



ADUR & WORTHING
C O U N C I L S

14 July 2020

Joint Overview & Scrutiny Committee

Date:	23 July 2020
Time:	6.30 pm
Venue:	QEII Room, Shoreham Centre

Committee Membership:

Adur District Council: Councillors; Stephen Chipp (Adur Chairman), Joss Loader (Adur Vice-Chairman), Carol Albury, Catherine Arnold, Kevin Boram, Ann Bridges, Paul Mansfield and Debs Stainforth

Worthing Borough Council: Councillors; Keith Bickers (Worthing Chairman), Karen Harman (Worthing Vice-Chairman), Margaret Howard, Charles James, Richard Nowak, Jane Sim, Bob Smytherman and Carl Walker

Agenda

Part A

1. Declaration of Interests

Members and officers must declare any disclosable pecuniary interests in relation to any business on the agenda. Declarations should also be made at any stage such an interest becomes apparent during the meeting.

If in doubt contact the Legal or Democratic Services representative for this meeting.

2. Substitute Members

3. Confirmation of Minutes

To approve the minutes of the Joint Overview and Scrutiny Committee meeting of held on 25 June 2020, 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 must be submitted by 12.00pm Tuesday 21 July 2020.

Questions should be submitted to Democratic Services
democratic.services@adur-worthing.gov.uk

(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. Joint Leaders' Interview (Pages 1 - 4)

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

8. Scrutiny Request on Disposal of Council Owned Land and Assets (Pages 5 - 14)

To consider a report by the Director for the Economy, copy attached as item 8

9. Financial Performance 2019/20 - Revenue Outturn (Pages 15 - 62)

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

10. Impact of Covid 19 on the Council's finances - Update on current financial performance and developing a revenue budget for 2021/22 (Pages 63 - 116)

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

11. JOSC Working Group on the review of the Adur & Worthing Refuse and Recycling collection service - Post September 2019 (Pages 117 - 130)

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

12. Joint Overview and Scrutiny Work Programme for 2020/21 (Pages 131 - 146)

To consider a report by the Director for Digital and Resources, copy attached as item 12

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.

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ADUR & WORTHING
COUNCILS

Joint Overview and Scrutiny Committee
23 July 2020

Key Decision [No]

Ward(s) Affected: N/A

Joint Leaders interview

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

1.1 This report sets out background information on the Portfolios of the Adur and Worthing Leaders to enable the Committee to consider and question the Leaders on issues within their portfolios and any high-level strategic issues which the Leaders are involved in connected with the work of the Councils and the Adur and Worthing communities. This interview also provides the Committee with the opportunity to discuss with the Leaders how the Councils have been responding to the Covid-19 pandemic.

2. Recommendations

2.1 That the Committee consider any representations from the Leaders on the work within their Portfolios, other high-level strategic issues and the Council response to the Covid-19 pandemic which the Leaders are involved in and question the Leaders on this and recommend any suggested action or make appropriate comments to the Leaders for their consideration.

3. Context

- 3.1 As part of its Work Programme for 2020/21, the Joint Overview and Scrutiny Committee (JOSC) have agreed to interview the Leaders on their priorities for 2020/21 and to discuss how the Councils have been responding to the Covid-19 pandemic.
- 3.2 As part of their fact finding/investigative role, the Joint Overview and Scrutiny Committee are asked to consider the roles and responsibilities of the Leaders. It is part of the Scrutiny role to fact find/investigate in the form of questions and JOSC is asked to direct questions to the Leaders on any high level strategic issues involving the Leaders and also issues relating to their portfolios, however, this will not extend to day to day Council matters.
- 3.3 The Committee are entitled to ask for further investigation into items where they may not be satisfied with the progress as described.

4. Issues for consideration

- 4.1 Both Leaders have responsibility for the following:-
- Overall policy and strategy (Vision and priorities);
 - External relations, including complaints management, marketing and promotion;
 - Reputation management, including risk (policy);
 - Performance management, including improvement plans;
 - Media and communications (internal and external)
 - Democratic Services including committee management
 - Electoral Services within the remit of the Executive
 - Member Services
 - Chairman of the Council and Civic matters (Adur)
 - Mayor of the Borough and Civic matters (Worthing)
 - Partnership working (Lead)
 - Public consultation, including community engagement
 - Greater Brighton Economic Board
 - Council insurance matters (Adur)
 - Energy management and sustainability (Worthing)
 - Devolution
- 4.2 JOSC is requested to ask questions of the two Leaders based on their responsibilities outlined in paragraph 4.1 including any high level strategic issues relating to the Councils and our communities.

5. Engagement and Communication

- 5.1 The JOSOC Chairmen and Vice-Chairmen have been consulted on the proposals contained in this report.

6. Financial Implications

- 6.1 There are no direct financial implications to consider within this report.

7. Legal Implications

- 7.1 JOSOC is responsible for holding the Executive Members to account, reviewing their work and decisions and in accordance with the procedures outlined within the Joint Overview and Scrutiny Procedure Rules set out in the Councils' constitution, can request Executive Members to attend its meetings.
- 7.2 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.
- 7.3 Section 1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

Background Papers

Platforms for our Places: Going Further

Officer Contact Details:-

Mark Lowe

Scrutiny and Risk Officer

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mark.lowe@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

Matter considered and no direct issues identified but some issues contained within the Leader Portfolios are related to economic issues and impact.

2. Social

2.1 Social Value

Matter considered and no direct issues identified but some issues within the Leader Portfolios do impact on the communities.

2.2 Equality Issues

Matter considered and no direct issues identified but some of the Portfolio areas do impact on access or participation.

2.3 Community Safety Issues (Section 17)

Matter considered and no direct issues identified.

2.4 Human Rights Issues

Matter considered and no direct issues identified.

3. Environmental

Matter considered and no direct issues identified.

4. Governance

Matter considered and no direct issues identified.



ADUR & WORTHING
COUNCILS

Joint Overview and Scrutiny Committee
23 July 2020

Key Decision No

Ward(s) Affected: All

Scrutiny Request on Disposal of Council Owned Land and Assets

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1 To respond to the request from the Joint Overview and Scrutiny Committee to explain the consultation processes undertaken for the disposal of publicly owned Council land and assets following scrutiny request relating to the disposal of land at Shoreham Beach Green, Shoreham.

2. Recommendations

- 2.1 The Joint Overview and Scrutiny Committee are recommended to note the contents of the report.

1. Overview

- 1.1. It is Government policy that local authorities should dispose of surplus and under-used land and property wherever possible. The Council has fairly wide discretion to dispose of its assets (such as land or buildings)

in any manner it wishes. When disposing of assets, the Council is subject to statutory provisions, in particular, to the overriding duty, under section 123 of the Local Government Act 1972, to obtain the best consideration that can be reasonably obtained for the disposal. This duty is subject to certain exceptions that are set out in the General Disposal Consent (England) 2003.

- 1.2. Under Section 123(2A), the Council must follow certain statutory requirements to advertise the disposal of land that consists of or forms part of an open space.
- 1.3. The way the Council manages its land/property assets can have a significant impact both on the quality of services delivered to the public and the local environment. Effective asset management is essential in bringing 'agility' to land and property assets so that the delivery of the Council's goals and objectives are realised in a sustainable manner, at the right time and on budget. The forthcoming Asset Management Strategy will demonstrate the Council's overall approach to managing its land/property assets.
- 1.4. The Council considers the business case for disposing of any assets that are no longer of any use to it and is unlikely to be in the future or which provides only a benefit that is disproportionate to the opportunity cost of the capital tied up in the asset.

2.0 **Meaning of Disposal**

- 2.1. For the purposes of this Policy, a disposal means any freehold disposal, by sale or exchange, of Council owned land/property (including buildings) and any disposal by the granting of a lease, licence or easement for a period greater than 7 years. Leases of 7 years or less or assignment of a term which has not more than 7 years to run are not covered by the statutory requirement to obtain best consideration. Disposal takes place at the time of completion and not exchange.
- 2.2. Both Councils own a large number of assets across the area. These range from scout huts and community centres, to seafront shelters but also include a large number of commercial assets such as retail units, industrial premises and agricultural land. These are let on leases to various businesses and entities on terms varying according to the particular circumstance of the case. A large number of the leases are

for a period greater than 7 years. New and renewed leases with businesses and community groups for greater than 7 years therefore fall within the definition of “disposal”

3.0 Meaning of Best Consideration

3.1. Best consideration’ means achieving maximum ‘value’ from the disposal, not just maximum price. Disposal at less than market value must contribute to the ‘promotion or improvement of the economic, social or environmental wellbeing of the area’. Unlike private and commercial landowners, a local authority is in the position of a trustee in relation to the land that it holds on behalf of the community and has a statutory duty to sell land at the best price reasonably obtainable. The Council will only be able to demonstrate that it achieved the best consideration by obtaining an appropriate valuation of the land.

4.0 Means to Dispose of Land and Assets

4.1 **Private Treaty** – a sale of land/property negotiated with one or a small number of interested parties either through a direct approach from an individual(s) or through a marketing exercise.

A private sale without marketing the land may be justified where for example:

- A. the land to be disposed of is relatively small in size and an adjoining or closely located landowner is the only potential or likely purchaser;
- B. the Council's corporate objectives and best consideration can best be achieved by a sale to a particular purchaser;
- C. the purchaser has a particular interest in purchasing the land or a particular association with the land;
- D. the nature of the Council's land ownership and that of the surrounding land ownership is such that the land must be sold to adjoining or surrounding landowners if best consideration is to be obtained;
- E. the Council's land is part of a larger area of land that is proposed for development, redevelopment or regeneration and the nature and complexity of the proposed development of the overall site is such that the Council's corporate objectives and best consideration can only be achieved by a sale to a purchaser with an existing interest in land in the area.

- 4.2 **Public Auction** – a sale of land/property by open auction available to anyone. The sale will be publicly advertised in advance. A binding legal agreement is created upon the acceptance of a bid by the auctioneer. Reasons justifying sale by this method and how the reserve price is determined must be recorded in writing.
- 4.3 **Formal Tender** – a sale of land/property by a process of public advert and tenders submitted by a given date. This is a suitable mechanism where there are identified development proposals. A fair and transparent tender process will need to be adopted.
- 4.4 **Exchange of Land** – a transaction involving the exchange of Council owned land with another land owner. The land acquired by the Council will normally need to meet at least one of the objectives contained in Platforms for our Places and will be 'equal' in commercial worth to the land exchanged whether from the value of the land itself or where a payment is made in addition to the land exchanged.
- 4.5 **Informal Negotiated Tender** – a transaction involving a public advert that requests informal offers or bids that meet a given specification or set of objectives. The Council may then negotiate further or more detailed terms with one or more individuals who submitted the most advantageous bid or bids.

5.0 Council Constitutions' Engagement Requirements

- 5.1 The Councils' constitutions at section 3.12.13 set out the delegations to the Head of Major Projects and Investment relating to the disposal of land:

To dispose of land in connection with the Council's functions and to grant leases, easements, licences and wayleaves of, in, or over buildings or land in connection with the Council's functions.

The Scheme of Officer Delegations does not specify that any specific consultation is required in exercising this delegation. However, exercise of all delegations are subject to the general principles set out in section one of the Officer Scheme of Delegations.

- 5.2 In practice, Officers work closely with senior Councillors including Executive Members for Resources and Executive Members for Regeneration when considering property matters. Large scale

disposals (such as the decisions to dispose of land at Adur Civic Centre, or Fulbeck Avenue) are key to delivering the economic and regeneration outcomes that the Councils are working towards in Platforms for our Places and informal consultation with Executive Members is part of the process.

- 5.3 Key Decisions, in accordance with the requirements of The Local Authorities (Executive Arrangements) Regulations and the Executive Procedure Rules set out in Part 4 of the Constitution, require 28 days notice of the matter to be published before a decision is made. If the decision is to be made by an Officer under their delegated authority, then a formal Officer Executive Decision Notice must be published confirming the decision, which is then subject to a five clear working day Member call-in procedure which allows further scrutiny of decisions. The decision may not be implemented prior to the call-in period expiring.

6.0 Disposal of Land At Shoreham Beach Green

- 6.1 The disposal of land at Shoreham Beach Green for a cafe and community facility arose following a marketing campaign (a formal tender) in 2016. The marketing campaign was covered in local press and was advertised by Adur District Council using its social media sites and website.
- 6.2 A panel of Officers and Councillors was convened to assess the bids received, the panel subsequently interviewed bidders and the Officer, in consultation with the panel, made a selection of a preferred bidder.
- 6.3 As Shoreham Beach Green is open space a consultation under S123(2A) was undertaken. A notice was placed in the Shoreham Herald for two consecutive weeks, a notice included on the Council's website; site notices were placed on poles surrounding the site for a period of 21 days. The nature of the consultation was designed to reflect the consultation requirements of a planning application.
- 6.4 The Agreement for Lease contract that was agreed with the preferred bidder required them to conduct a public consultation event on their proposals 28 days before submitting a planning application. The preferred bidder held an event at a local community facility and also attended the Shoreham Beach Dreams event to discuss their proposals.

6.5 The normal extensive public consultation was undertaken as part of the planning process which generated numerous responses and comments. Members of the public were able to speak at the planning committee meeting which considered the proposal.

7.0 Financial Implications

7.1 There are no direct financial implications arising from this report. However information about the financial governance concerning disposals is provided below.

7.2 The financial regulations provide guidance on the disposal of land and buildings. These guidelines must be adhered to by all officers. An extract from section 4.4.2 of the financial regulations is provided below:

Where disposal of land and buildings is allowed, it shall be conducted in accordance with the scheme of delegations and the provisions detailed in (a) (i) – (vi) below.

- (a) Approved methods of disposal shall be by:-
 - (i) Private Treaty;
 - (ii) Auction;
 - (iii) Tender
 - (iv) Sealed Offer;
 - (v) Exchanges of land; or
 - (vi) Compulsory Purchase Order

- (b) To ensure that where land is to be disposed of by the Council, the Chief Financial Officer shall ensure compliance with Financial Regulations and S123 of the Local Government Act 1972.

- (c) Prior to any disposal of land, a valuation of the asset to be sold should be obtained from an appropriately qualified valuer.

7.3 In addition to the above, any disposal of an asset worth more than £50,000 must be approved by the Executive Member of Resources via a formal report.

Finance Officer: Sarah Gobey

Date: 22nd January 2020

8.0 Legal Implications

8.1 Section 123 Local Government Act 1972 provides the Council with the power to dispose of land with the caveat that the Council must not do so for a consideration less than the best that can be reasonably obtained.

8.2 Circular 06/03 Local Government Act 1972 General Disposal Consent (England) 2003 provides criteria and guidance for circumstances when a local authority considers it appropriate to dispose of land at an undervalue.

8.3 Section 2(A) Local Government Act 1972 provides that when disposing of land consisting of open space a local authority must first advertise their intention for 2 consecutive weeks in a local newspaper and consider any objections to the proposed disposal which may be made to them.

8.4 Section 8 Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 sets out the meaning of a “key decision” which is further defined in Article 12 of the Council’s constitution.

8.5 The Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 governs the decision making processes relating to Executive decisions and these are encompassed in the Council’s Executive Procedure Rules within the Constitution.

8.6 Paragraph 3.12.3 of the Officer Scheme of Delegations provides authority to the Head of Major Projects and Investment to dispose of land in connection with the Council’s functions and to grant leases, easements, licences and wayleaves of, in, or over buildings or land in connection with the Council’s functions. Paragraph 1.3.1 provides that all delegations shall be exercised in accordance with the Constitution and paragraph 1.3.2 provides that any officer exercising a delegation shall only do so in accordance with the Financial Procedure Rules.

Legal Officer: Susan Sale

Date: 22nd January 2020

Background Papers

- None

Officer Contact Details:-

Cian Cronin

Head of Major Projects & Investment

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cian.cronin@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

- The contents of this report have no direct economic impacts.

2. Social

2.1 Social Value

- Matter Considered, no issues identified

2.2 Equality Issues

- Matter Considered, no issues identified

2.3 Community Safety Issues (Section 17)

- Matter Considered, no issues identified

2.4 Human Rights Issues

- Matter Considered, no issues identified

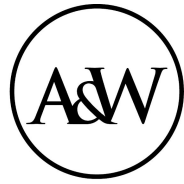
3. Environmental

- Matter Considered, no issues identified

4. Governance

- There are no detailed governance issues arising from the report or its recommendations.

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 8

Joint Overview and Scrutiny Committee
23 July 2020

Key Decision: No

Ward(s) Affected: All

Financial Performance 2019/20 - Revenue Outturn

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1 This report outlines the revenue financial monitoring position for the end of the 2019/20 financial year for Joint Strategic Committee, Adur District and Worthing Borough Councils. At the time of publication of this report, the Statements of Accounts are completed and with the audit scheduled to commence on 4th August 2020. Any adjustments that emerge as the audit proceeds will be reported to members later in the year.
- 1.2 The final position for the operational services were an underspend in Adur District Council £154k and an overspend in Worthing Borough Council £548k. This is a variation to the projections reported at quarter 3 when operational outturns were predicted to be an underspend of £96k in Adur and an overspend in Worthing of £94k (including the revenue contribution to capital). In the last quarter of the year increasing operational budget pressures had been identified in part related to the Covid 19 emergency, particularly in Worthing, and the Corporate Leadership Team were updated.
- 1.3 Overall outturn positions are underspends of £1,259,099 in Adur District Council and £1,144,334 in Worthing Borough Council. After allowance for proposed carry forward of budgets in 2019/20, this represents a 13.6% underspend against the budget for Adur and 7.2% for Worthing.

- 1.4 The table at 4.5 below sets out the components contributing to the underspend in 2019/20, with the most significant being lower capital borrowing costs, additional income from commercial property investments and contingency budgets which were not required.
- 1.5 The outturn figures include proposed carry forward requests, detailed in appendix 6, that will need to be met from these underspends which relate to committed spend that is now planned for 2020/21: Adur District Council £80,700 and Worthing Borough Council £157,500.
- 1.6 This outcome is higher overall than what was forecast in the quarter 3 monitoring report when net underspends of £887,000 and £1,106,000 were being projected in Adur and Worthing respectively. However in the light of the Covid 19 budget pressures identified elsewhere on the agenda, this is welcome as it will assist the Councils in managing a difficult financial position in 2020/21. The areas that have contributed to the net movement are highlighted in the report and appendix 5(b).
- 1.7 The following appendices have been attached to this report:

Appendix 1	Joint Summary of 2019/20 Outturn
Appendix 2	(a) Adur Summary of 2019/20 Outturn (b) Adur Use of Earmarked Reserves
Appendix 3	(a) Worthing Summary of 2019/20 Outturn (b) Worthing Use of Earmarked Reserves
Appendix 4	HRA Summary
Appendix 5	(a) Table of Variations over £20,000 (b) Table of movements over £50,000 between quarter 3 and 4 (c) HRA Major Variations - Budget to Outturn
Appendix 6	Budgets Carried Forward to 2020/21

2. Recommendations

- 2.1 The Joint Strategic Committee is asked to recommend that Adur District Council, at its meeting on 16th July 2020 and Worthing Borough Council at its meeting on 14th July 2020:-
- (a) NOTE the overall final outturn for 2019/20.
 - (b) APPROVE the net appropriations to General Fund Reserves in the year as detailed in paragraph 6.2 totalling: Adur District Council £1,072,315
Worthing Borough Council £905,486.
 - (c) AGREE the net carry over of revenue budget to 2020/21 funded from reserves as detailed in appendix 6: Adur District Council £80,700
Worthing Borough Council £157,500.
- 2.2 Joint Overview and Scrutiny Committee is recommended to note:
- (i) the contents of the report and consider whether it needs to scrutinise any budget area in detail.

3. Context

- 3.1 The Joint Strategic Committee considered the 5-year forecast for 2019/20 to 2023/24 on 4th December 2018. This report outlined the financial context, and updated the outline 5 year forecast, the key budget pressures and the savings proposals for addressing the budget gap for Adur and Worthing Councils. The report built on the strategy first proposed in 2016/17 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.
- 3.2 The successful delivery of the strategy is fundamentally changing how the Councils are funded. The Councils are moving increasingly away from ever reducing government funding towards funding from the local community via Council Tax and Business Rates, and will become increasingly reliant on income from commercial activities.

4. Issues for consideration - Revenue 2019/2020 Outturn Overview

4.1 As part of the 2019/20 budget the Councils committed to savings of £0.767m for Adur District Council and £1.373m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Services were required to carry out efficiency, procurement and base budget reviews to identify where income could be increased or expenditure reduced. The final outturn position indicates that the majority of these savings have been delivered as expected.

4.2 Following the LGA peer review which referenced the low level of the reserves, the Councils have positioned themselves to better manage risk and contribute to reserves for the future through three separate initiatives:

- The centralisation of inflation provisions which if not needed will contribute to the savings required in 2020/21.
- The creation of contingency budgets for areas of uncertainty in the budget. For 2019/20, the Councils set aside £300k for the risks associated with the changes to the County's supported housing budget.
- Accelerating savings initiatives where possible - including the investment by the Strategic Property Investment Fund and generating additional commercial income.

Consequently, the Councils were predicted to underspend this year as a result of these proactive measures as highlighted in the table at 4.5.

4.3 The operational position is a net under spend by services of £154k in Adur and a net overspend of £548k in Worthing as a result of previously reported budget pressures in service areas including waste and recycling, bereavement, housing, parking and culture together with cross cutting pressures in maintenance, energy and water.

4.4 The significant variations that impact on the final outturn from quarter 3 to quarter 4 are identified in appendix 5(b).

4.5 The current year-end forecasts are comprised of a number of elements as set out in the table below:

2019/20 Outturn	Adur		Worthing	
	Q3 Forecast	Outturn	Q3 Forecast	Outturn
	£000	£000	£000	£000
<u>Over/(under)spend in operational services – including share from Joint</u>	(96)	(154)	(31)	548
<u>Underspend against Supported Housing contingency budget</u>	(70)	(90)	(180)	(210)
<u>Reduced borrowing requirement:</u> A lower than forecast call on the MRP (provision to repay debt) and net interest in 2019/20, due to reprofiling of the capital programme already adjusted for in 2020/21 budget.	(45)	(79)	(340)	(337)
<u>Budgeted contributions to reserves:</u>				
Set aside for inflation	(35)	(31)	(157)	(232)
Set aside for Pay Award	0	(68)	0	(62)
Allowance for Investment Property voids	(100)	(100)	(150)	(150)
Commercial Property Portfolio - from accelerated purchases	(715)	(656)	(690)	(655)
Less: one off acquisition costs	221	0	393	0
<u>Budget provision related to timing differences:</u>				
Project funding to Carry forward to 2020/21 for projects that have yet to commence or will complete next year (Business Development Fund)	(47)	(81)	(76)	(157)
Net over/(under) spend before contributions to/from Reserves	(887)	(1,259)	(1,231)	(1,255)
Net contribution from reserves	0	0	0	(14)
Committed revenue contribution to capital	0	0	125	125
Net underspend after reserve movements	(887)	(1,259)	(1,106)	(1,144)

4.6 The key factors underpinning the outturn financial position include:

- The Covid-19 Coronavirus emergency, the financial impact started in late 2019/20 which resulted in a noticeable decline in the income from the car parks, particularly in Worthing. Additionally there were cost pressures due to emergency spend on PPE and digital equipment to enable services to continue in the changing

environment. The pressures will continue to be felt in 2020/21, the budget strategy report also included on the committee agenda covers this in more detail.

- An underspend in the Minimum Revenue Provision (MRP) and net interest budgets for Worthing Borough Council. The budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current years capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2020/21.
- Increased income from the Strategic Property Investment Fund. The fund has been successful in identifying suitable properties to acquire, and the associated income is benefiting the budget in 2020/21.

Once the above items are considered, including the contribution from reserves, the operational position is a net underspend by services of £154k in Adur and an overspend of £548k in Worthing. A number of the factors influencing the operational position have been addressed as part of the 2020/21 revenue budget or are expenditure items that only relate to the reporting year such as the transfer of the operation on the theatres and museum to a trust.

4.7 In summary the overall revenue outturn projections reported for Q4 are as follows:

Summary of Revenue Outturn 2019/20			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2019/20	22,145	8,659	13,704
Outturn	22,667	7,400	12,560
Outturn over/ (underspend)	522	(1,259)	(1,144)
percentage		(14.5%)	(8.3%)

4.8 Comparison to the Q3 forecast:

	Joint	Adur	Worthing
	£'000	£'000	£'000
Revenue Outturn	522	(1,259)	(1,144)
Forecast Over / (Under) spend Q3	245	(887)	(1,106)
Variation: (Improvement) / Deterioration	277	(372)	(38)

- 4.9 The Joint overspend is transferred to Adur and Worthing Councils in line with their allocated share. The reported budget variances in Adur and Worthing, in the table above, include the total share transferred from the Joint services.
- 4.10 There are a number of key issues listed above which require a more detailed explanation. These are listed below.

4.11 COMMUNITIES DIRECTORATE

4.11.1 Housing Needs

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

Across the South East there is competing demand between local authorities for both emergency and temporary accommodation, the latter often being leased private sector accommodation. The pressure of increasing caseload and cost has been ongoing and an additional £150,000 and £270,000 was built into the 2019/20 budgets of Adur and Worthing respectively.

Numbers of households in temporary accommodation vary from month to month, the caseloads in March 2020 were 43 in Adur and 133 in Worthing compared to 45 and 115 in April 2019.

Adur and Worthing have made significant progress in sourcing more affordable units of temporary accommodation, and this together with the development of units and the introduction of the Opening Doors Scheme, has meant the service has been able to effectively manage caseload and costs and have not required all of the additional budget in 2019/20. The outturn position is an underspend in both councils, £160,000 in Adur and £256,000 in Worthing, which includes an underspend against the Housing initiatives budget of £105,000 in Worthing. This compares favourably to the projected year end position at quarter 3 when underspends of £151,000 and £173,000 were estimated.

The service has seen a dramatic increase in people presenting themselves as homeless since the start of April 2020 due to the Covid-19 pandemic. The impact has been largely seen in Worthing where there has been a 50% increase, there is already a financial pressure being identified in this service area for 2020/21.

In addition, an unbudgeted grant was received from the government in respect of New Burdens associated with the introduction of the Homelessness Reduction Act of £24,000 in Adur and £47,000 in Worthing.

4.11.2 Supported Housing

The budget included an allowance for cost pressures relating to reduced housing budgets from the County Council. A cross county wide working group has been set-up to recommission the supported housing programme to meet this challenge and the budget was not required. Overall there was an underspend of £300,000 at the year end which compares to a quarter 3 underspend projection of £250,000.

4.11.3 Environmental Health - Housing

The service has over-achieved against budget in Adur £69,000 and Worthing £140,000, within this there are some key areas to highlight:

With effect from 1 October 2018 mandatory licensing of HMOs was extended so that smaller properties used as HMOs in England which house 5 people or more in 2 or more separate households will in many cases require a licence. This has generated additional income of £5,000 for Adur and £37,000 for Worthing in 2019/20 for these 5 year licences.

Income from civil penalty notice fines of £21,000 in Adur and £4,000 in Worthing, these have been issued as a result of a number of successful prosecutions against landlords under the Housing and Planning Act 2016.

There has also been an increase in income related to the Home Initiatives Assistance Scheme of £41,000 and £116,000 in Adur and Worthing respectively. Income is based upon size and number of grants approved, due to the scale of Better Care Fund (BCF) allocation, a discretionary Disabled Facilities Grant (DFG) policy is in place that has increased the size and number of grants.

Worthing has seen an increase in the need for public health burials and this coupled with the write off of old liabilities has seen an overspend of £39,000. In Adur there were unbudgeted receipts of £4,000. The Council has a statutory responsibility to provide public burials where the deceased has no funds and there are no relatives identified, they will then seek to recover the cost from the estate.

Worthing secured MHCLG grant funding for Housing Condition survey work which was not budgeted, £10,000.

4.11.4 Environmental Services - Parks and Foreshore

Adur was broadly on budget with some additional spend within repairs and maintenance. Income was marginally above budget. The net outturn position is an underspend of £9,000.

In Worthing there was an overall underspend. Rampion continued to utilise access at Brooklands Park for longer than originally planned and an additional compensation payment was made of £40,000. Income for beach hut rentals did not meet the budget as additional huts anticipated were not built, however additional licence fee income received offset this and the income budget was exceeded overall. There were some overspends against expenditure budgets including water, electricity and the cost of new water pipes at Chesswood Farm allotments. The net outturn position is an underspend against a budget of £86,000.

There were underspends in the Joint Service budgets against vehicles and supplies of £45,000 and supplies and services of £45,000. The service is currently undergoing a service redesign and this will have impacted on activity at the tail end of the financial year, any staff underspends have been factored into the vacancy provision.

4.11.5 Environmental Services - Waste and Cleansing

The rollout of alternate weekly collection saw an increase in requests for larger replacement bins, the associated unbudgeted purchase costs to meet this demand in 2019/20 was £20,000.

There has been additional uptake for green bins, noticeably since the campaign drive that has taken place since November, however this has been offset in part by a reduction in demand for green sacks and the associated commission. Overall the net income is above budget by £12,000, this includes a quality payment of £32,000.

The income from WSCC for recycling credits was £199,000 below budget, this is due to a number of factors:

- lower recycle rates being paid,
- an increase in the contaminated waste deduction, and
- lower than anticipated tonnages collected of recyclable waste following the rollout to alternate weekly collection.

Fleet maintenance, repair and running costs exceeded the budget by £143,000 as the expenditure requirement did not reduce as was assumed in the budget, this was partly offset by an underspend in fuel costs of £20,000.

Staffing costs were higher than budgeted, the agency staff budget was not sufficient for the essential need to cover sickness and holiday periods. Additionally, there were two posts that were not factored into the restructure but found to be necessary for the service which has created a cost pressure in 2019/20. The outturn position for the Waste and Cleansing service was an overspend of £383,000 which is a deterioration on the position projected at quarter 3, the main cost variations being on vehicle costs and the income from WSCC.

4.11.6 Commercial Waste

The year end position for the trade waste service is a net shortfall in Adur of £11,000 and in Worthing of £28,000 for the year. Within this a large proportion is attributable to the tipping charges which are over budget by £45,000 and £34,000 respectively. The outturn varies slightly from what was predicted at quarter 3 when a shortfall was estimated for Adur of £21,000 and an overachievement of £12,000 in Worthing. The movement being the tipping charges which were higher than projected, and the unpredictability of the business.

4.11.7 Crematorium and Cemeteries

Adur cemeteries were on budget, income exceeded budget by £9,000 but there were some overspends within expenditure that offset, including the purchase of a shipping container for storage, health and safety equipment and asbestos clearing. This is in line with the quarter 3 projection.

Worthing has seen a drop in the number of burials compared to the same period last year and this has resulted in a £29,000 shortfall in income. The new section in Durrington is now active and it remains to be seen if it will attract interest. There were overspends in expenditure on staff, materials and equipment needed for grave digging and to improve the exhumation service. There was additional expenditure in 2019/20 related to the new

site including the visit by an ecologist to provide advice on the necessary ecological management going forward. Overall there was a net overspend of £43,000. The income is in line with the projection at quarter 3 however the overspends in costs were not assumed as some were incurred in the latter end of the year.

The crematorium service was also overspent overall by £159,000. This was a combination of a shortfall in income of £87,000 against cremations and £30,000 associated with tributes and some expenditure overspends. The service has a proportion of its cremations as delivery only and the margin on these is significantly lower than the full cremations, this is compounded by the fact that 60% of these are from the largest funeral director who pays the lowest fee, this has had an impact on the level of income. There is work being done in this area to improve the parity of direct cremation charges to all funeral directors with the aim to address this position. Overspends include costs relating to security. This is a deterioration on the estimated position reported at quarter 3 when income was assumed to be on budget.

Memorial income is below that budgeted by £57,000 due to a number of factors, there is limited capacity and the income budgeted for audio, visual tributes and webcasts were not as popular as anticipated. There were a number of technical issues with the older equipment and the quality of the output not as expected, coupled with this the maintenance supplier went into administration during the year. There has been a £30,000 investment in new equipment with an alternative supplier that has enabled virtual services during the current pandemic and will improve the service offer in 2020/21. There were some expenditure items that compensated, the net overspend position was £52,000. This is in line with the projection at quarter 3.

4.12 DIGITAL AND RESOURCES DIRECTORATE

4.12.1 Parking Services

Adur income has exceeded the budget by £66,000 with underspends in expenditure this has meant an overall net overachievement for 2019/20 of £75,000.

Worthing has a net budget shortfall overall of £219,000. This includes an underachievement in income of £160,000, £80,000 of which relates directly to the impact of the covid-19 Coronavirus. The effect of the pandemic on this service was felt significantly in Worthing, not so much in Adur, due to the type of car parks within each area and the nature of their use.

There were a number of other factors including the delay in the opening of the Teville Gate surface car park followed by lower demand than anticipated once operational, and the reduction of spaces available at the Grafton MSCP whilst necessary remedial and redecoration works took place during the year. There were some overspends in expenditure related to contract costs and repair and utility costs which are covered in section 4.15.1 of the report. Additionally, there was a rebate of £12,000 from NSL for overcharging that occurred in prior years.

4.12.2 Digital Strategy and Telephony

The Digital and Telephony service was overspent by a net £6,000, this is broken down as follows;

In Digital expenditure on maintenance, supplies and services was overspent by £136,000 which was largely offset by an underspend on staff costs of £100,000, although this saving has been factored into the vacancy provision. The main areas of variance were overspends related to the IAAS, Internet, council website, back up, citrix, GIS. There were some offsetting underspends associated with Microsoft, Census, UPS and Websense. The change to cloud based and remotely hosted systems has shifted more costs to revenue. The growth in the corporate use of the google suite has enabled the Councils to reduce the overall number of Microsoft licences which has created a saving.

Telephony and centralised equipment costs were both marginally under budget by £6,000 and £9,000 respectively.

The service level agreement with Worthing Theatres and Museum Trust for telephony and IT services generated income of was £15,000.

4.12.3 Revenues and Benefits

The overall net position within the service is net overspends of £209,000 in Adur and £189,000 in Worthing.

There was an underachievement against the overpayment and court costs recovery budgets in both Adur £105,000 and Worthing £291,000. This includes write-offs during the year of old uncollectable debts of £75,000 and £158,000 in the respective councils which account for this position.

The outturn position for Adur also includes the final settlement of termination costs associated with the cessation of the Census partnership which have now been agreed, a provision had been made in previous years for a proportion of this but the residual £68,000 has been funded in 2019/20.

There is grant income in both councils that offsets some of the service costs.

The budget shortfalls were not reported at quarter 3 as the write off levels were not known at that time and the cessation costs liability had not been agreed.

4.13 DIRECTOR FOR ECONOMY

4.13.1 Major Projects and Investment

The Major Project's team have actively been working on a number of development sites and investments across the areas, at the end of the year there is an underspend of £110,000 against the budget. A number of schemes have moved on from feasibility to being live projects and these costs have been capitalised as part of the capital programme. This is recommended for carry forward later in the report to support the continued delivery of major projects.

The investment in Commercial properties has exceeded the budget for both Authorities by £756,000 in Adur and £805,000 in Worthing. Both councils purchased commercial properties during 2019/20 which added to their existing portfolio and have increased the revenue income stream. There were one off acquisition costs associated with these purchases that were reported within the quarter 3 monitoring report that have subsequently been capitalised.

In addition, there is a budget for a contribution to reserves to fund future void rental periods and property improvements. Some known risks relating to the property investment fund around managing lease events and tenant issues have begun to crystallise. For instance, some retail property in Montague Street, Worthing (owned by the Worthing Borough Fund) have tenants who have gone into administration or are undergoing the company voluntary agreement (CVA) process. While these premises were acquired with a view to supporting regeneration of the Grafton Car Park site, and the income streams were expected to be lost in the medium term as part of development, there will be a reduction in income over the short term. While these risks can be managed effectively, it underlines that the properties require active management, and that the reserve fund will be called on appropriately. There is no call on this reserve in the current year so it is proposed to transfer the entire provision to reserves (Adur £100,000 and Worthing £150,000) at the year end. The potential ongoing loss of income has been included within the 2020/21 budget.

4.13.2 Culture

The operation of Worthing theatres and museums transferred to a trust from November 2019, as is necessary with the transfer of any business operation there was a full settlement exercise undertaken. As part of this winding up process there were a number of balance sheet accounts settled and closed which resulted in a draw down to revenue. There was also a programme of maintenance and repair work completed to ensure the facilities were in good condition pre transition so that the trust was in a position to offer its full programme of events without any interruption.

In addition, there was an agreed increase in the contract payment to the trust for 2019/20 of £50,000 to support the first 5 months operation following transition.

There were some offsetting savings elsewhere in the council, in particular support services and business rates, as a result of the transition. The overall net overspend, after these savings and excluding the repairs and maintenance which is reported in section 4.15.1, was £163,000. We were reporting a shortfall of £55,000 at quarter 3 but this did not take into account the final unwinding of the theatre accounts, the write-off of obsolete stocks, and the final settlement of accounts with creditors, consequently it was difficult to estimate at that point the overall end position.

Going forward there is more certainty of the annual cost to the council of this service as it is set out in the fee schedule of the agreed contract for the next five years.

4.13.3 Place and Economy

The outturn position within Place and Economy was a net underspend of £134,000 in Adur and £75,000 in Worthing.

In Adur the markets underachieved against the budget with a shortfall of £14,000, this was offset by income from outdoor events and underspends, particularly within the equipment and grants budgets elsewhere in the economic development and regeneration portfolio. Additionally depreciation charges were £88,000 lower than budgeted, this was not predicted at quarter 3 as the depreciation charges were not known at that time as they depend on the year end asset valuations.

Worthing includes the income from the Worthing Observation Wheel concession of £70,000 and outdoor events of £10,000. Other areas were on budget overall. This is comparable to the predicted position in quarter 3.

4.13.4 Planning and Development

Development Management saw planning fee income exceed the budget in Adur and Worthing by £31,000 and £12,000 respectively. In addition there were expenditure underspends in both councils, the net outturn position being underspends of £41,000 in Adur and £62,000 in Worthing. The outturn was below that predicted at quarter 3 but this assumed a number of large planning applications that were not received by the end of March.

Planning Policy budgets in both councils are underspent by Adur £16,000 and Worthing £15,000 due to the receipt of DCLG Custom Build Grant income that was not budgeted.

Land charge income underachieved against the budget with a shortfall of £36,000 in Adur and £32,000 in Worthing, this is what was broadly expected.

Building Control income in Adur was only marginally short of the budget but there were some overspends in costs, the net position is an overspend of £14,000. In Worthing there was a shortfall of income of £29,000 and this, together with some additional expenditure, meant a net overspend of £44,000 in the service. At quarter 3 it was predicted that the service would be on budget. As with other Service areas there was a drop in income at the end of the year due to Covid.

4.13.5 Leisure Contract

Worthing Borough Council received a £50,000 in year gain share payment from South Down Leisure Trust relating to 2018/19 performance. The contract with the trust sets out that when certain reserve levels are met the Council is entitled to 50% of any residual surplus for a service year. Overall Adur and Worthing had net underspends of £19,000 and £44,000 respectively.

4.14 CORPORATE

4.14.1 Business Rates

The table below shows a breakdown of the final position for business rate income to the General Fund:

	Adur		Worthing	
	Budget	Actual	Budget	Actual
	£000	£000	£000	£000
Income (fixed in January)	3,698	3,698	6,513	6,513
Less: Tariff payment	(1,652)	(1,652)	(3,707)	(3,707)
Net retained rates	2,046	2,046	2,806	2,806
Plus: s31 grants (from govt)	442	418	631	828
Less: share of deficit for 2018/19	(555)	(555)	(469)	(469)
Net income	1,932	1,909	2,968	3,165
Proposed use of business rates smoothing reserve	268	291	469	272
Total income from business rates	2,200	2,200	3,437	3,437

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

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

Section 31 grants have been received in previous years relating to a number of tax changes that were announced as part of the annual Budget Statement that impacted on the income for that financial year but were made after the income to be taken from the Collection Fund was determined. The result is a timing difference between when the grant was received and accounted for and when the Council will fund actual loss of income to the Collection Fund.

To address this timing issue the additional business rate income was transferred to the Business Rate Smoothing Reserve to enable the

management of this volatility. In the 2019/20 budget it was proposed to draw down £267,374 and £468,772 from the Adur and Worthing reserves to compensate for the reduced business rate income in the year, the amount that was actually required to be transferred out of reserves is £291,426 and £271,659 respectively.

4.14.2 External Borrowing Costs, Investments and Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutory charge to the revenue budget to provide for the repayment of debt. The calculation is based on the level of historic capital spend that has been financed from borrowing. Therefore any reprofiling of the capital programme will result in an underspend in the MRP in the following financial year.

There are variances for both Adur and Worthing. For both Councils the MRP costs were lower than the budget due to re-profiling of the capital programmes: Adur had a favourable variance of £63k and Worthing had a favourable variance of £266k.

Investment returns were below budget for Adur: Adur General Fund underachieved its income budget by £58k, but the HRA exceeded its income budget by £39k. Worthing exceeded its income budget by £2k.

Both Councils took advantage of low PWLB rates to refinance planned repayments of debt at the most favourable time. In addition, for Worthing, officers have continued to make use of the low short term borrowing rates available from other local authorities, resulting in reduced costs from lower interest rates and reduced provision for repayment of debt, giving a net favourable variance after expenses of £91k. Most of Adur's borrowing is at long term fixed rates, so the Council does not benefit to the same degree from the current market rates. However, new long term borrowing at better than forecast rates resulted in a net favourable General Fund variance after expenses of £99k. There was a saving of £47k in interest costs for the HRA.

Worthing Borough Council generated additional net income of £48k from a new loan to GB Met College. Both Councils wrote down by £25k the value of their holdings in the Municipal Bonds Agency. Worthing also used £45k of its MRP underspend to advance £45k for an invest to save initiative.

Treasury Management (Under) / Overspends	Adur GF	Worthing
Minimum Revenue Provision	(63,100)	(266,300)
Interest on Borrowing and TM costs	(121,700)	(122,900)
Investment Income	57,700	(2,100)
Write down of Municipal Bond Funds	25,000	25,000
Invest to save		45,000
Additional net income from new loan to GB Met		(47,900)
Debt Management Expenses	23,200	31,900
Total	(78,900)	(337,300)

4.14.3 Corporate Inflation and Contingency

As mentioned earlier in the report at section 4.2 the Councils positioned themselves as part of the 2019/20 budget to contribute to reserves to strengthen their position to be able to manage uncertainty and risk. This was done through a number of initiatives including the creation of contingency budgets, the centralisation of inflation budgets, with the strategy being that any underspend is added to reserves.

At outturn there is an underspend against these budgets, within Adur this is £57,000, Worthing £289,000 and Joint Services £104,000. In addition there is the £300,000 underspend against the contingent budget for supported housing as reported in section 4.11.2 which, £90,000 in Adur and £210,000 in Worthing.

There were also grants received to support the work associated with both the exit from the European Union and transparency agenda that exceeded the budget, in Adur this amounted to £46,000 and in Worthing £26,000.

4.14.4 Business Development Fund

There is an underspend against the Business Development Fund budget in both councils at the year end of £67,000 and £56,000 respectively. The budget exists to support the development of the organisation and is important to enable initiatives to drive forward service improvement.

It is proposed that the underspend is carried forward to 2020/21 to fund ongoing commitments and new projects that are identified. Underspends were expected at quarter 3 when £47,000 and £76,000 were reported.

4.15 CROSS CUTTING

4.15.1 Maintenance

The total overspend against the Adur reactive maintenance and repair budgets is £30,000. There have been overspends against the budgets for Commerce Way, Shoreham Community Centre and public conveniences and this is partly due to the budgets being insufficient generally but there also being additional pressures. There have been underspends against other areas and the planned programme that offset this but some of the areas of expenditure to mention are;

- Works at Commerce Way associated with the depot rationalisation as part of the Gigabit Project. Remedial works were also required including emergency lighting, rewiring of CCTV;
- Public conveniences, there was an increase in the number of times the septic tank at Southwick Beach needed emptying and demolition of the building at Monks Farm following severe vandalism;
- There were issues identifying a water leak at Buckingham Park and the grounds maintenance building required extensive repair.
- The need for water main and standpipes and the entrance gates at Ham Field allotments.

Worthing's maintenance budget is also overspent overall by £180,000. As in Adur it has some budgets which are historically overspent and therefore insufficient, such as public conveniences, leisure facilities, theatres and the crematorium. During the year there was pressure on the reactive maintenance budget in a number of areas but some of the more significant works to highlight are:

- Expenditure on the theatres in preparation for the transfer to the trust. This included wall tie replacement, structural rigging works and access improvements (£40,000).
- Leisure Buildings (£170,000) - expenditure at Splashpoint has been incurred to replace glazing damaged by vandalism, Additionally works have been undertaken on cabling under the moving floor of the pool and a number of repairs relating to lighting, building management system which includes heating & ventilation and repairs to the pool filtration equipment . All of these repairs fall under the Councils responsibility under the Service Level Agreement in place with South Downs Leisure. The specialist

nature of the equipment does make it more expensive to maintain and repair and some works are necessary to be completed out of hours to avoid disruption to Splashpoint customers. In other centres reactive repair works have been necessary on roofs and chimneys including the replacement of skylights and external works.

- Crematorium (£20,000) - additional maintenance supplement for the cremators as the number of cremations exceeds 3,000.
- Public conveniences (£52,000) - necessary roofing repairs were required at Beach House Park and drainage replacement at Durrington cemetery toilets and new flooring required at Sea Lane.
- The service budget in Worthing has also contributed £23,000 to improvement works on Worthing seafront which further supports the experience in the town centre.
- Overspends on the Town Hall and Portland House were due to essential works of fire dampers, lighting repairs and the installation of hand dryers in the toilets.

There are underspends in the engineers reactive budget of £60,000, and underspends of £30,000 in the planned maintenance that partially offset the overspend in reactive costs.

To address the issue of insufficient maintenance budgets there has been growth built into the Adur and Worthing 2020/21 budgets of £25,000 and £50,000 respectively. It will be monitored and reviewed to ascertain if this is an appropriate increase going into the 2021/22 budget preparation round.

The position has improved from what was projected at quarter 3 due to some underspends against the planned programme and reduced spend in the latter months of the financial year.

4.15.2 Facilities Management

Energy - Costs are higher than budget overall with electricity costs being the area of pressure rather than gas, Adur has an overspend of £18,000, Worthing £19,000 whereas Joint Services has a small underspend of £6,000. Energy prices have increased and this is reflected in the new council contracts that commenced in October 2019. The decision to opt for renewable energy sources for electricity is a factor in the higher prices although consumption prices are now set for two years, the gas contract is for one year to see how the renewable market develops.

Water - A change in contractor for water supplies has seen an unplanned increase in cost pressure in the year as the charging basis has changed from arrears to in advance. This has resulted in changeover adjustments hitting 2019/20 and has contributed to the overspends in expenditure against budget at outturn, In Adur £32,000, Worthing £76,000 and Joint Services £14,000. There were overspends expected and reported at quarter 3 but the outturn is higher than the projections in Adur and Worthing of £20,000 and £37,000.

In Adur there was a water leak in Buckingham Park, this has been repaired but the council is not eligible for a rebate due to the time that elapsed since the leak began. The delay in identification was due to the fact that the leak was deep underground and not surface visible. The council are now taking regular monthly readings to monitor any usual usage.

In Worthing the costs include unbudgeted expenditure for water supply to the Splash Pad and Rockswater fountain in Marine Parade. The budgets have been adjusted for in 2020/21.

4.15.3 Vacancy Provision

The Councils had a total vacancy saving target of £758,530 for 2019/20, this was not achieved with a 14.5% shortfall of £110,000. There were a number of demands on services in the year which meant savings targets could not be met including, Elections, Bereavement Services and Waste and Cleansing.

5.0 ADUR HOUSING REVENUE ACCOUNT (HRA)

5.1 Adur Homes is held within a ring fenced Housing Revenue Account, which is shown in Appendix 4. Overall the HRA shows an overspend against its budget of £14,380, this is a significantly different from the £420,000 underspend projected in quarter 3, The movement is due to higher maintenance and repair costs and an increase in the bad debt provision than predicted, There were some expenditure items that were projected as being funded from capital that have actually been charged to revenue because of the projects they relate to. Details of the significant variances are detailed in appendix 5(c).

5.2 The HRA Reserve stood at £1.013m at 31st March 2020.

6.0 CARRY FORWARD OF GENERAL FUND BUDGETS AND TRANSFERS TO RESERVES

6.1 Recommended Carry Forwards of Unspent Budget

Any unspent funds are placed into reserves at the year end. Budgets in respect of the items in appendix 6 remain unspent at 31st March 2020 and are required to complete existing initiatives in 2020/21.

The focus for carry forward proposals this year is on existing commitments or 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 2020/21 and funded from the respective Capacity Issues Reserves. The Committee may wish to consider how these items contribute to the Councils' priorities when approving the carry forwards.

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

6.2 Movements and Use of Reserves

As part of the 2019/20 final accounts process, officers have identified amounts that are recommended for transfer to reserves for specific purposes or planned as part of the budget process, as detailed below.

In 2019/20, both authorities drew down on reserves to fund other costs. A detailed breakdown of the reserve positions is included in **Appendix 2b** for Adur and **Appendix 3b** for Worthing.

Adur District Council:

Adur District Council transfers to General Fund Earmarked Reserves 2019/20		
Budgeted/Committed contributions to/(from) reserves:	£	£
<ul style="list-style-type: none">• Increase in Grants Carried Forward	73,941	
<ul style="list-style-type: none">• Budgeted contribution to Property Investment Risk Reserve	100,000	
<ul style="list-style-type: none">• Self-insurance charges and proposed contributions	30,701	
<ul style="list-style-type: none">• Business Rate Smoothing Reserve	(291,426)	(86,784)
Contribution to reserves from general underspend:		
<ul style="list-style-type: none">• Carry Forward requests to Capacity Issues Reserve (see appendix 6)	80,700	
<ul style="list-style-type: none">• General Fund underspend transferred to General Fund Reserve (working balance)	1,078,399	1,159,099
Total recommended net contributions to Reserves		1,072,315

If all the proposals in the above table are adopted, Adur District Council's General Fund Working Balance will increase to £1.597m which, at nearly 22% of net expenditure of £7.399m, is well above the range of 6%-10% normally set by the Council. However this is a deliberate move in the light of the significant financial risks that the Covid 19 pandemic presents to the Council's overall finances.

In addition the Council would retain earmarked revenue reserves of £0.770m (excluding the revenue grants reserve), a decrease of £0.279m over 31st March, 2019. The full listing of earmarked reserves is attached at **Appendix 2b**.

Worthing Borough Council:

Worthing Borough Council net transfers to General Fund Earmarked Reserves 2019/20		
Budgeted/Committed contributions to/(from) reserves:	£	£
<ul style="list-style-type: none"> ● Increase in Grants Carried Forward ● Net withdrawal from Theatres Maintenance Reserve ● Budgeted contribution to Property Investment Risk Reserve ● Self-insurance charges and proposed contributions ● Business Rate Smoothing Reserve 	<p>63,864</p> <p>(61,753)</p> <p>150,000</p> <p>30,700</p> <p>(271,659)</p>	<p></p> <p></p> <p></p> <p></p> <p>(88,848)</p>
<p>Contribution to reserves from general underspend:</p> <ul style="list-style-type: none"> ● Carry Forward requests to Capacity Issues Reserve (see appendix 6) ● General Fund underspend transferred to General Fund Reserve (working balance) 	<p>157,500</p> <p>836,834</p>	<p></p> <p>994,334</p>
Total recommended net contributions to Reserves		905,486

If all the proposals in the above table are adopted, Worthing Borough Council will increase its General Fund Working Balance to £1.705m which, at nearly 14% of net expenditure of £12.56m, is above the range of 6%-8% normally set by the Council. However this is a deliberate move in the light of the significant financial risks that the Covid 19 pandemic presents to the Council's overall finances.

In addition the Council would retain earmarked revenue reserves of £2.720m (excluding revenue grants reserve), a decrease of £0.494m over 31st March, 2019. The full listing of earmarked reserves is attached at **Appendix 3b**.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2019/20 AND DEBT POSITION

MRP Requirement for 2019/20

7.1 The Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2008 require the Councils to make a prudent provision within the accounts for repayment of debt. This provision is called the Minimum Revenue Provision (MRP) and is charged to revenue expenditure.

7.2 The Councils' MRP policy was approved by the Joint Strategic Committee at its meeting of 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. It was agreed that: firstly for any debt associated with unfunded capital expenditure incurred before 1st April 2008, the MRP will be set aside in equal instalments over the life of the associated debt.

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

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

7.4 As MRP is applied in the year after that in which capital expenditure is funded from borrowing, the MRP for 2019/20 relates to unfunded expenditure incurred up to and including 31st March, 2019. Voluntary MRP may be set aside, which can be offset in future years.

7.5 By applying the approved methodologies, described in paragraph 7.2, the following MRP determinations have been provided for in the 2019/20 accounts:

- For Adur District Council General Fund: £1,341,306. Voluntary MRP of £50,000 was set aside for the General Fund. No Voluntary MRP was set aside for the HRA.
- For Worthing Borough Council: £1,206,805. Voluntary MRP of £250,000 was also set aside.

Debt Position at 31 March 2020

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

CFR v Debt Position at 31 March 2020	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Actual Long Term Debt 01/04/19	57,998,577	58,168,459	116,167,036	65,250,046
New Long Term Debt Raised in year	47,350,000	2,000,000	49,350,000	68,940,000
Long Term Debt Repaid in Year	(4,321,137)	(1,716,167)	(6,037,304)	(8,119,486)
Actual Long Term Debt 31/03/20	101,027,440	58,452,292	159,479,732	126,070,560

CFR v Long Term Debt Position at 31 March 2020	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Capital Financing Requirement (CFR)	106,723,670	60,293,961	167,017,631	129,139,940
(Over) / Under Borrowing	5,696,230	1,841,669	7,537,899	3,069,380

7.9 In addition to the amounts reported in the table above, both Adur and Worthing also held temporary borrowing of £2m each at 31st March 2020, which matured on 27th April 2020. Adur also held the Parish Precept of £322,200 on behalf of Lancing Parish Council.

7.10 For Adur Council the General Fund is under-borrowed based on long term borrowing by approximately £5.696m. The HRA is under-borrowed by £1.842m because, in the light of the cost of borrowing compared to the income from investments, we are opting to finance some of the capital expenditure through the use of internal resources. 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. The General Fund took out new long term borrowing to fund property purchases, the capital programme and the refinancing of maturing debt.

7.11 Worthing is under-borrowed by £3.069m based on long term borrowing, which reflects the cumulative impact over a number of years of consistently using internal borrowing and short term borrowing as a cheaper source of funding capital investment. This has been a prudent measure in the climate of historically low interest rates to reduce the “cost of carry” (i.e. the difference between the interest charged on new borrowing compared to the interest foregone on cash balances used to fund capital expenditure that would otherwise have been invested). New long term loans amounting to nearly £69m have been taken out in 2019-20, to fund property purchases, the capital programme and the refinancing of maturing debt.

8.0 ENGAGEMENT AND COMMUNICATION

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

9.0 FINANCIAL IMPLICATIONS

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

10.0 LEGAL IMPLICATIONS

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

11.0 CONCLUSION

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

11.2 The Councils have had a difficult year with reduced funding and cost pressures to manage, but they have successfully addressed some significant issues. The underspends in 2019/20 have given the Councils the opportunity to contribute to reserves, which is welcome at a time when local government faces ongoing financial pressures, including the added impact already being felt as a direct result of the covid-19 crisis on expenditure and income streams.

Background Papers

Revenue Budget 2019/20 Joint, Adur and Worthing – 2019/20 Budget Book
<https://www.adur-worthing.gov.uk/media/media,148471,en.pdf>

Joint Overall Budget Estimates 2019/20
<https://www.adur-worthing.gov.uk/media/media,152367,en.pdf>

Adur District Council Budget Estimates 2019/20 and Setting of the 2019/20 Council Tax
<https://www.adur-worthing.gov.uk/media/media,152404,en.pdf>

Worthing Overall Budget Estimates 2019/20 and Setting of 2019/20 Council Tax
<https://www.adur-worthing.gov.uk/media/media,152393,en.pdf>

Financial Performance 2018/19 - Revenue Outturn
<https://www.adur-worthing.gov.uk/media/media,154334,en.pdf>

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Sustainability & 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


2019/20 FINAL REVENUE OUTTURN JOINT SUMMARY

 ADUR & WORTHING COUNCILS	ORIGINAL ESTIMATE 2019/20	CURRENT ESTIMATE 2019/20	OUTTURN 2019/20	(UNDER)/ OVERSPEND 2019/20
	£	£	£	£
Chief Executive	500,910	500,910	509,463	8,553
Director for Communities	7,360,430	6,996,130	7,375,563	379,433
Director for Digital & Resources	11,581,650	12,057,940	12,065,010	7,070
Director for the Economy	3,575,670	3,575,670	3,702,210	126,540
TOTAL SERVICES	23,018,660	23,130,650	23,652,246	521,595
ALLOCATION OF COSTS				
Recharged to Capital	(986,000)	(986,000)	(985,880)	120
Recharged to other joint services				-
	22,032,660	22,144,650	22,666,366	521,715
Adur District Council	(8,885,380)	(8,963,370)	(9,139,461)	(176,090)
Worthing Borough Council	(13,147,280)	(13,181,280)	(13,526,905)	(345,625)
TOTAL SERVICE BLOCK ALLOCATIONS	(22,032,660)	(22,144,650)	(22,666,366)	(521,715)

 ADUR DISTRICT COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2019/20	CURRENT ESTIMATE 2019/20	OUTTURN 2019/20	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	624,800	627,800	677,922	48,399	113,381	(111,658)
<i>CM for Environment</i>	2,272,600	2,309,370	2,474,696	14,792	(47,440)	197,974
<i>CM for Health & Wellbeing</i>	1,269,140	1,281,140	1,218,545	(474)	(50,163)	(11,959)
<i>CM for Customer Services</i>	1,507,950	1,464,950	1,442,175	(10)	35,034	(57,798)
<i>CM for Regeneration</i>	1,765,060	1,831,010	1,803,786	(89,082)	35,043	26,815
<i>CM for Resources</i>	1,111,680	956,900	795,344	147,190	393,845	(702,591)
<i>Holding Accounts</i>	249,790	280,130	0	(104,799)	(479,700)	304,368
TOTAL CABINET MEMBER	8,801,020	8,751,300	8,412,468	16,017	-	(354,848)
<i>Credit Back Depreciation</i>	(1,385,100)	(1,385,100)	(1,401,117)	(16,017)		(0)
<i>Minimum Revenue Provision</i>	1,242,940	1,454,380	1,391,306			(63,074)
<i>Additional Non Ring Fenced Grants</i>	-	-	(525,336)			(525,336)
<i>Financial Instrument Adjustment</i>	-	-				-
	8,658,860	8,820,580	7,877,322	-		(943,258)
Transfer to/from reserves:						
<i>Inter Company Virements</i>	-	-	-			-
<i>Transfer from reserves to fund specific expenditure</i>	-	(161,720)	(477,561)			(315,841)
<i>General Fund Working Balance</i>	-	-	-			-
<i>Capacity Issue Reserve</i>	-	-	-			-
Net Underspend Transferred to Reserves			1,259,099			1,259,099
Total Budget requirement before External Support from Government	8,658,860	8,658,860	8,658,860	-		0

 ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets Funding for waste savings proposals (4 Dec 2018 JSC/066/18-19) Adur carry forwards from 2018/19 underspends , agreed Joint Strategic Committee 9th July, 2019 Budgeted contribution (to)/from revenue Transfer to reserve from underspend to fund carry forwards Balance	425,749	(43,200) (125,804)	- 80,700	337,445
Insurance Fund	152,893	(30,250)	30,701	153,344
Business Rates Smoothing Reserve	402,161	(291,426)		110,735
Grants and Contributions held in Reserves	562,570	(22,193)	96,134	636,511
Election Reserve	7,880	-	-	7,880
Special and Other Emergency Reserve	60,254	-	-	60,254
Property Investment Risk Reserve	-	-	100,000	100,000
General Fund Reserve	518,773	-	1,078,399	1,597,172
TOTALS	2,130,280	(512,873)	1,385,934	3,003,341

 WORTHING BOROUGH COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2019/20	CURRENT ESTIMATE 2019/20	OUTTURN 2019/20	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	802,300	802,300	770,406	(1,770)	(2,762)	(27,361)
<i>CM for Digital and the Environment</i>	2,991,380	3,137,250	3,736,134	13,635	214,973	370,275
<i>CM for Health & Wellbeing</i>	1,729,230	1,746,290	1,739,403	(750)	(35,543)	29,407
<i>CM for Customer Services</i>	5,172,460	5,231,960	5,406,394	(30,170)	(103,558)	308,162
<i>CM for Regeneration</i>	1,907,660	2,115,350	2,885,345	465,710	163,458	140,827
<i>CM for Resources</i>	2,232,160	1,905,490	859,966	85,530	378,789	(1,509,843)
<i>Holding Accounts</i>	513,690	605,980	-	(117,694)	(615,356)	127,070
TOTAL CABINET MEMBER	15,348,880	15,544,620	15,397,648	414,491	-	(561,463)
<i>Credit Back Depreciation</i>	(3,224,030)	(3,224,030)	(3,638,521)	(414,491)		(0)
<i>Minimum Revenue Provision</i>	1,492,910	1,723,070	1,456,805			(266,265)
<i>Additional Non Ring Fenced Grants</i>	-	-	(395,355)			(395,355)
	13,617,760	14,043,660	12,820,576	-		(1,223,084)
<i>Transfer to/from reserves:</i>						
<i>Inter Company Virements</i>	-	-	-			-
<i>Transfer from reserves to fund specific expenditure</i>	86,250	(339,650)	(260,900)			78,750
<i>General Fund Working balance</i>	-	-	-			-
<i>Capacity Issue Reserve</i>	-	-	-			-
<i>Net Underspend Transferred to Reserves</i>			1,144,334			1,144,334
Total Budget requirement before External Support from Government	13,704,010	13,704,010	13,704,010	-		0

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets Preliminary costs of Theatre Trust bid (10 July 2018 JSC/026/18-19) Funding for savings proposals (4 Dec 2018 JSC/066/18-19) Worthing carry forwards from 2018/19 underspends, agreed Joint Strategic Committee 9th July, 2019 Budgeted contribution (to)/from revenue Transfer to reserve from underspend to fund carry forwards Balance	1,643,480	(13,800) (76,800) (348,680)	- 157,500	1,361,700
Insurance Reserve	273,678	(56,691)	30,700	247,687
Joint Health Promotion Reserve	3,353	(1,869)		1,484
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	37,205	(9,439)		27,766
Museum reserve - 12/09/17 JSC/037/17-18 release of funds to support grant bid	97,702		8,694	106,396
Theatres Capital Maintenance Reserve	170,486	(69,000)	7,247	108,733
Special and Other Emergency Reserve	3,053			3,053
Business Rates Smoothing Reserve	905,174	(271,659)		633,515
Property Investment Risk Reserve	50,000		150,000	200,000
Grants & Contributions *	741,784	(100,838)	164,702	805,648
Capital Expenditure Reserve	29,658			29,658
General Fund Working Balance	868,625		836,834	1,705,459
TOTAL	4,824,198	(948,776)	1,355,677	5,231,099

HOUSING REVENUE ACCOUNT SUMMARY

Appendix 4

	ORIGINAL BUDGET	CURRENT BUDGET	ACTUALS	VARIANCE
	£	£	£	£
EXPENDITURE				
General Management	4,217,600	4,207,350	4,151,790	(55,560)
Special Services	258,040	665,450	589,541	(75,909)
Rent, Rates, Taxes & Other Charges	31,690	31,690	54,149	22,459
Repairs & Maintenance	2,999,030	2,601,870	3,004,020	402,150
Bad/Doubtful Debt	50,000	50,000	107,992	57,992
Capital Financing Costs				
Depreciation and Revenue Contribution to Capital	4,021,300	4,021,300	4,038,870	17,570
Interest charges	2,289,860	2,289,860	2,243,181	(46,679)
TOTAL EXPENDITURE	13,867,520	13,867,520	14,189,543	322,023
INCOME				
Dwelling Rents	(11,826,460)	(11,826,460)	(11,990,851)	(164,391)
Non-Dwelling Rents	(581,430)	(581,430)	(579,421)	2,009
Heating and Other Service Charges	(482,330)	(482,330)	(522,194)	(39,864)
Leaseholder's Service Charges	(224,350)	(224,350)	(291,201)	(66,851)
Interest Received	(28,000)	(28,000)	(66,546)	(38,546)
TOTAL INCOME	(13,142,570)	(13,142,570)	(13,450,213)	(307,643)
(TO)/FROM HRA GENERAL RESERVE	724,950	724,950	739,330	14,380

Outurn 2019/20

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

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Chief Executive				
Communcations	(19)	-	-	Additional income - provision of Communications services to other outside bodies and interal projects.
	(19)	-	-	
Director of Communities				
Env Health - Housing	-	(69)	(140)	ADUR & WORTHING: Houses in Mulitple Occupation (HMO) - additional income due to change in regulations making more properties eligible for licensing; Civil Penalty Notices (CPN) from successful prosecution of landlords under the Housing and Planning Act 2016; Home Improvement Assistance (HIA) fees based upon size and number of grants approved. Due to the scale of Better Care Fund (BCF) allocation, a discretionary Disabled Facilities Grant (DFG) policy is in place that has increased the size and number of grants. High turnaround of applications. ADUR: Community Alarm/Mobile Response underspend against budget mainly from equipment, WORTHING: Public Health Funerals - Increasing demand which also includes the write off prior year liabilities Housing Condition Survey funding from MHCLG secured for survey.
Housing Needs	-	(160)	(256)	ADUR: Slight decrease in demand for temporary accommodation in Adur per night averages (45 cases Apr'19, 43 in Mar'20) combined with the Housing team's success in sourcing lower cost units, this includes the Opening Doors scheme which is helping to reduce the caseload. This is offset by an increase in Temporary Accommodation Private Sector Leased (PSL) voids and rent charge v rents to landlords costs. WORTHING: Temporary Accommodation B&B - Continuing increased demand for temporary accommodation per night averages (115 in Apr'19, 133 cases Mar'20) has been offset by sourcing lower cost units from the success of the Opening Doors scheme which is reducing the oldest caseload. In addition there is an underspend of the Homelessness Initiatives budget.
Supported Housing	-	(90)	(210)	Corporate budget set aside for Supported Housing. not required in 2019/20 as a cross county wide working group has set-up to recommission the supported housing programme to meet this challenge and the budget was not required
Housing Needs Grant	-	(24)	(47)	MHCLG grant received in respect of New Burdens associated with the introduction of the Homelessness Reduction Act.
Community Wellbeing	-	(10)	(33)	ADUR: Underachievement of rental income from Eastbrook Manor. WORTHING: Community grant costs below budget
Licensing	-	(14)	(8)	ADUR: Underachiement of net licensing income. WORTHING: Underachement of gambling licensing income
Public Health & Regulation	(18)	-	-	JOINT: Additional income received offset by an overspend on supplies and services
Democratic Services	-	(4)	(20)	Slight underspend on Member and Mayoral Allowance budgets
Parks & Foreshore	(90)	(9)	(86)	JOINT: underspend on vehicle costs £45k plus a saving in grounds maintenance supplies & services as currently going through a service redesign, WORTHING; Compensation payment received from Rampion £40k plus an increase in rental income receipts from Beach Huts and other parks sites

Outturn 2019/20

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

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Environmental Services (Waste)	383	-	-	JOINT: Overspend mainly due to changes to the agreed Refuse & Recycling alternate week collection scheme; an additional HMO round was required (additional 2x staff and vehicle) plus some flats were required to continue a weekly collection with an increased demand for larger bins £143k. In addition, WSCC changed mechanism in the way they made payments towards the Recycling scheme after the budget had been set, this plus an increase in contaminated waste and lower tonnages has resulted in reduced income of £199k. The new scheme also had an impact on the garden sack scheme and resulted in a net overspend
Commercial Waste	(17)	11	28	JOINT: underspend on vehicle costs, ADUR&WORTHING; Net overspend mainly due to tipping charges
Bereavement Services (Cemeteries)	-	-	43	Shortfall of Cemetery Income £28k plus a net overspend on expenditure £15k. There was additional expenditure in 2019/20 related to the new site including the visit by an ecologist to provide advice and the necessary ecological management going forward.
Bereavement Services (Crematorium)	-	-	159	Income under achieved due to increasing number of direct cremations £87k and lower income from Tributes £30k, Memorialisation income is also underachieving its set target by £52k partly due to new plots required for extending the memorial garden
	258	(369)	(570)	
Director of Digital and Resources				
Elections		(42)	-	ADUR: There were no scheduled elections or by-elections in 2019-20 in Adur
Parking Services	-	(75)	219	ADUR; Overachievement of income against parking budget WORTHING; Underachievement of income against parking budget £160k, £80k due to COVID 19. Grafton MSCP repairs, a delay in the Teville Gate site being opened and an overestimation of usage from this site, plus an overspend on services contract costs for RINGO, Parkeon, AIB and Flowbird £99k all contributed to this overspend. This is partially offset by additional rental income £15k and a rebate from NSL for prior years overcharge £12k
Digital & ICT	136	-	-	A number of legacy technologies overdue for replacement, required reinstatement of support and maintenance agreements to ensure continuity of service, incurring unforecasted spend. Slower than anticipated progress on IaaS in the previous year also had an impact on being able to decommission legacy infrastructure, meaning there were some dual running costs incurred. At the same time, new initiatives such as IaaS started to go into service, so spending increased in these areas. The Digital Strategy and Digital Services Cost Centres overlap in some areas such as IaaS, so budgets were managed across both cost centres. Some technologies needed complete relicensing such as Citrix (at end of support life) which exceeded their specific budget allocation for basic maintenance. £143k Offset by an underspend in the centralised ICT equipment budget £16k
Revenue & Benefits		209	189	ADUR: There is a shortfall of income from, court costs £46k overpayments mainly from write-offs £59k and subsidy income £84k in addition to increased costs from the termination costs following on from the cessation of Census 68k (after allowed provision), less Grant funding £68k WORTHING: Shortfall in overpayments income against budget, which includes Write-offs £149k, underachievement of Court cost income £142k offset by Grant funding £102k
Legal Services	(15)	-	-	Additional income from increased work for the Housing Revenue Account

Outurn 2019/20

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

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Business & Facilities	(17)	-	(12)	JOINT: Technical services centralised equipment underspend £17k WORTHING: decrease in number of Town Hall Weddings £12k
Admin Buildings	26	-	-	JOINT: Cleaning costs higher than budgeted
Finance	52	51	49	JOINT: FMS system crossover of costs from old & new system £26k plus New FMS system training costs £13k, Cash Office underbudgeted card processing fees £13k ADUR: Shift in Capital Allocations £245k less duplicated Insurance budget £194k WORTHING: Pension Strain costs more than budgeted £45k
HR Corporate Costs	18			Childcard voucher costs from prior years
Finance:Treasury		(79)	(337)	ADUR: Net Interest from new Investments £146k, MRP £63k, plus write down of Municipal bond £25k WORTHING: Extra Interest from new Investments £108k, MRP £262k, less £25k Municipal Bonds & deferral of repayment for Theatres cinema projector £45k
	200	64	108	
Director of the Economy				
Major Projects and Investment (Estates)		(756)	(805)	Net income from New investments and core the estate Net of Interest included under Treasury
Head of Culture (Theatres)	-	-	163	Impact of Theatres becoming a Trust, net cost from the services before Trust status along with underestimated accruals at point of go live and increased contract sum to support their fest 5 months of operation.
Place and Economy (Economic Development)		(134)	(75)	ADUR: Lower spend and additional income from events WORTHING: Additional income from Worthing Observation Wheel contract
Planning and Development (Building)		14	44	WORTHING: Underachievement of income
Planning and Development (Development Control)		(41)	(62)	ADUR: Overachievement of income WORTHING: Overachievement of income and underspend costs
Planning and Development (Planning Policy)		(16)	(15)	Custom Build Government Grant
Planning and Development (Land Charges)		36	32	Shortfall in income
Leisure	-	(19)	(44)	Gain share from South Down Leisure Trust 2018/19 performance.
	0	(916)	(762)	

Outturn 2019/20

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

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Cross Cutting services				
Maintenance	79	(4)	133	JOINT: Increased cost of maintaining our corporate buildings, Commerce Way £33k Town Hall & Portland House £46k WORTHING: Cremator maintenance costs £39k Worthing Leisure building maintenance mainly relating to Splashpoint £140k, Theatres increased works prior to becoming a Trust £38k, Public Conveniences £49k offset by an underspend in Parks £81k over various other areas
Vacancy Provision	95	-	16	JOINT: Overall the vacancy provision had a shortfall WBC - Crematorium additional staff
Corporate Budgets	(104)	(103)	(315)	Corporate Inflation from pay and services has been held centrally, with any underspend being used to help strengthen the councils reserves. ADUR & WORTHING: Grants received for EU Exit & Transparency
Water	14	32	76	A change in contractor for water supplies has seen an unplanned increase in cost pressure in the year as the charging basis has changed from arrears to in advance. This has resulted in changeover adjustments hitting 2019/20 and has contributed to the overspends in expenditure
Energy Costs	(6)	18	19	Costs are higher than budget overall with electricity costs being the area of pressure rather than gas
Other	5	(76)	(37)	
Underspends requested for Carry Forward		(81)	(158)	ADUR & WORTHING: Business Development Fund (ADC £67 WBC £48) to be carried forward to 20/21, Money set aside for Major Projects to be carried forward to fund future Major Project spend £110k. Adur Community Grants late approval of remaining budget allocation requests for carry forward
	83	(214)	(266)	
Allocation of Joint Variance		176	346	Share of joint services allocated 40:60 to Councils
Total Variance	522	(1,259)	(1,144)	

Outurn 2019/20

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

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Description of Significant Variations
Director of Communities				
Env Health - Housing	-	(69)	(55)	ADUR & WORTHING: Home Improvement Assistance (HIA) - Fees Income is based upon size and number of grants approved. Due to the scale of Better Care Fund (BCF) allocation, a discretionary Disabled Facilities Grant (DFG) policy has been introduced that has increased the size and number of grants. An ongoing review has also improved turnaround.
Housing Needs			(103)	Sourcing of more affordable units and the success of the opening doors scheme has reduced costs in latter part of the year.
Environmental Services - Waste & Cleaving	140			The projected overspend increased as the ongoing impact of the revised Refuse and Recycling scheme's decisions post approval played out. There was an additional HMO round required and a continued weekly service for some flats within the authorities.
Parks & Foreshore	(90)		(86)	Savings due to the Parks service going through a service redesign.
Bereavment Services			134	Due to the increasing number of direct cremations, this is impacting on the Crematorium income as the switch from inhouse service to delivery only has had a large impact. Income from memorials has continued to decline.
Director of Digital and Resources				
Parking Services			165	The majority of the swing since quarter 3 has been the impact of COVID 19 on the parking budgets, plus some additional costs from service contracts.
Digital & ICT	136			A number of legacy technologies overdue for replacement, required reinstatement of support and maintenance agreements to ensure continuity of service, incurring unforecasted spend.
Revenue & Benefits		209	189	Court costs and Overpayments income continues to decline and there write-offs in quarter 4. Adur variance includes the final settlement costs associated with the Census termination which exceeded the provision.

Outurn 2019/20

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

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Description of Significant Variations
Finance	52	51	49	JOINT; Costs arising from the implementation of the new finance system, including training costs. ADUR; reduction the allocation of Surveyors and Engineers costs to capital. WORTHING; Pension strain costs higher than budget.
Director of the Economy				
Major Projects and Investment (Estates)		59 (221)	135 (393)	Projected income from property investments less than originally projected Costs in connection with property purchases in year have now been capitalised.
Head of Culture (Theatres)			108	Final costs related to the transition of the service to WTM trust.
Place and Economy		(95)		ADUR: Increased income from Markets and Bus Shelter Advertising above projection.
Cross Cutting services				
Maintenance	79	(84)	(207)	JOINT: increased corporate maintenance costs were included in the Adur & Worthing Q3 forecast. ADUR & WORTHING: maintenance projections lower than forecast.
Vacancy Provision	95			Shortfall in meeting target provision not projected.
Corporate Budgets		(103)	(211)	Pay & inflation budgets set aside to increase reserves and plus grants received.
Other		(93)	(17)	Includes underspends on budgets to be carried forward to 2020/21 - Business Development Funds and Major Projects.

	(Under)/ Over Spends £'000
<u>Variations in Income and Running Costs:</u>	
Rental & Service Charge income - additional income due to 53rd week in 19/20.	(251)
Rental & Service Charge void loss - additional loss due to 53rd week and Ashcroft decant	36
Service charge income from leaseholders	(71)
Staff vacancies - Repairs & Maintenance and Tenancy Support	(99)
Repairs & Maintenance - over spend on responsive and void works	364
Repairs & Maintenance - saving on planned maintenance contracts	(62)
Legal costs in respect of contractual dispute	111
Council Tax - increase due to extended void periods due to Ashcroft decant	21
Utilities - Sheltered properties	13
Transfer Incentive Scheme budget not fully spent	(22)
RTB sales - income retained for administration costs - unbudgeted	(16)
Provision for Bad Debts - increase in provision due to increased total arrears and associated increase in % BDP rates as debts age.	58
Insurance premiums on premises	13
Internal recharge allocations	(6)
Other	(7)
TOTAL VARIATION IN RUNNING COSTS:	82
<u>Variations in Treasury Management and Capital Costs:</u>	
Interest payable - under spend due to reduced borrowing costs	(47)
Depreciation - reduction due to change in asset valuation methodology	17
Interest receivable - reduction due to higher level of reserves than anticipated	(39)
TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:	(69)
TOTAL VARIATION:	13

Appendix 6

Proposed Carry Forward of Unspent Budgets within Adur District Council	
Wellbeing: WHAT worker post funding approved Executive Member for Health & Wellbeing on 9 March 2020.	£ 14,000
Digital: Business Development Fund – Projects to take forward business transformation initiatives.	66,700
Total carry forward proposals for Adur District Council	80,700

Appendix 6

Proposed Carry Forward of Unspent Budgets within Worthing Borough Council	
Economy: Committed to take forward initiatives set out in 'Platform for Our Places – Priority One Prosperous Places'	£ 110,000
Digital: Business Development Fund – Projects to take forward business transformation initiatives.	47,500
Total carry forward proposals for Worthing Borough Council	157,500



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 July 2020
Agenda Item 10

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

Impact of Covid 19 on the Council's finances - Update on current financial performance and developing a revenue budget for 2021/22

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

1.1 The purpose of this report is twofold:

- To update members on the impact of the pandemic on the Council's budgets in the current financial year; and
- To brief members on the possible impact on future years of the issues identified and to propose a budget strategy for the development of the 2021/22 budgets.

As such this is a very different report than those presented in past years, one which considers current events and identifies how these may influence future financial years.

1.2 Whilst the Councils are long accustomed to budgeting in periods of uncertainty, 2020/21 is an unprecedented year. At present we have no clear idea of how long the pandemic will continue to affect our communities and our economy. The fairer funding review has now been deferred for a year, but the councils do not know what will replace it for 2021/22; homelessness is on the rise, but forecasting this trend forward remains difficult; and inevitably the difficult economic climate will influence a number of budget lines, from Council Tax revenues to income for services such as trade waste.

1.4 Both Councils now are forecasting significant financial impacts for 2020/21 as a direct result of the pandemic:

- Adur - £381,350 (£500,000 relates to leisure provision)
- Worthing - £1,534,650 (£1,051,900 relates to car parks)

Whilst this report is not a full budget monitoring report, the key financial pressures identified and the implications for the future are discussed in detail below in section 3 of the report. There will inevitably be some underspends identified in the detailed budget monitoring which will improve this position.

1.5 The Council has had a clear strategy for facing the challenges of rapidly changing local government finance. It is now important to build on this strategy to meet the new and emerging challenges.

1.6 Now more than ever, careful financial management is required to ensure that we manage both the in-year pressures and the implications for the future, whilst driving forward with Platforms for Our Places to help regenerate and renew our places. Our strategy will need to include managed and prudent increases in council tax, and a clear focus on driving efficiency and productivity.

1.7 This report aims to set out how the Councils will address the immediate challenges of the Covid 19 emergency and the changing financial climate over the next 10 years, outlining the revenue forecast and setting out our strategic response to the challenges ahead. With the detailed budget proposals for 2021/22 coming forward to the Joint Strategic Committee in December, this report sets out the broader context for the detailed work that will be undertaken over the intervening months.

1.7 As set out in the following pages, the Councils will be increasingly reliant on council tax income, business rate income, and our own income generating services. Our Councils have a good track record in innovation, working creatively in partnership, transforming our digital capabilities and putting the customer at the heart of our services, so that we have capacity to continue to deliver our aspirations for our Places.

1.8 Our strategy, 'Platforms for our Places: Going further' was approved by the Councils in February 2020, sets out how we can play an even greater role in helping to shape the future of our places. The 5 'Platforms' that provide the direction for all our work are:

- Prosperous places
- Thriving people and communities
- Tackling climate change and supporting our local environment
- Good Services and new solutions
- Leadership of our Places

Elsewhere on the agenda, the report titled 'And Then' updates members on how the emergency has shaped the delivery of these priorities.

- 1.9 Work has been underway for some time to address the financial challenge in 2021/22 and beyond. This will continue over the summer and autumn, and the Operational Leaders Group (Heads of Service) will be working with the Councils Leadership Team to produce new service plans designed to deliver a balanced budget over the next 3 years. The outcome of the service planning process will be presented to the Joint Strategic Committee for approval in December 2020 as part of the development of the 2021/22 budget.

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- (a) Note the impact of the current emergency on the 2020/21 budget and the actions taken to mitigate the pressures identified;
- (b) Note the report and the outline 5-year forecasts in Appendix 3;
- (c) Approve the proposed budget process as set out in section 6 of the report;
- (d) Approve a budget of £125,000 to deliver a disposal programme for the two Councils funded from the capital receipts generated utilising the capital flexibility regulations;
- (e) **Recommend** to the Councils to approve the Budget Strategy for 2021/22 outlined in Section 9 of the report.

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

3. Current position in 2020/21

3.1 Summary

3.1.1 The impact of the Covid 19 outbreak is putting the councils under significant financial pressure and as members are aware the Councils do not have substantial reserves with which to mitigate this risk. It is currently estimated that the Council will have the following reserves available to manage the shortfalls emerging:

	Adur	Worthing
Summary of available reserves:	£	£
Working balance	518,773	868,625
Earmarked reserves	610,778	2,251,714
Unallocated 2019/20 underspend	1,065,300	785,500
Estimated balance as at 1/4/2020	<u>2,194,851</u>	<u>3,905,839</u>

3.1.2 The main factors that sit behind this financial position are detailed below but unless the council manages its budgets effectively over the forthcoming financial year, there is a possibility that the reserves will fall to a critically low levels. The current level of government support is not enough to cover our losses in the first three months, and currently it is estimated that without further government support we will use an average of £110,800 of reserves per week (Adur £28,200 , Worthing £82,600) over the next three months (July - September). At this pace of use, our reserves would become largely exhausted towards the end of this financial year - although this is very much a worse case scenario and not our current planning assumption.

3.1.3 Overall both Councils will experience significant budget shortfalls in 2020/21 net of known government support of at least:

- Adur - £381,000 (£500,000 relates to the provision of leisure)
- Worthing - £1,535,000 (£1.1m relates to car parks)

This is based on our current understanding of the funding available to Local Councils and on an assumption that the current level of restrictions will be in place for at least three months with a gradual easing over the following three months. There is dialogue with MHCLG on the current risks to all Councils, however in the short term our current assumption is that the support will be limited to the funding that has been already announced.

The main issues that the Councils are currently facing can be summarised as follows:

Financial pressures in 2020/21	Adur £	Worthing £	Total £
Income reductions			
Car parking	233,270	1,051,880	1,285,150
Trade waste	20,850	67,940	88,790
Other income losses	100,750	227,180	327,930
Cost impacts			
Homelessness	11,100	500,000	511,100
Leisure	500,000	561,030	1,061,030
Emergency costs	73,780	108,520	182,300
Pay rise	81,000	117,000	198,000
Additional staffing costs	27,000	48,000	75,000
Total costs	1,047,750	2,681,550	3,729,300
Government funding	-666,400	-1,146,900	-1,813,300
Net costs	381,350	1,534,650	1,916,000

However, the situation remains very fluid, and so the position will inevitably change over the coming months as new cost pressures emerge (or dissipate); our understanding of the recovery improves; or the duration of the current emergency is shorter or longer than expected.

3.2 Expected impact on income

3.2.1 We already know that the Councils will see a deterioration in commercial income across a large number of budget headings - From car parks to sports, we have seen a sudden decline in the income received. The extent of the loss remains difficult to quantify at this point in time due to the uncertain nature of the duration and severity of the current measures. The most significant commercial impacts are detailed below. These have been updated for the latest information :

- Car Parks

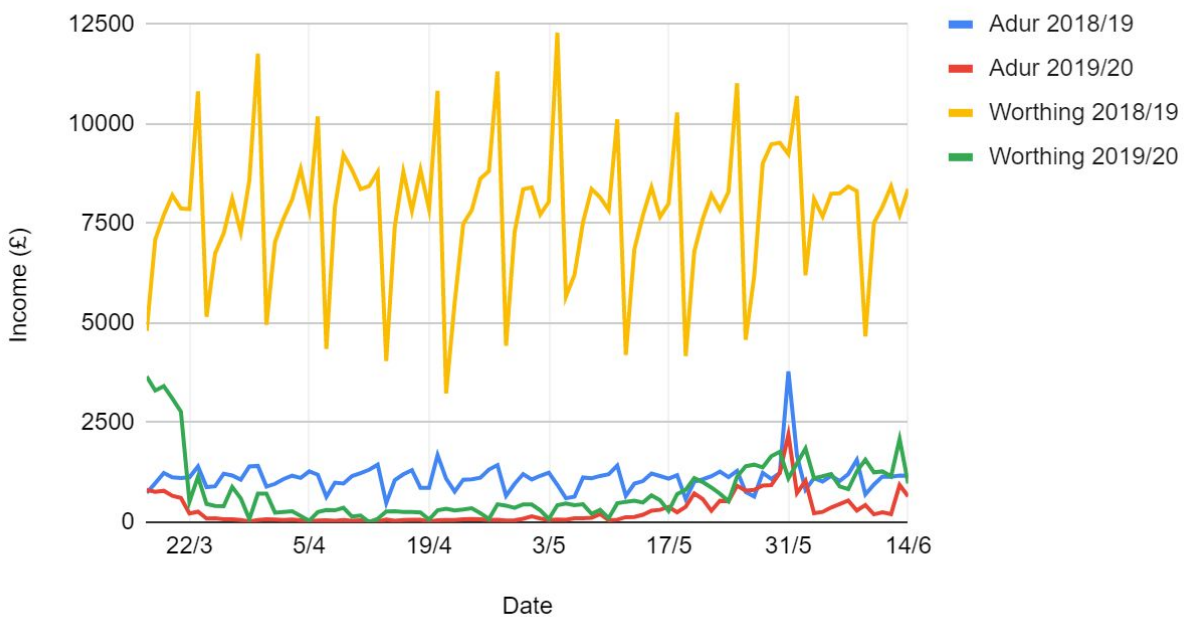
Car parking has reduced dramatically. In the last two weeks of March, income had fallen by an average of 80.6% for Worthing and 72% for Adur. This trend has continued, with income now at an average of 8.14% for Worthing and 25.86% for Adur of the 2019/20 levels. This is probably the

most immediate and significant impact to our overall position, particularly for Worthing, as both Councils benefit from substantial income from this source (Adur £0.5m Worthing £2.9m per year). Now that the restrictions are being lifted it is likely that it will take some time for the income to recover, particularly if the restrictions are gradually eased to help manage the impacts on the health service.

In addition to the above, we had intended to introduce a new town centre worker deal which was expected to generate a £90,000 income for Worthing. However, this fee restructuring has now been delayed and is unlikely to be implemented this year.

Currently Worthing Borough Council is losing an average of £47,800 per week and will face a shortfall of £1.1m over the next 12 months based on an assumption that the use of the car parks will gradually improve over the next three months as restrictions continue to ease. Clearly the longer the restrictions last, the more income the Council will lose. The significance for Adur is less but nevertheless £7,800 per week.

Car Parking income



- Trade Waste

The number of accounts has declined. To date the service has lost 240 customers, with an approximate weekly value of £8,310. (Adur £2,010 / Worthing £6,300). There will be cost reductions to match the lost income and at this stage it is estimated that the net impact per week will be £4,450. This

would be equivalent to an annual loss of £89k assuming that 75% of our customers return. The maximum net loss if none of the customers return would be £173,400, although the service is in regular contact with our customers to regain the lost accounts as businesses reopen, however due to the impact of the emergency measures on the business community, it is expected that not all businesses will reopen.

- **Commercial property**

The Council continues to receive requests for assistance from some tenants, although the main strategic purchases are not a cause for concern at this stage as a significant proportion of the rent has been received for these properties (100% Worthing, Adur 85%). This is being monitored carefully by our Estates team.

The main issues emerging are from smaller tenants in the historic estate. The current strategy is to consider offering monthly payment terms or deferred payment options.

However, there may be a few tenants who may need a greater level of support (e.g community and third sector, eg local sports clubs or businesses who are not eligible for various business support packages from central government). This is being considered on a case by case basis.

Fortunately we have put into place a budget to manage void risks on the Strategic Property Investment Fund (Adur £200,000, Worthing £250,000) so these will be used to manage any cost impacts this year. This will be closely monitored by colleagues across the organisation.

However, there may be longer term implications for future rental streams and it is anticipated that rental growth and future prospects may be impacted as a result of this outbreak particularly in the retail sector where we expect a deterioration in income levels for the foreseeable future.

3.3 Emerging costs:

3.3.1 In parallel to the loss of income from a number of Council Services, the Council is likely to see an increase in costs from the following areas:

1. **Impact of proposed pay rise:**

The current pay offer from the employers is 2.75%. The Council's budget allows for 2%. This will add £198,000 cost pressure in the current year and £201,000 in 2021/22.

2. **Increase costs of staffing due to the impact of self isolation on front line services such as waste collection:**

Currently there are a significant number of operatives who are in a shielded group within Waste Services and consequently unable to work. It is estimated that cover for these roles will cost £75,000 for the period of the 12 weeks.

3. **Impact of Covid 19 on the financial position of Leisure Trusts:**

Both Leisure Trusts are under significant financial pressure as a result of the closure of the facilities. However, the extent to which the Councils will need to support the Trusts will depend on several factors which are difficult to establish at the moment. These include:

- i. The extent of shut down of leisure facilities. Currently, they expect to be closed for a period of 3 months, but this could be extended significantly.
- ii. The nature of any social distancing measures when they reopen. If the Trusts have to implement extensive measures, the use of facilities and associated income will decline and they will require greater support.
- iii. The longer term impact of both the economic downturn and any behavioural changes resulting from the pandemic on the future income of the Trusts.

To help the Councils better understand both the short and longer term effects of the emergency on the Leisure Trusts, a Leisure consultant has been commissioned by the Director for the Economy to provide a detailed analysis of the current position and to advise on the likely impact for the future. However, even a 5% downturn in income will result in the need to increase the Council's contribution to the Trusts by upwards of £200k per year.

The work of the consultants to date have identified that the Trust within Adur may require additional support of at least £0.5m in 2020/21, whilst within Worthing the impact is likely to be closer to £0.6m.

The report elsewhere on the agenda considers in details the financial position of the Adur leisure provider.

4. **Housing Need**

Over the last few months Worthing Borough Council has seen a significant increase in the number of homeless families, caseload is currently 50% higher than normal and this is likely to be sustained for most of the year as the current restriction on evictions by landlords comes to an end in June.

To date the Council has only been notified of very marginal funding for homeless issues and currently expect to receive funding of £11,250 for this work (Adur £1,500 Worthing £9,750).

However, within the Council's existing budgets, we have allowed for some contingency funding which will partially offset the increased costs in 2020/21. Looking ahead to 2021/22, unless accommodation can be sourced for those residents made homeless by the current emergency, Worthing Borough Council will face additional costs in the region of £0.5m.

5. **Emergency spend**

As part of the emergency, the council has had to fund a number of initiatives to support the local community and to ensure that the Council could continue to work effectively during this period. These are essentially one-off items and include:

a. **Food Depot**

The Council set up a Food Depot to support local food banks and vulnerable groups who are not catered for by WSCC and the NHS and has now closed this provision during June. The Council has incurred both transport and supply costs as part of this initiative. This is currently being established but preliminary estimates would indicate a cost of between £1k - £2k per week.

b. **Additional digital tools and equipment**

To enable staff and members to work safely from home the Council had to invest in a number of new software products including Zoom which is used for Council meetings. In addition, the Council has acquired a number of additional laptops and associated equipment to enable staff to work from home.

c. Revenues and benefits

The Revenues and Benefits service has two separate challenges:

- Due to the government support to both the business community and the residents, new business rate and council tax bills need to be produced reflecting the new reliefs.
- The service is experiencing an increase in applications for Council Tax Support and Housing Benefit.

To address the increase (and the need to process effectively) additional temporary members of staff have been employed at an estimated cost of £55,900.

d. Crematorium

The Council has purchased grave shoring equipment so that graves can be pre prepared at a cost of £20,500. With the extension to the operating hours, the service will incur overtime payments although it is currently expected that we will be able to recoup these via the charges paid for the service. Further work regarding the position of the crematorium will be undertaken over the next months.

3.4 Update of Government Funding

3.4.1 The Government has announced a number of funding streams to address the various issues arising from the current emergency which are detailed in Appendix 1 to this report. Many of the funding streams can only be used for one purpose, however overall they represent a substantial level of support to the local community.

	Adur £'000	Worthing £'000	Total £'000
Business Support Grants	17,600,000	26,100,000	43,700,000
Hardship Funding	453,180	709,580	1,162,760
Homelessness support	1,500	9,750	11,250
Reopening High Streets Safely	56,760	98,170	154,930
Total specific funding received	<u>18,111,440</u>	<u>26,917,500</u>	<u>45,028,940</u>
Emergency Funding			
Tranche 1	31,120	47,420	78,540
Tranche 2	635,280	1,099,480	1,734,760
Total general support received	<u>666,400</u>	<u>1,146,900</u>	<u>1,813,300</u>

Total funding received

18,777,840 28,064,400 46,842,240

3.4.2 Nevertheless, the level of general funding available to the Councils remains insufficient to address the cost pressures emerging from the emergency.

3.5 **Strategy to manage the financial position for 2020/21:**

3.5.1 Given the severity of the financial position, CLT have already approved a number of measures to support the 2020/21 budget position. These include:

- No carry forward of unspent 2019/20 budget - Carry forwards only to be submitted to members for approval, if agreed by the Chief Executive. All unspent budget in 2019/20 is to be used to support the 2020/21 budget.
- Suspension of all non-essential recruitment. All recruitment activity is to be approved by a Director and, if at all possible, posts should not be filled until such time as the Councils are on a more secure financial footing.
- All discretionary spend is to be deferred where this does not undermine the recovery effort including:
 - any non-essential planned maintenance works; or
 - projects that are not contractually committed to, externally funded, or are an invest to save initiative.
- Continue to lobby MHCLG for additional funding both in the current financial year and for future years.

The duration of any of these measures depends on the length of the current crisis, the extent of the actual cost impacts over the coming months, and whether any additional funding is forthcoming from the government. Consequently they should be viewed as interim measures to manage current risks and to give time for a strategic review of emerging priorities. These can be eased back once the Councils have a firmer understanding of the cost impacts and funding levels.

4. **2021/22 and beyond**

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

- 4.2 However, the financial pressure continues with the current emergency presenting the Councils with new challenges. Revenue support grant has already disappeared; the conditions attached to New Homes Bonus will mean that this will reduce as a resource in the future and is being phased out from 2020/21 onwards; and the Councils expect a reduction in the level of retained business rates when the business rate system is eventually reset. Local Government funding has changed considerably since 2010, and the pace of change is set to continue with the proposed changes to the business rates system and the new distribution of needs-based funding.
- 4.3 Members are being asked to consider the budget strategy at an early point in the year to enable the Councils to plan ahead. There are clear advantages in this approach, not least because it gives members and officers a good understanding of the overall financial position of the Council as well as giving sufficient time to consider how the challenges identified will be met.

4.4 **Long term impacts of the Covid 19 emergency**

It is now becoming clear that some of the issues identified in 2020/21 will have an impact on the next financial year. Whilst it is too early to be certain about the full long term implications of the current emergency, there are a number of pressures already identified which will impact on the following financial years, particularly on the development of the 2021/22 budget and which the Councils should prepare themselves to address.

However, the Government has announced a delay to the fairer funding review which will help mitigate the impact in 2021/22 which is discussed more fully below. Core to the assessment of the impact of the delay, is an assumption that the New Homes Bonus will be phased out as originally expected.

Overall, the following changes have been identified as a result of the pandemic:

Adur District Council	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Impact of salary increase	82	84	86	88
Impact of delay to fairer funding review				
Retention of housing grants	-94			
Retention of business rates	-256			
Additional support for leisure provision (tbc)	200	200	200	200
Reduction in commercial income	76	76	76	76
Reduced income from Council Tax due to an increase in Council Tax support	71	72	73	74
Impact of Covid 19 pandemic	79	432	435	438
Worthing Borough Council	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Impact of salary increase	119	121	123	125
Impact of delay to fairer funding review				
Retention of housing grants	-152			
Retention of business rates	-170			
Contingency for other Covid 19 cost pressures	300	300	300	300
Reduction in commercial income	280	280	280	280
Reduced income from Council Tax due to an increase in Council Tax support	76	78	80	82
Increase in homelessness (tbc)	500	500	500	500
Major projects:				
Reduction in commercial rental income in Montegue Street (had expected to lose rental income in 24/25)	142	142	142	
Impact of Covid 19 pandemic	1,095	1,421	1,425	1,287

In addition to the issues identified in section 3 above, the main financial impacts arising from the Covid 19 emergency which are expected to impact the medium term are:

- **Council Tax Support Claimants**
As a result of the economic downturn, the number of Council Tax Support claimants is beginning to increase. Overall an increase of 10% has been allowed within the estimates. The increase in the number of Council Tax

claimants will result in a fall in Council Tax income to the collection fund both in the current financial year and in 2021/22. The resulting deficit from 2020/21 will have to be funded as part of the 2021/22 budget. We will not have a clear idea of the impact of any increase to claimant numbers until late Summer, however there is currently an increase of approximately 4% in working age claimants.

- Commercial Income

The Councils are experiencing a sharp decline in Commercial Income at the moment. Some of the services offered are targeted at the business community or depend on the strength of the local offer in the Town Centres. Some local businesses may not survive the current Covid 19 shutdown, and so the income to services such as the car park and waste may take time to recover beyond the 3 months assumed within the forecast. The Council may have to deal with a legacy into 2021/22 and for the purposes of planning, we are assuming a 10% reduction in car parking fees and a 25% reduction in the income from cancelled commercial accounts.

- Commercial Property

The current economic slowdown will inevitably have an impact on the Councils property portfolio. There are two separate issues which will need to be addressed:

- a) The value of our property portfolio will decline, and it may have a value lower than the associated debt in the short to medium term.
- b) The economic slowdown may impact on future rental yields when these are renegotiated.

Within the retail part of the portfolio, a number of businesses have already become bankrupt and surrendered their leases on Montague Street, and some of the remaining retail properties will be seeking lower rental as part of the renewal of leases. Whilst Worthing was expecting to lose this income when the site was eventually redeveloped in 2024/25, this will add additional pressure into the earlier years. Given the timescales on the redevelopment, it is unlikely that the vacant units will be relet.

4.5 Funding from taxation

4.5.1 National context and external factors

Since 2010, the Councils have seen a considerable reduction in the level of funding from the Government. For 2020/21, there was a 1 year settlement with a full Comprehensive Spending Review planned for this financial year.

The Chancellor's Budget on the 11th March launched the Comprehensive Spending Review 2020 (CSR), setting out the overall level of public spending within which the CSR would be delivered. The CSR was due to conclude in July and would set out detailed spending plans for public services and investment, covering resource budgets for three years from 2021-22 to 2023-24 and capital budgets up to 2024-25.

However this was subsequently delayed on the 24th March due to the emerging crisis and the timescales for this review are now very uncertain.

4.5.2 Reform of Local Government Finance

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

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

However, this review is now delayed until next year at the earliest. The Government remains committed to reform, however they have delayed the current review in the light of the uncertainties caused by the Covid 19 emergency.

4.5.3 The Councils will have a clearer picture of the likely changes for 2021/22 later in the year. However in the absence of both the CSR and the fairer funding review, changes to the current funding regime are likely to be marginal for 2021/22 to give local authorities time to address the pressures emerging from the pandemic.

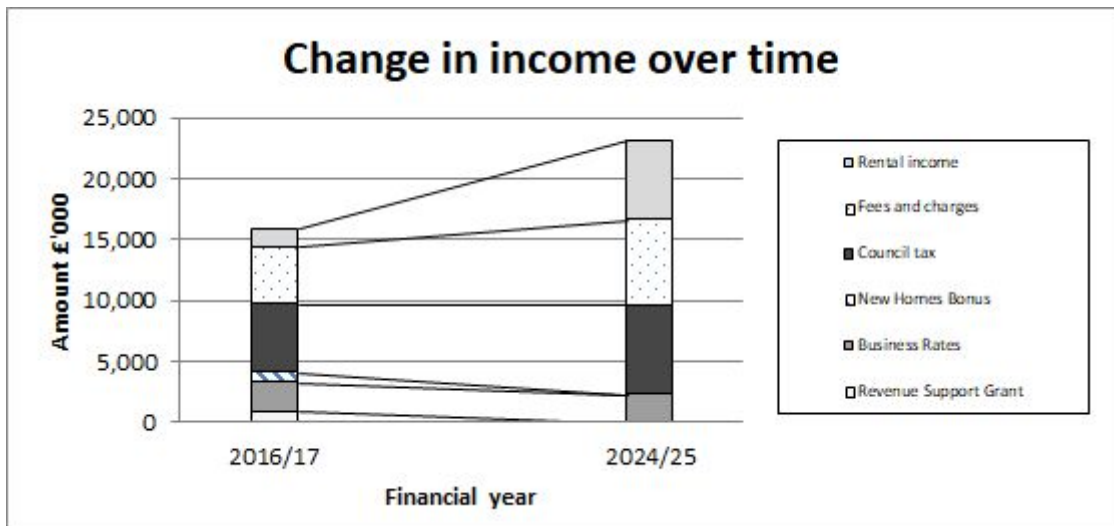
4.5.4 However as part of the Budget 2020, the Government have announced a fundamental review of the business rate system. In the light of this, the business rate revaluation planned for 2021 has been deferred. The government continues to work on the fundamental review of business rates, with the key aims of reducing the overall burden on businesses, improving the current business rates system, and they are considering more fundamental changes in the medium-to-long term. The call for evidence for the review will be published in the coming months.

4.5.5 The changes to how the Councils are funded:

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

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

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



(Using Adur as an example) -

These changes to local government funding have influenced how the Councils view both the building of new homes and the creation of new employment space. The Councils are taking an increasingly proactive role in stimulating the local economy through the Platforms for Our Places strategy, whether this is through the provision of office space to attract high quality employers or through working with business to facilitate the development of sites within the areas to stimulate the economy.

4.5.6 Income from Business Rates

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

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

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

The forecasts contained within the report are based on the current business rate system but with the assumption that there will be a 50% loss of surplus Business Rate income from 2022/23 onwards, however this is dependent on the progress of the CSR and the Fairer Funding Review (FFR). This is an improvement on previous forecasts which had assumed that the Councils would receive less business rate income in 2021/22 due to the implementation of the FFR.

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

1. The 'Tariff':

Whilst the Councils are entitled to retain 40% of all business rate income, they are then obliged to pay over a substantial element of these retained business rates to the Government via an adjustment known as the Tariff. The 'Tariff' is due to be reset as part of the fairer funding review as the assumption for budgeting purposes is that this will increase by inflation for 2021/22. However the scale and timing of any adjustment to the tariff beyond 2021/22 is difficult to quantify at the moment due to the uncertainties around the fairer funding review.

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

Every year the Councils are set a target by the Government of how much business rates to collect. If this target is exceeded, the Council can keep 20% of the extra income in addition to the baseline funding amount. If there is a shortfall, then the Councils will have to make up 40% of the difference, although the maximum loss of income is limited to 7.5% of baseline funding.

The Councils have developed a five year model for business rate income which underpins the medium term financial plan. This includes the impact of larger developments currently being built, known changes to the

rateable values and any new charitable reliefs being awarded. A summary of the expected additional business rates is detailed below:

Adur	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Baseline funding	1,767	1,802	1,838	1,875	1,913	1,951
Retained surplus rates	314	560	336	342	345	353
Total business rate income kept locally	2,081	2,362	2,174	2,217	2,258	2,304
Net business rate income collected	18,551	18,296	18,659	19,019	19,377	19,779
Percentage retained locally	11.22%	12.91%	11.65%	11.66%	11.65%	11.65%

Worthing	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Baseline funding	2,693	2,747	2,802	2,858	2,915	2,973
Retained surplus rates	649	481	343	347	350	359
Total business rate income kept locally	3,342	3,228	3,145	3,205	3,265	3,332
Net business rate income collected	32,507	31,516	32,145	32,766	33,383	34,075
Percentage retained locally	10.28%	10.24%	9.78%	9.78%	9.78%	9.78%

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. For 2020/21, both Councils have been affected by two national issues:

- ATM's in shops had previously been rateable. Due to a national challenge, these are no longer liable for rates reducing the income to both Councils.
- Purpose built doctors surgeries are being revalued downwards with a loss of about 1/3rd in value.

One of the features of this system is that the Councils determine how much Business Rate income that they are entitled to from the Collection Fund at the outset of the new financial year. Once set, this total cannot be changed irrespective of any changes to the net business rate income

within the year. Any surplus or deficit, due to changes in the business rate income, will be adjusted for in future years. This is similar to how Council Tax is treated.

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

- The Parcelforce site in Adur – Expected completion date is September 2020.
- New Monks Farm site in Adur – A planning application has been approved. The proposal includes a new IKEA store which is likely to be constructed over the next 2 – 3 years and will potentially benefit Adur from 2022.
- Free Wharf, Western Harbour Arm in Adur includes new commercial floorspace and is likely to start later in the year and be completed by 2021
- Union Place in Worthing – The development will take 3 – 4 years to complete once planning permission has been granted.
- Teville Gate in Worthing – A planning application is expected by the end of the year. The development will take 3 – 4 years to complete once planning permission has been granted.

Clearly, if the business rate income improves in 2020/21, then the increase could be used to support the budget in 2021/22. An update to the likely surplus or deficit will be undertaken later in the year.

4.5.7 New Homes Bonus

The Coalition Government introduced the New Homes Bonus (NHB) in 2011/12 which was specifically targeted at rewarding increases in the number of homes included in the Council Tax base, dealing with empty properties, and increasing the supply of affordable homes.

This scheme is now being phased out, with the New Homes Bonus generated in 2020/21 being paid for one year only (Adur £76,610 and Worthing £437,380). Given the transitional nature of the 2020/21 funding, the NHB awarded for 2020/21 was not used to balance the budget. Instead this grant has been set aside to fund projects arising from 'Platforms for our Places - Going Further (2020-2022)' which is released in consultation with the Leader of the Council.

New Homes Bonus	2020/21	2021/22	2022/23	2023/24 and beyond
	£'000	£'000	£'000	£'000
Adur	11	10	10	0
Worthing	524	290	68	0

4.5.8 Council Tax

Council Tax is now the Councils' major source of general income from taxation. By 2021/22 it will be over 75% of the total general income received by Adur District Council and 72% of the income received by Worthing Borough Council. Consequently, there is an ever increasing strategic significance to the annual debate of how much to increase the Council Tax by.

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

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

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

However, the decision whether to freeze Council Tax is a finely balanced one. The Councils have a policy of keeping Council Tax low and the cost of freezing council tax in any particular year is fairly low, but the cumulative impact is more significant. Therefore the Councils are faced with the dilemma of increasing Council Tax or finding additional savings to support a Council Tax freeze. This is particularly pertinent in the next two years when the Councils have to find savings of over £4.3m.

Finally, Members are reminded that there is a referendum limit. The limit announced last year was the higher of 2.00% or £5.00 per Band D property. At this time we do not know the referendum limit for the 2021/22 Council Tax increase. The Consumer Price Index (CPI) is currently falling and was at 0.8% in April 2020. Consequently for the purposes of planning it is assumed that the limit will be retained at 2%. A 2% increase would be equivalent to £6.11 per Band D property in Adur and £4.85 per Band D property in Worthing per year.

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 £64,020 in Adur and £95,630 in Worthing for 2021/22.

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

2021/22	2022/23	2023/24	2024/25	2025/26
2.0%	2.0%	2.0%	2.0%	2.0%

4.6. Other budget pressures in the next 5 years

4.6.1 In addition to the pressures identified above, 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:

4.6.2 ***Pay and Prices***

4.6.2.1 The largest source of immediate cost pressure in any given year comes from inflation. General inflation is currently at 0.8% (CPI) which is below the target 2% set by the Bank of England.

4.6.2.2 In addition to general inflation, the Council will need to allow for any pay award for 2021/22. Given that the award proposed for 2020/21 is currently 2.75%, for the purposes of the budget, the Council is assuming that pay inflation would be in line or marginally higher than general inflation at 2%.

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

	2021/22	2022/23	2023/24	2024/25	2025/26
	%	%	%	%	%
Pay*	2	2	2	2	2
Supplies and Services	1	2	2	2	2
Income	2	2	2	2	2

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

Adur	Worthing	Joint Strategic Committee
£'000 10	£'000 15	£'000 230

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

Overall net pay and price inflation is expected to add to the 2021/22 base budget over the next 5 years as follows:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Adur*	353	651	947	1,235	1,528
Worthing*	468	920	1,371	1,812	2,262
Note:					
Joint Services * (included above)	881	1,584	2,283	2,966	3,663

Income is assumed to increase by 2.0% in 2021/22 which will help to offset the inflationary pressures.

It is difficult to be certain about inflation for 2021/22 at this early point in the year. A 1% difference in the inflation assumptions is equivalent to:

	Adur	Worthing	Joint
	£'000	£'000	£'000
Pay	6	8	249
Supplies and Services	23	110	12
Income	-33	-96	-24
Total	-4	22	237
Share of joint inflation	95	142	-137
OVERALL TOTAL	91	164	-

4.6.3 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 £1.5m per year for Adur District Council and £2.5m for Worthing Borough Council. This reflects concerns about affordability in the medium term balanced with the need to invest to maintain the Councils asset stock as identified within by the condition surveys.

The recent downturn in interest rates combined with more realistic project profiling has reduced down the cost of the capital programme over the next few years.

In addition, within the capital strategy, Adur District Council has allocated £5.6m in 2021/22 and £5.6m in 2022/23 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)

4.6.4 Interest rates

The bank interest rates have recently fallen and the base rate is 0.1%. These are unlikely to rise until 2021 at the earliest. These will influence both the returns that the Council is likely to get on any cash investments and the cost of any borrowing associated with the capital programme. 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:

	2021/22	2022/23	2023/24	2024/25	2025/26
Average interest yield	0.92%	1.17%	1.42%	1.67%	1.92%

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

4.6.5 Impact of Platforms for our places:

4.6.5.1 Contained within the Medium Term Financial Plan are a number of commitments relating to the delivery of Platforms for our Places. In summary the amounts provided are:

Impact of Platforms for our places	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Adur District Council					
Gigabit Project	43	43	43	43	43
Measures to reduce waste	0	72	72	72	72
Western Harbour Coastal defences	58	58	58	58	58
Total	101	173	173	173	173

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Worthing Borough Council					
Gigabit Project - financing costs and public wifi	64	64	64	64	64
Measures to reduce waste	0	128	128	128	128
Refurbishment of High Street Car Park - Financing costs	4	50	259	259	259
Refurbishment of Buckingham Road car park - Financing costs	60	192	192	192	192
Worthing Integrated Care Centre - closure of Town Hall car park	59	59	59	59	59
Brooklands improvement programme - net costs	20	27	43	43	43
General provision for future impact of major projects including the redevelopment of the Grafton Site	0	273	330	487	644
Total	207	793	1,075	1,232	1,389

4.6.5.2 Waste initiatives

Currently across the County 52% of all waste is recycled. The Councils recycle 45% locally.

The Councils are also actively considering a range of other waste recycling and minimisation initiatives in accordance with the national waste strategy. A provision of £200k per year for the cost impact of new measures to improve recycling collection rates across the two Councils is allowed for from 2022/23 onwards, although the final cost will depend on the a number of factors including the amount of Government funding available and whether there will be any funding via WSCC for initiatives that reduce landfill

4.7 Councils' Budget and Shortfall:

4.7.1 A summary of the position for 2021/22 is therefore:

	Adur £'000	Worthing £'000
Main cost pressures:		
Inflationary pressures in excess of the likely increase in Council Tax	207	238
Impact of Covid 19:		
Impact of increased Council Tax Support claimants	71	76
Increase in demand for homelessness accommodation		500
Contingency for other pressures associated with Covid 19 emergency.	200	300
Reduction in commercial income	76	353
Overall change due to Covid 19	347	1,229
Changes in funding from Government		
Change in retained business rates	-281	114
Change in New Homes Bonus	1	234
Total change to funding from Government	-280	348
Impact of funding platforms:		
Reduction in commercial rental income		142
Gigabit Project	43	64
Refurbishment of High Street Car Park - Financing costs		4
Refurbishment of Buckingham Road car park - Financing costs		60
Worthing Integrated Care Centre - closure of Town Hall car park		59
Western Harbour Coastal Defences - Financing costs	58	
Brooklands improvement programme - net costs		20
Overall impact of funding Platforms	101	349
Other items:		
Net impact of the capital programme	-260	-340
Impact of reduction in interest rates on investment income	220	87
Removal of surplus / deficit on the collection fund	-9	-31
Reduction in pension costs	-95	-142
Other items	39	53
Contingency	70	90
Provision for new growth items	70	90
Overall savings to be met by the budget strategy.	410	1,971

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

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

	2021/22	2022/23	2023/24	2024/25	2025/26
ADUR*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	410	927	1,279	1,511	1,858
Annual shortfall	410	517	352	232	347
Total net budget	8,976	8,937	9,131	9,317	9,522
Annual savings as a percentage of overall net budget (%)	4.57%	5.78%	3.86%	2.49%	3.65%

	2021/22	2022/23	2023/24	2024/25	2025/26
WORTHING*	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,971	3,383	4,161	4,881	5,557
Annual shortfall	1,971	1,412	778	720	676
Total net budget	13,196	13,124	13,354	13,658	13,976
Annual savings as a percentage of overall net budget (%)	14.94%	10.76%	5.83%	5.27%	4.84%

	2020/21	2021/22	2022/23	2023/24	2024/25
JOINT SERVICES**	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	588	1,385	1,713	2,260	2,819
Annual shortfall	588	797	388	547	559
Total net budget	23,139	23,139	23,602	23,838	24,076
Annual savings as a percentage of overall net budget (%)	2.54%	3.44%	1.39%	2.29%	2.32%

5. Reserves Position

Both Councils have an established policy to maintain balances at a minimum level of 6% and a maximum level of 10% of net expenditure. However, the working balance was increased substantially at the end of 2019/20 to manage the risks associated with the pandemic with the expectation that this would be used during 2020/21 to manage the financial losses resulting from the emergency. The level of General Fund working balance as at the 1st April 2020 is:

	Adur	Worthing
	£'000	£'000
Working balance	1,597	1,705
Net budget	8,612	13,359
Percentage held	18.54%	12.76%

The working balance has been deliberately increased in 2019/20 to help fund the consequences of the pandemic. In addition to the General Fund reserves, the Councils can access other major reserves to help smooth the impact of Council Tax increases and levels of savings necessary:

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

The Councils have a policy of actively contributing to these reserves in 2020/21 by proactively managing the inflation provision. In addition, where possible, the Councils are opting to use the ability to use capital receipts to fund initiatives which make on-going savings (capital flexibilities) to further protect the reserves position. It is estimated that the balance available to support the budget will be:

	Adur District Council		Worthing Borough Council	
	Balance as at 31-Mar-20	Uncommitted resources*	Balance as at 31-Mar-20	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	337	256	1,361	1,203
Special and other emergency expenditure reserve	60	60	0	0
Total	497	316	1,361	1,203

* This allows for approvals to use the resources from 2020/21 onwards including the funding of any carry forward requests.

6. Options for addressing the budget gap in 2021/22 and beyond

6.1 The Councils will need to identify significant savings or deliver income growth over the next 5 - 10 years to balance the budget, particularly if the Councils want to deliver on the initiatives detailed in Platforms for our Places. The savings process to be followed for the development of the budget has four stages:

1. Directors are responsible for identifying proposals to meet a significant proportion of the savings targets which are to be considered by Council Leadership Team in the autumn.
2. A "Budget Reference Group" (joint Executives) will consider the proposals identified to meet the 2021/22 budget shortfall which fit with the Councils' priorities.
3. The savings proposals are then considered by Joint Overview and Scrutiny Committee with a view to commenting on those which will impact on the Worthing Borough Council budget. Joint Overview and Scrutiny Committee can also add to the list of proposed savings with additional proposals 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 2021/22 budget is attached at Appendix 2.

6.2 The Councils fundamentally reshaped the budget strategy back in 2016/17, with new explicit strands of work designed to balance the budget and support the delivery of the Councils' priorities. The focus of this strategy has been to increase income generation and reduce the savings to be delivered from service reductions – nevertheless each year efficiency savings will still need to be found.

6.3 This programme will continue to be shaped over the coming months by the strategic work streams which are discussed in more detail below. The proposed targets for the main programmes of work are:

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Strategic Property Investment Fund	200	240	512	200	200	1,352
Commercial income growth	600	600	600	600	600	3,000
Digital service redesign Programme	200	200	200	200	200	1,000
Affordable housing programme	570	0	0	0	0	570
Corporate Landlord programme	190	205	205	100	100	800

6.4 Each programme of work is overseen by an internal working group as follows:

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

5. The Affordable Homes Working Group leads on initiatives to improve the supply of affordable homes and to reduce the cost of temporary and emergency accommodation.

6.5 These strands of work reflect the priorities identified as part of ‘Platforms for our Places’:

Platform 1: Prosperous places

The Councils will:

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

Per Council	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Expected cumulative return (after debt charges and allowance for voids)	100	200	300	400	500

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

Platform 2: Thriving People and Communities

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

Platform 3: Tackling Climate Change and Supporting our Natural Environment

The Councils will:

- i) Becoming Carbon Neutral by 2030

As part of this commitment, the councils will investigate options for a solar farm, and additional options for widespread solar PV. £735,680 has been allocated to deliver these and other energy efficiency improvements in the 2020/21 capital investment programme. A detailed Carbon Reduction Plan will be developed by the end of 2020 will identify prioritised interventions to deliver cost effective carbon reduction and long term cost savings. As an example, Worthing Borough Council lowered energy costs by 63% in two Worthing car parks by investing in replacement LED lighting

ii) Reducing waste, increasing reuse, recycling and composting

Engage with our communities to promote and support the zero to landfill objective thereby minimising the costs associated with meeting the 2023 recycling targets.

Platform 4: Good Services and New Solutions

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

a. Increasing the range of modern digital services:

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

	2021/22	2022/23	2023/24	2024/25 and beyond
	£'000	£'000	£'000	£'000
Annual Savings	200	200	200	200
Cumulative impact	200	400	600	800

b. Grow our commercial & traded income and external sources of funding:

There are two elements to this area of work:

- Existing fee earning services are being reviewed:
 - Services which either have fees set by central government or can only break-even by statute will be reviewed to ensure that income is sufficient to cover costs. This includes Land Charges, Building Control and Development Management.

- Services which 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.

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Annual Savings	600	600	600	600	600
Cumulative impact	600	1,200	1,800	2,400	3,000

c. Develop a Corporate Landlord approach to managing our property estate

Platforms for our Places Going Further identified the development of a Corporate Landlord approach to property management as a means to instigate a ongoing programme of modernisation and improvement in how the Councils manage its property and assets. The recently adopted Joint Strategic Asset Management Plan (JSC March 2020) is the initial step setting out clear objectives and principles around how the Councils will look to manage its assets. The programme will involve a number of workstreams to improve existing approaches:

- Finance & Budgets Workstream
- Data, Information & Compliance Workstream
- Governance Workstream
- Revenue Generation Workstream
- Asset Challenge Workstream
- Property Rationalisation Workstream

The cumulative effect of delivering these workstreams will means that the councils' land and resources will be managed as corporate resources in a holistic and strategic manner seeking to involve the right stakeholders to meet the needs and priorities of the councils. This will be a change to the historic approach, which is being explored through the corporate landlord group.

The Corporate Landlord Model means that the ownership and responsibility for the asset in terms of management and maintenance will

transfer from services to the corporate centre. The service then transitions to a customer/corporate tenant approach as a key stakeholder freeing services to focus on planning and delivery of their service area.

Corporate landlord will take responsibility for acquisition, development, management, maintenance, disposal of land and buildings but also asset planning, review and feasibility/options appraisals to ensure that assets are challenged to be working to deliver council priorities.

In advance of this change programme three initial strands of work have been identified to drive financial return to the council in the shorter term and in accordance with the recently adopted Property Asset Management Plan:

- Property Rationalisation Workstream - initiatives to rationalise the amount of accommodation and depot space used by the Councils
- Revenue Generation Workstream - Work to ensure that rent reviews are up to date and continue effectively manage the councils' estates
- Asset Challenge Workstream - Identify surplus assets which could be disposed of to reduce the borrowing costs to the Councils for other priority projects identified in Platforms for our Places Going Further.

It is expected that this programme will lever in the following savings over the next 5 years.

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Annual Savings	190	205	205	100	100
Cumulative impact	190	395	600	700	800

To take this programme forward, the Councils will need to invest in additional capacity in the organisation to identify and plan in detail a disposals programme, including undertaking investment and site appraisals.

Consequently, it is recommended that a budget of £125,000 be released funded through the capital flexibility facility, which will enable the Council to fund this work from the capital receipts released.

A further report on the proposed disposal programme will be presented to the Joint Strategic Committee in the late Autumn.

d. Effective procurement and contract management, driving sustainability and value for money

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.

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.

6.6 The Councils currently have uncommitted reserves (excluding the working balance) of:

	£'000
Adur	316
Worthing	1,203

Given the current financial position of the Councils and the level of risk associated with the current pandemic, the reserves should only be used to balance the budget for 2021/22 as a last resort. Nevertheless, 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 2021/22, but to set challenging targets for savings. This will be revisited in the autumn when the options for savings emerge and the Councils have a clearer understanding of the financial challenges ahead.

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

7. **2022/23 and beyond**

7.1 The detailed budget projections for 2021/22 to 2025/26 are also shown in Appendix 3. It is clear that many of the cost pressures identified in 2021/22 will continue on for the coming years and that there is a continuing need to make significant savings although the level of annual savings should decline once the Council has addressed the impact of the Fairer Funding Review .

	2021/22	2022/23	2023/24	2024/25	2025/26
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	410	927	1,279	1,511	1,858
Savings required each year	410	517	352	232	347
Worthing Borough Council					
Estimated cumulative savings required to balance the budget	1,971	3,383	4,161	4,881	5,557
Savings required each year	1,971	1,412	778	720	676

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

- i) Building new homes and increasing income from Council Tax.
- ii) Increasing business rates through the development of new employment spaces.
- iii) Increasing income from commercial activity;
- iv) Investing in property using the Strategic Property Investment Fund.
- v) Using the Councils assets through the asset management plan to best support the Council’s priorities.
- vi) To address the costs of homelessness through preventative measures and acquiring better value homes for emergency accommodation.

7.3 This strategy will have long term benefits. Overall as a result of the strategy adopted both Council will be able to address significant proportions of the budget shortfalls identified.

	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	410	927	1,279	1,511	1,858
Savings strategy:					
Strategic Property Investment	-100	-200	-300	-400	-500
Commercial income and commissioning	-150	-300	-450	-600	-750
Service and digital redesign	-80	-160	-240	-320	-400
Commercial landlord programme	-50	-150	-250	-280	-310
Affordable housing projects	-30	-30	-30	-30	-30
Residual savings to be identified	0	87	9	-119	-132
Worthing Borough Council					
Estimated cumulative savings required to balance the budget	1,971	3,383	4,161	4,881	5,557
Savings strategy:					
Strategic Property Investment	-100	-200	-300	-400	-500
Commercial income and commissioning	-450	-900	-1,350	-1,800	-2,250
Service and digital redesign	-120	-240	-360	-480	-600
Commercial landlord programme	-140	-245	-350	-420	-490
Affordable housing projects	-540	-540	-540	-540	-540
Residual savings to be identified	621	597	-309	-20	-64

Shown at Appendix 4 is a 10 year forecast which considers whether the current strategy will result in a more sustainable budget for the future based on known cost pressures. Whilst the next 2 to 3 years are challenging, if the Councils are successful in delivering the strategy detailed above, the financial issues faced in the future should be manageable.

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

8. Housing Revenue Account

- 8.1 The Housing Revenue Account (HRA) has a 30-year financial plan which was included in the rent setting report considered in February this year. It is not intended to replicate those financial projections within this report but update the forecast later once the asset management plan has been refreshed. However, like the General Fund, the HRA is facing some significant challenges, not least the legacy of the 1% rent reduction and increasing maintenance costs associated with the condition of the housing stock.
- 8.2 Nevertheless, the HRA will be subject to the same budget process and strategy as outlined below.

9. Budget strategy for the development of the 2021/22 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 2021/22 revenue and capital budgets:

9.2 Revenue Budget Strategy

- The Councils will aim to keep Council Tax increases to a minimum;
- The Councils will seek to increase income from business rates and council tax by facilitating the creation of new homes and employment space.
- Growth in expenditure is to be restricted to unavoidable expenditure to satisfy the delivery of the Councils' Key Priorities and other legislative requirements. The key items of growth identified to date have been included in the outline 5-year forecast;
- Any other growth to be accompanied by proposals for equivalent ongoing savings and not to be funded from reserves;
- Income is to be increased in line with the inflationary pressures upon the Councils (2.0%) or such higher increase as the individual markets can bear
- Expenditure is to be increased by: 2% for pay (plus an allowance has been made for increments which are a contractual commitment) and 1.0% for all other expenditure (except for inflation arising from contractual indexation provisions and energy for which an appropriate provision is to be made);
- The Council aims to set a balanced budget. Any proposed use of reserves is to have regard to the adequacy of such reserves and any such policy

must be sustainable in the longer term. In addition, the Council aims not to have any planned call upon the General Fund Working Balance;

- The Council will identify the majority of savings through six proposed programmes of work:
 - Strategic Property Investment Fund
 - Commercial strategy
 - Affordable homes programme
 - Corporate Landlord programme
 - Digital and service redesign programme
 - Investment in renewable energy
- Officers are to identify other 'cashable' efficiency savings, options for reducing non-priority services, and undertake a critical review of budgets to identify further options for balancing the budget.

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: £1.5 m core funding in 2021/22 and 2022/23
(plus £5.6m for the Housing Investment Programme)

Worthing Borough Council: £2.5m core funding

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

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

10. **Engagement and Communication**

- 10.1 The budget proposals will be the subject of internal officer consultation.
- 10.2 All savings proposals will be scrutinised by the Joint Overview and Scrutiny Committee at its meeting of November 2020.
- 10.3 All members will participate in the setting of the annual budget at the Council meetings in February.

- 10.4 If appropriate the budget consultation this year will be undertaken over the autumn. The final form of the consultation is not yet decided.
- 10.5 The Adur Consultative Forum (tenants' forum) will be consulted regarding any proposed changes to the HRA.

11. Financial Implications

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

12. Legal Implications

- 12.1 The Council is required to set a robust budget under the Local Government Act 2003. This report is the first step towards the Council achieving this aim for the 2020/21 budget round.

Background Papers

Report to Adur District Council Executive 4th February 2020 - Estimates 2020/21 and setting of 2020/21 Council Tax

Report to Worthing Borough Council Executive 3rd February 2020 - Estimates 2020/21 and setting of 2020/21 Council Tax

Report to Joint Strategic Committee 7th July 2020 – Final Revenue Outturn for Joint, Adur and Worthing 2019/20.

Budget Statement 2020 – 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 3rd December 2019 – *Platforms for our Places - Going Further (2020-2022)* : Unlocking the Power of People, Communities and our Local Geographies

Letter to all Council Leaders from the Secretary of State for MHCLG dated 30th April 2020

Officer Contact Details:-

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Sustainability & Risk Assessment

1. Economic

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

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered and no issues identified.

4. Governance

Matter considered and no issues identified.

Government Funding Streams

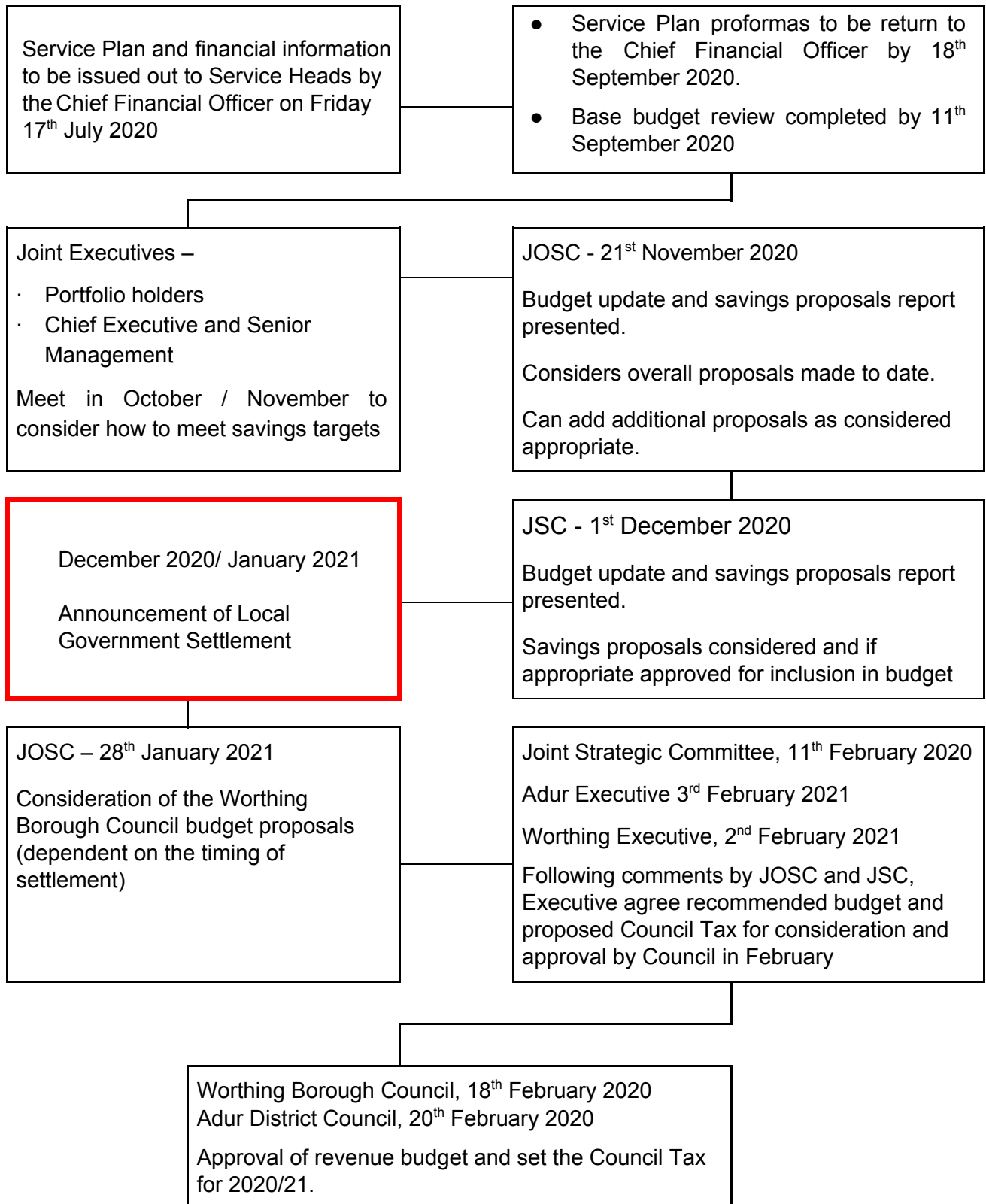
- **Homelessness Funding**
£3.2m has been made available nationally. Local authorities will claim costs incurred from the government. Each local authority will be notified as to the provisional maximum amount it is entitled to claim back, which is calculated based on the number of rough sleepers reported in the Autumn 2019 snapshot. On this basis, the maximum grant available for Adur is £1,500 and for Worthing is £9,750 which will be insufficient to cover the cost of the Emergency Accommodation acquired.
- **Emergency Grant**
The government announced initial funding of £1.6bn which is intended to help Local Authorities address the pressures we are facing in response to the Covid-19 pandemic across all the services you deliver. The amount allocated to Adur and Worthing was £78,540 (Adur £31,120 and Worthing £47,420).

A second tranche of £1.6bn funding was announced in May 2020. The amount allocated to Adur and Worthing was £1.7m (Adur £635,280 and Worthing £1,099,480). A letter from MHCLG clarified that this was to fund a range of cost pressures. This funding is un-ringfenced on the basis that councils are best placed to determine the specific needs of their local communities.

- **Business Grants**
The Government has announced business grants which are to be paid based on set criteria. Worthing has received £26.1m and Adur £17.6m. The use of this funding has recently been extended with a new discretionary scheme announced on 1st May 2020.
- **Hardship fund**
The Government has released funding of £0.5bn to support vulnerable individuals, of this total Adur has received £453,180 and Worthing has £709,580 . The Government expects billing authorities to use the majority of the funding to provide relief to individual council taxpayers in the form of an additional £150.00 Council Tax discount to existing local council tax support claimants. This will help to provide additional support to those households most likely to be economically vulnerable to the impacts of COVID-19.
- **Reopening the high streets safely**
The Government have provided £50m to support the safe reopening of high streets and other commercial areas. The money will allow local authorities in England to put in place additional measures to establish a safe trading environment for businesses and customers, particularly in high streets, through measures that extend to the end of March 2021.

The Councils have been awarded £154,930 (Adur £56,760 and Worthing £98,170) which is to be claimed back on a quarterly basis.

Appendix 2



Appendix 3

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2020/21 - 2025/26						
Net Spending to be Financed from Taxation	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	8,612	8,612	8,612	8,612	8,612	8,612
(a) Annual Inflation						
Estimated inflation		271	567	861	1,147	1,438
Impact of 2020/21 pay rise		82	84	86	88	90
(b) One -off / non-recurring items						
Local Elections (held every other year - deferred in 2020/21 due to the pandemic)		-	(18)	-	(19)	-
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review - Homeless funding to continue for 2021/22		-	94	94	94	94
Contingency for other Covid 19 pressures		200	200	200	200	200
Reduction in commercial income		76	76	76	76	76
(d) Impact of funding 'Platforms'						
Gigabit Project		43	43	43	43	43
Measures to reduce waste		-	72	72	72	72
Western Harbour Arm Coast Defences		58	58	58	58	58
(e) Treasury Management						
Capital programme financing costs		(260)	(224)	(85)	(31)	117
Investment income		220	179	135	90	42
(f) Other items						
Reduction in pension contributions		(95)	(223)	(226)	(226)	(226)
Building maintenance		25	50	50	50	50
Loss of rental income from registrars		14	14	14	14	14
Provision for new committed growth items		70	140	210	280	350
(g) Approved Growth items						
Provision for new growth items		70	140	210	280	350
Total Cabinet Member Requirements	8,612	9,386	9,864	10,410	10,828	11,380
Funding from Grants and Taxation						
Baseline funding:	1,767	1,802	1,838	1,875	1,913	1,951
Add: Retained additional business rates	614	659	336	342	345	353
Add: Share of previous year's surplus / (deficit)	(300)	(99)				
Adjusted Baseline funding	2,081	2,362	2,174	2,217	2,258	2,304

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
Net Spending to be Financed from Taxation						
Council Tax	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax income	6,529	6,675	6,825	6,977	7,133	7,293
Impact of increases to Council Tax Support		(71)	(72)	(73)	(74)	(75)
Total Council Tax income	6,529	6,604	6,753	6,904	7,059	7,218
Other grants						
New homes bonus (2017/18 - 2020/21)	1	-	-	-	-	-
New homes bonus (2019/20 - 2022/23)	10	10	10	10	-	-
Total NHB	11	10	10	10	-	-
Collection fund surplus/deficit (-)	(9)	-	-	-	-	-
Total other grants and contributions	2	10	10	10	-	-
Total Income from Grants and Taxation	8,612	8,976	8,937	9,131	9,317	9,522
(Surplus) / Shortfall in Resources	-	410	927	1,279	1,511	1,858
AMOUNT REQUIRED TO BALANCE BUDGET	-	410	927	1,279	1,511	1,858
Savings strategy:						
Strategic Property Investment Fund						
Future purchases		200	400	600	800	1,000
Provision for future voids		(100)	(200)	(300)	(400)	(500)
Commercial and Customer Activities		150	300	450	600	750
Service and Digital redesign		80	160	240	320	400
Affordable Housing Programme						
Approved projects		30	30	30	30	30
Commercial Landlord Programme		50	150	250	280	310
Total initiatives identified		410	840	1,270	1,630	1,990
Cumulative savings still to be found/ (surplus)		-	87	9	(119)	(132)
Annual savings still to be found		-	87	(78)	(128)	(13)
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£6.11	£6.23	£6.35	£6.48	£6.61
Weekly increase (Band D property)		£0.12	£0.12	£0.12	£0.12	£0.13
Average annual increase (Band C property)		£5.43	£5.54	£5.64	£5.76	£5.88
Average weekly increase (Band C property)		£0.10	£0.11	£0.11	£0.11	£0.11

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
Net Spending to be Financed from Taxation Base budget	£'000 13,359	£'000 13,359	£'000 13,359	£'000 13,359	£'000 13,359	£'000 13,359
(a) Annual Inflation						
Estimated inflation		349	799	1,248	1,687	2,134
Impact of 2020/21 pay rise		119	121	123	125	128
(b) One -off / non-recurring items						
Local Elections (held 3 years in 4 - deferred in 2020/21 due to the pandemic)		-	(50)	-	-	-
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review - Homeless funding to continue for 2021/22		-	152	152	152	152
Increase in demand for homelessness accommodation		500	500	500	500	500
Contingency for other Covid 19 pressures		300	300	300	300	300
Reduction in commercial income		353	353	353	353	353
(d) Impact of funding 'Platforms'						
Grafton site: Reduction in commercial rents		142	142	142	142	142
Gigabit Project - financing costs and public wifi		64	64	64	64	64
Measures to reduce waste		-	128	128	128	128
Refurbishment of High Street Car Park		4	50	259	259	259
Refurbishment of Buckingham Road car park		60	192	192	192	192
Worthing Integrated Care Centre - Closure of Town Hall car park		59	59	59	59	59
Brooklands improvement programme - net costs		20	27	43	43	43
Provision for future impact of major projects			273	330	487	644
(e) Treasury Management						
Financing costs - General Programme		(340)	(129)	(18)	305	605
Investment income		87	38	(23)	(100)	(193)
(g) Other items						
Fall out of SDLT pension costs.		(18)	(36)	(36)	(36)	(36)
Triennial pension valuation - Reduction in contributions		(142)	(316)	(321)	(321)	(321)
Building maintenance		50	100	100	100	100
Loss of rental income from registrars		21	21	21	21	21
Provision for new committed growth items		90	180	270	360	450
(h) Approved Growth items						
Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	13,359	15,167	16,507	17,515	18,539	19,533

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements	13,359	15,167	16,507	17,515	18,539	19,533
Baseline funding	2,693	2,747	2,802	2,858	2,915	2,973
Add: Net retained additional business rates	649	673	343	347	350	359
Add: Share of surplus /deficit (-)	-	(192)				
Adjusted Baseline funding	3,342	3,228	3,145	3,205	3,265	3,332
Council Tax income	9,524	9,754	9,989	10,229	10,475	10,728
Impact of increases to Council Tax Support		(76)	(78)	(80)	(82)	(84)
Total Council Tax income	9,524	9,678	9,911	10,149	10,393	10,644
New homes bonus (2017/18 - 2020/21)	234	-	-	-	-	-
New homes bonus (2018/19- 2021/22)	222	222	-	-	-	-
New homes bonus (2019/20 - 2022/23)	68	68	68	-	-	-
Total New Homes Bonus	524	290	68	-	-	-
Collection fund surplus/deficit (-)	(31)	-	-	-	-	-
Total other grants and contributions	493	290	68	-	-	-
Total Income from Taxation	13,359	13,196	13,124	13,354	13,658	13,976
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,971	3,383	4,161	4,881	5,557

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21 Base	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
AMOUNT REQUIRED TO BALANCE BUDGET		1,971	3,383	4,161	4,881	5,557
Savings / Initiatives identified to date:						
Strategic Property Investment Fund						
Future property purchases		200	400	600	800	1,000
Provision for future voids and repairs		(100)	(200)	(300)	(400)	(500)
Wellbeing centre and car park			40	352	352	352
Affordable Housing Programme						
Approved projects		540	540	540	540	540
Commercial and Customer Activities		450	900	1,350	1,800	2,250
Service and Digital redesign programme		120	240	360	480	600
Commercial Landlord Programme		140	245	350	420	490
Total savings initiatives identified to date		1,350	2,165	3,252	3,992	4,732
Cumulative savings still to be found/ (surplus)		621	1,218	909	889	825
Annual savings still to be found		621	597	(309)	(20)	(64)
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£4.84	£4.95	£5.05	£5.15	£5.25
Weekly increase (Band D property)		£0.09	£0.10	£0.10	£0.10	£0.10
Average annual increase (Band C property)		£4.30	£4.40	£4.49	£4.58	£4.67
Average weekly increase (Band C property)		£0.08	£0.08	£0.09	£0.09	£0.09

JOINT STRATEGIC COMMITTEE
Revenue Budget Summary Statement 2020/21 - 2025/26

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Base					
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation						
Base budget	22,910	22,910	22,910	22,910	22,910	22,910
(a) Annual Inflation						
Estimated inflation		691	1,390	2,085	2,764	3,457
Impact of 2020/21 pay rise		190	194	198	202	206
(b) Impact of funding 'Platforms'						
Measures to reduce waste		-	200	200	200	200
(c) Other items						
Reduction in pension contributions		(199)	(405)	(413)	(413)	(413)
Loss of income from registrars		35	35	35	35	35
Provision for new committed growth items		100	200	300	400	500
Net cost to be reallocated to the Councils	22,910	23,727	24,524	25,315	26,098	26,895
Adur District Council	9,337	9,430	9,430	9,619	9,715	9,812
Worthing Borough Council	13,573	13,709	13,709	13,983	14,123	14,264
Total income for services provided to the constituent councils	22,910	23,139	23,139	23,602	23,838	24,076
(Surplus) / Shortfall in Resources	-	588	1,385	1,713	2,260	2,819

Appendix 4

	2020/ 21 Base	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31
Adur District Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	8,612	8,612	8,612	8,612	8,612	8,612	8,612	8,612	8,612	8,612	8,612
Inflation		353	651	947	1,235	1,528	1,821	2,113	2,406	2,700	2,995
Net growth		421	601	851	981	1,240	1,588	1,876	2,151	2,447	2,698
Net expenditure funded by taxation	8,612	9,386	9,864	10,410	10,828	11,380	12,021	12,601	13,169	13,759	14,305
Income from taxation											
Business rates	2,081	2,362	2,174	2,217	2,258	2,304	2,335	2,383	2,431	2,479	2,528
Council Tax	6,520	6,604	6,753	6,904	7,059	7,218	7,379	7,543	7,712	7,884	8,060
Other grants	11	10	10	10	0	0	0	0	0	0	0
Total income from taxation	8,612	8,976	8,937	9,131	9,317	9,522	9,714	9,926	10,143	10,363	10,588
Cumulative shortfall	0	410	927	1,279	1,511	1,858	2,307	2,675	3,026	3,396	3,716
Budget strategy initiatives:											
Investment in commercial property		100	200	300	400	500	650	800	950	1,100	1,250
Development of commercial income		150	300	450	600	750	900	1,050	1,200	1,350	1,500
Impact of digital strategy		80	160	240	320	400	400	400	400	400	400
Corporate Landlord Programme		50	150	250	280	310	340	370	400	430	460
Affordable Housing Programme		30	30	30	30	30	30	30	30	30	30
Total savings initiatives identified		410	840	1,270	1,630	1,990	2,320	2,650	2,980	3,310	3,640
Remaining savings to be identified		0	87	9	-119	-132	-13	25	46	86	76
Savings per year to be identified		0	87	-78	-128	-13	119	38	22	40	-10

	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31
Worthing Borough Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359
Inflation		468	920	1,371	1,812	2,262	2,712	3,163	3,616	4,072	4,530
Net growth		1,340	2,228	2,785	3,368	3,912	4,294	5,187	5,619	6,001	6,332
Net expenditure funded by taxation	13,359	15,167	16,507	17,515	18,539	19,533	20,365	21,709	22,594	23,432	24,221
Income from taxation											
Business rates	3,342	3,228	3,145	3,205	3,265	3,332	3,379	3,443	3,514	3,585	3,655
Council Tax	9,493	9,678	9,911	10,149	10,393	10,728	10,986	11,251	11,521	11,799	12,083
Other grants	524	290	68	0	0	0	0	0	0	0	0
Total income from taxation	13,359	13,196	13,124	13,354	13,658	14,060	14,365	14,694	15,035	15,384	15,738
Cumulative shortfall	0	1,971	3,383	4,161	4,881	5,473	6,000	7,016	7,559	8,049	8,484
Budget strategy initiatives											
Investment in commercial property		100	200	300	400	500	650	800	950	1,100	1,250
Development of commercial income		450	900	1,350	1,800	2,250	2,680	3,110	3,540	3,970	4,400
Impact of digital strategy		120	240	360	480	600	600	600	600	600	600
Corporate Landlord Programme		140	245	350	420	490	560	630	700	770	840
Affordable Housing Programme		540	540	540	540	540	540	540	540	540	540
Total savings initiatives identified		1,350	2,125	2,900	3,640	4,380	5,030	5,680	6,330	6,980	7,630
Remaining savings to be identified		621	1,258	1,261	1,241	1,093	970	1,336	1,229	1,069	854
Savings per year to be identified		621	637	3	-20	-148	-123	366	-107	-161	-215

	2020/ 21 Base	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Overall											
Overall budget shortfall											
Adur		410	927	1,279	1,511	1,858	2,307	2,675	3,026	3,396	3,716
Worthing		1,971	3,383	4,161	4,881	5,473	6,000	7,016	7,559	8,049	8,484
Total		2,381	4,310	5,440	6,392	7,331	8,307	9,690	10,585	11,445	12,200
Budget strategy initiatives											
Investment in commercial property		200	400	600	800	1,000	1,300	1,600	1,900	2,200	2,500
Development of commercial income		600	1,200	1,800	2,400	3,000	3,580	4,160	4,740	5,320	5,900
Impact of digital strategy		200	400	600	800	1,000	1,000	1,000	1,000	1,000	1,000
Corporate Landlord Programme		190	395	600	700	800	900	1,000	1,100	1,200	1,300
Affordable Housing Programme		570	570	570	570	570	570	570	570	570	570
Total budget strategy initiatives		1,760	2,965	4,170	5,270	6,370	7,350	8,330	9,310	10,290	11,270
Remaining cumulative savings to be identified		621	1,345	1,270	1,122	961	957	1,360	1,275	1,155	930
Annual savings still to be identified		621	724	-75	-148	-161	-4	403	-85	-121	-225

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ADUR & WORTHING
COUNCILS

Joint Overview and Scrutiny Committee
23 July 2020

Key Decision [No]

Ward(s) Affected:N/A

JOSC Working Group on the review of the Adur & Worthing Refuse and Recycling collection service - Post September 2019

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

1.1 This report sets out the recommendations from the Joint Overview and Scrutiny Committee (JOSC) Working Group which was created as part of the JOSC Work Programme to review the implementation of the Adur and Worthing new alternate weekly refuse and recycling collection service.

2. Recommendations

2.1 That JOSC consider the report and recommendations from the Refuse and Recycling Working Group and refer the recommendations to the Joint Strategic Committee (JSC) for consideration in due course.

3. Context

3.1 As part of its Work Programme, JOSC agreed to set up a Working Group to review the implementation of the alternate weekly refuse and recycling collection service and to review the recycling strategy and what is being done

to improve recycling rates to meet the recycling target. The Working Group had the following terms of reference:-

1. To review the introduction of the new alternate weekly refuse collection scheme when early data is available. This will include a review of data relating to fly tipping and the experience of local residents since the introduction of the new scheme.

2. To review the recycling strategy and what is being done to improve recycling rates to meet the recycling target.

3. To question the Executive Members for Environment (Adur) and Digital and Environmental Services (Worthing) and Senior Council Officers on the new alternate weekly collection scheme and the recycling strategy and plans to increase recycling.

4. To consider if there is a need for any recommendations to be put to the Joint Strategic Committee/relevant Executive Members to help with the introduction of the new refuse collection service and to improve recycling rates.

Outcomes expected - A better understanding of the introduction of the new alternate weekly refuse collection service and current recycling policies and to assess if any recommendations need to be made to improve the service and recycling rates.

3.2 The Working Group has now completed its work and produced the attached report and identified some recommendations which it considers can help improve in the delivery of the new refuse and recycling collection service.

4. Issues for consideration

4.1 JOSC is asked to consider the report and recommendations from the Refuse and Recycling collection service Working Group set out in the Appendix to this report and agree to refer them to the Joint Strategic Committee for further consideration in due course.

5. Engagement and Communication

5.1 The JOSC Working Group that has reviewed the implementation of the new alternate weekly Refuse and Recycling collection service has held discussions with the relevant Executive Member for Environment (Adur) and

the Executive Member for Digital and Environmental Services (Worthing) as well as relevant Officers.

5.2 JOSC Chairmen/Vice-Chairmen and Senior Officers have also been consulted on the report.

6. Financial Implications

6.1 There are no direct financial implications relating to this report.

7. Legal Implications

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

7.2 Section 1 of the Localism Act 2011 provides a Local Authority to do anything that individuals generally may do (subject to any current restrictions or limitations prescribed in existing legislation).

Background Papers

Any papers referenced in the Working Group report.

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Sustainability & Risk Assessment

1. Economic

Matter considered and no direct issues identified.

2. Social

2.1 Social Value

Matter considered and no direct issues identified.

2.2 Equality Issues

Matter considered and no direct issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no direct issues identified.

2.4 Human Rights Issues

Matter considered and no direct issues identified.

3. Environmental

Matter considered. The new alternate weekly refuse and recycling collection service has achieved increased recycling and a reduction in waste being collected.

4. Governance

Matter considered. Recommendations from the review will need to be presented to the Joint Strategic Committee.



ADUR & WORTHING
COUNCILS

Scrutiny review of the implementation of the Adur and Worthing alternate weekly waste collections service (AWC)

Report by the Joint Overview and Scrutiny Working Group

1.0 Summary

1.1 In September 2019 Adur and Worthing Councils introduced a new alternate weekly waste collection service for residents' refuse and recycling bins across Adur and Worthing.

1.2 The decision to proceed with this new service was taken by the Councils in late 2018 and was made on the basis of the following factors which both Councils needed to consider:-

- The legislative requirement for both Councils to improve their recycling rates to achieve the European Waste Framework Directive target to recycle 50% by 2020;
- The positive impact that alternate weekly collections has delivered for other Local Authorities who operate this collection system. Such change has supported significant change in the way that households manage their waste and all areas had reported a reduction in the amount of residual waste per household, as well as an increase in the proportion of waste that was being recycled; and
- The surge in community interest and involvement in environmental issues, that support the Councils ambitions to drive a sustainability agenda and be effective stewards of our natural resources.

1.3 This report from the Joint Overview and Scrutiny Committee Working Group has reviewed the introduction of the new waste collection service since September 2019 and analysed the data available on the new service delivery.

2.0 The new Alternate weekly waste collection service (AWC)

2.1 Extensive planning was undertaken for the introduction of the AWC from early 2019 and this involved an Officer Project Team led by the Head of Environmental Services. The Project Team ensured that the project was kept on track and implemented successfully from September 2019.

- 2.2 The change to an alternate weekly waste collection service has strived to change the frequency of as many of the 81,000 household properties in Adur and Worthing to alternate weekly collections which has in the main been achieved successfully, however, from the outset it was realised that there were some properties where an alternate weekly collection would not be feasible:-
- Properties where chutes are used. Some properties/flats had been built with refuse chutes which feed directly into bins situated in the bin store. If these chutes were to backup due to bins becoming full, this would create a significant fire hazard. Such properties remain on weekly collection of refuse.
 - Properties with limited storage capacity. E.g Flats that cannot accommodate any extra bins as their bin stores are too small and there are no other areas to store bins on site.
 - Properties with vehicle access issues (e.g the town centre) so a smaller size vehicle is needed for collection and therefore a higher frequency of collection is required.
- 2.3 The AWC has involved a route redesign for the collections and the new configuration has enabled the operation of the service in the most efficient and effective manner. This has also ensured that the vehicles operate to the most efficient route, thus avoiding unnecessary fuel costs.
- 2.4 A service redesign of the waste and recycling teams was also undertaken as part of the process in consultation with staff. Detailed communication about the new service was released prior to the introduction of the new service which was aimed at promoting waste reduction and more recycling. The campaign involved press releases and social media posts (text and video) and leaflet design. Half page advertisements about the service changes were published in all three 'Herald' newspapers in September 2019.
- 2.5 The main plank of the Communications plan involved the regular social media posts which gained traction with the public. The reach of Facebook posts for June to August 2019 was over 130,000 views, and from July 2019 there was a noticeable drop in negativity in the comments received from the posts.
- 2.6 To ensure full coverage the decision was taken to deliver to each residential household across Adur & Worthing - 81,000 in total, three different forms of communication to inform householders that the new service would be starting in September 2019. The communications were delivered in three separate stages between June and September 2019. This three pronged approach was designed to ensure maximum awareness levels of the new service prior to the switch.

3.0 Background to the JOSC Review

3.1 As part of the JOSC Work Programme, JOSC agreed to set up a Working Group to review the introduction of the new alternate weekly waste collection service and to consider how the Councils were reviewing ways to increase recycling rates. Councillors Andy McGregor, Lavinia O'Connor, Jane Sim and Bob Smytherman were appointed to the Working Group. The Working Group met in September and December 2019 and February and April 2020 to consider information and formulate its recommendations. Councillor Andy McGregor was appointed as Chairman of the Working Group and Councillor Bob Smytherman as its Vice-Chairman. These meetings included a visit to the West Sussex Viridor Materials Recycling Facility (MRF) in Ford.

3.2 The Working Group discussed and agreed the following Terms of Reference and project objectives for the review:-

1. To review the introduction of the new alternate weekly refuse collection scheme when early data is available. This will include a review of data relating to fly tipping and the experience of local residents since the introduction of the new scheme.

2. To review the recycling strategy and what is being done to improve recycling rates to meet the recycling target.

3. To question the Executive Members for Environment (Adur) and Digital and Environmental Services (Worthing) and Senior Council Officers on the new alternate weekly collection scheme and the recycling strategy and plans to increase recycling.

4. To consider if there is a need for any recommendations to be put to the Joint Strategic Committee/relevant Executive Members to help with the introduction of the new refuse collection service and to improve recycling rates.

Outcomes expected - A better understanding of the introduction of the new alternate weekly refuse collection service and current recycling policies and to assess if any recommendations need to be made to improve the service and recycling rates.

3.3 This report provides the detail of the discussions and findings from the Working Group and some recommendations which the Working Group considers will help assist the Councils improve recycling rates and the delivery of the new service.

4.0 Method of the review

4.1 From the start of the review, the Working Group wanted to ensure that it was briefed on the background to the introduction of the AWC and its implementation arrangements in September 2019. The Working Group met on 5 September and 10 December 2019 and 13 February and 15 April 2020. At the meeting in December 2019 the Working Group visited the MRF in Ford, West Sussex to assess what happens to the recyclable material collected and to find out more about recycling in West Sussex.

4.2 The Working Group has held evidence gathering meetings with the following witnesses:-

Mary D'Arcy, Former Director for Communities, Adur & Worthing Councils
Tony Patching, Waste & Cleansing Operations Manager, Adur & Worthing Councils

Mark Quartly, Assistant Operations Manager, Adur & Worthing Councils
Councillor Ed Crouch, Worthing Borough Council Executive Member for Digital & Environmental Services

5.0 Findings and Proposals

5.1 The Working Group has received good evidence from the witnesses on the introduction of the alternate weekly waste collection service. The evidence has highlighted that the implementation of the new service appears to have gone relatively well and there has been an increase in recycling and reduction in general waste being collected.

5.2 Evidence gathered from the witnesses

5.3 To begin the review, the Working Group received a presentation from Mary D'Arcy, former Director for Communities, Adur & Worthing Councils and Tony Patching, Waste & Cleansing Operations Manager, Adur & Worthing Councils on the background to the implementation of the new service and the extensive plans being put in place to ensure that the implementation was successful. The Working Group welcomed the work that was undertaken.

5.4 In December 2019 the Working Group visited the Materials Recycling Facility in Ford, West Sussex to see how the facility processed the recyclable materials after collection from households in West Sussex. This visit has also provided the Working Group members with more information on the type of materials recycled at the MRF, what happens to some of the recyclables afterwards and general information on recycling.

5.5 The Working Group has also been able to review some of the data on the new waste collection service since its introduction during the week commencing 16 September 2019. This data is referred to later in this report.

5.6 Finally, in April 2020, the Working Group consulted with the relevant Adur and Worthing Executive Members - the Adur Executive Member for the Environment, Councillor Emma Evans and the Worthing Executive Member for Digital & Environmental Services, Councillor Ed Crouch. The Working Group interviewed Councillor Crouch for his views on the introduction of AWC.

5.7 A summary of the issues raised during the February and April meetings is set out below. Data included has been updated and taken as at June 2020:-

- Since September 2019, refuse had reduced by 3,101 tonnes - 500 truck loads (This would have been a higher reduction, however, the Covid-19 Pandemic has shown an increase in household waste and during the peak of the Covid-19 Pandemic in March, April and May 2020 residual side waste was being collected which had an affect on the waste tonnages) Recycling tonnage was up by 1,105 tonnes - 200 lorry loads.
- Recycling rates for the year up to the end of May 2020 were 45.56% compared with 39.49% at the same period in 2019 which indicated that the service was expected to achieve the target increase set for the new service of around 5-7%, despite the effects of the Covid-19 Pandemic.
- There had been a few issues relating to collections from HMO properties but Officers had been working with Managing agents and residents to try and address any problems, the main issue was encouraging residents to recycle. Many sites had had a visit with doorstepping given personal advice and literature, also bags had been given out to carry and separate their recycling. The bin capacity had been increased and also improved signage had been added in a number of locations to assist in the containment of waste.
- Prior to Covid-19 Officers had undertaken 51 bin audits on individuals who said they couldn't see how they could cope but after a visit all of those people were fully informed on how they could manage.
- Since September 2018 when discussions started regarding the alternate weekly collections, 7,038 large recycling bins had been delivered and 3,860 large refuse bins had been delivered.

5.8 Councillor Ed Crouch, Worthing Borough Council's Executive Member for Digital & Environmental Services told the Working Group that he was pleased that the implementation of the new alternate weekly collection service had gone well but there were some hotspots relating to fly tipping (not directly the result of the introduction of the new service) and in some cases where the

crews had to be changed. It was, however, a process not an event - In the first three months there were some issues relating to whether or not areas should have remained on the weekly service in the town centres etc. There were also some teething issues where new crews were involved with new rounds. Most people were pleasantly surprised, however, by how well the service has worked in Worthing and there had been relatively few complaints.

5.9 Councillor Crouch also advised that where there are genuine concerns about bin capacity then bin audits are offered or a light touch enforcement approach taken by applying tags on the bins. If there are ongoing issues he suggested that the local ward Member should highlight these issues through the Executive Member and/or Head of Service. The decision would then need to be made to assess if there should be an enforcement approach taken and/or education approach to see if people are recycling correctly.

5.10 The Working Group had decided to include a review of fly tipping as part of the terms of reference for the review as they were concerned that there could potentially be an increase in fly tipping as a result of the introduction of the new service. Officers advised the Working Group that there had been a small increase in fly tipping but nothing of any significance and that it was not solely connected to the alternate weekly collections - There had been some incidents of 'rubble' being tipped in the Durrington area. Councillor Crouch echoed this view but was also questioned by the Working Group on concerns about the amount of time that it takes to report a fly tipping incident. It was agreed that it might be possible to remove the initial assessment part of the reporting process to speed up the overall process of reporting and he agreed to speak with the Head of Service to review this.

5.11 The Working Group was also keen to review the recycling strategy and ways to help the Councils increase recycling rates. As part of this the Working Group discussed ways to help inform residents about the value of recycling. It was suggested that the communities should be provided with more information on recycling via appropriate regular communications from the Councils and with information sent via the Council Tax information - This should provide advice on general recycling and information on the recycling symbols used on packaging and that there also needed to be some lobbying applied and pressure put on manufacturers to not use single use recyclable material.

5.12 As part of ways to increase recycling levels, the Working Group discussed the possibility of introducing food recycling in Adur and Worthing following the

Government's announcement that Councils should routinely collect food waste from households with the roll out of this to take place by 2023. When questioned on this issue Councillor Crouch considered that, in his view, the Councils would need to consider how food waste recycling could be introduced and the type of vehicles to be used. There was also a need to consider the 'pay back' period for introducing food waste recycling before the Councils could consider introducing such a scheme on a permanent basis. The Councils, however, would continue to monitor the results of food waste recycling trials elsewhere in West Sussex when considering if it was to be introduced in Adur & Worthing. Councillor Crouch suggested that if the trial schemes elsewhere worked well and evidence provided by those Councils who had introduced permanent food waste recycling suggested that the scheme was successful, then Adur & Worthing Councils could possibly consider introducing a similar scheme. (The Councils Strategic vision - Platforms for our Places - Going further Work included a commitment to reduce waste and increase recycling and as part of this the Councils were working with West Sussex County Council and partners to create the conditions to meet requirements required by the Government's Waste and Resources strategy by 2023 which included the potential for the collection of food waste being made mandatory and looking at trialling a new commercial food waste collection service by Summer 2021.)

6.0 Conclusions and recommendations

- 6.1 The Working Group would like to thank Officers and the Executive Members for their support and invaluable contributions into this short review. The Working Group is generally pleased with the way that the new alternate weekly waste collection service was introduced and with the work which went into planning for the introduction of the new service prior to September 2019. The Working Group is also pleased that the introduction of the new service has seen an increase in recycling and a reduction in general waste collected. The Working Group considers that the teething issues with the introduction of the new service as referred to earlier in this report are being addressed.
- 6.2 As part of the review the Working Group has reviewed current recycling policy and would like to see the Councils collecting more recycling in order to try and achieve the European recycling target of 50% as required by 2020 and meet the requirements of the Governments Waste and Resources Strategy by 2023. The Working Group would like to see some form of timeline identified for this as it did not find clear evidence of this during interviews.

- 6.3 The Working Group believes that recycling can be increased by providing more information to local residents on what can and can't be recycled. The Working Group also considers that the Government should put more pressure on manufacturers for them to reduce single use recyclable materials. Finally, the Working Group believes that the Councils should seek to introduce food waste recycling as soon as possible providing evidence from trial schemes in West Sussex and elsewhere demonstrate that this can make a difference to increase recycling and that such a scheme can be cost effective.
- 6.4 With regard to the reporting of fly tipping incidents, the Working Group considers that the reporting system should be changed to remove the initial assessment part of the reporting process in cases where sufficient information is available from the person reporting which will make the process quicker and more efficient.
- 6.5 The Working Group would, therefore, like to put the following recommendations to the Joint Strategic Committee for review and consideration. The Working Group considers that these will assist the Councils in increasing recycling rates and providing better information on recycling in general to the Adur and Worthing communities.

7.0 Recommendations

- 7.1 That the Working Group welcomes the introduction of the new alternate weekly waste collection service from September 2019 which has been introduced well with good planning measures put in place but the Working Group considers that, when the time is right, the Councils should undertake some form of consultation with local residents on the introduction of the new service to get appropriate views to help with future service development.**

Reason - To recognise that the Councils have put in place a well planned service that has been successfully implemented but also to ensure that the Councils continue to undertake appropriate engagement with local residents to ensure that their views are considered in the ongoing development of the service.

- 7.2 That the Councils should look to provide more communication to the communities of Adur and Worthing on what can and can't be recycled and provide further information on recycling in general to help better educate the public and seek to increase recycling levels.**

Reason - The Working Group considers that there is a need for more information on recycling to be provided to the communities to help increase recycling levels and reduce waste.

7.3 That the Councils seek to lobby the Government to encourage manufacturers to reduce single use packaging.

Reason - The Working Group considers that a reduction in single use plastic will help reduce energy use and carbon emissions.

7.4 That at the appropriate time the Councils seek to introduce food waste recycling, if the evidence from trials elsewhere in West Sussex demonstrates the value of this form of recycling, as a way to increase recycling levels and reduce further waste. The Councils should also be satisfied that it is cost effective.

Reason - The Working Group believes that food waste recycling is a good form of recycling which can help the Councils increase its recycling levels and help reduce overall waste but wants the Councils to ensure that such a scheme would be cost effective.

Local Government Act 1972

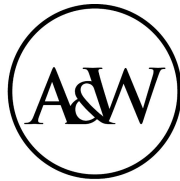
Background Papers:

None

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ADUR & WORTHING
COUNCILS

Joint Overview and Scrutiny Committee
23 July 2020

Key Decision [No]

Ward(s) Affected: N/A

Joint Overview and Scrutiny Committee Work Programme for 2020/21

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

1.1 This report outlines plans to implement the work contained in the Joint Overview and Scrutiny Committee (JOSC) Work Programme for 2020/21.

2. Recommendation

2.1 That the Committee note the plans for implementation of the JOSC Work Programme for 2020/21.

3. Context

- 3.1 The JOSC Work Programme for 2020/21 was agreed by the Committee at its last meeting on 25 June 2020 and will be reported to the Adur and Worthing Council meetings on 14 July (Worthing) and 16 July (Adur). A copy of the 2020/21 Work Programme is attached at Appendix A to this report.

4. Issues for consideration

- 4.1 The Committee will receive regular update reports on the implementation of the Work Programme at each meeting throughout the Municipal Year with the last of these being at the meeting on 25 June 2020.
- 4.2 The Committee is requested to review the revised Work Programme and consider if any further items are required to be added to the Work Programme or items to be reviewed. The Work Programme now includes allocated dates for the Executive Member interviews as requested, starting with the interview with the Leaders at this meeting. The report also includes details of a scrutiny request from a member of the public which is attached at Appendix B to the report and the recommendations from the JOSC Chairmen and Vice-Chairmen are included. Additional items may be added to the Work Programme, where appropriate. Requests for additional matters to be included in the Work Programme will initially be considered by the Joint Chairpersons in accordance with the criteria and they will make their recommendations to the next JOSC for consideration and determination. Consideration should also be given to the capacity of the Committee and resources available when considering further Work Programme items.
- 4.3 Items for the Work Programme need to be chosen guided by how closely they align with the Councils' Strategic objectives, how the Committee can influence the outcomes and also general value and outcomes in accordance with the (PAPER criteria) - P - Public Interest, (A) - Ability to change, (P) - Performance, (E) - Extent and (R) - Replication.

5. Engagement and Communication

- 5.1 The JOSC Chairmen and Vice-Chairmen have been consulted on the proposals contained in this report.

6. Financial Implications

- 6.1 There are no direct financial implications to consider within this report.

7. Legal Implications

- 7.1 Under Section 111 of the Local Government Act 1972, the Councils have the power to do anything to facilitate or which is conducive or incidental to the discharge of any of their functions.
- 7.2 Section 1 of the Localism Act 2011 provides a Local Authority to do anything that individuals generally may do (subject to any current restrictions or limitations prescribed in existing legislation).
- 7.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 7.4 Paragraph 9.2 of the current 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 both Councils. A report must be taken to both Councils on an annual basis seeking both Councils' approval of the Joint Overview and Scrutiny Committee work programme for the forthcoming year and any changes to the Work Programme should be submitted to the Councils approximately mid year for noting.

Background Papers

Joint Overview and Scrutiny Procedure Rules

Officer Contact Details:-

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Scrutiny and Risk Officer

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Sustainability & Risk Assessment

1. Economic

Some of the issues scrutinised as part of the Work Programme could impact on the development of our places or the economic participation of our communities if implemented.

2. Social

2.1 Social Value

Some of the issues to be scrutinised as part of the Work Programme will have an impact on the communities.

2.2 Equality Issues

Matter considered and no direct issues identified.

2.3 Community Safety Issues (Section 17)

Some of the issues to be scrutinised during 2020/21 will have community safety implications.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered. JOSC has set up a Working Group to provide it with a better understanding of Climate Change issues which might make recommendations regarding natural resources for Adur and Worthing.

4. Governance

Matter considered and no direct issues identified. It is good practice for an Overview and Scrutiny Committee to review its Work Programme regularly. The current Joint Overview and Scrutiny Procedure Rules state that the Work Programme will be approved by both Councils and that any changes to the Work Programme should be submitted to the Councils approximately mid year for noting.



Adur & Worthing Joint Overview and Scrutiny Committee Work Programme - 2020/2021

Joint Overview and Scrutiny Committee - 25 June 2020

<u>AGENDA ITEM</u>	<u>REPORT AUTHOR</u>	<u>EXECUTIVE MEMBERS/OFFICERS TO ATTEND</u>	<u>CHANGE TO ORIGINAL WORK PROGRAMME?YES/NO/REASON</u>
Annual JOSOC report for 2019/20	Joint Chairmen of JOSOC	No	No
JOSOC Work Programme setting for 2020/21	Director for Digital & Resources	No	No

Joint Overview and Scrutiny Committee - 23 July 2020

<u>AGENDA ITEM</u>	<u>REPORT AUTHOR</u>	<u>EXECUTIVE MEMBERS/OFFICERS TO ATTEND</u>	<u>CHANGE TO ORIGINAL WORK PROGRAMME?YES/NO/REASON</u>
Interview with Leaders	Director for Digital & Resources	Leaders	No
Joint Revenue outturn report 2019/20	Director for Digital & Resources/Chief Financial Officer	Chief Financial Officer	No
Outline Budget Strategy 2020/21- Impact of Covid-19 on Council's finances	Director for Digital & Resources/Chief Financial Officer	Chief Financial Officer	No
Scrutiny request on disposal of Council owned land and assets	Director for the Economy	Head of Major Projects & Investment	No
Report from the Refuse & Recycling Working Group	Chairman of the Working Group	No	No
Review of JOSC Work Programme	Director for Digital & Resources	No	No

Joint Overview and Scrutiny Committee - 17 September 2020

<u>AGENDA ITEM</u>	<u>REPORT AUTHOR</u>	<u>EXECUTIVE MEMBERS/OFFICERS TO ATTEND</u>	<u>CHANGE TO ORIGINAL WORK PROGRAMME?YES/NO/REASON</u>
Interview with Executive Members for Regeneration	Director for Digital & Resources	Executive Members	No
Review of the delivery of 'Platforms for our Places: Going further 2020/22 and interview with Chief Executive	Director for Digital & Resources	Chief Executive	No
Review of JOSC Work Programme	Director for Digital & Resources	No	No

Joint Overview and Scrutiny Committee - 15 October 2020

<u>AGENDA ITEM</u>	<u>REPORT AUTHOR</u>	<u>EXECUTIVE MEMBERS/OFFICERS TO ATTEND</u>	<u>CHANGE TO ORIGINAL WORK PROGRAMME?YES/NO/REASON</u>
Interviews with Executive Members for Customer Services	Director for Digital & Resources	Executive Members	No
Review of Corporate Assets	Head of Major Projects & Investment/Director for the Economy	Head of Major Projects & Investment/Director for the Economy	No
Discussions on Food Poverty	Head of Wellbeing/Director for Communities	Head of Wellbeing	No
Crime and Disorder update - Interview with the Chairman of the Adur & Worthing Safer Communities Partnership	Covering report - Director for Digital & Resources	Chairman of the Adur & Worthing Safer Communities Partnership.	No
Review of JOSOC Work Programme	Director for Digital & Resources	No	No

Joint Overview and Scrutiny Committee - 26 November 2020

<u>AGENDA ITEM</u>	<u>REPORT AUTHOR</u>	<u>EXECUTIVE MEMBERS/OFFICERS TO ATTEND</u>	<u>CHANGE TO ORIGINAL WORK PROGRAMME?YES/NO/REASON</u>
Adur & Worthing and Joint Outline 5 year forecast and savings proposals	Director for Digital & Resources/Chief Financial Officer	Chief Financial Officer	No
Interviews with Executive Members for Resources	Director for Digital & Resources	Executive Members	No
Review of progress on the delivery of the Housing Strategy	Director for Communities/Head of Housing Services	Director for Communities/Head of Housing	No
Worthing Theatres - Review of the operation of the new contract	Director for the Economy	Director for the Economy	No
Review of JOSOC Work Programme including note of changes made since Work Programme agreed by Councils in July 2020	Director for Digital & Resources	No	No

Joint Overview and Scrutiny Committee - 28 January 2021

<u>AGENDA ITEM</u>	<u>REPORT AUTHOR</u>	<u>EXECUTIVE MEMBERS/OFFICERS TO ATTEND</u>	<u>CHANGE TO ORIGINAL WORK PROGRAMME?YES/NO/REASON</u>
Interviews with the Executive Member for Environment (Adur) and Executive Member for Digital and Environmental Services (Adur)	Director for Digital & Resources	Executive Members	No
Review of JOSC Work Programme	Director for Digital & Resources	No	No

Joint Overview and Scrutiny Committee - 18 March 2021

<u>AGENDA ITEM</u>	<u>REPORT AUTHOR</u>	<u>EXECUTIVE MEMBERS/OFFICERS TO ATTEND</u>	<u>CHANGE TO ORIGINAL WORK PROGRAMME?YES/NO/REASON</u>
Review of the delivery of 'Platforms for our Places: Going further 2020/22 and interview with Chief Executive	Director for Digital & Resources	Chief Executive	No
Interviews with the Executive Members for Wellbeing	Director for Digital & Resources	Executive Members	No
Annual feedback report from meetings of the West Sussex Health & Adult Social Care Select Committee (HASC) - Issues affecting Adur & Worthing	Report from the Council Members on HASC	No	No
JOSC Work Programme setting 2021/22	Director for Digital & Resources	No	No

Working Group reports - Dates to be confirmed

<u>ITEM</u>	<u>REPORT AUTHOR</u>	<u>EXECUTIVE MEMBER/OFFICERS TO ATTEND</u>	<u>STATUS</u>
Final report from the Working Group reviewing the Adur Homes repairs and maintenance service	Chairman of the Working Group	No	Working Group currently in progress - Report expected later in 2020.
Final report from the Working Group reviewing Cultural Services	Chairman of the Working Group	No	Working Group currently in progress - Evidence gathering. Report expected later in 2020.
Final report from the Climate Change Working Group	Chairman of the Working Group	No	Working Group currently in progress - Evidence gathering taking place. Report expected later in 2020
Final report from the Working Group reviewing the Evening and night time economy	Chairman of the Working Group	No	Final Working Group report prepared and tabled to March 2020 JOSC meeting but meeting cancelled due to Covid-19 Pandemic. June 2020 - Decision taken by JOSC for Working Group to meet again in September 2020 to review the terms of reference in the light of the Covid-19 Pandemic with the aim of reporting back to JOSC by the end of 2020.

Other pending items - Dates to be confirmed

<u>ITEM</u>	<u>REPORT AUTHOR</u>	<u>EXECUTIVE MEMBER/OFFICERS TO ATTEND</u>	<u>STATUS</u>
Presentation from Southern Water on bathing water quality issues - Results of 2021 Bathing water testing.	N/A	To be confirmed.	Probable report in either November 2021 or January 2022

Note:- This draft Work Programme is a 'live' document and all dates and items contained in it are provisional and subject to change in agreement with the JOSC Joint Chairmen/Vice-Chairmen, JOSC and relevant Officers.

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APPENDIX B

Scrutiny request Issue - Fox control
Request from - Worthing resident
Public interest - Foxes live in an unattended patch of land. Weekly they attack rubbish bins scattering noxious waste. (Howard Street, Worthing). Dirty nappies are a health hazard.
Score = High
Ability to change - Unattended land can be cleared. Foxes can be controlled. Larger bins can be provided.
Score = High
Performance - This request does not relate to the poor performance of a Council service.
Score = N/A
Extent - Health is an issue.
Score = High
Replication - Not aware that the issue is being considered elsewhere.
Score = High
Expected Outcomes - A fox free environment would be good.
Does the proposed review link with the Council strategic objectives or does the Joint Overview and Scrutiny Committee have the ability to influence and/or add value on the subject? No link to strategic objectives. Score = Low
How could this review be undertaken? Report to JOSC or JOSC Working Group set up to investigate the issues.

**Recommendations from Joint Overview and Scrutiny Committee
Chairmen/Vice-Chairmen:-**

That this matter not be added to the JOSC Work Programme at this time because the control of foxes is not covered by any legislation that the Councils enforce.

The request has, however, been referred to the Environmental Services Team to see if there is any assistance that can be provided.