



ADUR & WORTHING
COUNCILS

Joint Overview and Scrutiny Committee
29 November 2018
Agenda Item 7

Joint Strategic Committee
4 December 2018
Agenda Item 5

Key Decision: [Yes/No]

Ward(s) Affected: All

Financially Sustainable Councils: Budget update 2019/20 - 2023/24 and savings proposals

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1 This report provides an overview of the delivery of our sustainable councils financial strategy for 2019/20, along with details of the proposals that will help deliver a balanced budget for the next financial year and beyond
- 1.2 The report outlines the medium term financial challenge through to 2023/24, and sets out performance in the key strategic areas of commercialisation, service and digital transformation, and strategic property investment.
- 1.3 Significant service redesign is being undertaken at our councils which is designed to promote better customer experience and improved business efficiency. They may be designed to help meet rising demand by improving productivity, such as in housing, or improve the customer experience, as achieved with the new digital services in housing repairs and waste collection. Contained within this report, specific proposals are made to increase income, to deliver efficiency, and other savings initiatives for 2019/20. Members are asked to support the savings proposals
- 1.4 The following appendices have been attached to this report:
 - (i) **Appendix 1** (a) 5 year forecast for Adur District Council

(b) 5 year forecast for Worthing Borough Council

- (ii) **Appendix 2** Committed growth items
- (iii) **Appendix 3** Summary of savings proposals

2. Recommendations

- 2.1 The Joint Overview and Scrutiny Committee is asked to consider the report and make comment on the savings proposals to the Joint Strategic Committee.
- 2.2 The Joint Strategic Committee is recommended to:
- (i) Note the current 5 year forecast;
 - (ii) Note the committed growth items as set out in appendix 2;
 - (iii) Approve the proposed savings as set out in appendix 3;
 - (iv) Release £120,000 from the Capacity Issues Reserve to fund the costs associated with delivering the savings outlined in Appendix 3 of the report

3.0 Context

- 3.1 The Joint Strategic Committee considered the outline 5-year forecast for 2019/20 to 2023/24 and the Budget Strategy on 10th July 2018, which was subsequently adopted by full Council on 19th July 2018 (Adur District Council) and 17th July 2018 (Worthing Borough Council). The report identified the following cumulative shortfalls in funding for the respective General Funds:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Adur	749	1,957	2,277	2,657	2,965
Worthing	1,159	2,931	3,946	4,894	5,518

- 3.2 The report built on the current strategy whose strategic aim was to ensure

that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax income and business rate income.

3.3 With this strategy in mind, the Councils have set-up several strategic programmes which are responsible for taking forward key initiatives aimed at delivering savings for the future:

1. The Major Projects programme leads on delivering regeneration projects to increase employment space and additional housing;
2. The Service Redesign programme leads on the delivery of service redesign and the digital strategy and ensures that the benefits are realised from this programme of work;
3. The Strategic Asset Management programme will lead on delivering the income growth associated with the Strategic Property Fund and any proposed new developments; and
4. The commercial programme is developing initiatives for income growth from commercial services and seek to improve the customer experience.

3.4 For 2019/20 the Digital Programme, the Commercial Programme and the Strategic Asset Management Programmes were again set explicit targets as part of the budget strategy.

a. Service Redesign Programme

The initial digital programme successfully delivered £560k annual savings in the first three years (£198k in 2016/17, £181k in 2017/18 and in £181k in 2018/19) as part of a three year programme which sought to deliver savings of £200k per year following the investment in the Council's digital strategy. To achieve savings so quickly is a significant achievement, and it is believed that the expanded programme will continue to deliver savings over the medium term. It has now been set the following target for 2019/20 and beyond:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200	200
Cumulative impact	200	400	600	800	1,000

The digital programme has been re-scoped into a service design programme, in recognition of the maturing approach at Adur & Worthing. This is successfully helping service areas undertake more fundamental customer-centred change, such as in the current preventing homelessness project. With digital capabilities now established (the ability to design and build our own digital products) our projects are becoming about deeper, customer-centred service change, which almost always require significant digital transformations.

b. Commercial Programme

The commercial programme involves close monitoring of key existing income streams, and progress against the annual growth target of £600k per annum.

Over the past three years, since the inception of the programme, income has grown by £2.3m (£798k in 2016/17, £686k in 2017/18 and £828k in 2018/19), well exceeding the target.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

The Council has recently recruited a Business Development Manager for the Environmental Services team to drive future growth in our commercial activities in this key area.

The commercial strategy working group has recently started a new project to ensure further success through improved marketing of our services, allied to a digital service redesign of green bins.

c. Strategic Asset Management Programme

Both Councils have committed to significant investment in commercial property either through direct purchase or by development over the

next five years with the aim of increasing income from the Councils' property portfolio.

This investment is estimated to produce net additional income as follows for the two Councils:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Adur District Council:					
Annual Savings*	200	305	150	150	150
Cumulative impact	200	505	605	755	905
Worthing Borough Council:					
Annual Savings	150	200	150	150	150
Cumulative impact	150	400	550	700	850

* Includes net income from the new office block being constructed on the Adur Civic Centre site.

To date this year two properties for Worthing Borough Council have been purchased which will deliver net additional income of £294k per year.

Two properties has been purchased for Adur District Council which will deliver net additional income of £308k per year.

Members should be aware that the success in delivering the savings identified for 2019/20 are dependent on two factors:

- (i) Identifying suitable properties to purchase
- (ii) The current legislative framework remains unchanged. The Treasury may prohibit borrowing for out of area acquisitions solely for investment purposes. However, many of our purchases meet a dual purpose of both supporting economic regeneration projects and generating income.

The budget for 2019/20 assumes that approximately only half of the funds released each year will be spent in year. This will be closely monitored and if the target is at risk then the Council will need to take corrective action to lever in the savings identified.

The overall success in delivering the savings targets are detailed at appendix 4 (Service Redesign) and 5 (Commercial income)

- 3.5 The forecast has also been updated by information captured on “Service Plans” that provide a link between service planning and financial planning. The guidance was circulated to, and completed by, the Service Managers during the summer, and have been used to identify potential savings and committed growth items.
- 3.6 There has been no detailed overarching public budget consultation exercise this year. The current budget strategy was subject to a detailed consultation in 2016/17 and no substantive changes to this strategy are planned at this time. Individual proposals are subject to consultation with officers of the Council, Executive member, and the members of the Joint Overview and Scrutiny Committee.
- 3.7 This report represents the stage of the budgetary forecasting process whereby the Joint Overview and Scrutiny Committee are asked to consider and comment upon the progress in balancing the Worthing Borough Council budget before the Joint Strategic Committee consider and agree proposals for savings identified to date. Members of the Committee should be aware that at the time of writing some of the savings were still being verified and so the saving for each Council as a result of the options presented may change marginally. The minutes of the Joint Overview and Scrutiny Committee will be available for members of the JSC at the meeting.
- 3.8 There will be a further report after Christmas which will detail the final proposed budgets for the year, any further savings identified, and requests for investment into services and the amount to be drawn from reserves, if any. The proposed Council Tax increase for 2019/20 is scheduled to be considered by the respective Cabinets on 6th February 2018 (Adur District Council) and 5th February 2018 (Worthing Borough Council).

4.0 Update Of Outline 5-year Forecast

- 4.1 The updated forecast for the General Fund for both Councils is attached at Appendix 1. This has been revised in the light of latest information from

Government, inflationary pressures, interest rates, and unavoidable service growth, offset by compensatory savings. This overall forecast will continue to change in the coming months as the detailed work on the budget progresses and once the details of the settlement to Local Government is known. As a result, the overall position will inevitably change over the next two months.

- 4.2 The likely shortfall in resources necessary to balance the budget over the five years, before consideration of any savings or growth proposals is now in the region of:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Adur					
July Forecast	749	1,957	2,277	2,657	2,965
November Forecast	812	2,072	2,390	2,769	3,075
Reduction (-) / increase (+) in shortfall forecast	63	115	113	112	110

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Worthing					
July Forecast	1,159	2,931	3,946	4,894	5,518
November Forecast	1,353	3,651	4,800	5,796	6,418
Reduction (-) / increase (+) in shortfall forecast	194	720	854	902	900

The main changes to the forecast for 2019/20 are summarised in the table below:

Changes in Budgetary Shortfall/Savings since report to Joint Strategic Committee on 10th July 2018

	Adur	Worthing
	£'000	£'000
Original 2019/20 budget shortfall	749	1,159
<i>Changes to income from grants and taxation:</i>		
(a) Improvements to the income from Council Tax	-24	-15
(b) Impact of current Collection Fund deficits	40	9
(c) Reduction in expected level of New Homes Bonus	0	50
(d) Impact of removal of 'negative RSG' adjustment to business rate income	-180	-240
(e) Impact of latest forecast of business rate income	97	-29
<i>Other changes:</i>		
(f) Further increase in the cost of the temporary and emergency accommodation	150	270
(g) Contingency sum against any further increase in the cost of temporary and emergency accommodation	75	175
(h) Reduction in the forecast capital programme financing costs.	-20	-126
(i) Reduction in inflation projections following completion of salary budgets	-83	-117
(j) Change to set aside for the impact of major developments in Worthing Town Centre	-	-200
(k) Impact of the Brooklands masterplan - Closure of the Par 3 golf course	-	90
(l) Potential impact of Theatres procurement	-	100
(m) Improvement in investment income and other minor changes	-32	-15
(n) Net committed growth items identified by Service Heads (See Appendix 2)	100	332
(o) Removal of contingency budget for new growth	-60	-90
Revised Budget Shortfall	812	1,353
(p) Potential savings identified to date (Appendix 3)	-607	-1,223
(q) Expected income from Strategic Property Investment Fund	-200	-150
Resources in hand (-) / current shortfall	5	-20

4.3 Explanations of the movements shown in the table above are as follows:

(a) Council Tax base for 2019/20:

Following the completion of the Council Tax Base return (CTB1) for each Council, the Council Tax Base calculation has now been revisited. Both Council Tax bases are showing a higher level of growth than originally expected. This is largely due to two factors:

- i) Falling cost of Council Tax Support.
- ii) Greater number of new dwellings are expected to be completed (303 additional units in Adur and 297 additional units in Worthing)

(b) Collection fund deficit:

The Councils' Collection Funds for Council Tax are expected to be in deficit at the end of 2018/19 which is largely due to an inherited deficit position from the previous year. An in-year increase in the level of Council Tax discounts has contributed to the overall position.

	Adur	Worthing
	£'000	£'000
Deficit expected by 31 st March 2019	241	67
Council share of deficit	39	9

The level of deficit is minor compared to the amount of Council Tax collected. Adur District collects £37.5m and Worthing Borough Council collects £65.7m per year.

(c) Reduction in New Homes Bonus:

Following the completion of the Council Tax return, it is now possible to predict the amount of New Homes Bonus that the Councils are likely to receive. This is lower than expected and is due to a lower number of units being delivered by the end of September than expected coupled with an increase in the number of long-term empty properties.

Members are reminded that New Homes Bonus is now only awarded for properties built over a threshold which equals 0.4% of total Band D equivalent properties.

	Adur	Worthing
Number of new dwellings	37	346
Less: Increase in long-term empty properties	-26	-83
Net dwellings	11	263
Threshold below which New Homes Bonus is not paid	103	184
	£'000	£'000
New Homes Bonus:		
Updated forecast of New Homes Bonus	0	70
Original forecast	0	120
Reduction in grant	0	50

(d) Removal of 'negative' Revenue Support Grant:

Each council has a Settlement Funding Assessment (SFA) which is the amount of funding that the Government has assessed that it requires by way of a combination of Revenue Support Grant (RSG) and the business rate retained via the Baseline Funding Level (BFL). The BFL is indexed every year in line with the business rate multiplier, and to date all reductions in the overall SFA have been made to an authority's RSG allocation.

However nationally, we are now at a point where for some councils, such as Adur and Worthing, Revenue Support Grant has been eliminated and so no further reductions in this source of funding can be made. Negative RSG occurs when an authority's Settlement Funding Assessment (SFA) is lower than the business rate income retained via the BFL, which means that the Government then reduces the income retained from Business Rates.

A few authorities were affected by negative RSG in 2017/18 and 2018/19. In these years, any adjustment to the retained business rate income that were required for Negative RSG were not implemented. But the overall adjustment required in 2019/20 is much larger at a £153m and affects too many authorities (168) so the issue has now been the subject of a national consultation exercise.

Ministers have been under considerable pressure from those authorities who are affected to reverse the adjustment for Negative RSG in 2019/20 and the previous Secretary of State had made a commitment to review the issue. The consultation over the summer months made it clear that the Government would like to address the issue by removing the 'negative Revenue Support Grant'.

Whilst this will not be confirmed until settlement, given the strong indications contained within the consultation document, the Councils now expect to retain a larger proportion of business rate income.

(e) Business Rate income:

It is now expected that the Collection Fund for Business Rates for both Councils will be in deficit by the year end. There are several factors which contribute to the position:

- Both Collection funds were in deficit as at 31st March 2018. The amount of Business Rate relief granted was higher than expected during the year, largely due to a number of revisions to the rate relief scheme after the precept for the year had been agreed. The Councils are reimbursed for the impact of these reliefs in year, whilst the resulting deficit will be addressed in 2019/20 which leads to an inherent timing difference between when the Councils receive the grant and when they fund the consequences of the lost income. To address this issue, both Councils placed resources into a business rate smoothing reserve at the end of 2017/18.
- The Councils have seen a number of properties removed from the business rate base in year either because they are being redeveloped or because they are being converted from commercial properties to residential.

- The impact of appeals. this has been particularly problematic for Adur District Councils as a major retailer has successfully challenged the current rateable value,

Overall the Councils are now expecting the following deficits:

	Adur	Worthing
	£'000	£'000
Deficit expected by 31 st March 2019	1,406	1,009
Council share of deficit (40%)	563	404
Funded by Business Rate Smoothing Reserves	-313	-404
Net deficit to be funded by Council in 2019/20	250	0

(f/g) Increase in the costs associated with temporary and emergency accommodation:

There are two factors which are influencing the cost to the Councils.

- i) There has recently been a further increase in the caseload associated with homelessness following the introduction of the new Homelessness Reduction Act 2017. This trend is being experienced throughout the region and has led to an increase in competition for affordable housing solutions. The Council has a clear strategy for addressing these costs in the medium term and the report elsewhere on the agenda updates members on initiatives to improve the supply of temporary and affordable housing. However in the short term the Council will need to address the cost pressures emerging.
- ii) The County Council is currently reviewing its own budgets for supported housing. Depending on the outcome of the budget review, the Council may experience a further upswing in housing costs.

To help mitigate the risk of any further upswing in housing costs a contingency sum has been allowed for in the budget process.

(h) Capital Financing Costs

The cost of financing the capital programme has been recently reassessed following the most recent monitoring report. Re-profiling of some schemes into 2019/20 will reduce the expected cost of financing. The cost of financing the capital programme will be reassessed again in December.

(i) Inflation Costs

The detailed salary budgets have now been completed. This has established that the final salary inflation is £200,000 lower than provided in July. The Councils spend £27m annually on salaries and this represents a 0.7% saving on the original forecast.

(j) Impact of major developments within Worthing town centre

Platforms for our Places outlines some key commitments with respect to major sites throughout Adur and Worthing, The Councils are committed to 'Investment in and delivery of Major Projects and key infrastructure'.

As part of this commitment, Worthing Borough Council is currently delivering three projects:

- i) Actions required to facilitate the development of the Union Place site.
- ii) The development of a new health and wellbeing centre based on the car park at Worthing Town Hall.
- iii) The potential redevelopment of the Grafton site including the multi-story car park

Each of the projects will require funding in the short to medium term. The Grafton site, in particular, is the location of a number of council-owned income generating assets. The annual income from assets in the vicinity of Grafton car park is in excess of £750,000 per year, the car park alone generates over £468,000 per year

To ensure that the Council is well positioned to resource these projects and absorb the loss of any income as assets are temporarily closed or disposed of, the following amounts will be built into the Worthing budget:

	2019/20	2020/21	2022/23	2023/24	2022/23
Worthing	£'000	£'000	£'000	£'000	£'000
Current budget	247	247	247	247	247
Proposed set aside	-	-	400	700	800
Total budget	247	247	647	947	1,047

This is a changed profile of annual set aside which reflects the current financial pressures on the Council. However the same aim is retained which is to have set aside at least £850k by 2023/24.

Any resources that are not utilised in year will either be set aside to facilitate the delivery of future projects or be used to fund the capital programme, reducing down the Council's requirement to borrow and thereby lowering the cost of financing the capital programme.

(k) Impact of the Brooklands Park masterplan

The Council has agreed an ambitious new plan for Brooklands park, creating a destination park for residents. However, the new design for the park does not include a Par 3 golf course and so an allowance has been made in the budget for the net income lost. Eventually, the masterplan will deliver additional income generating assets such as a new cafe, an expanded car park, and a new indoor leisure activity centre which will offset the income lost in the interim.

(l) Impact of the theatres reprocurment

The Council is currently undergoing a procurement exercise for a supplier to operate the theatres and museum. As highlighted in the report on the proposal, in the short term it is expected that the service will require additional funding although over five years it is expected that the cost to the Council will reduce.

(n) Net Committed Growth Items Identified by Service Heads:

This is the sum total of financial effects identified via the Service Pro-formas. A full breakdown of the items identified is included within Appendix 2.

(o) Removal of contingency budget.

The outline forecast allows for some resources for unidentified items at an earlier stage in the budget development, this can now be removed.

(p) Savings Identified by Service Heads:

This is the sum total of the savings proposals identified via the Service pro-formas. A full breakdown of the items identified is included within Appendix 3.

5.0 Future Strands Of Work

5.1 There are a number of strands of financial work still to be completed which will influence the final 2019/20 budget as follows:

(a) Settlement - Revenue support grant and New Homes Bonus:

The Local Government Finance Settlement is unlikely to be announced until December. Consequently, the Council will not have final confirmation of the amount of grant that it will receive until late December or early January.

Any New Homes Bonus will be confirmed as part of settlement.

(b) Business Rate Retention Scheme:

There was a revaluation of the business rates base in 2016/17. The Councils were expecting to see a high level of appeals in the early years following the revaluation, however to date few appeals are being made under the 'Check, Challenge, Appeal' process. As usual, much depends on the level of business rates appeals which remain difficult to predict.

A full reassessment of the business rate income will be made later in the year when a better estimate of the impact of the appeals can be made.

(c) Council Tax income:

The Councils will need to consider what level increase is to be made to Council Tax. The current forecast assumes a 2.0% increase for 2019/20. This is equivalent to an average (Band C) annual increase in the Councils' part of the Council Tax bill of £5.17 for a property in Adur District Council and £4.12 for a property in Worthing Borough Council.

The recent technical consultation of settlement indicated that the Councils will be able to increase Council Tax by up to 3% or £5.00 whichever is higher.

The decision on the level of Council Tax increase will depend on a number of factors which will not be confirmed until later in the year:

- i) The outcome of the Local Government Finance settlement
- ii) Any new cost pressures arising
- iii) The need to reinvest back into services

5.2 A full update on these issues will be included in the January report.

6.0 Saving Proposals

6.1 The proposed savings are attached at Appendix 3 for consideration. The total savings identified to date are:

	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24
Adur	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	812	2,072	2,390	2,769	3,075
Savings identified to date in 2018/19	-807	-1,064	-1,064	-1,064	-1,064
Revised budget shortfall / Surplus (-)	5	1,008	1,326	1,705	2,011

	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24
Worthing	£'000	£'000	£'000	£'000	£'000
Budget shortfall (as per appendix 1)	1,353	3,651	4,800	5,796	6,418
Savings identified to date	-1,373	-1,824	-1,824	-1,824	-1,824
Revised budget shortfall / Surplus (-)	-20	1,827	2,976	3,972	4,594

- 6.2 This has been a successful savings exercise to date and the Councils are well positioned to set balanced budgets. The Councils have identified a significant amount of savings to meet the initial target; however Members should be aware that there is still some work to be completed which may impact on the final position.
- 6.3 The Councils have continued with the strategy comprising of three specific strands:
1. Investing in property
 2. Commercialisation of services; and
 3. Service Redesign (incl Digital) Programme.

It should be appreciated that the digital programme contributes to the success of the commercial income growth. Overall the Commercial and Digital Programmes have delivered the savings expected for 2019/20:

	Target	Actual	Under (-) / Over target
	£'000	£'000	£'000
Redesign / Digital Programme	200	126	-74
Commercial Programme	600	638	38
TOTAL	800	764	36

- 6.4 Looking ahead to 2020/21 and beyond, the continuing financial pressure is not likely to ease, however the proposed strategy will contribute significantly to meeting this challenge easing the burden on individual services as follows:

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Cumulative Budget shortfall (Appendix 1)				
Adur	2,072	2,390	2,769	3,075
Worthing	3,651	4,800	5,796	6,418
Total savings to be identified	5,723	7,190	8,565	9,493
Less: Savings identified for 2018/19	-2,885	-2,885	-2,885	-2,885
Savings yet to be identified	2,838	4,305	5,680	6,608
Future savings targets:				
Strategic Asset Management Programme	-300	-550	-850	-1,150
Commercial Programme	-600	-1,200	-1,800	-2,400
Service Redesign Programme	-200	-400	-400	-400
Total savings to be identified by Heads of Service	1,738	2,155	2,630	2,658
Annual savings to be identified by Heads of Service	1,738*	418	475	28

* The financial pressure in 2020/21 reflects the identified need to invest in meeting the 2020 recycling targets, the expected withdrawal of funding for homelessness, the estimated impact of the fairer funding review and the impact of the reduction in New Homes Bonus.

6.5 Funding the delivery of the savings proposals:

6.5.1 The reconfiguration of the waste service will require implementation costs of £120,000 which will be used to fund the communication and promotion costs, the appointment of a project manager and additional contact centre costs during the transition period. It is proposed that these costs be funded from the capacity issues reserves of both Councils split as follows:

Adur: £43,200

Worthing: £76,800

7.0 Other Budget Issues

7.1 Housing Revenue Account

A full report on the Housing Revenue Account and the recommended rent levels will be considered by the Adur Executive in February 2019. It is intended that any savings identified by the Service Heads outlined within this report and identified by the Head for Housing will be the subject of consultation with the Executive Member for Customer Services, the Housing Management Board and the Adur Consultative Forum in the coming months.

8.0 Conclusion

8.1 The Councils continue to deal with the withdrawal of Government funding with no prospect of any easing of the financial pressure for the next few years. We await the local Government Settlement in late November and early December which will give the Councils certainty for 2019/20.

8.2 The Councils are in a fairly strong position to set a balanced budget with minimal use of reserves for 2019/20 depending on the outcome of the settlement. The report to be presented to members after Christmas will bring together any last changes to the revenue budget, the impact of Comprehensive Spending Review, the final implications of settlement and the final forecast of business rate income.

9. Engagement and Communication

9.1 The Council previously undertook a full consultation exercise to establish public support for the current budget strategy. In the light of this, no consultation exercise has been carried out this year.

9.2 Officers and members have been consulted on the development of the savings proposals contained within the report.

10. Financial Implications

10.1 The financial implications associated with the development of the budgets are detailed throughout the report.

Finance Officer: Sarah Gobey

Date: 15th November 2018

11. Legal Implications

11.1 The Local Government Act 2003 requires that the Councils set a balanced budget. This report demonstrates how the Councils intend to meet that requirement for 2019/20.

Legal Officer: Susan Sale

Date: 21st November 2018

Background Papers

‘Achieving financial sustainability - Budget Strategy for 2019/20 and beyond’ report to the Joint Strategic Committee on 13th July 2018.

‘Local Government Funding in 2019/20 - Consultation response’ report to the Joint Strategic Committee on 11th September 2018

‘Investing in Worthing Town Centre - Approach to Car Parking Provision’ report to the Joint Strategic Committee on 6th November 2018

‘Environmental Services for the future’ report to the Joint Strategic Committee on 6th November 2018

‘Grafton Multi-Storey Car Park Redevelopment’ report to the Joint Strategic Committee on 7th November, 2017.

‘Health Related Development on Worthing Town Hall Car Park’ report to the Joint Strategic Committee on 10th October, 2017.

Final Guidance of the Flexible Use of Capital Receipts – Department of Communities and Local Government

Officer Contact Details:-

Sarah Gobey

Chief Financial Officer

(01903) 221221

sarah.gobey@adur-worthing.gov.uk

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

Matter considered and no issues identified

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

Matter considered and no issues identified

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. ENVIRONMENTAL

Matter considered and no issues identified

4. GOVERNANCE

Matter considered and no issues identified

Appendix 1

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2018/19 - 2023/24

Net Spending to be Financed from Taxation	2018/19 Base	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	8,618	8,618	8,618	8,618	8,618	8,618
Estimated inflation		395	728	1,056	1,372	1,691
One -off / non-recurring items						
Local Elections (held every other year)		(18)	-	(19)	-	(20)
Committed Growth						
Impact of Pension contribution changes		4	4	4	4	4
Impact of new arrangements for funding homelessness		-	184	184	184	184
Net cost of increasing recycling to meet 50% targets.						
- Reduction in recycling income		120	120	120	120	120
- Impact of introducing weekly food waste collections			280	280	280	280
Deletion of one-off savings in 2018/19		39	39	39	39	39
Increased homelessness caseload		150	150	150	150	150
Impact of growth items identified by heads of service		170	170	170	170	170
Contingency for the impact of the County budget proposals and further growth in housing		75	75	75	75	75
Impact of members allowance increase		(2)	(2)	(2)	(2)	(2)
Contingency for future committed growth		-	70	140	210	280
Impact of capital programme						
Financing costs		(106)	78	158	302	412
Additional income						
Investment income		(60)	(62)	(80)	(124)	(168)
Reopening of Riverside Car Park		(20)	(20)	(20)	(20)	(20)
Approved Growth items						
Provision for new growth items		-	60	120	180	240
Fall out of growth items		(23)	(23)	(23)	(23)	(23)
Total Cabinet Member Requirements	8,618	9,342	10,469	10,970	11,535	12,030

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2018/19 - 2023/24

	2018/19 Base	2019/20	2020/21	2021/22	2022/23	2023/24
Total Cabinet Member Requirements B/fwd	8,618	9,342	10,469	10,970	11,535	12,030
Income from Business Rates						
Baseline funding	1,700	1,738	1,773	1,808	1,844	1,881
Add: Retained additional business rates	591	721	239	244	247	250
Add: Share of previous year's surplus / (deficit)	46	(250)				
Adjusted Baseline funding	2,337	2,209	2,011	2,052	2,091	2,131
Revenue Support Grant	-	-	-	-	-	-
Council Tax income	6,084	6,245	6,385	6,528	6,674	6,824
Other grants						
New homes bonus (2015/16 - 2020/21)	86	-	-	-	-	-
New homes bonus (2016/17 - 2019/20)	115	115	-	-	-	-
New homes bonus (2017/18 - 2020/21)	1	1	1	-	-	-
New homes bonus (2019/20 - 2022/23)	-	-	-	-	-	-
Total NHB	202	116	1	-	-	-
Collection fund surplus/deficit (-)	5	(40)	-	-	-	-
Total other grants and contributions	207	76	1	-	-	-
Total Income from Grants and Taxation	8,628	8,530	8,397	8,580	8,766	8,955
(Surplus) / Shortfall in Resources	(10)	812	2,072	2,390	2,769	3,075
Contribution to (-) / Use of Reserves to Balance Budget						
Capacity issues reserve	(10)	-	-	-	-	-
Total Income from Reserves	(10)	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	812	2,072	2,390	2,769	3,075

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2018/19 - 2023/24

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET	812	2,072	2,390	2,769	3,075
Savings identified to date:					
Strategic Property Investment Fund					
Future property purchases	250	550	750	950	1,150
New office block	50	105	105	105	105
Provision for future voids	(100)	(150)	(250)	(300)	(350)
Commercial and Customer Activities	121	291	461	631	801
Efficiency Measures					
Digital strategy	46	126	206	286	366
Other savings identified by Heads of Service	440	694	694	694	694
Total savings initiatives identified	807	1,616	1,966	2,366	2,766
Cumulative savings still to be found/ (surplus)	5	456	424	403	309
Annual savings still to be found	5	451	(32)	(21)	(94)
Council Tax increase	2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)	£5.82	£5.93	£6.05	£6.17	£6.30
Weekly increase (Band D property)	£0.11	£0.11	£0.12	£0.12	£0.12
Average annual increase (Band C property)	£5.17	£5.27	£5.38	£5.48	£5.60
Average weekly increase (Band C property)	£0.10	£0.10	£0.10	£0.11	£0.11
Savings required in each year	812	1,260	319	379	306

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2018/19 - 2023/24

	2018/19 Base	2019/20	2020/21	2021/22	2022/23	2023/24
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	13,476	13,476	13,476	13,476	13,476	13,476
(a) Estimated inflation		632	1,121	1,603	2,072	2,545
(b) One -off / non-recurring items						
Local Elections (not held once every four years)		-	-	(50)	-	-
(c) Committed Growth / Cost reductions						
Impact of Pension Fund Triennial valuation		(57)	(57)	(57)	(57)	(57)
Fall out of SDLT pension costs.		(18)	(36)	(54)	(54)	(54)
Reduction in grant for homelessness		-	120	120	120	120
Net cost of increasing recycling to meet 50% targets.						
- Reduction in recycling income		180	180	180	180	180
- Impact of introducing weekly food waste collections			420	420	420	420
Deletion of one-off savings in 2018/19		34	34	34	34	34
Increased homelessness caseload		270	270	270	270	270
Impact of growth items identified by heads of service		412	412	412	412	412
Contingency for the impact of the County budget proposals and further growth in housing		175	175	175	175	175
Closure of Brooklands Par 3 golf course		90	90	90	90	90
Reprocurement of theatres and culture		100	200	150	100	50
Contingency for future committed growth			80	160	240	320
(d) Impact of capital programme						
Financing costs - General Programme		(316)	(201)	(96)	82	296
Additional cost of new burial spaces		32	32	32	32	32
Increase in capital programme from £2m to £2.5m		38	76	76	76	76
Impact of refurbishment of High Street CP			105	291	291	291
Impact of land acquisitions and new developments at Union Place, Grafton, town hall car park and other major projects.		-	-	400	700	800
(e) Additional income						
Investment income		(44)	(58)	(85)	(138)	(200)
(f) Approved Growth items						
Provision for new growth items			90	180	270	360
Fall out of one-off growth items		(40)	(40)	(40)	(40)	(40)
Total Cabinet Member Requirements c/fwd	13,476	14,964	16,489	17,687	18,751	19,596

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2018/19 - 2023/24

	2018/19 Base	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements b/fwd	13,476	14,964	16,489	17,687	18,751	19,596
Income from business Rates:						
Baseline funding	2,590	2,648	2,701	2,755	2,810	2,866
Add: Net retained additional business rates	764	843	308	313	318	320
Add: Share of surplus /deficit (-)	5	-				
Adjusted Business Rate income	3,359	3,491	3,009	3,068	3,128	3,186
Revenue Support Grant	8	-	-	-	-	-
Council Tax income	8,874	9,085	9,303	9,527	9,757	9,992
New homes bonus (2015/16 - 2020/21)	247	-	-	-	-	-
New homes bonus (2016/17 -2019/20)	518	518	-	-	-	-
New homes bonus (2017/18 - 2020/21)	234	234	234	-	-	-
New homes bonus (2018/19- 2021/22)	222	222	222	222	-	-
New homes bonus (2019/20 - 2022/23)	-	70	70	70	70	-
Total New Homes Bonus	1,221	1,044	526	292	70	-
Collection fund surplus/deficit (-)	55	(9)	-	-	-	-
Total other grants and contributions	1,276	1,035	526	292	70	-
Total Income from Taxation	13,517	13,611	12,838	12,887	12,955	13,178
(Surplus) / Shortfall in Resources	(41)	1,353	3,651	4,800	5,796	6,418
Use of / (contribution to) Res'ves to Balance Budget						
Capacity issues reserve	(41)	-	-	-	-	-
Total Income from Reserves	(41)	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,353	3,651	4,800	5,796	6,418

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2018/19 - 2023/24

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET	1,353	3,651	4,800	5,796	6,418
Savings identified to date:					
Strategic Property Investment Fund					
Future property purchases	250	550	750	950	1,150
Provision for future voids	(100)	(150)	(200)	(250)	(300)
Commercial and Customer Activities	403	833	1,263	1,693	2,123
Efficiency Measures					
Service and Digital redesign	126	246	366	486	606
Restructures and service plan savings not included above	694	1,145	1,145	1,145	1,145
Development of temporary accommodation supply (15 units of 1/2 bed)	-	-	-	59	118
Total savings initiatives identified to date	1,373	2,624	3,324	4,083	4,842
Cumulative savings still to be found/ (surplus)	(20)	1,027	1,476	1,713	1,576
Annual savings still to be found	(20)	1,047	449	237	(137)
Council Tax increase	2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)	£4.64	£4.72	£4.81	£4.91	£5.01
Weekly increase (Band D property)	£0.09	£0.09	£0.09	£0.09	£0.10
Average annual increase (Band C property)	£4.12	£4.19	£4.28	£4.36	£4.45
Average weekly increase (Band C property)	£0.08	£0.08	£0.08	£0.08	£0.09
Savings required in each year	1,353	2,298	1,149	996	622

Committed Growth Items

Appendix 2

Committed growth items	2019/20				2020/21	2021/22	Notes:	
	Joint* (Memo)	Adur GF	Worthing GF	Grand Total				
	£	£	£	£	£	£		
COMMUNITIES								
Environmental services								
Shortfall in tipping charges budget			129,970	129,970	129,970	129,970	Budget for tipping charges was understated in 2018/19 Gradual shift away from burials to cremations which has an upswing in income.	
Net reduction in cemetery income		16,650	4,170	20,820	20,820	20,820		
Net fall in bowls and outdoor sport income		36,410	49,010	85,420	85,420	85,420		
Reduction in Allotment Income		1,840	650	2,490	2,490	2,490		
Additional medical referees fees			19,310	19,310	19,310	19,310		As a result of increasing use of the crematorium As more crematoriums become compliant with the mercury abatement requirements, there is less income distributed nationally.
Reduction in income from the mercury abatement scheme			10,000	10,000	10,000	10,000		
Additional technician			28,700	28,700	28,700	28,700		Additional capacity is required to support the income growth expected as part of the savings
Total for Communities Directorate	0	54,900	241,810	296,710	296,710	296,710		
DIGITAL & RESOURCES								
Finance								
Net increase in pension strain costs*	25,000	7,600	15,000	22,600	22,600	22,600	Additional pension strain costs arising from the departure of staff. The Council has responsibility for the payment of some pension costs.	
Increase in pension costs over inflation			7,320	7,320	7,320	7,320		
Increase in payroll system costs following renewal of contract	9,330	3,730	5,600	9,330	9,330	9,330		
Expected contract with another Council for Treasury Management services has been deferred.	15,000	6,000	9,000	15,000	15,000	15,000		
	49,330	17,330	36,920	54,250	54,250	54,250		

* A proportion of the savings will benefit the HRA

	2019/20				2020/21	2021/22	
	Joint* (Memo)	Adur GF	Worthing GF	Grand Total			
	£	£	£	£	£	£	
Digital and Customer Services							
Google: The Google for Teams project will re-launch Google services; underpinned with a move to Google Business Licensing (from the current 'basic' licencing).	40,000	16,000	24,000	40,000	40,000	40,000	This is part of the 'Cloud' project and will replace the current shared drives. The cost will eventually be offset by savings in the data centre in years 2 and 3 which are currently being quantified.
Matsoft: Additional funds are required for fund an annual upgrade the core matsoft platform, which is the primary platform for delivering digital applications.	20,000	8,000	12,000	20,000	20,000	20,000	
Telephony - Current budget needs to be increased to reflect the current spend. Increased costs are due to data security compliance for card payments (PCI) £21k and the impact of the new telephony solution.	45,000	18,000	27,000	45,000	45,000	45,000	
	105,000	42,000	63,000	105,000	105,000	105,000	
Head of Business and Technical Services							
Replacement Health and Safety software system	5,000	2,000	3,000	5,000	5,000	5,000	
Head of Human Resources							
Annual assessment for Hand Arm Vibration Syndrome	12,900	5,160	7,740	12,900	12,900	12,900	The Council is obliged to manage the risk associated with staff exposed to vibration at work, in particular control risk of HAVs (Hand Arm Vibration Syndrome) consequently the Councils need to undertake regular assessments of the staff who are exposed to this risk.
Total for Digital and Resources Directorate	172,230	66,490	110,660	177,150	177,150	177,150	

* A proportion of the savings will benefit the HRA

	2019/20				2020/21	2021/22	
	Joint* (Memo)	Adur GF	Worthing GF	Grand Total			
ECONOMY							
Major projects							
Impact of creation of Lead Project Officer	7,640	3,140	4,500	7,640	7,640	7,640	Funded from savings within other budgets
Planning and Development							
Reduction in building control income budget to match expected income streams		45,000	55,000	100,000	100,000	100,000	There has been an underachievement against budget for a number of years due to increasing competition from the private sector
Total for Economy Directorate	7,640	48,140	59,500	107,640	107,640	107,640	
Total Committed Growth identified	179,870	169,530	411,970	583,900	583,900	583,900	
Allowance in budget	-50,000	-70,000	-80,000	-150,000	-150,000	-150,000	
Over (-) / under provision	129,870	99,530	331,970	433,900	433,900	433,900	

* A proportion of the savings will benefit the HRA

Appendix 3

Savings	2019/20				2020/21	2021/22	Notes:
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
	£	£	£	£			
CHIEF EXECUTIVE							
Fee income	12,000	4,800	7,200	12,000	12,000	12,000	
	12,000	4,800	7,200	12,000	12,000	12,000	
COMMUNITIES							
Director							
Net annual reduction in Adur Community Leisure payment		10,000		10,000	20,000	30,000	Recent renegotiations has confirmed that an annual reduction of £10k will continue to be delivered. The savings in later year will depend on the business plan of ACL.
	0	10,000	0	10,000	20,000	30,000	
Environmental Services							
Fuel savings	10,000	3,600	6,400	10,000	10,000	10,000	
Review of other budgets	10,600	8,240	15,770	24,010	24,010	24,010	
Charge for delivery of bins for domestic refuse est 100 x £10.00	1,000	360	640	1,000	1,000	1,000	
Increase in net income from trade waste		15,190	42,200	57,390	57,390	57,390	
Increased rental income from Adur Activity Centre		4,000		4,000	4,000	4,000	
Increase in beach hut rental income		13,520	13,060	26,580	26,580	26,580	
Increase in price of Garden Waste Bins from £80-£85	46,800	18,720	28,080	46,800	46,800	46,800	
Increase take up of new bins - 1000 extra bins	42,500	17,000	25,500	42,500	42,500	42,500	
Increase Garden sack from £1.20p to £1.25p	3,500	1,400	2,100	3,500	3,500	3,500	
Bulky waste price increase above 2.2% inflationary allowance	1,730	690	1,040	1,730	1,730	1,730	
Income from Memorials			54,240	54,240	54,240	54,240	
Income from crematorium			143,260	143,260	143,260	143,260	
	116,130	82,720	332,290	415,010	415,010	415,010	

	2019/20				2020/21	2021/22	Notes:
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
Wellbeing and Housing	£	£	£	£	£	£	
Review of base budgets	13,000	7,280	25,040	32,320	32,320	32,320	
Removal of agency staff budgets for the Food Inspection Service following a change in process		8,000	6,000	14,000	14,000	14,000	
Use of Councils Website for advertising notices			1,500	1,500	1,500	1,500	
Service review of Wellbeing and Housing	91,770	36,710	55,060	91,770	91,770	91,770	This cross cutting review is underway to identify the focus for the teams going forward to enable better use of resources and streamline processes. The review builds on the preventing homelessness work already completed and recognises the shared need to build community resilience. A key aim being to reduce the incidence and impact of homelessness on our communities , and consequent costs to the councils. This review will be looking at savings for 2019/20 and the following two years.
Increased income for Public Health Services	2,400	960	1,440	2,400	2,400	2,400	
	107,170	52,950	89,040	141,990	141,990	141,990	
Total for Communities Directorate	223,300	145,670	421,330	567,000	577,000	587,000	

	2019/20						Notes:
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total	2020/21	2021/22	
	£	£	£	£	£	£	
Digital & Customer Services							
High Street Surface removing 3hr maximum stay			12,000	12,000	12,000	12,000	Adding £6.80 for 4 hours and £12 all day tariff.
Civic Centre Introduction of night time charges of £1/hr to maximum of £3 and introduction of Sunday charges in line with Saturday charges.			13,000	13,000	13,000	13,000	NOTE: Potential income reduced to 1/3 of this as and when Health Hub project commences.
Lyndhurst Road - introduction of night charges 6pm - 6am £1/hr max £3 and introduction and extending day time charges from 6am - 6pm.			10,000	10,000	10,000	10,000	
Beach House East & West introduction of night charges 6pm - 6am £1/hr max £3 and introduction and extending day time charges from 6am - 6pm.			10,000	10,000	10,000	10,000	Note: This would be subject to reviewing agreement with Splashpoint but we would want to implement these changes if we implement Lyndhurst otherwise we will simply displace vehicles from Beach House to Lyndhurst.
Teville Gate new surface car park - 66 spaces. Tariff: £1.20/1hr £2.10 2hr, £3.20 3hr, £4.30 4 hr, £5.0 5hr+.			50,000	50,000	50,000	50,000	Assumes no preferential rate for council staff. Income will cease when the site is redeveloped. upfront capital investment in P&D machines and signage.
Energy saving following installation of new LED lighting in car parks			10,000	10,000	10,000	10,000	
Reduction of 2 FTE (1xGr3 1xGr4) in customer service team from October 2019 onwards.	26,000	10,400	15,600	26,000	50,000	50,000	Results from improved efficiency and reduced customer demand.
Net saving in Microsoft Licensing	30,000	12,000	18,000	30,000	30,000	30,000	
	56,000	22,400	138,600	161,000	185,000	185,000	

	2019/20				2020/21	2021/22	
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
	£	£	£	£	£	£	
Head of Business and Technical Services							
Consolidation of purchase ordering onto the main Financial Management System.	2,100	840	1,260	2,100	2,100	2,100	Cessation of Pillar (Recorder) software costs
Restructure savings	12,720	5,090	7,630	12,720	12,720	12,720	
Review of allocations to the capital programme by engineering and surveying teams	70,000	28,000	42,000	70,000	70,000	70,000	
Reprocurement of energy contracts	30,000	12,000	18,000	30,000	30,000	30,000	
Review of charging for electricity to the Magistrates Court			20,000	20,000	20,000	20,000	Meter reading now carried out in-house which identified that the magistrates courts were not being fully recharged.
	114,820	45,930	88,890	134,820	134,820	134,820	
Head of Revenues and Benefits							
Reduction in staff (2 FTE) following introduction of self-service	25,000	10,000	15,000	25,000	50,000	50,000	Reduction in staff will be managed through staff turnover. No redundancy costs expected.
	25,000	10,000	15,000	25,000	50,000	50,000	
Total for Digital and Resources Directorate	269,300	223,440	352,720	576,160	625,160	625,160	
ECONOMY							
Head of Growth							
Increase in pre-application fees	25,000	10,000	15,000	25,000	25,000	25,000	
Net fire safety income	8,000	2,640	5,360	8,000	8,000	8,000	
	33,000	12,640	20,360	33,000	33,000	33,000	

	2019/20				2020/21	2021/22	
	Joint (Memo)	Adur General fund	Worthing General fund	Grand Total			
Corporate savings	£	£	£	£	£	£	<p>JSC agenda in November 2018</p> <p>Based on increasing income in recycling payments by £170k per year and eliminating the need to invest in 2 new rounds.</p> <p>By changing to alternate weekly collection, the Councils will avoid significant additional costs in 2020/21 associated with introducing other measures to increase recycling percentage.</p>
Impact of change in refuse service	505,000	181,800	323,200	505,000	710,000	710,000	
Reduced cost of future initiatives to improve recycling.				0	500,000	500,000	
Total Corporate initiatives	505,000	181,800	323,200	505,000	1,210,000	1,210,000	
OVERALL TOTAL	1,065,140	607,370	1,223,330	1,830,700	2,594,700	2,604,700	