

Joint Overview and Scrutiny Committee

Date:	16 July 2015
Time:	6:30pm
Venue:	Council Chamber, Civic Centre, Shoreham-by-Sea

Committee Membership:

Adur District Council: Councillors James Butcher (Chair), Stephen Chipp (Vice-Chair), Ken Bishop, Ann Bridges, Liz Haywood, Emily Hilditch, Rod Hotton, Liza McKinney

Worthing Borough Council: Councillors Roy Barraclough, Keith Bickers, Mary Lermite, Nigel Morgan, Luke Proudfoot, Charles James, Keith Sunderland, Vino Vinojan

Agenda

Part A

1. **Declarations of Interest / Substitute Members**

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. **Confirmation of Minutes**

To approve the minutes of the Joint Overview and Scrutiny Committee meeting of held on 15 June 2015, copies of which have been previously circulated.

3. Public Question Time

So as to provide the best opportunity for the Committee to provide the public with the fullest answer, questions from the public should be submitted by 6.30pm Tuesday 14 July 2015

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 Chris Cadman-Dando.
chris.cadman-dando@adur-worthing.gov.uk , 01903 221364

(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. Consideration of any matter referred to the Committee in relation to a call-in of a decision

6. Interview with Executive Members for Regeneration (Councillors Pat Beresford ADC, Bryan Turner WBC)

To consider a report by the Chief Executive, copy attached as item 6

The Joint Chairs request that Committee Members submit questions to the Executive Members at least two days prior to the meeting, particularly in instances where questions require detailed answers that include quantitative data.

Please submit questions via Mark Lowe, Policy Officer
mark.lowe@adur-worthing.gov.uk . Members are reminded to keep their questions relevant to the Portfolio of the Executive Member being interviewed

7. Joint Overview and Scrutiny Annual Report 2014/15

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

8. Outline Forecast 2016/17 to 2020/21 and Budget Strategy

To consider a report by the Chief Financial Officer, copy attached as item 8

9. Digital Update

To consider a report by the Director for Digital and Resources, copy attached as item 9

10. Adur and Worthing Joint Overview and Scrutiny Committee Work Programme 2015/16

To consider a report by the Director for Digital and Resources, copy attached as item 10

Part B - Not for publication - Exempt Information Reports

None

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Chris Cadman-Dando Democratic Services Officer 01903 221364 chris.cadman-dando@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.

Interview with the Executive Members for Regeneration

Report by the Chief Executive

1.0 Summary

- 1.1 As part of their work programme, the Committee have agreed to interview Cabinet members on their portfolio responsibilities and priorities for 2015-16.
- 1.2 At this meeting, members of the Committee are asked to consider the responsibilities and priorities for the two Cabinet Members responsible for Regeneration, Councillors Bryan Turner and Pat Beresford.

2.0 Background

- 2.1 A copy of the Councils' Corporate Priorities are included in the attached annex, with the sections relevant to Regeneration highlighted. Regeneration, through 'Supporting our Wealth Generators', is also one of the key priorities in the Councils' new strategic corporate programme, *Catching the Wave*.
- 2.2 As part of their 'Challenge' role, Joint Overview and Scrutiny are asked to consider both the information contained within the annex in respect of Regeneration and in the delegated functions listed at paragraphs 2.4 and 2.5 below. It is part of the Scrutiny role to challenge, in the form of questions, as to progress that has been made in respect of Councillor Turner and Councillor Beresford's portfolios and their priorities for 2014-15.
- 2.3 The Committee are entitled to ask for further investigation into items that they may not be satisfied with the progress.
- 2.4 The *Adur District Council Cabinet Member for Regeneration* has responsibility for the following delegated functions:-
 - Economic strategy and development, including regeneration (visitor economy, tourism, Adur Festival, business partnerships, events and cultural projects)
 - Education liaison.

- Transport planning and infrastructure.
- Planning policy; Local Development Plans, conservation areas and management plans, development briefs, infrastructure delivery plans.
- Building control.
- Coastal West Sussex.
- Shoreham Harbour Project.
- Shoreham Renaissance.
- Town Centre Management.
- Flood prevention, including Coastal protection, land drainage and flood protection.
- Coastal protection.

2.5 The *Worthing Borough Council Cabinet Member for Regeneration* has responsibility for the following delegated function Economic strategy and development, including (visitor economy, tourism, business partnerships, concessions, events and cultural projects (with the Cabinet Member for the Environment)).

- Education liaison.
- Transport planning and infrastructure.
- Planning policy, Local Development Plans, conservation areas and management plans, development briefs, infrastructure delivery plans.
- Building Control.
- Beach Huts and Chalets.
- Beach Maintenance.
- Foreshore management, including Worthing Pier.
- Coastal Protection.
- Health and safety and civil contingencies (Emergency Plan), including business continuity.
- Tourist Information Centres.
- Worthing Master Plan.

3.0 Proposals

3.1 That the Joint Overview and Scrutiny Committee ask questions of the two Cabinet Members with responsibility for Regeneration, based on their functions as outlined in paragraphs 2.4 and 2.5 above and the relevant Councils Corporate Priorities in respect of Regeneration

4.0 Legal

4.1 The Joint Overview and Scrutiny Committee follow the procedures outlined within the Councils Constitution.

5.0 Financial implications

5.1 There are no direct financial implications to consider within this report

6.0 Recommendation

6.1 Members of the Committee are asked to question the two Cabinet Members with responsibility for Regeneration

Local Government Act 1972

Background Papers:

Joint Overview and Scrutiny Committee Work Programme 2015-16

Contact Officer:

Neil Hopkins
Head of Communications
Tel: 07909 688132
Neil.Hopkins@adur-worthing.gov.uk

Councillors

Adur District Council, Cabinet Member for Regeneration: Pat Beresford

E-mail: pat.beresford@adur.gov.uk

Worthing Borough Council, Cabinet Member for Regeneration: Bryan Turner

E-mail: bryan.turner@worthing.gov.uk

Schedule of other matters

1.0 Council Priority

1.1 Any Council priorities will be considered within the annex to this report.

2.0 Specific Action Plans

2.1 Any specific action plans will be considered within the annex to this report.

3.0 Sustainability Issues

3.1 Matter considered and no issues identified

4.0 Equality Issues

4.1 Equality is within the Cabinet members portfolio and is reported within the annex.

5.0 Community Safety issues (Section 17)

5.1 Matter considered and no issues identified

6.0 Human Rights Issues

6.1 Matter considered and no issues identified

7.0 Reputation

7.1 Matter considered and no issues identified

8.0 Consultations

8.1 The Cabinet Members for Regeneration and key senior officers were consulted during the drafting of this report

9.0 Risk assessment

9.1 Any areas of risk are identified within the annex to this report.

10.0 Health & Safety Issues

10.1 Matter considered and no issues identified

11.0 Procurement Strategy

11.1 Matter considered and no issues identified

12.0 Partnership working

12.1 Matter considered and no issues identified

Joint Overview and Scrutiny Annual Report 2014/15

Report by the Director for Digital and Resources

1.0 Summary

- 1.1 As part of good practice and a requirement in the Council's Governance Action Plan, the Councils are required to produce a Joint Overview and Scrutiny Committee Annual report for 2014/15.

2.0 Background

- 2.1 The Joint Overview and Scrutiny Committee has once again undertaken a great deal of work during 2014/15 as part of the 'Holding to Account/Challenge' role. A summary of that work is contained in the Joint Overview and Scrutiny Annual report for 2014/15 which is attached as an appendix to this report. As well as being a requirement of the Governance Action Plan, it is good practice to produce an Annual report on the work of Overview and Scrutiny which can help publicise and promote the work undertaken amongst the local community and local partners.
- 2.2 A topic suggestion form is included as part of the Annual report to allow members of the public and/or local partners to put forward suggestions for future scrutiny reviews. This will encourage people to take part in the scrutiny process and also help in enabling people to take part in the democratic process and influence decision making.

3.0 Proposals

- 3.1 The draft Annual report is submitted to the Committee for its approval in accordance with the terms of the Council's constitution.
- 3.2 The final Annual report will be made available on the Council's websites. Paper copies can be made available upon request.

4.0 Legal

- 4.1 The Joint Overview and Scrutiny Committee is required to produce an Annual report in accordance with good practice and the Governance Action Plan. The

Council meetings in July will be required to receive the Annual report in accordance with the Council Constitutions.

5.0 Financial implications

5.1 There are no direct financial implications to consider within this report. All copies of the Annual report will be in electronic form.

6.0 Recommendation

6.1 That the Committee approves the Joint Overview and Scrutiny Committee Annual report for 2014/15.

6.2 That the Committee recommends the report be submitted to Full Council(s)

Local Government Act 1972

Background Papers:

None

26 June 2015

Contact Officer:

Mark Lowe
Policy Officer
Town Hall
Tel No:01903 221009
Email:mark.lowe@adur-worthing.gov.uk

Schedule of Other Matters

1.0 Council Priority

1.1 The Joint Overview and Scrutiny Committee considers issues which are Council priorities.

2.0 Specific Action Plans

2.1 Matter considered and no issues identified.

3.0 Sustainability Issues

3.1 Matter considered and no issues identified

4.0 Equality Issues

4.1 Matter considered. Some of the issues which the Overview and Scrutiny Committee has considered do have equalities implications.

5.0 Community Safety Issues (Section 17)

5.1 Matter considered. Some of the issues considered by the Committee during the year do have community safety implications.

6.0 Human Rights Issues

6.1 Matter considered and no issues identified

7.0 Reputation

7.1 Matter considered and no issues identified

8.0 Consultations

8.1 Matter considered. Some of the issues considered by the Committee during 2014/15 have involved consultations.

9.0 Risk Assessment

9.1 Any areas of risk are identified within the appendices to this report.

10.0 Health & Safety Issues

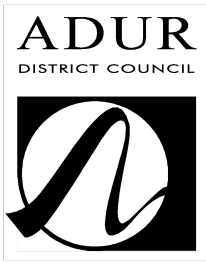
10.1 Matter considered and no issues identified

11.0 Procurement Strategy

11.1 Matter considered and no issues identified

12.0 Partnership Working

- 12.1 Matter considered. The majority of issues considered are joint Adur and Worthing issues and also the Committee does undertake some joint work in partnership with other Councils.



Joint Overview and Scrutiny Committee Annual report 2014/15

Message from the Chairmen

In 2014/15 the Joint Committee has maintained its valuable role as the watchdog of both Councils, ensuring that the Joint Cabinets (Joint Strategic Committee) are scrutinised for the the decisions made on behalf of the residents and to ensure that there is a greater transparency of the process.

The Joint Committee has played its part in scrutinising a number of issues. Successes in 2014/15 include:-

- Interviewing and 'holding to account' the Adur and Worthing Council Leaders and Executive Members to ensure that they are delivering on the Council's priorities, their decision-making on service provision is transparent and provides value for money for the benefit of Adur and Worthing residents.
- Reviewing and 'holding to account' the work of the Adur and Worthing Community Safety Partnership and its Chairman in accordance with powers under the Police and Justice Act 2006.

- Monitoring the progress in implementing the recommendations from previous joint reviews on Fuel Poverty, Economic Recovery and Planning Enforcement.
- **Reviewing the progress made to improve the ICT infrastructure to prevent a recurrence of the ICT failure which hit both Councils in previous years.** As part of this, the Committee has been briefed on the implementations of changes to the Councils Digital transformation including the development of a digital strategy.
- Scrutinising the Council's first Public Health Plan which had been produced in responses to legislative changes in public health.
- Continuing to monitor **West Sussex County Council's implementation of a new Age of School Transfer Policy** in Worthing. This follows on from a review of the Age of School Transfer Policy in Worthing which was undertaken by the Committee.
- Scrutinising the Councils **outline budget forecast and budget strategy for 2015/16 to 2019/20.**
- Continuing to review the provision of the **Worthing allotments service** and in particular the production of an allotments strategy for Worthing allotments.
- Monitoring the way in which both Councils let contracts and the improvements that have been made to the service in the previous 12-18 months to ensure value for money.
- Providing policy advice to the Joint Strategic Committee on the **Open Space, Sport & Recreation Facilities study review.**

- In response to concerns about the **lack of community beds provision in the Adur District**, the Committee has interviewed representatives from the West Sussex Clinical Commissioning Group (CCG). Feedback provided to the CCG will help the NHS understand more about local needs and provide more responsive services.
- Holding to account and scrutinising the work of the **Sussex Police and Crime Commissioner, Katy Bourne, and local Police Commander**.
- Reviewing the **operation of Worthing Theatres and the previous years budget overspends**. This detailed review by both Worthing and Adur Councillors produced a number of significant recommendations which will help improve the budgetary control and working practices within the theatres. The Committee will continue to monitor to ensure the implementation of the recommendations from the review.
- Finally, but by no means least, the Committee has undertaken a **feasibility review of the financial options in selling off the beach huts on the foreshore**. The findings from this review will help the Councils in developing future budget proposals.

**Councillors Liza McKinney and Roy Barraclough
Joint Chairmen of the Adur and Worthing Joint Overview and
Scrutiny Committee in 2014/15**

What is Overview and Scrutiny?

Overview and Scrutiny is a process by which decision-makers are accountable to local people via their elected representatives, for improving outcomes for the District and its residents. The Council's Overview and Scrutiny Committee does not make decisions but seeks to influence those who do by considering the major issues affecting the areas and making recommendations about how services can be improved.

The Overview and Scrutiny Committee has a number of different roles including:

- **Representing the views and wishes of Adur and Worthing residents about the services which they receive;**
- **Holding the Joint Strategic Committee to account and reviewing its decisions;**
- **Scrutinising the work of the Partnerships in Adur and Worthing;**
- **Helping to develop new policies and reviewing existing ones; and**
- **Monitoring the budgets and performance.**

There is one Joint Overview and Scrutiny Committee made up of sixteen Councillors (eight Adur and eight Worthing) representing wards across the District. The Committee as a whole meets at least six times a year and the meetings are open to the public.

Membership of the Committee in 2014/15:

Adur District – Councillors Liza McKinney (Co-Chairman), Ken Bishop, Ann Bridges, James Butcher, Stephen Chipp (Part year), Brian Coomber (Part year), Liz Haywood, Emily Hilditch and Rod Hotton

Worthing Borough – Councillors Roy Barraclough (Co-Chairman), Keith Bickers, Ed Crouch, Charles James (Part year), Dr Heather Mercer, Mark Nolan, Victoria Taylor (Part year), Vino Vinojan and Keith Sunderland

Have your say...

You can find out more about our work on the internet at www.adur-worthing.gov.uk where you can look at the reports we have received, our recommendations and the minutes of our meetings.

Adur District Council and Worthing Borough Council are committed to being more responsive to the way in which they provide services. They want more people to feel that they have the opportunity to influence matters that affect them. The Joint Overview and Scrutiny Committee can look at these issues and the Committee would like to give more people the chance to contribute to its work.

Suggest a topic for scrutiny

The Joint Committee reviews its Work Programme throughout the year to make sure that it is working on topics that it can make a major impact on. If there is an issue or service which you think that Councillors should review, please return the form below to tell us about it.

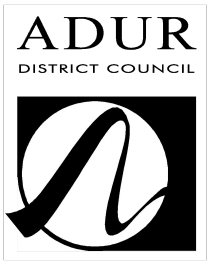
Come along to a meeting

The Committee meets at least six times a year at either the Adur Civic Centre, Ham Road, Shoreham-by-Sea (New Shoreham Centre, Pond Lane with effect from October 2015) or the Town Hall, Chapel Road, Worthing. The meetings are open to the public and details of the meetings can be found on the Council's website at www.adur-worthing.gov.uk

Tell us what you think

The Overview and Scrutiny Committee has a Work Programme that lists the topics and issues which the Committee is going to look at in the near future (a copy of the current Programme is attached to this report). If you have a particular interest in a topic which the Committee is looking at, the Committee would like to hear from you. If you would like a copy of the Work programme, please contact the Policy Officer using the details below.

To find out more you can contact Mark Lowe, Policy Officer at Worthing Town Hall on 01903 221009 or on mark.lowe@adur-worthing.gov.uk



Worthing

BOROUGH COUNCIL

Overview and Scrutiny Work Programme

TOPIC SUGGESTION FORM

Name

Organisation or member of the Public?

Tel: Email:

1. What is the heading for your topic?

.....
.....
.....

2. What is the background to the issue? What is the current situation/problem?

.....
.....
.....
.....

3. How do you think that Overview and Scrutiny can make a difference and add value to this issue?

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.....
.....

Thank you for your suggestion

We will make every effort to cover as many topics as possible as thoroughly as possible. We will, however, prioritise those topics we feel can contribute to and benefit Adur and Worthing residents.

Please return this form to Mark Lowe, Policy Officer at Adur and Worthing Councils, Town Hall, Worthing, West Sussex, BN11 1HA or mark.lowe@adur-worthing.gov.uk

OUTLINE FORECAST 2016/17 TO 2020/21 AND BUDGET STRATEGY REPORT BY CHIEF FINANCIAL OFFICER

1.0 SUMMARY

- 1.1 The purpose of this report is to outline the key financial challenges that the Councils will need to face over the next 3-5 years, propose a budget strategy for managing the emerging issues in 2016/17, and set a broad financial policy framework which will inform the Medium Term Financial Plan for the next 5 years.
- 1.2 In January 2014, the Joint Strategic Committee approved the direction of travel for the Councils set out the strategy document, 'Catching the Wave', along with the organisational changes required to 'get us into shape' and be better able to face the considerable challenges and opportunities in the medium term.
- 1.3 The 'Wave Catchers' set out in the strategy continue to provide the direction for all our work:
 - Supporting our wealth generators
 - Cultivating enterprising communities
 - Becoming an adaptive council

They are about capitalising on the opportunities presented during economic recovery, as investors look for opportunities, businesses seek to relocate and families look along the coast for better quality of life and more affordable properties. They are also about how our councils support communities to be more enterprising by providing information, infrastructure, networks and skills, and removing bureaucratic hurdles. And finally, our strategy sets us on a course to be shapers of our own destiny as central government funding rapidly reduces, driving radical efficiency through digitisation and smart commissioning, and creating new revenue streams through investment, commercialisation of services and better use of our assets.

- 1.4 The Councils understand the challenge ahead. This report demonstrates that we need to plan to be fully self-funding by 2020/21, as Revenue Support Grant is quickly removed. But our strategy is not simply to 'keep the books balanced' or 'deal with austerity', but to fundamentally rethink our role in our places and transform how services are delivered, increasing customer satisfaction.

1.0 SUMMARY

- 1.5 Over the summer, the Operational Leaders Group (Heads of Service) will work with the Councils Leadership Team and through our new Strategic Boards, to develop a clear strategic programme of work to deliver against the financial targets which we map out in this report. This programme will be presented to Joint Strategic Committee for approval in December 2015. Known projects are outlined here and the full programme will be developed further in the coming months.

2.0 BACKGROUND

- 2.1 Members will be aware that both Councils have successfully managed to maintain a balanced budget over the recent years despite considerable financial challenges. Both Councils have not increased Council Tax for the past five years, indeed in 2014/15 Adur District Council reduced Council Tax by 1%
- 2.2 However, the financial pressure continues. Revenue support grant will inevitably reduce and the Councils expect to receive a further reduction in overall government funding of around 5% in 2016/17, with further reductions in funding in the following four years. Local Government funding has changed substantially over the past four years and may continue to change over the lifetime of the new parliament.
- 2.3 With the recent general election, the future of government funding to local Councils is uncertain. The Chancellor of the Exchequer is due to present an emergency budget on the 8th July 2015. It is fully expected that this will include further measures to address austerity; however the impact on local government is unknown at this stage. Nevertheless, given various policy announcements, it is inevitable that overall funding from Government will reduce in future.
- 2.4 Members are being asked to consider the 2016/17 strategy at an early point in the year to enable the council to plan ahead. In addition, given the difficult prospects for the next five years, the focus over the coming months will be on developing the strategy further to balance the budget in the medium term.
- 2.5 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.

3.0 FINANCIAL CONTEXT

3.1 National context and external factors

Members are well aware of the challenges presented by the 2010 Comprehensive Spending Review which detailed an overall reduction in funding for Local Government of 28% in real terms over the four years 2011/12 – 2014/15. This trend was continued on in the Comprehensive Spending Review announced on the 26th June 2013 which confirmed that the reduction would continue on into 2015/16.

3.0 FINANCIAL CONTEXT

3.1 National context and external factors

At this point of time, with a new government, it is difficult to be certain about the level of funding for 2016/17 onwards. However, it was clear from the Budget 2015 that overall spending in the public sector is set to reduce significantly over the next two years:

'... we need to achieve the £30 billion further savings that are necessary by 2017-18. I am clear exactly how that £30 billion can be achieved.

£13 billion from government departments.

£12 billion from welfare savings.

£5 billion from tax avoidance, evasion and aggressive tax planning.'

Chancellor George Osborne's Budget 2015 speech

More recently, comments from the Chancellor would indicate that the scale of the reduction may be even greater.

'We have a budget deficit that remains, at just shy of 5% of national income, one of the highest in the developed world. Our national debt stands at over 80% of GDP. This year, for the first time since the beginning of this century, it is set to fall – because of the effort we have made. If we ease off now it won't fall, but continue to rise. So that is why, last week, my cabinet colleagues and I found further savings of £3 billion in government departments. Some people were surprised that we acted so swiftly after returning to office.

I trust that they will not be surprised when we act again in the Budget next month to find further savings in public expenditure.'

Chancellor George Osborne's Mansion House speech

Many commentators now believe that by 2020/21 revenue support grant will cease. So whilst we are uncertain about the scale and timing of the reductions, the direction of travel is clear.

Members are also reminded that the Budget in 2013 contained one more announcement which will impact on the 2016/17 budgets:

- The Budget 2013 confirmed that from 2016-17 the ability for members of a defined benefit occupational pension scheme to 'contract out' of the State Second Pension will end. The end of the National Insurance discount when the flat rate pensions come in is expected to cost to the public sector as a whole £1.4bn and local government will be expected to absorb its share. The cost to the Councils will be approximately 3.4% of the pay bill.

Consequently, the Councils will see no easing of the financial pressures in the medium term.

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

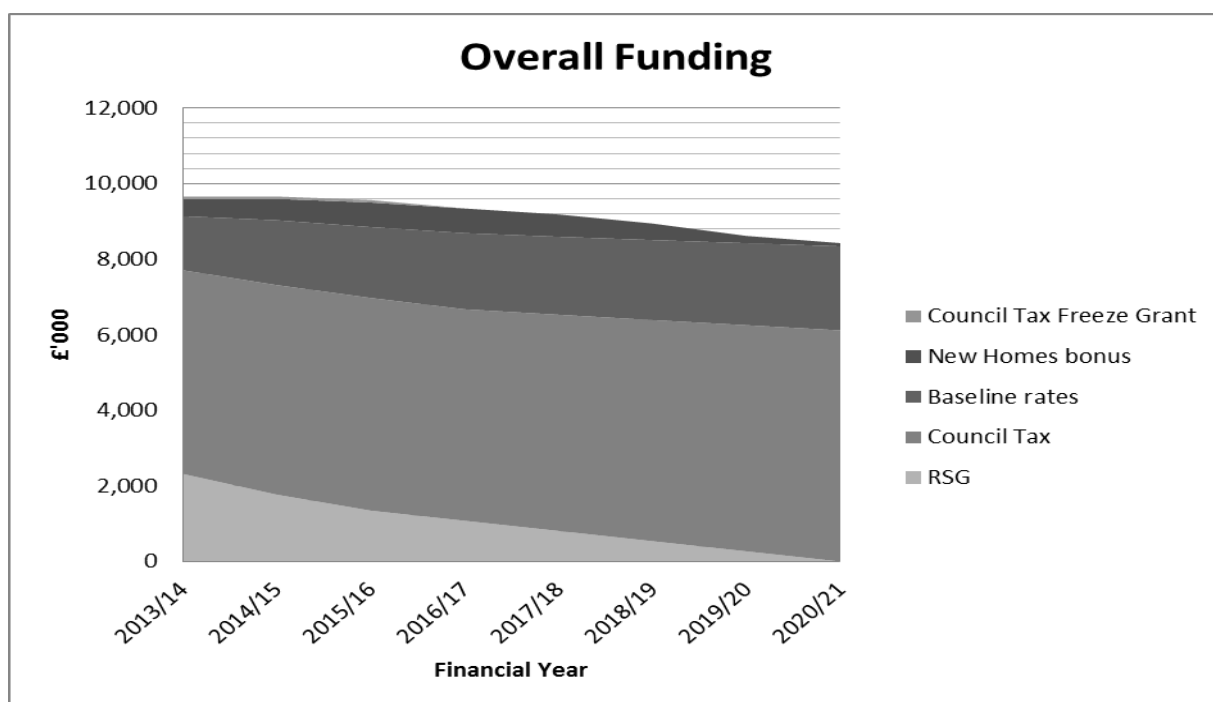
The Local Government Finance landscape has changed profoundly over the last three years due to three factors:

- The introduction of Business Rate Retention Scheme
- Localising Council Tax Support (Council Tax Benefit)
- The continuing reduction in Revenue Support Grant

The Councils now receives four distinct major funding streams which are discussed more fully later in the report:

- Revenue Support Grant;
- Business Rates;
- New Homes Bonus; and
- Council Tax

The make-up of funding to the Councils is changing with increasing proportions coming from Council Tax and the Business Rate Retention Scheme. The future of the New Homes Bonus is unclear and it is not expected to continue in its current form. Revenue Support Grant will reduce significantly over the next 5 years and may cease by 2020/21.



(Note: Using Adur District Council as an example)

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

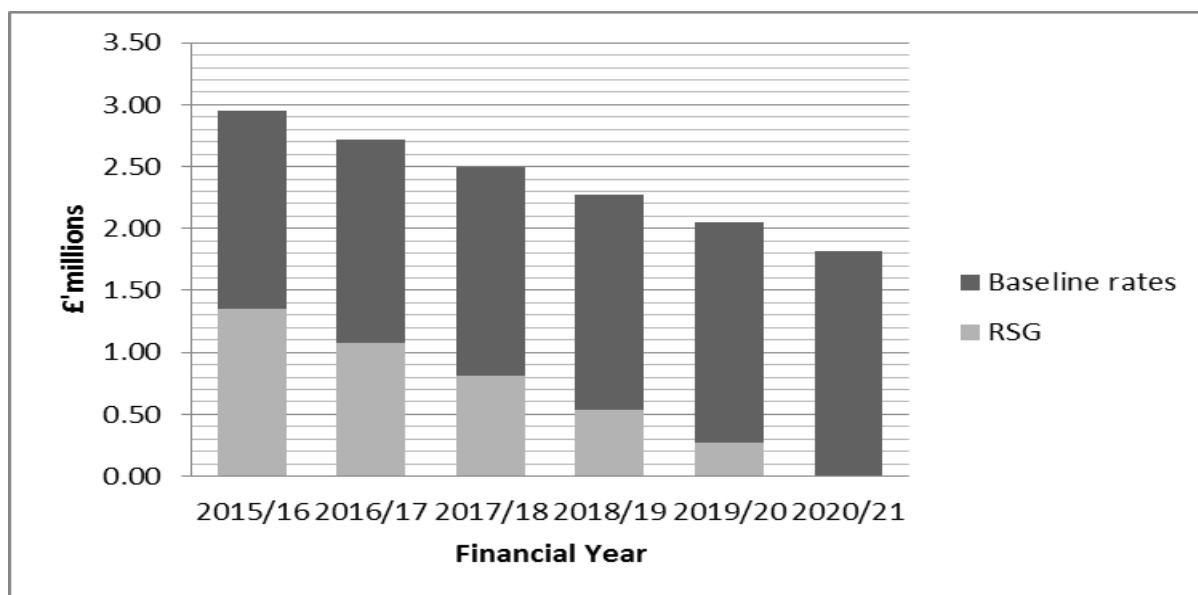
These changes to local government funding have influenced how the Councils view both the building of new homes and the creation of new employment space - our broader role in the wider system is clear - and this is reflected in what the Councils need from the senior leadership in working with partners, businesses and investors to shape opportunities for growth. The increasing importance of economic development to the Council is reflected in the priorities set out in 'Catching the Wave'.

3.2.1 Revenue Support Grant

Since 2010 the Councils have seen government funding reduce by over 50%, although the picture is obscured by the number of grants that have been consolidated recently into the base grant and the introduction of the Business Rate Retention Scheme.

Looking further ahead, it is expected that trend of reducing Revenue Support Grant will continue with Revenue Support Grant ceasing in 2020/21

Adur District Council - Total core government funding over time

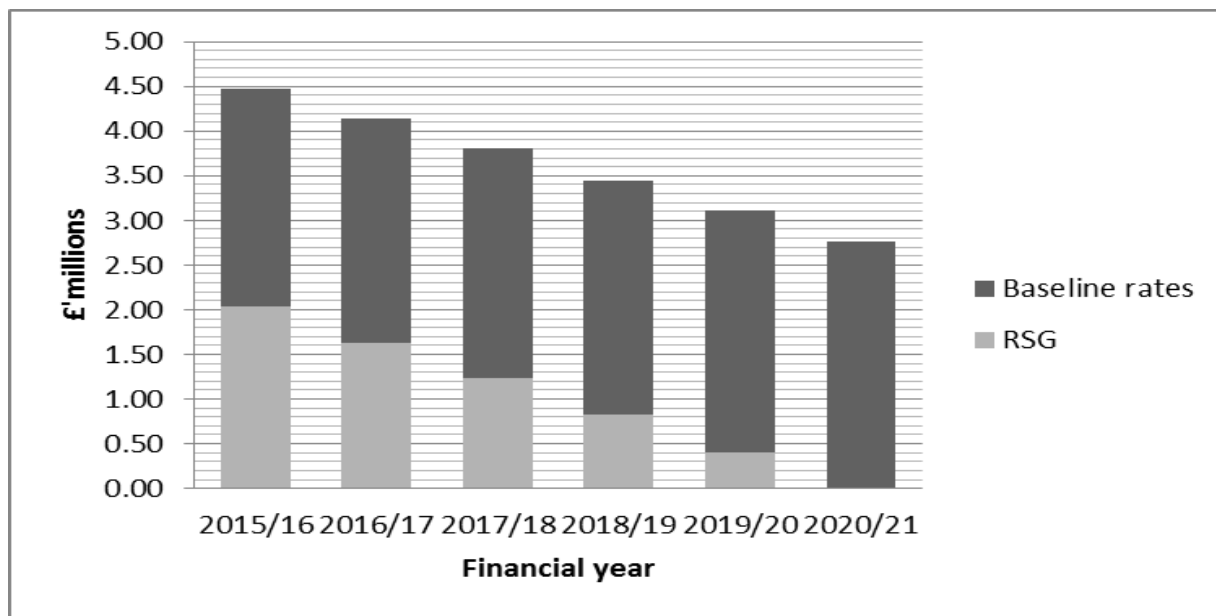


3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.1 Revenue Support Grant

Worthing Borough Council - Total core government funding over time



Within the outline forecast the following fall in Revenue Support Grant is assumed.

2016/17	2017/18	2018/19	2019/20	2019/20
-20%	-20%	-20%	-20%	-20%

However, the overall reduction is very much dependent on the forthcoming Emergency Budget and how this impacts on the future of Local Government Finance. This will be reassessed once the details are known.

A 1% difference in grant in 2015/16 is now equivalent to £10,400 for Adur District Council and £16,300 for Worthing Borough Council.

3.2.2 Baseline Funding and Business Rates Retention

2013-14 saw the introduction of the Business Rates Retention Scheme. There are two aspects of this scheme which will influence the Councils budget:

1. **Baseline funding:**

The minimum amount of funding from business rates that the Council can keep in any given year is known as 'baseline funding'. Baseline funding is set to increase with inflation every year under the new system

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.2 Baseline Funding and Business Rates Retention

1. Baseline funding:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Adur	1,604	1,644	1,685	1,727	1,771	1,815
Worthing	2,444	2,505	2,568	2,632	2,698	2,765

2. Target income from Business Rates:

Every year the Councils are now set a target by Government of how much business rates to collect. If this target is exceeded, the Council can keep 20% of the additional income. 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 5 year 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:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Adur	270	372	378	390	401	408
Worthing	234	343	346	359	368	373

Further details can be found in **Appendix 3**.

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

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 the business rate income, will be adjusted for in future years. This is similar to how Council Tax is treated.

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.2 Baseline Funding and Business Rates Retention

2. Target income from Business Rates:

It is intended to reforecast the business rate income over the summer 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 Councils. These include:

- The Parcellforce site in Adur – Expected completion date is June 2017.
- A Biomass Plant in Adur – Expected to start in 2016 with a completion date 2 years afterwards.
- Union Place in Worthing – A planning application is expected in October 2015. 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 2015/16, then the surplus could be used to support the budget in 2016/17.

Finally members should be aware that there is a business rate revaluation planned for 2017 and it is difficult to predict what impact this will have on the business rate retention scheme.

3.2.3 New Homes Bonus

The Coalition Government introduced the New Homes Bonus in 2011/12 which is specifically targeted at rewarding increases in the Council Tax base and dealing with empty properties. Both Councils will continue to benefit from this as each year's grant allocation is paid over a 6 year period as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Adur	652	652	590	437	193	86
Worthing	1,081	1,081	808	636	416	246

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.3 New Homes Bonus

It is uncertain what will happen to the New Homes Bonus in 2016/17 with a new Government in place. The original scheme was for the duration of the current Comprehensive Spending Review, which ends in 2015/16, with no commitment beyond that. One dilemma faced by Government is that the overall funding available to Local Government is being reduced; consequently there is a question about for how long the Government will be able to financially sustain the scheme.

The current forecast assumes that the Council will not benefit from any further tranches of New Homes Bonus grant from 2016/17 onwards.

3.2.4 Council Tax

Council Tax is now the Councils' major source of income. By 2020/21 it will be over 65% of the total general income received by the councils. Consequently, there is an ever increasing strategic significance to the annual debate of how much to increase the Council Tax by.

The Councils have frozen or reduced Council Tax over the past five years in line with Government policy. However, in the past, the Councils have been partially reimbursed for this loss of income through Council Tax Freeze Grant. It is by no means certain whether Council Tax Freeze Grants will continue.

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, especially if the loss of the income is not partially compensated for by Council Tax Freeze Grant.

ADUR DISTRICT COUNCIL	2016/17	2017/18	2018/19	2019/20	2020/21
Council Tax income if Council Tax is increased by 2.0% each year	£'000 5,596	£'000 5,722	£'000 5,851	£'000 5,983	£'000 6,117
Council Tax income if Council Tax is frozen each year	5,486	5,500	5,514	5,527	5,541
Income foregone	110	222	337	456	576

WORTHING BOROUGH COUNCIL	2016/17	2017/18	2018/19	2019/20	2020/21
Council Tax income if Council Tax is increased by 2.0% each year	£'000 8,088	£'000 8,283	£'000 8,482	£'000 8,678	£'000 8,887
Council Tax income if Council Tax is frozen each year	7,929	7,961	7,993	8,017	8,049
Income foregone	159	322	489	661	838

3.0 FINANCIAL CONTEXT

3.2.4 Council Tax

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:

ADUR DISTRICT COUNCIL	2016/17	2017/18	2018/19	2019/20	2020/21
Net Expenditure	£'000 10,561	£'000 10,991	£'000 11,444	£'000 11,814	£'000 12,350
Total income from grants and taxation with a 2% Council Tax increase	-9,342	-9,184	-8,944	-8,617	-8,426
Expected budget shortfall	1,219	1,807	2,500	3,197	3,924
Net Expenditure	10,561	10,991	11,444	11,814	12,350
Total income from grants and taxation with a 1% Council Tax increase	-9,287	-9,073	-8,774	-8,386	-8,132
Expected budget shortfall	1,274	1,918	2,670	3,428	4,218
Increase in shortfall	55	111	170	231	294
Net Expenditure	10,561	10,991	11,444	11,814	12,350
Total income from grants and taxation with a 0% Council Tax increase	-9,232	-8,962	-8,607	-8,161	-7,850
Expected budget shortfall	1,329	2,029	2,837	3,653	4,500
Increase in shortfall	110	222	337	456	576

WORTHING BOROUGH COUNCIL	2016/17	2017/18	2018/19	2019/20	2020/21
Net Expenditure	£'000 14,962	£'000 15,659	£'000 16,416	£'000 17,078	£'000 17,824
Total income from grants and taxation with a 2% Council Tax increase	-13,651	-	-	-	-
	13,231	12,926	12,569	12,271	
Expected budget shortfall	1,311	2,428	3,490	4,509	5,553
Net Expenditure	14,962	15,659	16,416	17,078	17,824
Total income from grants and taxation with a 1% Council Tax increase	-13,572	-	-	-	-
	13,069	12,679	12,233	11,844	
Expected budget shortfall	1,390	2,590	3,737	4,845	5,980
Increase in shortfall	79	162	247	336	427
Net Expenditure	14,962	15,659	16,416	17,078	17,824
Total income from grants and taxation with a 0% Council Tax increase	-13,492	-	-	-	-
	12,909	12,437	11,908	11,433	
Expected budget shortfall	1,470	2,750	3,979	5,170	6,391
Increase in shortfall	159	322	489	661	838

3.0 FINANCIAL CONTEXT

3.2.4 Council Tax

However, the decision whether to freeze Council Tax is a finely balanced one. The Council has 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 another Council Tax freeze.

Indeed the budget consultations, over the last couple of years, indicate that the local communities were increasingly supportive of a Council Tax increase, when the following question was asked:

'The Councils have managed to freeze Council Tax for the past three years, despite a reduction in government grant of over 40%. Both Councils expect a further reduction in a grant for 2015/16 of around 20% which is equivalent to £516,000 for Adur District Council and £778,000 for Worthing Borough Council.'

With this in mind, would you prefer...

	Adur District Council		Worthing Borough Council	
A small increase which will help the Councils to protect priority services	1,106	64.1% (58.8% in 2014/15)	1,671	64.9% (60.9% in 2014/15)
To freeze Council Tax for the fourth year in a row and cut services	620	35.9% (41.2% in 2014/15)	904	35.1% (39.1% in 2014/15)

Finally, Members are reminded that there will be a referendum limit. The Chancellor has yet to announce the referendum limit for 2016/17. However, the limit has been 2% for the past two years.

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 £54,900 in Adur and £79,300 in Worthing for 2016/17.

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

2016/17	2017/18	2018/19	2019/20	2020/21
2.0%	2.0%	2.0%	2.0%	2.0%

However in recognition of the difficult financial position that many local residents experience this can be reduced if sufficient savings are found, or the reduction to local government finance is not as severe as expected.

3.0 FINANCIAL CONTEXT

3.3 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 2015 is estimated to be:

	Adur	Worthing
	£'000	£'000
Working balance	459	844
Net budget	9,565	13,783
Percentage held	4.8%	6.1%

With the overspend in 2014/15, Adur District Council has fallen below the target level of reserves, consequently the first call on any underspend in future years will be sufficient funding to top the working balance back up to the minimum level of 6%.

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).

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-15	Uncommitted resources*	Balance as at 31-Mar-15	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	443	98	769	251
Special and other emergency expenditure reserve	288	288	42	42
TOTAL	731	386	811	293

3.0 FINANCIAL CONTEXT

3.3 Reserves Position:

- * This allows for approvals to use the resources from 2015/16 onwards including the funding of carry forwards, the continuing impact of the New Ways of Working project, and the digital strategies. It does not allow for any contributions to reserves arising from underspend.

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.1 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:

4.2 Pay and Prices

4.2.1 The largest source of cost pressure comes from inflation. General inflation is currently at 0.1% (CPI) which is below the target 2% set by the Bank of England. The Bank of England expects inflation to continue to stay just below the threshold in 2015/16 and gradually move back towards the 2% target rate in 2016/17.

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:

	2016/17	2017/18	2018/19	2019/20	2020/21
	%	%	%	%	%
Pay*	2	2	2	2	2
Supplies & Services	1	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:

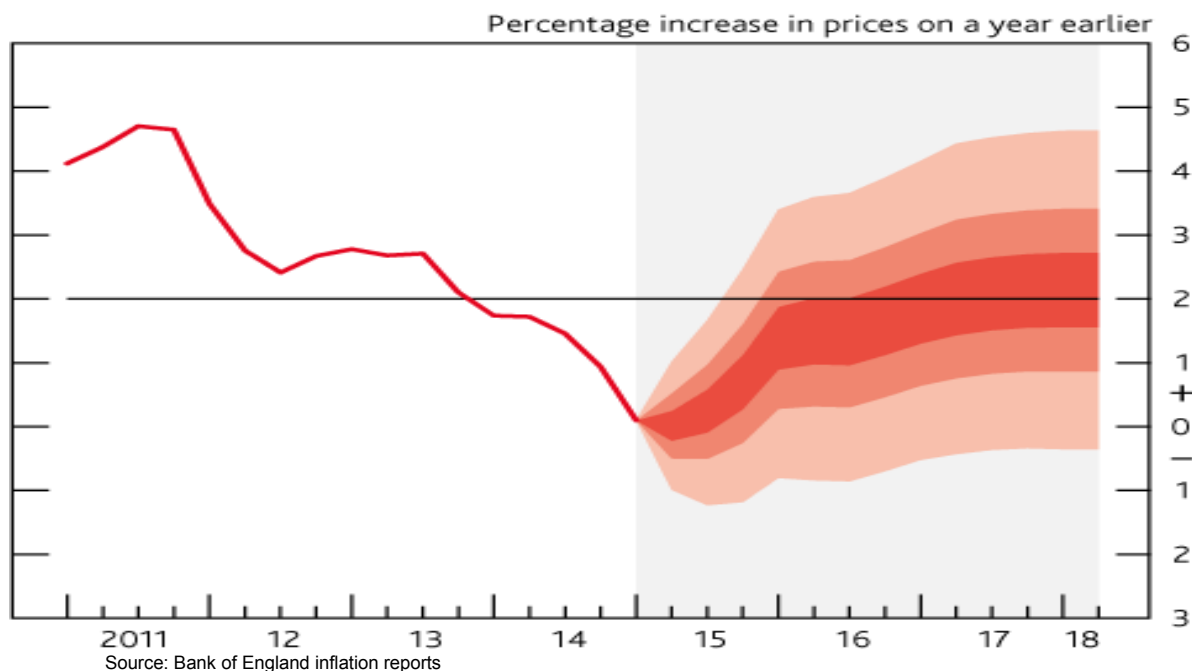
Adur	Worthing	Joint Strategic Committee
£'000	£'000	£'000
50	160	325

Increment costs have increased in recent years due to the impact of regradings and moving staff to the single pay structure. This is reassessed annually.

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.2 Pay and Prices

Forecast year on year inflation (CPI) as at May 2015:



Overall net pay and price inflation is expected to add to the base budget in 2016/17 which will aggregate up until 2020/21 as follows:

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Adur*	314	658	1,013	1,369	1,746
Worthing*	437	1,013	1,608	2,213	2,847
Note:					
Joint Services	609	1,388	2,189	2,997	3,844
* (included above)					

Income is assumed to increase by 2.0% in 2016/17 which will help to offset the inflationary pressures.

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

	Adur	Worthing	Joint
	£'000	£'000	£'000
Pay	26	59	205
Supplies and Services	26	110	41
Income	-40	-184	-30
Total	12	-15	216
Share of joint inflation	86	130	-216
OVERALL TOTAL	98	115	0

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.3 Pension Costs

The last revaluation of the pension fund was in 2013/14 and will increase the employer's contribution with the increase introduced in phases over the three years 2014/15 – 2016/17. The total West Sussex fund was 86.4% funded at this valuation.

Overall, the pension costs are set to increase as follows:

Cumulative pension increase:	2016/17	
	%	£'000
Adur*	1.0%	70
Worthing*	0.5%	97
Note: Joint Services * (included above)	1.0%	195

The pension fund is due to be revalued again in 2016/17.

4.4 Impact of the Capital Programme

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 £1.5m for Worthing Borough Council. This reflects concerns about affordability in the medium term.

In addition, within the capital strategy, Adur District Council has allocated £3.7m to the Housing Investment Programme for Adur Homes

Each £1m of borrowing is estimated to cost £22,500 in the first year and £110,000 the year after, although the cost is dependent on the prevailing rate of interest and the life of the asset acquired. (Based on a 4.5% interest cost and 15 year asset life)

4.5 Interest rates

The prospects for interest rates have improved slightly recently due to improvements in the economy, although our treasury management advisors consider that the increases will be limited and gradual. It is unlikely that the rates will revert back to 5% in the medium term, the rate seen before the 2008 banking crisis. Built into the 5 year forecasts are the following assumptions regarding average interest rates:

	2016/17	2017/18	2018/19	2019/20	2020/21
Average interest rates	1.00%	1.50%	1.75%	2.00%	2.25%

Each 1% change in interest rates is equivalent to £100,000 (based on £10,000,000 investments).

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.6 Councils' Budget and Shortfall:

4.6.1 A summary of the position for 2016/17 is therefore:

	Adur	Worthing
	£'000	£'000
Main cost pressures:		
Inflationary pressures in excess of the likely increase in Council Tax	190	247
Changes in Government Funding		
Reduction in Revenue Support Grant	333	495
Increase in income from business rates	-142	-170
Overall change to government funding	191	325
Other items:		
Impact of changes to National Insurance	252	405
Net impact of the capital programme	196	188
Impact of reduced interest rates	-14	-7
Impact of pension fund valuation	70	97
Reinstatement of Elections budget	42	-
Additional maintenance costs associated with Splashpoint swimming pool	-	60
Splashpoint - Impact of sale of Aquarena site	-	-150
Provision for new growth items	76	128
Removal of surplus / deficit on collection fund	156	-3
Removal of one-off contributions to reserves	-40	-79
Contingency	100	100
Overall savings to be met from a combination of increased income, efficiency savings and reductions in lower priority services.	1,219	1,311

Note: This breakdown of the cost pressures is given at the 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.

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.6 Councils' Budget and Shortfall:

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

	2016/17	2017/18	2018/19	2019/20	2020/21
Adur*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,219	1,807	2,500	3,197	3,924
Annual shortfall	1,219	588	693	697	728
Total net budget	9,342	9,184	8,944	8,617	8,426
Annual savings as a percentage of overall net budget (%)	13.05%	6.40%	7.75%	8.09%	8.64%

	2016/17	2017/18	2018/19	2019/20	2020/21
Worthing*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,311	2,428	3,490	4,509	5,553
Annual shortfall	1,311	1,117	469	552	584
Total net budget	13,651	13,231	12,926	12,569	12,271
Annual savings as a percentage of overall net budget (%)	9.60%	8.44%	8.22%	8.11%	8.51%

	2016/17	2017/18	2018/19	2019/20	2020/21
Joint Services**	£'000	£'000	£'000	£'000	£'000
Overall cumulative Shortfall	2,516	4,131	5,637	7,127	8,633
Annual shortfall	2,516	1,615	1,506	1,490	1,506
Total income estimate	20,571	19,749	19,058	18,391	17,747
Annual savings as a percentage of overall net budget (%)	12.20%	8.20%	7.90%	8.10%	8.50%

* Both the forecast for Adur District Council and Worthing Borough Council include the respective share of the cost of the Joint Strategic Committee.

** The overall income to the joint committee has been reduced in line with the average reduction for the constituent councils.

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

The full 5-year outline forecasts are shown at **Appendix 3**.

4.6.3 It is important to note that, at this early point in the year, the figures are indicative only and will certainly be changed as the year progresses. It is intended to present an updated picture in the autumn.

4.7 Budget risks

In addition to the issues quantified above, there are also a two other key risks that Members should be aware of:

i) Building Maintenance DSO

The Adur Building Maintenance DSO overspent considerably in 2014/15. This service is currently being reviewed to ensure that, in future, the service meets its financial targets.

ii) Pay inflation

Whilst the 5 year forecast assumes a 2% pay increase for 2016/17, Members should be aware that this will be the fifth successive year of only limited pay increases for staff (other than increments for some). The Unions are becoming increasingly discontent at such limited pay increases and last year there was some industrial action. There is likely to be increasing pressure from the unions for higher increases in the future.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2016/17 AND BEYOND

5.1 The Councils will need to identify significant savings or deliver income growth over the next 5 years to balance the budget; this is without building any additional capacity to deliver new or improved services. It is proposed to reshape how the Councils approach the budget cycle and to increase the focus on the years ahead. The intention is to develop a 5-year programme in line with the Catching the Wave strategy. This programme will be shaped over the summer months by the new Strategic Boards and in light of the Emergency Budget due on July 8th 2015. The initial overall targets for this programme of work are:

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Strategic Property Fund	100	350	500	500	500	1,950
Income Growth	600	600	600	600	600	3,000
Recommissioning of services	104	120	0	0	0	224
Digital Programme	200	200	200	0	0	600
Other efficiencies	1,526	462	428	616	671	3,703
Total savings to be identified	2,530	1,732	1,728	1,716	1,771	9,477

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2016/17 AND BEYOND

5.2 The Councils will need to identify options to meet the budget shortfall for 2016/17 and beyond. The process will follow the four stages:

1. The Strategic Boards will be responsible for identifying proposals to meet a significant proportion of the savings targets to be considered by Council Leadership Team.
2. The “Budget Review Group” (joint cabinets) will consider the proposals to meet the 2016/17 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 2016/17 budget is attached at **Appendix 1**.

5.3 There are several strands to the emerging medium term programme which are explored in more detail below. The Strategic Boards will be developing their programmes in more detail over the summer:

1. The Major Projects Board will lead on delivering projects to increase employment space and additional housing;
2. The Digital Programme Board will lead on the delivery of the Digital Strategy and ensure that the benefits are realised from this programme of work;
3. The Strategic Asset Management Board will lead on delivering the income growth associated with the Strategic Property Fund; and
4. The Customer and Commercial Programme Board will lead on the delivery of the income growth from commercial services and seek to improve the customer experience.

1. **Supporting Wealth Generators:**

The Councils will:

- i) Facilitate the creation of more employment and retail space thereby increasing business rates income ;

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2016/17 AND BEYOND

1. Supporting Wealth Generators:

- ii) Facilitate the delivery of new homes to increase Council Tax income and lever in any government reward grant (e.g. the successor to the New Homes Bonus). On average each new home built (Band C) will generate £211.19 for Adur District Council and £168.00 for Worthing Borough Council in Council Tax income. There are a significant number of potential developments being considered by both Councils;
- iii) Promote initiatives to increase employment and reduce the burden on the public purse associated with benefits and poverty.

2. Enterprising communities:

The Councils will:

- i) Seek to work closely with the voluntary sector in the delivery of Council Services through initiatives such as 'Rethinking Parks'.
- ii) The Councils will seek cost effective service delivery vehicles. For example through setting up local trusts such as Southdown Leisure.
- iii) The Councils will commission services in the most cost-effective manner and will investigate co-commissioning with other partner organisations.

3. Adaptive Councils:

a. Digital Strategy:

The Councils have embarked on a radical digital transformation programme as approved by the Joint Strategic Programme on the 2nd December 2014. The report proposed a programme of work designed to lever in significant savings over the next 3 years as follows:

	2016/17	2017/18	2018/19	2019/20 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	-
Cumulative impact	200	400	600	600

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2016/17 AND BEYOND

3. Adaptive Councils:

b. Commercial Services:

There are three elements to this area of work:

- Existing fee earning services will be reviewed:
 - Services which either have fees set by central government or can only breakeven 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 encourage to maximise profit margins where possible.
- The Councils will look for new income generating opportunities. Examples of potential projects include the construction of a pet crematorium.

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.

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

c. Efficiency reviews

A number of services are currently going through a review with the intention of re-engineering how the service is delivered. Four reviews have been completed; Communications, Human Resources, Legal and Theatres. More will follow over the summer months.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2016/17 AND BEYOND

3. Adaptive Councils:

c. Efficiency reviews

In addition, there are still two outstanding strands of the New Ways of Working project to complete, namely:

- The completion of the Adur civic presence which is currently due to finish in September 2015; and
- The sale of Adur Civic Centre.

Without the completion of these strands, Adur District Council will not lever in the expected financial benefits. The overall project is currently being financially reviewed and an update of the financial performance of the project will be included as part of the next budget update report.

d. Procurement review

In line with the Councils priority to 'Drive continual improvement and efficiencies in services particularly in procurement and contract management', the Council is working with IESE to review the Councils approach to procurement with a view to:

- reviewing the current Procurement Strategy;
- undertaking a detailed financial analysis of the Councils' external spend and indications of where procurement savings are likely;
- identifying the potential for negotiating existing contracts to realise efficiencies.

The clear intention is to identify potential 'procurement savings' within existing budgets where possible thereby protecting front-line services.

4. Strategic Property Fund:

- i) 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.
- ii) The Councils will look for the opportunity to acquire or develop new commercial properties. To facilitate this, within the capital strategy, it is proposed that the Councils set up a Strategic Investment Fund and seek opportunities that will generate a return of 5% after allowing for any financing costs.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2016/17 AND BEYOND

4. Strategic Property Fund:

Per Council	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Planned level of capital investment	2,000	5,000	5,000	5,000	5,000
Expected cumulative return (after debt charges)	50	225	475	725	975

5. Base budget review

Adur District Council overspent considerably in 2014/15 whilst Worthing Borough Council under spent marginally. Once the cost pressures associated with the regradings, building maintenance and rent reviews are stripped out, there was an underlying underspend in the rest of the services.

	Under / Over (-) spend	Underlying Position
	£'000	£'000
Adur	399	-262
Worthing	-122	-466

Whilst a considerable proportion of these savings have already been built into the 2015/16 budget, there are still areas of under spend and additional income which can be used to contribute to the overall budget shortfall. As part of this work, the current vacancy saving target will be revisited.

5.4 Given the scale of the emerging financial challenges over the next 5 years, in tandem with the above, the Councils will also need to carefully consider which of the discretionary services contribute to the Councils' overall priorities and progressively move support away from non-priority services.

5.5 The Councils currently have uncommitted reserves of:

	£'000
Adur	386
Worthing	293

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 2016/17, 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.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2016/17 AND BEYOND

5.6 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.

6.0 2017/18 AND BEYOND

6.1 The budget projections for 2016/17 to 2020/21 are also shown in **Appendix 3**. It is clear that many of the cost pressures identified in 2016/17 will continue on for the coming years and that there is a continuing need to make significant savings.

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Adur District Council					
Estimated cumulative savings required to balance the budget	1,219	1,807	2,500	3,197	3,924
Savings required each year	1,219	588	693	697	728

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Worthing Borough Council					
Estimated cumulative savings required to balance the budget	1,311	2,428	3,490	4,509	5,553
Savings required each year	1,311	1,117	469	552	584

6.2 It is an inherent feature of the budget strategy that officers are asked to identify annual "cashable" efficiency and procurement savings to help meet the budget gap and to protect priority services. But the scale of the problem continues to be significant and efficiency savings will only meet part of the shortfall.

6.3 Consequently, there will be a focus in 2015/16 on balancing the budget through efficiency savings, proposed changes to services arising from the current service reviews, focussing resources on priority areas and possibly through the use of reserves.

6.4 Challenging times are ahead and the Councils will need to continue to critically review the services, to focus limited resources on priorities, and to ensure the savings continue to be delivered.

7.0 HOUSING REVENUE ACCOUNT

- 7.1 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.
- 7.2 Nevertheless, the HRA will be subject to the same budget process and strategy as outlined below.

8.0 CONSULTATION

- 8.1 The budget consultation this year will be undertaken over the summer. The final form of the consultation is not yet decided, but it will include elements of the statutory consultation required for the local Council Tax Support Scheme if required.
- 8.2 The Adur Consultative Forum (tenant's forum) will be consulted on regarding any proposed changes to the HRA.

9.0 BUDGET STRATEGY FOR THE 2016/17 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 2016/17 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 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;

9.0 BUDGET STRATEGY FOR 2015/16

9.2 Revenue Budget Strategy

- Expenditure is to be increased by: 2% for pay (plus an allowance has been made for increments which are a contractual commitment) and 1% 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

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

Adur District Council: £1m core funding with the addition of £1.6m in 2016/17 to fund the replacement of the refuse and recycling vehicles (plus £3.6m for the Housing Investment Programme)

Worthing Borough Council: £1.5m core funding with the addition of £2.9m in 2016/17 to fund the replacement of the refuse and recycling vehicles

- The funding of the programme is to be comprised of prudential borrowing and capital receipts. This reflects concerns about affordability; however members need to be aware that the number, age and condition of the Council's assets continue to be a cause for concern.
- 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.

10.0 LEGAL IMPLICATIONS

- 10.1 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 2016/17 budget.

11.0 CONCLUSIONS

- 11.1 As usual the budget is characterised by uncertainty. However it is inevitable that the Councils will continue to face significant reductions in expenditure year on year. The need to limit Council Tax increases coupled with a continued reduction in Government support means that the Councils will need to generate significant additional income or identify significant savings in the next 5 years to balance the budget. This is without building additional capacity to deliver some key new aims.
- 11.2 The Catching the Wave strategy is helping Adur and Worthing Councils play a vital place-shaping role in our communities. By focusing on wealth generation, enterprising communities and adapting the organisation, the Councils are fulfilling their civic roles as well as helping to secure their own future to help maintain key services. Increases in employment and business growth directly affect Councils' income through increased Council Tax take and Business Rate growth, underlining the importance of the growth agenda which is central to our strategy.
- 11.3 Our ambitious programme to digitise our services is already driving out efficiencies as well as improving the customer experience. And as we take opportunities to procure and commission more effectively and generate income from more of our services, we will increasingly take control of our destiny as central grant funding is removed. Our Councils are becoming national leaders around digital transformation, helping set a new, more flexible and cost effective operating environment for the future.
- 11.4 Our newly created Strategic Boards will play a key role in developing our medium term programme to achieve self-funding status by 2020, owning clear financial targets and encouraging innovation, introducing even stronger discipline around business case development and benefits realisation.

12.0 RECOMMENDATIONS

- 12.1 Joint Strategic Committee is recommended to:**
- (a) Note the report and the outline 5-year forecasts in Appendix 3;**
 - (b) Approve the proposed budget process as set out in section 8 of the report;**
 - (c) Recommend to the Councils to approve the Budget Strategy for 2016/17 outlined in Section 10 of the report.**
- 12.2 The Joint Overview and Scrutiny Committee is asked to note the content of the report.**

Local Government Act 1972

Background Papers:

Report to Adur District Council Cabinet 3rd February 2015 - Estimates 2015/16 and setting of 2015/16 Council Tax

Report to Worthing Borough Council Cabinet 2nd February 2015 - Estimates 2015/16 and setting of 2015/16 Council Tax

Report to Joint Strategic Committee 7th July 2015 – Final Revenue Outturn for Joint, Adur and Worthing 2014/15.

Budget Statement 2013 – Report from HM Treasury

Budget Statement 2015 – Report from HM Treasury

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

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SCHEDULE OF OTHER MATTERS

1. COUNCIL PRIORITY

1.1 The budget underpins the achievement of all of the Councils' priorities.

2. SPECIFIC ACTION PLANS

2.1 The report sets the targets for the achievement of a balanced budget for 2016/17.

3. SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4. EQUALITY ISSUES

4.1 Matter considered and no issues identified

5. COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues identified

6. HUMAN RIGHTS ISSUES

6.1 Matter considered and no issues identified

7. REPUTATION

7.1 Matter considered and no issues identified

8. CONSULTATIONS

8.1 Matter considered and no issues identified

9. RISK ASSESSMENT

9.1 Matter considered and no issues identified

10. HEALTH and SAFETY ISSUES

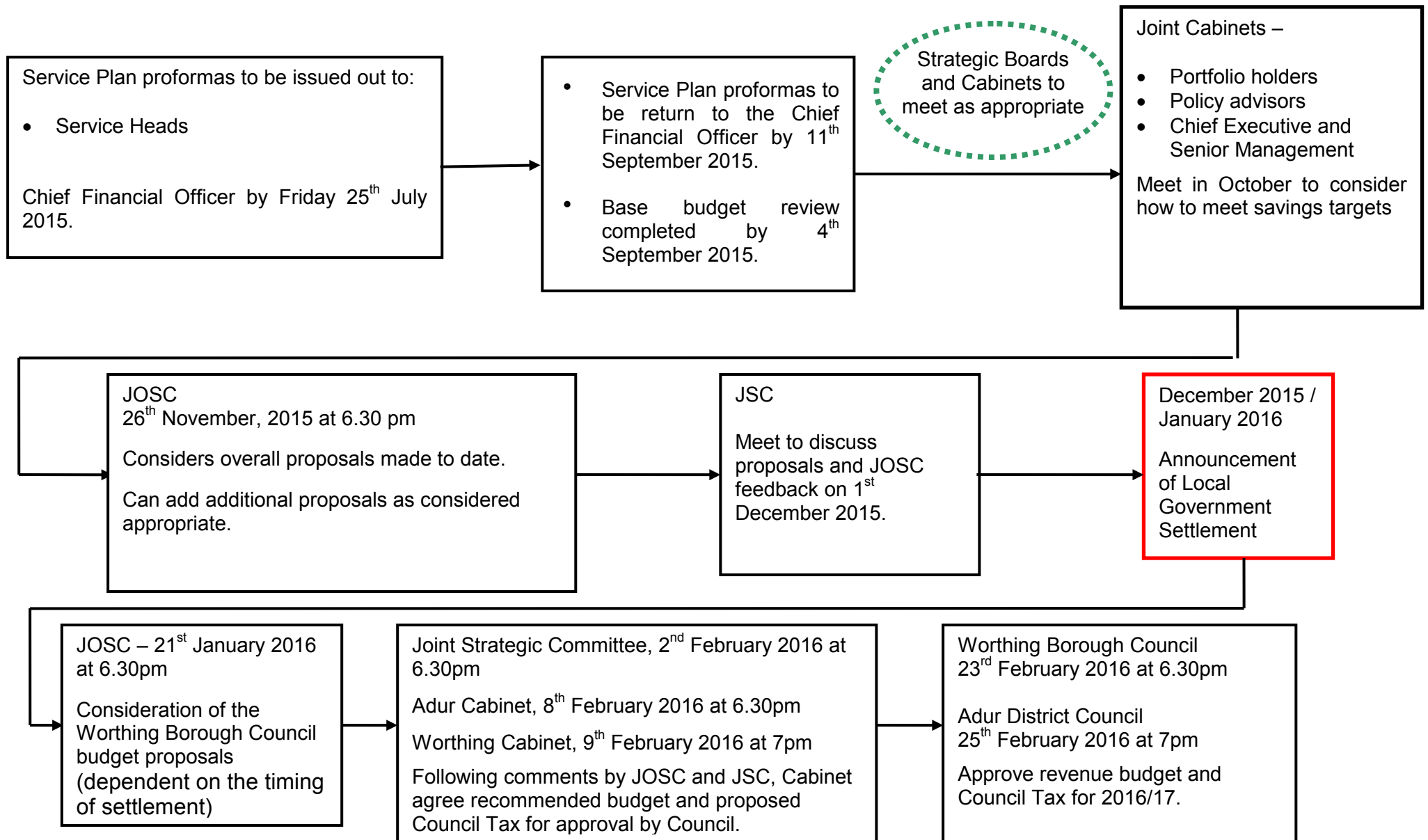
10.1 Matter considered and no issues identified

11. PROCUREMENT STRATEGY

11.1 Matter considered and no issues identified

12. PARTNERSHIP WORKING

12.1 The costs associated with the Councils' partnership arrangements are an inherent part of the Council's budget.



ADUR DISTRICT COUNCIL						
Revenue Budget Summary Statement 2015/16 - 2020/21						
	2015/16 Base	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	9,525	9,525	9,525	9,525	9,525	9,525
Annual Inflation						
Estimated inflation		314	658	1,013	1,369	1,746
One -off / non-recurring items						
Local Elections (held every other year)		42	-	44	-	46
Committed Growth						
Changes to National Insurance Contributions		252	257	262	267	272
Impact of Pension contribution increase		70	72	73	74	75
Contingency for unidentified items		100	100	100	100	100
Impact of capital programme						
Financing costs		180	307	417	531	640
Financing costs - Refuse and Recycling vehicles		16	72	72	72	72
Additional income						
Investment income		(14)	(76)	(138)	(200)	(202)
Approved Savings						
Approved Growth items						
Major Projects Team		16	16	16	16	16
Provision for new growth items		60	60	60	60	60
Total Cabinet Member Requirements	9,525	10,561	10,991	11,444	11,814	12,350
Total Cabinet Member Requirements B/fwd	9,525	10,561	10,991	11,444	11,814	12,350
Baseline funding	1,604	1,644	1,685	1,727	1,771	1,815
Less: Safety net pay't / business rate shortfall		-	-	-	-	-
Add: Retained additional business rates	270	372	378	390	401	408
Add: Share of 2013/14 surplus						
Adjusted Baseline funding	1,874	2,016	2,063	2,117	2,172	2,223
Revenue Support Grant	1,348	1,078	809	539	270	-
Council Tax						
Adjusted Council Tax income	5,472	5,596	5,722	5,851	5,983	6,117
Other grants						
Council Tax Freeze grant	63	-	-	-	-	-
New homes bonus (2011/12 - 2016/17)	62	62	-	-	-	-
New homes bonus (2012/13 - 2017/18)	153	153	153	-	-	-
New homes bonus (2013/14 - 2018/19)	244	244	244	244	-	-
New homes bonus (2014/15 - 2019/20)	107	107	107	107	107	-
New homes bonus (2015/16 - 2020/21)	86	86	86	86	86	86
Collection fund surplus/deficit (-)	156	-	-	-	-	-
Total other grants and contributions	871	652	590	437	193	86
Total Income from Grants and Taxation	9,565	9,342	9,184	8,944	8,617	8,426
(Surplus) / Shortfall in Resources	(40)	1,219	1,807	2,500	3,197	3,924
Contribution to (-) / Use of Reserves to Balance						
Capacity issues reserve	(40)	-	-	-	-	-
Total Income from Reserves	(40)	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,219	1,807	2,500	3,197	3,924

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2015/16 - 2020/21						
Net Spending to be Financed from Taxation	2015/16 Base	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
(Surplus) / Shortfall in Resources	(40)	1,219	1,807	2,500	3,197	3,924
Contribution to (-) / Use of Reserves to Balance Capacity issues reserve	(40)		-	-	-	-
Total Income from Reserves	(40)	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,219	1,807	2,500	3,197	3,924
CLT - Strategic Initiatives to balance the budget						
Strategic Investments						
Property investment programme / fund		50	225	475	725	975
Commercial activities and commissioning						
Commercial and Property Board						
Re-commissioning of Adur Revenues and Benefits service		80	200	200	200	200
Other income growth to be identified		240	480	720	960	1,200
Efficiency Measures						
Digital strategy		80	160	240	240	240
Restructures and service redesign in progress:						
Human Resources		8	8	13	13	13
Communications		13	13	22	22	22
Legal Services		111	111	111	111	111
Other Efficiency measures still to be identified		637	637	719	926	1,163
Total future initiatives identified		1,219	1,834	2,500	3,197	3,924
Savings still to be found/ (surplus)		-	(27)	-	-	-
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Savings required in each year		1,219	588	693	697	728

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2015/16 - 2020/21

	2015/16 Base	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	13,704	13,704	13,704	13,704	13,704	13,704
(a) Annual Inflation						
Estimated inflation		437	1,013	1,608	2,213	2,847
(b) One -off / non-recurring items						
Local Elections (not held once every four years)		-	(76)	-	-	-
(c) Committed Growth						
Changes to National Insurance Contributions		405	413	421	429	438
Impact of Pension contribution increase		97	99	101	103	105
Housing condition survey - carried out once every 3 years		-	9	-	-	9
Additional maintenance costs associated with Splashpoint swimming pool		60	60	60	60	60
Contingency		100	100	100	100	100
(e) Impact of capital programme						
Financing costs - General Programme		159	292	437	554	677
Financing costs - Refuse and Recycling vehicles		29	125	125	125	125
(f) Additional income						
Investment income		(7)	(58)	(118)	(188)	(219)
(g) Agreed Savings						
Splashpoint - Impact of sale of Aquarena site		(150)	(150)	(150)	(150)	(150)
(h) Approved Growth items						
Major Projects Team		38	38	38	38	38
Provision for new growth items		90	90	90	90	90
Total Cabinet Member Requirements	13,704	14,962	15,659	16,416	17,078	17,824
Total Cabinet Member Requirements b/fwd	13,704	14,962	15,659	16,416	17,078	17,824
Baseline funding	2,444	2,505	2,568	2,632	2,698	2,765
Less: Safety net payment/business rate sh'fall	-	-	-	-	-	-
Add: Net retained additional business rates	234	343	346	359	368	373
Add: Share of 2014/15 surplus /deficit (-)						
Adjusted Baseline funding	2,678	2,848	2,914	2,991	3,066	3,138
Revenue Support Grant	2,043	1,634	1,226	817	409	-
Council Tax income						
Adjusted Council Tax income	7,898	8,088	8,283	8,482	8,678	8,887
Council Tax Freeze grant 2014/15	86	-	-	-	-	-
New homes bonus (2011/12 - 2016/17)	273	273	-	-	-	-
New homes bonus (2012/13 - 2017/18)	172	172	172	-	-	-
New homes bonus (2013/14 - 2018/19)	220	220	220	220	-	-
New homes bonus (2014/15 - 2019/20)	170	170	170	170	170	-
New homes bonus (2015/16 - 2020/21)	246	246	246	246	246	246
Collection fund surplus/deficit (-)	(3)	-	-	-	-	-
Total other grants and contributions	1,164	1,081	808	636	416	246
Total Income from Taxation	13,783	13,651	13,231	12,926	12,569	12,271

WORTHING BOROUGH COUNCIL Revenue Budget Summary Statement 2015/16 - 2020/21						
	2015/16 Base	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Use of / (contribution to) Res'ves to Balance Budget						
Capacity issues reserve	(79)	-	-	-	-	-
Total Income from Reserves	(79)	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,311	2,428	3,490	4,509	5,553
CLT - Strategic Initiatives to balance the budget						
Strategic Investments						
Property investment programme / fund		50	225	475	725	975
Commercial activities and commissioning						
Commercial and Customer Board						
Re-commissioning of Adur Revenues and Benefits service		24	24	24	24	24
Other income growth to be identified		360	720	1,080	1,440	1,800
Efficiency Measures						
Digital Strategy Board		120	240	360	360	360
Restructures and service redesign in progress:						
Human Resources		13	13	13	20	20
Communications		20	20	33	33	33
Legal Services		167	167	167	167	167
Other Efficiency measures still to be identified		557	1,019	1,338	1,740	2,174
		1,311	2,428	3,490	4,509	5,553
Savings still to be found/ (surplus)		-	-	-	-	-
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Savings required in each year		1,311	1,117	1,062	1,019	1,044

JOINT STRATEGIC COMMITTEE
Revenue Budget Summary Statement 2015/16 - 2020/21

	2015/16 Base	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	24,803	24,803	24,803	24,803	24,803	24,803
Budgets transferred in from Adur and Worthing Councils						
(a) Annual Inflation						
Estimated inflation		609	1,388	2,189	2,997	3,844
(b) Committed Growth						
Changes to National Insurance Contributions		558	569	580	592	604
Impact of Pension contribution increase		166	169	172	175	179
Contingency		100	100	100	100	100
Total Budget Requirements	24,803	26,236	27,029	27,844	28,667	29,529
Less: Recharges within the Joint Strategic Committee	(3,149)	(3,149)	(3,149)	(3,149)	(3,149)	(3,149)
Net cost to be reallocated to the Councils	21,654	23,087	23,880	24,695	25,518	26,380
Adur District Council	8,775	8,336	8,128	7,925	7,767	7,612
Worthing Borough Council	12,879	12,235	11,929	11,631	11,398	11,170
Total income for services provided to the constituent councils	21,654	20,571	20,057	19,556	19,165	18,782
(Surplus) / Shortfall in Resources	-	2,516	3,823	5,139	6,353	7,598
CLT - Strategic Initiatives to balance the budget						
Commercial activities and commissioning						
Commercial and Property Board						
Re-commissioning of Adur Revenues and Benefits service		104	224	224	224	224
Other income growth to be identified		600	1,200	1,800	2,400	3,000
Efficiency Measures						
Digital strategy		200	400	600	600	600
Restructure						
Human Resources		21	21	26	33	33
Communications		33	33	55	55	55
Legal Services		278	278	278	278	278
Other Efficiency measures still to be identified		1,280	1,667	2,156	2,763	3,408
Total savings identified		2,516	3,823	5,139	6,353	7,598
Savings still to be found/ (surplus)		-	-	-	-	-
Savings required in each year		2,516	1,307	1,316	1,214	1,245

BUSINESS RATE FORECAST					
	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Adur District Council					
Total business rate income	21,814	22,343	22,916	23,489	24,062
Less: Business rate reliefs awarded	-3,145	-3,224	-3,304	-3,387	-3,471
Net business rate income	18,669	19,119	19,612	20,102	20,591
Less:					
Write offs	-187	-191	-196	-201	-206
Appeals	-263	-269	-276	-283	-290
Net income	18,219	18,659	19,140	19,618	20,095
Less: Share of income paid to Council for administration costs	-90	-93	-95	-97	-100
Net income for purpose of income share calculation	18,129	18,566	19,045	19,521	19,995
Council share of income (40%)	7,252	7,426	7,618	7,808	7,998
Less: Tariff	-5,289	-5,421	-5,557	-5,696	-5,838
Retained business rates	1,963	2,005	2,061	2,112	2,160
Add : S151 grants paid directly to the General Fund	426	436	447	458	470
Total income eligible for levy/safety net calculation	2,389	2,441	2,508	2,570	2,630
Baseline funding	-1,644	-1,685	-1,727	-1,770	-1,815
Surplus/(deficit) business rates	745	756	781	800	815
Less: Levy @ 50%	-373	-378	-391	-399	-407
Retained additional business rates	372	378	390	401	408
Share of estimated 2015/16 deficit	0	0	0	0	0
Estimated surplus/deficit (-)	372	378	390	401	408

APPENDIX 3

BUSINESS RATE FORECAST					
	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Worthing Borough Council					
Total business rate income	37,759	38,674	39,666	40,657	41,649
Less: Business rate reliefs awarded	-5,314	-5,446	-5,583	-5,722	-5,865
Net business rate income	32,445	33,228	34,083	34,935	35,784
Less:					
Write offs	-71	-72	-74	-76	-78
Appeals	-618	-633	-649	-665	-682
Net income	31,756	32,523	33,360	34,194	35,024
Less: Share of income paid to Council for administration costs	-139	-143	-146	-150	-154
Net income for purpose of income share calculation	31,617	32,380	33,214	34,044	34,870
Council share of income (40%)	12,647	12,952	13,286	13,618	13,948
Less: Tariff	-10,246	-10,502	-10,765	-11,034	-11,310
Retained business rates	2,401	2,450	2,521	2,584	2,638
Add : S151 grants paid directly to the General Fund	790	809	830	850	872
Total income eligible for levy / safety net calculation	3,191	3,259	3,351	3,434	3,510
Baseline funding	-2,505	-2,568	-2,631	-2,698	-2,765
Surplus/(deficit) business rates	686	691	720	736	745
Less: Levy @ 50%	-343	-345	-361	-368	-372
Retained additional business rates	343	346	359	368	373
Share of estimated 2015/16 deficit	0	0	0	0	0
Estimated surplus / deficit (-)	343	346	359	368	373

Digital Update

Report by the Director for Digital and Resources

1.0 Summary

1.1 On December 2nd 2014, Joint Strategic Committee approved funding for the introduction of new cloud-based technology platforms to support the re-design and 'digitisation' of council services and ways of working over the next three years. The preceding assessment work done during Autumn 2014 established that new enterprise-grade cloud technologies were critical enablers for the delivery of 'end-to-end' digital customer self-service at the scale and pace required to modernise operations, improve the customer experience and drive out efficiencies.

1.2 Implementation summary

The following table provides updates on the workstreams mentioned in the previous report to JOSC in March 2015:

Workstream	Current position
Google Apps for Work	Rolled out successfully with go live on 14th April.
Customer Interaction Platform	Development continues on the contact centre and green bins products. Currently due to go live at end of July 2015 (previously April 2015).
Enterprise and contact centre telephony procurement	Tender process underway with evaluation of responses due to take place during July 2015.
Introduction of smartphones to staff	Contract has been signed with Vodafone and 500 smartphones to be rolled out to staff and members during July.

Network and wifi technical assessments	The network assessment is complete and the network as it stands is fit for purpose. A wifi study has been carried out and recommends an increase in the number of access points in Council buildings. A procurement process is starting up to make this happen.
Creating the Adur & Worthing Digital and Design Service	<p>Head of Digital and Design is now in post. Team has been brought together within the organisational structure.</p> <p>The service's strategy is being written and a number of projects undertaken.</p>

1.3 The digital programme is progressing well.

The Google for Work rollout was completed successfully and in a very short space of time and has already seen a number of business benefits achieved as well as savings on software licencing costs. Further training and support is planned for all uses to help them make the most of the new technology.

The development of the customer interaction platform is taking longer than previously advised, however, this is to be expected given the innovative nature of the work and the fact that the original timescales were very aggressive.

The green bins product is part of a wider suite of products being built for AWCS, all based on shared technology 'building blocks'. These are very close to completion, and work will then start on rolling them out to customers. This is expected to start during July 2015.

Following the appointment of the Head of Digital and Design, much progress has been made in developing the service. Highlights include:

- Development of a Digital and Design Strategy to define our ambitions and how we plan to achieve them
- Knowledge transfer from our technology partner to the Digital and Design team is underway
- Design of a Digital and Design Confidence programme to improve knowledge and skills across the organisation
- A member development programme - "Connected Councillors" had been started
- Service design work has been started with Human Resources to help them continue to deliver their service following the recent restructure
- Performance management within the Councils is being redesigned, to reduce paperwork and duplication and improve access to business intelligence for better decision making

Work has begun on a benefits realisation model, which will track investment in the digital programme and the savings achieved as a result, as well as the positive impact on customer experience.

We are also exploring with partner organisations how they may be able to make use of our technology platforms to develop their own products and services. This will be the point where what we are doing stops being a technology project and instead becomes something more interesting: a redefining of the role that the Councils play in the local area.

1.4 IT Infrastructure update

In recent months there have been several outages where some or all IT services have been unavailable at some or all locations.

The worst of these was a week-long problem at Commerce Way, where a BT engineer, acting upon incorrect instructions from Capita, disconnected the entire site from the West Sussex Wide Area Network, thus removing all network connectivity. Due to several issues, the site was not restored to full working order for several working days. A meeting was held with Capita and West Sussex County Council to investigate the issues. Several were uncovered and measures are being put in place to ensure such an issue would not recur.

There has also been a long running issue with the performance of the financial management system, Total. This has been performing very slowly, holding up the work of the finance team at a vital time of the year as well as impacting on other service areas. A project has been started to resolve these issues by upgrading the server that runs the software and moving it from Horsham's data centre to our own.

The network connection between Adur and Worthing Councils and Horsham, where several of our applications are hosted, has also recently suffered intermittent down time. This has been fixed recently with the connection being switched to the West Sussex Wide Area Network.

The project to develop disaster recovery plans for every service has recently been completed. This ensures that there are arrangements in place for when IT is not available so that Council services can continue to be delivered with minimal disruption.

1.5 IT infrastructure moving forward

We are working hard to improve the way technology is delivered within the Councils. The digital platform work is a key part of our response - by developing our applications on our own platform, we retain control of our own technology destiny.

We are also working closely with our partners in Census ICT to ensure the service provided is fit for our purposes. We are pleased at the progress being made there around change management processes which will result in fewer outages and a more predictable service.

Working with Census ICT colleagues, we also investigating how we can take our cloud approach to IT further and whether we can host all of our applications that do not currently work on the new platform via another form of cloud based hosting, and thus remove the need for a physical data centre at the Town Hall. This will enable us to make savings, but also provide business benefits such as greater resilience and reduced risk during an emergency. A piece of work is to be commissioned that will determine the Councils' options in this area.

1.6 Digital inclusion

As part of the digital programme, we must ensure that our customers are able to access our services using whichever channel they prefer. For many the convenience of using online services will be ideal, however we must not assume that this is the case for all.

As well as ensuring that there are multiple ways for customers to access our services (online, telephone, face to face, etc) we can also help customers who are currently unable to access the internet to get online.

Some great work has already been started in this area by the Wellbeing service, where the IT Junction network has been established to provide spaces for people to develop their digital confidence.

A group recently formed to take this work and expand upon it, raising its strategic profile and investigating other ways in which we can help our communities make the most of the digital opportunity. The group resolved to make a commitment to digital inclusion be adopted by the councils.

The commitment is currently being drafted, and it will be signed off by the leaders of the Councils and the Chief Executive. It is important to involve members in this important work, and it is suggested that this committee considers add the monitoring of progress on digital inclusion to its work programme.

2.0 Legal

2.1 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.

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

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

2.4 Section 3(1) Local Government Act 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.

- 2.5 The Council must comply with the Data Protection Act 1998 and the principles within it, including Principle 7: appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.

3.0 Financial implications

3.1 The digital strategy is to rationalise the amount spent on software by procuring generic platforms, which can be tailored to meet the Councils' needs means that the Councils are required to invest in the short term to save in the medium term. Direct annual revenue savings relating to the project are estimated at £233,000 and should start to crystallise from 2017/18 . There will also be indirect corporate savings related to improved productivity and the reduction in direct contact with customers due to easier access and reliable digital information and services.

3.2 A detailed analysis of the financial implications of the digital programme is contained in Section 5 of the report 'Investing in New Technology: The Springboard to Excellent Customer Experience and Business Efficiency.' This report was agreed by the Executive on 2nd December 2014 and included approval to release £623,900 funds from reserves to support the planned investment expenditure in 2014/15 and 2015/16 .This is to be split indicatively on a 40% Adur and 60% Worthing basis.

4.0 Recommendation

4.1 Joint Overview and Scrutiny Committee is recommended to:

- note the contents of the report;
- request an update in October 2015;
- consider adding the digital inclusion agenda to the work programme.

Local Government Act 1972

Background Papers:

Report to Joint Strategic Committee, 2nd December 2014

Contact Officer:

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Schedule of Other Matters

1.0 Council Priority

1.1 This programme is a key enabler for the Adaptive Councils priority in Catching the Wave.

2.0 Specific Action Plans

2.1 The actions being undertaken are detailed in the Joint Strategic Committee December 4th 2014 report on Digital Investment.

3.0 Sustainability Issues

3.1 There are long term benefits anticipated through the adoption of these new technologies by increasing home working, more efficient mobile working, video meetings etc.

4.0 Equality Issues

4.1 Designing for accessibility is a key requirement for all software applications.

5.0 Community Safety Issues (Section 17)

5.1 Matter considered and no issues identified.

6.0 Human Rights Issues

6.1 Matter considered and no issues identified.

7.0 Reputation

7.1 The councils reputation is expected to be significantly enhanced through making the council more accessible online and improving responsiveness to customer enquiries.

8.0 Consultations

8.1 Matter considered and no issues identified.

9.0 Risk Assessment

9.1 The digital programme is contributing to the mitigation of a number of risks and business continuity issues that the Councils are facing. These are detailed in the Councils' corporate risk register.

10.0 Health & Safety Issues

10.1 Matter considered and no issues identified.

11.0 Procurement Strategy

11.1 G-Cloud and other government procurement frameworks have been utilised to secure these technologies and services.

12.0 Partnership Working

12.1 None at the present time. However, the 'platform' approach to technology will enable us to work closely with other organisations, sharing technology and expertise where appropriate in future.

Adur and Worthing Joint Overview and Scrutiny Committee Work Programme – 2015/16

Report by the Director for Digital and Resources

1.0 Summary

- 1.1 This report outlines progress on the work contained in the 2015/16 Work Programme.

2.0 Background

- 2.1 The current Joint Overview and Scrutiny Work Programme is a 'rolling' Programme which the Committee reviews at each meeting.
- 2.2 The Work Programme for 2015/16 was reviewed by the Committee at its meeting on 18 June 2015.

3.0 Progress with the Work Programme for the Joint Overview and Scrutiny Committee for 2015/16

- 3.1 Detailed progress with the Work Programme is set out in the Appendix to this report. The Programme includes details of any changes to work and dates made since it was last reported to the Committee and as requested by the Committee it now includes a 'date' column advising when the item will be reported. The Committee have the option to include other issues in the rolling programme for consideration during 2015/16, in particular, the Committee may wish to include other policy development issues and/or scrutiny reviews on issues which are important to the communities.

4.0 Proposals

- 4.1 To note the progress in implementing the Work Programme for 2015/16 and to consider any issues for consideration.

5.0 Legal

- 5.1 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.
- 5.2 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).
- 5.3 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
- 5.4 Section 1 Local Government (Contracts) Act 1997 empowers the Council to enter into a contract in relation to any of its functions.

6.0 Financial Implications

- 6.1 There are no known financial implications arising from this report but some of the recommendations arising from the issues being considered in the Work Programme may have financial implications.

7.0 Recommendations

- 7.1 **That the progress in implementing the Work Programme for 2015/16 be noted; and**
- 7.2 **That the Committee considers any other issues/reviews which it would like to be included as part of the 2015/16 Work Programme.**

Background Papers:

None.

Contact Officer:

Mark Lowe, Policy Officer – Tel 01903 221009
7 July 2015

Schedule of other matters

1.0 Council Priority

1.1 Matter considered and issues related to Council Priorities identified.

2.0 Specific Action Plans

2.1 Matter considered and no issues identified.

3.0 Sustainability Issues

3.1 Matter considered and no issues identified.

4.0 Equality Issues

4.1 Matter considered. Some of the issues to be considered by the Committee may impact on equality issues.

5.0 Community Safety issues (Section 17)

5.1 Matter considered. Issues relating to crime and disorder are contained in the Work Programme.

6.0 Human Rights Issues

6.1 Matter considered and no issues identified.

7.0 Reputation

7.1 Matter considered and no issues identified. Outcomes from the discussion of the issues can help to improve the reputation of the Councils.

8.0 Consultations

8.1 Matter considered. Some of the issues identified in the Work Programme may involve some form of consultation.

9.0 Risk assessment

9.1 Matter considered and no issues identified.

10.0 Health & Safety Issues

10.1 Matter considered and no issues identified.

11.0 Procurement Strategy

11.1 Matter considered and no issues identified.

12.0 **Partnership working**

12.1 Matter considered. Some of the issues identified do involve working together and also in partnership with other Councils.

APPENDIX

Joint Overview and Scrutiny Committee – Forward Work Programme 2015/16

Subject Area	Officer(s) Responsible	Comments/ Progress	Date for next report to JOSC
Inspection of catering Establishments in Adur and Worthing	Director for Communities	Report on how the inspections are undertaken and the consistency of the ratings awarded across both Council areas.	Issue reported in June 2015. Complete.
Interviews with Leaders and Executive Members from Adur and Worthing	Head of Communications	<p>Leaders and Executive Members to be interviewed at meetings between June 2015 and March 2016.</p> <p>Report detailing progress with the Executive Member priorities to be considered by the Committee as part of each interview.</p>	<p>Leaders and Executive Members to be interviewed again between June 2015 and March 2016 as follows:-</p> <p>Leaders - 18 June 2015 Regeneration - 16 July 2015 Customer Services - 24 September 2015 Resources - 29 October 2015 Environment - 21 January 2016 Wellbeing - 17 March 2016</p>
Annual Report 2014/15	Policy Officer (ML)		July 2015.

		Annual report for 2013/14 considered and agreed by JOSC on 3 July 2014 and subsequently endorsed by Adur and Worthing Council meetings. Report for 2014/15 to be considered in due course.	
Adur and Worthing Budgets 2015/16	Director for Digital and Resources/Head of Finance	Medium Term Financial Plan – July 2015 Revenue Budget proposals – November 2015 and January 2016. (Worthing only)	July 2015. January 2016.
Digital Strategy update	Director for Digital and Resources	JOSC considered the report on ICT issues and progress with implementing the Digital Strategy at its meeting on 13 November 2014. JOSC agreed to receive regular updates on progress with the implementation of the Digital Strategy and a further report was considered in March 2015. Further reports ongoing.	July 2015
Economic Recovery Review update	Director for the Economy/Policy Officer (ML)	To look at how the Councils can support businesses, the community and housing toward economic recovery.	September 2015

		Review undertaken in 2010. Monitoring report presented to JOSOC on 11 September 2014. Update report to be presented annually to JOSOC.	
Updates on the work of the West Sussex Health and Social Care Committee and Health issues	Council representatives on the Committee	<p>Committee agreed to create a Working Group to look at health issues and link with the work of the Health and Social Care Committee.</p> <p>As a starting point to the discussions, the Chairman of the West Sussex Health and Social Care Committee (HASCC), Margaret Evans, will be attending JOSOC to facilitate some discussion .</p>	September 2015.
Worthing Theatres Budgets Review	Director for the Economy/Policy Officer (ML)	<p>JOSOC undertook a review of the Worthing Theatres budgeting situation. The final Working Group report was considered in March 2015 by JOSOC and JSC.</p> <p>A follow up report on the implementation of The recommendations from the review will be reported to JOSOC.</p>	September 2015
Surf's Up monitoring	Chief Executive	Report on progress in delivering the activities associated with the Commitments in Surf's Up.	September 2015

Crime and Disorder Scrutiny	Director for Communities/Policy Officer (ML)	Report advising on crime and disorder issues and the work of the Adur and Worthing Safer Communities Partnership presented to JOSC at least once a year. Update report presented to JOSC on 11 September 2014. To be reported annually.	October 2015
Overview of how the overall overheads recharge process works and the costs involved to ensure greater openness and transparency	Head of Business and Technical Services	Report on the overall overheads recharge process.	October 2015
Worthing Age of School Transfer	Policy Officer (ML)	<p>Findings from the Working Group were reported to JOSC on 31 January 2013 and subsequently agreed at Worthing Council meeting on 19 February. Recommendations subsequently submitted to West Sussex County Council.</p> <p>The West Sussex Cabinet Member for Education and Schools attended JOSC in September 2013 to report on the progress with his work. A further update on progress with the consultation and other issues was presented to JOSC on 30 January 2014. It is intended that further updates will be presented to JOSC in due course.</p>	Written update report from WSCC circulated to JOSC Members in March 2015. Further update report to JOSC in November 2015.

Local Strategic Partnership/Waves Ahead Scrutiny	Community Wellbeing/Policy Officer (ML)	Update performance reports on the work of the Local Strategic Partnership/Waves Ahead – Two reports per year to be circulated to all as information items. Update reports circulated in November 2014 and March 2015. Further report to be circulated in November 2015.	Written update - November 2015
Fuel Poverty Review update	Director for Communities/Policy Officer (ML)	To consider the Councils involvement with fuel poverty in deprived areas. Monitoring reports presented regularly to JOSC. Further update now planned for JOSC in 2016.	March 2016
Review of the effectiveness of the 2013/14 Budgets	Directors of the Service	Review of previous budget to assess its effectiveness – 31 July 2014. Further updates on the Scrutiny of the relevant parts of the budget to be presented to JOSC in due course as requested.	Grounds Maintenance in Adur and Worthing – March 2016
Review of the Performance of South Downs Leisure and Adur Community Leisure	Director for Communities	Review of the Performance of South Downs Leisure	March 2016
September 2012 Sewage Spill and local flooding issues	Policy Officer(ML)	Representatives from Southern Water attended JOSC in November 2013 to address the issues of flooding in East Worthing. Environment Agency to attend JOSC in 2015/16 when legal issues have been resolved.	Pending outcome of Court Case – Date To be confirmed.

Joint West Sussex County review of flooding issues	Joint County Task and Finish Group	<p>Joint County review of flooding issues reported to JOSCC/JSC in January and February 2014 respectively.</p> <p>The West Sussex Task and Finish Group on flooding is being reconstituted to undertake further work on flooding. The findings will report back to JOSCC in due course.</p>	Date to be confirmed in due course in liaison with WSCC.