fixed date  
Suffolk  
Sunderland City Council - carbon neutral by 2030, subject to public consultation  
Stroud District Council (carbon neutral by 2030)  
Teignbridge District Council (carbon neutral by 2025)  
Trafford Council - (carbon neutrality target TBC)  
Vale of White Horse  
Wiltshire County Council - carbon neutral by 2030  
Wirral  
City of York - carbon neutral by 2030

### Parish and town councils

Alnwick Town Council - (carbon neutral by 2030)  
Bideford Town Council - carbon neutral by 2030  
Caister Parish Council  
Dartington Parish Council  
Feock Parish Council  
Frome Town Council - (carbon neutral by 2030)  
Glastonbury Town Council - (carbon neutral by 2030)  
Hebden Royd Town Council - carbon neutral as soon as possible  
Holme Valley Parish Council - carbon neutral by 2030  
Ide Parish Council  
Kendall Town Council - carbon neutral by 2030  
Ladock Parish Council - (carbon neutral by 2030)  
Lancing Parish Council - (carbon neutral by 2030)  
Langport Town Council - (carbon neutral by 2030)  
Machynlleth Town Council - (carbon neutral asap)  
Oswestry Town Council - (carbon neutral by 2030)  
Shrewsbury Town Council  
Stithians Parish Council - (carbon neutral by 2030)  
Totnes Town Council - (carbon neutral by 2030)  
Trowbridge Town Council  
Tywyn Town Council - (carbon neutral asap)

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ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 11

Key Decision [Yes]

Ward(s) Affected: All in Adur and Worthing

## **Waste and Street Cleansing Vehicle Replacements: Moving to an ultra low emission fleet**

**Report by the Director for Communities**

### **Executive Summary**

#### **1. Purpose**

- The purpose of this report is to seek the Joint Strategic Committee's approval to proceed with the purchase of six new waste and street cleansing vehicles. These vehicles are included in the 2019/20 Capital Investment Programme.
- Electric models for all six replacement vehicles have been investigated in line with policy commitments to move to a cleaner fleet (*Platforms for our Places* and *SustainableAW*). Of the vehicles required by the waste and street cleansing services, two have been found suitable to purchase as electric models. If approved, these will be the first vehicles within the councils' fleet to become electric; providing air quality benefits, and financial and carbon emissions savings.

#### **2. Recommendations**

##### Recommendation One

- The Joint Strategic Committee is recommended to approve the acquisition of the six replacement waste and street cleansing vehicles included in the 2019/20 Capital Investment Programmes as set out in this report.

### 3. Context

3.1 Each year a number of the council's fleet vehicles used for frontline services reach the end of their initial working lives. To facilitate replacements, a rolling programme is provided by the Transport section and financed via the Capital Investment Programmes.

3.2 No vehicle is replaced as a matter of course just because it is scheduled for replacement, however it is assessed on its physical condition and suitability to perform the task it is deployed on. This assists in keeping expenditure down, as well as maximising the returns from the vehicle assets employed.

3.3 Policies adopted within *SustainableAW* and *Platforms for our Places* commit to the following aims and actions to shift to a cleaner vehicle fleet, reducing harmful roadside emissions and those that contribute to climate change (see table below). All vehicles required by the Waste and Street Cleansing Service were assessed for suitability for electric and hybrid versions.

<b>Sustainable AW</b>	
Support electric vehicle uptake to improve air quality	Deliver further public electric vehicle charge points and seeking funding for further expansion, exploring electric vehicles for council use.
Pledge 100% Clean Energy by 2050	Pledge to 100% clean energy by 2050, endeavouring to ensure our communities have warm homes; secure, affordable energy; breathe clean air; drink clean water; and live in a town of which they can be proud. Join UK100, the national network of local authorities committed to shifting to clean energy in their areas
<b>Platform 3: Stewarding our Natural Resources</b>	
Work to deliver sustainable travel initiatives and infrastructure, tackling air quality	Transition to cleaner fuels for council fleet and vehicle rentals through e.g. hybrid and electric vehicles.

3.4 Extensive research into market availability of ultra low emissions replacement vehicles (ULEVs) was undertaken by the Environmental Services Transport Manager. Cost comparisons and business cases were developed for replacement vehicles. Currently two vehicles: two small vans have been identified as suitable for replacement with electric models.

#### 4. Issues for consideration

4.1 It is proposed that 6 vehicles are procured in the financial year 2019/20, these all being replacement vehicles. All of the above vehicles have come to the end of their economically useful life and are in need of replacement to avoid repair costs escalating and vehicle availability reducing. The vehicles for replacement are listed below :

Replacement vehicles sought
2 x Small vans (Electric powered)
1 x 7.5 tonne Refuse vehicle
1 x 3.5 tonne Litter Collection vehicle
1 x 4 tonne Compact Sweeper
1 x 7.5 tonne Sweeper

4.2 Two small vans will be replaced with electric powered versions Unfortunately at the time of writing this report there are no alternative powered production models available for the larger vehicles. See section **7 Environmental** in the **Sustainability & Risk Assessment** section for further information on alternative powered vehicles.

4.3 As our vehicle fleet needs to be renewed, they will be subject to the latest emissions standards, currently Euro 6, and are consistently becoming cleaner and more fuel efficient. Electric vehicles will always be assessed for suitability as replacement for smaller vehicles.

4.4 As the technology evolves, replacements for larger vehicles will also be explored. The biggest obstacles in procuring alternative powered vehicles are cost and availability. Vehicles such as sweepers can be over three times more expensive compared with the diesel powered equivalent. While some small vans are now available and real world tested, most of the larger vehicles are at the present in the testing stage and are not in full production yet.

4.5 Free consultancy was secured by the Sustainability Manager from the Energy Savings Trust (funded by the Department of Transport) to develop an '*Ultra Low Emissions Vehicles (ULEV) Report for Adur & Worthing Councils (AWC)*'. This explored opportunities to replace the councils commercial vehicles with electric alternatives and the carbon and cost savings that could be achieved.

4.6 The '*ULEV Report for AWC*' reviewed the entire AWC fleet of 118 commercial vehicles for EV replacement. It stated: '*of these, 100 are the larger (over 2.6 tonne) LCVs, for which there is not, currently, an economically viable electric alternative. This leaves 18 LCVs that fall into the small/medium size category (car derived and less than 2.6 tonne) and which may be suitable for replacement with electric vehicles*'. These findings confirm those of the Environmental Services Transport Manager.

4.7 The '*ULEV Report for AWC*' assessed the savings that could be achieved through replacement of the 18 diesel LCVs with EVs: 41 tonnes per year of tailpipe carbon emissions reduction; and whole life cost savings of £11,000. The report recommends replacement of all LCVs with EVs when due for replacement.

4.8 The potential for a solar photovoltaic canopy over the Commerce Way car park linked to electric vehicle charging will be explored as part of the *Innovate UK Smarthubs Project* with West Sussex County Council. Master planning for Smarthubs is scheduled through 2019; installations will take place throughout 2020.

## **5. Engagement and Communication**

5.1 The fleet user sections whose vehicles are due for replacement are fully consulted throughout the procurement process.

5.2 The Sustainability Manager and Environmental Health Officer (Air Quality) were consulted.

5.3 The Energy Savings Trust were consulted to review the councils fleet for replacement with EVs and produced a *ULEV Report for Adur & Worthing Councils* (see paragraphs 4.5 - 4.7).

## **6. Financial Implications**

6.1 The 2019/20 Capital Investment Programmes for Adur and Worthing Councils include a total provision of £336,000 for the purchase of vehicles detailed in the report. The apportionment of costs for the joint recycling and refuse service is agreed as Adur 36.4% and Worthing 63.6%. For the joint street cleansing service it is Adur 39.4% and Worthing 60.6%. Details of budgets and estimated costs are shown in the following table and are based on diesel powered vehicles.

<b>Vehicles</b>	<b>Adur Capital Budget £</b>	<b>Worthing Capital Budget £</b>	<b>Total Capital Budget £</b>
1 x 7.5 tonne Refuse Vehicle	32,210	52,790	83,000
2 x Small vans	10,990	18,010	29,000
1 x 3.5 tonne Litter vehicle	16,150	24,850	41,000
1 x 4 tonne Compact Sweeper	27,190	41,810	69,000
1 x 7.5 tonne Sweeper	44,920	69,080	114,000
<b>Totals</b>	<b>129,460</b>	<b>206,540</b>	<b>336,000</b>

6.2 Where practicable and in line with the Platforms for Places plan alternative powered vehicles will be procured. Whilst the initial acquisition costs associated with these types of vehicle are higher, both the fuel costs and the maintenance costs are lower offsetting the revenue implications of higher acquisition cost. Over the lifetime of the vehicle the overall cost should be the same as a diesel equivalent. See the Sustainability & Risk Assessment, 7 Environmental section below for further details.

6.3 An option appraisal has been undertaken for all of the proposed vehicle acquisitions which compared the cost of two financing options, these being, Finance Lease OPV and Borrowing OPV. The cash outlays for each option were further discounted to Overall Present Values (OPV) to reflect the relative timing effects on the value of money, which is regarded as a more appropriate indicator of overall cost. The results are summarised in the Table below. On an OPV basis, outright purchase by borrowing from the PWLB is the cheapest option for all of the proposed vehicle acquisitions. For this to be the case, prudential borrowing with the principal repaid in full on maturity after 9 years has been applied. This is due to the Councils being able to borrow at a lower interest rate(1.62%) than offered by the leasing companies(3.22%) and the discounting effect of the timing of cash flows. Another advantage of purchase is the opportunity to keep the vehicles in service longer than this term if economically viable, without paying additional lease extension costs.

	<b>Option 1 Finance Lease £</b>	<b>Option 2 Borrowing £</b>
Cost of Principal & Interest		
<b>Vehicles</b>		
7.5 tonne Refuse vehicle	73,837	68,340
2 x small vans	26,875	24,802
3.5 tonne Litter Collection vehicle	38,936	36,008
4 tonne Compact sweeper	67,821	62,828
7.5 tonne Sweeper	111,083	102,877
<b>Total Vehicle Cost</b>	<b>318,552</b>	<b>294,855</b>

## 7. Legal Implications

7.1 As a waste collection authority, the councils are obliged to have waste collection facilities.

7.2 Under section 89 of the Environmental Protection Act, 1990 the Councils are required to keep land under their direct control, which is open to the air and is land (but not a highway) and to which the public are entitled or permitted to have access with or without payment, so far as is practicable, clear from litter and refuse.

7.3 The councils have power under section 111 of the Local Government Act, 1972, to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions. The procurement of vehicles is ancillary to the above functions

7.4 Section 1 of the Local Authorities (Contracts) Act 1997 provides that every statutory provision conferring or imposing a function on a local authority confers power on the local authority to enter into a contract with another person for the provision or making available of assets or services, or both, (whether or not together with goods) for the purposes of, or in connection with, the discharge of the function by the local authority.

**Background Papers**

Capital Investment Programme 2019/20

Platforms for our Places

Sustainable AW

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## **Sustainability & Risk Assessment**

### **1.0 Economic**

An option appraisal was carried out which has determined that outright purchasing through capital borrowing is the cheapest option for both Councils.

### **2.0 Social**

Matter considered and no issues identified

### **3.0 Social Value**

Matter considered and no issues identified

### **4.0 Equality Issues**

Matter considered and no issues identified

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

Reducing the amount of street litter and keeping the streets clean helps to contribute to the reduction in crime and anti - social behaviour.

### **6.0 Human Rights Issues**

Matter considered and no issues identified

### **7.0 Environmental**

A commitment in the council's Platform for Places plan aims to deliver a more sustainable fleet of vehicles through the use of cleaner alternative fuels, be it hybrid or electric powered vehicles.

For the smaller vans there are now reliable and cost effective electric vehicles (EVs) that can be procured as an alternative to the current fossil fueled versions and fleet replacements will be moving in this direction.

For the larger heavy goods vehicles, while advances are being made with hybrid (only one production model at the present) and electric powered versions these are still in the prototype and testing stages and will not be coming to the market place until 2020 at the very earliest.

With this new technology comes a higher purchase price and a payload disadvantage over its diesel equivalent which has taken into consideration.

Vehicle replacement timeframes will have to be reduced for EVs from the current 9 / 10 years to 7 years due to the battery power pack reducing in charge at around this age which would be uneconomical to replace. As the battery technology improves in future years this may be able to return to a 9 year plus cycle.



Where there is no economic alternative but to procure diesel powered vehicles, these will be of the latest Euro 6 specification with advanced exhaust emission controls that will be significantly cleaner than the vehicles they are replacing.

## **8.0 Governance**

Matter considered and no issues identified

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ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 12

Key Decision [No]

Ward(s) Affected: N/A

## **Joint Overview and Scrutiny Committee - Review of Transport Issues**

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

#### **Executive Summary**

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

1.1 The Joint Strategic Committee (JSC) is asked to receive and note the findings and recommendations of the Joint Overview and Scrutiny Committee (JOSC) review on Adur and Worthing transport strategy issues. These recommendations follow on from the discussions of a Working Group set up by JOSC. A copy of the report to JOSC and Working Group report is attached as Appendix 1 to this report.

1.2 The evidence assembled as part of the Scrutiny review provided the JOSC Working Group with a good analysis of the transport strategy activities being delivered in Adur and Worthing and also across wider West Sussex. However, the Working Group has identified some issues that it would like to submit to JSC for consideration as it is recognised that they are some key issues which need to be addressed as part of the overall transport strategy implementations to ensure that these proposals are taken forward.

## **2. Recommendations**

- 2.1 That the Joint Strategic Committee note the report, findings and recommendations from the Joint Overview and Scrutiny Committee; and
- 2.2 That the Joint Strategic Committee agrees to receive a report in October 2019 on the issues raised by the Joint Overview and Scrutiny Committee and consideration of the implications for each recommendation contained in the Scrutiny report at Appendix 1 in order for the Executive to provide a formal response to the Joint Overview and Scrutiny Committee.

## **3. Context**

- 3.1 As part of its Work Programme, the Joint Overview and Scrutiny Committee (JOSC) agreed to undertake a review of transport issues in Adur and Worthing.
- 3.2 Councillors Catherine Arnold, Kevin Boram, Bob Smytherman and Steven Waight were appointed to the Working Group which agreed the following Terms of reference and project objectives for the review:-
  - To review the transport needs for Adur and Worthing;
  - To review the current provision of transport infrastructure - Public, car and sustainable and current proposals for improvement; and
  - To consider if any changes are required and to recommend any areas of change which are considered appropriate to the Joint Strategic Committee/relevant Executive Members and outside agencies who have responsibility for transport provision and co-ordination.
- 3.3 The JOSC Working Group has recently concluded its work and reported the findings and recommendations to JOSC on 20 June 2019. The findings and recommendations from the Working Group are contained in Appendix 1 to this report and were agreed by JOSC subject to an additional recommendation being added as 13.10(b) as follows:-

*13.10 (b) - That the Joint Strategic Committee urge Adur and Worthing Councils to consider using the most efficient less polluting vehicles for its Council owned fleet and contract vehicles which it uses.*

*Reason - That less polluting vehicles are more efficient and are better for the environment'.*

- 3.4 Joint Strategic Committee is now requested to consider the findings and recommendations from JOSC and its Working Group to provide the

formal Executive response.

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

- 4.1 JOSC and the Working Group have identified a number of conclusions and recommendations which are intended to help the Councils and others to ensure that the delivery of transport infrastructure in Adur and Worthing is improved.

#### **5. Engagement and Communication**

- 5.1 As part of its report, the JOSC Working Group has engaged with West Sussex County Council, Council Officers and a local Action Group.

#### **6. Financial Implications**

- 6.1 Any identified financial implications are set out in the report.

#### **7. Legal Implications**

- 7.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything to facilitate, or, which is conducive or incidental to the discharge of any of their functions.
- 7.2 Section 1 of the Localism Act 2011 provides a Local Authority to do anything that individuals generally may do (subject to any current restrictions or limitations prescribed in existing legislation).
- 7.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

### **Background Papers**

Report to Joint Overview and Scrutiny Committee 20 June 2019

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

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## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered. A good strong financial economy in the areas is dependent on a good transport strategy.

### **2. Social**

#### **2.1 Social Value**

Matter considered. Social value will be improved with a better transport infrastructure in Adur and Worthing.

#### **2.2 Equality Issues**

Matter considered. Better transport infrastructure and systems will help more people enjoy better quality lives.

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

Matter considered. Strong community safety is key to ensuring that good transport strategy systems will be effective.

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

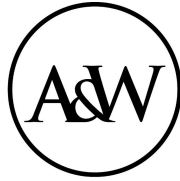
Matter considered and no issues identified.

### **3. Environmental**

Matter considered. The Councils are working to deliver sustainable travel initiatives and infrastructure and tackling air quality.

### **4. Governance**

Matter considered and no issues identified.



ADUR & WORTHING  
COUNCILS

**APPENDIX 1**

Joint Overview and Scrutiny Committee  
20 June 2019  
Agenda Item 6

Key Decision [No]

Ward(s) Affected: N/A

**Adur and Worthing Scrutiny review of Transport issues**

**Report by the Director for Digital and Resources**

**Executive Summary**

**1. Purpose**

1.1 This report sets out the findings from the Joint Overview and Scrutiny Committee (JOSC) Working Group which was created as part of the JOSC Work Programme to review transport issues in Adur and Worthing.

**2. Recommendations**

2.1 That JOSC consider the report and recommendations from the Transport issues Working Group and refer the recommendations to the Adur and Worthing Joint Strategic Committee for consideration in due course.

### **3. Context**

- 3.1 Following a scrutiny request, JOSC agreed to establish a Working Group to review the transport needs for Adur and Worthing and to review the current provision of transport infrastructure - Public, car and sustainable and current proposals for improvement. The Working Group was asked to consider if any changes are required and to recommend any areas for change which are considered appropriate to the Joint Strategic Committee/relevant Executive Members and outside agencies who have responsibility for transport provision and co-ordination.
- 3.2 The Working Group held a number of meetings between September 2018 and April 2019 to gather information and evidence and has identified a number of conclusions and recommendations which are set out in the attached report from the Working Group at the appendix to this report which can help improve the approach to transport within the Councils and also influence others to make changes to their approaches to transport strategy issues.

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

- 4.1 JOSC is asked to consider the report and recommendations from the Transport issues Working Group, set out as the appendix to this report and refer those recommendations to the Joint Strategic Committee and other relevant bodies for consideration in due course.

### **5. Engagement and Communication**

- 5.1 The JOSC Chairmen and Vice-Chairmen have been consulted on this report. The Councils Leadership Team have also been consulted.

### **6. Financial Implications**

- 6.1 There are no direct financial implications relating to this report.

### **7. Legal Implications**

- 7.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything to facilitate or which is conducive or incidental to the discharge of any of their functions.
- 7.2 Section 1 of the Localism Act 2011 provides a Local Authority to do anything that individuals generally may do (subject to any current restrictions or limitations prescribed in existing legislation).
- 7.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a



general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

### **Background Papers**

Relevant papers as referenced by the Working Group report.

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

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## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered. A good strong financial economy in the areas is dependent on a good transport strategy.

### **2. Social**

#### **2.1 Social Value**

Matter considered. Social value will be improved with a better transport infrastructure in Adur and Worthing.

#### **2.2 Equality Issues**

Matter considered. Better transport infrastructure and systems will help more people enjoy better quality lives.

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

Matter considered. Strong community safety is key to ensuring that good transport strategy systems will be effective.

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

Matter considered and no issues identified.

### **3. Environmental**

Matter considered. The Councils are working to deliver sustainable travel initiatives and infrastructure and tackling air quality.

### **4. Governance**

Matter considered and no issues identified.



ADUR & WORTHING  
COUNCILS

**Scrutiny review of the Adur and Worthing Transport Strategy issues**

**Report by the Joint Overview and Scrutiny Working Group**

**1.0 Summary**

- 1.1 This report sets out the findings and recommendations from the Joint Overview and Scrutiny Working Group which was established as part of the 2018/19 Joint Overview and Scrutiny Committee (JOSC) Work Programme to review Adur and Worthing transport strategy issues.
- 1.2 The Working Group has been tasked to consider if there is a need for any areas for change which are considered appropriate.

**2.0 Background to the JOSC Review**

- 2.1 Unlike Local Plans, there are no regulations which stipulate the requirements for Local Transport Plans or Strategies and the Government no longer publishes specific guidance on the requirements for Local Transport Plans or Strategies. For the purpose of this report a Local Transport Strategy is considered to be a framework for how a transport authority/areas intends to deliver on its own and national objectives at a local level. In this case the Local Transport Strategy is principally comprised of the West Sussex Transport Plan and the Adur and Worthing Local Plans supported by their respective transport evidence bases. A transport strategy may include a full range of transport issues including initiatives to improve congestion, parking, cycling, walking and public transport and it may include an action plan covering how the objectives will be met and opportunities pursued.
- 2.2 Transport is a vital part of everyday life for Adur and Worthing residents. Adur and Worthing Councils and West Sussex County Council are trying to achieve through the Local Transport Strategy improved journey times and

connections, reducing emissions and improving quality, accessibility and affordability.

2.3 As part of the JOSC Work Programme for 2018/19, JOSC agreed to set up a Working Group to review the transport needs for Adur and Worthing. Councillors Catherine Arnold, Kevin Boram, Bob Smytherman and Steven Waight were appointed to the Working Group. The Working Group met in July, September and December 2018 and February and April 2019 to consider information and formulate its recommendations. Councillor Kevin Boram was appointed as Chairman of the Working Group and Councillor Catherine Arnold its Vice-Chairman.

2.4 The Working Group recognised at the outset of the review that the issues that it was considering were very broad and that delivery of effective transport policy was not reliant solely on the Councils but instead was dependent on delivery by multi organisations in partnership with one another.

2.5 The Working Group discussed and agreed the following Terms of Reference and project objectives for the review:-

1. To review the transport needs for Adur and Worthing.

2. To review the current provision of transport infrastructure - Public, car and sustainable and current proposals for improvement; and

3. To consider if any changes are required and to recommend any areas for change which are considered appropriate to the Joint Strategic Committee/relevant Executive Members and outside agencies who have responsibility for transport provision and co-ordination.

2.6 This report provides the detail of the discussions and findings from the Working Group and some recommendations which the Working Group considers will help improve the transport provision and influence others to make improvements.

### **3.0 Method of the review**

3.1 The Working Group met on 30 July, 17 September and 12 December 2018 and 11 February and 4 April 2019. The Working Group discussed how the review of transport issues should be undertaken and the next stages for the review and considered that it was important to gather information at an early stage in the review process on transport issues and obtain written evidence from the relevant transport agencies and those connected with transport issues across Adur and Worthing. It was agreed that the issues which the Working Group were considering were very broad and it would, therefore, be necessary to review the information provided, consider if there were any gaps and any further information required and then consider if there was a need to interview representatives from the relevant agencies at a later stage.

3.2 Information to assist the review was received in written form from the following:-

- Francesca Iliffe, Strategic Sustainability Manager, Adur & Worthing Councils - Summary of the transport related policy and activity in Adur and Worthing;
- Adur & Worthing Councils Planning Policy Team - A briefing paper which summarised the Planning Policy transport issues;
- Darryl Hemmings, Transport Planning & Policy Manager, West Sussex County Council - A briefing paper which provided a summary of the West Sussex County Council background to transport strategy and planning in Adur and Worthing and also information on the Safer Routes to Schools Programme;
- Miles Davy of West Sussex County Council submitted a briefing paper on road space audits;
- Jason Passfield, Parking Services Manager, Adur & Worthing Councils provided information on the Worthing Road space audit and sustainable transport package and other information relating to road space audits;
- Councillor Dan Humphreys, Adur & Worthing Walking and Cycling Group - Information on the work of the Group
- Nadeem Shad, Team Leader, Environmental Protection, Adur & Worthing Councils - Information on air pollution and traffic controls in place adjacent to rail crossings;
- Joanne Clarke, Communities and third sector Lead, Adur & Worthing Councils - Information on community transport provision in Adur and Worthing.
- Barbara O'Kelly and Geoff Hodgson of Adur Residents Action Group (AREA) - Written information on traffic counts and other areas of concern affecting traffic flow in the areas. An oral evidence gathering meeting was also held with the AREA representatives.

Local Rail and Bus companies were also consulted for views but did not respond.

#### **4.0 Findings and Proposals**

**4.1** The evidence submitted has provided the Working Group with a good analysis of the transport strategy activities which are being delivered in Adur and Worthing and also across wider West Sussex. The evidence highlights that there is a great deal of work ongoing and a significant amount of work on transport issues is linked in with the commitments contained in the Strategic vision of the Adur & Worthing Councils - 'Platforms for our Places' and this also includes work ongoing by West Sussex County Council which all are

aimed at assisting in the effective delivery of transport infrastructure in Adur and Worthing. A summary of this information is set out below:-

## **(a) Platform 1 Our Financial Economies**

### **Commitment 1.5 Investment in and delivery of Major Projects and key infrastructure**

#### **Activity 1.5.11 Worthing Town Centre Parking Strategy**

A Car Parking Strategy has been adopted for Worthing which will see significant improvements at the multi-storey facilities and potentially, two new car parks. The aim of the Council's Parking Strategy is to provide a sufficient number of suitably located and managed car parking spaces to sustain the long term economic, social and environmental well-being of Worthing. Ensuring there is enough parking provision in appropriate locations is critical to the success of the town centre and quality of life in Worthing. Without adequate off-street car parking provision, there is concern that displacement to on-street parking could create congestion and pressure on business and that a lack of suitable provision could damage the local economy.

The recently completed Worthing Town Centre Parking Study: Assessment of capacity and future demand to the year 2033 identified a number of issues with the potential reduction in public car parking across the town and conflict with regeneration objectives for major sites within the town and the ability to maintain current levels of public car parking. This study, and other supporting pieces of work, has identified a number of opportunities where additional parking capacity could be accommodated.

At its meeting in November 2018, the Council's Joint Strategic Committee had agreed a strategy <https://www.adur-worthing.gov.uk/media/media.151281.en.pdf> for parking to help Worthing Borough Council (WBC) to drive forward development and sustain a suitable supply of public car parking. This will include the temporary arrangements whilst work progresses on development sites around the town and the long term, permanent solutions.

When considering options for additional parking capacity it will be important to review the highway capacity (in conjunction with the Road Space Audit, led by WSCC) and pedestrian links to and from the car parks to ensure the extra parking capacity can be used without compromising traffic flow and pedestrian movement. The locations also need to be convenient and attractive for access to the town centre. The study should identify any need for additional improvement / mitigation work.

### **(b) Commitment 1.7 Enable delivery of a series of Locality Projects**

**which are vital to the wellbeing of our communities and strengthen our financial economy.**

#### **Activity 1.7.1 Seafront Investment Plan (Worthing) Explore investment options**

**to deliver against the Seafront Investment Plan (e.g. economic potential of promenade developments)**

The [Seafront Investment Plan](#) produced 2018 aims to set out a clear and comprehensive plan and delivery strategy for revitalising and renewing the town's seafront. The SIP complements the recently published Worthing Investment Prospectus and builds upon previous studies undertaken by the Council, including the 2007 Worthing Seafront Strategy. The plan includes focus on: improved public realm including enhancing pedestrian comfort levels and reducing vehicular dominance of seafront through extended footways, new crossings, traffic reconfiguration around Steyne Gardens, a new promenade with enhanced street furniture, and new lighting. It aims to activate existing assets through a new promenade with high quality paving, enhanced street furniture and upgraded lighting, and reconfiguring Montague Place to provide activation in a key link to the seafront. A successful tender process has now seen a preferred operator identified for a 'big wheel' to be located on Worthing Seafront.

**Activity 1.7.3 Worthing Public Realm. Work with WSCC to secure investment to design and deliver a phased approach to improve public realm at identified priority locations in Worthing Town Centre.**

Includes transport infrastructure improvements. The [Worthing Public Realm Improvements Package](#) identifies a series of public realm improvements to Worthing town centre over the next 5 to 10 years that will “support town centre regeneration and deliver growth”. Working in direct partnership with [West Sussex County Council \(the Adur & Worthing Growth Programme\)](#), information and updates include: [Worthing Public Realm Options Appraisal Study](#). An officer level Placeshaping group was initiated spring 2018 to provide overview and steer for key workstrands affecting the town centres. Detailed design work was undertaken on two schemes as part of a wider programme of public realm improvements. Schemes for Portland Road and South Street will be taken forward for consultation and delivery.

**Commitment 1.8 Creating places that businesses wish to invest in and sustain**

**Activity 1.8.2 Develop a Town centre and Seafront Plan (Worthing) as part of Coastal Community Team status, to enable delivery of a coordinated approach to regeneration, visitor economy and place marketing.**

A strategy is being developed to coordinate the approach to improving Worthing Town centre. It will include the development premium and social benefits to delivery of high quality well-designed public realm. The Strategy was completed in autumn 2018.

**Business Regulation: Taxi Licensing**

As at September 2018 there were 424 Vehicles licensed across Adur and Worthing  
Adur - Hackney - 62

Worthing - Hackney - 72  
Adur - Private Hire - 90  
Worthing - Private Hire - 200

Of those 26 are Wheelchair Accessible Vehicles

Adur - Hackney - 6  
Worthing - Hackney - 16  
Adur - Private Hire - 0  
Worthing - Private Hire - 4

It was noted that Adur District Council had recently amended its Hackney Cab Licensing Handbook to increase the number of Wheel Chair Accessible Vehicles.

### **Platform 3 Stewarding our Natural Resources**

#### **Commitment 3.2 To promote sustainable travel and tackle air quality.**

**Activity 3.2.1 Develop an Adur & Worthing Staff Travel Plan, promoting active travel, cycling, walking, public transport and car sharing. Support staff to adopt these forms of transport for commuting and business travel, and share our learning with other local organisations.**

The Transport charity Sustrans were appointed to support the councils' developing the Staff Travel Action Plan (TAP). The aim of the TAP is to increase staff health and wellbeing; create behaviour change and modal shift to more sustainable forms of travel; reduce congestion and environmental impacts of emissions on air quality and global warming; create behaviour change and modal shift to more sustainable forms of travel. The Councils have now developed a Staff Travel Action Plan. There was a launch in March 2019 of "EASIT Adur & Worthing" offering discounted travel and transport to staff of the Councils and Adur and Worthing businesses and other public employers.

**Activity 3.2.2 help deliver West Sussex Air Quality Action Plan (June 2018) by promoting active travel, cleaner fuels, cleaner fleets (in house and taxi), and the use of electric/hybrid vehicles.**

Road transport is the largest contributor to emissions associated with poor air quality. The Councils have a legal duty to review and assess air quality in their areas, and to determine whether or not national air quality objectives (limits) are likely to be met. Where an exceedance exists or is considered likely, the local authority must declare an Air Quality Management Area (AQMA) and prepare an Air Quality Action Plan (AQAP), setting out measures and actions in order to meet the objectives.

There are three AQMA's in Adur & Worthing: Worthing AQMA - centered around Grove Lodge (A27/A24) and including Lyons Farm; Adur AQMA (1) - High Street, Shoreham-by-Sea; Adur AQMA (2) - Old Shoreham Road, Southwick, in the vicinity of Kingston Lane. The Worthing AQMA is currently in the process of being re-designated, subject to Executive Member approval and public consultation, to include exceedance of the 1 hour mean objective for Nitrogen Dioxide (NO2).



The AQMA in Southwick has been recommended for revocation as levels of nitrogen dioxide have been consistently lower than the objectives (although levels rose slightly last year).

Air Quality status reports are produced annually.

AWC is an active member of [Sussex Air](#), a regional partnership whose objective is to drive improvements in air quality (and carbon reduction) collaboratively, for the benefit of the regions' citizens and the environment. The Councils are also an active partner in the County wide 'Breathing Better' air quality strategy and action plan, and delivered projects to support this strategy, including securing 100% external finance for Adur and Worthing's first rapid electric vehicle chargepoint.

The following activity is being delivered:

- Increased use of the Sussex Air Quality Emissions Mitigation Planning Guidance within the planning process, ensuring major developments complete an emissions mitigation assessment in order to provide meaningful air quality mitigation schemes.
- AWC have been successful in negotiating sums of money via planning agreements to help fund air quality improvements. Officers also consulted with planning colleagues at District and County level to ensure air quality was highlighted during pre-application discussions with developers, the aim being to ensure developers design appropriate mitigation into schemes from the outset.
- Supported delivery of new electric vehicle chargepoints in Adur & Worthing (see below)
- A successful 2017 Defra air quality grant bid for a campaign delivered through Sussex-air to target primary schools and businesses in or close to the AQMA's, with the aim of reducing idling, increasing walking and cycling rates and reducing local emissions from fixed and mobile plant (from businesses).
- West Sussex County Council (WSCC) continue their "Walk To School" programme led by Living Streets, working with a number of schools in Adur & Worthing.
- WSCC Public Health actively support the promotion of the Sussex 'Air Alert' scheme.
- AWC worked with Defra's appointed agents to facilitate the addition of PM2.5 monitoring equipment to the Worthing Grove Lodge AURN monitoring site.

Background documents:

- [Air Quality documents/AWC website](#) Air Quality Management Area Action Plans
- [2018 Adur Annual Air Quality Status Report](#)
- [2018 Worthing Annual Air Quality Status Report](#)

Adur and Worthing Councils also carried out an automated traffic count in Shoreham High Street in July 2018 to aid their air quality source apportionment study. A summary of this study revealed as follows:-

- *Traffic flows* – the weekday mean average 24-hour flow was measured as 16,500 based on 2-way flows. During the month of June, historical data between 2010 and 2015 for the previous traffic counter at Adur Ferry Bridge has recorded varying flows

of between 16,500 and 18,000 vehicles. Flows are generally higher in the eastbound direction during the am peak, and in the westbound direction in the pm peak.

*Vehicle speeds* – the mean average recorded vehicle speed was 17mph across 7-days in the eastbound direction, and 16.2mph across 7-days in the westbound direction, with traffic speeds generally higher during off-peak periods when traffic volumes are lower. 1.4% of vehicles across 7-days were recorded exceeding 30mph.

*Vehicle class* – Across 7-days 91.7% of vehicles were recorded in the category 'Car/Light Goods Vehicle/Caravan', 7.7% of vehicles were recorded in the category 'Bus and Other Goods Vehicle 1' (vehicles greater than 3.5 tonnes up to 3-axle rigid lorry including tractors with trailers) and 0.6% of vehicles were recorded in the category 'Other Goods Vehicle 2' (4 or more axle rigid lorries or larger artic/trailer lorries).

These figures equated to 17.4mph eastbound and 18.4mph westbound between 8 - 9am and 15.7mph eastbound and 11.1 westbound between 5 - 6pm. The average speed between these two rush hour periods is even lower - 14.3 mph Eastbound and 12.3mph Westbound at 1pm.

As part of the review, the Working Group received information from Nadeem Shad of the Environmental Protection Team in Public Health & Regulation at Adur & Worthing Councils, on anti idling issues near level crossings and the anti-idling campaign being run through Sussex-air for schools. The campaign did not involve level crossings. Living Streets and Sustrans were running sessions in 25 primary schools in or close to Air Quality Management Areas across Sussex alongside NO<sub>2</sub> diffusion tubes and black carbon sampling to monitor air quality before and during the interventions. Some of the targeted schools are in Adur & Worthing.

The Working Group was advised that monitoring at level crossings had shown that there were no breaches of air quality objectives at these locations, however there was still the exposure to pedestrians and drivers that could not be ignored. There were some anti idling signs at the levels crossings erected by WSCC. Officers were exploring the possibility of obtaining new signs for these locations and additional signs for all sites to be placed further back from the crossings. However WSCC have been reluctant to erect them where there is no demonstrable air quality objective breaches. They are also concerned about street clutter. It was possible to apply for funding through Sussex-air, but WSCC permission was required to erect them. It is understood that permission has been granted and we are awaiting further information on when these signs will be erected.

Anecdotal evidence suggests some drivers ignore these signs. Officers were looking for additional signage to be installed further back from the crossings to see if this would attract some drivers attention and force a change, as the existing signs at most of the crossings were right up by the barriers, so only those at the head of the queue would see them.

As part of the review, the Working Group also spoke with Barbara O'Keefe and Geoff Hodgson from the Adur Residents Environment Action Group who addressed the Working Group with information on traffic counts and other areas of concern affecting traffic flows in the area. Adur and Worthing Councils have also carried out an automated traffic count in Shoreham High Street in July 2018 to aid their air quality source apportionment study.

AREA circulated a list of issues to be reviewed by the Working Group.

Barbara O'Kelly and Geoff Hodgson from AREA addressed the Working Group and highlighted a number of the issues raised in the written submission. In particular:-

Reference was made to 'rat runs' in the Shoreham Area and West Street traffic counts were circulated.

The traffic build up in Shoreham was discussed and it was suggested that road users should stop using West Street as a 'rat run'.

It was suggested that road users should be encouraged to switch off their engines when stopped in traffic. There was concern about the general increase in traffic and the increase in HGV's travelling in the area and it was suggested that restrictions on the movement of these vehicles should be applied.

With regard to the amount of vans using the area it was suggested that there should be dedicated delivery time periods to dilute the flows of traffic.

It was suggested that car parks that were closed at weekends could be reopened at weekends to help take the traffic off the streets.

### **Activity 3.2.3 Improve cycling and walking infrastructure across Adur and Worthing, and connectivity with neighbouring areas.**

Adur & Worthing Councils are developing a Local Cycling and Walking Infrastructure Delivery Plan (LCWIP) for Adur and Worthing. Work was initiated in 2017 and expected to conclude by Spring 2020. A partnership of West Sussex Local Authorities has secured 60 days of consultancy time, funded by the Department for Transport, to develop LCWIPs. The consultancy advice and training is being provided by WSP with support from Cycling UK, Living Streets, and Sustrans. It is envisaged that the development of the A&W LCWIP will:

- Help deliver the aspirations of the government's Cycling and Walking Investment Plan (CWIS).
- Contribute to local improvements in health, wellbeing, air quality, road safety, traffic congestion and the economy.
- Support funding bids to bodies such as the Local Enterprise Partnership, the Department for Transport, and the Department for Environment, Food and Rural Affairs.

- Support requests for CIL funding to deliver schemes (WBC only).
- Provide opportunities for officers to 'skill-up' and increase their knowledge base with regard to walking and cycling scheme delivery.
- Provide opportunities for closer collaborative working and better co-ordination.
- Provide opportunities to share knowledge and best practice with other LCWIP authorities across England.

Work is supported by the countywide partnership: *West Sussex Local Cycling and Walking Infrastructure Plan Partners Group* and at an Adur and Worthing level by the *Adur and Worthing Walking and Cycling Action Group*.

The *West Sussex Local Cycling and Walking Infrastructure Plan Partners Group* meets bi-monthly chaired by WSCC and includes: Adur & Worthing Council; Chichester District Council; Crawley Borough Council; Horsham District Council; South Downs National Park Authority; and West Sussex County Council.

- By the end of 2019 draft LCWIPs for each of the county's main towns will be available, with the aim of adoption by the relevant district/borough council by spring 2020. The relevant district/borough council will be responsible for producing these documents.
- In addition, the South Downs National Park Authority (SDNPA) and West Sussex County Council (WSCC) will use the process to inform and refine their existing walking and cycling strategies. SDNPA will focus on routes in to the National Park and WSCC will focus on routes that connect communities.
- Each LCWIP will identify and prioritise the routes where investment should be targeted in order to increase levels of walking and cycling most effectively. The documents will support the case for future delivery of the identified schemes.

*Adur and Worthing Walking and Cycling Group* meets bimonthly chaired by Cllr Dan Humphreys, to oversee cycling and walking provision in Adur & Worthing and development of the LCWIP. The group comprises officers and local experts from the Cycling Forum, Sustrans, Shoreham Cycling Forum, Worthing Cycle Forum, Walking Groups, Business Reps etc.

The Working Group also received a written statement on the work of the Group from Councillor Dan Humphreys which advised that the Cycling & Walking Group has been established to be a central place where relevant policy, interventions and projects can be raised. Current activities included establishing a Cycling & Walking Plan for Worthing and Adur, acting as a consultee for route programming (through and with WSCC) and increasing the awareness of relevant projects across the place.

To date, the group has been focused on establishing the governance and the creation of the Plan. The group is now established, however the Plan is due for completion by Summer 2019. The Group will act as an effective consultee and help deliver specific projects. The Group will also be involved in WSCC's refresh of their Local Cycling & Walking Infrastructure Plan). Following this, it is envisaged that the group will become instrumental in identifying, and drawing investment, for key routes,

whilst also working with partners to deliver priority projects (for example, better cycling signage).

The group also interlinks with the Sustainable Transport Infrastructure Planning (led by WSCC), whilst also keeping abreast of other work strands that may effect cycling and walking - e.g. Road Space Audit and Public Realm Improvements."

Rental bikes: The Donkey Bikes scheme was launched on Worthing promenade in June 2017 by [Discover Worthing](#), Worthing Borough Council's tourism arm, working with operator Cycle Brighton and Danish company Donkey Republic. The Worthing scheme currently comprises of 26 bikes at five pick up points - the Lido, Pavilion Theatre, top of Steyne Gardens, Windsor Road Shelter, and recently installed West Worthing Seafront (near Premier Inn). The scheme is mainly aimed at visitors. Usage of this scheme is steadily increasing. Officers are considering extending this scheme with further pick up locations. Officers are also considering how a more comprehensive cycle rental scheme could be introduced across Adur & Worthing catering to residents and employees of A&W as well as visitors. This will include a review of the extension of the Brighton & Hove City scheme.

#### **Activity 3.2.4 Transition to cleaner fuels for council fleet and vehicle rentals e.g. hybrid/electric vehicles.**

Adur & Worthing Councils has had a contract with Enterprise to provide pool cars for business travel service since 2013. The Pool Car service aims to reduce business mileage; reduce the need for staff to bring their own vehicles to work; and reduce the Council's carbon footprint. The pool cars available to staff include a hybrid (electric/petrol) and diesel cars.

The feasibility of using an electric vehicle as part of the council's own fleet is being investigated where there is a suitable usage pattern.

Council owned fleet: The council owns 151 vehicles. As vans and trucks are renewed they will be subject to the latest emissions standards, Euro 6, so are becoming cleaner and more fuel efficient. The council's are investigating where electric vehicles could be suitable as replacement for smaller vehicles. As the technology evolves, replacements for larger vehicles will also be explored.

The biggest obstacles in procuring alternative powered vehicles are:-

- Cost - with vehicles such as sweepers these can be over three times more expensive compared with the diesel powered equivalent.
- Availability - while some small vans are now available and real world tested, most of the larger vehicles are at the present in the testing stage and will not go into full production until late 2019 at the earliest.

#### **Activity 3.2.5 Promote and deliver electric vehicles charging working with partners and businesses to leverage government and other funding.**

On [9 November 2017](#) The Joint Adur and Worthing Executive Members for Environment approved and agreed:-

- the upgrade and replacement of the existing charging posts and approved the installation of new Electric Vehicle (EV) charging posts on Council owned land;

- the development of a long term Worthing/Adur Electric Vehicle Charging Strategy for the area and endorsed the inclusion of EV charging posts and associated infrastructure (to support the addition of future charge points) at all new developments, to ensure opportunities are maximised at point of build and retrofit is not required at a later date; and
- for the Council to actively seek strategic partners for the EV infrastructure strategy, to include landowners and developers.

This work has resulted in the provision of replacement public charge points at the High Street and Brooklands car parks and provision of the first public charge points in Adur in the Council's car park at Pond Road Shoreham. More recently, the Council's have been successful in being awarded 100% funding for Adur & Worthing's first rapid charge point. Installation of a rapid chargepoint at Impulse Leisure car park is underway. The funding was contingent on finding a site in close proximity to the A27. Officers will continue to seek and secure funding for EV charging infrastructure for A&W.

AWC is a member of a Sussex wide Local Authority EV Partnership. This is a network for sharing best practice, funding opportunities, and to maximise opportunities to improve charging infrastructure across West and East Sussex.

West Sussex are developing an EV Strategy whose draft publication is expected soon. EV infrastructure cannot be installed on public highways in Adur & Worthing until WSCC have defined their approach and provided relevant permissions and support. Further work has been delivered under the *Draft Adur & Worthing Electric Vehicle Infrastructure Strategy 2018* but the document has not been finalised and published on the council website..

WSCC have recently consulted the District and Borough councils on their Draft Parking Standards for Planning. This includes a requirement for new development to install EV charging infrastructure. Adur & Worthing response encouraged higher levels of ambition for minimum requirements for EV infrastructure.

Preparation of a new Local Plan for Worthing progressed following the completion of the 'issues and options' stage in 2016 and a further round of public consultation was undertaken at the end of 2018. The draft Worthing Local Plan includes Policy CP24 which sets out EV charging requirements. The representations on the draft Worthing Local Plan are currently being reviewed and further evidence will be gathered to ensure that the emergent Plan is sound.

Policy 28 of the adopted Adur Local Plan 2017 supports the provision of electric vehicle charging points in association with new development, where practical.

## **Platform 2 Our Social Economies**

### **Community Transport Strategy**

On [5 June 2018](#) a paper was taken to JSC on *Connecting Community Transport in Adur and Worthing*. The Councils have supported Community Transport, both in kind and financially, for over ten years. Whilst there are a range of providers delivering Community Transport, Dial a Ride Southern Services had been the main recipient of these funds. The report updated Elected Members on the progression of an Officer-led 'Community Transport Review' in Adur and Worthing; The aims of which are 1) to map the current provision 2) connect the current providers 3) raise awareness of the local community transport offer and 4) encourage and support different use of assets (e.g. minibuses, volunteers). The report identifies that the challenge locally, is that there isn't adequate provision of wheelchair accessible taxis. The report gave an overview of the project to date, and proposed a different funding model for the Community Transport budget from 1st October 2018 onwards. The grants were awarded to Community Transport Sussex for the remainder of 2018/19. Community Transport Sussex are a charity who provide an infrastructure role, similar to Community Works, and have already supported a number of local organisations - with Dial a Ride Southern Services as a priority. They also have plans to better use assets - for example, electric cars in Adur. The grants will continue and re-open in the new financial year.

## **Platform 5 Leadership of our Places**

### **Transforming Cities (TC) Bid (Greater Brighton Economic Plan).**

TC Funding is available from the Dept of Transport. Brighton & Hove City Council led a response to the call for proposals for the Greater Brighton area, with the bid area covering Adur, Worthing, Brighton & Hove and the Newhaven area (Newhaven, Seaford, Peacehaven) and focusing on the need for improvements to key intra-city commuter corridors.

### **Adur & Worthing Planning Documents relating to transport**

- [Adur Local Plan](#) 2017: Policy 28 Transport and Connectivity, also within the Development Area policies, but are included across the Plan.
- [Adur Local Plan and Shoreham Harbour Transport Study](#) and [Addendum](#) 2014  
Considers the transport impacts of strategic residential and commercial site allocations within Adur and Brighton & Hove in 2028 to inform the preparation of the Adur District Council Local Plan and the Shoreham Harbour Joint Area Action Plan (JAAP). The purpose is to identify the highway impacts of the site allocations and to explore appropriate mitigation measures. The study is important because the Council needs to ensure that impacts of future population and employment growth do not adversely affect the transport network within and around the district. Four strategic development scenarios from the Draft Adur Local Plan were tested: New Monks Farm; Sompting Fringe; Sompting North; and Hasler.
- [Adur Local Plan - Transport Study - Second Addendum - Revised - Reissue](#) 2016:  
Supplements the above.
- Adur Infrastructure Delivery Plan: Identifies planned provision (including site-specific mitigation), lead organisations, funding, and key issues.

- 
- [Adur District Traffic Trends](#) - WSCC 2016
- [Shoreham Town Centre study](#) and [Appendices](#) WSCC 2014 (transport study)
- [Shoreham Harbour Joint Area Action Plan](#) 2018
- [Shoreham Harbour Transport Strategy](#) 2016
- [Lancing Regeneration Strategy, Lancing Vision](#) 2012
- [Worthing Infrastructure Delivery Plan September 2010](#) includes transport section, which identifies existing and planned provisions, lead organisations, funding source; and key issues. The Plan covers: Strategic Road Network; Local Road Network ; Rail Services; Bus Services; Community Transport; Walking & Cycling; Parking.
- [Transport Statement of Common Ground](#) revised 2010 . A framework to assess and define the content of transport policies in the Worthing Core Strategy. spaces to be provided as part of any new development you should refer to and use the County Council's guidance on car parking and associated car parking demand calculator.

#### **Other Adur & Worthing Background Documents and activity**

- [Public Health Strategy 2018-2021: 'Start Well, Live Well, Age Well'](#). The Health Strategy Delivery Plan 2019-20 includes a section on Active Travel. The aims are:
  - To increase use of active travel and sustainable transport
  - Walking and cycling to be the natural choice for shorter journeys or part of a longer journey
  - To improve health outcomes through Active Travel
  - To improve air quality and reduce greenhouse gas emissions
  - To reduce negative health, environmental, economic and social impacts of transport
- [Re-thinking Transport](#), Waves Ahead Conference November 2016 Worthing Assembly Hall. The theme of the event was local sustainable transport and delegates were asked to 're-think transport'. The conference set to explore what can be done together in the community to improve things at a very local level, and to achieve better social, economic and environmental sustainability in our transport networks. In particular, looking at cycling, walking and public transport as an alternative to the car and pushing what the barriers are to choosing alternative ways of travelling. We also discussed the future of local transport and where new opportunities and innovation may lie.

#### **West Sussex County Council & Regional documents and activity relating to transport**

- [WSCC Growth Plan Worthing Place Plan Draft](#) 2016, (transport infrastructure improvements)
- [WSCC Growth Plan: Adur Place Plan Draft 2016. \(transport infrastructure improvements\)](#)
- [WSCC Guidance for Parking provision in new Residential developments](#) 2010 (revised draft now under development)
- [West Sussex Air Quality Strategy: Breathing Better 2](#)



- WSCC Electric Vehicle Strategy expected late 2018/early 2019
- [WSCC Walking & Cycling Strategy 2016-26](#) contains a prioritised list of over 300 potential walking and cycling improvements suggested by a range of stakeholders and partner organisations
- [WSCC Local Transport Plan 2011-2026](#) contains issues and aims for Adur and Worthing covering a wide range of transport issues across all modes of Transport
- [Local Transport Investment Programme \(LTIP\)](#). Sustainable Transport Packages are currently being developed by WSCC for Worthing and Shoreham by WSCC.
- **WSCC Road Space Audit (RSA)**. WSCC is currently undertaking an RSA for Worthing and are expected to undertake an RSA for Shoreham. RSAs seek to provide essential technical data that identifies and assesses the current demands upon the road network and parking stock (i.e. how it is currently being used), whether these demands are actually being met as well as residents and users views. RSAs identify potential future demands/pressures and may make recommendations for improvement. RSAs may also assess what measures and resources might be required in order to meet these challenges, adjust supply and ultimately optimise the efficiency of the road network and parking stock.

As part of the review the Working Group also received information on the current Adur and Worthing Local Plan status and the transport policies included in the Local Plans. Detailed information on these are set out at Appendix 1 to this report.

Information was also provided to the Working Group from West Sussex County Council in addition to those documents referred to above. This included information on the policy framework, information on national and regional transport strategies, Local Transport Plans, the Strategic Transport Investment Programme, Local Transport Investment Programme and Community Highway Schemes.

## 5. National and Regional Transport Strategies

- 5.1 At the national level, national Policy Statements (e.g. National Networks) set out the need and government policies for nationally significant projects (e.g. A27). There is a National Planning Policy Framework.
- 5.2 Transport investment priorities are identified in transport strategies and plans. National and regional transport strategies include Roads Investment Strategy 2015-2020 (RIS1) which sets out Government's priorities for investment in the motorway and trunk road network for delivery by Highways England. The Roads Investment Strategy 2020-25 (RIS2) is expected to be published in 2019.
- 5.3 Rail Area Route Studies - West Sussex was covered by the South East Route: Sussex Area Route Study which set out the strategic vision for the future of the rail network and priorities for investment for delivery by Network Rail in Control Periods.
- 5.4 The Transport Strategy for the South East is currently being prepared and will

be multi-modal and set priorities for the south east up to 2050. The Economic Connectivity Review was published in summer 2018 and consultation on the draft Transport Strategy will take place with local stakeholders including LPAs.

## **6. West Sussex Transport Plan**

- 6.1 The West Sussex Transport Plan 2011-26 is currently under review and arrangements for funding and decision-making have changed since adoption. Part 1 includes four thematic strategies (economic growth, climate change, access to services, safety & health) and sets out an approach to each mode of transport. Part 2 was an implementation plan including issues and aims for each District & Borough.
- 6.2 The Adur and Worthing focus was on increasing the use of sustainable modes of transport, improving network efficiency to reduce emissions and delays, improving safety, reducing the impact of HGVs and reducing the need to travel.
- 6.3 The West Sussex Transport Plan is supported by thematic strategies and plans such as the Cycling & Walking Strategy 2016 and Bus Strategy (in preparation), Local Cycling and Walking Infrastructure Plans (LCWIPs) (in preparation) and Road Space Audits.
- 6.4 The Worthing Core Strategy 2011 & Adur Local Plan 2018 includes planning policies including for transport, allocated sites for development and identifying infrastructure required.
- 6.5 An Infrastructure Delivery Plan prepared by Local Planning Authorities includes the mitigation measures and identifies responsibilities for delivery and funding Arrangements.

## **7. West Sussex County Council Strategic Transport Investment Programme**

- 7.1 Established by the County Council in 2013 and includes major strategic transport schemes and packages (£1m+). Schemes have been mainly identified through work with Local Planning Authorities to support the delivery of new development identified in Local Plans.
- 7.2 'Top-down' improvements that deliver West Sussex Transport Plan and other Corporate Objectives which are prioritised using a methodology linked to DfT guidance.
- 7.3 This provides a pipeline of priorities for feasibility studies - Shoreham Area Sustainable Transport Package (covers Adur) Feasibility Study currently underway as part of the STIP.
- 7.4 The Worthing Area Sustainable Transport Package Feasibility Study is at the

evidence gathering stage as part of the Sustainable Transport Investment Plans (STIP).

## **8. West Sussex County Council Local Transport Investment Programme**

- 8.1 Established by the County Council in 2017. Includes minor transport schemes (less than £1m). Top-down' improvements that deliver West Sussex Transport Plan and other corporate objectives. Workstreams include cycling and walking, public rights of way, passenger transport, safer routes to school/school safety zones, local highway network/junctions, parking schemes, school keep clear areas.
- 8.2 Technical assessment using prioritisation methodology. Schemes with technical merit and supported by community, but not 'essential' are considered under community highway schemes.

A259/A283 Norfolk Bridge junction currently being considered for inclusion in LTIP.

## **9. Community Highway Schemes**

- 9.1 Established by the County Council in 2016. These involve 'Bottom-up' improvements suggested and supported by a local community. Member support is required and is by application process with Area Team advice. This involves an initial assessment using prioritisation methodology.
- 9.2 A prioritisation/moderation process takes place and then selection for an Annual Delivery Programme.

## **10. Road Space Audits**

- 10.1 Information was also provided on Road Space Audits which are progressive approaches to parking management and the outcome from a road space audit is to inform the production of a strategic blueprint for a particular place that defines how parking can be integrated so that the road network is used and managed in the most efficient way possible. Road Space Audits seek to provide essential technical data that identifies and assesses the current demands upon the road network and parking stock (i.e. how it is currently being used), whether these demands are actually being met as well as residents and users views. Road Space Audits identify potential future demands/pressures and may make recommendations for improvement. RSAs may also assess what measures and resources might be required in order to meet these Challenges, adjust supply and ultimately optimise the efficiency of the road network and parking stock. The Working Group was advised that a road Space Audit was to be undertaken in the Adur District.

## **11. Safer Routes to schools Programme**

11.1 The Working Group was informed by West Sussex County Council of a number of safer routes to schools routes which were not programmed for delivery but would be considered annually when the County Council's Local Transport Investment Programme was reviewed

- Shoreham Academy – proposed shared use cycle path
- The Globe School (Lancing) – Proposed controlled crossing
- Downsbrook School (Worthing) – Proposed controlled crossing
- The Glebe School (Southwick) – School Safety Zone
- Bohunt School (Worthing) – SRTS Improvement (not detail at this stage)
- Shoreham College – School Safety Zone
- Palatine School (Worthing) – School Safety Zone

11.2 As part of the Local Transport Investment Programme a scheme is included for 'School Keep Clear' works in the Adur area in 2019/20. The current schools in the list to be investigated are below but these are all subject to consultation on Traffic Regulation Orders.

- Buckingham Park Primary
- Eastbrook Primary
- Glebe Primary
- Heron Dale Primary and Holmbush Primary
- Shoreham 2nd Academy
- North Lancing Primary
- Seaside Primary
- Shoreham Beach Primary
- Sompting Village Primary
- St Nicholas and St Marys Primary
- St Peters catholic Primary
- Swiss gardens
- Shoreham College
- The globe primary
- Sir Robert Woodard Academy

11.3 Decisions about priorities for the Local Transport Investment Programme are made following a technical assessment using an approved prioritisation methodology that includes consideration of scheme feasibility, economic benefits, road safety benefits, traffic impacts, operation of the highway, stakeholder support, environmental impacts, availability of funding and policy support.

## **12.0 Conclusions**

12.1 The Working Group would like to thank all those involved in this review that has enabled it to draw together its findings and develop its recommendations.

- 12.2 The Working Group has undertaken this scrutiny review and formulated conclusions. The evidence submitted to the Working Group as part of this review has highlighted the significant amount of work and initiatives being undertaken to coordinate transport infrastructure and activities across Adur and Worthing. The Working Group welcomes this work to coordinate transport activity across Adur and Worthing especially considering that the Councils have very few statutory powers in this regard and can only deliver them in partnership with others. In particular, the Working Group noted that whilst both Councils are responsible for managing AQMAs and reducing the pollution within these areas, they have very little powers to do so as the roads are managed by the relevant highways authority over which the Councils have no statutory power. This is evidenced by the role of WSCC and Highways England in providing advice to the Planning Committees and the Working Group had no powers to enforce a response from the bus and rail companies to this review who are key to providing sustainable transport.
- 12.3 In the light of information supplied to the Working Group and the discussions held, the Working Group, however, has identified some issues that it would like to submit to the Joint Strategic Committee and West Sussex County Council for consideration as it is recognised that these are some key points which need to be addressed as part of the overall transport strategy implementations to ensure that these proposals are taken forward.
- 12.4 The Working Group has identified a need for the Councils to ensure that regeneration and development initiatives align with the aims of the parking strategy in Worthing Town Centre, also it is considered that there is a need for community transport funding to continue to help provide community transport provision for those communities with limited or no access to contracted bus services. To help ease traffic congestion and possible future demand for parking spaces it is suggested that those private car parks that are left closed at weekends should be opened up for use. The Working Group is also concerned that access to electric vehicle charging is not going to be sufficient long term to meet demand so, therefore, the Working Group suggests that electric vehicle charging infrastructure should be installed in new developments as standard.
- 12.5 As part of the comprehensive review of the cycle rental scheme, the Working Group considers that the scheme which operates in the Brighton & Hove area should be considered as an alternative for the Adur District.
- 12.6 There is also a recommendation to the Licensing Committees that Taxi and Private Hire emissions policies should be included in the Taxi and Private Hire handbooks which will help reduce the overall pollution concerns across the communities.

- 12.7 Finally, the Working Group would also like to encourage WSCC to use more efficient vehicles for its fleet, to provide a sustainable transport approach for the Sir Robert Woodard Academy in Lancing and provide a safety scheme for the Thomas A Becket school in Worthing. In respect of the Sir Robert Woodard Academy, the Working Group considers that the key point is that the school's catchment area includes Shoreham and sustainable transport links are currently not very good. The school provides a bus from Shoreham, but other public transport and cycling routes are not very good. Shoreham Academy has a very high proportion of children that attend the school on bikes and it would be useful if that situation could be replicated at the Sir Robert Woodard Academy. Also, with the Thomas A Becket School in Worthing the school had presented a petition last year to Councillors requesting a number of road safety improvements to both Wiston Avenue and St Lawrence Avenue which are two major routes through Worthing that school children needed to cross to get to school. The petitioners are requesting a school safety scheme similar to that outside many other schools which would include flashing warning lights to alert motorists of the need to slow down and be aware of the school which is one of the largest in the County situated close to two busy through roads running from East to West through the town. The Working Group supports the request.
- The Working Group, therefore, proposes the following recommendations to cover these issues:-

### **13.0 Recommendations**

- 13.1 That the Working Group welcomes the ongoing work of the Councils to facilitate improvements in the areas in relation to transport infrastructure and provision as is demonstrated earlier in this report;**

**Reason** - To recognise that although the Councils have relatively few statutory duties in relation to transport strategy, they are undertaking some excellent initiatives to help impact the provision of transport infrastructure and transport policies across the areas.

- 13.2 That the Worthing Executive be urged to ensure that development and regeneration strategies should link together with the Worthing parking strategy;**

**Reason** - The Working Group considers that too many parking spaces are going to be lost in Worthing under the current parking strategy which will not link together with the Council's aims to encourage people to visit the areas and will not help maintain a vibrant local economy.

- 13.3 That the Joint Strategic Committee continue to ensure that community transport funding is sufficient to provide support for people who need the transport services and who cannot find these services elsewhere in areas where contracted services have been stopped;**

**Reason** - To help to continue the provision of community transport services for the Adur and Worthing communities who need support with transport

- 13.4 That in order to free up parking spaces that are not being used, owners of car parks that are not being used at weekends be encouraged by the Joint Strategic Committee/relevant Officers to offer them out for use by the community and this offer be facilitated perhaps through the overall planning process if possible.**

**Reason** - Although there is currently not the demand for more parking spaces the Working Group considers that this could be an option that is explored in the future if the need arises and would enable the provision of more parking spaces for the Adur and Worthing communities to help reduce parking and traffic congestion in the areas.

- 13.5 That the Joint Strategic Committee make representation to West Sussex County Council and other agencies to provide and accelerate provision of on street EV charge points and ensure that appropriate policies are adopted by Adur and Worthing Councils for EV charge points and their use, for Council owned land and car parks, and implemented to ensure that adequate infrastructure is in place to facilitate the expected increase in electric vehicles (EV) because there is more to ev charging than just providing points for the charging of the vehicles. This should include a requirement for new developments to install high levels of ev charging infrastructure and to allow installation of ev charging infrastructure on public highways.**

**Reason** - The installation of ev charging infrastructure on public highways is the responsibility of West Sussex County Council and this would ensure that the expected demand for electric vehicle charging is met with accessible improved charging infrastructure. It is suggested that the ambitious policies and enforcement are developed through the planning processes and Local development plan documents - in particular, Adur and Worthing Local Plans and the Shoreham Harbour JAAP and their Infrastructure Development Plans.

- 13.6 That it be noted that Adur District Council Licensing Committee is to review its emissions policy for Taxi and Private Hire vehicles and Worthing Borough Council is requested to add a Taxi and Private Hire emissions policy to the Taxi Handbook.**

**Reason** - To help reduce emissions of vehicles on the streets of Adur and Worthing.

- 13.7 That the Leaders of the Councils be urged to write again to the Highways Agency and the Department for Transport to express concern at the lack of progress in them addressing the Council's concerns about air pollution on the A27.**

**Reason** - The Working Group is concerned at the lack of progress being made despite the Councils previous representations.

- 13.8 That as part of the comprehensive review and introduction of a comprehensive cycle rental scheme that is being considered, the Joint Strategic Committee and officers should consider the scheme operated in Brighton and Hove as an alternative to cover the Adur District.**

**Reason** - The Working Group considers that there is a need for the cycle rental scheme to extend across to the Adur District as a modal shift for more saturated forms of transport.

- 13.9 That the review of the Adur Air Quality Action Plan be noted and when considering the review the Working Group would like its report to be considered for background reference.**

**Reason** - The Working Group considers that its report should be considered as background information for the review of the action Plan to add value to the review.

- 13.10 That the Joint Strategic Committee encourage West Sussex County Council to consider using the most efficient less polluting vehicles as possible for its school contract fleet.**

**Reason** - That less polluting vehicles are more efficient and are better for the environment.

- 13.11 That the Joint Strategic Committee encourage West Sussex County Council to provide regular updates to the Councils on the 'Safer Walk to Schools Programme' and in connection with this should also consider providing a sustainable transport approach for the Sir Robert Woodard Academy to Shoreham and introducing a safety scheme for the Thomas A Becket school.**

**Reason** - To keep the Councils informed of progress with the Safer Walk to Schools Programme, to encourage a more sustainable transport approach for the Sir Robert Woodard Academy which covers a large area and to enable the introduction of a safety scheme covering the Thomas A Becket School, Worthing which is one of the largest junior schools in the County which covers busy roads.

## **Local Government Act 1972**

### **Background Papers:**

None

### **Contact Officer:**

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ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 13

Key Decision: Yes

Ward: St Mary's

## **Delivering affordable homes and new workspace on the site of the former Adur Civic Centre**

### **Report by the Director for the Economy**

#### **Executive Summary**

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

The purpose of this report is to advise members of the Committee of the outcome of a successful marketing exercise for the site of the former Adur Civic Centre and to seek the Committee's approval for the sale of the land to a preferred bidder for the purpose of delivering new homes and employment space.

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

That members of the Committee:

2.1 Note the outcome of a marketing exercise to secure the redevelopment of the former site of the Adur Civic Centre.

2.2 Delegate authority to the Head of Major Projects & Investment, in consultation with Adur District Council's Executive Member for Resources, to enter into a contract for the sale of the former Adur Civic Centre site to Hyde Group (Hyde Housing Association Ltd.), subject to heads of terms to be agreed and receipt of a valuation report that confirms best consideration will be achieved by Adur District Council as a result of the sale.

### **3. Enabling Regeneration on Council owned land in Shoreham - progress to date**

- 3.1 Our 'Platform' commitments seek to make the best use of council owned land and buildings to deliver investment to support our local economy for the benefit of local communities.
- 3.2 The site of the former Adur Civic Centre is a highly visible 'gateway' site that signals arrival at Shoreham to those travelling from an easterly direction. To highlight the site's readiness for development, the former Civic Centre was demolished in 2017 using Local Growth Fund monies secured via the Coast to Capital Local Enterprise Partnership.
- 3.3 Phase 1 of this project was the redevelopment of the former Civic Centre car park to deliver state of the art office accommodation in response to high levels of demand. In a bold initiative, the Council decided to deliver the new office itself as a 'design and build' scheme, having secured a tenant in the form of local company, Focus Group.
- 3.4 Members of the Committee will be aware that the new office was delivered on-time and within budget on behalf of the Council by the construction company Willmott Dixon in April this year. Focus Group has announced a significant expansion of their workforce to coincide with occupancy of the new office and are now in the process of moving in to this striking, contemporary building.
- 3.5 Naturally enough, attention has turned toward redevelopment of the larger, main site which for the period of the office build, served as the construction and 'set up' site. From a financial perspective, a similar 'design and build' scheme on this scale would be beyond the Council's ability to deliver directly. Accordingly, earlier this year the Council appointed agents Knight Frank to proactively market the site using a national advertising campaign.
- 3.6 The marketing brief highlighted the opportunity to deliver the regeneration of this important site for the benefit of local communities. It was anticipated that a residential led scheme would deliver affordable accommodation alongside other activities that together, would contribute directly to the local economy. To underpin the Council's commitment, the marketing brief also outlined the opportunity to partner with the Council to help secure the best mix of activity on the site.

- 3.7 The marketing campaign was a significant success: thirteen bids were received with a variety of offers and forms of sale and varying levels of conditionality. The number of bids received reflected the proactive steps that the Council has taken to de-risk the site; and the similarly positive approach that has been taken to support nearby development at Free Wharf and as part of the wider Shoreham Harbour Regeneration Partnership.
- 3.8 A detailed description of the marketing of the property and selection of a preferred bidder, including a comprehensive analysis of all the bids was prepared by Knight Frank and submitted to officers prior to the completion of this report.

#### **4. Assessment of Bids and Proposed Offers**

- 4.1 An initial sift of the thirteen bids were initially considered based on financial and deliverability criteria. These included:
- Financial offer;
  - Funding strength;
  - Strength of covenant;
  - Track record of delivery;
  - Due Diligence;

This approach ensured that the assessment balanced the price offered with an ability to deliver the development at pace.

- 4.2 This process narrowed the proposals down to five shortlisted applicants which were then interviewed on their proposals with a view to assessing:
- the ability to deliver a high quality development that contributes to the regeneration of Shoreham;
  - capacity to build out the proposals at pace; and
  - to understand further their proposed offer in terms of proposed uses, mix, and tenure.
- 4.3 Of particular note was the ability of bidders to commit to a high quality design and to ensure that the resultant development maximises the opportunity to form strong connections with Shoreham town centre.

- 4.4 The bids were highly competitive and one bi-product of this exercise has been to identify a number of potentially new models and possible development partners that the Council would consider working with on other schemes as opportunities arise. Whilst not ultimately making it through to preferred bidder status, some of the learning here included consideration of an 'income stream' approach proposed by several bidders, whereby the Council would share some of the risk in return for a long term stake in the resultant development.
- 4.5 Of particular note has been the responsiveness of bidders to the aspiration of the council to deliver affordable accommodation and generate new employment opportunities. The marketing process also sought a bidder with a strong and unambiguous commitment to deliver in a timely manner and these commitments are reflected in the choice of recommended preferred bidder.

## **5. Recommended Preferred Bidder**

- 5.1 After careful consideration of the bids it is considered by Knight Frank and officers of the Council that the Hyde Group has made the best offer.
- 5.2 Knight Frank Marketing & Bid Evaluation Report concludes:

*Hyde Housing are looking to deliver a scheme of 171 apartments of which 100% are to be affordable, with associated ground floor commercial space. Their offer of £7,050,000 subject to planning is the strongest consideration achieved and comes without any associated risk of retaining, letting and potentially selling the commercial space. As well as this, Hyde's proposed delivery is not reliant on any third party developers or financiers. The documents provided in association with Hyde Group's bid were comprehensive along with their interview, in which they brought key individuals from the delivery team, providing reassurance as to their commitment to the project and the level of due-diligence completed to date.*

## **6. Financial Offer**

6.1 Hyde Group's offer of £7,050,000 for a conditional sale subject to successful receipt of planning permission, survey and vacant possession. 10% is to be paid on exchange, with the remainder paid on completion following grant of planning permission and expiry of the judicial review period.

## **7. Proposed Development**

7.1 Hyde Group's offer was supported by detailed feasibility work undertaken by architects and town planners familiar with the development and planning context in Shoreham. The proposed development comprises the following:

- 171 new homes (42% 1 bed; 49% 2 bed, 9% 3 bed);
- 85 parking spaces;
- 987 sqm of flexible commercial space which are intended to be used as flexible office space.

7.2 The proposed development includes a taller element on the corner of Brighton Road addressing Ham Road park and stepping down to the western boundary adjacent to the Duke of Wellington public house. The site is split into two buildings providing a pedestrian route through from Ham Road linking to the waterfront along the north-south sewer constraint. Vehicular access to the site is from the northern boundary from Harm Road with pedestrian only access from Brighton Road creating a large public realm space with secondary access to the eastern road frontage addressing the skare park. Commercial space at ground floor level activates the street level and the internal courtyard area. Both buildings assume positive roof spaces for shared residents deck & gardens with controlled views to avoid overlooking of residential neighbours.

## **8. Affordable housing**

8.1 Hyde Housing are one of eight housing associations to have agreed a Strategic Partnership with Homes England. Through this partnership Hyde Housing have received a grant of £95.4m to enable them to build 1,623 affordable homes by 2022.

8.2 The purpose of the Homes England Strategic Partnership is to deliver affordable home over and above what would be provided as a S106 requirement through the planning process. As such Hyde Housing's proposed approach is that the planning application for the development would strictly comply with the requirements of the Adur Local Plan 2017. Hyde Housing would then be enabled to use the grant funding received from the Strategic Partnership arrangement to deliver all of the homes on the site as affordable homes. Accordingly, while the planning application will specify a policy compliant approach, in reality their proposal is for 100% of the homes to be affordable. 40% of the homes are proposed for social rent, and 60% of the homes for shared ownership.

## **9 Flexible Workspace**

9.1 The marketing brief set out the Council's aspiration for a residential led scheme with a mix of uses that would include delivering employment opportunities. Potential ideas included a hotel; workspace and retail/commercial units to support the local economy.

9.2 The preferred bidder has sought to maximise the amount of commercial floorspace created across the ground floor to deliver flexible workspace as an integral and highly visible element of the scheme. This approach provides the potential for a range of employment opportunities and would support both start-ups and expanding small and medium sized enterprises (SMEs).

9.3 Just under 1000sqm of Gross Internal Area would deliver around 840sqm of Net Internal Area. Based on industry standards for occupancy, this would deliver more than 80 Full Time Equivalent (FTE) jobs.

9.4 It is important to note that several of the proposals did include a hotel which is encouraging for our local economy and remains an aspiration to support business and the visitor economy.



## **10. Proposed Timescales**

10.1 Hyde Group have committed to an exchange of contracts within three months of being determined as the successful bidder (Autumn 2019). The contract would allow a further twelve months for them to achieve a planning permission (Summer 2020). To meet the requirements of the Homes England Strategic Partnership time frames construction on site would have to be completed by 2022.

## **11. Financial and Deliverability Criteria**

11.1 In terms of financial and deliverability criteria set out in paragraph 4.1 above the offer was considered to The Hyde Group is a leading provider of affordable housing in London and the south-east of England. The Group are 'A' rated by Standard & Poors and have recently received an 'A+' rating from Fitch. The Hyde Group generated a surplus of £161million in the 12 months to 31/03/2018. Their business is supported by a balanced debt portfolio with few short term maturities. The Group has total funding facilities in place of approximately £2.04billion, and £1.6m of drawn facilities (net of cash) giving £440m of available liquidity. The combination of these offers factors demonstrate at very high covenant strength and very suitable funding strength. The Hyde Group are a known quantity with a strong track record of delivery in the local housing market including current development at Ropetackle North, and proposed development at Kingston Wharf.

## **12. Financial Implications**

12.1 The sale of the land will generate a substantial receipt. Depending on the timing of the sale, the council should benefit from approximately £160,000 additional revenue income in 2020/21.

12.2 Under the Council's capital strategy, 1/3rd of any new receipts are set aside for use on the capital flexibility freedoms. These freedoms enable the Council to use capital receipts to fund revenue expenditure provided that such expenditure will result in a saving. This is very useful as it builds financial capacity to fund savings initiatives without having to use the Council's scarce reserves.

12.3 The generation of a significant capital receipt will bring financial benefits to the Council as the receipt can be used to fund the capital programme, repay debt or be invested for the longer term.

	Expected return	Full Year £
Used to fund the capital programme or invested	4%	188,000
Set aside for capital flexibilities	1%	23,500
Total		211,500

### 13. Legal Implications

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

13.2 Section 1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.

13.3 Section 123 Local Government Act 1972 places an obligation on local authorities to dispose of land for best consideration, which need not be limited to the monetary purchase price, but may include other elements in the transaction, provided those have a quantifiable commercial or monetary value. The General Disposal Consent 2003 provides guidance to Local Authorities when exercising a power under s123.

13.4 The sale of the Civic Centre site, outside of a procurement process, is to avoid the creation of a Public Works Contract, defined under the Regulations as ‘the realisation by whatever means of a work corresponding to the requirements specified by the contracting authority exercising a decisive influence on the type or design of the work’ and must therefore be a simple land transaction; *Faraday v West Berkshire Council [2018] EWCA Civ 2532*.

13.5 The statutory guidance on the flexible use of capital receipts is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003.

### **Background Papers**

- Shoreham Harbour Joint Area Action Plan
- Adur District Local Plan 2017
- Joint Strategic Committee Report March 2018

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## Sustainability & Risk Assessment

### 1. Economic

The proposal to market the site for a mixed use scheme accords with the Adur and Worthing Economic Plan 2013 - 2023 where the Economic Priorities are named as Support Business, Develop Growth, Enhance Business Environment, Advance Local Skills, Encourage Sustainability and Promote Health and Wellbeing. The Economic Plan also states “It is vital that Adur and Worthing provides foundations for business to operate effectively” and promotes the following aims:

- Support Business
- Develop Growth
- Enhance Business Environment
- Advance Local Skills
- Encourage Sustainability
- Promote Health and Wellbeing

### 2. Social

**2.1 Social Value** Conditional disposal and redevelopment of the site with mixed use will enhance the town and help to support the economic prosperity of the District.

**2.2 Equality Issues** Matter considered and no issues identified.

**2.3 Community Safety Issues** Matter considered and no issues identified.

**2.4 Human Rights Issues** Matter considered and no issues identified.

### 3. Environmental

Marketing the site for a conditional disposal will bring forward development of the remaining, redundant brownfield site as identified as the strategy for Shoreham within Platforms for our Places.

### 4. Governance

An internal officer board consisting of representatives from key departments essential to successful delivery has met and reviewed the programme at key stages of the marketing exercise.



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 14

Key Decision: Yes

Ward(s) Affected: All

## **Worthing Theatres & Museum - The Future of Culture for Worthing**

### **Report by the Director for the Economy**

#### **Executive Summary**

#### **1. Purpose**

**1.1** The purpose of this report is to update Members on the procurement exercise for the provision of Cultural Services; to seek authority to make a direct award to the Council's in house team; and to update Members of the Committee on the successful contractual discussions that have taken place.

#### **2. Recommendations**

Joint Strategic Committee are recommended to:

**2.1** Resolve to make a direct award to the Council's in-house team, subject to the finalisation of the contract price, with a feature of that award being the setting up of a new charitable organisation to deliver the service and contract with the Council.

**2.2** Authorise the Director for Economy to enter into the contract on behalf of Worthing Borough Council.

**2.3** In accordance with the Joint Strategic committee's earlier decision in March; approve the use of £100k from the Capacity Issues Reserve to support the in-house team setting up a Trust.

### **3. Background and Context**

**3.1** At their meeting of July 10<sup>th</sup> 2018, members of the Joint Strategic Committee agreed to lease some or all of the town's cultural venues to an independent trust or similar body offering a single focus on fostering and developing the cultural offer of Worthing and helping it to flourish over the longer term.

**3.2** At the meeting of 5<sup>th</sup> March 2019, Members of the Joint Strategic Committee considered a report of the resultant procurement exercise and approved the award of the cultural services contract to the in house team; at the same time delegating responsibility to the Director for the Economy to approve and execute the contract.

**3.4** For the purposes of the tender process, the in house team set up a company to be the contracting vehicle called "Chalk and Clay. It was clear to all parties throughout that it was the in-house team who were bidding. The effect of establishing this company, which was a separate legal entity, was that the one and only bid received in the process was from an independent Company (Chalk & Clay) which had no 'track record' – certainly in comparison with the in-house team's very significant track record of delivery. The legal implication is that despite a legally compliant procurement exercise, no award could be made as a result of the procurement process, as the only bid received was from Chalk and Clay, and therefore technically, no suitable bids were received.

**3.4** Council officers are satisfied that the Council has tested the market properly and hence, in this report, recommends to Members of the Committee that a direct award is made under Regulation 32(2)(a) of the Public Contract Regulations 2015. The award would be to the in-house team with a feature of that award being that they establish an independent charitable organisation to contract with the Council and deliver the service.

#### **4. Update on contractual discussions**

**4.1** Following the decision in March, the Council have been proactively working with the in-house team to meet all financial, business and governance arrangements to support establishment of the trust. This included the production of a detailed timeline, actions matrix and key dependencies awareness.

**4.2** The work streams were broken down into key areas, with those having a priority, or significant, focus being formalised into working groups. These were finance, focusing on the business planning, and buildings, focusing on the boundaries and management responsibilities.

**4.3** The headline working groups, and independent support functions, will continue to be refined in order for the final contract to be awarded to the in-house team.

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

**5.1** As part of the contractual discussions, the in-house team is working toward a contract price that reflects the council's requirement that the service is financially sustainable and able to invest and improve facilities for the future to be met from overall budget set aside.

**5.2** As part of the recommissioning exercise, the Council has reviewed support costs in detail to identify where such costs can be reduced and over £160,000 of savings have been identified.

**5.3** The Trust anticipate set-up costs of £145,000 and in accordance with the March Joint Strategic Committee decisions have now requested a contribution of £100,000 towards this cost with the residual amount being funded from external grants and contributions.

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

**6.1** This report provides the opportunity for Joint Strategic Committee to take the decision to make a direct award to the in-house team.

**6.2** The report to the Joint Strategic Committee of 5th March 2019 informed Members that the one and only bid received was from the in-house

team. It further advised that a charitable organisation, to be known as 'Chalk and Clay' was to be established by the Council to deliver the service if the bid was successful. It had clearly been the intention of the in-house team to submit a bid but in actual fact they had already established a Company, known as Chalk and Clay, in December 2018. The bid received was from Chalk and Clay, an independent separate legal entity, rather than the in-house team.

Regulation 32(2)(a) of the Public Contract Regulations 2015 provides for a negotiated procedure, which allows the Council, having tested the market, to make a direct award without advertisement, on substantially the same terms that it went out to the market. It is proposed that the Council, in reliance of this provision, makes a direct award to its in-house team. It would be a feature of that award that the in-house team establishes a separate legal entity being a charitable organisation to deliver the service and contract with the Council.

The Council has taken independent legal advice from a Barrister who states:

*"The Council can lawfully proceed with the in-house team and its establishment of an Independent Trust, and do so, given Regulations 32(2)(a) of the Public Contract Regulations, by use of the negotiated procedure without advertisement".*

**6.3** Section 145 Local Government Act 1972 empowers a local authority to provide entertainment, arts and crafts, theatres, concerts and other similar activities, and to either provide them itself, or arrange for the provision by a third party and then contribute towards the expenses of the third party, or to do anything necessary or expedient for the delivery of entertainment or the arts.

**6.4** Section 12 Local Government Act 1964 relates to the local authority's powers in respect of museums and provides that they may do all such things as may be necessary or expedient for or in connection with the provision or maintenance of museums and further, may make contributions towards the expenses incurred by any person providing a museum or art gallery.

**6.5** Cultural Services is an Executive Function under the Local Authorities (Functions and Responsibilities)(England) Regulations and therefore the Joint Strategic Committee has the power to make arrangements for the delivery of the function. The Worthing Borough Council constitution provides power for the Executive to delegate any of its functions to another body in



accordance with contractual arrangements. Section 111 Local Government Act 1972 provides that the Local Authority has the power to do anything which is incidental to the discharge of their functions.

**6.6** Section 1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.

**6.7** Should the recommendations in this report be resolved by Members of the Joint Strategic Committee, the Transfer of Undertakings (Protection of Employment) Regulations 2006 will apply.

**6.8** Any modifications to the in-house business case must not be in conflict with the Council's original tender specification and budget so as to uphold the requirements for transparency and equal treatment required under the Public Contract Regulations 2015. These provisions apply to the use of the negotiated procedure and Direct Awards.

## **Background Papers**

- 10th July 2018 JSC meeting - [Worthing Theatres & Museum Strategic Future Options](#) (Agenda Item 17)
- 5th March 2019 JSC meeting - [The Future of Culture for Worthing](#) (Agenda Item 12)

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## **Sustainability & Risk Assessment**

### **1. Economic**

Culture is of vital significance to our local economy, employing a growing number of people across a range of skilled activities. A vibrant cultural offer is a significant consideration for businesses seeking to attract new employees and helps to support our visitor economy.

### **2. Social**

The establishment of the new Trust is predicated on a formal expectation of extending the scope and range of work with our local communities. This includes working with our schools and colleges to support the development of new skills valued by the creative sector.

#### **2.2 Equality Issues**

The contract is awarded with a formal commitment to inclusive programming which will include youth theatre; signed and audio described screenings and autism and dementia friendly screenings.

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

As is the case with any venue offering public performance and participative programming, careful attention will be paid to ensuring that safeguarding remains a priority and that the safety of customers/participants is paramount.

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

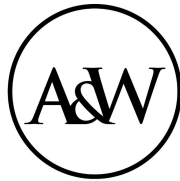
Matter considered and none identified.

### **3. Environmental**

The Trust is expected to embody a commitment to sustainable procurement and to pay close attention to minimising waste and its use of resources.

### **4. Governance**

Subject to the award, there will be a change to the governance of cultural services that will result in the establishment of an independent trust; in effect, a charitable company limited by guarantee.



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 15

Key Decision [Yes/~~No~~]

Ward(s) Affected:

## **Delivering new employment opportunities at Decoy Farm - a proposed development partnership approach**

### **Report by the Director for the Economy**

#### **1. Purpose**

- To update Members of the Committee on progress towards the remediation of Decoy Farm funded by the LEP;
- To confirm the intention to procure for a Developer to assist and inform the remediation process to maximise best use of LEP funding;
- To inform Members that the procured Developer will also assist the Council with a design for the site and with an application for Planning Permission. This will enable the Council to maximise the market value of the site. In consideration of the Developer's consultancy work, the Developer will be granted an Option to purchase the site (for the purposes of the Development) at full market value on terms to be set out in the procurement process.

#### **2. Recommendations**

- 2.1** To authorise the Director of Economy to undertake a procurement process to identify a preferred Developer for Decoy Farm as set out in section 4.5 of this report;

**2.2** To note the progress of the work to date set out in section 4.1 - 4.3 of this report;

**2.3** To note the Coast to Capital Local Enterprise Partnership Board's approval of the business case to release £4.84million for decontamination and development of the Decoy Farm site;

**2.4** To approve the inclusion of the Decoy Farm project £4.84m in the capital programme fully funded from LEP funding and to

**2.5** To receive a further report following the conclusion of the procurement process, to consider awarding a contract to the preferred bidder and disposal of the site.

### **3. Context**

**3.1** At over 7ha, Decoy Farm is the most significant opportunity to deliver new employment floorspace for Worthing. Our planning framework has always highlighted Decoy Farm's potential as an opportunity for economic growth, but has been equally clear on the need to address some key constraints:

*"The land was formerly a landfill area and there is clear evidence of existing contamination and flooding problems. Due to these constraints, and poor accessibility, this site has remained undeveloped and is in need of significant investment to realise its full potential." (pg 70, Adopted Core Strategy, April 2011).*

Mindful of these constraints, the Council has sought to attract funding to help unlock the development potential of this strategically important site

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

#### **4.1 Resolving historic contamination**

4.1.1 It was recognised at an early stage that in order to progress there needed to be greater clarity on the condition of the site, the nature of the waste and the condition of the underlying aquifer and nearby watercourse. The exact nature of the materials on the site, the quantity

of waste and its condition given that the materials will have decomposed to varying degrees over the intervening years, were unknown.

4.1.2 A study was therefore commissioned to gather the relevant information needed to inform a remediation strategy. This study identified a variety of waste material spread across the site to a depth of around 11m, the majority of which is below ground.

4.1.3 Based on the data gathered an appraisal was carried out to identify the most appropriate methods of dealing with the contamination on the site. A combination of approaches has been identified as the preferred option which involves:

- re-profiling of the upper landfill;
- developing an engineered cap from reclaimed materials
- ongoing gas management.

## 4.2 How best to support the local economy

4.2.1 To better understand the demand for employment space, a market analysis was carried out which identified strong demand for mid-sized employment uses to support our growing businesses. This work identified the potential for buildings with a typical floorspace of 150m<sup>2</sup>. An example layout has been prepared and this is reproduced as Appendix 1.

4.2.2 This work indicated that Decoy Farm was well placed to meet this demand and to attract occupiers from other parts of the sub-region where such opportunities are similarly scarce.

*“in considering the; location, low vacancy rates, and the current demand for light industrial units within the Worthing market, we would anticipate the strongest demand for the final scheme to be from industrial occupiers”.*

4.2.3 The resultant report suggested a phased approach to building out the site, to demonstrate to the market that the new employment floorspace is deliverable and reduce the level of speculative development and associated risk.

### **4.3 Securing funding to support remediation**

4.3.1 The site investigations and remediation options work provided the information needed to support a bid for grant funding to finance the remediation work.

4.3.2 An Outline Business Case to the Local Enterprise Partnership (LEP) originally sought £8 million to fund the remediation of the site. The Council were provisionally allocated 60% of the request, £4,844,400 Local Growth Funding (LGF) in July 2016. The Council's business case to support the use of these funds was formally signed off by the LEP in January this year.

### **4.4 The need for Developer Consultancy**

4.4.1 Decoy Farm is a complex site and will require expertise to resolve the technical issues of remediation and land stabilisation. It is located above an aquifer and is adjacent to a watercourse.

4.4.2 The Council team has undertaken an extensive exercise in soft market testing the options for development and have drawn upon the experience of those who have faced similar challenges on sites in other parts of the country. The feedback has been that the challenges presented by the sites condition should not be underestimated and that procuring a developer with the right skills and experience would be of considerable benefit to ensuring delivery.

4.4.3 The funding available to the Council is insufficient for the Council to develop out the site itself; accordingly, a developer (with the benefit of an Option to purchase) should be secured to take a direct interest in the land and oversee its development to achieve the Council's aspiration.

### **4.5 Securing a Developer**

4.5.1 Perhaps not surprisingly in view of the market conditions, there has been significant interest in Decoy Farm from a number of potential developers in the coastal west sussex area, including those who can offer direct experience of delivering complex brownfield sites where the ground, access and/or hydrological conditions have been challenging.

4.5.2 Having established that there is an appetite, a formal procurement exercise is needed to secure a developer who will offer the necessary skills and experience.. Mindful of the financial and legal implications, the proposed way forward envisages the publication of an OJEU compliant Prior Information Notice (PIN) which seeks expressions of interest from all interested parties (and shall be published for a minimum of 35 days).

4.5.3 The PIN will outline the following information;

- the current condition of the site;
- the needs for specific consultancy services in relation to decontamination and other environmental matters;
- The requirement for the developer to assist the Council (or appointed expert) with the decontamination; develop a design and assist with the Council's application for planning permission;
- that the developer can either be paid for its consultancy work as it proceeds or may have the financial value of its consultancy work deducted from the final market value of the site;
- details on the Option to be granted to the developer to purchase the land (whether or not in phases with staged payments) for the purposes of building out the light industrial units.

Any developer expressing an interest would then be issued with the tender documentation providing access to the research and information that has been carried out to date. There will be initial pass and fail criteria to narrow down the potential bids.

4.5.4 Following the conclusion of the procurement exercise, officers would assess the tender submissions received to determine the preferred developer. This would be reported to the Committee in a paper setting out the agreement and providing detailed information on the process and selection of the preferred developer (this would be expected to come before members in Autumn 2019).

**4.6** Once the preferred developer has been secured, work will commence on preparing a masterplan for the site which will be formalised in a planning application to include a strategy for site remediation. A land sale will follow planning approval and, as part of a contractual obligation, the developer will be required to secure the development of the wider site in a series of phases.

## 5. Engagement and Communication

- 5.1** Engagement has been undertaken with potential developers, particularly those with significant experience in delivering complex sites; mindful that working with the constraints of the geology and hydrogeology of the site will be critical to the success of any development.
- 5.2** Engagement with local businesses and potential occupants of the site has been ongoing and the data used to inform our Economic Strategy illustrates that there is increasing demand for employment units locally as well as in the wider coastal west sussex sub-region.

## 6. Financial Implications

- 6.1** The improvements to the site is estimated to cost £4.84m funded through a grant from the Local Growth Fund. The current expected spend profile is as follows:

	2019/20 £'000	2020/21 £'000	Total £'000
Decoy farm project	3,000	1,844	4,844

Following the procurement exercise, members will updated on the final cost of the scheme and provided with a full breakdown of the anticipated spend.

- 6.2** This project does not currently feature in the Council's capital programme and consequently the Committee need to approve it's addition to the programme.
- 6.3** In line with previous Local Growth Fund grants, the Council will claim monies in arrears, providing the LEP with proof of expenditure. If spend is in any way delayed, there may be the option to exercise a 'capital flexibility' whereby the funding is utilised to finance the Council's own capital programme in-year, with the Council using its own resources to fund the project at a later date although this will need to be with the approval of the LEP.



## **7. Legal Implications**

- 7.1 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 7.2 S1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available of assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.
- 7.3 The Council must ensure that any authorised use and development of the site at Decoy Farm is compliant with any obligation imposed on the Council by the Coast to Capital Grant funding terms and conditions.
- 7.4 The Grant Funding must also be spent by the Council in a way that does not breach the funding terms and conditions or create any unlawful state aid to any commercial undertaking.
- 7.6 In procuring for a preferred developer, the Council is required to follow a lawful process as required by its Contract Standing Orders and have regard to the Public Contract Regulations 2015 and the Concession Contracts Regulations 2016. All the terms of the proposed arrangement are to be set out in a fair and transparent manner to all potential bidders.
- 7.7 Any disposal of the site to be authorised by the Members at the end of a procurement process is to be compliant with s123 Local Government Act 1972, ensuring the land is not disposed for a consideration which is less than can be reasonably be obtained.

### **Background Papers**

Worthing Core Strategy, 2011

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## **Sustainability & Risk Assessment**

### **1. Economic**

Through the actions of the Council undertaking the remediation of the site and bringing it back into use, the Council is increasing the supply of land available for employment use. It is making best use of Council assets and bringing brownfield land back into use.

### **2. Social**

#### **2.1 Social Value**

Improving the condition of the site and bringing it back in to use for employment use will provide new jobs for the local area.

#### **2.2 Equality Issues**

Matters considered and no issues identified

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

Matters considered and no issues identified

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

Matters considered and no issues identified

### **3. Environmental**

The planned remediation of the site will improve the overall condition of the site removing contaminants and hazards from the site.

### **4. Governance**

The decontamination and development of Decoy Farm are identified in the Councils corporate plan and Core Strategies as priorities for the Council.

*“1.5.7 DECOY FARM (WORTHING) Secure Local Growth Funding to remediate the site to secure private sector investment necessary to deliver new employment opportunities, and first phase of investigative work to determine site conditions”*

**Appendix 1 - Decoy Farm Capacity Study - Block Plan**



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ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 16

Key Decision [Yes/No]

Ward(s) Affected:

## Highdown Gardens - Preserving Stern's Legacy

### Report by the Director for Communities

#### Executive Summary

##### 1. Purpose

The purpose of this report is to confirm that Worthing Borough Council has been successful in its application to the National Lottery Heritage Fund (HF) (formerly HLF Heritage Lottery Fund) for funding of £813,200 to preserve the horticultural heritage and increase and improve accessibility to the gardens.

##### 2. Recommendations

It is recommended that Joint Strategic Committee:

- 2.1 resolve to accept the terms of the grant
- 2.2 resolve to approve the addition of the £813,200 HF funding to the Capital Programme
- 2.3 resolve to release the Council resources allocated to the project.

### **3. Context**

- 3.1.** Highdown Gardens sits on the South Downs, 150ft above sea level, between the West Sussex settlements of Angmering and Goring below. Overlooking the sea, the Gardens contain a collection of rare plants and trees, collectively deemed a National Collection. Created from a chalk quarry where there was little soil and very unfavourable conditions for plant growth, the Chalk Garden at Highdown is the achievement of Sir Frederick Stern (1884 – 1967) and his wife, who leased then purchased the 8.52 acres (3.45 ha) in 1909 and worked for 50 years to prove that plants would grow on chalk. The Gardens were created during a period when many expeditions were sponsored to China and the Himalayas to collect rare and beautiful plants. Many of the original plants from the early collections can still be seen in the Gardens today, particularly plants collected by Reginald Farrer and Ernest Henry Wilson, renowned plant hunters.
- 3.2.** Stern was awarded many honours, including the Victoria Medal of Honour by the Royal Horticultural Society in 1941. He was chairman of the John Innes Horticultural Institute from 1947 to 1961, vice-president of the Royal Horticultural Society in 1962 and vice-president and treasurer of the Linnean Society from 1941 to 1958. Stern was knighted in 1956 for his services to horticulture. He was considered the foremost expert in chalk gardening, and Highdown Gardens was his ‘living museum’.
- 3.3.** On the death of Sir Frederick in 1967, aged 83, Lady Stern carried out his wishes and left the Gardens to Worthing Borough Council who have maintained them, with free admission to the public, to this day.
- 3.4.** Highdown Gardens is a unique sizeable garden on solid chalk and remains one of the, if not the, foremost Chalk Gardens in the world. That’s why it’s so special. Not only that but Highdown has a rich social history much of which is hitherto untold and which this project will help to bring to the public’s attention. Sir Frederick mixed in high circles and many historically important figures made private visits to the house and gardens including Edward, Prince of Wales, shortly before the abdication crisis, Elizabeth, Duchess of York, the Queen Mother and former Prime Minister David Lloyd George. Fascinating pictures of these visits, many of which have never been seen before, will form part of the visitor experience.

- 3.5.** Following an unsuccessful round one bid to the HF in 2015/16, Worthing Borough Council was successful in a second bid in 2017. The Council was granted £96,500 to run Round One (Development Phase) through 2018, which was match funded by £30,000 by the Council. The Development Phase specification and application for full Round Two (Delivery Phase) funding was submitted in February 2019.
- 3.6.** As of 26 June 2019, WBC has been awarded a HF grant of £813,200 towards conserving the plant collection and delivering an associated programme of activities and capital works.
- 3.7.** The HF project has a three year duration and will begin once permission to start is granted; this is anticipated to be August 2019.
- 3.8.** The core aims of the project are to:
- Address the threat to the plant heritage, and save the garden for future generations;
  - Communicate its significance to a wide range of audiences;
  - Actively involve the local community in its exploration, appreciation and care.
- 3.9.** The HF Approved purposes for the grant are:
- Recruit/appoint new staff posts (Plant Heritage officer and Engagement and Volunteering officer).
  - Deliver a comprehensive propagation and audit programme of the National Collection.
  - Produce a digital archive of the Stern collection that is publicly accessible.
  - Deliver a programme of capital works as outlined in the application materials.
  - Undertake a programme of learning, education and outreach provision as detailed in the Activity Plan.
  - Create new interpretation and educational resources at Highdown in collaboration with local schools, colleges and community groups.
  - Establish and deliver volunteer recruitment/training programme.
  - Provide vocational training at Highdown Gardens for local college students, and provide work experience placements for two horticultural students.
  - Acknowledge National Lottery funding on site, online and in all activities.

- Monitor the project regularly and produce a final evaluation report, meeting National Lottery Heritage Fund requirements.
- 3.10.** Match funding of £119,019 has been allocated in the WBC Capital Programme 2019/20.
- 3.11.** The investment into Highdown Gardens is an exciting example of how the Council is delivering on the ambitions contained in 'Platform for our Places', in particular in its commitment to responsibly steward our natural resources.

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

- 4.1.** The grant will be paid subject to WBC complying with the HF standard terms of grant, attached as a background paper.
- 4.2.** In addition to the standard terms of grant, WBC must observe the following additional conditions in respect of the project:
- 4.3.** Within 28 days of the grant offer letter (26 June 2019) WBC must send a certified copy of the JSC decision to accept the terms of grant.
- 4.4.** Within one month of the end of each of the 10 years after the work is finished, WBC must send to the HF detailed accounts, certified by the chief financial officer, showing the funding and resources WBC used at Highdown Gardens in the year before.
- 4.5.** Despite clause 16 of the Standard terms of grant, WBC may lease or let part or parts of the Property for purposes which are consistent with the Approved Usage and for any periods the HF have first approved. However, the leases or lets must always be at a full market rent and WBC must use the rental income for the purpose of carrying out the Approved Purposes or generally for the benefit of Highdown Gardens.
- 4.6.** Within 28 days of the date of Permission to Start, WBC must apply to the Land Registry for a restriction to be entered using the following wording: "No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the Trustees of the National Heritage Memorial Fund or their conveyancer".



## **5. Engagement and Communication**

**5.1.** The level of community support exhibited through the action plan development has been outstanding. Many new community partnerships are proposed and organisations are poised to engage, including:

- Breathing Spaces
- Plumpton College
- Sight Support Worthing
- Thomas à Beckett Infants and Junior School
- Creative Waves
- Northbrook MET College
- Angmering Camera Club
- Worthing College
- Durrington Library / West Sussex Library Service
- Worthing Museum
- West Sussex Records Office
- South Downs National Park Authority
- Plant Heritage
- Oak Grove College
- The Highdown
- MIND

**5.2.** Public Consultation undertaken to prepare for the project has been numerous, using a variety of channels both online and offline. Audiences targeted have been local visitors and non-visitors, the main delivery partners, disability groups, and heritage and horticultural groups.

**5.3.** The success of this project will be communicated widely through online and offline media channels. Regular updates on the progress of the project will be supplied to all channels and special events and media days will be held as the work continues. A newsletter will be produced and special attention will be given to ensuring National Lottery players are recognised for their contribution to the project. Focus on the exotic and rare plants to be propagated and protected and the many fascinating stories surrounding the gardens will also be spotlighted. The Council's impressive stewardship of the gardens for the last 50 years should also be communicated. It is thought that Highdown is the only garden in the UK of such international importance that is in the care of a local authority.

## 6. Financial Implications

### 6.1. 2018/19 Development Phase Budget and Outturn was as follows:

Budget:

Heritage Lottery Initial Allocation:	£96,500
South Downs National Park:	£5,000
S106 receipts:	£30,000
<b>Total Budget:</b>	<b>£131,500</b>

Development Stage Actual Spend:

Heritage Lottery Award:	£55,811
S106 Receipts	£26,043
<b>Total Spend:</b>	<b>£92,854</b>

6.2. In addition, JSC on 5 March 2019 approved the carry forward of £50,000 from the overall 2018/19 Capital Investment Programme underspends to fund the anticipated shortfall in funding for the Highdown Gardens Infrastructure Scheme (paragraph 8.2.2 ii).

6.3. The 2019/20 final budget profile for the Phase 2 project is:

Heritage Lottery:	£813,200
Council Resources:	£46,040
S106 receipts:	£73,960
Southdowns National Park:	£5,000
<b>Total Budget:</b>	<b>£938,200</b>

6.4. As part of the bid, the Council has committed to taking the project forward after the external funding has ceased. The overall net revenue impact of running the new facilities in the park is estimated to be £38,000 a year which will need to be accommodated in the budget from 2022/23 onwards. However, by re-activating the Highdown Trust to generate additional income via fundraising, it is expected that the final cost to the Council will be lower than this.

## 7. Legal Implications

- 7.1 Highdown gardens is a charity registered in England and Wales. It is governed by a Deed of Gift dated 19 February 1968 and a Charity Commission Scheme of 11 July 1983. Worthing Borough Council is the sole Charity Trustee.

The Charities objectives are recorded as a *“Garden for the benefit of the public as an amenity open space park or pleasure ground to the intent that the same shall forever form a natural approach to the south downs from the built-up area of the borough of Worthing”*.

- 7.1 Section 1 Localism Act empowers the Council to do anything that an individual may do, subject to any pre existing legislation.
- 7.2 Section 111 Local Government Act 1972 empowers the Council to do anything (whether or not involving the expenditure, borrowing or lending of money) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

### Background Papers

- JSC Minutes 05.03.19, 11.09.18.
- Heritage Fund Grant Offer Letter 26.06.19
- Standard Terms of grant

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## **Sustainability & Risk Assessment**

### **1. Economic**

- Additional income will be generated as a result of this project - through the sales of propagated plants, leaflets and guides, tours and events.
- On the same conservation footprint, The Highdown operates independently of the gardens. However, with an improved offer, there are opportunities to gain sponsorship.

### **2. Social**

#### **2.1 Social Value**

- More people and a wider range of people will have engaged with the history of the gardens and the wider SDNPA area. Consultation has shown that 16% of visitors are under 35, and 14% self-declared a disability. By extending the opening hours it is expected we will attract more younger visitors.
- It has been noted that the use of the gardens by education groups has reduced, partly due to curriculum changes. As well as co-creating new resources with primary school age children, our activity programme offers opportunities for the involvement of young adults that might not otherwise think to visit the gardens (e.g. film project with Worthing College, work experience for young adults with special education needs in oak Grove College.)

#### **2.2 Equality Issues**

- The improvements to physical accessibility will enable wheelchair users to more easily engage with the heritage.
- With the help of Sight Support Worthing, we will be training volunteers to offer guided tours for blind or partially sighted visitors.

#### **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**

- The horticultural heritage will be in a better condition due to the focus of the propagation programme, as well as being better maintained, managed, appreciated and valued.

## **4. Governance**

- The investment into Highdown Gardens is an exciting example of how the Council is delivering on the ambitions contained in 'Platform for our Places', in particular in its commitment to responsibly steward our natural resources.
- As well as assigning £120,000 as match funding for this project, Worthing Borough Council have committed not to reduce the existing staff numbers or level of maintenance budget during the project and for the subsequent 5 years. In order to mitigate the financial risk of delivering on this commitment, the project will look to increase revenue streams at Highdown, look for partnership opportunities and sponsorship, and review governance to allow the application to additional funding streams.

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ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 July 2019  
Agenda Item 17

Key Decision [Yes/No]

Ward(s) Affected:

**Supporting further and higher education provision:  
Strategic loan to local education provider GBMet**

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

**Executive Summary**

**1. Purpose**

- 1.1. Greater Brighton Metropolitan College is embarking on a major new scheme to create a Centre for Creative and Digital Industries (CCDI) involving the construction of a 3,000m<sup>2</sup> of new build development and partial redevelopment of Pelham Tower, in the centre of Brighton.
- 1.2. Over the last three years 1,142 students from Adur (499) & Worthing (643) have studied at the Pelham Campus. The new CCDI will deliver 100 new advanced-level and higher-level apprentices, 140 higher or technical level graduates and 260 additional level 3 students by 2020/21, creating an exciting local offer for our residents.
- 1.3. The development of the CCDI centre of excellence at the Pelham Campus will also enable the delivery of a creative and digital **higher education offer in Worthing**, in a partnership with the University of Arts London (UAL), through the development of a University Centre in West Durrington.
- 1.4. Worthing Council has been approached for a £5m loan by Greater Brighton Metropolitan College to facilitate the development of the

Pelham Street campus, within an overall scheme value of £21m, with funding from the sale of assets (also reducing overheads going forward) and the Coast to Capital local enterprise partnership.

- 1.5.** The report briefs members on the proposal and seeks approval for the granting of a £5,000,000 loan secured on the worthing Campus at Durrington, which will generate an annual income for the Council of £100,000 alongside delivering the significant benefits to the further and higher education offer for our residents.

## **2. Recommendations**

2.1 That Joint Strategic Committee recommend to Worthing Borough Council that:

- i. To note support for the Greater Brighton Metropolitan College in its ambitions to create a Centre for Creative and Digital Industries at Pelham Street and a University Centre at West Durrington in partnership with the University of Arts London.
- ii. To note the significant benefits expected from these developments for students from the local area, in particular the provision of a higher education offer in Worthing as well as the improved offer at Brighton readily accessible to our local students.
- iii. To agree to a loan of £5m to Greater Brighton Metropolitan College to facilitate the delivery of the scheme, funded by prudential borrowing, and providing an income to Worthing Borough Council of circa £100,000 per year.
- iv. To amend the capital programme accordingly, and increase the operational and authorised borrowing limits by £5m to accommodate the proposed borrowing.
- v. To amend the approved investments listing to include GBMet as an authorised investment.
- vi. To amend the Minimum Revenue Provision (MRP) Policy to enable a provision to be set aside in line with the repayments of principal in respect of loans to third parties funded by borrowing.



### **3. Context**

- 3.1 Greater Brighton Metropolitan College (GB Met) is a tertiary education provider specialising in the education of 16 - 19 year old young people. The College provides a range of courses for 16-19 year olds, university degrees, full and part time courses for adults, apprenticeships and professional qualifications. The Met operates across five campuses in Brighton, Shoreham and Worthing. Student numbers consist of approximately 3,200 16-18 year-olds, 700 undergraduates, 8,000 adult learners and 2,000 apprentices.
- 3.2 GB Met was created from the merger of Northbrook and City College and its geography and student body reflects the functioning economic and travel to work/learn area spanning Worthing in the West to Newhaven in the East. During the past three academic years (2016/17, 2017/18 and 2018/19) 1,142 students from Worthing (643) and Adur (499) postcodes have studied at the Pelham Campus where the new Centre will be housed. Current travel to learn patterns indicate that more than 7,500 Adur & Worthing residents will study in the CDIC over the next 20 years, and more than 15,000 over the minimum planned life of the building (40 years).
- 3.3 The College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all Further Education Corporations in England. The Met was incorporated as Northbrook College Sussex. On 31 March 2017 a merger took place with the City College Brighton and Hove, with Northbrook College Sussex being the “retained” Corporation. On the same date the Secretary of State granted consent to the Corporation to change the college name to the Greater Brighton Metropolitan College.
- 3.4 There are currently 251 further education and sixth form colleges in England. This compares to almost 450 when colleges were incorporated in 1993. Since 2015 there has been an increase in the number of college mergers and a new option for sixth form colleges to convert to become 16-19 academies. The government's review programme required every college to consider their future and provided official encouragement for mergers. The merger process can be quite expensive in the short term and cause additional financial pressures through the restructuring required to achieve longer term efficiencies.

- 3.5 The Met has been awarded £5 million of Local Growth Funding by Coast to Capital Local Enterprise Partnership (“LEP”) to redevelop its city-centre campus on Pelham Street. The £5 million LEP grant will be matched by an investment generated primarily through the disposal of part of the Pelham Campus land located to the East of Pelham Street (the Cheapside / Trafalgar Complex) which will support a £21 million redevelopment budget. The funding will be used to build a Centre for creative and digital industries (“the Centre”) providing a 3,000m<sup>2</sup> state-of-the-art facility integrated into the Pelham Tower which will also be substantially refurbished. The new and refurbished buildings will provide outstanding teaching facilities located in the heart of Brighton’s creative, digital and IT cluster replacing out of date buildings which are no longer fit for purpose.
- 3.6 Furthermore, the new Centre will support a significant expansion to the Creative Industries offer in Brighton and in Worthing. GB Met will be entering into a new strategic partnership with University of the Arts London UAL (ranked the 2nd best University in the World for Art & Design in 2018) that will see the development of new programmes for International students as well as extended progression routes into Under and Postgraduate programmes in London.
- 3.7 The partnership will underpin a major programme of redevelopment for Higher Education provision. From September 2020 GB Met plans to become the only College in the country to offer UAL validated Degrees to all of its Creative Industries undergraduates. New capacity created by the CDIC in Brighton, will allow the College to locate all of its Creative Industries higher education programmes in Worthing, at the higher education centre in West Durrington, boosting the University offer in the town. The new capacity in Brighton will also allow the College to implement plans to utilise excess capacity on its Broadwater campus in Worthing and is in discussions with both Adur & Worthing and West Sussex Councils regarding the most appropriate form of redevelopment for part of our site.
- 3.8 GB Met is seeking a £5m loan from the Authority to support the delivery of this substantial redevelopment project on their Pelham campus. The loan will act as ‘bridge’ financing during the build period and then provide long term financing. Repayments will be substantially covered by efficiency savings from the project, based on reduced floor area, more efficient buildings, and operational efficiency savings.
- 3.9 The granting of a loan to the Met would help the Council deliver upon commitments within the Financial Economies platform to ‘To champion the

development of a learning and skills ecosystem that enables economic growth and supports local businesses’.

#### 4. Issues for consideration

##### 4.1 Proposal to grant a loan

4.1.1 The Council has received a request from the Met for a 20 year £5,000,000 loan to support the redevelopment of the Pelham Street campus. Key features of the loan are:

Principal	£5,000,000
Interest rate	PWLB + 2% (approximately 4.0% - 5.0% per year)
Length of loan	20 years
Repayment terms	Repaid in equal installments of principal with no repayment in the first year.
Security	West Durrington Campus

The proposed Heads of Terms are at Appendix 1. The College have asked the Council to advance the funds in January 2020.

4.1.2 To support the Council’s consideration of the request due diligence work has been undertaken so that the Council is fully aware:

- i) That the loan can be granted using Council powers, that it counts as capital expenditure, and that it does not count as commercial activity
- ii) Of the risks that the Council is undertaking when making the loan and that measures can be put into place to mitigate against such risks.
- iii) That the proposed loan is fully compliant with State Aid requirements.

##### 4.2 Financial summary of GBMet’s current and forecast financial performance - see Appendix 2

##### 4.3 Risk management - see Appendix 2

Please see Appendix 2 for the financial details and risk management measures which are exempt sections of the report as they include

information relating to the financial affairs of a person or body, in accordance with paragraph 3 of schedule 12A Local Government Act 1972 as amended.

#### 4.4 State Aid considerations

4.4.1 The EU Commission has substantially reviewed the State Aid rules applicable to risk capital measures, to promote better access to loan finance. The provisions consider an investment does not constitute State Aid if it is in line with the market economy operator (MEO) test, i.e. if it is made under the same terms and conditions by public and private investors.

4.4.2 A transaction is presumed to be made under the same terms and conditions if public and private investors share the same risks and rewards and hold the same level of subordination in relation to the same risk class. If the public investor is in a better position than the private investor, for instance because it receives a priority return in time compared to the private investors, the measure may also be considered to be in line with normal market conditions, as long as the private investors do not receive any advantage.

4.4.3 However, the college is likely to be exempt from these requirements as:

*“Public education organised within the national educational system funded and supervised by the State may be considered as a non-economic activity. The Court of Justice held that the State: “by establishing and maintaining such a system of public education and financed entirely or mainly by public funds and not by pupils or their parents ... does not intend to become involved in activities for remuneration, but carries out its task towards its population in the social, cultural and educational areas.”*

4.4.4 Consequently, it will be for the Council to set an appropriate rate using the benchmark of the PWLB rates. In this case, it is suggested that a rate of PWLB + 2% is used to reflect the risks that the Council is assuming.

## **5. Engagement and Communication**

- 5.1 Officers have liaised with the college to better understand the risks and the nature of the proposal.
- 5.2 Officers and members have been consulted on the development of the Heads of Terms.

## **6. Financial Implications**

- 6.1 The initial due diligence work has cost £7,000 and will be funded from within the existing treasury management budget.
- 6.2 The costs associated with the legal agreement underpinning the agreement (£20,000), and valuation work will be funded from the 1% arrangement fee of £50,000.
- 6.3 The loan will generate income of £100,000 per year for the Council in excess of any associated borrowing costs.
- 6.4 The Council's current policy for setting aside resources for the repayment of debt (Minimum Revenue Payment), uses the annuity method, except in the case of loans to Registered Social Landlords. The policy will be amended to apply the exception to all third party loans funded by borrowing and the Council will make provision for the repayment of the debt in line with the repayments made by the Met. Any payments of principal by the Met will be used to fund the associated Minimum Revenue Payment.

## **7. Legal Implications**

### **7.1. Power To Make The Loan**

- 7.1.1 Local authorities have power to invest (which clearly encompasses the making of loans) under s12 of the Local Government Act 2003. This provides that a local authority may invest:
  - (a) for any purpose relevant to its functions under any enactment;
  - (b) for the purposes of the prudent management of its financial affairs.
- 7.1.2 The proposed loan is relevant to the authority's functions under the Education and Skills Act 2008. This includes a provision (s10) imposing a duty on local authorities to ensure that their functions are exercised "so as

to promote the effective participation in education or training of persons belonging to its area to whom this Part applies with a view to ensuring that those persons fulfil the duty imposed by section 2”. The duty under section 2 relates to the provision of education and training to young people who are above the school leaving age but below the age of 18 and have not achieved a level 3 qualification (equivalent of two A levels).

7.1.3. GB Met is the Greater Brighton Metropolitan College which is a general further education college. It offers further education to those above the age of fourteen. The making of a loan to GB Met is therefore relevant to the Council’s functions. It makes no difference for this purpose that the proposed development is outside the Council’s area. It will be in Brighton which is near the area and it is anticipated that it will be used by young people from the Councils’ area.

7.1.4. The Council has the power to make the loan under s12 of the Local Government Act 2003 and s10 of the Learning and Skills Act 2008.

7.1.5. Alternatively the Council has the power to make the loan under s1 of the Localism Act 2011 which provides that a local authority has powers to do anything which an individual can do, subject to compliance with the public law requirements which apply to public authorities.

## 7.2. **Capital Expenditure**

7.2.1. Capital expenditure is defined in s16 of the Local Government Act 2003 as “expenditure which falls to be capitalised in accordance with proper practices”. In this context “proper practices” refers to accounting practices. This is a matter for the judgement of the local authority chief finance officers who need to have regard to the guidance and codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), the latest being the Code of Practice on Local Authority Accounting 2018/9.

7.2.2 Section 25 of 2003 Statutory Instrument No. 3146 - Local Authorities (Capital Finance and Accounting) regulations 2003 requires that ‘the making of an advance or the giving of a grant or other financial assistance to any person, whether for use by that person or by a third part, towards expenditure, which would, if incurred by the authority, be capital expenditure shall be treated as capital expenditure.

7.2.3 Whilst the legal definition refers to accounting practice, the carrying out of works of construction is under relevant professional guidance classified as capital expenditure, as it relates to the creation of assets which will be used over a number of years rather than being used during the course of a single financial year. The provision of a loan for the creation of a capital asset constitutes capital expenditure under the legislation.

### 7.3 State Aid

7.3.1 The proposed loan would not constitute unlawful state aid as GB Met is not engaged in economic activity and is therefore not an 'undertaking' for the purposes of the state aid rules.

7.3.2 The loan is provided from state funds and education and training are capable of being subject to competition, in that there is a market for education. However, the provision of education by GB Met is primarily in the nature of a public service, its main activity is the provision of education and 69% of its income is derived from education sector funding bodies.

7.4 Consequently, the Council has the power to make the loan under the Local Government Act 2003 and the Learning and Skills Act 2008. The making of the loan constitutes capital expenditure.

### Background Papers

- Legal advice note from Sharpe Pritchard LLP
- Due diligence review - Link Asset Services
- Legal advice note to GB Met from Eversheds concerning State Aid

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## **Sustainability & Risk Assessment**

### **1. Economic**

The proposal will deliver a significant extension to local education provision, providing high quality learning in the key areas of creative and digital industries, benefitting well over 1,000 students per year. The proposals from GB Met align closely with Adur & Worthing's Economic Strategy and the focus on Creative & Digital industries.

### **2. Social**

#### **2.1 Social Value**

Local and accessible education provision is critical to the success of local people, job creation and the local economy. Investment in state of the art facilities in the further and higher education sectors, that can be easily accessed will deliver significant social value for years to come.

#### **2.2 Equality Issues**

Increasing local provision will increase accessibility to the local population, for example improving ease of access to those with disabilities.

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

Matter considered and no issues raised

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

Matter considered and no issues raised

### **3. Environmental**

Increasing local provision will reduce the need for students to travel further afield and have a positive impact on carbon emissions.

### **4. Governance**

Matter considered and no issues raised



**Draft Heads of Terms:**

Date:	22 <sup>nd</sup> May 2019
Borrower:	Greater Brighton Metropolitan College (GB MET) Littlehampton Road Worthing West Sussex BN12 6NU
Lender:	Worthing Borough Council, Town Hall Chapel Road, Worthing, BN11 1HB
Facility:	£5,000,000 fixed rate loan repayable in equal instalments over a period of 20 years with no payment of principal in the first year (2020/21).  The loan is to be advanced on the 6 <sup>st</sup> January 2020.
Purpose:	The loan is to be used as part of the financing package for improving the facilities on the Pelham Street Campus in Brighton
Drawdown:	One payment of £5,000,000 payable on the 6 <sup>st</sup> January 2020.
Interest rate:	Interest rate is dependent on the prevailing PWLB interest rate for a 20 year EIP loan at the time the loan is advanced and is at a margin of 2% above the equivalent PWLB rate.
Interest calculations:	The annual interest is calculated by applying the interest rate to the outstanding value of the loan. This will then be apportioned on the number of days within the half year period for the half yearly payment of interest.  Interest will be charged at the loan rate on the late payment of any interest payments.

Repayments	<p>Half-yearly payments of interest together with payments of principal of:</p> <p>5<sup>th</sup> July £131,578.94 5<sup>st</sup> January £131,578.95</p> <p>There are no repayments of principal in the first year of the loan with the first repayment being due on the 5<sup>th</sup> July 2021. The final payment of principal due on 5<sup>th</sup> January 2039 will be £131,579.03.</p> <p>Payments will be due on the 30<sup>th</sup> June and 31<sup>st</sup> December unless this is not a working day in which case the payment will be made on the first working day following the repayment due date</p>
Arrangement fee:	<p>There will be a 1% arrangement fee charged on any sums advanced payable upon the transfer of funds.</p>
Other fees:	<p>GB MET will be responsible for all legal fees in connection with (but not limited to):-</p> <ol style="list-style-type: none"> <li>1. Investigating the title to the security properties;</li> <li>2. Providing certificates of title in respect of the security properties to Worthing Borough Council;</li> <li>3. All disbursements in connection with the security properties including (but not limited to) all necessary searches and land registry fees.</li> </ol> <p>Worthing Borough Council will be responsible for its own legal and initial valuation fees.</p> <p>Any disbursements incurred in verifying the security offered to support the loan will be paid by GB Met.</p>
VAT	<p>VAT is not chargeable on the loan or the arrangement fee. This is exempt as detailed in the EU VAT directive Article 135(1)(b) '(granting and) negotiation of credit'</p>

Security	<p>Security for the first tranche of the loan is to be provided in the form of the campus at:  Northbrook Metropolitan College  Littlehampton Road  Worthing  West Sussex  BN12 6NU</p> <p>This property should not have been used as collateral for other loans.</p> <p>The security will be based on the market value (OMV).</p> <p>The Council has the right to revalue the property offered as security for the loan at any point in time at its own cost. However if the value of the security offered by the loans is insufficient to underwrite the value of the loan, then GB MET will reimburse the Council for any re-valuation costs and offer additional security for the loan.</p>
Governing Law:	English law

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By virtue of paragraph(s) 1, 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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