



ADUR & WORTHING COUNCILS

18 July 2017

Joint Overview and Scrutiny Committee

Date:	27 July 2017
Time:	6:30pm
Venue:	Queen Elizabeth II Room, Shoreham Centre, Shoreham-by-Sea

Committee Membership:

Adur District Council: Stephen Chipp (Chairman) Joss Loader, (Vice Chairman), Carol Albury, George Barton, Kevin Boram, Ann Bridges, Clive Burghard, Robin Monk

Worthing Borough Council: Roy Barraclough (Chairman), Keith Bickers (Vice Chairman), Sean McDonald, Nigel Morgan, Louise Murphy, Luke Proudfoot, Bob Smytherman, Steven Waight

Agenda

Part A

1. Declarations of Interest

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. Substitute Members

3. Confirmation of Minutes

To approve the minutes of the Joint Overview and Scrutiny Committee meeting of held on 29 June 2017, copies of which have been previously circulated.

4. 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 25 July 2017

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.)

5. Items Raised Under Urgency Provisions

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

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

7. Play Area Prioritisation Review - Adur and Worthing

To consider a report by the Director for Communities, copy attached as item 7

8. Towards a Sustainable Future - Budget Strategy for the 2018/19 Budget

To consider a report by the Director for Digital and Resources, copy attached as item 8

9. Revenue Outturn 16/17

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 Annual report 2016/17

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

11. JOSC Work Programme 2017/18

To consider a report by the Director for Digital and Resources, copy attached as item 11

Part B - Not for publication - Exempt Information Reports

None

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

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
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.



ADUR & WORTHING
COUNCILS

Joint Overview and Scrutiny Committee
27 July 2017
Agenda Item 7

Ward: All

Play Area Prioritisation Review - Adur and Worthing

Report by the Director for Communities

1.0 Summary

- 1.1 This report advises and updates Members on the process in place to determine how the current Council managed play areas are prioritised for refurbishment, via the Capital programme or via developer's Section 106 contributions.
- 1.2 The report focuses on the methodology which uses a set of criteria that provides a fair and impartial determination of which play areas are prioritised for improvement across the District and Borough.

2.0 Background

- 2.1 There are 21 play areas in Adur and 22 in Worthing, spread across the respective authority areas. They are provided to meet the play and development needs of children and young people and include; traditional play equipment, Multi Use Games Areas (MUGA), Play Walls, Skateboard facilities, Basketball and outdoor/Gym style equipment.
- 2.2 Areas are regularly inspected and maintained by Environment staff to a high standard, in accordance with BS EN 1176 and BS EN 1177. Maps showing the locations of these play areas are attached as Appendix 1 (Adur) and Appendix 2 (Worthing).
- 2.3 This report primarily focuses on how we prioritise improvement activity to existing sites across Adur and Worthing. Potential new play area sites are not part of the prioritisation process, but they are highlighted in this report for clarity and information only.
- 2.4 Play areas are subject to wear and tear and are exposed to the outside elements such as wind, rain and salt spray given our proximity to the coast, occasionally some are subjected to vandalism. All of this takes its toll on the equipment and periodically play equipment needs to be repaired or replaced.

- 2.5 On average play areas across the district and borough are in place for 15-20 years before they are considered to be at the end of their lifespan and in need of refurbishment.
- 2.6 Annually, Environment Officers, in conjunction with the relevant Executive Member for the Environment selects a play area in both Adur District and Worthing Borough to be put forward for consideration for full refurbishment as part of the Capital programme.
- 2.7 Additionally, in recent years the public expectation for adult/young people's outdoor gym fitness equipment popular on both the continent and across the UK is now included in this process given that these are often installed close to or adjacent to play equipment. This report includes these items as part of associated facilities.
- 2.8 In March 2014, both Councils commissioned a report entitled Adur and Worthing Open Space Study by consultant's Knight, Kavanagh & Page (KKP) who reported on Parks & Open Spaces assets including play equipment and provision.
- 2.9 In their report KKP assessed all play facilities they found, irrespective of ownership and each play area was scored for play value and quality.
- 2.10 Their assessment results were adopted by the Environment team to be used as the criteria for identifying play equipment and sites for improvement as and when funding opportunities became available.
- 2.11 The criteria adopted for prioritisation of play equipment and sites is listed below and described in more detail in Appendix 3. Although there is an element of flexibility and ability to react to developing community needs and/or external funding opportunities that may arise from time to time, this is considered to be a fair and balanced method of prioritisation of Council owned and managed play areas across Adur and Worthing.

Main Assessment Criteria:

- Demographics – ward and census figures
- Proximity to schools
- Proximity to other nearby play areas (Council and non Council sites)
- Destination sites
- Existing quality/rank
- Potential quality/rank

Secondary Assessment Criteria:

- Funding opportunities
- Site history
- External influences

- 2.12 The assessment carried out by Environment Staff based on the above criteria on the 21 Play areas in Adur and, the 22 play areas in Worthing are described in more detail in the attached Appendix 4 (Adur) and Appendix 5 (Worthing).

- 2.13 In these appendices, each play area is individually listed, together with the ward and ownership and includes a brief description and the prioritisation rationale to accompany the priority given for improvement.
- 2.14 These appendices also list the sites in high (red) medium (amber) and low (green) priority order because it is recognised that funding opportunities and or factors beyond Officer control sometimes dictate that a variation to the priority listing may be appropriate. In cases such as this, a prioritisation grading has been introduced to aid re-prioritisation. These are the secondary assessment criteria listed in 2.12 above.
- 2.15 It is clear from the prioritisation process that there are strategic gaps in play provision across Adur and Worthing and a map showing the location of play area sites is included as Appendix 1 (Adur) and Appendix 2 (Worthing).
- 2.16 These maps allow an overview of the play locations and shows wards which actually have no play equipment or, limited locations due to a lack of available play space and help identify areas for priority for additional play sites in the future should funds or, available play site space become available.
- 2.17 A list of types of play equipment for both play areas and youth sport facilities along with their locations is included in Appendix 6 (Adur) and Appendix 7 (Worthing) at the end of this report. These lists show the wide range of existing play types and facilities available across Adur and Worthing. Also listed are non Council sites as these are available and accessible to children and young people every day of the year.

3.0 Legal

- 3.1 Section 19 Local Government (Miscellaneous Provisions) Act 1976 allows a Local Authority to provide either indoor or outdoor recreational facilities as it thinks fit and that includes the power to provide buildings, facilities, equipment, supplies and assistance of any kind, either without charge or on such payment as the Authority thinks fit.

4.0 Financial implications

- 4.1 None related to this report.

5.0 Recommendation

- 5.1 Members are recommended to:

- Note the prioritisation process and prioritisation of Adur and Worthing's respective play areas for refurbishment and improvement.
- Note the current prioritisation is appropriate and suitable for identifying and reacting to funding opportunities and improvement as and when funding opportunities present themselves.

Local Government Act 1972

Background Papers:

- Appendix 1 - Play Area locations (Adur)
- Appendix 2 - Play Area locations (Worthing)
- Appendix 3 - Criteria for Play Area prioritisation
- Appendix 4 - Assessment of Play Areas (Adur)
- Appendix 5 - Assessment of Play Areas (Worthing)
- Appendix 6 - Play & Associated Facilities Locations (Adur)
- Appendix 7 - Play & Associated Facilities Locations (Worthing)

Contact Officer:

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Schedule of Other Matters

[To be completed on all reports. If no issues are identified under a heading then it should read "Matter considered and no issues identified."]

1.0 Council Priority

- 1.1 [The proposal contributes to the Council's priority No. 3 - Stewarding our Natural Resources.

2.0 Specific Action Plans

- 2.1 Matter considered and no issues identified.

3.0 Sustainability Issues

- 3.1 The proposals contained within this report will help to ensure that both Councils play area provision is managed in a sustainable manner.

4.0 Equality Issues

- 4.1 The proposals contained within this report will ensure the Councils meet their obligations towards children and young people under the Equalities Act 2010.

5.0 Community Safety Issues (Section 17)

- 5.1 Through the provision of quality play and youth facilities, both Councils are providing opportunities for young people to positively participate and engage in their local community.

6.0 Human Rights Issues

- 6.1 Matter considered and no issues identified.

7.0 Reputation

- 7.1 The proposals contained within this report will ensure that the Council's reputation is enhanced through the provision of quality play areas.

8.0 Consultations

- 8.1 a) Prior to any play area is refurbished, the Environment team carries out full consultation with Engineers, Executive Member for Environment, Ward Councillors, Friends of Groups, Residents Associations, local schools and the local community.
- b) The results of the consultations with the above groups is used to help shape the final design brief for the play area refurbishment.

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.

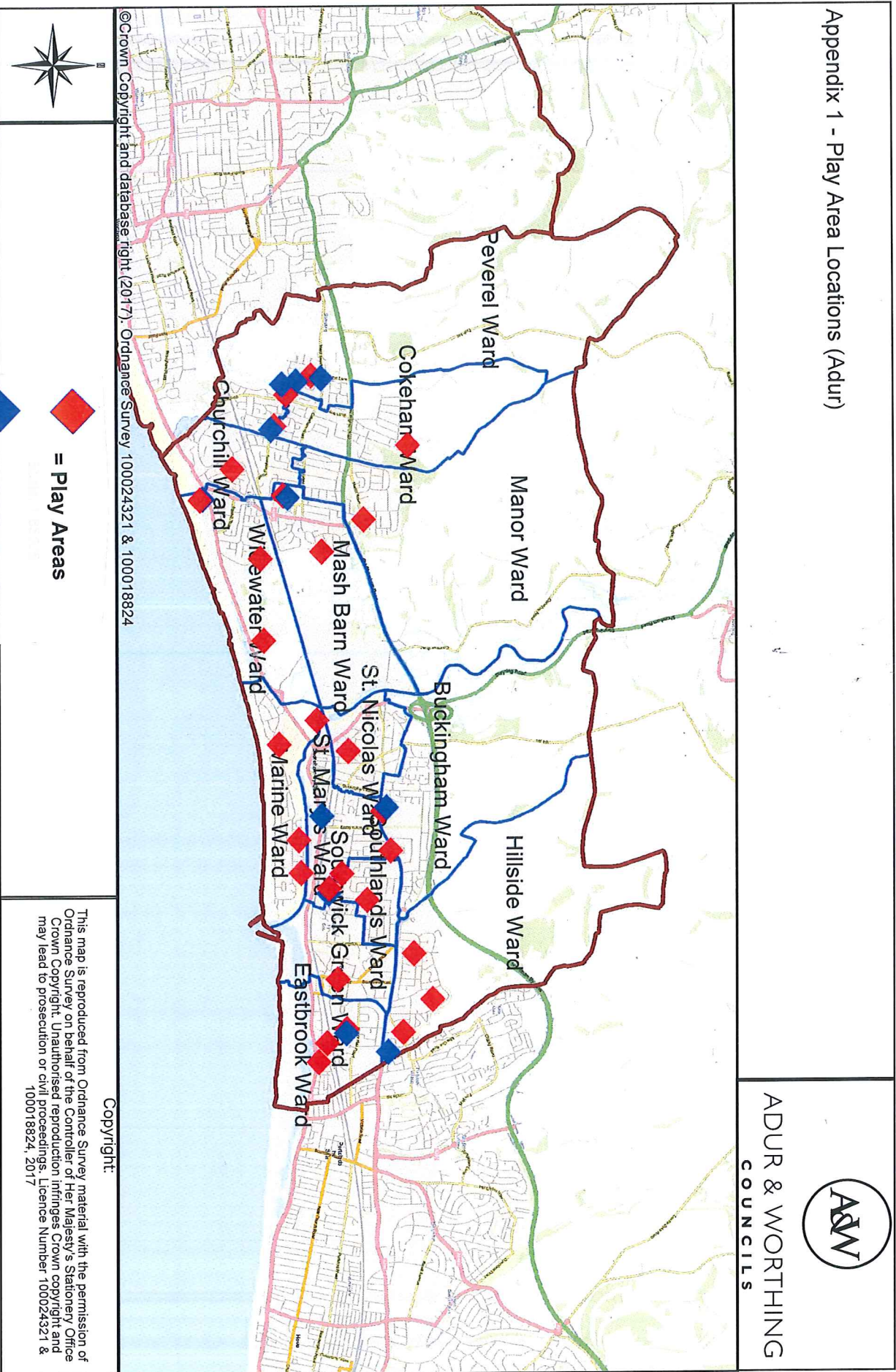
11.0 Procurement Strategy

11.1 When refurbishing a new play area, Officers ensure that they comply with the Council's financial policies and procedures.

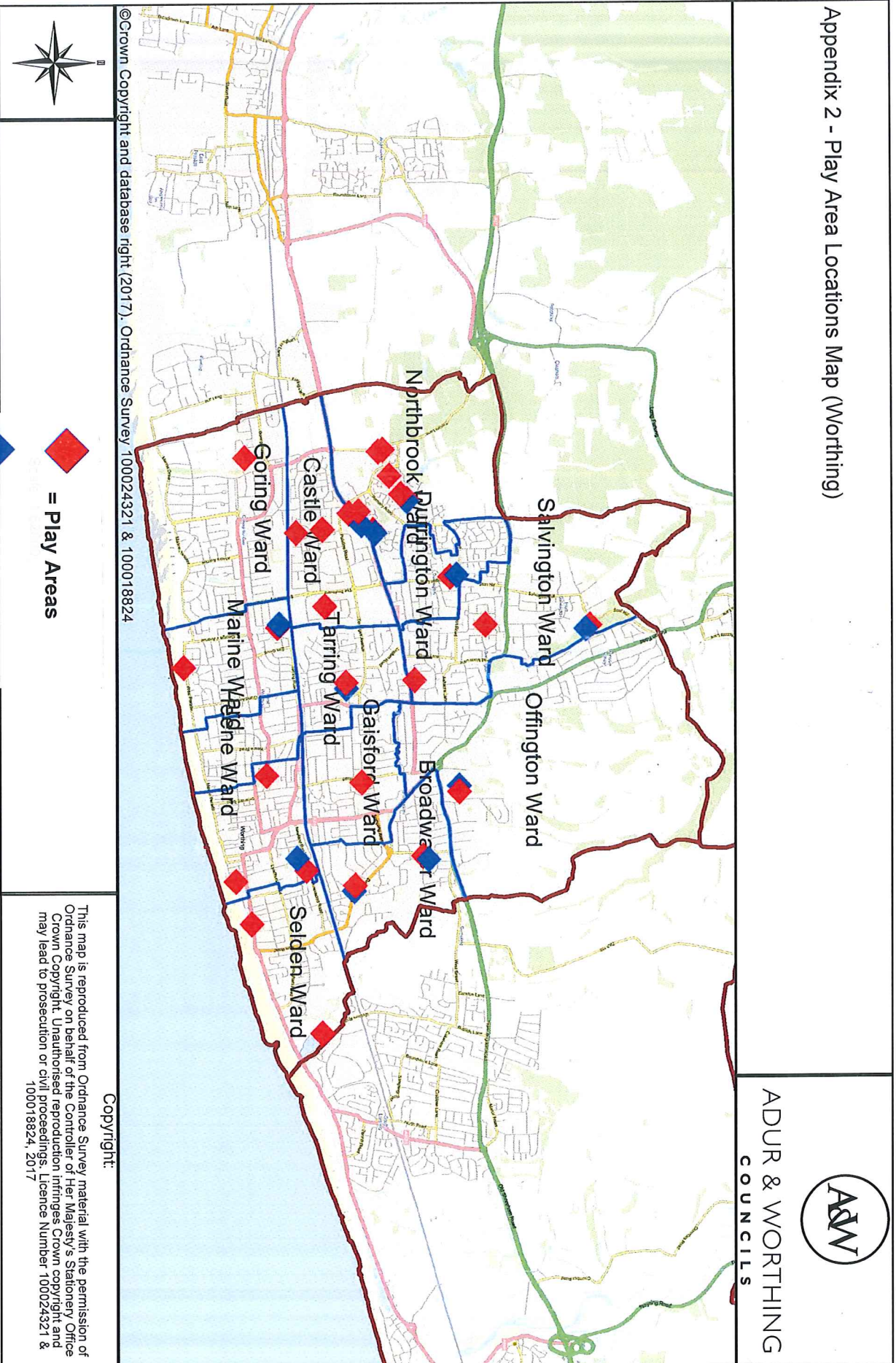
12.0 Partnership Working

12.1 When refurbishing play areas, Officers work in partnership with Engineers, Executive Member for Environment, Ward Councillors, Friends of Groups, Residents Associations, local schools and the local community.

Appendix 1 - Play Area Locations (Adur)



Appendix 2 - Play Area Locations Map (Worthing)



Appendix 3 - Criteria for Play Area prioritisation

Following a review of play provision across Adur and Worthing, the following priority and additional scoring criteria for assessing and evaluating play areas were identified and each play area considered in light of these criteria in arriving at a prioritisation score and rank. These are set out and described below.

Priority Factor	Statistics Used / How Measured
Demographics – Ward and Census Figures	This places play equipment in each ward and prioritise number and size of play according to where children and young people are most aggregated. This takes into account playgrounds and facilities that are additional to the 21 (Adur) and 22 (Worthing) play areas that are Council owned & managed.
Proximity to Schools	Schools, especially primary schools are often near playgrounds for example Southwick Recreation Ground in Adur & Victoria Park in Worthing. This considers quantity and quality of play equipment as a higher priority as these sites are often more popular.
Proximity to other play areas (Council and, Non-Council facilities)	A cluster of playgrounds in a particular area or ward may require a lower priority as they collectively serve a community more. This is the converse of demographics above which suggests that they require more facilities. This has a greater relevance where non Council play facilities are found.
Destination Sites	Score additional points as these sites are seen as a priority not just for the local community but also the visitors they attract from out of the area.
Existing quality/rank	The Knight, Kavanagh & Page (KKP) Open Space Survey from 2014 assessed all playgrounds for quality and accessibility. This assessment is useful for grading playgrounds but excludes sites which are not open 24/7 (i.e. school sites).

Additional Scoring Criteria:	
Funding Opportunities	Not a main prioritisation criteria but Section 106 funding and community groups who raise other funding may alter the prioritisation and to put playgrounds into three main bands: High Priority Group, Medium Priority Group and Low Priority group to allow a number of high priority groups to be put forward for improvement if external funding opportunities arise.
Site History (over last decade)	It is factored into the criteria that previous improvements will lower the play area prioritisation where a play area had been recently improved. This prioritisation is changeable as time goes on.
External influences	In Adur particularly where there are several major sections of the District such as Lancing, Sompting, Shoreham, Southwick and Fishersgate may be subject to a rationing of funding irrespective of absolute priority as the political dimension plays its part. Sharing resources across all our communities.

Appendix 4 - Assessment of Play Areas (Adur)

Site	Ward	Ownership	Description	Prioritisation Rationale	ADC Priority
Elm Grove Open Space	Churchill	ADC	Small grass playground with traditional play equipment. Metal trim trail style equipment and 2 sets of swings. Grass matting under equipment.	Refurbishment programmed for 2017/18 financial year. This play area is central within Churchill Ward and has not been updated since created in 1999. The equipment is predominantly linear balancing trim trail equipment which is not exciting or stimulating for visitors to the play area.	1
Quayside Rec. Ground	Hillside	ADC	Small playground with modern equipment and a range of grass matting, wet pour, rubber matting tiles and astro turf as safety surfacing. Adjacent to the park there is 2 basketball hoops and a road graphic that leads around the outside of the court. There are also 2 goals within the park.	Refurbishment programmed for 2017/18 financial year. This play area sits on land with low levels of contaminated soil and has not received any improvements for over twenty plus years. The limited equipment is tired and worn out.. This play area is situated in Hillside ward and there are two schools nearby, one of which specialises on children living with disabilities.	2
Adur Rec. Ground	Marine	ADC	Large Neighbourhood Equipped Area for Play (NEAP) playground virtually all bark safer surfacing in poor condition. Equipment aged and in need of modernisation.	A capital bid has been submitted to refurbish this play area as part of the 18/19 Capital programme. Situated in Marine Ward, this playground was partially refurbished in 2003, the pre-existing equipment is looking very tired and the bark mulch surfacing is unnecessarily deep having been added on top of safer surfacing as a cost saving measure. The bark is effectively rotted and providing little impact attenuation.	3

Middle Road Rec. Ground	St Mary's	ADC	Large Neighbourhood Equipped Area for Play (NEAP) grass play area with modern and traditional play equipment with grass safer surfacing. Tired equipment and some removed due to unavailability of replacement parts.	A capital bid has been submitted to refurbish this play area as part of the 19/20 Capital programme. Middle Road Recreation Ground is a destination site in Shoreham and there is a strong football community with Shoreham FC playing on the site. Several play items are broken with manufacturer replacement spares unavailable. Kingston buci Children and Family centre is close by. A grass site play area which is prone to flooding and muddy areas developing.	4
Sompting Rec. Ground	Peverel	ADC	Medium play area that has modern equipment and grass matting safety surface. Within the park there is an Outside gym pod with tiger mulch safety surface and an end wall with an integrated goal and basketball hoop with a teen shelter next to the court	Sompting play area is opposite a school who use the play area regularly. Unfortunately the playground has seen no improvements since creation in 2001. Very tired, old play equipment which provides little stimulation or excitement to its users.	5
The Meads	St Nicolas	ADC	Small Grass Local Equipped Area for Play (LEAP) play area with grass mat surfacing. Modern play equipment with No boundary fence.at this site.	This small play area in St Nicolas ward is immediately adjacent to a school. It was refurbished in 2010 but it remains a small play area on the site surrounded by a residential area and is currently unfenced to protect children and keep dogs out of the play area that are walked on the site.	6

Southwick Rec. Ground	Southwick Green	ADC	Large playground with modern play equipment and safety matting under play equipment. A Multi Use Games Area (MUGA) is adjacent to the play area in a separate disused tennis court with 3 basketball hoops and 2 integrated goal. An outside gym overlooks the play area while there is a concrete skate park and BMX soil ramps over the other side of the park.	This large play area on the site containing a Leisure Centre and used regularly for football is also very popular for passive and active leisure and recreation is a destination site. Situated in Eastbrook Ward which is the most populous ward in Adur for children and young people it is seen as a high priority site and Eastbrook primary school is adjacent.	7
Parklands Park	Southlands	ADC	Medium play area with modern play equipment and grass matting safety surfacing. On the site there are 2 goals and a basketball post with a wet pour court	Parkland Play area is in the heart of Southlands Ward and serves a fairly large community but does not have a particularly large range of play equipment but it is in good condition.	8
Shadwells Road	Mash Barn	ADC	Large LEAP grass play area with modern pieces of play equipment and grass mat safer surfacing. Also in enclosed site are two 2 football goals and a little used BMX / mountain bike agility course.	This large play area in Mash Barn ward has a number of bicycle agility items but not a great number of regular children's play equipment. It is the only play area in the ward and primarily is used by children living on or near the Mash Barn Estate.	9
Mile Oak Open Space	Hillside	ADC	Small LEAP grass play area with modern and traditional play equipment. Grass mat safer surfacing.	Mile Oak Play area in the east of Hillside ward is a very small play area which is on a small site but the equipment is in good condition and there are no schools in the vicinity of this play area.	10
Shoreham Beach Green	Marine (Adur)	ADC	Large LEAP grass play area with traditional and modern equipment using both natural and manmade resources. Grass mat, tiger mulch and some bark safer surfacing. Enclosed slide. Outdoor Gym style fitness equipment adjacent with tiger mulch surfacing.	Shoreham Beach Green play area is in Marine ward (Adur) on Shoreham Beach and was refurbished in 2008 and gym style fitness equipment was added in 2013. There is a nursery close by and a local school further east of the play area.	11
Sea Spray Avenue	Marine (Adur)	ADC	Small LEAP Play area with traditional play equipment and wetpour safer surfacing.	Sea Spray Avenue is a small play area on adjacent to the river Adur on the eastern end of Shoreham Beach. It was created in 2005 and is wearing well as it is not a large or well used play area as it is not in a mainstream location on Shoreham Beach	12

Lancing Manor Sports Ground	Manor	ADC	Large play area split into 2 separate parts that are adjacent to each other. There is a range of modern and traditional play equipment. Under the equipment there is a range of safety surfacing including grass matting, wet pour rubber tiles with a safety skim over the top. Adjacent to the park there is an outside gym.	Lancing Manor is a very large site with a Leisure Centre and access to the downs and is a destination site for children's play, dog walking and active and passive leisure and recreation. There is a school close by and the play area is large. It was extended in 2006 and a small refurbishment took place in 2012 along with outdoor gym style fitness equipment.	13
Halewick Open Space	Cokeham	ADC	Small LEAP playground with mainly timber equipment and bark safer surfacing.	Halewick Open Space has a small play area in the north of Cokeham ward adjacent to the access onto Lancing Ring, it has bark surfacing and was updated in 2013. There are no schools nearby to this play area	14
Cromleigh Way	Hillside	ADC	Small LEAP playground with modern play equipment. Grass matting safer surfacing with tiger mulch on Zip Wire mounds. This playground has no fence surrounding it.	Cromleigh Way Play area in Hillside ward was established in 1993 and partially updated in 2013 but has no boundary fence to exclude dogs and to allow children to play in a safer environment.	15

Appendix 5 – Assessment of Play Areas (Worthing)

Play Area/Site	Ward	Ownership	Description		WBC Priority
Hill Barn Rec. Ground	Offington	WBC	Small Local Equipped Area for Play (LEAP) play area with modern and traditional equipment set within tarmac surroundings. Safer surfacing is tiled Also on the site is an end wall with an integrated goal and basketball hoops. Set within the wooded area of the site there is a Soil BMX track.	Refurbishment programmed for 2017/18 financial year. Not particularly close to other play areas and is in Offington Ward which is geographically large but this play area site is positioned central to residential housing in the South of the ward. This play area was last updated in the mid 1990's.	1
West Park	Marine	WBC	Large LEAP Playground split into 2 areas one fenced off and the other not. The original play equipment is in a poor state and quite old and approaching the end of its life. Also a basketball court with 3 hoops on the site.	Refurbishment planned in 2017/18 financial year which is supported by a local community group – “Friends of West Worthing Park”. The playground was last updated in the 1990's. However it was partially modernised in 2011 using Playbuilder funding, the main play items are tired and worn out. Knight, Kavanagh & Page (KKP) report also ranked this playground poorly in terms of quality and value and the play area is central to the local community positioned in the north of Marine Ward.	2
Pennycress Avenue	Northbrook	WBC	Small LEAP play area with both traditional and modern play equipment with tiled and wet pour safer surfacing.	A capital bid has been submitted to refurbish this play area as part of the 19/20 Capital programme. This playground was constructed in 1996 and is in need of replacement as equipment is tired and unattractive. It is situated near to another playground and consideration should be given to creating a single play area for younger children (Pennycress) and Juniors (Northbrook Rec) to ensure children can be supervised by parents and guardians. This site is close to social housing on the Western Boundary of Northbrook Ward.	3

Palatine Park – Play Area	Castle	WBC	Medium LEAP play area with traditional and modern equipment. Wet pour and safety mat safer surfacing.	A capital bid has been submitted to refurbish this play area as part of the 18/19 Capital programme. This site had a part renewal in summer 2007 but the equipment is tired and needs updating. This site is a centre for football and is well used by the local community and especially during periods of football activity. This site is subject to an improvement programme and a planning application to relocate the play area to a new location on site to free up quality football pitch space.	4
Northbrook Rec. Ground	Northbrook	WBC	Medium LEAP play area with traditional and modern play equipment. Wetpour safer surfacing. Also nearby is an outside fitness unit with grass safer surfacing with an adjacent teen shelter.	Ranked as poor for quality and value by KKP consideration to amalgamate the adjacent play area at Pennycress Avenue into a single play area should be considered instead of two separate play areas separated by a small wooded copse. This play area was partially updated in 2009 but old and tired, aged equipment remains from the mid 1990's when originally established.	5
Brooklands	Selden	WBC	Large Neighbourhood Equipped Area for Play (NEAP) play area with a focus on disabled and sensory equipment. The play area has both modern and traditional equipment and also has 2 dedicated wheel chair swings that can only be accessed with a radar key. Under the equipment there is a mixture of wet pour, safety matting tiles and grass mat safer surfacing.	Brooklands Park is a major destination site and is one of two playgrounds in East Worthing. The site is very important for the visitor economy and is a play area particularly set up for children living with a disability which is seen as a beacon play area across West Sussex.	6
Durrington Rec. Ground	Salvington	WBC	Medium LEAP play area with traditional and modern play equipment in a grass setting. Tiger mulch, safety matting tiles and wet pour safer surfacing	This play area had a major improvement in 2006. It is in Salvington Ward on the southern boundary and no other play areas are nearby. It serves a large community, one of the highest proportion of young people.	7

Homefield Park - Play Area	Central	WBC	Large NEAP playground with modern and traditional play equipment. Built on 2 levels but still connected. A variety of safer surfacing under equipment, There is outdoor gym style fitness equipment and a teen shelter and small surfaced basketball area nearby.	Homefield Park Play area is in Central Ward and serves a large community; nearby schools make the play area popular. This site is socially active and the skate park, and the refurbishment of tennis courts make the site a priority. There are two local community groups active on this site promoting play and active and passive leisure & recreation. This site is effectively the hub of the local community.	8
Beach House Grounds (Gull Island)	Central	WBC	Medium LEAP play area with modern play equipment and sand play. Wetsurf safer surfacing adjacent to a water play feature, café and sand volleyball court.	This play area on the south eastern part of Central ward is immediately adjacent to Selden ward which is recognised as needing additional play opportunities but no appropriate land is available. The site is a destination site which is important to the visitor economy. The play area was established in 2012 and is wearing well	9
Lyons Farm	Broadwater	WBC	Medium grass LEAP play area with new and traditional play equipment. Mainly wet pour rubber safer surfacing.	Part renewal of this play area took place in 2007. The site is situated in the centre of Broadwater serving a substantial local community with the largest number of children living in this ward. A local school is nearby and the nearest alternative play area is on the opposite side of the A27 arterial road.	10
Field Place	Castle	WBC	Small LEAP grass playground with traditional and modern equipment. Grass matting and safer surfacing. Set within the field place complex it has low levels of vandalism.	Field place serves both the local community in the eastern side of Castle ward and is a destination site positioned within the grounds of Field Place. It was last updated in 2004 and had a new piece of equipment installed in 2014. The play area suffers little vandalism and is in good condition.	11
Longcroft Park	Northbrook	WBC	Medium LEAP play area with modern play equipment in a grass setting. Grass matting is under all the equipment. On the site there is also an outside gym with grass matting and a teen shelter.	The playground was completely rebuilt in 2008 and is on the southern boundary of Northbrook ward adjacent to the A259 which is an obstacle for access by children on foot. Longcroft Park is a large community area which is popular with the local community with a local school adjacent.	12

Victoria Park	Central	WBC	Large NEAP play area with traditional and modern equipment. There is a range of safer surfacing including wet pour, tiger mulch and grass matting. Adjacent to the play area is a new outdoor fitness gym equipment Located very close to two schools this play area is always busy.	Western side of Central ward – Heene ward is adjacent which has no play areas which means this play area serves a larger than average community. Victoria Park also has two schools immediately adjacent and is an extremely popular play area which was completely refurbished in 2010.	13
Waterwise Play Area	Marine	WBC	Medium LEAP play area located on the beach near Marine Gardens. Equipment is predominantly timber with Sand and Wetpour safer surfacing. There is a decking pathway that leads to all of the equipment. This is a high use site especially through the summer months.	Waterwise play area situated on the beach adjacent to the promenade by Marine Gardens is an extremely popular play area which opened in late 2010. It is wearing reasonably well but as it is so popular its priority for improvement is improved. The adjacent waterwise garden and facilities at Marine Gardens make this play area a destination site and the play area is often busy throughout the day and week.	14
Tarring Rec. Ground	Tarring	WBC	Large grass LEAP play area with modern and traditional play equipment. Grass matting and wet pour safer surfacing. Also on site is a MUGA with an integrated basketball and football court along with a teen shelter.	This playground has seen periodic improvements in 2005, 2008 and as recent as 2011. It is a popular local park serving the Tarring community. There is only one playground in the adjacent Gaisford ward operated by Worthing Homes Ltd for the social housing properties which surround it. The two wards are of the most populous regarding children which makes this play area an important play opportunity for the community.	15
Lyons Farm Basketball	Broadwater	WBC	3 basketball hoops on a tarmac court	Small hard surfaced basketball unit provided for teenagers at this popular site.	16
Dominion Road Basketball	Broadwater	WBC	1 sports end wall with an integrated goal and basketball hoop. Also 2 standalone basketball hoops with a small tarmac court	Football end wall and basketball unit provided for teenagers and young people.	17
Goring Rec. Ground	Goring	WBC	Small compact LEAP play area with modern play equipment, with wet pour and grass matting safer surfacing.	This play area refurbished in 2012 on the western boundary of Goring Ward and during cricket and football games played on this site and the adjacent Fernhurst and Goring Hall sports fields the play area is well used. It is the only play area in Goring.	18

Pond Lane Rec. Ground	Durrington	WBC	Large NEAP play area with modern and traditional play equipment. Safer surfacing includes wetpour, grass matting and safer matting tiles. Also on the site there is an end wall with integrated basketball and football and an additional basketball post and a teen shelter.	Refurbished and expanded in 2015, this play area is the only play site in Durrington ward serving the least populous ward children wise but it is a popular site with a modern and much improved play area. There are no local schools nearby and no local community groups active on the site.	19
Windsor Lawns	Selden	WBC	Small Local Area for Play (LAP)/Community Picnic area adjacent to the promenade on the active beach Zone. Also includes a Concrete Table Tennis unit.	A small LAP/Picnic area used by families visiting the active beach zone, this very small play area is on the southern boundary of Selden ward.	20
Bourne Close	Northbrook	WBC	Large NEAP play area set in and amongst a wooded area. A mixture of modern and traditional equipment with 2 large bank slides. Wet pour and grass mat safer surfacing. Within the site is an outside fitness gym and teen shelter along with a MUGA incorporating football and basketball ends.	This play area was established in 1996 as part of a major house building project in Northbrook Ward. Sadly it has suffered from a lot of vandalism over the years but it was improved in 2015 which has proved to be popular. Although the MUGA side fences were stolen some years ago and not replaced, the site only requires vegetation management to ensure it is an airy and welcoming play area. There is a school next door to the play area and some small play areas nearby which are not owned or maintained by the Council.	21
Dominion Road Play Area	Broadwater	WBC	Medium sized LEAP play area with modern and traditional play equipment. Mixture of wetpour and safety matting safer surfacing.	Dominion Road play area is in the southern area of Broadwater Road which was completely refurbished in 2015. Two nurseries and a local school are in close proximity and the play area is popular in this part of East Worthing. No additional improvement is necessary at this site at the present time.	22
The Gallops	Salvington	WBC	Small LEAP play area with modern play equipment that is made predominantly of wood. Safety surfacing includes sand, tiger mulch, wet pour and grass matting. This is a high use site located close to the beach	The Gallops play area serves the north of Salvington Ward and the whole of Findon Valley and is the only play area. It is situated on the Gallops which is a very large expanse of downs grassland which is very popular with dog walkers The nearby Vale school sees children playing regularly on the site and it was completely refurbished in 2016.	23

Homefield Park - Skate Park	Central	WBC	Large concrete skate and scooter park with a teen shelter.	Provision for young people/teenagers in Central Worthing is somewhat poor and the skatepark is the only one in Worthing (Nearest alternative is the newly opened skatepark on Lancing Beach Green or Ham Road in Shoreham). This facility which was refurbished and expanded in the summer of 2016 is extremely popular and is a destination site for experienced skaters who travel to the site. The site has other attractions and is a popular location for passive and active leisure and recreation.	24
Palatine Park - Basketball	Castle	WBC	3 basketball hoops on a tarmac court	The basketball facility on the site is located quite some way from the site entrance bordering the A259. It consists of a tarmac pad with three basketball hoops. It suffers minimal vandalism and use due to its remote location although some users have on occasions damaged the boundary fence having crossed the A259 from the adjacent housing estate.	25
The Quadrant	Castle	WHL	Small LAP play area with modern basic equipment with tiled rubber safer surfacing.	Not prioritised as this is not a Council owned site	N/A
Foxglove Walk	Northbrook	Private	Small LEAP play area with two items of modern play equipment, with wet pour safer surfacing.	Not prioritised as this is not a Council owned site	N/A
Little Oaks		Private		Not prioritised as this is not a Council owned site	N/A
Chiltern Crescent	Salvington	WHL	Medium LEAP play area with modern equipment and wet pour safer surfacing. Also an agility course outside of the playground this has no safer surface under the items. Also within the park there is a concrete skate park and a MUGA. with integrated goal and basketball hoops. Within the open space there is a zip line with grass safer surfacing.	Not prioritised as this is not a Council owned site	N/A
Scotney Close	Northbrook	Private	Small LAP Play area with two pieces of modern equipment, wetpour safer surfacing.	Not prioritised as this is not a Council owned site	N/A
Maybridge Square	Castle	WHL	Small LEAP play area with modern equipment with wet pour safer surfacing.	Not prioritised as this is not a Council owned site	N/A

Queen Street Open Space	Gaisford	WHL	Medium LEAP grass play area set in a grass area surrounded by social housing. Variety of safer surfacing.	Not prioritised as this is not a Council owned site	N/A
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Appendix 6 - Adur Play & Associated Facilities Locations

SITE	Ownership	LAP	LEAP	NEAP	MUGA / End Wall	BMX	Basket Ball	Skate	Fitness	Parkour	Teen Shelter
Adur Recreation Ground	ADC			✓		✓					
Anchor Close	Private		✓								
Buckingham Park	ADC			✓	✓		✓		✓		✓
Cromleigh Way	ADC		✓								
Crowshaw Park	LPC		✓		✓		✓				✓
East Lancing Rec. Ground	LPC		✓		✓		✓				✓
Elm Grove Open Space	ADC		✓								
Fishersgate Rec. Ground	ADC		✓								
Halewick Open Space	ADC		✓								
Ham Skate Park	ADC							✓			
Hamble Rec. Ground	ADC		✓			✓	✓				
Kingsland Close	Private	✓			✓		✓				
Lancing Beach Green	LPC		✓						✓		
Larkfield Rec. Ground	ADC			✓							
Manor Sportsground	ADC			✓					✓		
Middle Road Rec. Ground	ADC			✓							
Mile Oak Open Space	ADC		✓								
Monks Rec. Ground	LPC		✓				✓			✓	
Orchard Gate	Private	✓									
Parklands Park	ADC		✓				✓				
Prince Charles Close	ADC (H)						✓				
Quayside Rec. Ground	ADC		✓				✓				
Sea Spray Avenue	ADC		✓								
Shadwells Road	ADC		✓			✓					
Shoreham Beach Green	ADC		✓						✓		
Sompting Rec. Ground	ADC		✓		✓		✓		✓		✓
Southwick Green	ADC		✓								
Southwick Rec. Ground	ADC			✓	✓	✓		✓	✓		
The Meads	ADC		✓								
Westbrook Way	WHL		✓								

LAP = Local Area for Play

LEAP = Local Equipped Area for Play

NEAP = Neighbourhood Equipped Area for Play

MUGA = Multi Use Games Area

Appendix 7 – Worthing Play & Associated Facilities Locations

SITE	Ownership	LAP	LEAP	NEAP	MUGA / End Wall	BMX	Basket Ball	Skate	Fitness	Teen Shelter
Bourne Close	WBC			✓	✓		✓		✓	✓
Brooklands	WBC			✓						
Chiltern Crescent	WHL		✓		✓		✓	✓		
Dominion Road	WBC		✓		✓		✓			
Durrington Rec. Ground	WBC		✓							
Field Place	WBC		✓							
Foxglove Walk	Private	✓								
Goring Rec. Ground	WBC		✓							
Gull Island - Beach House Grounds	WBC		✓							
Hill Barn Rec. Ground	WBC		✓		✓	✓	✓			
Homefield Park	WBC			✓		✓	✓	✓	✓	✓
Longcroft Park	WBC		✓						✓	✓
Lyons Farm Open Space	WBC		✓				✓			
Maybridge Square	WHL		✓							
Northbrook Rec. Ground	WBC		✓						✓	✓
Palatine Park	WBC		✓				✓			
Pennycress Avenue	WBC		✓							
Pond Lane Rec. Ground	WBC			✓	✓		✓		✓	✓
Queen Street Open Space	WHL		✓							
Rochester Close	Private	✓								
Scotney Close	Private	✓								
Tarring Rec. Ground	WBC		✓		✓		✓			✓
The Gallops	WBC		✓				✓			✓
The Quadrant	WHL	✓								
Victoria Park	WBC			✓					✓	
Waterwise Play Area	WBC		✓							
Windsor Lawns	WBC	✓							✓	
West Park	WBC		✓				✓			

LAP = Local Area for Play

LEAP = Local Equipped Area for Play

NEAP = Neighbourhood Equipped Area for Play

MUGA = Multi Use Games Area



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
11th July 2017
Agenda Item No:8

Joint Overview and Scrutiny Committee
27th July 2017
Agenda Item No: 8
Ward: All

TOWARDS A SUSTAINABLE FUTURE - BUDGET STRATEGY FOR THE 2018/19 BUDGET REPORT BY DIRECTOR FOR DIGITAL AND RESOURCES

1.0 SUMMARY

- 1.1 There has been a fundamental shift in how local Councils are funded, Adur and Worthing Councils have responded to the challenge of reducing Government support by promoting economic regeneration, investing in property, growing our commercial offer, and through business efficiency from the digitisation agendas. Despite the inevitable challenges brought by reducing resources, the Councils have continued to maintain good core services across the board and have a clear focus on customer service excellence.
- 1.2 This report aims to set out the Councils will continue to address the changing financial climate over the next 10 years, outlining the revenue forecast and setting out our strategic response, creating the conditions to be self-financing by 2020/21. With the detailed budget proposals for 2018/19 coming forward to Joint Strategic Committee in December, this reports sets out the broader context for the detailed work that will be undertaken over the intervening months.
- 1.3 As set out in the following pages, the Councils will be increasingly reliant on council tax income, business rate income, and our own income generating services. Our Councils have a good track record in innovation, working creatively in partnership, transforming our digital capabilities and putting the customer at the heart of our services, so that we have capacity to do far more than just 'survive'. Our new strategy, 'Platforms for our Places' approved by the Councils in February sets out how we can play an even greater role in helping to shape the future of our places.
- 1.4 The 5 'Platforms' that will provide the direction for all our work over the next 3 years are:
 - Our Financial Economies
 - Our Social Economies
 - Stewarding our Natural Resources
 - Services and Solutions for our places
 - Leadership of our Places

Platforms for our Places takes forward several of the *Surf's Up* themes and adds Stewardship of Natural Resources and Leadership of our Places to create the 5 platforms identified as essential for happy, healthy, prosperous, innovative, dynamic and sustainable communities, able to thrive independently of the State over the medium and longer term.

1.0 SUMMARY

- 1.5 Over the summer and autumn, the Operational Leaders Group (Heads of Service) will be working with the Councils Leadership Team to expand our strategic programme of work to deliver against the financial targets which are mapped out in this report. This programme will be presented to Joint Strategic Committee for approval in December 2017 as part of the development of the 2018/19 budget.

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 the considerable financial challenges presented by the withdrawal of Government funding. The Councils have successfully kept Council Tax increases to an absolute minimum over the past few years, opting to freeze or reduce the Council tax when possible.
- 2.2 However, the financial pressure continues. Revenue support grant will disappear next year, the new conditions attached to New Homes Bonus will mean that this will reduce as a resource in future, and the councils expect a reduction in the level of retained business rates from 2020/21 onwards. Local Government funding has changed considerably over the last 6 years, and the pace of change is set to continue with the proposed changes to the business rates system.
- 2.3 The recent election will inevitably have an impact on the finances of the public sector and we await the Budget in the Autumn with interest.
- 2.4 Members are being asked to consider the 2018/19 strategy at an early point in the year to enable the Councils to plan ahead. There are clear advantages in this approach, not least because it gives members and officers a good understanding of the overall financial position of the Council as well as giving sufficient time to consider how the challenges identified will be met.

3.0 FINANCIAL CONTEXT

3.1 National context and external factors

Since 2010, the Councils have seen a considerable reduction in the level of funding from Government. However the Settlement of 2016/17 provided some certainty over the level of funding that the Councils can expect in the short term. Contained within the 2016/17 settlement were indicative grant allocations for the four year period 2016/17 – 2019/20. Councils were able to secure this level of funding by submitting a four year efficiency plan. The Councils efficiency plan was accepted last year, which gives us certainty for the next two years (assuming that there is no further election). However the indicative grant allocations show that the Councils will see no immediate easing of the financial pressures and from 2018/19 the Councils will receive no or very limited Revenue Support Grant.

The recent election has introduced a further degree of uncertainty over the funding for Local Government, particularly the long awaited reform of business rates and the funding formulae for Local Government.

3.0 FINANCIAL CONTEXT

The recent Queen's speech made no reference to the Local Government Finance Bill which contained the legislation required to reform Business Rates. Consequently, these reforms are likely to be significantly delayed. The Fair Funding review however is likely to progress as this does not require any change to legislation.

3.2 How Council funding from taxation is changing:

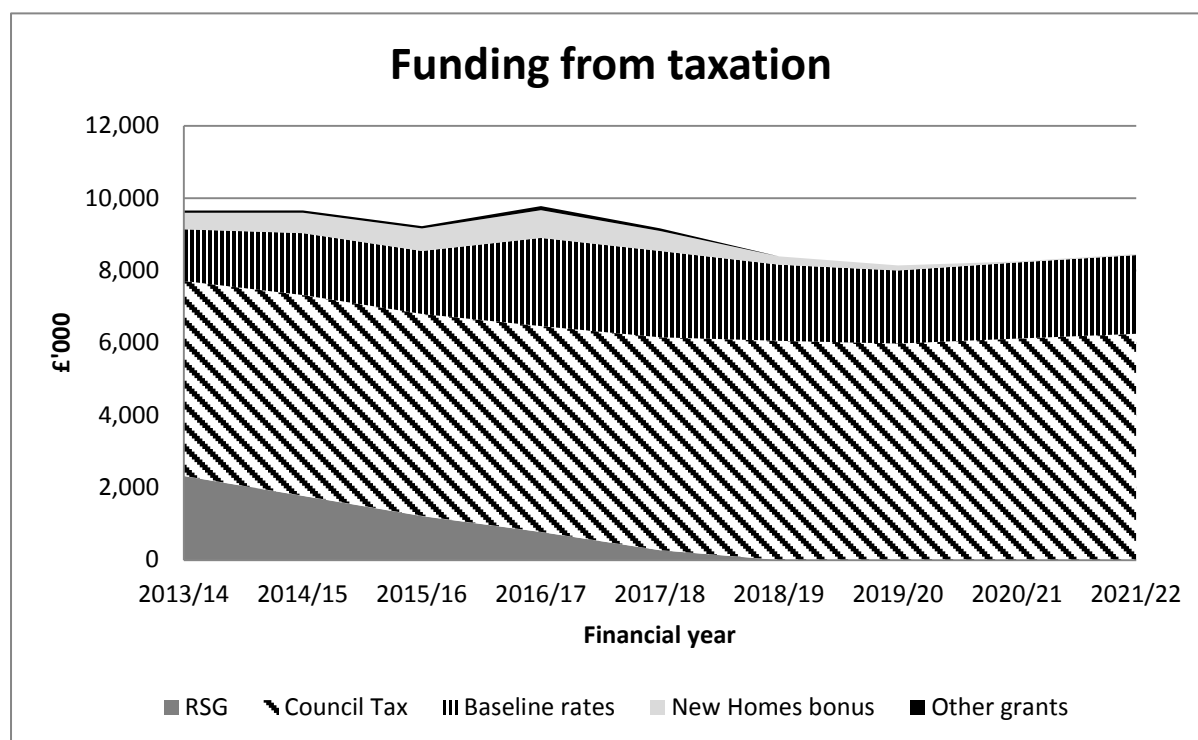
The Local Government Finance landscape has changed profoundly over the last few years due to three factors:

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

From 2018/19, the Councils will receive three distinct funding streams from taxation which are discussed more fully later in the report:

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

Revenue Support Grant will cease as a funding source for the Councils and the underlying make-up of funding to the Councils continues to change rapidly with increasing proportions coming from Council Tax and the Business Rate Retention Scheme. New Homes Bonus has been substantially reduced and will at some point be phased out.



(Note: Using Adur District Council as an example)

3.0 FINANCIAL CONTEXT

3.2 How Council funding from taxation 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. The Councils are taking an increasingly proactive role in stimulating the local economy, whether this is through the provision of office space to attract high quality employers or through working with business to facilitate the development of sites within the areas to stimulate the economy. The increasing importance of economic development to the Council is reflected in the priorities set out in 'Platforms for our Places'.

3.2.1 Revenue Support Grant

Revenue support grant will virtually cease as a funding stream for both Councils by 2018/19.

3.2.2 Baseline Funding and Business Rates Retention

The Business Rates Retention Scheme which allows councils to retain a small element (20%) of any growth in business rate income over a 'baseline'. The forecasting of business rate income is again difficult this year due to two factors which are discussed in more detail below:

- i) The impact of the appeals arising from the national business rate revaluation in 2017/18.
- ii) The potential further reform of the business rate system with Local Government retaining the full income from Business Rates by the end of the current Parliament.

The forecasts are based on the current business rate system. There are three aspects of this scheme which will influence the amount of business rate retained and so the Councils' budget in the medium term:

1. The 'Tariff':

Whilst the Councils are entitled to retain 40% of all business rate income, they are obliged to pay over a substantial element of retained business rates to the Government – the Tariff. This is set to increase well above inflation over the next two years as part of the last Comprehensive Spending Review.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
ADUR	4,641	4,790	4,961	5,060	5,161	5,264
Annual increase						
- Amount		149	171	99	101	103
- Percentage		3.21%	3.57%	2.00%	2.00%	2.00%
WORTHING	9,540	9,847	10,197	10,401	10,609	10,822
Annual increase						
- Amount		307	350	204	208	213
- Percentage		3.22%	3.55%	2.00%	2.00%	2.01%

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.2 Baseline Funding and Business Rates Retention

Once the Revenue Support Grant has been withdrawn, the only mechanism that the Government has to redistribute or reduce local government funding is via the Business Rate retention scheme using the tariff. Consequently, it is expected that Government will then reduce the amount of business rate income retained locally, with the Councils keeping a diminishing share of the business rate income.

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

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

	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23
ADUR	£'000	£'000	£'000	£'000	£'000	£'000
Baseline funding	1,650	1,703	1,764	1,799	1,835	1,872
Retained surplus rates	736	365	582	597	611	622
Business rate income retained locally	2,386	2,068	2,346	2,396	2,446	2,494
Net business rate income	17,563	18,193	18,580	18,966	19,350	19,732
Percentage retained locally	13.59%	11.37%	12.63%	12.63%	12.64%	12.64%
WORTHING						
Baseline funding	2,514	2,594	2,688	2,741	2,796	2,852
Retained surplus rates	506	682	608	625	640	650
Business rate income retained locally	3,020	3,276	3,296	3,366	3,436	3,502
Net business rate income	31,133	32,644	33,338	34,030	34,719	35,405
Percentage retained locally	9.70%	10.04%	9.89%	9.89%	9.90%	9.89%

Further details can be found in **Appendix 4**.

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 (Baseline funding):

Members should be aware that there is significant volatility around aspects of the system, such as appeals, which make it difficult to forecast income with accuracy. This is particularly true of 2017/18 when there was a revaluation which generally leads to an increase in the level of appeals.

In addition, the local NHS trusts are claiming mandatory business rate relief. This is the subject of a national dispute. Whilst this will not significantly affect Adur District Council, Worthing Borough Council has several substantial claims amounting to a potential loss of income of to the Council £719,000.

One of the features of the new system is that the Councils determine how much Business Rate income that they are entitled to from the Collection Fund at the outset of the new financial year. Once set, this total cannot be changed irrespective of any changes to the net business rate income within the year. Any surplus or deficit, due to the business rate income, will be adjusted for in future years. This is similar to how Council Tax is treated. For Adur District Council, there was a significant revaluation of the power station late in 2016/17 backdated to 2013 which means that there was a deficit at the end of the 2016/17 financial year which will have to be recouped in 2018/19.

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

- The Parcellforce site in Adur – Expected completion date is June 2017.
- New Monks Farm site in Adur – A planning application is expected later in the year. The proposal includes a new IKEA store which should be constructed over the next 2 – 3 years and will potentially benefit Adur in 2020.
- Union Place in Worthing – The development will take 3 – 4 years to complete once planning permission has been granted.
- Teville Gate in Worthing – A planning application is expected by the end of the year. The development will take 3 – 4 years to complete once planning permission has been granted.

Clearly, if the business rate income improves in 2017/18, then the surplus could be used to support the budget in 2018/19. An update to the likely surplus or deficit will be undertaken later in the year.

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.2 Baseline Funding and Business Rates Retention

3. Reform of the business rate system

The Chancellor announced the reform of the business rate system in the Autumn Statement 2015 which took the form of two separate initiatives:

- 100% retention of business rate income by Local Government
- Fair Funding Review which considered how business rates would be distributed across the Country in future.

Since that time there have been three consultations on the proposed new system. Two last Autumn and the most recent was earlier this year.

However, the recent Queen's Speech made no reference to the legislation necessary to reform business rates. The initial proposals which were contained within the Local Government Finance Bill had already been delayed due to the General Election. Consequently, the implementation date is likely to be deferred until 2020/21 at the earliest and it may be deferred indefinitely. However, the Fairer Funding Review which influences how much business rates income the Councils can retain can continue without any changes to legislation although again this is unlikely to be implemented until 2020/21.

It is difficult to see how the Councils will benefit from these reforms. Firstly, the current system is highly redistributive with both Councils keeping relatively small proportions of the overall business rate income. The Government intends to review the redistribution of business rates (Fair Funding Review) and there remains a risk that the Councils will end up contributing a greater proportion to the treasury for redistribution elsewhere particularly in light of the pressures on Adult Social Care funding. Secondly, the Chancellor has made it clear that local government will assume financial responsibility for a number of activities which had previously been funded by central government. For example housing benefit administration is proposed to become locally funded.

For the purposes of planning, it is assumed that the change will be largely neutral – we will be no better or worse off. But it is evident from the recent consultations that the Councils are unlikely to keep all of the current growth from business rates and that we should expect to see a reduction of at least 50% in the surplus that the Councils will be able to retain once the system is reset.

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.3 New Homes Bonus

The Coalition Government introduced the New Homes Bonus (NHB) in 2011/12 which is specifically targeted at rewarding increases in the Council Tax base and dealing with empty properties. The scheme has been recently reformed. Grant is now paid over 4 years rather than 6. In addition, a national baseline for housing growth of 0.4% has been introduced; growth below this level will not qualify for grant. For Adur and Worthing, this means a substantial number of houses will need to be completed each year before any grant will be awarded (102 in Adur or 181 in Worthing).

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

The current forecast is based on an estimate of the new homes to be built in the next 3 years. At present the forecast assumes that the grant will eventually be phased out as part of the next Comprehensive Spending Review.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Adur	553	228	142	27	26	-
Worthing	1,599	1,514	1,484	1,488	1,220	860

The Government had intended to consult on some further amendments to the scheme during the Summer of 2017. It was proposed that from 2018/19 the Government would withhold payments from authorities not supporting housing growth whether this is through the absence of a local plan or by not granting planning permission (which is subsequently granted on appeal). However in light of the recent election, such changes may be delayed.

3.2.4 Council Tax

Council Tax is now the Councils' major source of income. By 2018/19 it will be over 70% of the total general income received by Adur District Council and 66% of the income received by Worthing Borough Council. Consequently, there is an ever increasing strategic significance to the annual debate of how much to increase the Council Tax by.

The Councils have kept to a minimum increases over the past several years, opting to freeze or reduce Council Tax where possible whilst government support for such initiatives was available. 2017/18 was the first year that the Councils opted to raise Council Tax since 2011/12.

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.4 Council Tax

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

ADUR DISTRICT COUNCIL	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Council Tax income if Council Tax is increased by 2.0% each year	5,980	6,114	6,251	6,391	6,535
Council Tax income if Council Tax is frozen each year	5,862	5,876	5,891	5,905	6,037
Income foregone	118	238	360	486	498

WORTHING BOROUGH COUNCIL	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Council Tax income if Council Tax is increased by 2.0% each year	8,702	8,912	9,126	9,346	9,571
Council Tax income if Council Tax is frozen each year	8,532	8,566	8,600	8,635	8,669
Income foregone	170	346	526	711	902

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

However, the decision whether to freeze Council Tax is a finely balanced one. The 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 a Council Tax freeze. This is particularly pertinent in 2018/19 when the Councils have to find savings of over £3.2m

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:

... would you prefer?

	Overall
A small increase which will help the Councils to protect priority services	63.2% (64.1% in 2015/16)
To freeze Council Tax for the fourth year in a row and cut services	36.3% (35.9% in 2015/16)
Not answered	0.5%

3.0 FINANCIAL CONTEXT

3.2 How Council funding is changing:

3.2.4 Council Tax

Finally, Members are reminded that there is a referendum limit. The limit announced last year was the higher of 2% or £5.00 per Band D property. At this time we do not know the referendum limit for 2017/18 but it is unlikely to be higher. A 2% increase would be equivalent to £5.65 per Band D property in Adur and £4.49 per Band D property in Worthing.

So, even if the Councils were minded to increase Council Tax, there is an imposed limit on the actual increase that the Councils can make. Members should be aware that a 1% change in Council Tax is equivalent to £57,340 in Adur and £85,320 in Worthing for 2018/19.

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

2018/19	2019/20	2020/21	2021/22	2022/23
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.

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 2017 is estimated to be:

	Adur	Worthing
	£'000	£'000
Working balance	407	844
Net budget	9,166	13,468
Percentage held	4.4%	6.3%

With the overspend in 2014/15 and 2015/16, 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:

3.0 FINANCIAL CONTEXT

3.3 Reserves Position:

- 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-17	Uncommitted resources*	Balance as at 31-Mar-17	Uncommitted resources*	
	£'000	£'000	£'000	£'000	
	Capacity Issues Reserve	194	151	1,178	800
	Special and other emergency expenditure reserve	86	86	42	42
TOTAL	280	237	1,220	842	

* This allows for approvals to use the resources from 2017/18 onwards including the funding of carry forwards. 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 immediate cost pressure comes from inflation. General inflation is currently at 2.9% (CPI) which is above the target 2% set by the Bank of England. The Bank of England expects inflation to continue to stay above the threshold in 2017/18 and 2018/19 and gradually move back towards the 2% target rate by 2020. 2% was allowed in the 2017/18 budget round.

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:

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.2 Pay and Prices

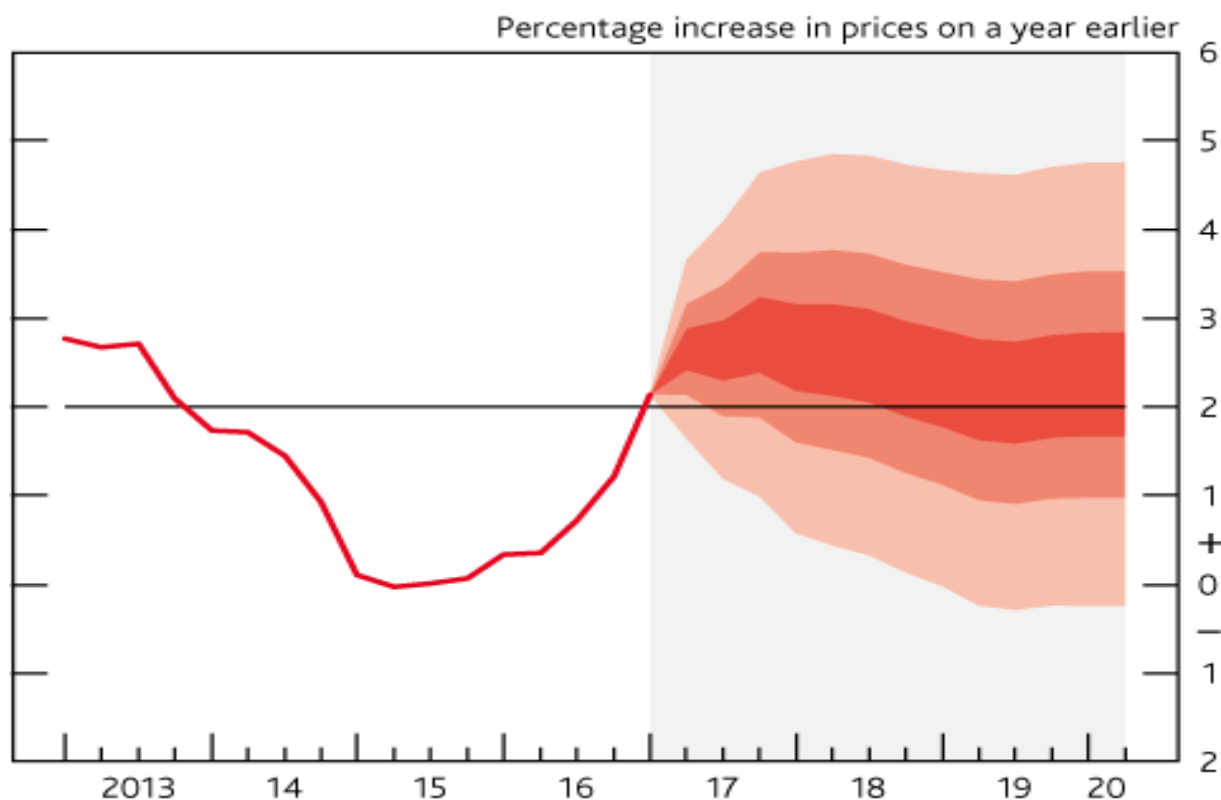
	2018/19	2019/20	2020/21	2021/22	2022/23
	%	%	%	%	%
Pay*	2	2	2	2	2
Supplies and Services	2.5	2.2	2	2	2
Income	2.5	2.2	2	2	2

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

Adur	Worthing	Joint Strategic Committee
£'000	£'000	£'000
10	80	375

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

Forecast year on year inflation (CPI) by the Bank of England as at May 2017.



Source: Bank of England inflation reports

Overall net pay and price inflation is expected to add to the base budget in 2017/18 which will aggregate up until 2021/22 as follows:

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.2 Pay and Prices

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Adur*	324	644	961	1,265	1,572
Worthing*	533	1,064	1,592	2,099	2,607
Note:					
Joint Services	677	1,450	2,212	2,948	3,691
* (included above)					

Income is assumed to increase by 2.5% in 2017/18 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	3	37	216
Supplies and Services	50	110	54
Income	-55	-125	-63
Total	-2	22	207
Share of joint inflation	83	124	-207
OVERALL TOTAL	81	146	-

4.3 Pension Costs

The pension fund was revalued in 2016/17. The last revaluation was in 2013/14. The overall funding of the pension fund has improved over the last three years as follows:

	As at 31 st March 2013		As at 31 st March 2016	
	Surplus / Deficit (-)	Funding level %	Surplus / Deficit (-)	Funding level %
Adur	-24,115	65	-24,496	67
Worthing	-32,128	56	-29,223	60
Joint Services	0	100	7,649	112

Within the 2017/18 budget the Councils had assumed that the pension costs would increase by an average of 1% whilst the cash contributions towards the deficit would remain stable, however the overall contributions have changed as follows:

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.3 Pension Costs

2017/18	Expected		Actual		Overall Financial impact
	%	Deficit contribution £'000	%	Deficit contribution £'000	£'000
Adur*	21.7	+ 990	17.9	+1,122	-33
Worthing*	20.1	+1,939	17.0	+1,865	-212
Note: Joint Services *	21.7	0	21.1	0	-102

* (included in the financial impact above)

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 £2.0m for Worthing Borough Council. This reflects concerns about affordability in the medium term balanced with the need to invest to maintain the Councils asset stock.

In addition, within the capital strategy, Adur District Council has allocated £5.2m to the Housing Investment Programme for general maintenance of the Adur Homes stock which is reflected in the 30 year investment business plan.

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

4.5 Interest rates

The bank interest rates have remained low for some time at 0.25% and are unlikely to rise until 2019. These will influence the returns that the Council is likely to get on any investments. There is considerable uncertainty at the moment about interest rates and our treasury advisors indicate that they will stay low for a longer period of time. Built into the 5 year forecasts are the following assumptions regarding average investment yields:

	2018/19	2019/20	2020/21	2021/22	2022/23
Average interest yield	0.90%	0.90%	1.00%	1.25%	1.50%

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

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.7 Funding for temporary accommodation – Flexible Homelessness Support Grant

Prior to 2017/18 the Council received an additional £60.00 management fee per week per household for people housed in emergency and temporary accommodation via housing benefit payments. From the 1st April, this was replaced by a new Flexible Homelessness Support grant. The allocations for 2017/18 and 2018/19 have already been made and it is clear from the ministerial statement that a further tranche of funding will be made available for 2019/20. However, the future of this funding is uncertain and it may well be wrapped up in the 'Fairer Funding Review' which is likely to take effect from the 1st April 2020. For the purposes of the outline forecast we have assumed that the grant will cease from 2020/21.

The grants awarded to the Councils for 2017/18 are as follows:

- Adur District Council £183,950
- Worthing Borough Council £119,710

The grant was calculated using information on homelessness caseload from 2015/16. Unfortunately since that time, Worthing in particular has seen significant growth in homeless numbers and consequently there is now an estimated shortfall between the funding that would have been generated from housing benefit payments and the new grant of £75,000 within the Worthing budget. This together with other pressures associated with caseload will mean that at least a further £100,000 needs to be allowed for within the Worthing budget.

4.8 2020 recycling targets:

By 2020, the County will need to recycle 50% of all waste which is a statutory target enshrined in UK legislation. Currently across West Sussex, 45.4% of all waste is recycled. A consultant's report jointly commissioned by all West Sussex Councils from Ricardos analysed the recyclable waste to identify what still remains within the residual waste and could be collected to improve the recycling rates.

This report indicates that to achieve the 50% target, the Councils would have to extend the type of recyclable materials collected and collect food waste separately. The proposal to introduce food waste collection is under active discussion by IAWG. Food waste is the largest segment of recyclable residual waste currently not collected. The cost of maintaining weekly residual waste collections and collecting food waste weekly is likely to be substantial (in the region of £1m per year).

In addition the Adur and Worthing service is actively assessing the potential impact of reducing the quality of our recyclate in order to improve tonnage of recycling collected. The service is also actively engaged in behavioural change activities to understand how we can encourage resident to recycle a higher quantity of waste.

It is unclear what will happen if the Council fails to meet the target, under EU legislation, if any member state failed to meet the target, then a fine would be imposed. Following the EU referendum, this fine is unlikely to be levied, nevertheless the UK remains committed to meeting the 50% target.

For the purposes of planning, £1m growth has been allowed from 2020 onwards. This will be refined as the options for meeting the targets become clearer.

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.9 Impact of increasing housing numbers on the Waste and Recycling service:

The Councils have seen a significant increase in housing numbers over the past 5 years as follows:

Number of dwellings as per taxbase	2017/18	2012/13	Increase	%
Adur	28,183	27,613	570	2.1
Worthing	49,841	48,058	1,783	3.7

To date the Councils have accommodated within the existing waste and recycling rounds, but a tipping point has been reached and it is now necessary to invest in an additional waste and recycling round for the Councils to ensure that the Councils can accommodate future known growth in housing numbers. The cost of an additional round per year is estimated to be £254,000 broken down as follows:

	£'000
Employees	174
Vehicle running costs	35
Borrowing costs for two new vehicles	46
	<hr/>
	255

As the housing growth is more within the Worthing area than the Adur area, at the same time the cost allocation of waste and recycling has been reassessed which leads to a small change in the percentage allocation from 36.4 (Adur) / 63.6 (Worthing) to 36.12 (Adur) / 63.88 (Worthing).

4.10 Councils' Budget and Shortfall:

4.10.1 A summary of the position for 2018/19 is therefore:

	Adur	Worthing
	£'000	£'000
Main cost pressures:		
Increase in Council Tax in excess of the likely inflationary pressures	193	329
Changes in Government Funding:		
Reduction in Revenue Support Grant and other grants	722	705
Change in income from business rates	68	-257
Overall change in Government Funding	790	448
Balance carried forward	983	777

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.10 Councils' Budget and Shortfall:

	Adur	Worthing
	£'000	£'000
Balance brought forward	983	777
Other items:		
Net impact of the capital programme	208	401
Impact of changes to interest rates and investment strategy	-35	-32
Impact of pension fund valuation	-33	-212
Reinstatement of Elections budget	43	76
Changes to the funding of emergency accommodation and the impact of increasing demand	0	100
Additional waste and recycling round	91	164
Reduced income from parking notices	65	0
Impact of fall out of SDLT pensions	0	-18
Reduction in income from planning fees	0	50
Provision for new growth items	60	80
Removal of surplus on collection fund	34	9
Contingency	70	90
Overall savings to be met from a combination of increased income from commercial activities, the digital strategy, and other savings initiatives.	1,486	1,485

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.

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

	2018/19	2019/20	2020/21	2021/22	2022/23
ADUR*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,486	1,848	3,120	3,357	3,824
Annual shortfall	1,486	362	1,272	237	467
Total net budget	8,526	8,602	8,376	8,558	8,718
Annual savings as a percentage of overall net budget (%)	17.43%	4.21%	15.19%	2.76%	5.35%

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.10 Councils' Budget and Shortfall:

	2018/19	2019/20	2020/21	2021/22	2022/23
WORTHING*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,485	2,301	3,957	4,463	5,303
Annual shortfall	1,485	816	1,656	506	840
Total net budget	13,215	13,308	12,763	12,811	12,868
Annual savings as a percentage of overall net budget (%)	11.24%	6.13%	12.98%	3.95%	6.52%

	2018/19	2019/20	2020/21	2021/22	2022/23
JOINT SERVICES**	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	2,022	2,887	4,979	5,515	6,458
Annual shortfall	2,022	865	2,092	536	943
Total net budget	20,350	20,757	19,926	20,125	19,924
Annual savings as a percentage of overall net budget (%)	9.90%	4.20%	10.50%	2.70%	4.70%

* 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.

The full 5-year outline forecasts are shown at **Appendix 2**.

4.10.3 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.

4.11 Budget risks

In addition to the issues quantified above, there is also three other key risk that Members should be aware of:

i) Pay inflation

The local government unions' have today submitted formally a pay claim for 2018/19 for 5%. Our budget assumption is currently that pay will increase by 2%.

4.0 KEY BUDGET PRESSURES IN THE NEXT 5 YEARS

4.11 Budget risks

ii) Impact of Universal Credit and the new Homelessness Reduction Act on the cost of the housing solutions service and legal services

The new Act places additional responsibilities on local authorities which may increase demand for homeless assessments and temporary accommodation. These new duties include:

- An extension of the period during which an authority should treat someone as threatened with homelessness from 28 to 56 days, and increases of the action an authority should take when someone applies for assistance having been served with a section 8 (1) or section 21 (2) notice.
- A new duty to prevent homelessness for all eligible applicants threatened with homelessness, regardless of priority need.
- A new duty to relieve homelessness for all eligible homeless applicants, regardless of priority need.
- A new duty on public services to notify a local authority if they come into contact with someone they think may be homeless or at risk of becoming homeless.

The Councils are still awaiting a timescale for implementation, central government guidance, and to establish whether there will be additional funding for these new burdens. However, the new requirements may well impact on both caseload and the time taken to address each case.

In addition, the extension of Universal Credit to Adur and Worthing may increase the risk of homelessness, principally due to the time it takes to receive a payment which typically takes between 5 – 8 weeks.

iii) Impact of competition on commercial income

Some of the Councils commercial services have local competitors and so future income streams may be vulnerable. This is particularly true with the Crematorium where a number of local funeral directors now provide their own Chapels.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2018/19 AND BEYOND

- 5.1 The Councils will need to identify significant savings or deliver income growth over the next 5 - 10 years to balance the budget; this is without building any additional capacity to deliver new or improved services. The Councils reshaped the budget strategy last year, with new explicit strands of work designed to balance the budget and support the Councils priorities. The focus has been to increase income generation and reduce the savings to be delivered from cost savings – nevertheless each year efficiency savings will still need to be found, especially in 2018/19 and potentially 2020/21.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2018/19 AND BEYOND

- 5.2 This programme will continue to be shaped over the coming months by the Strategic Boards. The current targets for the main agreed programme of work are:

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Strategic Property Fund	963	409	514	359	410	2,655
Commercial income growth	600	600	600	600	600	3,000
Digital Programme	200	200	200	0	0	600

- 5.2 The Councils will need to identify options to meet the budget shortfall for 2018/19 and beyond. The process follows the four stages:

1. Directors are responsible for identifying proposals to meet a significant proportion of the savings targets to be considered by Council Leadership Team.
2. The “Budget Review Group” (joint cabinets) will consider the proposals to meet the 2018/19 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 2018/19 budget is attached at **Appendix 1**.

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

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

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2018/19 AND BEYOND

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

Platform 1: Our Financial Economies

The Councils will:

- i) Provide strategic support to the business sectors to drive growth across Adur and Worthing thereby facilitating the creation of more employment and retail space thereby increasing business rates income.
- ii) Invest in and deliver major projects and key infrastructure to increase employment space and new homes
- iii) Use the Council's Strategic Property Investment Fund to delivery new revenue streams and support investment projects. This will be achieved through the following strands of work:
 - a) The Council will look for development opportunities for owned land. For example both Councils own land which could be developed in partnership to provide accommodation or commercial property which could be rented out to generate an income stream which potentially could exceed that generated through investment of any sale proceeds. Adur District Council has recently approved in principle the construction of a new office building.
 - b) The Councils will look for the opportunity to acquire or develop new commercial properties. To facilitate this, within the capital strategy, it is proposed to increase the amount of funding released per year and seek opportunities that will generate a return of between 2% and 3% after allowing for any financing costs. It should be appreciated that actual spend in any given year will be dependent on successfully identifying properties to purchase. An element of the additional income from 2019/20 will be set aside each year to help fund the impact of any future void properties

Per Council	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Capital budget released	25,000	25,000	25,000	15,000	15,000
Expected cumulative return (after debt charges and allowance for voids)	216	416	666	866	1,116

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

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2017/18 AND BEYOND

Platform 2: Our Social Economies

The Councils will:

- i) provide and enable the delivery of new homes across Adur and Worthing. The delivery of new homes will increase Council Tax income and lever in any government reward grant (e.g. New Homes Bonus). On average each new home built (Band C) will generate £239.60 for Adur District Council and £199.68 for Worthing Borough Council in Council Tax income. There are a significant number of potential developments being considered by both Councils.
- ii) Encourage social innovation, social financing and supporting community and social entrepreneurs to create and deliver solutions that work for our places. This will include:
 - a. Extension of Community self-management of facilities such as sports sites and allotments;
 - b. Extension of the TCV project to involve communities in volunteering and conservation

Platform 3: Stewarding our Natural Resources

The Councils will:

- i) Deliver solar panels on our corporate buildings and reduce, in the longer term, our energy costs.
- ii) Engage with our communities to promote and support the zero to landfill objective thereby minimising the costs associated with meeting the 2020 recycling targets.

Platform 4: Services and Solutions for our places

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

- a. Implementing the Digital Strategy:

The Councils have embarked on a radical digital transformation programme as approved by the Joint Strategic Programme on the 2nd December 2014. The report proposed a programme of work designed to lever in significant savings which the Council has continued to roll-out. Recently The Councils have agreed to deliver further savings by the move to cloud hosting with our CenSus partners.

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2017/18 AND BEYOND

	2018/19	2019/20	2020/21	2021/22 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	-
Cumulative impact	200	400	600	600

b. Identify options for commercialisation across all Directorates:

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

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

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

c. Procurement

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

5.0 OPTIONS FOR ADDRESSING THE BUDGET GAP IN 2017/18 AND BEYOND

e. Base budget review

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

5.5 The Councils currently have uncommitted reserves of:

	£'000
Adur	237
Worthing	842

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 2018/19, 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.

5.6 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 2019/20 AND BEYOND

6.1 The budget projections for 2018/19 to 2022/23 are also shown in **Appendix 2**. It is clear that many of the cost pressures identified in 2018/19 will continue on for the coming years and that there is a continuing need to make significant savings.

	2018/19	2019/20	2020/21	2021/22	2022/23
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	1,486	1,848	3,120	3,357	3,824
Savings required each year	1,486	362	1,272	237	467
Worthing Borough Council					
Estimated cumulative savings required to balance the budget	1,485	2,301	3,957	4,463	5,303
Savings required each year	1,485	816	1,656	506	840

6.0 2018/19 AND BEYOND

- 6.2 It is an inherent feature of the budget strategy that officers will continue to be asked to identify annual “cashable” efficiency and procurement savings to help meet the budget gap and to protect priority services. However, the focus of the new strategy is to meet a significant proportion of the challenge through income generation by:
- i) Building new homes and increasing income from Council Tax.
 - ii) Increasing business rates through the development of new employment spaces.
 - iii) Increasing income from commercial activity;
 - iv) Investing in property using the Strategic Property Investment Fund.
- 6.3 This strategy will have long term benefits. Shown at Appendix 3 is a 10 year forecast which considers whether the current strategy will result in a more sustainable budget for the future based on known cost pressures. Whilst 2018/19 is very challenging, if the Councils are successful in delivering the strategy detailed above, the financial issues faced in the future should be manageable with one exception, 2020/21 when the Councils may have to invest in new waste and recycling methodology to meet the targets set out in the 2020
- 6.4 Challenging times are ahead, however if the Council focus on delivering the strategy and continue to target limited resources on priorities, then we are in a good position to respond to the inevitable budget shortfalls.

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. However, like the General Fund, the HRA is facing some significant challenges, not least the expected 1% rent reduction and the potential impact of the ‘sale of higher value properties’.
- 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 autumn. The final form of the consultation is not yet decided.
- 8.2 The Adur Consultative Forum (tenants’ forum) will be consulted on regarding any proposed changes to the HRA.

9.0 BUDGET STRATEGY FOR THE 2018/19 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 2018/19 revenue and capital budgets:

9.2 Revenue Budget Strategy

- The Councils aim to be self-sufficient by 2020/21 and reliant only on income from fees and charges, commercial rents, Council Tax and Business Rates
- The Councils will aim to keep Council Tax increases to a minimum;
- The Councils will seek to increase income from business rates and council tax by facilitating the creation of new homes and employment space.
- Growth in expenditure is to be restricted to unavoidable expenditure to satisfy the delivery of the Councils' Key Priorities and other legislative requirements. The key items of growth identified to date have been included in the outline 5-year forecast;
- Any other growth to be accompanied by proposals for equivalent ongoing savings and not to be funded from reserves;
- Income is to be increased in line with the inflationary pressures upon the Councils (2.5%) or such higher increase as the individual markets can bear;
- Expenditure is to be increased by: 2% for pay (plus an allowance has been made for increments which are a contractual commitment) and 2.5% for all other expenditure (except for inflation arising from contractual indexation provisions and energy for which an appropriate provision is to be made);
- The Council aims to set a balanced budget. Any proposed use of reserves is to have regard to the adequacy of such reserves and any such policy must be sustainable in the longer term. In addition, the Council aims not to have any planned call upon the General Fund Working Balance;
- Officers are to identify 'cashable' efficiency savings, options for reducing non-priority services, and undertake a critical review of income.

9.3 Capital Investment Programme

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

Adur District Council: £1m core funding (plus £3.6m for the Housing Investment Programme)

Worthing Borough Council: £2.0m core funding.

9.0 BUDGET STRATEGY FOR THE 2018/19 BUDGET

9.3 Capital Investment Programme

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 Councils' assets continue to be a cause for concern and that the programmes may need to be increased if any unavoidable expenditure that cannot be accommodated within the programme is identified.

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

10.0 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 2018/19 budget.

11.0 CONCLUSIONS

- 11.1 As usual the budget is characterised by uncertainty with a recent election. Whilst the financial challenges continue, the budget strategy embarked upon last year will help the Councils meet these challenges head on. The need to limit Council Tax increases coupled with a continued reduction in Government support means that the Councils will have to focus on generating significant additional income for the next few years or be faced with the unpalatable prospect of reducing services to the public.
- 11.2 The new Platforms for our Places strategy builds on 'Catching the Wave' and is helping Adur and Worthing Councils play a vital place-shaping role in our communities. By focusing on our financial economies, social economies, natural resources, services and solutions and leadership, 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 improve our customer services and digitise our services will ultimately drive out efficiencies. And as we take opportunities to procure and commission more effectively and generate income from more of our services, we will increasingly be able to meet the financial challenge as central government grants and our share of business rate income is reduced.

12.0 RECOMMENDATIONS

12.1 Joint Strategic Committee is recommended to:

- (a) Note the report and the outline 5-year forecasts in Appendix 2;
- (b) Approve the proposed budget process as set out in section 8 of the report;
- (c) Recommend to the Councils to approve the Budget Strategy for 2018/19 outlined in Section 9 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 7th February 2017 - Estimates 2017/18 and setting of 2017/18 Council Tax

Report to Worthing Borough Council Cabinet 6th February 2017 - Estimates 2017/18 and setting of 2017/18 Council Tax

Report to Joint Strategic Committee 11th July 2017 – Final Revenue Outturn for Joint, Adur and Worthing 2016/17.

Budget Statement 2015 – Report from HM Treasury
Budget Statement 2017 – 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.

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

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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 2017/18

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

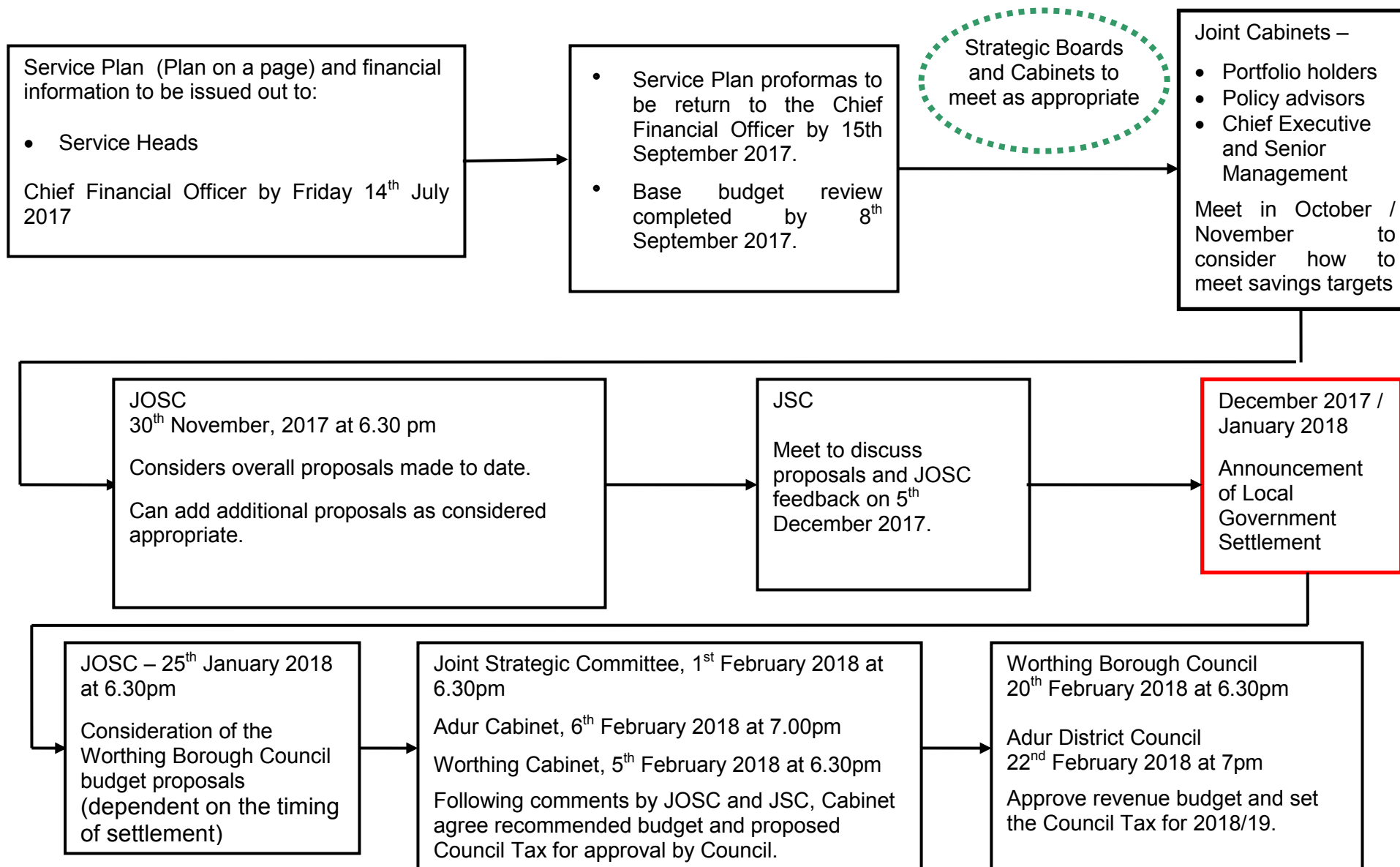
11. PROCUREMENT STRATEGY

- 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.

APPENDIX 1



ADUR DISTRICT COUNCIL - APPENDIX 2 Revenue Budget Summary Statement 2017/18 - 2022/23						
	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	9,166	9,166	9,166	9,166	9,166	9,166
Annual Inflation						
Estimated inflation		324	644	961	1,265	1,572
One -off / non-recurring items						
Local Elections (held every other year)		43	(25)	45	(26)	47
Committed Growth						
Impact of Pension contribution changes		(33)	(30)	(31)	(32)	(33)
Loss of Housing Benefit Administration Grant		53	-	-	-	-
Impact of new arrangements for funding homelessness		-	-	184	184	184
Reduction in PCN income		65	65	65	65	65
New 2020 recycling targets		-	200	400	400	400
Additional waste and recycling round		91	91	91	91	91
Contingency		70	140	210	280	350
Impact of capital programme						
Financing costs		208	133	297	397	559
Additional income						
Investment income		(35)	(34)	(52)	(95)	(140)
Reopening of Riverside Car Park		-	(20)	(20)	(20)	(20)
Approved Growth items						
Provision for new growth items		60	120	180	240	300
Total Cabinet Member Requirements	9,166	10,012	10,450	11,496	11,915	12,541
Total Cabinet Member Requirements B/fwd	9,166	10,012	10,450	11,496	11,915	12,541
Baseline funding	1,650	1,703	1,764	1,799	1,835	1,872
Add: Retained additional business rates	405	615	582	299	305	311
Add: Share of previous year's surplus / (deficit)	331					
Adjusted Baseline funding	2,386	2,318	2,346	2,098	2,140	2,182
Revenue Support Grant	271	-	-	-	-	-
Council Tax						
Adjusted Council Tax income	5,849	5,980	6,114	6,251	6,391	6,535
Other grants						
Transitional Grant	73	-	-	-	-	-
New homes bonus (2013/14 - 2018/19)	244	-	-	-	-	-
New homes bonus (2014/15 - 2019/20)	107	-	-	-	-	-
New homes bonus (2015/16 - 2020/21)	86	86	-	-	-	-
New homes bonus (2016/17 -2019/20)	115	115	115	-	-	-
New homes bonus (2017/18 - 2020/21)	1	1	1	1	-	-
New homes bonus (2018/19- 2021/22)	-	26	26	26	26	-
Total NHB	553	228	142	27	26	-
Collection fund surplus/deficit (-)	34	-	-	-	-	-
Total other grants and contributions	660	228	142	27	26	-
Total Income from Grants and Taxation	9,166	8,526	8,602	8,376	8,558	8,717

ADUR DISTRICT COUNCIL - APPENDIX 2 Revenue Budget Summary Statement 2017/18 - 2022/23						
Net Spending to be Financed from Taxation	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
(Surplus) / Shortfall in Resources	-	1,486	1,848	3,120	3,357	3,824
Contribution to (-) / Use of Reserves to Capacity issues reserve	-	-	-	-	-	-
Total Income from Reserves	-	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,486	1,848	3,120	3,357	3,824
Initiatives in progress:						
Strategic Property Investment Fund						
Recent Acquisitions		77	77	77	77	77
Future property purchases		216	516	816	1,066	1,366
Proposed increase to 2017/18 programme		200	200	200	200	200
New office block		-	-	55	55	55
Provision for future voids			(100)	(150)	(200)	(250)
Commercial activities and commissioning						
Commercial and Property Board		180	360	540	720	900
Efficiency Measures						
Digital strategy		80	160	240	240	240
Restructures and service plan savings not included above						
Recommissioning of Revenue and Benefits service		17	17	17	17	17
Annual reduction in ACL fees		10	20	30	40	50
Total future initiatives identified		780	1,250	1,825	2,215	2,655
Cumulative savings still to be found/ (surplus)		706	598	1,295	1,142	1,169
Annual savings still to be found		706	(108)	697	(153)	27
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Average annual increase (Band D property)		£5.65	£5.76	£5.88	£5.99	£6.11
Average weekly increase (Band D property)		£0.11	£0.11	£0.11	£0.12	£0.12

WORTHING BOROUGH COUNCIL - APPENDIX 2
Revenue Budget Summary Statement 2017/18 - 2022/23

	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	13,468	13,468	13,468	13,468	13,468	13,468
(a) Annual Inflation						
Estimated inflation		533	1,064	1,592	2,099	2,607
(b) One -off / non-recurring items						
Local Elections (not held once every four years)		76	78	80	(50)	83
(c) Committed Growth / Cost reductions						
Impact of Pension Fund Triennial valuation		(212)	(272)	(275)	(281)	(287)
Impact of pension valuation for SDLT - Fall out of pension costs.		(18)	(36)	(54)	(72)	(72)
Additional waste and recycling round		164	164	164	164	164
Impact of new arrangements for funding homelessness		100	100	220	220	220
Planning income shortfall		50	50	50	50	50
New 2020 recycling targets		-	300	600	600	600
Contingency		80	160	240	320	400
(d) Impact of capital programme						
Financing costs - General Programme		401	397	433	512	660
(e) Additional income						
Investment income		(32)	(44)	(68)	(116)	(173)
(f) Approved Growth items						
Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	13,468	14,700	15,609	16,720	17,274	18,170
Baseline funding	2,514	2,595	2,687	2,741	2,796	2,852
Add: Net retained additional business rates	506	682	607	312	319	325
Add: Share of surplus /deficit (-)	-					
Adjusted Baseline funding	3,020	3,277	3,294	3,053	3,115	3,177
Revenue Support Grant	453	8	-	-	-	-
Council Tax income						
Adjusted Council Tax income	8,498	8,702	8,912	9,126	9,346	9,571
Transitional Grant	100	-	-	-	-	-
New homes bonus (2013/14 - 2018/19)	220	-	-	-	-	-
New homes bonus (2014/15 - 2019/20)	170	-	-	-	-	-
New homes bonus (2015/16 - 2020/21)	246	246	-	-	-	-
New homes bonus (2016/17 -2019/20)	518	518	518	-	-	-
New homes bonus (2017/18 - 2020/21)	234	234	234	234	-	-
New homes bonus (2018/19- 2021/22)	-	230	230	230	230	-
New homes bonus (2019/20 - 2022/23)	-	-	120	120	120	120
Total New Homes Bonus	1,388	1,228	1,102	584	350	120
Collection fund surplus/deficit (-)	9	-	-	-	-	-
Total other grants and contributions	1,497	1,228	1,102	584	350	120
Total Income from Taxation	13,468	13,215	13,308	12,763	12,811	12,868

WORTHING BOROUGH COUNCIL - APPENDIX 2 Revenue Budget Summary Statement 2017/18 - 2022/23						
	2017/18 Base	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,485	2,301	3,957	4,463	5,303
CLT - Strategic Initiatives to balance the budget						
Strategic Property Investment Fund						
Recent Acquisitions		54	63	72	81	91
Future property purchases		216	516	766	966	1,166
Proposed increase to 2017/18 programme		200	200	200	200	200
Provision for future voids		-	(100)	(150)	(200)	(250)
Commercial activities and commissioning						
Commercial and Customer Board		420	840	1,260	1,680	2,100
Efficiency Measures						
Digital Strategy Board		120	240	360	360	360
Restructures and service plan savings not included above						
Development of temporary accommodation supply (15 units of 1/2 bed)		-	-	59	118	118
Potential annual reduction in SDLT fees		-	75	75	75	75
		1,010	1,834	2,642	3,280	3,860
Cumulative savings still to be found		475	467	1,315	1,183	1,443
Annual savings still to be found		475	(8)	848	(132)	260

JOINT STRATEGIC COMMITTEE - APPENDIX 2 Revenue Budget Summary Statement 2017/18 - 2022/23							
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
	Base						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation							
Base budget	24,495	24,495	24,495	24,495	24,495	24,495	
Budgets transferred in from Adur and Worthing Councils							
(a) Annual Inflation							
Estimated inflation		677	1,450	2,212	2,948	3,691	
(b) Committed Growth							
Impact of Pension contribution increase		(53)	(54)	(55)	(56)	(57)	
New 2020 recycling targets		-	500	1,000	1,000	1,000	
Additional waste and recycling round		255	255	255	255	255	
Contingency		100	100	100	100	100	
Total Budget Requirements	24,495	25,474	26,746	28,007	28,742	29,484	
Less: Recharges within the Joint Strategic Committee	(3,751)	(3,102)	(3,102)	(3,102)	(3,102)	(3,102)	
Net cost to be reallocated to the Councils	20,744	22,372	23,644	24,905	25,640	26,382	
Adur District Council	8,464	8,303	8,469	8,130	8,211	8,129	
Worthing Borough Council	12,280	12,047	12,288	11,796	11,914	11,795	
Total income for services provided to the constituent councils	20,744	20,350	20,757	19,926	20,125	19,924	
(Surplus) / Shortfall in Resources	-	2,022	2,887	4,979	5,515	6,458	
CLT - Strategic Initiatives to balance the budget							
Commercial activities and commissioning							
Commercial and Customer Board		150	150	150	150	150	
Efficiency Measures							
Digital Strategy Board		200	400	600	600	600	
Total savings identified		350	550	750	750	750	
Savings still to be found/ (surplus)		1,672	2,337	4,229	4,765	5,708	
Savings required in each year		2,022	865	2,092	536	943	

APPENDIX 3

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Base										
Adur District Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	9,166	9,166	9,166	9,166	9,166	9,166	9,166	9,166	9,166	9,166	9,166
Inflation		324	644	961	1,265	1,572	1,876	2,176	2,475	2,773	3,070
Impact of capital programme		208	133	297	397	559	682	686	786	912	1,083
Net growth		314	507	1,072	1,087	1,244	1,116	1,320	1,373	1,580	1,631
Net expenditure funded by taxation	9,166	10,012	10,450	11,496	11,915	12,541	12,840	13,348	13,800	14,431	14,950
Income from taxation											
Revenue support grant	271	0	0	0	0	0	0	0	0	0	0
Business rates	2,386	2,318	2,346	2,098	2,140	2,182	2,225	2,272	2,319	2,365	2,411
Council Tax	5,883	5,980	6,114	6,251	6,391	6,535	6,681	6,831	6,984	7,141	7,301
Other grants	626	228	142	27	26	0	0	0	0	0	0
Total income from taxation	9,166	8,526	8,602	8,376	8,558	8,717	8,906	9,103	9,303	9,506	9,712
Cumulative budget shortfall	0	1,486	1,848	3,120	3,357	3,824	3,934	4,245	4,497	4,925	5,238
Budget strategy initiatives											
Investment in commercial property		493	693	998	1,198	1,448	1,598	1,748	1,938	2,088	2,238
Development of commercial income		180	360	540	720	900	1,080	1,260	1,440	1,620	1,800
Impact of digital strategy		80	160	240	240	240	240	240	240	240	240
Other initiatives in place		27	37	47	57	67	77	87	97	107	117
Total savings initiatives identified		780	1,250	1,825	2,215	2,655	2,995	3,335	3,715	4,055	4,395
Remaining savings to be identified		706	598	1,295	1,142	1,169	939	910	782	870	843
Savings per year to be identified		706	-108	697	-153	26	-230	-29	-128	88	-28

APPENDIX 3

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Base										
Worthing Borough Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	13,468	13,468	13,468	13,468	13,468	13,468	13,468	13,468	13,468	13,468	13,468
Inflation		533	1,064	1,592	2,099	2,607	3,108	3,602	4,091	4,577	5,059
Impact of capital programme		401	397	433	512	660	836	938	1,042	1,194	1,418
Net growth		298	680	1,227	1,195	1,435	1,511	1,677	1,701	2,009	2,175
Net expenditure funded by taxation	13,468	14,700	15,609	16,720	17,274	18,170	18,923	19,685	20,302	21,248	22,120
Income from taxation											
Revenue support grant	453	8	0	0	0	0	0	0	0	0	0
Business rates	3,020	3,277	3,294	3,053	3,115	3,177	3,238	3,307	3,375	3,443	3,511
Council Tax	8,507	8,702	8,912	9,126	9,346	9,571	9,802	10,038	10,279	10,527	10780
Other grants	1,488	1,228	1,102	584	350	120	0	0	0	0	0
Total income from taxation	13,468	13,215	13,308	12,763	12,811	12,868	13,040	13,345	13,654	13,970	14,291
Cumulative budget shortfall	0	1,485	2,301	3,957	4,463	5,303	5,884	6,341	6,649	7,278	7,829
Budget strategy initiatives											
Investment in commercial property	31.65%	470	679	888	1,047	1,207	1,367	1,528	1,688	1,849	2,011
Development of commercial income		420	840	1,260	1,680	2,100	2,520	2,940	3,360	3,780	4,200
Impact of digital strategy		120	240	360	360	360	360	360	360	360	360
Other initiatives in place		0	75	134	193	193	193	193	193	193	193
Total savings initiatives identified		1,010	1,834	2,642	3,280	3,860	4,440	5,021	5,601	6,182	6,764
Remaining savings to be identified		475	467	1,315	1,183	1,443	1,444	1,320	1,048	1,096	1,065
Savings per year to be identified		475	-8	848	-132	260	1	-124	-272	49	-31

APPENDIX 3

		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Overall		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Overall budget shortfall											
Adur		1,486	1,848	3,120	3,357	3,824	3,934	4,245	4,497	4,925	5,238
Worthing		1,485	2,301	3,957	4,463	5,303	5,884	6,341	6,649	7,278	7,829
Total		2,971	4,149	7,077	7,820	9,126	9,817	10,586	11,146	12,203	13,067
Budget strategy initiatives											
Investment in commercial property		963	1,372	1,886	2,245	2,655	2,965	3,276	3,626	3,937	4,249
Development of commercial income		600	1,200	1,800	2,400	3,000	3,600	4,200	4,800	5,400	6,000
Impact of digital strategy		200	400	600	600	600	600	600	600	600	600
Other initiatives in place		27	112	181	250	260	270	280	290	300	310
Total budget strategy initiatives		1,790	3,084	4,467	5,495	6,515	7,435	8,356	9,316	10,237	11,159
Remaining cumulative savings to be identified		1,181	1,065	2,610	2,325	2,611	2,382	2,230	1,830	1,966	1,908
Annual savings still to be identified		1,181	-116	1,545	-285	286	-229	-153	-400	137	-59

BUSINESS RATE FORECAST					
	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Adur District Council					
Total business rate income	22,631	23,107	23,584	24,060	24,536
Less: Business rate reliefs awarded	-3,334	-3,401	-3,469	-3,538	-3,609
Net business rate income	19,297	19,706	20,115	20,522	20,927
Less:					
Write offs	-41	-42	-43	-44	-45
Appeals	-970	-990	-1,010	-1,030	-1,050
Net income	18,286	18,674	19,062	19,448	19,832
Less: Share of income paid to Council for administration costs	-93	-94	-96	-98	-100
Net income for purpose of income share calculation	18,193	18,580	18,966	19,350	19,732
Council share of income (40%)	7,277	7,432	7,586	7,740	7,893
Less: Tariff	-4,790	-4,961	-5,060	-5,161	-5,264
Retained business rates	2,487	2,471	2,526	2,579	2,629
Add : S151 grants paid directly to the General Fund	446	455	465	474	483
Total income eligible for levy/safety net calculation	2,933	2,926	2,991	3,053	3,112
Baseline funding	-1,703	-1,764	-1,799	-1,835	-1,872
Surplus/(deficit) business rates	1,230	1,162	1,192	1,218	1,240
Less: Levy @ 50%	-615	-580	-595	-609	-620
Retained additional business rates	615	582	597	609	620
Reduction in retained business rates as part of fair funding review			-298	-304	-310
Estimated surplus/deficit (-)	615	582	299	305	310

APPENDIX 4

BUSINESS RATE FORECAST					
	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Worthing Borough Council					
Total business rate income	39,299	40,127	40,954	41,781	42,609
Less: Business rate reliefs awarded	-5,701	-5,815	-5,931	-6,049	-6,170
Net business rate income	33,598	34,312	35,023	35,732	36,439
Less:					
Write offs	-68	-70	-71	-72	-74
Appeals	-750	-765	-780	-796	-812
Net income	32,780	33,477	34,172	34,864	35,553
Less: Share of income paid to Council for administration costs	-136	-139	-142	-145	-148
Net income for purpose of income share calculation	32,644	33,338	34,030	34,719	35,405
Council share of income (40%)	13,058	13,335	13,612	13,888	14,162
Less: Tariff	-9,847	-10,197	-10,401	-10,609	-10,822
Retained business rates	3,211	3,138	3,211	3,279	3,340
Add : S151 grants paid directly to the General Fund	749	764	779	795	811
Total income eligible for levy / safety net calculation	3,960	3,902	3,990	4,074	4,151
Baseline funding	-2,594	-2,688	-2,741	-2,796	-2,852
Surplus/(deficit) business rates	1,366	1,214	1,249	1,278	1,299
Less: Levy @ 50%	-684	-607	-624	-638	-649
Retained additional business rates	682	607	625	640	650
Reduction in retained business rates as part of fair funding review	0	0	-313	-320	-325
Estimated surplus / deficit (-)	682	607	312	319	325



REVENUE OUTTURN 2016/17

REPORT BY SARAH GOBEY, CHIEF FINANCIAL OFFICER

1.0 SUMMARY

- 1.1 This report outlines the revenue financial monitoring position for the end of the 2016/17 financial year for Joint Strategic Committee, Adur District and Worthing Borough Councils. At the time of publication of this report, the Statement of Accounts are in the process of being audited and the figures reflect any agreed changes. Any further adjustments that emerge as the audit proceeds will be reported to members later in the year.
- 1.2 Information is also provided in respect of earmarked reserves for the 2 constituent authorities. The 2016/17 capital outturn is reported separately elsewhere on the agenda.
- 1.3 The Joint Strategic Committee is asked to agree and recommend to Adur District and Worthing Borough Councils:-
 - The proposals for dealing with any net underspend or overspend on the revenue accounts by making transfers to various reserves; and
 - The carry forward of certain revenue budgets to allow projects to be completed in 2017/18.
- 1.4 The following appendices have been attached to this report:
 - (i) **Appendix 1** (a) Joint Summary of 2016/17 Outturn
 - (ii) **Appendix 2** (a) Adur District Council - Summary of 2016/17 Outturn
(b) Adur District Council - Use of Earmarked Reserves
 - (iii) **Appendix 3** (a) Worthing Borough Council - Summary of 2016/17 Outturn
(b) Worthing Borough Council - Use of Earmarked Reserves
 - (iv) **Appendix 4** HRA Summary

2.0 BACKGROUND

- 2.1 Local authorities have a statutory duty under the Local Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends in expenditure or shortfalls in income emerge. If monitoring establishes that the budgetary situation has deteriorated, authorities are required to take such action as they consider necessary. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or the authority might decide to take no action but to finance the shortfall from reserves.

2.0 BACKGROUND

- 2.2 The monitoring of the revenue budgets has been reported to the Joint Strategic Committee three times during the year. The last monitoring report was considered by the Committee on 7th March 2017.
- 2.3 The Joint Strategic Committee (JSC) budgets are held separately and operate as holding accounts. They represent pooled budgets of Adur and Worthing Councils. All expenditure and income in the joint budgets are recharged back to the respective authorities. This means that the net expenditure is fully allocated out to the two councils and the overall position for the Joint Strategic Committee will be zero. An over or underspend reported in the Joint will be incorporated into the individual councils accounts via the allocation process.
- 2.4 Each joint service is allocated out to the councils on an individual basis using an appropriate allocation for that service. Overall, Worthing's share of the joint outturn is approximately 60.0% and Adur's share is 40.0%.

3.0 REVENUE OUTTURN OVERVIEW

- 3.1 The final revenue outturns reported for Q4 are as follows:-

Summary of 4th Budget Monitoring Report			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2016/17	21,609	9,780	14,039
Actual Outturn	22,002	9,699	13,370
Actual Over/ (Underspend)	392	(81)	(669)
Over/(Underspend) Percentage	1.8%	-0.8%	-4.8%

As highlighted earlier in this report, the Joint under/overspends are transferred to Adur and Worthing Councils in line with their allocated share. The reported variances in Adur and Worthing in the table above include the total share transferred from the Joint Shared Services.

- 3.2 The Summary Outturn for each body is reported in **Appendices 1 - 3**. The joint budgets are presented by service block. It is not possible to show them by Council portfolios as the portfolios in Adur and Worthing are no longer harmonised.

3.0 REVENUE OUTTURN OVERVIEW

3.3 The headline budget variations across both the councils and joint shared services are:-

- A reduction in the levy payable as part of the Business Rate Retention Scheme;
- Interest on borrowing and reduction in Minimum Revenue Provision;
- Income from Strategic Property Investments;
- Increasing caseload which increased the spend on temporary and emergency accommodation within the Homelessness budget;
- Development Control income shortfalls;
- Interim management arrangements for Fishersgate Community Centre;
- Crematorium income was lower than expected;
- Waste & Recycling & Cleansing services had higher vehicle costs;

3.4 The third quarter monitoring report was presented to Joint Strategic Committee on 7th March 2017. Since this time the financial position has changed as follows:

Comparison of 3rd budget monitoring report & 4th budget monitoring report			
	Joint	Adur	Worthing
	£'000	£'000	£'000
Over/(Under)spends reported at Quarter 3	(235)	22	(458)
Over/(Under)spends reported at Quarter 4	382	(81)	(669)
Difference	617	(103)	(211)

3.5 The significant variations that impact on the final outturn from quarter 3 to quarter 4 were:-

Significant Variations from 3rd budget monitoring report & 4th budget monitoring report			
	Quarter 3	Quarter 4	Movement
	£'000	£'000	£'000
JOINT			
Waste Services - Increased vehicle maintenance costs due to delay in delivery of new fleet, plus an overspend on Agency costs to cover long term sickness to continue smooth running of service. The expected increase in income which would have offset the additional spend was not as significant as expected.	33	267	234
Underspend on salaries budgets was lower than expected	(394)	(239)	154

3.0 REVENUE OUTTURN OVERVIEW

Significant Variations from 3rd budget monitoring report & 4th budget monitoring report			
	Quarter 3	Quarter 4	Movement
	£'000	£'000	£'000
JOINT			
Severance payments funded by the constituent Councils	-	133	133
Homelessness - Continuing increases in Temporary Accommodation applications requiring temporary staffing being employed to handle the demand	109	27	(82)
WORTHING			
Waste - Increased Trade waste disposal costs plus a proportion of vehicle repair costs and Agency costs recharged from the joint service. Income was anticipated to exceed the budget to offset these costs	-	104	104
Homelessness - Continuing increases in Temporary Accommodation applications	70	278	208
Development Management - further downturn in income offset by the use of Planning Delivery Grant	120	47	(73)
Building control & Land charges - Further deterioration of income	62	94	32
Crematorium and cemeteries - Underachievement of memorial income and increased costs relating to medical referee charges	34	65	31
Parking Services - Additional income achieved from the Car Parks	(8)	(158)	(150)
Theatres - Increased pantomime sales and film attendance offset underachievement of income from catering and live events in the first nine months	99	25	(74)
Additional income from Strategic Property Investments plus additional income relating to backdated rent review for the Guildbourne Centre	(19)	(299)	(280)

3.0 REVENUE OUTTURN OVERVIEW

Significant Variations from 3rd budget monitoring report & 4th budget monitoring report			
	Quarter 3	Quarter 4	Movement
	£'000	£'000	£'000
WORTHING			
Revenues and Benefits - Income from overpayments exceeded the budget , but was offset by increased postage costs and an overstated grant budget no longer received	(240)	(69)	171
Overpayment provision written back to Revenue as the cost of any income written off during the year is charged directly to revenue and not against provision	-	(536)	(536)
ADUR			
Revenues and Benefits - Impact from 2015/16 housing benefit subsidy qualification highlighted in the quarter 3 report as a risk and now confirmed (145k), under-achieved income from overpayments, and a minor Census overspend.	-	173	173
Homelessness - Continuing increases in Temporary Accommodation applications	123	118	(5)
Development Management - further downturn in income offset by the use of Planning Delivery Grant	(30)	42	72
Building control & Land charges - Further deterioration of income	20	54	34
Parking Services - New parking fees wef February 2017 improved the forecast from last period	174	134	(40)
Civic Centre Income - Income for hiring out for filming and other rental income not achieved	-	143	143
Waste - Increased Trade waste disposal costs plus a proportion of vehicle repair costs and Agency costs recharged from the joint service. Income was anticipated to exceed the budget to offset these costs	-	72	72
Business Rate retention scheme and other grants - Reduced levy payment and additional ad-hoc grants.	-	(322)	(322)
Overpayment provision written back to Revenue as the cost of any income written off during the year is charged directly to revenue and not against provision	-	(422)	(422)

3.0 REVENUE OUTTURN OVERVIEW

3.6 As the table above shows, there needs to be a continued focus on improving financial management. As part of this process, the current MTFP includes a number of key financial health indicators, which are:

- Continue to maintain a General Fund balance at a minimum balance of 6% and a maximum of 10% of the General Fund Net Revenue Budget. (This will measure overall financial health).
- Revenue outturn to be within 2% of the Total Budget Requirement. (This will measure accuracy of budget preparation).
- Revenue outturn for Total Executive Member and Joint Strategic Committee Requirements to be within 1% of the estimate of Total Executive Member Requirements contained in the quarter 3 monitoring report. (This will measure accuracy of budget monitoring).

Overall the revenue monitoring has largely met the target of 2% for Adur and the Joint account. Whilst the target Worthing was not met, this was largely due to the proactive measures the Council took including the success of the commercial property portfolio and a change to accounting practice with respect to overpayments. There is a continued need for an improvement in reporting of individual services and more focus on budget monitoring with particular emphasis on high-risk areas.

For the past four years, the Councils have undertaken review of revenue base budgets and this exercise contributed to the savings required to meet the budget requirement between 2012/13 and 2017/18. We intend to carry out a similar exercise for the 2018/19 budget to ensure that any on-going variance are properly reflected in future years budgets.

4.0 REVENUE 2016/17 OUTTURN

4.1 The following table details the major variances for the year:

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
NET TRADING				
Parking	(59)	134	(158)	WORTHING: Income from surface car parking has exceeded budget
Theatres			25	ADUR: Delay in new income stream, following review of parking charges. New charges were introduced Feb 2017
Total Net Trading	(59)	134	(132)	Increased pantomime sales and film attendance offset underachievement of income from catering and live events in the first nine months

4.0 REVENUE 2016/17 OUTTURN

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
INCOME:				
Strategic Property Investment Fund			(299)	Additional income received from property rents. Mainly from backdated rent review for Guildbourne Centre from sept 2009 (149k), the impact of town centre investments, and other rent increases.
Development Management - Fee Income	(79)	42	47	Worthing Development management fee income - shortfall offset by vacancy savings and use of Planning Delivery Grant
Building Control & Land charges	(10)	54	94	Building Control Income, which is derived from fees set on a cost recovery basis was below target at year end. Strategies are in place for next year to ensure that the service meets the 2017/18 targets. Land charges ICT budgets are overspend by 20K due to the implementation of new Arcus system which required the dual running of old and new systems
Revenues & Benefits		173	(69)	ADUR - Impact from 2015/16 housing benefit subsidy qualification (145k), under achievement in overpayments recovery together with a minor Census overspend. WORTHING - Net Additional income from the recovery of housing benefits overpayments above budgeted (180k) offset by and an increase overstated income budget for grant no longer received and increased postage costs.

4.0 REVENUE 2016/17 OUTTURN

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
INCOME:				
Overpayments Provision		(422)	(536)	Overpayments provision drawn down from the Balance Sheet as the costs if write offs are contained in year and provision is not required
Civic Centre income		143		Income from projected hirings of the Civic Centre not achieved
Total Income	(89)	(10)	(762)	
COSTS:				
Communications	11			Final salary costs are higher than budgeted for
Business & Technical Services	44			Overspend on building maintenance
Environment - Bereavement Services			65	Mainly due to the underachievement of memorial income budget and Essential Medical Referee surcharge for the signing of crem papers
Environment - Grounds Maintenance	(54)	(43)		Worthing Arborist costs, partially offset by coast protection income. Adur - rental income overachieving, including backdated rent for telecoms mast
Waste Services	267	72	104	Overspend on Agency staff covering Long Term Sickness & Waste vehicle maintenance repairs to ageing fleet. Plus income overstated WSCC recycling payment budget. Trade Waste tipping charges increased over that budgeted.
Growth			27	Costs attributed to the Grand Avenue public enquiry which was not budgeted for in 2016/17 by Worthing Borough Council.

4.0 REVENUE 2016/17 OUTTURN

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
COSTS:				
Homelessness	27	118	278	Joint - Overspend due to new Housing staff structure, resulting in several regradings. Significant use of agency staff to provide the increasing demand of the service. Adur - Increased emergency accommodation to meet demand. Worthing - Increased emergency accommodation to meet demand - For this year only, £250k is being met through existing grants
Telephony	120	48	72	Overspend on Telephony - as old systems contracts are cancelled, this should mitigate any further overspend. An investigation into BT / Gamma are currently being undertaken.
Finance	-	(225)	(386)	Net savings due to changes in interest rates, impact of the final 2015/16 capital programme, and the new MRP policy.
Wellbeing	(40)	112		Security and other costs associated with Fishersgate Community Centre whilst the centre has remained empty. A new occupant is has been sought.
Overprovision for pay award	(204)	(82)	(122)	Original budget contained an allowance for a 2% pay award, but 1% agreed
Staff costs	131	52	78	Overspend on salary costs not reported elsewhere
Severance Payments	133			Severance costs funded by the constituent Councils reserves
Business Rates and Grants		(322)	-	Reduced levy payment to the Government and additional ad hoc grants received during the year.

4.0 REVENUE 2016/17 OUTTURN

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
COSTS:				
Other	95	64	110	
Total costs	529	(205)	225	
Total Variance	382	(81)	(669)	
Share of joint services allocated 40:60 to Councils and Included within the variances shown in Adur & Worthing columns				

Details of other less significant variations and outturn are available on request from the finance team.

4.2 As highlighted earlier in this report, any JSC over/underspend is transferred to Adur and Worthing Councils in line with their allocated share. The reported underspends in Adur and Worthing Councils in the table above includes the total share transferred from the JSC.

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

4.4 Vacancy savings

4.4.1 There is an allowance for staff vacancy savings in both authorities' budgets for 2016/17 (Adur £245,450 and Worthing £514,700). There is no savings target included in the Joint Committee budget.

4.4.2 The salaries underspend in the Joint Committee represents an expected contribution to Adur and Worthing's vacancy savings. The Joint Strategic Committee outturn underspend for salaries is £402,000.

4.5 Worthing Theatres

Theatres financial performance against the approved budget has improved significantly over the past four years.

2013/14	2014/15	2015/16	2016/17
£'000	£'000	£'000	£'000
484	184	120	25

This is the result of good event programming and proactive marketing with several key factors supporting the success:

4.0 REVENUE 2016/17 OUTTURN

4.5 Worthing Theatres

- Improved income from the pantomime resulting from increased ticket sales and the impact of an increased return on ticket sales from the VAT cultural exemption (£68,000)
- Increased net income from film attendance (£20,000)
- Successful audience development with 39% of customers attending for the first time this year and 40% of customers attending four times or more during the year.
- Whilst catering net profit improved year on year, overall there was a shortfall against the budget of (£103,000)

4.6 Housing Management

The increased spend on providing emergency and temporary accommodation reflects rising demand across the South East, including Adur and Worthing, changes to service delivery and the lack of housing supply for those needing affordable accommodation.

Emergency accommodation (EA) is where we place individuals / families that meet certain initial criteria whilst we fully assess our duty to house the household. Investigation of this duty should take 33 days, at which time if we accept a full housing duty, the household is moved into long term temporary accommodation (TA). The household will then be added to the housing register, assigned a 'banding' and is able to bid for suitable properties that become available.

Due to increasing and sustained demand, resources to complete assessments have at times been inadequate, leading to longer time frames at this early stage in the process.

As emergency accommodation is often costlier than long term temporary accommodation this has increased the financial burden. Timescales for assessments have been reduced dramatically in recent months. Additionally working in partnership with other teams and agencies, the Housing Solutions team has been able to refocus some resource into supporting families at risk of homelessness to retain tenancies and prevent homelessness, thus reducing some of the demand for a full assessment.

Across the South East there is competing demand between local authorities for both emergency and temporary accommodation, the latter often being leased private sector accommodation. As a consequence prices in some areas (e.g. Worthing) are being pushed beyond the reach of the Councils and the supply of suitable emergency and temporary accommodation within the Borough is reduced. In March 2017 the Housing Solutions Team hosted a private sector landlord's event in order to establish how we can better meet our joint needs. Nonetheless, at the present time the Councils continue to be faced with placing some clients in costly budget accommodation hotel chains when no other suitable options are available.

4.0 REVENUE 2016/17 OUTTURN

4.6 Housing Management

In response to this, the Councils have adopted a new strategy for sourcing both temporary and emergency accommodation as agreed at the Joint Strategic Committee in September 2017. The Councils' committed to investing £3m in emergency temporary accommodation to reduce the need to rely on expensive private sector provision as a solution.

Since this time the Councils have successfully procured a number of temporary accommodation units which is improving the position. These additional units are newly refurbished good quality accommodation in the local area. Officers are continuing to actively appraise a number of other potential property purchases that will allow the Councils to directly provide high quality emergency accommodation at rates much lower than the private sector.

Numbers are increasing despite the Council's best efforts in obtaining accommodation and therefore costs are increasing.

4.7 Environment

Cemeteries and Crematorium – There is an overall income shortfall of £65,000. This was primarily as a result a shortfall in Memorial income which was lower than expected with a shortfall.

4.8 Wellbeing

Fishersgate Community Centre is in the heart of a community with varied and diverse needs. The work that has taken place over the last two years to restore the Fishersgate Community Centre and return it to a facility that can be used for and by the communities of Fishersgate, is reflective of the commitment of the Council to enabling this Community to thrive.

The complex process was initiated following the emergence of a range of concerns, the most pressing being around compliance with safeguarding duties by the former landlord.

Additional unplanned costs have been incurred to: gain access to the building; secure the building using an SIA approved company; procure specialist legal advice and complete fire and electrical remedies to meet building and Health and Safety requirements.

Restoring the building to a fit state for use was a significant undertaking given that what was discovered once the building was secured was a space that was unfit for community use. Costs continue to be incurred while the Council is managing the building in this interim phase, however the overspend is largely offset by salary savings.

4.0 REVENUE 2016/17 OUTTURN

4.8 Wellbeing

The long term plan for the centre is being developed with a cross team project group and with the Fishersgate community. The aim is to secure a new charity to run the centre in 2017. Already local groups are beginning to utilise the centre and the appointment of a part time co-ordinator will allow for the growth in usage as well as the beginning of a revenue stream to cover costs.

4.9 Waste and Cleansing section

Agency costs, which have increased due to the higher minimum wage, are being incurred to cover long term sickness. The use of agency staff is being managed, however pay costs are overspent by £87,000. The expenditure is necessary to enable the smooth running of the service. In addition there are increased vehicle maintenance costs of £66,000, as there was a delay in the delivery of the new fleet. Disposal costs increased more than the budgeted expected increase.

The 2016/17 budget includes additional income generation and expenditure reduction of £543,000. To put this in context, although it is showing an overspend, the service is now providing to a larger number of customers, due to new housing developments, which has required them to make on-going internal efficiencies.

4.10 Worthing Revenues and Benefits

There was additional income from overpayments following a change in how the Council identifies overpayments. This is due to improvements in the real time reporting between the Council, Department of Work and Pensions (DWP) and Her Majesties Revenues and Customs (HMRC). This was offset by identification of an grant income budget no longer received and an overspend in postage costs.

4.11 Adur Revenues & Benefits (Census)

Adur Revenues and Benefits (Census) have had some issues regarding the Housing Benefit subsidy claims. This relates the incorrect assessment of benefit and the restatement of LA Error overpayments which has resulted in subsidy being claimed in excess of entitlement. This has resulted in repayment of the 2015/16 subsidy of £145,000. In addition, the Census contract had an overspend of £41,200.

4.12 External Borrowing Costs, Investments and Minimum Revenue Provision

There are favourable variances for both Adur and Worthing. For both Councils the MRP costs were lower than the budget due to slippage in the capital programmes and the change in the MRP calculation method approved by Worthing Council at its meeting on 19 July 2016 and by Adur Council at its meeting on 21 July 2016. Adur had a favourable variance of £267,000 and Worthing had a favourable variance of £350,000.

4.0 REVENUE 2016/17 OUTTURN

4.12 External Borrowing Costs, Investments and Minimum Revenue Provision

Investment returns were below budget for both Councils because of the prevailing low interest rates in the market.

In addition, for Worthing, officers are taking advantage of the stability in interest rates to arrange some short term rather than long term borrowing, resulting in reduced costs from lower interest rates and reduced provision for repayment of debt, giving a net favourable variance of £116,000.

However most of Adur's borrowing is at long term fixed rates, so does not benefit from the currently available rates, resulting in a net adverse General Fund variance of £42,000.

Both Councils are also fixing longer term borrowing with the PWLB to fund the purchase of properties, as approved in their budgets. The planned loan from Worthing Borough Council to Worthing Homes did not take place until April 2017, consequently the arrangement fee and interest of £79,000 was not receivable in 2016/17.

4.13 Telephony

The Central Telephony budget shows an overspend of £120,000 for 2016/17. As old systems contracts are cancelled, this should mitigate any further overspend. An investigation into BT/Gamma has been completed and a few lines still remain and will result in savings in the future.

4.14 Car Parks

Adur

As part of the budget setting process in 2016/17 a target of £150,000 was put forward to be delivered through a formal parking review in Adur. The detailed review was completed and recommendations approved by the Executive Member, which was followed by the statutory consultation process. The process was completed in January 2017 and the revised charges came into force in February 2017. Due the nature of the review and the consultation requirements it was not possible to implement the revisions any earlier. As a result there is a shortfall of £94,000. The income target is expected to be met in the coming financial year and this will be monitored closely.

The Adur On street service is £63,000 less than budgeted. The income is made up entirely of Fixed Penalty Notices (FPNs). Due to improved compliance with parking restrictions in most of the area PCN income is decreasing. However there are some areas where levels of enforcement can be improved by repainting yellow lines. Following negotiated action by the Director with the parking services team, the County Council has agreed to fund the repainting of these areas to a value of £50,000. The work will be completed this financial year which will ensure high levels of compliance in these areas as well.

Worthing

The Worthing car parks achieved excess income over that budgeted by £149,000. This is mainly due to income from surface car parks.

4.0 REVENUE 2016/17 OUTTURN

4.15 Development Management

Worthing Development Management income is lower than budget despite a recent major application being submitted for an additional 260 dwellings at West Durrington. Unfortunately, there were no other major applications likely to be submitted before the end of the year and therefore a year end shortfall of £110,000. This under-achievement of income will be partly offset by vacancy savings and use of Planning Delivery Grant carried over from previous years.

Adur Development Management fee income is underachieved by £42,000, This under-achievement of income will be partly offset by vacancy savings and use of Planning Delivery Grant carried over from previous years.

4.16 Building Control & Land Charges

Building Control Income, which is derived from fees which are set on a cost recovery basis, has not met its income budget by £79,000 (Worthing £61,000, Adur £18,000). Growth targets and strategies are in place for next year to ensure the level of income improves.

Land charges ICT budgets overspent by £20,000 due to the implementation of new Arcus system and the requirement for dual running of old and new systems. There was also an underachievement of income of £22,000 in Adur.

4.17 Strategic Property Investments

Additional income was received from Worthing property rents. Mainly from a backdated rent review for the Guildbourne Centre from September 2009 (£149,000), the impact of new investments in town centre properties and other rent reviews.

5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)

- 5.1 Adur Homes is held within a ring fenced Housing Revenue Account, which is shown in Appendix 4. Whilst overall the HRA contained net expenditure within budget, there were some significant variances as detailed below:

5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)

5.2 The variances for the year comprise of the following headline figures:-

	(Under)/ Overspends £'000
Variations in income and running costs:	
Overspend on Pay, Grading & Consultancy	111
Reduction in provision for bad debts	(126)
Reduced cost of Special Services partly transferred to General Management	(244)
Overspend on Building Maintenance, Repairs & Voids	427
Reduced cost from Corporate & Democratic Core	(31)
Reduction in rents, rates and taxes	(33)
Reduced cost of central allocations	(9)
Increase in income from Non Dwelling Rents & Leaseholders	(36)
Shortfall in rental income due to closure of Cecil Norris House, the Albion Street Hostels and sales of properties.	7
Total variation in running costs	66
Variations in treasury management and capital costs:	
Increase in interest costs	2
Reduction in depreciation (used to fund the capital programme)	(67)
Additional interest receipts	(4)
Increased contribution to the capital programme	3
Total variation in treasury management and capital costs	(66)
TOTAL	-

5.3 Proposed contributions to HRA Reserves

It is proposed that the following contribution to the HRA Reserves is made for as set out in the following table.

PROPOSED CARRY FORWARD OF HRA UNSPENT BUDGETS and CONTRIBUTION TO HRA RESERVES	
	AdurHomes
	£'000
Contributions to Reserves	
Contribution to New Development and Acquisition reserve	306

5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)

- 5.4 The proposed contribution of £306,000 to the New Development and Acquisition Reserve is in keeping with the budgeted amount included in the HRA budget strategy for setting aside resources specifically to increase capacity for the supply of affordable housing in future years. This transfer will increase the New Homes Development Reserve to £1.86m.
- 5.4 The HRA Reserve stood at £2.074m at 31st March 2017. This balance is deemed to be sufficient.

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.1 Recommended Carry Forwards of Unspent Budget

Any unspent funds are placed into reserves at the year end. Budgets in respect of the following items remain unspent at 31st March 2017 and are required to complete existing initiatives in 2017/18. The focus for carry forward proposals this year is on existing commitments or other essential items rather than bids for new initiatives. This is to build capacity in the reserves to protect the Councils' interests for the next two years. It is recommended that these amounts are carried forward to 2017/18 and funded from the respective Capacity Issues Reserves. The Committee may wish to consider how these items contribute to the Councils' priorities when approving the carry forwards.

There are no recommended carry forwards for the Joint Committee. The following are recommended for carry forward for Adur District Council and Worthing Borough Council:

Proposed Carry Forward of Unspent Budgets within Adur District Council	
Community Wellbeing - This has been allocated by the Adur Grants Panel towards the cost of employing a caretaker at the Fishersgate Centre	£
	8,000
TOTAL FOR ADUR DISTRICT COUNCIL	8,000

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.1 Recommended Carry Forwards of Unspent Budgets

Proposed Carry Forward of Unspent Budgets within Worthing Borough Council	
	£
Economic Regeneration - Income from Concessions funds, received during the current financial year from seafront concessions, to be used to implement improvements to the seafront and adjacent areas during 2017/18 (in line with the emerging Seafront Investment Plan)	10,850
Community Wellbeing - At JSC in January it was agreed that 16/17's funding would be carried forward to provide a £20,000 pot of funding (this includes 17/18 funding) towards the Going Local Grants programme, which will provide funding to voluntary organisations to deliver services that contribute towards the Going Local Programme.	10,000
Major Projects - Complex long-term project which is progressing, alongside purchase of further properties (expected to complete summer 2017) which would complete site assembly. Relates to ongoing investments around the Grafton site.	61,310
Economic Regeneration - To be spend to complete final works to the Splash Pad in the Gap	7,810
TOTAL FOR WORTHING BOROUGH COUNCIL	89,970

6.2 Recommended Carry Forwards of 2016/17 Approvals to Use Reserves

The following unspent items were approved for 2016/17 and were planned to be funded from reserves. It is recommended that these approvals to utilise reserves are carried forward from 2016/17 to 2017/18. ***No transfer to reserves is required as the funds have been previously set aside.***

Worthing Borough Council - Proposed Carry Forwards (not yet spent and previously approved) - Existing Reserves	
	£'000
Planning Policy: The Council has committed to a full review of the Core Strategy and the progression of a new Local Plan. The need to update the evidence base (often using specialist consultants) is the main cost to the service linked to this review. Some key studies (housing, employment and landscape) are already in place but additional studies (retail, transport, infrastructure, viability etc) are required to inform the drafting of the new plan. The transport study represents the most expensive element and a full study (involving the development of a transport model) could cost in excess of £60k. The hope is that WBC may be able to utilise the transport model being developed for Highways England and this would reduce this cost significantly. However, at this stage, there is no certainty that this will be available in time to inform the Worthing plan. Therefore, this carry forward is required to ensure that there is sufficient budget in place to fund studies that are essential to inform the new Local Plan.	38,590
TOTAL FOR WORTHING BOROUGH COUNCIL	38,590

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.3 Movements and Use of Reserves

As part of the 2016/17 final accounts process, officers have identified amounts that are recommended for transfer to reserves for specific purposes or planned as part of the budget process, as detailed below.

For 2016/17, both authorities drew down on reserves to fund redundancy costs. A detailed breakdown of the reserve positions is included in **Appendix 2b** for Adur and **Appendix 3b** for Worthing.

Adur District Council:

TRANSFERS TO GENERAL FUND EARMARKED RESERVES AND PROVISIONS 2016/17				
Budgeted/Committed reserves:	contributions	to/from	£	£
• Reduction in Grants Carried Forward			(46,945)	
• Budgeted contribution to Reserves			14,700	
• Self-insurance charges and proposed contributions			30,700	(1,545)
Contribution to reserves from 2016/17 underspend:			8,000	
Carry Forward requests to Capacity Issues Reserve (see para. 6.1)				
General Fund underspend transferred to reserves			72,854	80,854
TOTAL RECOMMENDED NET CONTRIBUTIONS TO RESERVES FOR ADUR DISTRICT COUNCIL				79,309

If all the proposals in the above table are adopted, Adur District Council's General Fund Working Balance will remain at £408,171 which, at 4.2% of net expenditure of £9.699m is below the range of 6%-10% set by the Council. In addition the Council would retain earmarked revenue reserves of £562,000 (excluding revenue grants reserve), an increase of £24,000 over 31st March, 2016. The full listing of earmarked reserves is attached as **Appendix 2b**. In order to rationalise Adur's Earmarked Reserves and increase flexibility in their use, it is proposed to consolidate the New Technology Fund (£22,300) and the Health & Safety Fund (£32,545) into the Capacity Issues Reserve.

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.3 Movements and Use of Reserves

Worthing Borough Council:

TRANSFERS TO GENERAL FUND EARMARKED RESERVES AND PROVISIONS 2016/17		
Budgeted/Committed contributions to/from reserves	£	£
• Reduction in Grants Carried Forward	(323,032)	
• Transfer from Theatre Levy Reserve	(6,639)	
• Self-insurance charges and proposed contributions	30,700	(298,971)
Contribution to reserves from 2016/17 underspend:		
Carry Forward requests to Capacity Issues Reserve (see para. 6.1)	89,970	
General Fund underspend transferred to reserves	578,915	668,885
TOTAL RECOMMENDED NET CONTRIBUTIONS TO RESERVES FOR WORTHING		555,438

If all the proposals in the above table are adopted, Worthing Borough Council will maintain its General Fund Working Balance at £843,625 which, at 6.4% of net expenditure of £13.184m, is within the range of 6%-8% set by the Council. In addition the Council would retain earmarked revenue reserves of £1.947m (excluding revenue grants reserve), an increase of £0.664m over 31st March, 2016. The full listing of earmarked reserves is attached as **Appendix 3b**.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2016/17 AND DEBT POSITION

MRP Requirement for 2016/17

- 7.1 The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 require the councils to make a prudent provision within the accounts for repayment of debt. This provision is called the Minimum Revenue Provision (MRP) and is charged to revenue expenditure.
- 7.2 The revised MRP policy for both Adur District Council and Worthing Borough Council for making the MRP determination for 2015/16 and subsequent years was considered by the Joint Strategic Committee at its meeting of 2nd June 2016 and was recommended for approval by Worthing Council at its meeting on 19th July 2016 and by Adur Council at its meeting on 21st July 2016.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2016/17 AND DEBT POSITION

MRP Requirement for 2016/17

7.3 Advice from both the Councils' treasury advisers and auditors has indicated that the MRP policy can be reviewed provided that the following criteria are met:

- i) the Councils must make a revenue provision each year for the repayment of debt;
- ii) the provision must be prudent.

7.4 It was agreed that: firstly for any debt associated with unfunded capital expenditure incurred before 1st April 2008, the MRP will be set aside in equal instalments over the life of the associated debt. This is a change from the previous policy of calculating the MRP based on 4% of the Non-Housing Capital Financing Requirement (CFR) at the closing balance of the previous financial year. The CFR is a prescribed calculation which is used to measure the Councils' underlying need to borrow to finance all capital expenditure. This does not apply to Worthing Borough Council which had no debt as at 1st April 2008. Secondly, for both Councils' non-HRA capital expenditure financed through borrowing (excluding loans to RSLs) after 1st April 2008, the MRP will be calculated as the annual amount required to repay borrowing using the Annuity Method over the life of the assets acquired, although the option remains to use additional revenue contributions or capital receipts to repay debt earlier. Where a building is being constructed, the MRP will be set aside once the building is completed.

7.5 The revised MRP policy will ensure that by the time debts are due to be repaid sufficient funds will have been set aside.

7.6 As MRP is applied in the year after which capital expenditure is funded from borrowing, the MRP for 2016/17 relates to borrowing incurred up to and including 31st March, 2016.

7.7 By applying the approved methodologies, described in paragraph 7.4, the following MRP determinations have been provided for in the 2016/17 accounts:

- For Adur District Council: £2,606,055 (£889,148 for General Fund, £1,716,907 for HRA)
- For Worthing Borough Council : £976,560

Debt Position at 31 March 2017

7.8 In recognition of the introduction of the HRA Self-Financing regime, the Councils' joint treasury management policy also includes a requirement to account separately for General Fund and HRA debt in accordance with the "two pool approach" recommended by CIPFA within the Treasury Management Code of Practice. This approach apportioned historic debt at 31 March 2012 between HRA and General Fund in accordance with the Code guidance, and requires new borrowing from 1 April 2012 onwards to be attributed to either General Fund or HRA according to the purpose for which it is obtained.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2016/17 AND DEBT POSITION

Debt Position at 31 March 2017

- 7.9 For Adur Council the separation of General Fund and HRA debt facilitates a comparison with the corresponding underlying need to borrow (the Capital Financing Requirement) i.e. capital expenditure not financed from internal resources. The purpose of the comparison is to enable General Fund and HRA treasury management decisions to be taken independently of each other, and in an equitable and transparent manner.
- 7.10 Accordingly, there follows a comparison of the respective debt outturn positions compared to the CFR for each Council, albeit that as Worthing does not have an HRA it therefore does not operate a two pool approach.

CFR v Debt Position at 31 March 2017	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Actual Long Term Debt 01/04/16	12,974,264	61,294,086	74,268,350	13,135,876
New Long Term Debt Raised in year	2,000,000	0	2,000,000	4,000,000
Long Term Debt Repaid in Year	(7,133)	(1,708,914)	(1,716,047)	(5,798,709)
Actual Long Term Debt 31/03/17	14,967,131	59,585,172	74,552,303	11,337,167

CFR v Long Term Debt Position at 31 March 2017	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Capital Financing Requirement (CFR)	14,909,455	60,102,737	75,012,192	22,384,465
(Over) / Under Borrowing	(57,676)	517,565	459,889	11,047,298
HRA Debt Limit	N/A	68,912,000	68,912,000	N/A
HRA Borrowing Headroom (Debt Limit – Actual Debt)	N/A	9,326,828	N/A	N/A

- 7.11 In addition to the amounts reported in the Table above, Worthing also held temporary borrowing of £11m at 31st March 2017 which will mature fully by 10th July 2017. This will most likely be refinanced as new temporary borrowing as the existing loans mature, pending the receipt of the sale proceeds for the Aquarena site. Adur did not hold any temporary borrowing at 31st March 2017.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2016/17 AND DEBT POSITION

Debt Position at 31 March 2017

- 7.12 For Adur Council the General Fund is over-borrowed by approximately £58,000 which is due to borrowing in advance for the 2017/18 capital programme to take advantage of very low PWLB interest rates. The HRA is under-borrowed by £0.5m. This position largely reflects the opening position at 1st April 2012 arising from the application of the two pool split, where-in the CIPFA methodology assumed the HRA was fully borrowed at the level of its CFR, so that any under or over borrowing at that time was fully attributed to the General Fund.
- 7.13 The HRA under borrowed position is largely due to the HRA share of accumulated debt repaid since 1st April 2012.
- 7.14 Worthing is under-borrowed by over £11m based on long term borrowing, which reflects the cumulative impact over a number of years of consistently using internal borrowing and short term borrowing as a cheaper source of funding capital investment. This has been a prudent measure in the climate of historically low interest rates to reduce the “cost of carry” (i.e. the difference between the interest charged on new borrowing compared to the interest foregone on cash balances used to fund capital expenditure that would otherwise have been invested). However £4m of Public Works Loan Board loans have been taken out in 2016/17 to take advantage of low fixed interest rates over the medium term.

8.0 CONCLUSION

- 8.1 The overall underspends for Worthing and Adur are most welcome at this time to help the Councils manage the challenging financial climate which they are currently grappling with.
- 8.2 This has been an extremely difficult year financially, with new emerging cost pressures. However the Councils have successfully managed to address some significant issues in year.

9.0 RECOMMENDATIONS

- 9.1 **The Joint Overview and Scrutiny Committee are asked to note the contents of the report and indicate any areas that they would like to undertake further scrutiny on.**

Background Papers:

Reports to the Joint Overview and Scrutiny and Joint Strategic Committee

Revenue Budget 2016/17 Joint, Adur and Worthing

3rd Monitoring Revenue and Capital Reports Joint Strategic Committee, Adur District Councils and Worthing Borough Council – Report to the Joint Strategic Committee dated 7th March 2017

Accounts and Audit Regulations 2015

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SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

This report deals with the whole of the Joint Committees revenue expenditure and as such contributes both Council's objectives

- To protect and enhance priority services.
- To promote a clean and green environment.

2.0 SPECIFIC ACTION PLANS

2.1 The Medium Term Financial Plan

3.0 SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES

4.1 Matter considered and no issues identified

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 Matter considered and no issues identified

9.0 RISK ASSESSMENT

9.1 Matter considered and no issues identified

10.0 HEALTH and 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 This report contains details of the outturn for the Adur and Worthing Partnership.


12.2 Contained within accounts of both Councils is the relevant share of the Adur and Worthing Partnership arrangements.

2016/17 FINAL REVENUE OUTTURN JOINT SUMMARY


 ADUR & WORTHING COUNCILS	ORIGINAL ESTIMATE 2016/17	CURRENT ESTIMATE 2016/17	OUTTURN 2016/17	(UNDER)/ OVERSPEND 2016/17
	£	£	£	£
Chief Executive	414,360	427,920	478,034	50,114
Director for Communities	5,918,310	6,043,408	6,131,010	87,602
Director for Customer Services	6,675,630	6,654,858	7,047,779	392,922
Director for Digital & Resources	8,597,500	8,765,518	9,052,013	286,496
Director for the Economy Grants Reserves	3,277,990	3,271,528	3,134,641	(136,886)
TOTAL SERVICES	24,883,790	25,163,230	25,843,477	680,247
ALLOCATION OF COSTS				
Recharged to other joint services	(3,103,170)	(3,553,900)	(3,841,653)	(287,753)
	21,780,620	21,609,330	22,001,824	392,494
Adur District Council	(8,673,420)	(8,630,550)	(8,807,759)	(177,209)
Worthing Borough Council	(13,107,200)	(12,978,780)	(13,194,065)	(215,285)
TOTAL SERVICE BLOCK ALLOCATIONS	(21,780,620)	(21,609,330)	(22,001,824)	(392,494)


CIVIC BUDGET 2016-2017
Summary of Final Revenue Outturn

 ADUR DISTRICT COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2016/17	CURRENT ESTIMATE 2016/17	OUTTURN 2016/17	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>CM for Environment</i>	3,276,530	3,256,180	3,281,303	(168,018)	85,927	107,213
<i>CM for Health & Wellbeing</i>	981,680	990,930	1,009,226	-	(27,351)	45,647
<i>CM for Customer Services</i>	569,950	597,453	431,074	(3,899)	(4,860)	(157,620)
<i>Leader</i>	707,780	707,780	728,107	(1,554)	163,201	(141,320)
<i>CM for Regeneration</i>	2,161,150	2,270,150	2,377,935	(15,417)	19,255	103,947
<i>CM for Resources</i>	2,396,440	2,356,510	2,244,842	(173,057)	(173,111)	234,501
<i>Support Service Holding Accounts</i>	253,300	295,170	(0)	(128,740)	(63,061)	(103,369)
<i>Budget vired to HRA</i>						-
TOTAL CABINET MEMBERS	10,346,830	10,474,173	10,072,487	(490,685)	-	88,999
<i>Credit Back Depreciation</i>	(1,776,510)	(1,776,510)	(1,295,885)	490,685	-	(10,060)
<i>Minimum Revenue Provision</i>	1,181,290	1,156,240	889,148	-	-	(267,092)
<i>Additional Non Ring Fenced Grants</i>			538,342	-	-	538,342
<i>Financial Instrument Adjustment</i>	-	-	2,163	-	-	2,163
	9,751,610	9,853,903	10,206,255	-	-	352,352
Transfer to/from reserves:						
<i>Transfer from reserves to fund specific expenditure</i>	28,700	(73,593)	(506,799)	-	-	(433,206)
Net Underspend/(Overspend) Funded From Reserves			80,854	-	-	80,854
TOTAL BUDGET REQUIREMENT BEFORE EXTERNAL SUPPORT FROM GOVERNMENT	9,780,310	9,780,310	9,780,310	-	-	0

 ADUR DISTRICT COUNCIL Earmarked Revenue Reserve Accounts	Opening Balance 2016/17	Estimated Decrease 2016/17	Estimated Increase 2016/17	Projected Closing Balance 2016/17
Capacity Issues Fund including General Fund Carry Forward Reserve - Project Manager for CENSUS review (8/10/15 JSC/042/15-16) - Redundancy costs - Budgeted contribution to/from revenue Underspend for 2016-17	121,763	(18,683) (4,447)	14,700 80,854	194,187
Insurance Fund	181,621	(31,471)	30,700	180,850
New Technology Fund	22,300			22,300
Local Plan (Adur) and PDG	44,419	(44,419)		0
Health & Safety	32,545			32,545
Investment Property Maint Fund -Revenue Maint Prog - Fishersgate Community Centre fencing (7/7/15 JSC/017/15-16)	40,947	(2,560)		38,387
Grants & Contributions held in reserves	472,816	(148,003)	101,058	425,872
Election Reserve	7,880			7,880
Special & Other Emergency Reserve	86,103			86,103
Projected Underspend/ (Overspend) (Reserve to be identified at outturn) - added to Capacity Issues Reserve above				-
General Fund Reserve	408,171			408,171
TOTALS	1,418,565	(249,583)	227,312	1,396,295

CIVIC BUDGET 2016/2017
Summary of Final Revenue Outturn

 WORTHING BOROUGH COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2016/17	CURRENT ESTIMATE 2016/17	OUTTURN 2016/17	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
<i>Leader</i> <i>CM for the Environment</i> <i>CM for Health & Wellbeing</i> <i>CM for Customer Services</i> <i>CM for Regeneration</i> <i>CM for Resources</i> <i>Holding Accounts</i>	£ 996,520 3,112,780 1,356,440 4,445,300 2,563,190 3,204,750 237,900	£ 996,520 3,255,630 1,356,520 4,564,540 2,750,990 2,853,590 359,600	£ 982,769 3,686,204 1,302,969 4,245,861 2,561,959 2,705,754 -	66,328 173,230 93,389 (213,528) 64,703 209,148 (535,750)	6,183 154,842 (6,763) 264,687 8,177 (252,655) (174,471)	(86,262) 102,502 (140,177) (369,838) (261,911) (104,328) 350,621
TOTAL CABINET MEMBER	15,916,880	16,137,390	15,485,516	(142,480)	-	(509,394)
<i>Credit Back Depreciation</i> <i>Minimum Revenue Provision</i> <i>Additional Non Ring Fenced Grants</i>	(3,272,280) 1,307,770 -	(3,272,280) 1,326,130 -	(3,129,800) 976,560 (108,209)	142,480		- (349,570) (108,209)
	13,952,370	14,191,240	13,224,067	0		(967,173)
Transfer to/from reserves:						
<i>Transfer from reserves to fund specific expenditure</i>	86,250	(152,620)	145,668			298,288
Net Underspend Transferred to Reserves			668,885			668,885
Total Budget requirement before External Support from Government	14,038,620	14,038,620	14,038,620	0		-

 WORTHING BOROUGH COUNCIL Earmarked Revenue Reserve Accounts		Opening Balance 2016/17	Decrease 2016/17	Increase 2016/17	Projected Closing Balance 2016/17
		£	£	£	£
Capacity Issue Reserve		455,039			
- Invest to save schemes (Theatres) (26/07/12 JSC/035/12-13) *C			(3,740)		
- Money Tree participatory budget (22/7/14 JSC/028/14-15)			(1,071)		
- Project Manager for CENSUS review (8/10/15 JSC/042/15-16)			(6,430)		
- Redundancy			(86,886)		
Expenditure funded from approved carry forwards from 2015/16					
- Worthing carry forwards agreed JSC 13 July 2016			(33,456)		
- Budgeted contribution to/from revenue				-	
Underspend for 2016-17				854,412	1,177,868
Insurance Reserve		391,732	(33,483)	30,700	388,949
Joint Health Promotion Reserve		9,910	0		9,910
Leisure Lottery & Other Partnerships *C		77,766	(600)		77,166
Museum reserve		114,012			114,012
Theatre Ticket Levy		70,460	(63,545)	56,906	63,821
Planning Delivery Grant		49,055	(49,055)		0
Special & Other Emergency Reserve		41,827			41,827
Grants & Contributions		897,323	(424,420)	101,388	574,291
Capital Expenditure Reserve *C		73,158			73,158
Projected Underspend/ (Overspend) (Reserve to be identified at outturn). - moved to Capacity Issues Reserve above				0	0
General Fund Working Balance		843,625			843,625
TOTAL		3,023,908	(702,686)	1,043,406	3,364,627

* Capital

ADUR HOMES HOUSING REVENUE ACCOUNT

	BUDGET 2016/17	OUTTURN 2016/17	VARIANCE 2016/17
	£	£	£
EXPENDITURE			
General Management	3,032,520	3,103,439	70,919
Special Services	812,770	568,677	-244,093
Rent, Rates, Taxes & Other Charges	44,400	11,843	-32,557
Repairs & Maintenance	2,659,880	3,087,033	427,153
Bad/Doubtful Debt	50,000	-76,488	-126,488
Contribution to reserves for refurbishment and new build	2,028,000	2,030,871	2,871
Capital Financing Costs			
Depreciation and revenue contribution to capital	2,409,030	2,341,694	-67,336
Interest charges	2,322,240	2,323,973	1,733
TOTAL EXPENDITURE	13,358,840	13,391,042	32,202
INCOME			
Dwelling Rents	-12,246,470	-12,239,028	7,442
Non-Dwelling Rents	-550,790	-508,224	42,566
Heating Charges	-74,820	-64,921	9,899
Leaseholder's Service Charges	-163,200	-289,177	-125,977
Other Service Charges	-295,560	-258,161	37,399
Interest Received	-28,000	-31,531	-3,531
TOTAL INCOME	(13,358,840)	(13,391,042)	(32,202)
NET (SURPLUS)/DEFICIENCY - TRANSFER TO/FROM HRA	0	0	0
GENERAL RESERVE			



ADUR & WORTHING
COUNCILS

Joint Overview and Scrutiny Committee
27 July 2017
Agenda Item 10

Ward: N/A

Adur and Worthing Joint Overview and Scrutiny Committee Annual report 2016/17

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 Constitution, the Councils are required to produce a Joint Overview and Scrutiny Committee Annual report for 2016/17 for approval by the Committee and thereafter by full Council.

2.0 Background

- 2.1 The Joint Overview and Scrutiny Committee has once again undertaken a great deal of work during 2016/17 as part of the 'Holding to Account/Challenge' role. A summary of that work is contained in the Joint Overview and Scrutiny Committee Annual report for 2016/17 which is attached as an appendix to this report. As well as being a requirement of the Constitution, 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 Members of the public and/or local partners are able to make a scrutiny request using an online scrutiny form and this will encourage people to take part in the scrutiny process and the democratic process as well as helping the public 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 available from the Council's websites.

4.0 Legal

- 4.1 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.

- 4.2 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).
- 4.3 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.
- 4.4 The Joint Overview and Scrutiny Committee is required to produce an Annual report for approval by the Council in accordance the Council's constitution and good practice. The Council meetings in October will be required to receive the Annual report.

5.0 Financial implications

- 5.1 There are no known financial implications associated with this report.

6.0 Recommendation

- 6.1 That the Committee approves the Joint Overview and Scrutiny Committee Annual report for 2016/17.**

Local Government Act 1972

Background Papers:

Agendas and minutes from Joint Overview and Scrutiny Committee meetings during 2016/17.

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Schedule of Other Matters

1.0 Council Priority

- 1.1 Matter considered. Issues considered by the Committee are included in the Work Programme based on their relevance to the Councils' strategic objectives.

2.0 Specific Action Plans

- 2.1 Matter considered and any relevant action plans referenced.

3.0 Sustainability Issues

- 3.1 Matter considered and no direct issues identified but some issues considered by the Committee have had related sustainability issues.

4.0 Equality Issues

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

5.0 Community Safety Issues (Section 17)

- 5.1 Matter considered and community safety issues have been considered by the Committee as part of the Work Programme during 2016/17.

6.0 Human Rights Issues

- 6.1 Matter considered and no issues identified.

7.0 Reputation

- 7.1 Matter considered and no direct issues identified. It is good practice for Councils to produce Annual reports on Overview and Scrutiny.

8.0 Consultations

- 8.1 Matter considered and no direct issues identified.

9.0 Risk Assessment

- 9.1 Matter considered and no direct issues identified.

10.0 Health & Safety Issues

- 10.1 Matter considered and no direct issues identified.

11.0 Procurement Strategy

- 11.1 Matter considered and no direct issues identified.

12.0 Partnership Working

- 12.1 Matter considered and no direct issues identified. The Annual report is a joint report for both Councils.



ADUR & WORTHING
COUNCILS

Adur and Worthing Joint Overview and Scrutiny Committee Annual Report 2016/17



Message from the Chairmen

In 2016/17 the Joint Committee has continued in its valuable role as the watchdog of both Councils, ensuring that the Joint Executives(Joint Strategic Committee) are scrutinised for the decisions made on behalf of the residents and to ensure that there is a greater transparency within the process.

The Joint Committee has played its part in scrutinising a number of issues, including:-

- 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 providing value for money for the benefit of Adur and Worthing residents. Executive Members are regularly invited to attend meetings of the Committee to answer questions on issues affecting issues within their remits.
- Looking back and reviewing the reasons why a sewage spill in 2012 had closed off Adur and Worthing beaches - Interviewing Southern Water, the Environment Agency and relevant Executive Members on this issue.
- Conducting an in-depth review of the reasons for a delay in implementing the proposed enhancement works to the Lower Beach Road car park/Ferry Road in Shoreham-by-Sea. The meeting was attended by over 100 local residents and resulted in work beginning on site shortly after the meeting following the scrutiny. As part of this the Committee also set up a Working Group to review the way that the Councils worked in partnership with West Sussex County Council on

major projects. Findings and recommendations from the Working Group were reported through to the Joint Strategic Committee.

- Carrying out detailed Scrutiny of Southern Rail levels of service and proposed ticket office closures in an effort to help bring an end to the rail dispute which was causing chaos and severe delays to local residents who use rail services. A public meeting was held and representatives from Southern Rail, User Groups and the RMT union attended with a series of recommendations being put to both sides.
- Conducting an in-depth review of local youth engagement which involved discussions with the local Youth Councils and other youth organisations/clubs in the areas. This scrutiny has resulted in further consideration of the issues by the Joint Executives (Joint Strategic Committee) and the setting up of a Joint Scrutiny Working Group with the Youth Councils which is currently investigating the issues concerning young people.
- Interviewing the Adur and Worthing Councils' Chief Executive on the progress made in delivering the commitments in the 'Surf's Up' Strategic vision for the Councils which had come to an end and also on the proposals set out in the new strategic vision 'Platforms for our Places'. This in-depth Scrutiny will continue during 2017/18 to enable the Committee to check on progress and delivery.
- Reviewing progress in the implementation of the Adur & Worthing Public Space Protection Orders which have been introduced recently to allow for the restriction and/or prohibition of certain activities in specified locations in the

communities. Regular monitoring of the Orders will continue throughout the year.

- Scrutinising the progress with the Worthing Local Plan and proposed spatial strategy and comments on this were forwarded to the Worthing Planning Committee and Joint Strategic Committee as part of the consultation process.

The Committee is keen to ensure that its working practices continue to be effective so as part of the ongoing review, revised Procedural Rules have been developed and agreed for the Committee which now form part of the Constitution. These Procedure Rules will assist the Committee in providing strong scrutiny, transparency and also ensure that all local decision makers are held to account for their decisions.



**Councillors Stephen Chipp and Roy Barraclough
Joint Chairmen of the Adur and Worthing Joint Overview and
Scrutiny Committee in 2016/17**

What is Overview and Scrutiny?

The Local Government Act 2000 first introduced the requirement for every local authority to include provision for at least one Overview and Scrutiny Committee. Subsequent amendments to the Act have further developed the role of Overview and Scrutiny within local authorities.

Although not a decision making body, effective Overview and Scrutiny has enormous potential to influence and inform decisions made by both the Councils and partner bodies connected with the areas.

The Joint Overview and Scrutiny Committee can review and scrutinise any matters which affect the Councils, the areas or residents from those areas, in order to provide greater transparency and accountability in the delivery of local services.

The following key roles have been identified as areas which Overview and Scrutiny should be concerned with in Adur and Worthing:-

- **Representing the views and wishes of Adur and Worthing residents about the services which they receive;**
- **Holding the Joint Executives (Joint Strategic Committee) to account and reviewing the decisions made;**
- **Monitoring Council performance;**
- **Reviewing Policy;**
- **Developing Policy; and**
- **Scrutinising externally issues of public concern beyond the remit of the Councils.**

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

Detailed procedure rules regarding the operation of overview and scrutiny can be found in the Council's Constitution at <https://www.adur-worthing.gov.uk/media/media,140002,en.pdf>

Membership of the Committee in 2016/17:

Adur District Council – Councillors Stephen Chipp (Co-Chairman), Carol Albury, George Barton, Kevin Boram, Clive Burghard, James Butcher, Joss Loader (Co Vice-Chairman) and Robin Monk

Worthing Borough Council – Councillors Roy Barraclough (Co-Chairman), Keith Bickers (Co-Vice-Chairman), Nigel Morgan, Louise Murphy, Luke Proudfoot, Bob Smytherman, Jane Sim and Steven Waight

Have your say...

You can find out more about our work on the internet at <https://www.adur-worthing.gov.uk/meetings-and-decisions/committees/joint/overview-and-scrutiny/> 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

Each year the Joint Committee sets a Work Programme of issues that it would like to review. A copy of the Work Programme for 2017/18 is attached to this Annual report. The Joint Committee reviews its Work Programme regularly throughout the year to make sure that it is working on topics that it can make a major impact on. The Committee would like local residents and stakeholders to get more involved in the scrutiny process so if there is an issue or service which you think that Councillors should review, please make a 'scrutiny request' using the online Scrutiny request form which is accessible at

<https://www.adur-worthing.gov.uk/about-the-councils/scrutiny/>

The Committee will consider your request and when considering items for the Work Programme will be guided by the Council's Strategic Objectives, the ability of the Committee to have influence

and/or add value on the subject and the PAPER criteria (Public Interest (P), Ability to change (A), Performance (P), Extent (E) and Replication (R).

Come along to a meeting

The Committee would also like more public engagement in its meetings and would encourage you to attend the public meetings which are held at least seven times a year at either the Shoreham Centre, Pond Road, Shoreham-by-Sea or the Town Hall, Chapel Road, Worthing. You will also have the opportunity to ask a public question relating to Council Services at the start of the meeting.

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

Joint Overview and Scrutiny Committee Work Programme 2017/18

<u>Date of meeting</u>	<u>Items for discussion</u>	<u>Report Author</u>
29 June 2017	Review of the Public Space Protection Orders (PSPO's) - Quarterly update	Director for Communities
	Review of the provision of solar panels on Council buildings	Director for Digital & Resources
27 July 2017	Joint Revenue Outturn report 2016/17	Director for Digital & Resources/Chief Financial Officer
	Outline Budget forecast 2017/18 to 2021/22 and Budget Strategy	Director for Digital & Resources/Chief Financial

	Adur & Worthing Play areas review	Officer Director for Communities/Head of Environment
	Annual JOSC report for 2016/17	Joint Chairmen of JOSC
21 September 2017	Review of Public Space Protection Orders (PSPO's) - Quarterly updates Review of the Progress in delivering the activities in Platforms for our Places - Questioning Chief Executive Annual interviews with Council Leaders Scrutiny Youth Engagement Working Group - Final report and recommendations	Director for Communities Chief Executive Director for Digital & Resources Chairman of the Working Group
19 October 2017	Council's role in protection of Public Buildings - Report from Working Group	Chairman of the Working Group
30 November 2017	Worthing Outline 5 year forecast and savings proposals - Executive Member interviews Worthing Executive Member for Customer Services re Worthing Theatres budgets and outcomes of JOSC Working Group Report on Major Projects working with West Sussex County Council	Director for Digital & Resources/Chief Financial Officer Chairman of the JOSC Working Group Director for the Economy
25 January 2018	Review of Public Space Protection Orders (PSPO's) - Quarterly update	Director for Communities
22 March 2018	Review of the Progress in delivering the activities in Platforms for our Places - Questioning Chief Executive	Chief Executive

	Leader interviews	Director for Digital & Resources
	Annual Work Programme 2018/19	Director for Digital & Resources



Joint Overview and Scrutiny Committee Work Programme update

Report by the Director for Digital and Resources

1.0 Summary

- 1.1 This report updates the Committee on the work contained in the 2017/18 Work Programme.

2.0 Background

- 2.1 The current Joint Overview and Scrutiny Committee (JOSC) Work Programme is reviewed by the Committee at each meeting.
- 2.2 The Work Programme for 2017/18 was confirmed by both Councils in April 2017 and was previously reviewed by the Committee at its meeting on 29 June 2017.
- 2.3 During the Municipal Year, items may be added to the JOSC Work Programme, where appropriate. Requests for additional matters to be included in the Work Programme are initially considered by the Joint Chairpersons in accordance with the following criteria set out in the Procedure Rules:-
- (a) The Councils' Strategic objectives;
 - (b) The ability of the Committee to have influence and/or add value on the subject;
 - (c) The PAPER criteria; Public Interest (P), Ability to Change (A), Performance (P), Extent (E) and Replication (R)

3.0 Progress with the Work Programme for the Joint Overview and Scrutiny Committee for 2017/18

- 3.1 Detailed progress with the approved Work Programme is set out in a Trello Board to help in the monitoring of the work and this can be accessed via the following link <https://trello.com/b/7AXUSG58/josc-work-programme-for-2017-18> or viewed in the Appendix attached to this report.
- 3.2 The Work Programme includes details of any changes to work and dates made since it was last reported to the Committee. The report on the Scrutiny Youth Engagement Working Group outcomes will now be reported to the Committee on 21

September 2017 to allow more time for information from the Youth Council to be provided in the report and the Budget Strategy report is now being presented to this July meeting rather than September 2017 because the report was prepared earlier than expected.

- 3.3 The Committee is asked to note the progress in implementing the Work Programme for 2017/18.

4.0 Legal

- 4.1 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.
- 4.2 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).
- 4.3 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.
- 4.4 Paragraph 9.2 of the Joint Overview and Scrutiny Procedure Rules, which form part of the Councils' Constitutions and are binding on all Members, states that the work programme will be approved by Council. A report must be taken to full Council on an annual basis seeking Councils' approval of the Joint Overview and Scrutiny Committee's work programme for the forthcoming year and any changes to the Work Programme should be reported to the Councils mid municipal year (October) for noting.

5.0 Financial implications

- 5.1 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.

6.0 Recommendation

- 6.1. That the progress in implementing the Work Programme for 2017/18 be noted and the Committee consider if it would like to consider any other items as part of the 2017/18 Work Programme.**

Local Government Act 1972 Background Papers:

None.

Contact Officer:

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Worthing
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Schedule of Other Matters

1.0 Council Priority

- 1.1 Matter considered. Issues included as part of the Work Programme are included based on their relevance to the Councils' strategic objectives.

2.0 Specific Action Plans

- 2.1 Matter considered and any relevant action plans referenced.

3.0 Sustainability Issues

- 3.1 Matter considered and no direct issues identified but some issues contained in the Work Programme relate to sustainability issues.

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 community safety issues 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 but the issues being considered may involve some procurement work.

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 1

Joint Overview and Scrutiny Committee Work Programme 2017/18

<u>Date of meeting</u>	<u>Items for discussion</u>	<u>Report Author</u>
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29 June 2017	Review of the Public Space Protection Orders (PSPO's) - Quarterly update	Director for Communities
	Review of the provision of solar panels on Council buildings	Director for Digital & Resources
27 July 2017	Joint Revenue Outturn report 2016/17	Director for Digital & Resources/Chief Financial Officer
	Outline Budget forecast 2017/18 to 2021/22 and Budget Strategy	Director for Digital & Resources/Chief Financial Officer
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	Annual JOSC report for 2016/17	Joint Chairmen of JOSC
21 September 2017	Review of Public Space Protection Orders (PSPO's) - Quarterly updates	Director for Communities
	Review of the Progress in delivering the activities in Platforms for our Places - Questioning Chief Executive	Chief Executive
	Annual interviews with Council Leaders	Director for Digital & Resources
	Scrutiny Youth Engagement Working Group - Final report and recommendations	Chairman of the Working Group
19 October 2017	Protection of Public Buildings - Response from Working Group and recommendations	Chairman of the Working Group
30 November 2017	Worthing Outline 5 year forecast and savings proposals - Executive Member interviews	Director for Digital & Resources/Chief Financial Officer
	Worthing Executive Member for Customer Services re Worthing	Chairman of the JOSC

	<p>Theatres budgets and outcomes of JOSC Working Group</p> <p>Major Projects being undertaken in partnership with West Sussex County Council - Update</p>	<p>Working Group</p> <p>Director for the Economy</p>
25 January 2018	Review of Public Space Protection Orders (PSPO's) - Quarterly update	Director for Communities
22 March 2018	<p>Review of the Progress in delivering the activities in Platforms for our Places - Questioning Chief Executive</p> <p>Leader interviews</p> <p>Annual Work Programme 2018/19</p>	<p>Chief Executive</p> <p>Director for Digital & Resources</p> <p>Director for Digital & Resources</p>