



ADUR & WORTHING
C O U N C I L S

6 July 2021

Joint Overview & Scrutiny Committee

Date:	15 July 2021
Time:	6.30 pm
Venue:	Remote Meeting via Zoom

Committee Membership:

Adur District Council: Councillors; Joss Loader (Adur Chairman), Ann Bridges (Adur Vice-Chairman), Carol Albury, Vee Barton, Mandy Buxton, Joe Pannell, Sharon Sluman and Debs Stainforth

Worthing Borough Council: Councillors; Charles James (Worthing Chairman), Richard Nowak (Worthing Vice-Chairman), Russ Cochran, Louise Murphy, Jon Roser, Sally Smith, Carl Walker and Tim Wills

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 10 June 2021, copies of which have been previously circulated.

4. Public Question Time

So as to provide the best opportunity for the Committee to provide the public with the fullest answer, questions from the public should be submitted by 12.00pm Tuesday 13 July 2021

Where relevant notice of a question has not been given, the person presiding may either choose to give a response at the meeting or respond by undertaking to provide a written response within three working days.

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

(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 - 6)

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

8. Worthing Theatres and Museum - Annual Review (Pages 7 - 14)

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

9. SustainableAW update on progress and new targets for councils and community (Pages 15 - 48)

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

10. Financial Performance 2020/21 - Revenue outturn (Pages 49 - 94)

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

11. Developing a revenue budget for 2022/23 at the time of a pandemic (Pages 95 - 140)

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

12. Joint Overview and Scrutiny Committee Work Programme for 2021/22
(Pages 141 - 160)

Report by the Director for Digital, Sustainability and Resources, copy attached as item 12

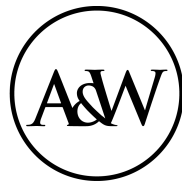
Recording of this meeting

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
15 July 2021
Agenda Item 7

Key Decision [No]

Ward(s) Affected:N/A

Joint Leaders interview

Report by the Director for Digital, Sustainability and 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.

2. Recommendations

- 2.1 That the Committee consider any representations from the Leaders on the work within their Portfolios and other high-level strategic issues 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 2021/22, the Joint Overview and Scrutiny Committee (JOSC) have agreed to interview the Leaders on their priorities for 2021/22.
- 3.2 As part of its fact finding/investigative role, the Joint Overview and Scrutiny Committee is 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 is entitled to ask for further investigation into items where it 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.
- 4.3 Further information on matters connected with the specific areas of responsibility for the Leaders can also be found in 'Platforms for our Places: Going Further' strategic vision approved by the Councils covering 2020-2022. <https://www.adur-worthing.gov.uk/platforms-for-our-places/> Detailed progress

and updates with the activities in 'Platforms for our Places: Going Further' is also contained in the latest report being presented to the Joint Strategic Committee on 13 July - See report [Platforms update report JSC130721](#) Some of these updates will relate to matters within the responsibility of the Leaders and the contents of the report may assist Members of JOSC in questioning the Leaders. As part of the JOSC Work Programme, the Chief Executive will attend JOSC later in the year to report on progress with 'Platforms for our Places: Going Further' and JOSC will have the opportunity at that time to question her on progress.

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 JOSC 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'

'And Then - Bouncing Back in Post pandemic Adur and Worthing'

Officer Contact Details:-

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Scrutiny and Risk Officer

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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.

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
13 July 2021
Agenda Item 17

Joint Overview & Scrutiny Committee
15 July 2021
Agenda Item

Key Decision [~~Yes~~/No]

Ward(s) Affected: n/a

Worthing Theatres and Museum - Annual Review

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1. The purpose of this report is to present a review of the first full year of operation of Worthing Theatres and Museum Trust.

2. Recommendations

- 2.1. That the Committee acknowledge and welcome the achievements of Worthing Theatres and Museum over the year, mindful of unprecedented operating conditions and the severe impact of the Pandemic on the creative industries.
- 2.2. That the Committee refer the report to the Joint Overview & Scrutiny Committee for noting.

3. Context

3.1. *An unprecedented year*

- 3.1.1. Members of the Joint Strategic Committee will recall that Worthing Theatres & Museum (WTM) was established as an independent charitable trust at the beginning of November 2019, following the Council's decision to lease its cultural venues to a single body offering a single focus on fostering and developing the cultural offer of Worthing and helping it to flourish over the longer term.
- 3.1.2. Less than 5 months after it was formed in March 2020 the Covid-19 Pandemic meant that each of the venues closed and along with it, the opportunity to raise income through its core businesses of shows, events and exhibitions.
- 3.1.3. In line with the terms of its contract with the Council WTM, presents operational and financial reports at quarterly review meetings chaired by the 'Council Officer' (the Director for the Economy). At these quarterly meetings, WTM is required to provide qualitative evidence and quantitative measurements in relation to Key Performance Indicators (KPIs) set out in the Contractual Agreement with WTM.
- 3.1.4. In such an exceptional year, it quickly became apparent at the review meetings that KPI's around aspects such attendance; occupancy rates; venue hire; and ticket income could not be achieved. Unsurprisingly, projected annual income from ticket sales and event hires of over £3.5m of income became only £128k in reality.
- 3.1.5. The WTM Annual report (Appendix 1) highlights the significance of the financial support offered by Worthing Borough Council through its contracted service payment; central government support via the Cultural Emergency Funding; and Arts Council support in the form of Cultural Recovery Funding.
- 3.1.6. All WTM staff were furloughed at some point during the year and the percentage of contracted hours furloughed across the whole WTM team for the year was 44%. Sadly, 25 members of staff were made redundant during the year and many of the contracted hours that WTM offers in association with events and shows were not available.

4. Contractual Key Performance Indicators (KPI's)

4.1. Programming, events and audiences

- 4.1.1. Over the year, 144 socially distanced events took place across the venues; 8,150 people attended a ticketed event at one of the venues; and 31,369 people attended digital events and exhibitions.
- 4.1.2. Over the initial period of 'lockdown' when audiences were simply unable to attend events, WTM developed a digital offer which included a series of Museum exhibitions (Ladies Paradise, A Walk around Cissbury Ring with Emily Jolley and A Strange and Familiar Sea with Mandy Williams); Worthing Creates, a creative project pack in conjunction with local artists, makers and creatives; and weekly links to online performances by the National Theatre and Sadlers .
- 4.1.3. Once outdoor work was permitted, WTM delivered performances from TRIBE// Dance Company and Dizzy O'Dare's 'Giant Balloon Man' outside the Pavilion Theatre; presented Mandy Williams's exhibition 'A Strange and Familiar Sea' on the exterior of The Pavilion; and supported the Digital Photographic OPEN21 with an exhibition of young photographers works displayed in the windows of the Pavilion Theatre.
- 4.1.4. In October WTM was able to open the Pavilion Theatre (at 30% capacity) for a live comedy season and family theatre show sold out at Christmas for a 12 show run and was very well received. WTM also supported Colonnade House and the Borough Council to deliver the Laser Light City event and lit the theatres in red as part of the Light It Up campaign.

4.2. Community development and inclusion

- 4.2.1. Working with the support of Arts Council England, WTM launched Worthing Creates, a project designed to support local people to explore new ways of self-expression through arts and heritage. In conjunction with local artists and makers across Worthing and the surrounding area, WTM developed a pack of creative projects for people to try at home.
- 4.2.2. WTM worked with two local secondary schools and the charity 'Superstar Arts' on the ground-breaking 'Cutting Edge' project to identify and source clothing items that had the greatest impact on fashion during the 1980s, 1990s and 2000s. Funded by Heritage Lottery Fund.

- 4.2.3. WTM's bi-annual Open exhibition invites amateur and professional artists from Worthing and the wider Sussex community to submit their work to the Museum and Gallery, for the chance for their artwork to be displayed in the galleries. 'Open20' became 'Digital Open20' and 76 artists submitted works which attracted over 7,500 online votes.
- 4.2.4. WTM took an active role in the community using the venues to support the foodbank, the PPE collection centre, blood donor sessions, providing extra teaching space for GB MET college, supporting Chichester University to complete the performing arts students' final practical exams.
- 4.2.5. WTM was unable to appoint any apprentices during the year, although 12 kickstarter trainees will be joining the team in September, as well as a full-time technical apprentice.

4.3. ***Stewardship of the venues***

- 4.3.1. WTM had to close its venues again after Christmas; and during this time, worked closely with the Borough Council team to deliver maintenance and building improvements; preparing the Pavilion Atrium for its relaunch, refurbishing the costume gallery at the Museum, completing technical improvements at the Connaught and Pavilion, and redesigning the Museum shop.
- 4.3.2. The Pavilion Atrium now has 200 new theatre style seats for events and performances; new lighting and a projector. Fraser's Bar at The Connaught has new seating, lighting and carpets. New up-lighting has been installed at the Pavilion Theatre.
- 4.3.3. The closed period was utilised to complete a full programme of health and safety improvements to the venues and building maintenance in partnership with the Borough Council team and this work is ahead of target.

5. **Issues for consideration**

- 5.1. Despite the unprecedented circumstances, it remains important to review the operation of WTM over the course of the year. Mindful of the circumstances and that all of the WTM staff have been furloughed at some point, WTM's achievements over the year have been remarkable and it is therefore proposed that these should be acknowledged and welcomed by members of the Committee.

6. Engagement and Communication

- 6.1. The review of WTM's performance over the year reflects engagement with the Trust throughout the year, including quarterly review meetings. An important aspect of the contractual relationship with WTM is an emphasis on working with local communities.
- 6.2. WTM has maintained its strong relationship with the Arts Council and Heritage Lottery Fund and continues to have Museum Accreditation.

7. Financial Implications

- 7.1. The Council's contract payment to the Trust in 2020/21 was £1,460,010. The Council made this payment in 2020/21 to ensure that the Trust could continue to operate when possible and in compliance with government guidelines regarding support for suppliers.
- 7.2. Contained within the contract is a clause governing how any profits made by the Trust will be treated. The contract allows for the Trust to retain the first £350,000 of any accumulated profits made in a risk reserve to provide the Trust with financial stability in the longer term. At the end of the contract 50% of this reserve will be returned to the Council.
- 7.3. In the light of the pandemic, the Trust has asked the Council to increase the amount kept in the risk reserve prior to any income share arrangements to £750,000. Given that at the end of the contract, 50% of any unused reserve will be returned to the Council, the Director of the Economy has agreed to this contractual change.

8. Legal Implications

- 8.1. The Council entered into a Management and Operation Agreement with WTM on 19th September 2019. WTM is obliged to provide an annual report to update Members under the terms of that Agreement.
- 8.2. Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.

- 8.3. 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.
- 8.4. s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 8.5. At clause 2.5 of the Scheme of Delegations the Director for the Economy has a delegated authority to manage the relationship between Worthing Borough Council and Worthing Theatres and Museum.

Background Papers

- 10th July 2018 JSC meeting - [Worthing Theatres & Museum Strategic Future Options](#) (Agenda Item 17)
- 5th March 2019 JSC meeting - [The Future of Culture for Worthing](#) (Agenda Item 12)
- 9th July 2019 JSC meeting Worthing Theatres & Museum - [The Future of Culture for Worthing](#) (Agenda Item 14)

Officer Contact Details:-

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Director for the Economy

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Sustainability & Risk Assessment

1. Economic

Culture is of vital significance to our local economy, employing a growing number of people across a range of skilled activities. A vibrant cultural offer is a significant consideration for businesses seeking to attract new employees and helps to support our visitor economy.

2. Social

The contractual relationship with the Trust is predicated on a formal expectation of extending the scope and range of work with our local communities. This includes working with our schools and colleges to support the development of new skills valued by the creative sector.

2.2 Equality Issues

The Council's contract with WTM includes a formal commitment to inclusive programming which includes youth theatre; signed and audio described screenings and autism and dementia friendly screenings.

2.3 Community Safety Issues

As is the case with any venue offering public performance and participative programming, careful attention is paid to ensuring that safeguarding remains a priority and that the safety of customers/participants is paramount.

2.4 Human Rights Issues

Matter considered and none identified.

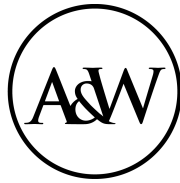
3. Environmental

The Trust is expected to embody a commitment to sustainable procurement and to pay close attention to minimising waste and its use of resources.

4. Governance

WTM is a charitable company limited by guarantee.

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
13 July 2021
Agenda Item 12

Joint Overview & Scrutiny Committee
15 July 2021
Agenda Item

Key Decision: Yes

Ward(s) Affected: All

SustainableAW update on progress and new targets for councils and community

Report by the Director for Digital, Sustainability & Resources

Executive Summary

1. Purpose

- 1.1. To update members on progress made around the successful implementation of SustainableAW 2020-23, the councils' shared framework for action on sustainability.
- 1.2. To present members with an improved version of SustainableAW for the 2021-23 period. This version introduces new shared actions put forward by the wider community of groups, organisations, business and landowners. It also has new actions put forward by the councils.
- 1.3. The new actions reflect the extraordinary and coordinated level of activity across our communities on climate and ecology. This can act as a showcase for Adur & Worthing as a hub of excellent practice, and will assist in increasing engagement and momentum.
- 1.4. This follows an extensive period of engagement with council officers and the wider community, with over 60 actions being put forward and over 200 organisations involved in the process.
- 1.5. This new plan pulls together many of the actions that were put forward at the successful community-led Zero 2030 Climate Conference (March 2020) and the Food, Land & Learning event (September 2019).

- 1.6. The plan also helps to address many of the eighteen recommendations which were put forward at the Adur & Worthing Climate Assembly. This was an important deliberative democracy process that the councils engaged in to listen to and understand the views of local residents towards climate change.
- 1.7. Approval is being sought from members to adopt the new Draft SustainableAW 2021-23 - a shared action plan between council and community which showcases much of the important climate and nature-related work going on across Adur and Worthing.
- 1.8. SustainableAW is intended to provide a framework to address the crisis in natural ecosystems and the Climate Emergency declared by members at Joint Strategic Committee on 9 July 2019
- 1.9. To address the Climate Emergency, greater collaboration on climate action is proposed through enhanced engagement with community, business and public sector partners; developing joint ownership of a refined SustainableAW plan; and creating clearer methods of joint working.
- 1.10 The Joint Overview and Scrutiny Committee (JOSC) has also taken an interest in the implementation of the SustainableAW work and as part of its 2021/22 Work Programme has requested that it receive a progress report to its meeting on 15 July 2021 for information. This Committee is, therefore, recommended to refer this report to JOSC for the July meeting.

2. Recommendations

- 2.1. To note the success of SustainableAW 2020-2023
- 2.2. To approve the adoption of SustainableAW 2021-23
- 2.3. To approve a report being brought back to Joint Strategic Committee in autumn 2022 with an update on progress
- 2.4 That the members of the Committee refer the report to the Joint Overview & Scrutiny Committee on 15 July 2021 for noting.

3. Context

- 3.1. Joint Strategic Committee approved on 3 December 2019 the adoption of the council's improved sustainability framework: SustainableAW 2020-23. The framework intended:
- 3.1.1. to highlight and draw together the ambitious range of environmental work being undertaken by the councils through Platforms for our Places, particularly in Platform 3 Tackling Climate Change and Supporting our Natural Environment;
 - 3.1.2. to respond to pressing and complex environmental challenges faced locally and globally, in particular the Climate Emergency;
 - 3.1.3. to provide a cohesive sustainability programme, delivered in collaboration with local partners; and
 - 3.1.4. to set out key strands of sustainability activity across ten themes: shared leadership, carbon reduction, energy, water, biodiversity, land use & planning, climate resilience, food, transport, waste reduction.
- 3.2. The councils Carbon Reduction Plan sets out an ambitious, challenging and yet achievable pathway for the councils to become carbon neutral by 2030. We are keen to show leadership in this area and demonstrate that we are serious in tackling climate change.
- 3.3. The councils are responsible for less than 1% of total emissions for the whole of Adur and Worthing, so it is vital that everyone, from business, to public sector organisations, to landowners and residents, are all aware of the actions that they can and should take to help achieve the area-wide target of reaching Net Zero by 2045.
- 3.4. In the Carbon Neutral study by Anthesis, the SCATTER approach is used to help understand greenhouse gas (GHG) emissions in Adur and Worthing and interventions needed to achieve carbon neutrality by 2050 (this target has now been brought forward to 2045). The study shows the largest source of emissions are Buildings (57% and 67% for Adur and Worthing respectively), followed by Transport (30% & 23%) and Waste (13% & 10%).
- 3.5. At the time of the Carbon Neutral study (June 2020) Adur and Worthing's area emissions are tracking a 'business as usual' scenario, which will exceed Adur and Worthing's carbon budget by a factor of 3 by 2050.
- 3.6. The Sustainable AW 2021-23 plan which now brings together actions from councils and community will help to drive forward more

coordinated, ambitious plans and activity so that everyone plays their part in helping reach the area-wide target of NetZero by 2045.

4. Review of Progress

- 4.1. A full review of the achievements and impact of Sustainable AW 2020-23 is attached at Appendix 1 SustainableAW Review of Success. Some of the outstanding achievements are:
 - 4.1.1. Adoption of the Council Carbon Neutral Plan to set out how we will become carbon neutral by 2030. This has involved multiple successful funding bids to deliver this work, totalling over £2 million.
 - 4.1.2. Delivery of the Adur & Worthing Climate Assembly, where 43 randomly selected residents met to hear evidence from expert speakers, deliberate and then make recommendations which were then formally presented to Adur & Worthing Councils on 12th January 2021.
 - 4.1.3. Joined UK100 Cities: a national network of local authorities through which members committed to work towards becoming Net Zero across Adur & Worthing by 2045
 - 4.1.4. Commissioned a SCATTER report to further understand greenhouse gas emissions in Adur & Worthing and what needs to be done to become carbon neutral
 - 4.1.5. Expanded the Sustainability Team, appointing two new Carbon Reduction Officers and a new Sustainability Officer
 - 4.1.6. Delivered the award-winning, community-led, Zero 2030 Climate Conference, attended by 125 organisations and 300 delegates.
 - 4.1.7. Launched a quarterly online Sustainable AW magazine, to highlight the climate and nature related work going on across the area, and increase engagement and cross sector working
 - 4.1.8. Launched a new commercial food waste collection
 - 4.1.9. Adopted a Local Cycling & Walking & Infrastructure Plan aiming to make walking and cycling the preferred means of travel, to improve wellbeing, improve air quality and reduce congestion and carbon emissions
 - 4.1.10. Invested in three parcels of land, Pad Farm and New Salts Farm in Adur and Shepherds Mead in Worthing, with a view to restoring ecologically important habitat

5. A Shared Climate and Nature Plan for Adur and Worthing

- 5.1. A new version of SustainableAW has been developed. This version introduces new actions put forward by the wider community of groups, organisations, business and landowners. It also has new actions put forward by the councils.
- 5.2. This has been an opportunity to pull together actions that were put forward at the successful Zero 2030 event in March 2020, as well as address many of the recommendations put forward at the A&W Climate Assembly (January 2021). Suggested activities have also been taken from the Food, Land and Learning event in September 2019.
- 5.3. The level of ambition is increased, with new actions against all strands of the framework. These can be seen at Appendix 2 SustainableAW Draft 2021-23 actions

6. Engagement and Communication

- 6.1. An extensive period of engagement with council officers and the wider community, has led to over 60 actions being put forward and over 200 organisations involved in the process. A list of community partners that are working to deliver or connected to actions under the SustainableAW framework is available in Appendix 3: List of organisations involved or connected to actions within Sustainable AW 2021-23 .
- 6.2. Feedback to the plan has been really positive: “It's great to see a joined-up and connected approach that's been informed by the community and a wide range of stakeholders.”
- 6.3. Through the engagement process it is clear that there is so much more going on across the area than we are able to include within the plan. However, the plan still highlights and champions much of the important work going on across Adur and Worthing.
- 6.4. This process has given us the opportunity to listen to community groups to understand the work they do and the main challenges that face them in wanting to deliver some of this work. Some of the groups have had a difficult year due to Covid, many losing funding and volunteers. But many of them have praised the support they have received from the councils, from providing emergency funds, to

business advice, to practical hands-on help from the Rangers, which has been extremely well-received.

- 6.5. It is likely that new sub or action groups will be established on several of the work strands. These may perform similarly to the very successful A&W Walking and Cycling Action Group. In some cases new networking bodies may be set up, such as the proposed new A&W Food Partnership.
- 6.6. A joined-up campaign of communications will be delivered alongside SustainableAW 2021-23 to raise awareness. This will include social media activity, media releases, the Sustainability Officer's weekly blog, and the publication of the [quarterly online magazine](#) to showcase activities delivered under the framework, promoting the range of transformational activity and the rich diversity of organisations involved.
- 6.7. Alongside the SustainableAW plan, an online map is being created, to help demonstrate the range and location of climate and nature-related work going on. This will be available on the council's website and shared widely via all council media channels.
- 6.8. There are also a number of sustainability-focussed events that the councils will attend as a chance to connect with the local community and have conversations around the actions and ambitions contained within the plan. These include Bees & Seas (Brooklands Park), Green Dreams Festival (Field Place) and Sustainability Week (Shoreham Port).
- 6.9. Internally, the councils are establishing a Sustainability Champions Group to help Adur & Worthing Councils move towards becoming a much more sustainable workplace. The group will be responsible for distributing information and resources related to sustainability, promoting sustainable policies, and coordinating events and campaigns including the return of the popular eco-lunch & learn sessions and other activities to promote awareness.

7. Financial Implications

- 7.1. The Councils are funding a series of initiatives designed to ensure that it meets its zero carbon commitments. The budgets are already in place or provision for funding in future years has been made in the Medium Term Financial Plan.

8. Legal Implications

- 8.1. s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 8.2. Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 8.3. s1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.
- 8.4. Grant funding is an integral part of delivery sustainability projects, when entering into contracts for the delivery of SustainableAW 2020-2023 it is important to ensure that all grant funding terms and conditions can be met.
- 8.5. The Climate Change Act 2008 is the basis for the UK's approach to tackling and responding to climate change. It requires that emissions of carbon dioxide and other greenhouse gases are reduced and that climate change risks are prepared for.
- 8.6. Some of the proposed actions set out in the Climate Plan will have legal implications that will need to be considered fully as they come forward. This includes things such as local plan documents which are subject to separate legislative requirements and processes.

Background Papers

- JSC paper (Dec 2019): SustainableAW Refresh - increasing ambition and deepening engagement
- Sustainable AW 2020-2023 (previous plan)
- Sustainable AW 2019-2020 (original plan)
- Sustainable AW online magazine
- JSC paper (Sept 2020): Collaboration on the climate emergency - update on the success of Adur & Worthing Climate Conference 'Zero 2030' and next steps
- Adur & Worthing Climate Assembly Recommendations Executive Summary Report
- SCATTER study for A&W, Carbon Neutral Study for A&W: Exploring Pathways to Achieve the Target
- Carbon Neutral Plan
- Platforms for our Places, Platform 3: Tackling Climate Change & Supporting our Natural Environment

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Sustainability & Risk Assessment

1. Economic

- Creating a more sustainable place to live and work contributes to creating a more prosperous place, attracting business and investment. The Framework involves collaboration with partners across all sectors.

2. Social

2.1 Social Value

- The collaborative approach benefits local community organisations and businesses. Action under the food, energy, transport and water strands will benefit local residents and those on low incomes providing cost savings from energy, water and transport.

2.2 Equality Issues

- Residents on low incomes will be able to directly benefit from energy and water bill savings

2.3 Community Safety Issues (Section 17)

- Community Safety will be improved through the 'Transport' strand, with planned changes to the public realm, and improvements to cycling and walking infrastructure; and in the Ecology strand, planned parks projects.

2.4 Human Rights Issues

- The impacts of climate change are predicted to impact on all communities, but the greatest impact is predicted to impact the most vulnerable communities. It is imperative that all is done to mitigate climate change.

3. Environmental

- The framework is focused on environmental protection and enhancement.

4. Governance

- The Environment Framework aligns with Platforms for our Places, focusing in and expanding on actions in Platform 3, Tackling Climate Change and Supporting our Natural Environment. The new format with greater levels of cross sector engagement and collaboration are intended to increase capacity to address risks from environmental changes such as those predicted through climate change; and to increase capacity and resource through working together.

Appendix 1: Sustainable AW 2020-2023 Review of Success

Sustainable AW 2020-2023 Councils Action Tracker			
Activities & Projects	Detail	RAG	Progress
SHARED LEADERSHIP: Deepening engagement and capacity for sustainability			
Hold climate conference with WCAN and TTW	Hold a climate event bringing business and communities together to engage on coordinated action.		COMPLETE: Zero 2030 community-led conference at the Assembly Hall March 4th 2020, attended by 300 including 125 organisations. Event won a Bronze Award from CPRE in oct 2020 for TTW, WCAN and AWC. Multiple actions put forward and a draft Climate Action Plan developed by Worthing Climate Action Network - the actions will feed into the new Sustainable AW plan - Appendix 2.
Deepen Sustainable engagement, improve communication	Coordinate community & business action with cross sector engagement. Communication campaign.		Sustainable AW online magazine launched. Weekly sustainability blog. Slower progress around community engagement due to covid, but underway. The first three editions of Sustainable magazine have been published in Summer 2020, Winter 2020, and Spring 2021 showcasing the wide range of action across council and community.
Develop Adur & Worthing Climate Emergency Plan	Develop an action plan for carbon reduction across Worthing and Adur with cross sector engagement. Dec 2020		COMPLETE: Climate Action Plan developed by WCAN, this will feed into updates for Sustainable AW. A 'Scatter' Study: A Carbon Neutral Study for Adur and Worthing: Exploring pathways to achieve the target (Anthesis June 2020) - has been developed to identify interventions to deliver carbon neutrality across Adur & Worthing.

CARBON REDUCTION: Radically reducing carbon emissions

Adopt and implement the council Carbon Neutral Plan	Adopt council Carbon Neutral Plan. With AECOM, partners and businesses. March 2020		COMPLETE: Carbon Neutral Plan developed and adopted by JSC November 2019. Carbon Neutral Plan developed and adopted by JSC November 2019.
Decarbonise council transport, heat and energy	Deliver yearly carbon reductions via energy and transport projects with stakeholders, contractors. Report every Dec		The councils need to make around a 10% year-on-year reduction in carbon emissions to meet their net zero carbon targets by 2030. Figures for 2019/20 show the councils made a year one reduction of 13%. This covers emissions from buildings and vehicles and was achieved through energy demand reduction projects and favourable climatic conditions. £2m of grant funding from the Public Sector Decarbonisation Scheme was secured to deliver renewable electricity generation, insulation and renewable heating projects across the councils' estate. Projects are currently in procurement and due to start on site summer 2021. Work is continuing to develop a project pipeline to decarbonise the councils' estate and offset residual emissions.
Expand resources for council decarbonisation	Establish a SALIX fund, set up new council posts and systems for decarbonisation, with BEIS. June 2021		Establishment of a Salix fund has not been needed due to the success of the Public Sector Decarbonisation Scheme, and AWC successful award of over £2million as a grant rather than a loan. Three new officers are now in place: Carbon Reduction Manager, Project Manager (Carbon Reduction) and Sustainability Officer and a prioritised work programme developed. A (temporary) Sustainability Assistant has also been recruited (through the Kickstart scheme).

ENERGY: Transitioning to clean, secure, affordable energy

Deliver Smart Local Energy Systems (SLES) in Adur & Worthing	Install EV charging, PV, battery storage and heat pumps through the Innovate UK project with WSCC, SLES Consortium. April 2022		AWC has withdrawn from the Smarthubs programme due to insurmountable procurement challenges facing the lead partner, however schemes to deliver smart energy solutions are ongoing. A Solar opportunities study looking at council assets has been delivered and externally-funded heat pump solution (combined with solar PV) in corporate buildings and sheltered schemes are being delivered summer/autumn 2021. AWC will explore smart energy systems such as the combination of PV and battery storage as it can improve viability and performance.
Deliver solar PV programmes across council and area	Provide discount PV offers to residents through Solar Together programme with WSCC, YES, iChoosr. Annually from April 2020		<p>The councils commissioned Local Partnerships to identify a pipeline of investible solar PV projects on council assets. To date, opportunities have been identified to install up to 4MWp on council buildings, car parks and land assets (solar farms). Providing the projects prove viable, their delivery will allow the councils to offset a further 700 tonnes of carbon whilst generating revenue savings or income.</p> <p>A feasibility study for a solar farm is due to start summer 2021.</p> <p>The first Solar Together Sussex scheme, supported by both ADC and WBC, has been delivered - offering high quality discount price solar and battery storage to residents throughout Sussex wide via a scheme coordinated by WSCC and managed by iChoosr. Over 100 residents accepted their PV offer and these are being installed, alongside 13 battery storage offers accepted. A second scheme is under development.</p>

Explore Heat Network for Worthing Civic Quarter	Seek Govt funding, explore feasibility and begin implementation of a heat network if viable with BEIS, WSCC. Dec 2022		<p>A viable heat network scheme has been identified for Worthing, and a funding bid for £6m has been submitted to the government's Heat Networks Investment Programme (HNIP).</p> <p>Two successful Investor Days and follow-up 1:1 meetings have been held for prospective Investors, where many expressed an interest in bidding for a concession contract to design, build, operate and manage the Heat Network. A Stakeholder group with WSCC, NHS, WTAM and Ministry of Justice is working well together and all organisations submitted formal Letters of Intent as supporting evidence for the HNIP bid. BEIS have worked closely with WBC to develop the outline business case.</p>
WATER: Improving water quality and reducing consumption			
Improve council water efficiency	Conduct detailed review and install water saving measures at council sites with Water Utilities, Team Energy. Dec 2021		<p>Monthly meter readings are carried out on our key corporate sites to ensure consumption is on track and any issues are identified early. Working with colleagues in Parks and Estates to ensure consumption managed and leaseholders invoiced where appropriate. Discussing use of expert contractors to help with review. Capital bids in to install 2 new watering systems on bowling greens that entails harvesting rain water as part of that process. Will be completed in 2021 / early 2022</p>

Obtain and maintain Blue Flag awards for foreshore	Obtain and maintain Blue Flag awards for the foreshore area with SW, IFCA, EA, Keep Britain Tidy. March 2021		The Environment Agency has resumed the seasonal bathing water sampling. We await confirmation regarding how the 2021 classification will be calculated in lieu of 2020 sampling. This may either be based on the previous four years of results (2017, 2018, 2019 and 2021) or an average of the last four calendar years. The second would be advantageous as both 2018 and 2019 were 'excellent' stand alone seasons. Once this is released we'll know when we're likely to see a blue flag award. Application submitted to Defra for designation of an East Worthing bathing Water. Result expected before the 2022 Bathing Season. PH&R continue to hold regular liaison meeting with Southern Water, the Environment Agency, Building Control and Parks & Foreshore to ensure we continue to work together to enhance bathing water quality.
BIODIVERSITY: Rewilding to create more and better spaces for wildlife			
Develop tree planting campaign	Develop a major campaign and tackle challenge of ash dieback with Woodland Trust, SDNP, WSCC, community. March 2021		Natural capital project is now live and is working towards carrying out baseline surveys for sites to enable these aspects of the approach to be driven. Largest tree planting campaign delivered over autumn and winter of 2020 that the councils have ever achieved to date.
Increase parks awarded Green Flag status	Improve environmental management and number of parks awarded Green Flags with Keep Britain Tidy, community. May 2020		2 new sites were submitted for judging this year: Beach House Park and Lancing Ring. Due to a delay in judging because of Covid19 restrictions, the outcome of these visits is currently unknown. In December another 2 park sites as well as the 1st site for bereavement services will be submitted. Due to covid19 focus on bereavement services has not been on this type of work. It has also meant operationally parks department with social distancing / shielding / sickness and redeployment have only been able to cover the basic tasks for this year. We are however already working on improving sites across the area to bring up standards as a whole and enable easier submissions going forward.

Improve biodiversity in open spaces	Identify areas for community led planting and growing to create resilient landscapes with TCV, SWT, SDNP, RSPB. March 2021		21-26 strategy finalised, awaiting member sign off. This addresses biodiversity improvements, community growing, and resilience. Parks are leading a programme of natural capital management and some biodiversity work is already taking place. Rewilding sites have been identified, and procured.
WASTE: Reducing waste, increasing reuse, recycling and composting			
Trial new commercial food waste collection	Trial new food waste collection through commercial waste services with business partners. August 2021		Complete. Commercial food waste offer now available.
Adopt and implement Plastic Free Council strategy	Reduce the use of single use plastics across the council support local businesses and communities likewise. 2020-21		A Plastic Free Council Strategy has been produced, and is now being implemented through the Plastic Free Council delivery group chaired by Cllr Humphries.
Implement the UK Waste and Resources Strategy locally	Supporting a range of recyclables, potential food waste collection, and producer pays systems with WSCC, community. Sept 2021		Recycling rates in A&W are healthy when compared to neighbouring Ds and Bs. Commercial food waste collection has now been rolled out. Consistency in collection consultation with DEFRA now underway, as is the Deposit Return Scheme, and the Extended Producer Responsibility consultations. These will all have big impacts on the future of waste collections. There are proposals for a separate plastic film collection by 2026.

TRANSPORT: Shifting to sustainable transport and improving air quality

Adopt and implement Local Cycling & Walking Infrastructure Plan	Consult to Jan 2020. Review, amend, adopt March 2020. Seek funding and implement improvements with WSCC, DfT. 2022		Adur & Worthing LCWIP was adopted by JSC June 2020. Two pop up cycle lanes were temporarily delivered but removed by WSCC: A24 Worthing and A270 Shoreham using funding from DfT via the Emergency Active Travel Fund. WSCC are currently engaging on a potential scheme for Shoreham on the A270 , and intend to deliver a scheme in Findon Valley on the A24 north of Grove Lodge.
Improve air quality and install EV charge points at council sites	Partner with WSCC and installer to: increase EV charging infrastructure 2020-23; with WSCC and Highways England on AQ March 2021		In June 2020, JSC approved becoming part of the WSCC concession contract to deliver a consistent, accessible zero carbon, EV charge network across the county on and off street. AWC has put forward 31 potential sites to accommodate charging infrastructure and will be working with the county over delivery of charging infrastructure in coming months and years. An Invitation to Tender is being published June 2021 and award of contract expected by the end of 2021 for a concessionaire partner.
Decarbonise staff travel, implement Travel Action Plan	Incentivise active travel, EV use, car sharing, public transport with easit, SODEXO, Donkey Bikes, Fleet contract. June 2021		Business travel has been decarbonised through switching the entire Enterprise Fleet to hybrid and purchasing the councils' first electric vehicles as part of the Vehicle replacement programme. Cycling provision has been improved with covered cycle storage provided at Commerce Way. A new Staff Travel Policy is in development.

FOOD: Developing a fairer, more sustainable food system

Facilitate development of a new Food Partnership	Strengthen local networks to create a more sustainable food system and circular economy with community, business. Dec 2022		Work underway to develop an A&W Food Partnership. Initial focus was responding to emergency food provision during Covid, now working to broaden the scope into a more food systems approach. Community Works has secured finance from the National Lottery for 1 year of development work around establishing a food partnership. BHCC recruited a Food Policy Coordinator, currently exploring potential for a Greater Brighton Food Strategy which would include actions for Adur and Worthing.
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Explore council land for food, tree and rewilding projects	Map council owned land, existing projects, for food, rewilding, tree planting opportunities with Food Matters, community. Dec 2020		An A&W Food Mapping exercise with Food Matters was delayed (COVID). List produced of potential sites for rewilding - this led to acquisition of Pad Farm for habitat restoration. AWC community mapping will involve a map of all projects, including green spaces. Green Tides (A&W Green Spaces Partnership) working with us to map their projects too - map will sit on their website and include info on which spaces have food growing. New Apron Community Garden established in Buckingham Park, Shoreham, running sessions with Esteem, Age UK and families, plus piloting a composting scheme.
CLIMATE RESILIENCE: Improving resilience to a changing climate			
Improve drought, heatwave, extreme cold plans	Ensure robust council policy, responses in place with EA, WSCC, Highways England. Dec 2021		Specific Adverse Weather Plans and Frameworks are owned by government departments for the use by all responders across England and Wales. Cold Weather Plan - www.gov.uk/phe/cold-weather-plan (Public Health England Plan / Framework) Heatwave plan - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/801539/Heatwave_plan_for_England_2019.pdf (Public Health England Plan / Framework) Food Plans (Part 1 - Pan Sussex framework. Part 2 - Adur and Worthing Response plan - Relates to the emergency response management to a flood in our area)
Improve flood risk management plans	Ensure robust council policy, responses in place with EA, WSCC, Highways England. Dec 2021		A new Strategic Flood Risk Assessment has been developed and adopted for A&W as background evidence for the Local Plans. See comment in 3.8.2.

Create resilient landscapes on council land	Work to create resilient landscapes with diverse stock, across urban and green areas with EA, SDNP, SWT, SWT. Ongoing		Natural Capital Investment approach adopted. Action plan created that feeds into LNP natural capital strategy. Sites have been identified for improvement in urban and green areas. Acquisition of Pad Farm, Shepherds Mead and New Salts Farm for habitat restoration and climate resilience. Working with Surrey Wildlife Trust to produce a Natural Capital Plan, establishing biodiversity net gain potential, plus baseline assessments and recommendations for improved ecology for each parcel of land.
LAND USE & PLANNING: Delivering sustainable land use and planning			
Ensure Local Plans address climate and nature emergency	Ensure robust approach to climate adaptation, mitigation, biodiversity net gain, with local agents, RTPI, LGA. Ongoing		Sustainability policies in the Draft Local Plan have been revised and strengthened, and included embedding the United Nations Sustainability Goals in the draft Plan. The Submission Draft Worthing Local Plan will undergo examination from the Planning Inspectorate this year. The Adur Local Plan review is on target to commence 2021; currently awaiting further Government guidance on changes to the Local Plan system which may result in a faster review process.
Improve Local Plans approach to air quality	Embed the Air Quality Emissions Mitigation approach within the Worthing Local Plan with WSCC, Sussex Air. 2023		The emissions mitigation approach has been included within the Submission Draft Local Plan.

Appendix 2: Draft Sustainable AW framework: 2021-2023

This is a draft document. It will be designed and made available on the [Councils' website](#) following agreement at AWC Joint Strategic Committee on 13 July 2021. There will also be an accompanying online map made available.

There are two tables with 30 actions each. The first is new and revised actions for [Adur & Worthing Councils](#) and partners. The second table is new actions from the [wider community](#), including groups, organisations, business, public sector and landowners.

Table 1: New actions led by [Adur & Worthing Councils](#)

Sustainable AW: COUNCILS NEW ACTIONS 2021		
Commitment	ACTION	DETAIL - as it will appear in designed doc (with partners, timescales word limit up to 18)
SHARED LEADERSHIP: Deepening engagement and capacity for sustainability	Enable & empower communities to deliver climate & nature based projects	Provide support with partners around funding, community development, volunteer management & premises. Ongoing
	Deepen awareness and engagement of SustainableAW	Embed sustainability into council policies & decision making. Establish champions & learning sessions. Share online magazine widely 2021/22
	Work collaboratively to achieve Net Zero for Adur and Worthing by 2045 (UK 100 pledge)	Facilitate sustainability sessions for businesses to share best practice, support apprenticeships and green jobs - via AWBP, WACC 2021/22
CARBON REDUCTION: Radically reducing	Deliver Carbon Neutral Council by 2030	Deliver energy efficiency and renewable energy projects that reduce carbon emissions from fleet and buildings. Report annually in Nov.

carbon emissions	Deliver offsetting projects to address residual carbon emissions	Deliver investible renewable energy and/or sequestration projects with partners to offset councils' carbon emissions - 2022/23
	Explore nature-based solutions for Blue Carbon	Support research into marine, estuarine & intertidal habitats - with Uni of Bton & Portsmouth. Lease sea bed for kelp restoration - Crown Estate 2021/22
ENERGY: Transitioning to clean, secure, affordable energy	Reduce inequalities ensuring transition to clean energy is affordable and accessible	Widely promote ongoing grants and support to residents to reduce utility bills and environmental impact. WS Affordable Warmth Pp, BEIS, LEAP
	Increase solar energy generation across the council and area	Deliver the councils' Solar Strategy and support businesses and residents to install solar PV and Thermal. With WSCC, BEIS, GSEEH, iChoosr
	Progress Worthing Heat Network to supply zero carbon heat to the council and town centre	Work to secure funding, procure and deliver a heat network using free heat from the sewer. BEIS, SW, Offtakers Dec 2022
WATER: Improving water quality and reducing consumption	Improve council water efficiency	Conduct detailed review and install water saving measures at council buildings & parks with Water Utilities, Team Energy. 2021/22
	Obtain and maintain Blue Flag awards for foreshore	Obtain and maintain Blue Flag awards for the foreshore area with SW, IFCA, EA, Keep Britain Tidy. March 2022
	Manage and improve our water courses in line with the Adur & Ouse Catchment objectives	Work with partners to identify how to improve quality of our water courses. Engage upstream landowners. With EA, SW, OART.
ECOLOGY: Enhance, protect & connect green and blue spaces for the benefit of all nature and people	Undertake Natural Capital Project to improve biodiversity of green & blue spaces	Assess ecology of council owned sites, explore opps to improve & extend learning across area. Engage local community. With SxNP, SurreyWT 21/22
	Work with partners to explore opportunities & strategies for a Local Nature Recovery Network	Utilize network of water courses, ponds & green spaces to enhance nature's recovery & better connect people to nature - with SxNP, SWT, OART, SDNPA. 2023

	Increase parks awarded Green Flag status	Invest in ongoing environmental management & infrastructure improvements & develop appropriate strategies to support. Ongoing
WASTE: Reducing waste, increasing reuse, recycling and composting	Shift to a Circular Economy approach with a focus on reuse	Actively support and enable innovation, enterprise & education pilots/projects via AWC Circular Economy Group. Ongoing
	Deepen implementation of the Plastic Free Council strategy	Embed plastic reduction across the council. Collaborate with partners to promote reuse. 2021-22
	Implement national waste policies locally & ensure Environment Act readiness	Support a range of recyclables, potential food waste collection, and producer pays systems with WSCC, community. 2021
TRANSPORT: Shifting to sustainable transport and improving air quality	Support and enable active travel across Adur & Worthing	Implement improvements from LCWIP - WSCC, DfT 2022. Introduce Bikeshare scheme (50% ebikes) 2023. Implement sustainable Staff Travel Policy 2021.
	Increase EV Charging infrastructure across Adur and Worthing	Partner with WSCC and installer to install renewably powered, accessible charging infrastructure 2022
	Develop sustainable transport programmes and planning for Adur & Worthing	Expand & enhance car clubs, promote car share schemes, support low carbon alternatives. With WSCC, Community Transport Sussex, Hydrogen Sussex
FOOD: Developing a fairer, more sustainable food system	Take a strategic, place-based approach to food	Work in partnership with the local community to develop a Food Partnership which has a shared vision and strategy - with Community Works, 2021/2
	Develop a network of community food projects	Map & promote places for growing, foraging, cooking, volunteering & connection around food. Identify support & enhancements needed. 2021/22 - with Green Tides
	Support a thriving local food economy	Champion local people who grow, fish, cook & sell ethical sustainable healthy food, provide routes to market, premises, planning & business support. Ongoing

CLIMATE RESILIENCE: Improving resilience to a changing climate	Deliver nature-based solutions to improve climate resilience, biodiversity & wellbeing	Work in partnership to restore ecologically important habitats & create more across A&W. Engage wider community. With EA, OART, SWT, SDNPA, NE
	Strengthen council management plans around flood risk and a changing climate	Ensure robust responses in place with EA, WSCC, HE, SRF Dec 2021. Explore adaptation pathways to cope with climate change and rising sea levels 2023
	Champion best practice of highly sustainable developments that are fit for the future	Explore opportunities to raise awareness & understanding of developments that are climate resilient & promote a healthy & sustainable environment. 2021/22
LAND USE & PLANNING: Delivering sustainable land use and planning	Maximise opportunities within Local Plans to address climate change, nature loss & air quality	Identify sites with partners for climate adaptation, mitigation, BNG, GI, district heat, food growing & carbon capture. Strengthen Sustainability Checklist following adoption of WLP 2022
	Establish Sussex Bay as a destination and new economic opportunity	Develop partnership project & attract major funding for large scale habitat restoration, natural capital ecosystem services, sustainable fishing & tourism. 2021/22
	Use Developer contributions to help deliver sustainability projects	Take a strategic and strengthened approach, identifying opportunities for BNG and leveraging CIL & s106 payments - with Developers, SxNP

Table 2: New actions led by community groups, organisations, businesses & landowners

There is a list of partners connected with this plan which can be found in appendix 3 as there is not enough space to include full names or lists of all partners involved within the designed document. There will also be a page of partner logos made available in the designed document following the Committee.

Sustainable AW: COMMUNITY NEW ACTIONS 2021		
Commitment	ACTION	DETAIL - as it will appear in designed doc (with partners, timescales word limit up to 18)
SHARED LEADERSHIP: Deepening engagement and capacity for sustainability	Run sustainability engagement activities to boost awareness	Deliver Green Dreams Festival (GD Team), Bees & Seas (Food Pioneers, Creative Waves, Fof Brooklands), Sustainability Week (Shoreham Port) 2021/22
	Build sustainability leadership capacity at every level	Explore a Community Education Partnership. Co-produce events & learning networks with schools, community & business. EYE Project 2021/22
	Coordinate climate awareness public engagement campaigns across the area	Deliver community-led campaigns - TTW, TTS, Worthing CAN, SECA. Coordinate county-wide campaign, utilising Engagement Hub to deepen impact (WSCC)
CARBON REDUCTION: Radically reducing carbon emissions	Businesses lead the way in carbon reduction to influence others to follow	Leading businesses share carbon reduction plans and best practice to inspire others, Ricardo, World of Books, Shoreham Port 2021/22
	Share best practice for staff engagement in carbon reduction	Deepen engagement of Care Without Carbon with all NHS Trusts in area, share learning & resources where possible - Sussex Community NHS Trust, 2022
	Reduce overall climate impact from sports	Demonstrate measures taken to reduce carbon footprint. Utilise platform to influence & educate supporters/community & fellow clubs - Shoreham FC

ENERGY: Transitioning to clean, secure, affordable energy	Provide support needed to achieve Net Zero for Adur and Worthing by 2045	Deliver Low Carbon Across South East (LoCASE) energy efficiency grants and support for SME's - Green Growth Platform
	Support innovation in clean energy	Deliver Moixa battery storage scheme for households (BHESCO, TTW). Explore potential for Community Energy Scheme (Transition Town Shoreham) 2021/22
	Support and accelerate decarbonisation of housing	Demonstrate energy efficiency measures & retrofitting advice via Eco Open Houses. (TTW) Enhance skills of local builders & installers via Home Decarbonisation Academy - GBMET
WATER: Improving water quality and reducing consumption	Improve water quality of our streams & rivers & community awareness of water issues	Celebrate success of EPIC to improve water quality & biodiversity. Open up Broadwater Brook so it's accessible to community - OART & Sompting Estate 2021/22
	Reduce water wastage through campaigns and infrastructure investment	Install 100k smart devices by 2025, conduct home visits, incentivise customers to meet 100 litre target - Southern Water
	Showcase home improvements that create resilience for drought or flooding events	Run Eco Open Houses & other projects to demonstrate rain gardens, surface water management, rainwater harvesting - TTW & Tarring Flood Group
ECOLOGY: Enhance, protect & connect green and blue spaces for the benefit of all nature and people	Restore a healthy kelp forest ecosystem off the Sussex coast	Project manage workstreams, stakeholder & public engagement and research opps to support & deliver kelp restoration - Kelp Restoration Partnership
	Increase awareness of pollinators and extend their habitats	Extend Community Road Verges pilot, establish Pollinator Highways WSCC, LPC, HE, AWC, WCAN 21/22. Promote & expand Wildflower Trail (Green Tides) & Bees & Seas (Food Pioneers)
	Engage around the importance of green spaces for nature and wellbeing	Run activities to help people connect with nature & learn skills & knowledge. Explore social prescribing. With Green Tides, AWC Rangers

WASTE REDUCTION: Reducing waste, increasing reuse, recycling and composting	Transition towards a circular economy with reuse and repair as a focus	Run regular Repair Cafes, educational activities & upcycling workshops. Explore Library of Things. Transition Town Worthing/Shoreham, Over The Moon, Men in Sheds. Ongoing
	Deepen engagement and awareness around Plastic Free Adur & Worthing	Deliver campaigns & events inc beach cleans, promote reuse - with Refill, Plastic Free Worthing, KLL, FoSB, MCS, Southern Water.
	Reduce food waste through redistribution and recycling	Pilot a community composting scheme (Apron Community Garden). Explore improvements to surplus food redistribution, inc fresh food (Community Works) 2022/23
TRANSPORT: Shifting to sustainable transport and improving air quality	Improve skills, support and access for active travel	Run Bikeability / maintenance sessions & campaigns (WSCC, Sustrans, CYCALL, BikeBoom), refurbish bikes (Durrington Community Cycle Project), promote cycle routes & lobby for improvements (WCAG)
	Develop and support new local carbon technologies for transport	Establish Hydrogen Sussex as leaders in R&D for hydrogen technology (Ricardo) and production (Shoreham Port) 2021-22
	Improve sustainability, accessibility and connectivity of community transport	Deliver partnership projects/pilots for more sustainable & accessible service, helping to reduce social isolation - Community Transport Sussex.
FOOD: Developing a fairer, more sustainable food system	Create a fairer food system, with healthy, ethical and sustainable food for all	Support establishment of a Food Poverty Alliance; coordinate meetings & working groups - Community Works
	Enable communities to come together to cook, share, connect and learn	Deliver cooking sessions, test pop up kitchens to provide healthy, affordable food to local communities - Community Kitchen lead partner, Food Pioneers, Apron CG, UK Harvest

	Optimise opportunities for community food growing & bee keeping	Promote community gardens (Green Tides) & create more inc Southwick Community Orchard (Eastbrook CG), Community Farm & Orchard (Sompting Estate, Sustainable Sussex), Malthouse Meadows Project (Sompting PC, SS)
CLIMATE RESILIENCE: Improving resilience to a changing climate	Identify local areas where natural flood management can occur	Work with landowners and parish councils to develop risks and opportunities map to aid investment in natural flood defence. OART/EA 2022/23
	Maximise opportunities for appropriate tree planting	Develop projects and attract funding for tree planting schemes - Green Tides, TCV, Brighton Permaculture Trust, Tree Action UK, AWC Rangers
	Create nature-rich and resilient landscapes	Develop a marine & land conservation corridor & education programme to boost biodiversity & reconnect local community to coast (Sussex Dolphin Project, Shoreham Port)
LAND USE & PLANNING: Delivering sustainable land use and planning	Protect and promote sites of natural importance	Raise awareness & enhance local areas of importance, inc Adur Estuary SSSI, Cissbury Ring, Mill Hill LNR, Widewater Lagoon LNR, Shoreham Beach LNR, (SDNPA, FoSB, SDOS, FoLR, RSPB)
	Improve landscapes and farming practices for the benefit of nature & healthy soils	Undertake landscape-scale, farmer-led conservation and regenerative agriculture projects. Engage public to enhance understanding. Sompting Estate, Arun to Adur Farmers Group Cluster
	Ensure readiness for implementation of the Environment Act	Prepare & deliver Local Nature Recovery Strategies and guidance of Biodiversity Net Gain & share best practice across LAs - WSCC, SxNP, SWT, SDNPA, NE

See Appendix 3 for the list of partners and projects involved or connected with this plan.

Appendix 3: List of organisations involved or connected to actions within Sustainable AW 2021-23.

This list will evolve as more partners and projects come on board. If you are not listed and would like to be, please contact chloe.clarke@adur-worthing.gov.uk. More projects and partners will be available on the online map which will be launched shortly after the July Committee.

A&W Walking & Cycling Action Group (WCAG)
Adur & Worthing Business Partnership (AWBP)
Adur & Worthing Councils (AWC)
Adur & Worthing Councils Park Rangers
Adur & Worthing Highdown Gardens
Adur Homes
Apron Community Garden (ACG)
Arun & Adur Farming Group Cluster
Bike Boom
Blue Marine Foundation
Breathing Spaces
Brighton and Hove Energy Cooperative (BHESCO)
Brighton Energy Cooperative (BEC)
Community Transport Sussex
Community Works
Coombes Farm

Cortis Avenue Wildlife Garden
Creative Waves
Crown Estate
CYCALL
Department for Business, Energy & Industrial Strategy (BEIS)
Department for Transport (DFT)
Department for Work & Pensions (DWP)
Durrington Community Cycle Project
EASIT (discounted travel network)
Eastbrook Community Gardeners
Eco Open Houses (Transition Town Worthing)
Eco, Young and Engaged (EYE) Project
Environment Agency (EA)
EPIC Sompting
Esteem
Food Pioneers
Friends of Anchor Gardens
Friends of Beach House Park
Friends of Broadwater Cemetery and Christ Church Burial Ground
Friends of Brooklands Park

Friends of Buckingham Park
Friends of Denton Gardens
Friends of Durrington Cemetery
Friends of Fishersgate Rec
Friends of Hamble Park
Friends of Heene Cemetery
Friends of Homefield Park
Friends of Lancing Manor Park
Friends of Lancing Ring
Friends of Marine Gardens
Friends of Shoreham Beach (FoSB)
Friends of Tarring Park
Friends of Victoria Park
Friends of West Park
Friends of West Worthing station
Friends of Whitebeam Woods
Good Gym
Greater Brighton Economic Board
Greater Brighton Metropolitan College (GBMET)
Green Growth Platform (GGP)

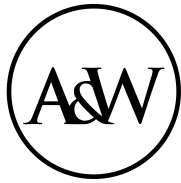
Green Tides (Friends of Parks & Green Spaces Volunteer Groups)
Highways England (HE)
HISBE
Hydrogen Sussex
Keep Britain Tidy
Keep Lancing Lovely (KLL)
Lancing College Farm
Lancing Parish Council (LPC)
LASER (Energy Buyer)
Local Energy Advice Partnership (LEAP)
Marine Conservation Society (MCS)
Maybridge Keystone Centre
Men in Sheds Fishersgate
Men in Sheds Lancing & Sompting
Men in Sheds Worthing
Moixa
Natural England (NE)
Oscar Romero Catholic Secondary School
Ouse and Adur Rivers Trust (OART)
Over The Moon

Plastic Free Worthing
Proto Group
Refill Lancing
Refill Shoreham
Refill Worthing
Ricardo
RSPB (Adur Estuary Reserve)
SALIX
Shoreham & District Ornithological Group (SDOS)
Shoreham Academy
Shoreham By Cycle
Shoreham Football Club
Shoreham Port
Solar Together Programme
Sompting Estate
Sompting Parish Council
South Downs Leisure
South Downs National Park Authority (SDNPA)
South East Climate Alliance (SECA)
Southern Water (SW)

Surfers Against Sewage (Brighton, Hove & Shoreham)
Surrey Wildlife Trust
Sussex Air
Sussex Botanical Recording Society
Sussex Community NHS Foundation Trust
Sussex Dolphin Project
Sussex Inshore Fisheries Conservation Authority (IFCA)
Sussex Kelp Restoration Partnership
Sussex Nature Partnership
Sussex Partnership NHS Foundation Trust
Sussex Resilience Forum
Sussex Wildlife Trust
Sustainable Business Partnership
Sustainable Sussex
Sustrans
Tarring Flood Group
TCV Growing Communities
Team Energy
Tech Take Back
The Living Coast

Transition Town Shoreham
Transition Town Worthing
Transport for South East
UK Harvest
UK Power Network (UKPN)
University Hospitals NHS Foundation Trust
University of Brighton
Warmer Sussex
West Sussex Affordable Warmth Partnership
West Sussex County Council
West Sussex Recycles
World of Books
Worthing & Adur Chamber of Commerce (WACC)
Worthing Allotment Management
Worthing Climate Action Network (Worthing CAN)
Worthing Cycle Forum
Worthing Food Foundation
Worthing Homes
Worthing Theatres & Museum

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
13 July 2021
Agenda Item 6

Joint Overview & Scrutiny Committee
15 July 2021
Agenda Item

Key Decision: No

Ward(s) Affected: All

Financial Performance 2020/21 - Revenue outturn

Report by the Director for Digital, Sustainability & Resources

Executive Summary

1. Purpose

- 1.1 This report outlines the revenue financial monitoring position for the end of the 2020/21 financial year for the 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 in August 2021. Any adjustments that emerge as the audit proceeds will be reported to members later in the year.
- 1.2 The final position for operational services were overspends in Adur District Council £876k and in Worthing Borough Council £3.7m. This is a variation to the projections reported at quarter 3 when operational outturns were predicted to be an overspend of £1.1m in Adur and £3.9m in Worthing.
- 1.3 Overall outturn positions were underspends of £641k in Adur District Council and £1.1m in Worthing Borough Council which is due largely to the level of government support received for the impact of Covid 19. After allowance for proposed carry forward of budgets in 2020/21, this represents a 5% underspend against the budget for Adur and 6.7% for Worthing. Significant variations in the last quarter of the year included lower than estimated expenditure on reactive maintenance and the receipt of additional emergency government funding.

- 1.4 The table at 4.6 below sets out the components contributing to the underspend in 2020/21, the most significant being lower capital borrowing costs, additional income from government funding and some changes in maintenance requirements and scheduling. Within this there are some clearly identifiable items which can be attributed to the impact of the pandemic.
- 1.5 The outturn figures include proposed carry forward requests, detailed in appendix 6, that will need to be met from these underspends. The budgets relate to committed spend that is planned for delivery in 2021/22: Adur District Council £189,000 and Worthing Borough Council £242,000.
- 1.6 This outcome is an improvement overall than what was forecast in the quarter 3 monitoring report '3rd Revenue Budget Monitoring Report (Q3)' when net underspends of £223,000 and £13,000 were being projected in Adur and Worthing respectively. The main movements in the last quarter are set out in appendix 5b, with additional emergency funding and lower maintenance expenditure being the significant factors. The outturn position does help to assist the Councils in managing a difficult financial position in 2021/22 particularly in light of the budget pressures identified elsewhere on the agenda.
- 1.7 The following appendices have been attached to this report:

Appendix 1	Joint Summary of 2020/21 Outturn
Appendix 2	(a) Adur Summary of 2020/21 Outturn (b) Adur Use of Earmarked Reserves
Appendix 3	(a) Worthing Summary of 2020/21 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 2021/22

2. Recommendations

2.1 The Joint Strategic Committee is asked to recommend that Adur District Council, at its meeting on 22nd July 2021 and Worthing Borough Council at its meeting on 20th July 2021:-

(a) NOTE the overall final outturn for 2020/21.

(b) APPROVE the net appropriations to General Fund Reserves in the year as detailed in section 6 of the report totalling: Adur District Council £5,326,227 Worthing Borough Council £8,700,773.

(c) AGREE the net carry over of revenue budget to 2021/22 funded from reserves as detailed in appendix 6: Adur District Council £189,000 Worthing Borough Council £242,000.

2.2 The Joint Strategic Committee is recommended to delegate to the Executive Member of Resources in consultation with the Leader and the Chief Executive the ability to release up to £250k from the Capacity Issues Reserve and the Building Maintenance Reserve to fund post pandemic recovery measures for our communities and businesses as well as supporting preparations for important national events such as the Platinum Jubilee.

2.3 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 2020/21 to 2024/25 on 3rd December 2019. This report 'Financially Sustainable Councils: Update to the 2020/21 - 2024/25 budget forecast and savings proposals for 2020/21' 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. 2020/21 was an exceptional year with additional government funding made available to enable local authorities to navigate their way through the additional financial pressures created during the Covid -19 pandemic.

4. Issues for consideration

- 4.1 As part of the 2020/21 budget the Councils committed to savings of £1.383m for Adur District Council and £2.532m 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 the expenditure reductions have been delivered as expected, however the expected increases to commercial income proved challenging in the context of the pandemic.

- 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 2021/22.
- The creation of contingency budgets for areas of uncertainty in the budget.
- Accelerating savings initiatives where possible - including the investment by the Strategic Property Investment Fund and generating additional commercial income.

These measures built some capacity in the Council's budgets.

- 4.3 However, the budget was approved in February 2020 before the country started to see what would become a significant impact from the Covid 19 pandemic. As the emergency unfolded during 2020/21 the pressure for councils increased as the government took responsive decisions to help support people and businesses:

- Additional resources required to set up and administer government backed schemes for business grants and self isolation grants.
- Additional resources required to effect the changes to the business rates reliefs awarded to support business, including the re-issuing of the bills.
- A reduction in business rate income as a result of the additional reliefs.
- A reduction in demand on some council services resulting from the imposed restrictions, particularly sales fees and charges related to car parking and discretionary services and concessions.

4.4 All of these additional pressures would have had a huge impact on the councils financial position had the government not recognised the issues and provided additional funding from emergency grants and income compensation through the sales, fees and charges and tax guarantee schemes. The operational outturn position for both Councils are large overspends as set out in the table at 4.6. The government Covid 19 support funding in 2020/21 is summarised below:

	Adur £	Worthing £	Total £
General Government Funding:			
Covid-19 Emergency Grant	912,171	1,565,524	2,477,695
New Burdens Funding	188,500	188,500	377,000
Sales Fees and Charges Income			
Guarantee Scheme	452,251	2,096,041	2,548,292
Additional non ring fenced grants including New Homes Bonus	84,677	442,894	527,571
Total non specific funding	1,637,599	4,292,959	5,930,558
Specific - Within Service:			
Hardship Funding	453,179	709,577	1,162,756
Test & Trace	191,655	365,419	557,074
Homelessness support	1,650	9,750	11,400
Reopening High Streets Safely	45,117	71,936	117,053
Covid-19 Compliance and			
Enforcement	19,431	48,587	68,018
DWP Covid administration	16,724	29,094	45,818
English Sports Council - National			
Leisure Recovery Fund	1,542	1,542	3,084
Total service specific funding	729,298	1,235,905	1,965,203
Total	2,366,897	5,528,864	7,895,761

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

- 4.6 The outturn position is comprised of a number of elements as set out in the table below:

2020/21 Outturn	Adur Worthing	
	£000	£000
Over/(under)spend in operational services – including share from Joint	876	3,677
Reduced borrowing requirement: A lower than forecast call on the MRP (provision to repay debt) and net interest in 2020/21, due to reprofiling of the capital programme.	(198)	(580)
Major Projects - overspend (£130k funded from reserves)	0	165
Budget provision related to timing differences - project funding to carry forward to 2021/22 for projects that are yet to commence or will complete next year.	(189)	(242)
Net Overspend before Government Funding and Transfers to reserves	489	3,020
Non ring fenced Government grants		
Additional Non ring fenced grant	(85)	(443)
Government Covid 19 Grant Funding	(1,101)	(1,754)
Sales, Fees and Charges Guarantee Scheme	(452)	(2,096)
Total Non-Ring Fenced Grant Funding	(1,638)	(4,293)
Outturn underspend before impact of taxation and transfer to/from reserves	(1,149)	(1,273)
Impact of Taxation		
Section 31 - additional NNDR grant for the impact of the increased business rate reliefs	(3,828)	(6,217)
Local tax income guarantee grant	(297)	(703)
Underspend before transfer to reserves	(5,274)	(8,193)
Transfers to Reserves:		
Business rates smoothing reserve	3,738	6,549
Tax Guarantee smoothing reserve	297	703
Transfer to / from (-) reserves to fund revenue expenditure	598	(196)
Outturn - net Underspend	(641)	(1,137)
Transfer to Maintenance Reserve	0	383
Transfer to Property Risk Reserve	200	250
Funding of projects carried forward to 21/22	189	242
Outturn after total transfers to/from reserves and funding budget commitments carried forward to 2021/22	(252)	(262)

4.7 The key factors underpinning the outturn financial position include:

- The Covid 19 Coronavirus emergency, there has been a significant financial impact as a result of the pandemic during 2020/21. Additional costs have been incurred to meet service demands including additional support for leisure services, the administration of business and personal grants and compliance requirements. There has also been a noticeable decrease in the level of income from sales fees and charges particularly car parking during the year, as a result of the drop in demand during the national restrictions. In response to the recognised financial pressures the government has during the year released additional funding to local authorities for the new burdens and to compensate for income shortfalls both from fees and charges and local taxation.
- 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 year's capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2021/22.
- An underspend against the maintenance programme in Worthing with Coronavirus restrictions delaying some works during the year. A maintenance reserve has been established in 2020/21 from the underspend, the purpose is to ensure essential maintenance is undertaken and to avoid year on year fluctuations in expenditure on reactive maintenance. The reserve will be used to support town centre and seafront maintenance projects and replacement play equipment in our parks and open spaces; including replacement equipment for Gull Island. This will in turn, support town centre businesses and ensure that we present an attractive and welcoming environment for residents and visitors. To enable this work to progress effectively, a delegation is requested to the Leader and Executive Member of Resources to enable the reserves to be released when needed to support this programme of works.

Once the above items are considered, the operational position is a net overspend by services of £876k in Adur and £3.649m in Worthing. A number of the factors influencing the operational position have been addressed as part of the 2020/21 revenue budget or financial items that only relate to the reporting year such as expenditure and income pressures associated with the pandemic.

4.8 In summary the overall revenue outturn positions reported for Q4 are as follows:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2020/21	22,946	8,612	13,359
Outturn (Including govt funding and before transfer to reserves)	24,029	7,971	12,222
Over/(Underspend)	1,083	(641)	(1,137)
Percentage		-7.45%	-8.51%

Comparison to the Q3 forecast:

	Joint	Adur	Worthing
	£000s	£000s	£000s
Outturn Over/(under) spend	1,083	(641)	(1,137)
Forecast Over/(under) spend Q3	626	(223)	(13)
Change from Q3 to Outturn (improvement)/deterioration	457	(418)	(1,124)

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

4.10 There are a number of key items which require a more detailed explanation. These are listed below.

4.11 COMMUNITIES DIRECTORATE

4.11.1 Housing Needs

In Worthing there has been a direct impact seen from Covid-19 with the number of households in temporary accommodation being typically between 170 and 186 during the first quarter of the year, up from a figure of 133 in March. In the second quarter these numbers did start to reduce to an average of 161 in September, but have since increased month on month to an average of 209 cases in March 2021. It is anticipated that the service may see another increase in demand when both the current prohibition on evictions and furlough schemes come to an end, together with an increase in domestic abuse which has resulted in the commissioning of a temporary additional refuge by West Sussex County Council

for use by all West Sussex Districts and Boroughs. However, an additional contingency of £100,000 was built into the budget to address ongoing costs pressures, the Local Housing Allowance rate has increased since April 2020 and the Housing Service has successfully sourced cheaper temporary accommodation. Furthermore, a successful bid for the Next Steps Accommodation Programme secured £234,423 of funding for sustained accommodation for those at risk of rough sleeping and accommodated due to Covid-19, £112,000 of this grant in Worthing has been transferred to reserves to be utilised in 2021/22.

In Adur the service underspent. The combination of higher LHA rates, the sourcing of cheaper temporary accommodation and the average caseload figures marginally decreasing, means the full budget was not required, however the issues around delayed possession proceedings may impact and cause cost pressures in 2021/22. The caseload numbers have increased from an average of 45 in April to an average of 55 in March 2021. The Next Steps Accommodation Programme bid secured £27,868 of funding.

The Councils have been allocated a small amount of emergency Covid funding for homelessness issues, Adur £1,500 and Worthing £9,750.

In addition there is Homelessness Reduction Grant allocated to Adur £75,000 and Worthing £124,000. This is new burdens funding associated with the Homelessness Reduction Act.

Housing Needs Variances

	Adur £000	Worthing £000
Homelessness - Emergency and temporary accommodation costs - budget pressure/(underspend)	(129)	835
Local Housing Allowance Income - budget shortfall/(excess)	71	(760)
Next Steps Accommodation Programme Funding	(27)	(122)
Emergency Funding - Homelessness	(2)	(9)
Additional MHCLG Homelessness Reduction Grant (New Burdens associated with the Homelessness Reduction Act)	(75)	(4)
Net over/(under)spend forecast against budget	<u>(162)</u>	<u>(60)</u>

Overall the budget for Housing Needs was underspent in Adur by £162,000 and in Worthing by £60,000. This is comparable to the projected underspends of £168,000 and £43,000.

4.11.2 Environment - Waste and Recycling

Income for green waste has increased in demand during the year, following a robust promotional campaign for the service and easier availability via digital customer self-service. Refuse and Recycling income is £92,000 above budget. However, there were overspends of £109,000 which will offset this mainly related to repair and maintenance of vehicles, a particular pressure arising from warranty periods expiring. Both income and expenditure positions have improved since what was being predicted in quarter 3 with a combined reduction in the overspend of £17,000. In addition, there are staff overspends of £460,000 which are included within the vacancy provision overspend. There was insufficient budget for agency staff in this service which has been addressed in the 2021/22 budget with an increase of £150,000, there have also been extra cost pressures in 2020/21 with cover required to fill resource gaps resulting from self isolation and shielding during the pandemic. The Cleansing service is underspent by £61,000 which includes £15,000 staff underspends that are included within the vacancy provision overspend. This is an improvement from quarter 3 with main variance being underspends on vehicle maintenance and running costs.

Commercial Waste saw a drop in income due to the impact of Covid-19 on local businesses and changes in their demand for the service during restrictions. The shortfall in income for 2020/21 was £115,000 in Adur and £210,000 in Worthing. Partially offsetting this are underspends on disposal and equipment costs £47,000 in Adur and £102,000 in Worthing. This is a demand led service and sensitive to changes in customer need, there has been, and continues to be, additional volatility due to the Covid-19 pandemic as businesses react to the changeable situation. This is a variation from the prediction at quarter 3 however the impact of the difference is offset by the compensation being received through the Sales, Fees and Charges scheme.

The high-demand for commercial waste account changes, relating to Covid-19 affected local businesses, has put added strain on a largely manual process for day-to-day customer account management and billing. There is now renewed focus by the Commercial and Digital teams to fully automate customer account changes, which will dramatically reduce the time taken from account change to the issuing of the customers' bill, facilitating quicker income recovery.

4.11.3 Environment - Bereavement Services

The Bereavement Service was overspent against budget in 2020/21 £49,000 in Adur and £171,000 in Worthing overall, which compares to overspend projections of £58,000 and £226,000 in quarter 3.

The crematorium income was below budget by £53,000, a large factor being the proportional shift in direct delivery cremations compared to full services. This is further compounded by a shortfall in memorial and memorial garden income of £60,000 which is due to the Coronavirus Act 2020 requiring cremation and burial authorities to focus solely on cremation and burial during the pandemic. This has been partially offset by £43,000 additional income associated with tributes and a reimbursement of £6k from the Cameo abatement scheme. In addition to this there are cost pressures of £48,000 which includes the investment in the media system of £47,000. There have also been additional staff costs of £63,000, these relate to extra resources resulting from Covid -19 pressures and the need to increase capacity.

Back in May 2020, the price list for Direct Cremations, a service used mainly by Sussex-based funeral directors (FDs) were streamlined, to reduce the gap between the price bandings. Covid-19 social gathering restrictions have reinforced a national trend towards on-premises chapel services, so it is expected that this will continue to grow with a reduction in the use of Worthing Crematorium's Kingswood and Muntham Chapels. Recognising this shift in the market, the price charged for Direct Cremation will be offered at a further Small Business Concession (SBC) rate, to those FDs who commit to a minimum booking number during a rolling one-year period, from January 2021. Sound FD relationships are essential to the success of this new approach. Therefore, all those who wish to take advantage of the new reduced rate will need to sign-up to revised terms and conditions, as directed by their Bereavement Services account manager. It is expected that this change will be largely seen as a positive step for smaller funeral director businesses, in a highly competitive market space.

The time between services has been extended to allow for thorough cleaning between services during the pandemic. This has been a popular change with the length of the service remaining the same at 40 minutes and 20 minutes for cleaning, it also provides a buffer between services entering and exiting the chapels. Engineers have been engaged to progress the hard landscaping for the extension to the private garden, which will provide approximately 280 rockery plots, 412 burial capacity in ribbon gardens and 912 capacity in private gardens.

Worthing cemeteries received income above budget of £37,000 although this is offset by expenditure pressures of £33,000, including additional unbudgeted costs associated with Covid 19, that are funded from government funding. In Adur, cemeteries ended the year in an overspend position of £49,000, a combination of a shortfall in income from burials £47,000 and additional cost pressures £2,000.

4.11.4 Environmental Health - Private Sector Housing

The service has over-achieved against budget in Adur £14,000 and Worthing £94,000. A large part of this is due to an increase in income related to the Home Initiatives Assistance Scheme of £12,000 and £76,000 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.

4.11.5 Parks and Foreshore

The parks service had an underspend in both Adur and Worthing £9,000 and £36,000 respectively. In Worthing this came from a reduction in expenditure, particularly utilities. Adur outturn was a combination of overspends in costs that were offset by additional income. In addition there were savings within the Joint services of £104,000 through underspends on vehicle and service costs, together with some additional income.

Foreshore services were on budget in Adur, whereas Worthing had a shortfall of £42,000 this was largely due to reduced income as a result of issuing beach hut refunds due to Covid-19. These figures are broadly in line with previous forecasts.

4.12 DIGITAL, RESOURCES AND SUSTAINABILITY DIRECTORATE

4.12.1 Parking Services

As has been previously reported car park income has been directly affected by the Covid-19 pandemic with demand reducing significantly during the government imposed lockdowns and restrictions. This has been particularly evident in Worthing due to the nature of the use of the car parks where actual revenue for 2020/21 is £1.2m, which equates to a shortfall of 61% against the full year income budget of £3.1m. In Adur, the shortfall is smaller at 27% with income received of £503k against a budget of £686k. These figures are in line with the forecast position reported at quarter 3.

Shortfalls in car park income are covered by the income guarantee scheme. The Council will be compensated by 75% of loss over and above the first 5% of budget. However, there is still a real loss to the Councils of £436,000 in Worthing and £37,000 in Adur.

There were some cost savings against the expenditure budgets to offset the income shortfall. Overall, the net parking overspend against budgets including both income and expenditure items is £124,000 in Adur and £1.913m in Worthing.

The performance for the first couple of months in 2021/22 has been encouraging with income at 67% of budget in Worthing and 73% in Adur for May. The government Sales, fees and charges scheme is to continue for the first quarter of 2021/22 so a proportion (approximately 73%) of the shortfall in this period will be compensated for by funding. Thereafter the full loss will need to be met by the Councils.

4.12.2 Revenues and Benefits

There has been a significant impact on court cost recovery income due to the Covid-19 pandemic. However, the Courts have begun to operate again and the initial stages of recovery action have been restarted by the Councils. The income shortfalls within the Revenues department for Adur and Worthing are £207,000 and £395,000 respectively. A proportion of this shortfall in court cost recovery is compensated through the Sales, Fees and Charges Scheme.

In-year collection rates as at the end of May 21 have improved from the same time last year and are (May 2020 figures are in brackets) and compare favourably to neighbouring councils.

- Adur Council Tax = 24.23% (23.98%)
- Worthing Council Tax = 22.75% (22.36%)
- Adur Business Rates = 21.37% (15.19%)
- Worthing Business Rates = 26.11% (22.98%)

Recovery work in respect of overpaid Housing Benefit has continued albeit it has been somewhat hampered by the DWP's suspension of deductions from other state benefits due to the pandemic. The value of overpayments raised has fallen for a number of reasons including the team remaining up to date with work and the continued increase in the automation of records received from the DWP. However, income is below budget in both councils (£333,000 in Adur and £437,000 in Worthing) and this pressure is 100 per cent borne by the council with no compensation from the government.

Additional system, staff and printing costs have continued:

- Administration of changes in business rates reliefs announced by the government in the March 2021 budget. This will include a mid-year reduction of two reliefs from 1 July 2021
- An on-going increase in the volume of claims for Council Tax Support (albeit the live caseload for working age customers has remained broadly static)
- Awards up to £150 discretionary Council Tax Support to working-age customers in respect of 2021/22
- In conjunction with the Communities Team, continuing to administer self-isolation £500 payments including a new category for parents/guardians. The scheme currently runs until 30 June 2021 but it's anticipated that it may be extended

Overall the Revenues and Benefits outturn position was an overspend against budget of £456,000 Adur and £342,000 Worthing. These are broadly in line with quarter 3 with the exception of the outturn in Worthing seeing an improvement of £136,000 in the final Housing Benefit Subsidy position for 2020/21. In addition there were cost pressures for staff in the Joint service of £159,000, these are included within the vacancy provision referenced at section 4.15.2.

Covid-19 Emergency funding and new burdens funding has been provided to support these pressures, including additional staff. In addition there are some variances against budgets in relation to Housing Benefit subsidy.

4.12.3 Elections

As there were no elections during 2020/21 as a result of the Covid-19 emergency there were savings in relation to the Registration of Electors. The final outturn position was an underspend for both Adur and Worthing of £82,000 and £32,000.

4.12.4 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. Consequently, once the accounts have been closed and the calculation has been updated for the capital spend in 2019/20, there is certainty about the charge for the forthcoming year.

Worthing has an underspend on its MRP budget of £262k and Adur has an underspend of £135k due to the reprofiling to 2020/21 of a proportion of the

2019/20 Capital Programmes and the impact of changes to planned financing due to increased levels of capital receipts and capital grants, both of which offset the need to borrow.

Interest receivable from treasury investments is below budget for both Councils due to the significantly lower than forecast interest rates available in the market. For Adur there is the additional loss due to the delayed capital receipt from the sale of the Civic Centre site in Shoreham. However the interest payable on borrowing and other financing costs was also reduced, again due to the reprofiling of capital budgets and the sustained lower interest rates. Summary of the overall variances:

Treasury Management (Under) / Overspends	Adur (General Fund)	Worthing
	£	£
Minimum Revenue Provision	(134,986)	(262,442)
Interest on Borrowing and TM costs	(240,181)	(351,711)
Interest from Investment Income	199,132	57,044
Additional net interest from loans to Worthing Homes and GB Met	0	(3,379)
Debt Management Expenses	(21,860)	(19,760)
Total	(197,895)	(580,248)

The final outturn position is in line with previous budget monitoring forecasts.

4.13 ECONOMY DIRECTORATE

4.13.1 Planning & Development

Development Management income for 2020/21 was below budget by £42,000 in Adur and £108,000 in Worthing, previous projections had assumed a number of large applications would be received by the end of March which are now not expected until 2021/22. This is despite planning applications exceeding 2,000 in a calendar year for the first time since 2010. In Worthing the position is offset by an underspend in expenditure of £25,000, Adur has overspends against consultancy and equipment expenditure budgets of £12,000. In the joint service there are staffing overspends of £43,000 included in the vacancy provision overspend plus expenditure overspends related to IT software and grants. The

outturn position is a variation on the forecast reported at quarter 3, particularly in Worthing, mainly as a number of major applications were not received in the year.

There are shortfalls in Building Control income of £53,000 in Adur and £64,000 in Worthing. The service area has been impacted by a slow down in activity as a result of Covid-19 with a significant reduction in applications received and all construction sites closed in the first lock down period. A proportion of the shortfall will be compensated through the Sales, Fees and Charges guarantee scheme. In addition there are staffing overspends £32,000 included in the vacancy provision overspend. This is broadly in line with the quarter 3 monitoring forecast.

Land Charges income is also below budget by £38,000 in Adur and £42,000 in Worthing. As with Building Control, this service area has been impacted by a slow down in activity as a result of Covid-19 although the stamp duty holiday helped increase workload and income levels during the summer/autumn period. There are also some offsetting savings against expenditure budgets of £9,000 and £21,000 respectively. These outturn positions are in line with the quarter 3 forecast. This is in line with previous projections.

4.13.2 Major Projects and Investment

The Major Projects team has actively been working on a number of development sites and investments across the areas. The nature of these projects inevitably spans over a number of budget years and commissioning timetables vary according to projects' complexity and challenges that arise from market forces, public engagement, and viability issues. The effect of this is that projects have an uneven spend profile often with large amounts of money being paid over short time periods. In Worthing the expenditure within this area came in £165,000 higher than budget with £90,000 funded by budget carried forward and £40,000 being funded from reserves. Within this are £45,000 staff costs that were expected to be met from capital that have had to be funded from revenue. Adur has a small overspend of £17,000.

Commercial and strategic property income has performed well despite the impact of the Covid 19 pandemic with income exceeding the budget in both Adur and Worthing. It has meant that the budgeted allowance for the transfer of funds to the Property risk reserves has been possible for 2020/21 £200,000 Adur and £250,000 Worthing, in quarter 3 it was forecast that the in year allowance may have been used to offset income shortfalls in Worthing. The income has exceeded budget (after transfers to reserve) by £232,000 in Adur and £147,000

in Worthing. Vacancy savings have been made on staff costs which are included within the vacancy provision.

Of the Strategic Investment Portfolio, Adur has seen one of its tenants go into administration (this tenant makes up 2.6% of the total portfolio income) and work is under way to re-let this premises. In addition, there have been costs incurred associated with this administration, void periods including rates prior to re-let.

In Worthing, whilst rent collection has performed well to date, the council owned retail premises on Montague Street continue to present a risk to income. Of the five retail premises, Four have closed through entering administration and one has re-opened having left administration. Work is underway to activate and occupy these spaces with new tenants, without prejudicing any wider regeneration plans for the Grafton Multi Storey Car Park. The Council has responsibility for the Business rates on two of these properties at a cost of £65,000.

Pressure across both portfolios is being felt on car parking investment assets leased to third party operators. This is not dissimilar to the councils' own car parking income. Whilst no agreements have been reached, with the increase in parking demand and the ongoing active dialogue with the tenant's representative, officers are keeping the rent payment position under constant review in light of government guidance (The Code of Practice for the Commercial Property Sector) and the Coronavirus Act 2020

The potential uncertainty to revenue as a result of Covid-19 impact remains the highest risk to this income as businesses struggle to meaningfully plan for their operations, the risk of future business insolvencies and fundamental shift in various sectors, including office and retail. Overall the final position is an improvement on what was projected at quarter 3, with strong income collection levels.

4.13.3 Place and Economy

The Place and Economy outturn in Adur is favourable against the budget with a net underspend of £104k. The service has experienced a shortfall in the income received for outdoor markets, events and commercial advertising space in direct response to the coronavirus pandemic. However, these losses have been offset by expenditure underspends in the same subject areas as a result of inactivity due to the pandemic. Grant monies have been received that are included in this outturn position, some of this funding has been transferred to reserves to be utilised in 2021/22.

In Worthing there is a shortfall in income associated with the Worthing Observation Wheel which is partly offset by additional concession income, filming income and expenditure savings. The savings are associated as a direct result of the national restrictions, including the loss of the majority of the events programme. The year end position is a net underspend of £107,000. As in Adur the outturn includes grant income some of which has been transferred to reserves for future use.

In both councils the outturn is better than projected due to the receipt of grant monies in the year.

4.13.4 Leisure Provision

As reported in September the leisure provider for Adur, ACL declared insolvency in July 2020. Since that time the Council has awarded a shorter term service contract (5 years) to South Down Leisure Trust. An update report was taken to the Joint Strategic Committee on 3rd November which informed members that overall costs had been identified of £717,870 in 2020/21, against a budget for leisure provision of £135,000. The Joint Strategic committee approved the release of additional budget to be funded from the emergency grant provided by the government. The actual cost for 2020/21 totalled £409,000, this was lower than expected as the facilities did not open as expected due to a further imposed lockdown period.

In Worthing the Council is providing financial support to provider South Downs Leisure. The additional funding package amounted to £608,000 for the year which included a combination of direct support payments and the write off of income due relating to service charge fees and the provision of services. The key issue facing the Council going into 2021/22 is the timeline for the easing of the current social distancing measures and the length of time support will be required for the trust to enable the provision of leisure facilities at below profitable capacity.

Adur and Worthing Councils were successful with claims to the National Leisure Recovery Fund, receiving allocations of £110,000 and £200,000 respectively. These have been carried forward for use in 2021/22 to support the reopening of the Leisure facilities. Additional amounts of £1,542 were also awarded to each council for administration costs which are included in the outturn figures.

4.13.5 Culture Provision

The operation of Worthing Theatres and Museums transferred to a trust from November 2019, a final settlement payment relating to the transfer of the business operation was made in 2020/21 for £47,000. 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, the final balances were not agreed and reconciled until May 2020. In addition, Worthing Borough Council has incurred pension costs associated with the staff that tupe'd to the trust of £57,000, this reflects the excess employer contribution costs that have resulted from an increase in the contribution rate above the initial rate at transfer. A proportion of the pension charges, £20,000, were backdated charges relating to 2019/20. There was also some expenditure for a project that forms part of a claim to the Heritage lottery fund, this was initially capitalised but as the timeframe for the period that expenditure can be held in capital has elapsed and it has been written down to revenue. This will be funded from reserves.

4.13.6 Emergency Planning

The Councils had specific unbudgeted cost pressures of £216,000 associated with the Covid 19 response including PPE and cleaning equipment, signage, IT hardware and software and agency staff. In addition there was £113,000 for other Coronavirus staffing pressures. This expenditure has been funded from the emergency government grants.

4.14 CORPORATE

4.14.1 Business Rates

The Covid-19 emergency has resulted in an exceptional year for business rates. The government, in response to pressures emerging from the pandemic, awarded a significant level of additional business rate reliefs to retail, hospitality and leisure businesses to reflect their inability to trade normally. The result was a sizable drop in business rate income for local authorities which has been compensated by the government through section 31 grant funding.

There is an inherent timing difference in the accounting for business rates between when the budget is set and future decisions made by Treasury in relation to reliefs where compensation is funded through section 31 funding. Local taxation is accounted for transparently through a separate account known as the Collection Fund with any differences between what is expected to be collected and what is actually collected by the authority accounted for through

the general fund as surplus or deficit adjustments. An estimated surplus/deficit is calculated in January and that is used in the budget for the next financial year, any variance will then not flow through to the general fund until the following year. The 2020/21 budget was set in January 2020 before the impact of Covid-19 and responsive treasury decisions regarding additional rate reliefs. Section 31 grants are paid to authorities in the year reliefs are awarded however the actual impact of the shortfall in income will be accounted for in future years.

The financial impact on the general fund in 2020/21 is shown below:

	Adur		Worthing	
	Budget	Outturn	Budget	Outturn
	£m	£m	£m	£m
Income from business rates collected	7.420	7.308	12.495	12.481
Less: tariff	5.125	5.125	10.228	10.228
Add: section 31 grant	0.852	4.566	1.799	8.030
Less: Levy	0.690	0.700	0.687	0.355
Less: 2019/20 deficit	0.375	0.229	0.038	0.038
Income expected from Business rates	2.082	5.820	3.341	9.890
Surplus - S31 grants to be transferred to reserves		3.738		6.549

Business Rate income is volatile and can be affected by many factors: government decisions, changing use of commercial properties, valuations, appeals. The amount of income to benefit the General Fund is set at the outset of the financial year and will not change irrespective of the actual level of business rate income received. In 2020/21, the Government awarded significant additional reliefs in-year. However due to the nature of the business rate system, whilst the Council received additional grant to offset this loss in a year, the losses themselves will not be borne by the General Fund until 2021/22 and beyond.

It is therefore recommended to members that they agree to transferring the additional business rates income received in 2020/21 Adur £3.738m and Worthing £6.549m into the Business Rates Smoothing Reserves. The reserves can then be used to fund the expected collection fund losses in 2021/22 and to smooth the effect of the business rates volatility in future years.

4.14.2 Local Tax Income Guarantee

The government has committed to compensating Councils for any in-year losses for Council Tax and Business Rates in 2020-21. This scheme runs in parallel to the requirement for billing authorities to spread the in-year 2020-21 collection fund deficit over 3 years.

Given that these losses are being funded over a three year period by the precepting bodies, this grant will be used over the same period to ensure that these losses are offset in the year in which the Council will need to fund them. It will therefore be prudent for these funds to be moved to reserves and it is recommended that members agree the transfers for the amounts shown in the table below to the Tax Guarantee Smoothing Reserves at the end of 2020/21:

	Adur	Worthing
	£	£
Council Tax	181,376	127,570
Business rates	115,959	575,784
Total transfer to Reserves	297,335	703,354

4.14.3 Hardship Funding and New Homes Bonus

The councils received Hardship Fund grant payments from the government in April 2020 to ensure that financially vulnerable residents were supported during these difficult times. This grant was to be used to fund additional Council Tax discounts of at least £150.00 per Council Tax Support Claimant. Any residual funds are to be used at the discretion of the Council for measures to support vulnerable residents:

	Adur	Worthing
	£	£
Hardship Grant Received	453,179	709,577
WSCC Contribution to Hardship Fund	0	20,633
Less: Allocation of funds	178,394	654,784
Balance of funds	274,785	75,426

The unspent balance of the grant has and will continue to be used to continue to support residents who find themselves vulnerable during difficult circumstances. The Councils have agreed to extend the additional Council Tax discounts of £150.00 for 2021/22.

4.15 CROSS CUTTING

4.15.1 Maintenance

Maintenance expenditure was overspent in Adur by £50,000 which is in line with the quarter 3 forecast position. In Worthing there was a significant underspend of £400,000, this is due to a large extent on Covid 19 restrictions and lockdowns which have led to the delay of some work and a reduction in demand for some reactive budgets where facilities have not been in use.

To address the need to catch up on some areas of maintenance work members are recommended to approve the establishment of a reserve in Worthing with £383,000 of the 2020/21 underspend to help mitigate the resulting cost pressure. This will also be significant in helping to meet the priorities referred to in paragraph 4.6 of this report.

4.15.2 Vacancy Provision

The Councils had a total vacancy saving target of £758,530 for 2020/21, this was not achieved with a shortfall of £840,000 which compares to the quarter 3 forecast of £679,000. Despite recruitment being tightly controlled with director approval required for any new appointments, there have been pressures resulting from both the pay award and Covid -19 resourcing requirements. During the pandemic there has been the need for both extra agency staff and hours from employees to cover additional duties and to fill resource gaps created by the need for self isolation by some staff.

- The pay award of 2.75% is an additional 0.75% above the increase built into the 2020/21 budget. This translates to an extra £152,000 cost pressure in the current year across the Councils.
- Overtime - additional resource required associated with Covid-19 £114,000 across all services. This reflects the costs that have been directly attributed to the Covid 19 code, however there will be other overtime costs associated with additional pressures associated with the pandemic that have not been separately identified as related.
- Agency costs within Environmental Services Waste and Cleansing to manage the resource staff shortages related to sickness and self isolation requirements. £407,000.
- Compensation costs and exit payments £88,000.

The emergency covid funding will be used to fund some of these overspends where they relate to the pandemic pressures. It has been recognised that the current budget for agency costs in Waste and Cleansing is not sufficient, this has been addressed in the 2021/22 budget with an additional £150,000 allocated. Increased salary costs resulting from the 2020 award have been incorporated into the 2021/22 budget.

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 £138,311 which is an improvement on the £273,848 overspend projected in quarter 3. The movement is due to an improvement in managing maintenance and repair cost pressures and a decrease in the bad debt provision. Details of the significant variances are detailed in appendix 5(c).
- 5.2 The HRA Reserve stood at £0.348m at 31st March 2021 with earmarked reserves totalling £1.865m.

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 2021 and are required to complete existing initiatives in 2021/22 or to address emerging cost pressures.

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 2021/22 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 2020/21 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 2020/21, 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 2020/21		
Budgeted/Committed contributions to/(from) reserves:	£	£
<ul style="list-style-type: none"> Increase in Grants Carried Forward 	720,222	
<ul style="list-style-type: none"> Local Tax Income Guarantee 	297,335	
<ul style="list-style-type: none"> Self-insurance charges and proposed contributions 	30,700	
<ul style="list-style-type: none"> Approved use of reserves 	(100,369)	
<ul style="list-style-type: none"> Business Rate Smoothing Reserve 	3,737,526	4,685,414
Contribution to reserves from general underspend:		
<ul style="list-style-type: none"> Carry Forward requests to Capacity Issues Reserve (see appendix 6) 	189,000	
<ul style="list-style-type: none"> Property Investment Risk Reserve 	200,000	
<ul style="list-style-type: none"> General Fund underspend transferred to Capacity Issues Reserve to fund future one-off projects 	251,813	640,813
Total recommended net contributions to Reserves		5,326,227

If all the proposals in the above table are adopted, Adur District Council's General Fund Working Balance will remain at £0.951m which, at 12% of net expenditure of £7.971m, 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 £1.230m (excluding the revenue grants reserve, the Business Rates Smoothing Reserve and the Local Tax Income Guarantee), an increase of £0.571m over 31st March, 2020. The full listing of earmarked reserves is attached at **Appendix 2b**.

Worthing Borough Council:

Worthing Borough Council net transfers to General Fund Earmarked Reserves 2020/21		
Budgeted/Committed contributions to/(from) reserves:	£	£
<ul style="list-style-type: none"> • Increase in Grants Carried Forward 	631,245	
<ul style="list-style-type: none"> • Net withdrawal from Theatres Maintenance Reserve 	(50,878)	
<ul style="list-style-type: none"> • Approved use of reserves 	(300,017)	
<ul style="list-style-type: none"> • Local Tax Income Guarantee 	703,354	
<ul style="list-style-type: none"> • Self-insurance charges and proposed contributions 	30,700	
<ul style="list-style-type: none"> • Business Rates Smoothing Reserve 	6,548,790	7,563,194
Contribution to reserves from general underspend:		
<ul style="list-style-type: none"> • Carry Forward requests to Capacity Issues Reserve (see appendix 6) 	242,000	
<ul style="list-style-type: none"> • Property Investment Risk Reserve 	250,000	
<ul style="list-style-type: none"> • Building Maintenance Reserve 	383,000	
<ul style="list-style-type: none"> • General Fund underspend transferred to Capacity Issues Reserve 	262,579	1,137,579
Total recommended net contributions to Reserves		8,700,773

If all the proposals in the above table are adopted, Worthing Borough Council's General Fund Working Balance will remain at £1.543m which, at 12.6% of net expenditure of £12.222m, 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 £2.904m (excluding the revenue grants reserve, the Business Rates Smoothing Reserve

and the Local Tax Income Guarantee), an increase of £0.817m over 31st March 2020. The full listing of earmarked reserves is attached at **Appendix 3b**.

7.0 MINIMUM REVENUE PROVISION (MRP) REQUIREMENT 2020/21 AND DEBT POSITION

MRP Requirement for 2020/21

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 2020/21 relates to unfunded expenditure incurred up to and including 31st March 2020. 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 2020/21 accounts:

- For Adur District Council General Fund the MRP was £2,231,644. £10,000 of Voluntary MRP was offset. No Voluntary MRP was set aside for the HRA.
- For Worthing Borough Council the MRP was £2,070,158. A net Voluntary MRP of £140,000 was also set aside.

Debt Position at 31 March 2021

- 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.

Debt Position at 31 March 2021	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Actual Long Term Debt 01/04/20	101,027,440	58,452,292	159,479,732	126,070,560
New Long Term Debt Raised in year	2,500,000	4,000,000	6,500,000	20,000,000
Long Term Debt Repaid in Year	(5,511,502)	(1,976,166)	(7,487,668)	(8,345,635)
Actual Long Term Debt 31/03/21	98,015,938	60,476,126	158,492,064	137,724,925

CFR v Long Term Debt Position at 31 March 2021	Adur District Council			Worthing BC
	General Fund	HRA	Total	General Fund Total
	£	£	£	£
Capital Financing Requirement (CFR)	106,904,618	61,591,043	168,495,661	135,632,017
(Over) / Under Borrowing	8,888,680	1,114,917	10,003,597	(2,092,908)

7.9 Adur also held the Parish Precept of £444,400 on behalf of Lancing Parish Council.

7.10 For Adur Council the General Fund is under-borrowed based on long term borrowing by approximately £8.889m. The HRA is under-borrowed by £1.115m. We have used this approach 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 the capital programme and the refinancing of maturing debt.

7.11 Worthing is over-borrowed by £2.093m based on long term borrowing, which is due to the timing of the receipt of grants to reimburse the Council for economic regeneration projects, such as Decoy Farm. New loans have been taken out in 2020-21 to fund economic regeneration projects, 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 additional pressures resulting from the global pandemic both in terms of demands on services both in terms of capacity and finances. The underspends in 2020/21 have only been achievable as a result of emergency government funding from the government both in the form of emergency grants and the introduction of the Sales, fees and charges and Tax income guarantee schemes, as highlighted in section 4.6 before any funding the position for both councils was an operational overspend.

The Councils are in a position to be able to take the opportunity to contribute to reserves, which is welcome at a time when local government faces ongoing financial pressures, including the reduction in central government funding and the ongoing strain on expenditure and income streams.

Background Papers:

Joint Overall Budget Estimates 2020/21

<https://democracy.adur-worthing.gov.uk/documents/g226/Public%20reports%20pack%2011th-Feb-2020%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

Adur District Council Budget Estimates 2020/21 and Setting of the 2020/21 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/b4175/2020.02.20%20-%20Adur%20Council%20-%20Revenue%20Budget%202020-21%20complete%2020th-Feb-2020%2019.00%20Adur%20Council.pdf?T=9>

Worthing Overall Budget Estimates 2020/21 and Setting of 2020/21 Council Tax

<https://democracy.adur-worthing.gov.uk/documents/b4180/Supplementary%20WBC%20Budget%20Pack%2018th-Feb-2020%2018.30%20Worthing%20Council.pdf?T=9>

Financial Performance 2019/20 - Revenue Outturn

<https://democracy.adur-worthing.gov.uk/documents/g1484/Public%20reports%20pack%2007th-Jul-2020%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

3rd Revenue Budget Monitoring Report (Q3)

<https://democracy.adur-worthing.gov.uk/documents/g1488/Public%20reports%20pack%2001st-Dec-2020%2018.30%20Joint%20Strategic%20Committee.pdf?T=10>

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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


2020/21 FINAL REVENUE OUTTURN JOINT SUMMARY

 ADUR & WORTHING COUNCILS	ORIGINAL ESTIMATE 2020/21	CURRENT ESTIMATE 2020/21	OUTTURN 2020/21	(UNDER)/ OVERSPEND 2020/21
	£	£	£	£
Chief Executive	496,980	496,980	468,075	(28,905)
Director for Communities	8,121,310	8,168,420	8,388,629	220,209
Director for Digital & Resources	11,966,480	11,692,290	12,116,389	424,099
Director for the Economy	3,633,240	3,569,650	3,675,031	105,381
TOTAL SERVICES	24,218,010	23,927,340	24,648,124	720,784
ALLOCATION OF COSTS				
Recharged to Capital	(981,530)	(981,600)	(619,570)	362,030
Recharged to other joint	(326,200)			-
	22,910,280	22,945,740	24,028,554	1,082,814
Adur District Council	(9,337,470)	(9,401,455)	(9,834,455)	(432,999)
Worthing Borough Council	(13,572,810)	(13,544,285)	(14,194,099)	(649,814)
TOTAL SERVICE BLOCK ALLOCATIONS	(22,910,280)	(22,945,740)	(24,028,554)	(1,082,813)

 ADUR DISTRICT COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2020/21	CURRENT ESTIMATE 2020/21	OUTTURN 2020/21	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	638,050	645,980	545,980	43,832	74,912	(218,744)
<i>CM for Environment</i>	2,555,220	2,681,150	3,519,794	1,120	85,070	752,454
<i>CM for Health & Wellbeing</i>	1,274,720	1,292,130	1,046,497	9,205	14,466	(269,305)
<i>CM for Customer Services</i>	1,443,050	1,460,270	1,358,450	20	16,247	(118,087)
<i>CM for Regeneration</i>	1,734,060	1,690,930	1,727,737	(502)	33,858	3,450
<i>CM for Resources</i>	(118,450)	(186,710)	186,144	185,954	183,617	3,283
<i>Holding Accounts</i>	55,670	(1,430)	-	(61,177)	(408,171)	470,778
TOTAL CABINET MEMBER	7,582,320	7,582,320	8,384,602	178,452	-	623,830
<i>Credit Back Depreciation</i>	(1,326,600)	(1,326,600)	(1,505,052)	(178,452)		(0)
<i>Minimum Revenue Provision</i>	2,356,630	2,356,630	2,221,644			(134,986)
<i>Financial Instrument Adjustment</i>	-	-				-
	8,612,350	8,612,350	9,101,194	-	-	488,844
<i>COVID 19 Support Grants</i>			(1,100,671)			(1,100,671)
<i>Sales, Fees & Charges Grant</i>			(452,251)			(452,251)
<i>Additional Non Ring Fenced Grants</i>			(84,677)			(84,677)
<i>Additional grant funding</i>			(1,637,599)			(1,637,599)
			7,463,595	-	-	(1,148,755)
<i>Section 31 grants and Collection Fund adjustments</i>			(3,827,589)			(3,827,589)
<i>Council Tax Income Guarantee Grant</i>			(181,376)			(181,376)
<i>NNDR Tax Income Guarantee Grant</i>			(115,959)			(115,959)
						-
			3,338,671	-	-	(5,273,679)
Transfer to/from reserves:						
<i>Tax Income Guarantee Reserve</i>			297,335			297,335
<i>Transferred to Smoothing reserve</i>			3,737,526			3,737,526
<i>Transfer from reserves to fund specific expenditure</i>			598,005			598,005
Net Underspend Transferred to Reserves			640,813			640,813
Total Budget requirement before External Support from Government	8,612,350	8,612,350	8,612,350	-	-	0

 ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance	Estimated Transfers Out	Estimated Transfers In	Projected Closing Balance
	2020/21	2020/21	2020/21	2020/21
Capacity Issues Reserve including approved Carry Forward budgets Friends of Shoreham Fort (JSC 6 May 2014) New Salts Farm Lancing (JSC/047/20-21 8 September 2020) Adur carry forwards from 2019/20 underspends , agreed Joint Strategic Committee 7th July, 2020 Revenue underspend Balance	£ 337,445	£ (10,000) (4,743) (48,481)	£ 440,813	£ 715,034
Insurance Fund	153,344	(37,145)	30,700	146,899
Business Rates Smoothing Reserve	30,735		3,737,526	3,768,261
Local Tax Income Guarantee	0		297,335	297,335
Grants and Contributions held in Reserves	622,769	(223,289)	943,511	1,342,991
Building Maintenance Reserve	-	-		
Election Reserve	7,880			7,880
Special and Other Emergency Reserve	60,254			60,254
Property Investment Risk Reserve	100,000		200,000	300,000
General Fund Reserve	951,497	-	-	951,497
TOTALS	2,263,924	(323,658)	5,649,885	7,590,151

 WORTHING BOROUGH COUNCIL CABINET MEMBER PORTFOLIOS	ORIGINAL BUDGET 2020/21	CURRENT ESTIMATE 2020/21	OUTTURN 2020/21	Notional Capital Charges Variance	Support Service Recharge Variances	(Under) / Over Spend Excluding Support and Capital Charges
	£	£	£			
<i>Leader</i>	810,290	912,860	1,034,707	20	(6,089)	127,916
<i>CM for Digital and the Environment</i>	3,020,850	3,114,235	4,519,213	360,869	190,029	854,080
<i>CM for Health & Wellbeing</i>	1,729,360	1,805,670	1,487,320	95	(30,020)	(288,425)
<i>CM for Customer Services</i>	5,266,890	5,311,550	5,636,519	(9,375)	125,334	209,010
<i>CM for Regeneration</i>	2,050,920	2,181,135	4,707,772	399,198	320,622	1,806,817
<i>CM for Resources</i>	727,290	223,960	732,229	119,343	377,806	11,121
<i>Holding Accounts</i>	389,570	445,760	-	(30,317)	(977,681)	562,237
TOTAL CABINET MEMBER	13,995,170	13,995,170	18,117,759	839,833	-	3,282,756
<i>Credit Back Depreciation</i>	(3,195,320)	(3,195,320)	(4,035,153)	(839,833)		0
<i>Minimum Revenue Provision</i>	2,472,600	2,472,600	2,210,158			(262,442)
	13,272,450	13,272,450	16,292,764	-		3,020,314
<i>COVID 19 Support Grants</i>			(1,754,024)			(1,754,024)
<i>Sales, Fees & Charges Grant</i>			(2,096,041)			(2,096,041)
<i>Additional Non Ring Fenced Grants</i>			(442,894)			(442,894)
<i>Additional grant funding</i>			(4,292,959)			(4,292,959)
			11,999,805	-	-	(1,272,645)
Adjustments for Taxation						
<i>Section 31 grants and Collection Fund adjustments</i>			(6,217,307)			(6,217,307)
<i>Council Tax Income Guarantee Grant</i>			(127,570)			(127,570)
<i>NNDR Tax Income Guarantee Grant</i>			(575,784)			(575,784)
			5,079,145	-	-	(8,193,305)
Transfer to/from reserves:						
<i>Tax Income Guarantee Reserve</i>			703,354			703,354
<i>Transferred to Smoothing reserve</i>			6,548,790			6,548,790
<i>Transfer from reserves to fund specific expenditure</i>	86,250	86,250	(110,167)			(196,417)
Net Underspend Transferred to Reserves			1,137,579			1,137,579
Total Budget requirement before External Support from Government	13,358,700	13,358,700	13,358,700	-		(0)

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance	Estimated Transfers Out	Estimated Transfers In	Projected Closing Balance
	2020/21	2020/21	2020/21	2020/21
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets Marketing/legal costs re disposal of High St & Civic Centre car park sites (28/02/12 JSC/094/11-12) up to £50k each Worthing carry forwards from 2019/20 underspends, agreed Joint Strategic Committee 7th July, 2020 Revenue underspend Balance	1,361,700	(40,560) (157,500)	504,579	1,668,219
Insurance Reserve	247,687	(72,299)	30,700	206,088
Joint Health Promotion Reserve	1,485			1,485
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	27,766			27,766
Museum reserve	106,396	(14,310)	14,310	106,396
Theatres Capital Maintenance Reserve	108,733	(50,878)		57,855
Special and Other Emergency Reserve	3,053			3,053
Business Rates Smoothing Reserve	436,515		6,548,790	6,985,305
Local Tax Income Guarantee	-	-	703,354	703,354
Property Investment Risk Reserve	200,000		250,000	450,000
Building Maintenance Reserve	-	-	383,000	383,000
Grants & Contributions	805,648	(717,735)	1,348,980	1,436,893
Capital Expenditure Reserve	29,658	(29,658)		0
General Fund Working Balance	1,543,373			1,543,373
TOTAL	4,872,014	(1,082,940)	9,783,713	13,572,787

HOUSING REVENUE ACCOUNT SUMMARY

Appendix 4

	ORIGINAL BUDGET	ACTUAL	VARIANCE
	£	£	£
EXPENDITURE			
General Management	4,285,500	4,261,451	(24,049)
Special Services	685,670	627,706	(57,964)
Rent, Rates, Taxes & Other Charges	32,320	72,313	39,993
Repairs & Maintenance	2,693,680	2,768,341	74,661
Bad/Doubtful Debt	50,000	(43,968)	(93,968)
Capital Financing Costs			
Depreciation and Revenue Contribution to Capital	4,102,190	4,051,250	(50,940)
Interest charges	2,228,460	2,197,244	(31,216)
TOTAL EXPENDITURE	14,077,820	13,934,337	(143,483)
INCOME			
Dwelling Rents	(12,163,820)	(12,005,319)	158,501
Non-Dwelling Rents	(591,380)	(551,924)	39,456
Heating and Other Service Charges	(512,710)	(535,066)	(22,356)
Leaseholder's Service Charges	(255,410)	(148,098)	107,312
Interest Received	(28,000)	(29,119)	(1,119)
TOTAL INCOME	(13,551,320)	(13,269,526)	281,794
NET (SURPLUS)/DEFICIT -TFR (TO)/FROM HRA GENERAL RESERVE	526,500	664,811	138,311

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Director of Communities				
Community Wellbeing	(44)	(245)	(265)	Revenue grants reclassified as without conditions transferred to reserves. These were originally held as receipts in advance in Joint but transferred to Adur and Worthing. The grants include Journey to Work £115k Going Local £71k), Public Health Wellbeing Hub (pre 2015/16 bal)£72k, Think Family £104k and Safer Communities £137k.
Public Health & Regulation	(52)	(107)	0	JOINT: Income includes £33k reimbursement relating to Covid grant funded posts, £8k from Arun Dog Warden. ADC: Income £75k DEFRA Export Health Certificate Support Grant to be transferred to reserves and MHCLG Covid Compliance and Enforcement grant that has been spent in 2020/21.
Head of Housing	(52)			Underspends against expenditure budgets.
Env Health - Housing	(21)	(14)	(94)	Income above budget related to Home Improvement Assistance fees, Civil penalty and HMO licences. This is partly offset by an increased cost of Public Health Funerals (22k)
Housing Needs	-	(87)	(56)	ADC: Net underspend on Temporary Accommodation budgets £58k and additional grant funding £29k including Next Steps Accommodation Programme. WBC: Net overspend on Emergency Accommodation budget £177k partially offset by £101k underspend within the Homelessness Initiatives budget. Additional grant funding £135k which includes Next Steps Accommodation Programme.
Housing Needs Grant	-	(75)	(4)	MHCLG Homelessness Reduction Grant in respect of New Burdens associated with the Homelessness Reduction Act. Funding to be transferred to reserves for use in 2021/22.
Parks & Foreshore	(104)	(10)	6	Underspend against expenditure budgets, includes savings on vehicle costs of £25k and supplies and services £49k.
Environmental Services (Waste)	(44)	-	13	Overspend on vehicle repair costs against budget due to the aging fleet, this will need to be monitored going forward as the vehicles come to the end of their warranty period. There has also been an increased pressure on the costs within the cleansing teams due to the increase numbers of visitors to the beach. There is a partial offset by additional Green Waste income of £120k.
Commercial Waste	(30)	68	108	Income shortfall due to COVID19 and the associated fall in demand offset in part by a fall in disposal costs. The reduction in tonnage collected is due to the direct impact the pandemic has had and continues to have on the Commercial waste service.
Bereavement Services (Cemeteries)	-	49	(4)	Adur - shortfall in income plus some overspend in supplies and services expenditure.
Bereavement Services (Crematorium)	-	-	175	Overspends in expenditure budgets of £48k include costs associated with security and the new media system. In addition there is an underachievement in Cremation income as there has been a shift towards direct cremations during the pandemic as the Coronavirus Act limits the numbers attending funeral services. In addition the Act limits work on funeral services only, which has resulted in a shortfall in memorial income during the year.
	(347)	(421)	(122)	
Director of Digital and Resources				
Elections	-	(82)	(32)	Elections were due to be held for both Adur & Worthing Councils on 7 May 2020. Due to the pandemic, all scheduled elections were postponed until 6 May 2021 leading to an underspend in 2020/21.
Parking Services	-	124	1,913	Income shortfalls due to a fall in demand as a result of the restriction imposed during the pandemic. Compensation through the government Sales, Fees and charges Scheme for some of this loss is within non ringfenced funding.
Digital & ICT	(159)	-	-	Underspend within Digital Strategy, office budgets, and Centralised Equipment & Stationery

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Revenues	-	211	335	ADUR ; Shortfall in Court cost income £215k (ADC) £339k (WBC) which has not been achieved due to Covid-19 and the courts being closed.
Benefits	-	245	7	Due to Covid-19 Overpayments income has reduced with a shortfall against budget of £333k ADC & £437k WBC, this has been offset by Government Grants.
Finance	63	(413)	(203)	ADC & WBC : Hardship Fund grant in excess of awards given £-275k ADC £-109 k WBC; plus an underspend against contingency budget/inflation budgets, this is partly offset by increased Audit fees.
Finance: Treasury Interest		(63)	(318)	Adur's interest receivable is below budget by £199k due to the reduction in interest rates and the delay to the capital receipt for the sale of the Civic Centre site. Worthing's interest receivable is below budget by £57k due to the significant reduction in interest rates. Both income shortfalls are offset by a reduction in the interest payable and other financing costs on borrowing due to the re-profiling of the capital programme for both authorities (Adur £262k and Worthing £375k).
Finance: Treasury MRP	-	(135)	(262)	Minimum Revenue Provision - Both Councils are underspent against budget due to changing profiles within the capital programme.
	(96)	(113)	1,440	
Director of the Economy				
Culture Client	-	-	140	Council share of increased Pension contributions following going out to Trust, plus the final settlement payment of £49k and a write back of Museum Capital costs due to delay in funding approval (offset by Reserve transfer). An element of these costs actually relate to 2019/20 but were not known and accrued they have therefore been reported in 2020/21.
Leisure	-	409	608	ADC: Adur Community Leisure ceased operating in Adur due to COVID 19. In the interim the Council were responsible for the costs associated with closure until the new contract was agreed with South Down Leisure as the new service provider with some requirement for additional ongoing support from the Council due to ongoing restrictions. WBC: This relates to the support package provided to SDL - income shortfall related to the agreed write off of the service fee payable for 2019/20 and 2020/21 and Grounds maintenance charges. In addition support payments of £38k per month to enable opening at the leisure facilities with limited capacity whilst restrictions in place.
Major Projects and Investment (Estates)	(72)	50	268	WBC costs includes and overspend on the major projects budget of £165k, this will be funded in part from reserves £130k). Also includes the impact of COVID 19 for core estate and investment properties that have now become vacant, such as Montague Street in Worthing and the Luton complex in Uxbridge within the Adur portfolio. There are also associated costs (rates, refurbishment, re-let and managing agents) of these properties. In joint there is a net underspend against the budgets.
Place and Economy (Economic Development)	(17)	(104)	(107)	Loss of Bus Shelter advertising and market income (Adur). Loss of income from Observation Wheel (Worthing) offset by Grant income received.
Planning and Development (Building Control)	23	53	64	Loss of income due to impact of Covid-19 on demand.
Planning and Development (Development Control)	20	54	83	Income shortfall as COVID has delayed some of the expected major developments.
Planning and Development (Planning Policy)	-	(6)	57	Consultancy costs incurred with no budget.
Planning and Development (Land Charges)	27	29	21	Loss of income due to impact of Covid-19 on demand.
Business & Facilities	58			Increase in gas costs in the Town Hall - the need for a replacement meter led to the discovery that past readings were incorrect. Contract cleaning costs include some March 20 invoices and there has also been a need for additional cleaning. Costs for a new asbestos system which have been shared with HRA.

Outturn Variations

Appendix 3

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Emergency Planning	216	-	-	COVID 19 related expenditure which is funded from the government emergency funding including PPE, Digital equipment and software.
	255	485	1,134	
Cross Cutting services				
Maintenance	(34)	50	(400)	Adur: Overspend due to Covid-19 Government restrictions. Worthing: the majority of this underspend £383k is being recommended to be transferred to an earmarked Reserve to smooth the future impact of the delayed works.
Vacancy Provision	840			Mainly due to the impact of additional staffing requirements / agency cover for front line services from the impact of COVID 19 which will be covered by the Government support grants we received. In addition the pay award was 0.75% higher than budgeted, a cost pressure of £175k.
Pay costs budgeted to be funded by Capital	484			Due to delays in some Capital schemes the proportion of staff costs that could be charged to Capital was higher than anticipated when the setting of the 2020/21 budget, the impact is higher costs within revenue.
Water		15	28	A continuation of an Increase in water costs following change of contracted supplier.
Energy Costs	-	35	(25)	Various over/underspends in Energy costs
Rates	(13)	-	88	Overspend associated with vacant properties where the costs falls to the Council rather than the leaseholder.
Business Development Fund	-	34	52	Overspends in the Business Development fund, covered by contributions from Reserves from prior year underspends.
Other	(6)	228	62	General oversends and shortfall of income against budgets.
Income guarantee scheme		(452)	(2,096)	Grant received from the government to compensate Councils for a proportion of the loss of income from sales, fees and charges as a result of the restrictions imposed during the pandemic.
MHCLG - Government Grant Funding		(1,101)	(1,755)	Emergency Covid grant funding and new burdens funding
Additional New Homes Bonus		(85)	(443)	
Transfer to Reserves		250	250	Grants for Wellbeing moved from joint to Adur & Worthing Grants in advance on the Balance sheet
	1,271	(1,026)	(4,239)	
Allocation of Joint Variance		433	650	Share of joint services allocated 40:60 to Councils
Total Variance	1,083	(641)	(1,137)	

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Director of Communities				
Community Wellbeing	405	(245)	(237)	Revenue grants reclassified from Joint to Adur & Worthing and some additional grant funding received.
Public Health & Regulation	(52)	-	-	JOINT: Income incl £33k reimbursement re Covid grant funded posts, £8k from Arun Dog Warden (£5K of which pending cf request)
Housing Needs	-	-	(137)	WBC: Projected overspend on Emergency Accommodation lower than expected in quarter 3.
Housing Needs Grant	-	-	120	Grant variance offset by budget not previously included in Q3 forecast.
Parks & Foreshore	(104)	-	-	Underspends higher than originally anticipated particularly vehicle costs and supplies and services.
Environmental Services (Waste)	(140)	-	-	Increased income from Green Garden Waste
Commercial Waste	(51)	-	-	Joint relates to contribution from the Business Development fund for staffing.
Director of Digital and Resources				
Digital & ICT	(141)	-	-	Budget underspends higher than expected.
Revenues	-	-	(110)	Improvement in the outcome of reduced income from Court costs and higher underspends in supplies & services budgets than forecast.
Benefits	-	55	(312)	Shortfall in Overpayments income in addition to grant income for both Adur and Worthing. In Worthing this was offset by an underspend against the net budget for subsidy payments.
Finance	-	(181)	(183)	Grant income from the Hardship fund exceeded the cost of awards especialy in Adur where there is a local scheme already in place. The surplus grants are to be used to support vulnerable local residents.
Director of the Economy				
Culture Client	-	-	140	Additional costs not budgeted for in 2020/21.
Leisure	-	(191)	-	ADC: reopening costs delayed due to ongoing lockdown restrictions

Service Area	Joint £000s (under)/ over spend	Adur £000s (under)/ over spend	Worthing £000s (under)/ over spend	Description of Significant Variations
Major Projects and Investment (Estates)	-	60	(150)	Lower than anticipated void costs and income shortfalls over the whole Estate portfolio.
Place and Economy (Economic Development)	-	(104)	(122)	Grant funded schemes exceeded earlier projections.
Planning and Development (Development Control)	-	-	73	Fee income for major schemes predicted to be received in 20/21 have been delayed.
Planning and Development (Planning Policy)	-		57	Higher than projected consultancy costs to be drawn down from reserves
Cross Cutting services				
Maintenance	-	-	(471)	Delayed reactive maintenance works due to the pandemic. Recommendation for underspend to be transferred to a reserve for future years pressures.
Vacancy Provision	331	-	-	Additional grants received for covid related works requiring additional staffing costs to be incurred.
Pay costs funded by Capital	484	-	-	The re-profiling of the capital programme into 2021/22 has resulted in staffing costs not being able to be charged to schemes in 20/21, the impact is a higher cost met from revenue.
Corporate Budgets	(198)	-	-	In Quarter 3 the additional 0.75% above budget pay award costs were reported against the corporate budget, these costs are included within the vacancy provision overspend for outturn. The two figures can be netted together.
Rates	-	-	88	Predicted rates overspend of was reported against the Estates forecast for quarter 3, it is identified separately for outturn.
Business Development Fund	-	-	52	Overspend is funded from budgets carried forward and additional New Homes Bonus.
Other	(106)	246		
Additional New Homes Bonus	-	(85)	(191)	
Transfer to Reserves	-	250	250	Property risk Reserve transfer - included within estates for quarter 3 monitoring.

	(Under)/ Over Spends £'000
<u>Variations in Income and Running Costs:</u>	
Rental & Service Charge void loss - delay in letting due to Covid-19 restrictions and additional loss due to Ashcroft decant	169
Service charge income from leaseholders - irrecoverable costs	100
Staff vacancies - Tenancy Services and Repairs & Maintenance	(122)
Repairs & Maintenance - over spend on responsive and void works	82
Repairs & Maintenance - saving on planned maintenance contracts	(55)
Council Tax - extended void periods due to Covid-19 letting restrictions, plus Ashcroft decant	37
Printing and postage costs	12
Transfer Incentive Scheme budget not fully spent	(29)
Provision for Bad Debts - reduction in provision	(94)
Insurance premiums on premises	11
Internal recharge allocations	95
Other	(13)
TOTAL VARIATION IN RUNNING COSTS:	193
<u>Variations in Treasury Management and Capital Costs:</u>	
Interest payable - under spend due to reduced borrowing costs	(31)
Depreciation - reduction due to change in asset valuation methodology	(23)
Interest receivable - reduction due to higher level of reserves than anticipated	(1)
TOTAL VARIATION IN TREASURY MANAGEMENT AND CAPITAL COSTS:	(55)
TOTAL VARIATION:	138

Appendix 6

Proposed Carry Forward of unspent budgets within the Joint Strategic Committee			
	ADC share	WBC share	Joint
	£	£	£
Wellbeing: Tascomi System amendments to implement the Dog Module.	2,000	3,000	5,000
Digital and Resources: Programme of System enhancements including recruitment of a Principal Accountant (systems) post to help improve/implement a new Matsoft module for Debtors.	24,000	36,000	60,000
Total carry forward proposals for the Joint Strategic Committee shared between Adur and Worthing	26,000	39,000	65,000

Proposed Carry Forward of Unspent Budgets within Adur District Council	
Economy: Wadars Pool Tiling costs.	£ 60,000
Digital: Business Development Fund – Projects to take forward business transformation initiatives.	103,000
Total carry forward proposals for Adur District Council	163,000

Proposed Carry Forward of Unspent Budgets within Worthing Borough Council	
Digital: Business Development Fund – Projects to take forward business transformation initiatives.	£ 175,000
Environment - Seafront bin replacement programme has been accelerated to include multi use bins and exceeds the capital programme budget. This carry forward will fund the additional cost and implementation	28,000
Total carry forward proposals for Worthing Borough Council	203,000

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
13 July 2021
Agenda Item 8

Joint Overview & Scrutiny Committee
15 July 2021
Agenda Item

Key Decision [Yes/No]

Ward(s) Affected: All

Developing a revenue budget for 2022/23 at the time of a pandemic

Report by the Director for Digital, Sustainability & Resources

Executive Summary

1. Purpose

- 1.1 The purpose of this report is to propose a budget strategy for the development of the 2022/23 budgets against the background of the pandemic.
- 1.2 It is a long time since the Council had any certainty during budget setting and 2021/22 looks set to continue this tradition. At present we have no clear idea of how long the pandemic will continue to affect our communities and our economy. The impact of any fairer funding review is now looking likely to be deferred for a further year, but the councils do not know what will replace it for 2022/23; homelessness is on the rise, but forecasting this trend forward remains difficult; and inevitably the difficult economic climate will continue to influence a number of budget lines, from Council Tax revenues to income for services such as car parks.
- 1.3 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 but within the context of supporting our local communities and economies.
- 1.4 Now more than ever, careful financial management is required to ensure that we manage both the emerging 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.

1.5 This report aims to set out how the Councils will address the challenges of the next few years, outlining the revenue forecast and setting out our strategic response to the challenges ahead. With the detailed budget proposals for 2022/23 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.

1.6 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.

1.7 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. This was further updated by the 'And then' report considered in July 2020. 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

There is a report elsewhere on the agenda that updates members on the delivery of these priorities.

1.8 Work has been underway for some time to address the financial challenge for 2022/23 and beyond. This will continue over the summer and autumn, and the Organisational Leadership Team will be working to produce new financial 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 2021 as part of the development of the 2022/23 budget.

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- (a) Note the report and the outline 5-year forecasts in Appendix 3;

- (b) Approve the proposed budget process as set out in section 6 of the report;
- (c) **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 2021/22

3.1.1 The impact of the Covid 19 pandemic continues to put the councils under financial pressure albeit not to the same extent as 2020/21. However in recognition of this the Councils took action during the 2021/22 budget round to put measures in place to manage any risks by building in known budget pressures into the 2021/22 budget and by creating Covid contingency budgets (Adur £447,000, Worthing £644,000).

3.1.2 In addition, the Councils have continued to maintain 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:

Unallocated resources	Adur £'000	Worthing £'000
Working balance	951	1,543
Capacity Issues Reserves	465	1,050
Special and other emergency reserves	60	0
	1,476	2,593

3.1.3 Overall both Councils currently have sufficient contingency funding to meet known cost pressures.

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

Summary of cost pressures	Adur £	Worthing £	Total £
Homelessness caseload	100,000	300,000	400,000
Additional election costs	43,000	68,000	111,000
Increased staffing	26,670	54,200	80,870
Other costs	141,880	97,610	239,490
Additional cost pressures	311,550	519,810	831,360
Income losses	188,180	347,610	535,790
Budget pressures identified	499,730	867,420	1,367,150
Reduced cost of MRP	0	-145,000	-145,000
Net cost pressures	499,730	722,420	1,222,150
Covid budgets available	447,000	644,000	1,091,000
Additional grants received			
BEIS funding for grant administration	166,000	166,000	332,000
Election Covid funding	21,440	29,840	51,280
Total funding available	634,440	839,840	1,474,280
Current position (resources in hand)	-134,710	-117,420	-252,130

However, the situation remains fluid, and so the position will inevitably change over the coming months as new cost pressures emerge (or dissipate) and our understanding of the recovery improves.

3.2 Expected impact on income

- 3.2.1 The Councils continue to experience deterioration in commercial income particularly in the car parks albeit to a far lesser extent than last year. That said, car park income continues to improve and the Government has underwritten losses in the first quarter through the Sales, Fees and Charges income guarantee which reimburses Councils for around 75% of all losses. In summary the current expected income losses are:

	Adur £	Worthing £	Total £
Car parking	61,240	177,860	239,100
Court costs	84,440	206,680	291,120
Housing Benefit Overpayments	97,400	93,030	190,430
Concessionary income		55,000	55,000
	243,080	532,570	775,650
Less: Income guarantee grant	-54,900	-184,960	-239,860
Net loss	188,180	347,610	535,790

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. *Housing Need*

Over the last few months both Councils have seen another increase in the number of homeless families, caseload is higher than normal and this is likely to be sustained for most of the year as the current restriction on evictions by landlords came to an end in May.

Looking ahead to 2022/23, unless accommodation can be sourced for those residents made homeless by the current emergency, then the Councils may face additional cost pressures within the 2022/23 budget.

However, the Councils have received significant external funding via the Contain Outbreak Management Fund and the Rough Sleepers Initiative to work with affected people and it is anticipated that over the coming months measures will be put in place to manage the current peak in demand for services.

To support preventing homelessness and reduce the number of people who need to approach the councils, the councils are piloting work using Policy in Practice 'Lift' tools to identify those facing financial hardship to get them the advice and support they need as well as looking to

implement 'Telljo' a further digital tool that will help us to target support for those who need it.

2. ***Additional covid 19 spend***

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

a. Additional spend to support a safe election

The Council had to manage the delivery of the election in a covid safe manner ensuring that the public could vote in safety and that the count was managed in a compliant way. Consequently, the Council had to engage additional election staff, fund Covid safety measures and hire larger venues, leading to additional costs.

b. Staffing pressures

A number of services have required additional support to deal with both increasing demand and staff absences. In particular, the Revenues and Benefits service has several challenges:

- Due to the government support to the business community new business rates need to be produced reflecting the new reliefs.
- The service is experiencing an increase in applications for Council Tax Support and Housing Benefit.
- Supporting the processing of self isolation payments.

To address these needs additional temporary members of staff have been employed at an estimated cost of £88,870.

c. Digital tools

The Council has invested in a number of digital tools to support continued remote working and to provide data analysis to ensure that support is well targeted.

d. The Council has been planning to improve town centres and support events to encourage the community back into the towns and open spaces over the summer. These costs have been funded from the contingency budgets.

4. 2022/23 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; New Homes Bonus has now been virtually phased out; 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 Funding from taxation

4.4.1 National context and external factors

Since 2010, the Councils have seen a considerable reduction in the level of funding from the Government. For 2021/22, there was another 1 year settlement with the full Comprehensive Spending Review delayed until the current financial year.

The Chancellor's Budget on the 3rd March confirmed that the Comprehensive Spending Review 2021 (CSR) is expected to be delivered later this year, probably in the Autumn. This should set out detailed spending plans for public services and investment, covering resource budgets for three years from 2022-23 to 2024-25 and capital budgets up to 2025-26.

Between 2021/22 and 2025/26, the government plans to increase day-to-day spending – excluding emergency spending on coronavirus measures – by 2.1% in each year, in real terms. However, that said, a considerable amount of the increase has already been allocated to areas such as the NHS, schools and defence. Consequently, only about 1% growth per year is available for other services.

4.4.2 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, it is looking increasingly likely that the impact of this review is now delayed until next year at the earliest. The recent report by the PAC supports this view indicating that it would be better to delay the implementation of the funding reforms. A delay would allow the reforms to take account of the effects of the pandemic, as well as major reviews of business rates and adult social care. There was also strong support with the report for multi-year settlements.

Nevertheless, the Government remains committed to reform and there is a possibility that the change will be brought in earlier but significantly damped to allow Councils time to change their financial plans.

4.4.3 The Councils will have a clearer picture of the likely changes for 2022/23 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 2022/23 to give local authorities time to address the continuing pressures emerging from the pandemic.

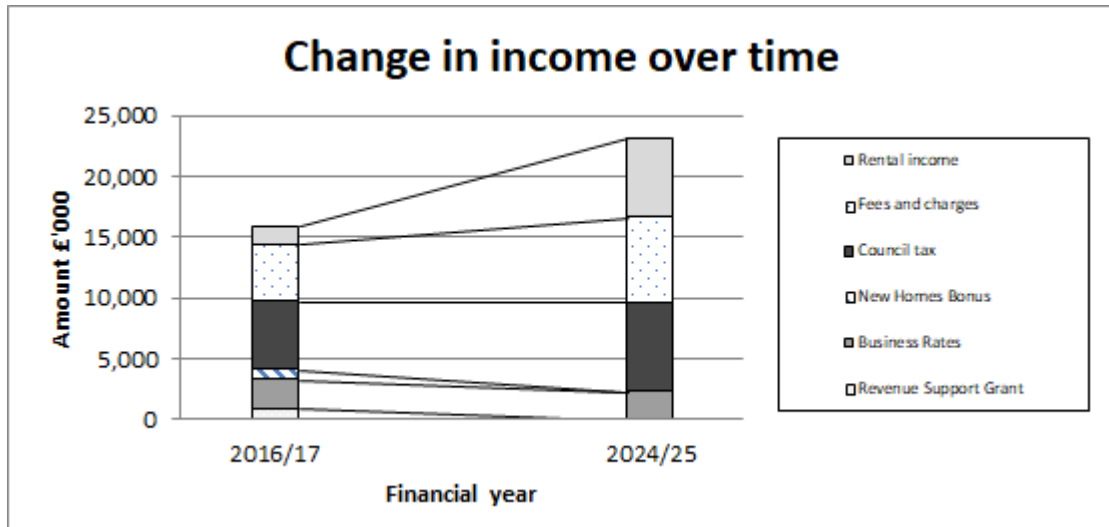
4.4.4 However as part of the Budget 2020, the Government announced a fundamental review of the business rate system. Whilst an interim report on the fundamental business rates review was published in March 2021 which summarises the responses from the recent consultation, it does not provide any indication of the decisions the Treasury will ultimately make about business rates. The final report on the fundamental review of business rates will be published in the Autumn. At that point, we should find out whether the Treasury is minded to replace or reform business rates, or offset the amount paid by businesses through the introduction of an Online Sales Tax.

4.4.5 The changes to how the Councils are funded:

4.4.5.1 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.

4.4.6 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 always difficult 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 2023/24 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 2022/23 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 2022/23. However the scale and timing of any adjustment to the tariff beyond 2022/23 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:

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Adur	£'000	£'000	£'000	£'000	£'000	£'000
Baseline funding	1,767	1,802	1,838	1,875	1,913	1,951
Retained surplus rates	668	704	358	363	371	380
Total business rate income kept locally	2,435	2,506	2,196	2,238	2,284	2,331
Net business rate income collected	18,175	18,882	19,252	19,618	20,030	20,440
Percentage retained locally	13.39%	13.27%	11.41%	11.41%	11.40%	11.40%

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Worthing	£'000	£'000	£'000	£'000	£'000	£'000
Baseline funding	2,693	2,747	2,802	2,858	2,915	2,973
Retained surplus rates	716	598	320	323	332	340
Total business rate income kept locally	3,409	3,345	3,122	3,181	3,247	3,313
Net business rate income collected	32,507	31,394	32,827	33,625	34,266	34,986
Percentage retained locally	10.28%	11.03%	9.45%	9.45%	9.45%	9.45%

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 2022/23, both Councils will be affected by a national revaluation of hospitals and fire stations.

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:

- 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 years and will potentially benefit Adur from 2023.
- Free Wharf, Western Harbour Arm in Adur includes new commercial floorspace and is likely to start later in the year and be completed by 2023
- Union Place in Worthing – The development will take 3 – 4 years to complete once planning permission has been granted.
- Teville Gate in Worthing – This key development site is currently being progressed. The development will take 3 – 4 years to complete once planning permission has been granted.

Clearly, if the business rate income improves in 2021/22, then the increase could be used to support the budget in 2022/23. 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 2021/22 being paid for one year only (Adur £76,610 and Worthing £437,380). Given the transitional nature of the 2021/22 funding, the NHB awarded for 2021/22 was not used to balance the budget. Instead this grant was used to fund a covid contingency budget.

New Homes Bonus	2021/22	2022/23	2023/24 and beyond
	£'000	£'000	£'000
Adur	18	10	0
Worthing	408	68	0

4.5.8 Council Tax

Council Tax is now the Councils' major source of general income from taxation. It is now 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 increases to a minimum 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 2022/23 Council Tax increase. The Consumer Price Index (CPI) was 1.5% in April 2021 and is expected to increase over the forthcoming months. Consequently for the purposes of planning it is assumed that the limit will be retained at 2%. A 2% increase would be equivalent to £6.23 per year for a Band D property in Adur and £4.95 per year for a Band D property in Worthing.

So, even if the Councils were minded to increase Council Tax, there is an imposed limit on the actual increase that the Councils can make. Members should be aware that a 1% change in Council Tax is equivalent to £64,840 in Adur and £97,200 in Worthing for 2022/23.

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

2022/23	2023/24	2024/25	2025/26	2026/27
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 1.5% (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 2022/23. Given that the award proposed for 2021/22 is currently 1.5%, 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:

	2022/23	2023/24	2024/25	2025/26	2026/27
	%	%	%	%	%
Pay*	2	2	2	2	2
Supplies and Services	2	2	2	2	2
Income	2	2	2	2	2

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

Adur	Worthing	Joint Strategic Committee
£'000 5	£'000 10	£'000 235

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:

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Adur*	303	604	904	1,196	1,495
Worthing*	484	968	1,444	1,914	2,393
Note:					
Joint Services * (included above)	720	1,435	2,147	2,842	3,551

Income is assumed to increase by 2.0% in 2022/23 which will help to offset the inflationary pressures.

It is difficult to be certain about inflation for 2022/23 particularly in relation to pay 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	257
Supplies and Services	30	110	41
Income	-35	-96	-55
Total	1	22	243
Share of joint inflation	97	146	-243
OVERALL TOTAL	98	168	-

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 2022/23 and 2023/24 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 remained low throughout 2020/21 and the base rate is currently 0.1% in comparison our cash investments in the CCLA property funds currently yield about 4%. These rates are unlikely to rise until 2023 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:

	2022/23	2023/24	2024/25	2025/26	2026/27
Average interest yield	0.75%	1.00%	1.25%	1.50%	1.75%

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

4.6.5 **Impact of Platforms for our places:**

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

Impact of Platforms for our places	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000

Adur District Council

Measures to reduce waste - Impact of the Environment bill	0	72	72	72	72
Bike share scheme	34	60	60	60	60
Heat Network	0	10	10	10	10

Total	34	142	142	142	142
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2022/23	2023/24	2024/25	2025/26	2026/27
£'000	£'000	£'000	£'000	£'000

Worthing Borough Council

Measures to reduce waste - Impact of the Environment bill	-	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	132	132	132	132	132
Brooklands improvement programme - net costs	20	27	43	43	43
Bike share scheme	52	89	89	89	89
Heat Network	-	121	121	121	121
Lido substructure repairs	80	80	80	80	80
General provision for future impact of major projects	-	-	284	484	684

Total	288	627	1,136	1,136	1,136
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4.6.5.2 Impact of the new Environment Bill

The changes proposed by the new bill are currently being consulted by DEFRA in the 'Consistency in Household and Business Recycling' consultation document. There are four changes which have a potential impact on the Councils:

- i) Consistency in the range of recycling materials collected and the method of handling the materials.
- ii) The implementation of charges for the producers of packaging towards the costs of disposal (Producer pays principle) which will be distributed to local government although it is unclear how this will be distributed.
- ii) The implementation of free fortnightly collections of green waste from 2023/24
- iii) The implementation of weekly food waste collections by 2024/25.

The Government has committed to funding the net cost of the proposed changes including the cost of implementation and any capital costs. However, at this time there is little information on how any funding mechanism will work and whether the funding is sufficient to cover the costs of the changes made. This will become more clear as the bill progresses.

In terms of impact on the budget, at the moment the most challenging proposition is the implementation of free fortnightly collections of green waste. The Council currently charges for a weekly green bin collection and will lose significant revenues if this charge is introduced as our current income is £1.6m for this service. The Government proposes to fund the cost of green waste collection but this is unlikely to cover the full losses that the Councils will experience. However this is the most contested element of the proposals with over 70% of local authorities objecting to this element of the bill in the previous consultation as many households do not require even a fortnightly collection as they have no garden, or have limited outdoor spaces or choose to compost.

Further reports on the impact of the new Environment Bill will be presented to the Joint Strategic Committee in due course. At present, an allowance of £200,000 is allowed in 2023/24 for the implementation of the new arrangements but there is a key assumption within the MTFS that the proposals regarding green waste will not be implemented (or will be fully funded).

4.7 Councils' Budget and Shortfall:

4.7.1 A summary of the position for 2022/23 is therefore:

	Adur £'000	Worthing £'000
Main cost pressures:		
Inflationary pressures in excess of the likely increase in Council Tax	141	228
Impact of Covid 19		
Reduction in Covid 19 support for leisure due to recovery plans	-205	-198
Removal of one off budgets	-558	-780
Overall change due to Covid 19	-763	-978
Changes in funding from Government		
Fall out of one off funding for 2021/22	508	886
Change in retained business rates	-71	64
Change in New Homes Bonus	8	340
Other funding changes	4	18
Total change to funding from Government	449	1308
Impact of funding 'Platforms'		
Refurbishment of Car Parks - Financing costs		136
Brooklands improvement programme - net costs		20
Bike share scheme	34	52
Lido superstructure repairs		80
Overall impact of funding Platforms	34	288
Other items:		
Net impact of the capital programme	220	159
Impact of accommodation rationalisation project	-106	-159
Impact of surplus / deficit on the collection fund	-17	40
Reduction in pension costs	-127	-132
Reduction in funding for homelessness		120
Reduction in income from the recovery of Housing Benefit overpayments		100
Other items	7	
Contingency for committed growth	70	90
Provision for new growth items	70	90
Overall savings to be met by the budget strategy / Surplus (-)	-22	1,154

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:

	2022/23	2023/24	2024/25	2025/26	2026/27
ADUR	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	(22)	1,026	1,184	1,537	1,877
Annual shortfall	(22)	1,004	158	353	340
Total net budget	9,297	9,128	9,304	9,508	9,717
Annual savings as a percentage of overall net budget (%)	-%	11.0%	1.7%	3.7%	3.5%

	2022/23	2023/24	2024/25	2025/26	2026/27
WORTHING	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	1,154	2,836	3,720	4,465	5,162
Annual shortfall	1,154	1,682	884	745	697
Total net budget	13,334	13,281	13,579	13,895	14,218
Annual savings as a percentage of overall net budget (%)	8.7%	12.7%	6.5%	5.4%	4.9%

	2022/23	2023/24	2024/25	2025/26	2026/27
JOINT SERVICES**	£'000	£'000	£'000	£'000	£'000
Overall cumulative shortfall	119	1,129	1,453	2,002	2,562
Annual shortfall	119	1,010	443	549	560
Total net budget	24,069	24,069	24,551	24,796	25,044
Annual savings as a percentage of overall net budget (%)	0.5%	4.2%	1.8%	2.2%	2.2%

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 available to manage the financial losses resulting from the emergency. The level of General Fund working balance as at the 1st April 2021 is:

	Adur	Worthing
	£'000	£'000
Working balance	951	1,543
Net budget	9,581	14,448
Percentage held	9.9%	10.7%

The working balance was 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 2021/22 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-21	Uncommitted resources*	Balance as at 31-Mar-21	Uncommitted resources*
	£'000	£'000	£'000	£'000
Capacity Issues Reserve	715	465	1,669	1,050
Special and other emergency expenditure reserve	60	60	0	0
Total	775	525	1,669	1,050

* This allows for approvals to use the resources from 2021/22 onwards including the funding of any carry forward requests.

6. Options for addressing the budget gap in 2022/23 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 the Council Leadership Team in the autumn.
2. A "Budget Reference Group" (joint Executives) will consider the proposals identified to meet the 2022/23 budget shortfall which fit with the Councils' priorities.
3. The savings proposals are then considered by the 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 the Joint Strategic Committee of which of the savings are to be used to fund the budget shortfall.

A flowchart with outline timescales for the 2022/23 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:

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Main programmes:						
Strategic Property Investment Fund	200	200	552	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
Corporate Landlord programme	205	135	135	260	190	925

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 support the delivery of projects to support our economies and deliver new revenue streams. 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 which supports the economic regeneration of our areas. 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 and support the cost of property improvement.

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 £276.80 for Adur District Council and £219.92 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 new options for a solar farm, and additional options for widespread solar PV. £775,000 has been allocated to deliver these and other energy efficiency improvements in the 2021/22 capital investment programmes. A detailed Carbon Reduction Plan has been developed which identifies 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.

	2022/23	2023/24	2024/25	2025/26 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.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'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 mean 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.

	2022/23	2023/24	2024/25	2025/26	2026/27
Annual Savings	£'000 205	£'000 135	£'000 135	£'000 260	£'000 190
Cumulative impact	205	340	475	835	1,025

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 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	525
Worthing	1,050

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 2022/23 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 2022/23, 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. 2023/24 and beyond

- 7.1 The detailed budget projections for 2022/23 to 2026/27 are also shown in Appendix 3. It is clear that many of the cost pressures identified for 2022/23 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 .

- 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 to support the local economy 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.

	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
Adur District Council	£'000	£'000	£'000	£'000	£'000
Estimated cumulative savings required to balance the budget	-22	1,026	1,184	1,537	1,877
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	-130	-160	-230	-230
Residual savings to be identified	-452	236	34	-13	-3
Worthing Borough Council					
	1,154	2,836	3,720	4,465	5,162
Estimated cumulative savings required to balance the budget					
Savings strategy:					
Strategic Property Investment	-100	-552	-652	-752	-852
Commercial income and commissioning	-450	-900	-1,350	-1,800	-2,250
Service and digital redesign	-120	-240	-360	-480	-600
Commercial landlord programme	-105	-210	-315	-505	-695
Residual savings to be identified	379	655	209	-20	-163

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 2022/23 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 2022/23 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 2.0% for all other expenditure (except for inflation arising from contractual indexation provisions and energy for which an appropriate provision is to be made);
- The Council aims to set a balanced budget. Any proposed use of reserves is to have regard to the adequacy of such reserves and any such policy

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

- 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 2022/23 and 2023/24
(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 25th November 2021.
- 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 2021/22 budget round.

Background Papers

Report to Adur District Council Executive 2nd February 2021 - Estimates 2021/22 and setting of 2021/22 Council Tax

Report to Worthing Borough Council Executive 1st February 2021 -Estimates 2021/22 and setting of 2021/22 Council Tax

Report to Joint Strategic Committee 13th July 2021 – Final Revenue Outturn for Joint, Adur and Worthing 2020/21.

Budget Statement 2021 – 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

Covid 19: Local Government Finance report by the Parliamentary Accounts Committee

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Sustainability & Risk Assessment

1. Economic

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

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

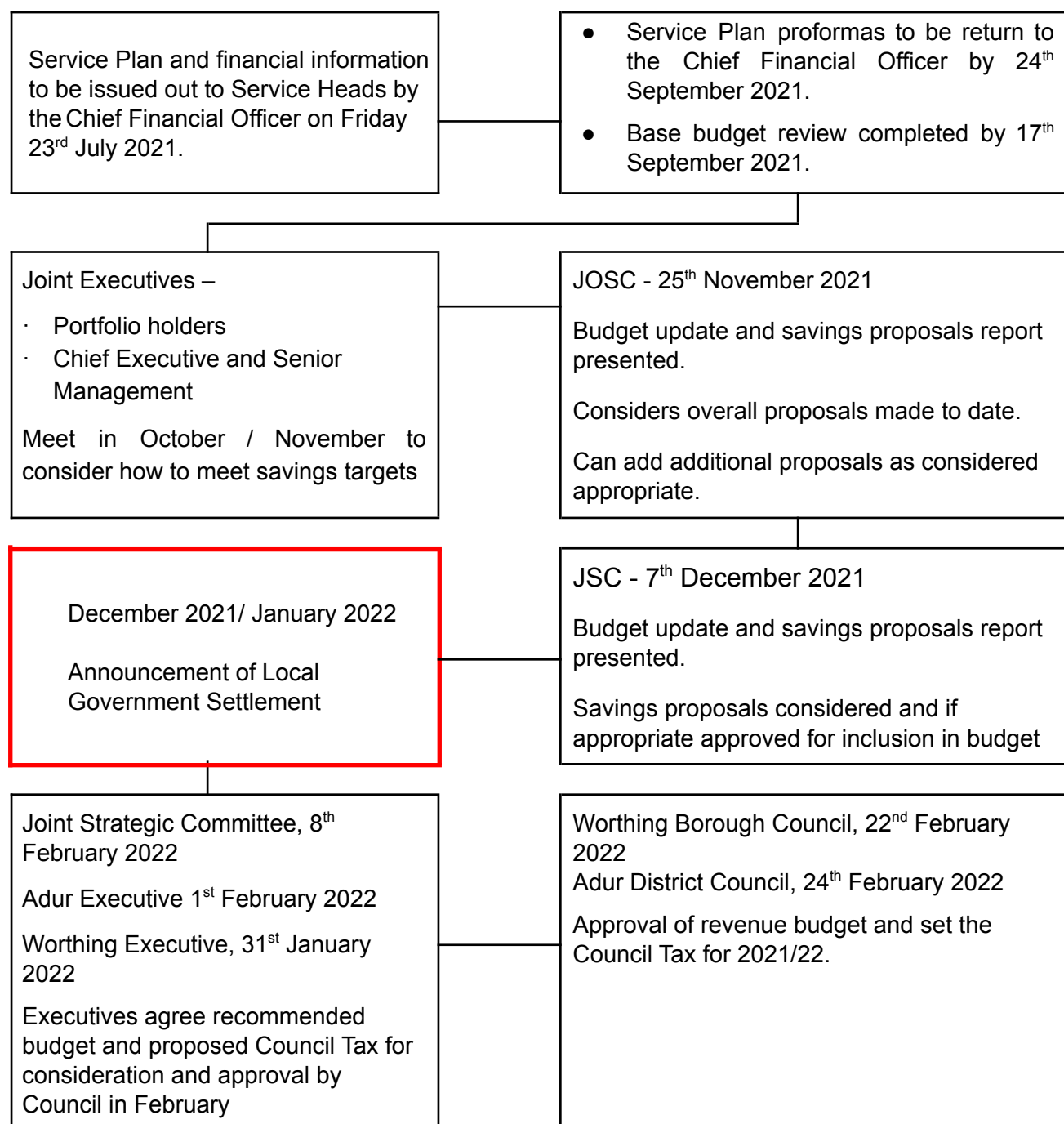
3. Environmental

Matter considered and no issues identified.

4. Governance

Matter considered and no issues identified.

Appendix 1



Appendix 2

ADUR DISTRICT COUNCIL Revenue Budget Summary Statement 2021/22 - 2026/27						
Net Spending to be Financed from Taxation	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
Base budget	£'000 9,581	£'000 9,581	£'000 9,581	£'000 9,581	£'000 9,581	£'000 9,581
(a) Annual Inflation						
Estimated inflation		303	604	904	1,196	1,495
Impact of 2021/22 pay rise		(14)	(14)	(14)	(14)	(14)
(b) One -off / non-recurring items						
Local Elections (held every other year)		(18)	-	(19)	-	(20)
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review - Homeless funding to continue for 2022/23		-	297	297	297	297
Final cost of new leisure contract		(205)	(223)	(322)	(322)	(322)
Removal of one-off budgets:						
Council Tax Support - discretionary reliefs		(111)	(111)	(111)	(111)	(111)
Covid 19 budget		(447)	(447)	(447)	(447)	(447)
(d) Impact of funding 'Platforms'						
Measures to reduce waste - Impact of the Environment bill		-	72	72	72	72
Bike share scheme		34	60	60	60	60
Heat Network		-	10	10	10	10
(e) Capital Programme and Treasury Management						
Capital programme financing costs		220	293	350	500	675
Impact of AW workspaces project		(106)	(106)	(106)	(106)	(106)
Investment income		-	(40)	(82)	(126)	(171)
(f) Other items						
Reduction in pension contributions						
Back Funded pension payment reduction		(52)	(52)	(52)	(52)	(52)
Reduction in pension contributions rate		(75)	(76)	(78)	(78)	(78)
Building maintenance		25	25	25	25	25
Allowance for 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	9,581	9,275	10,153	10,488	11,045	11,594

ADUR DISTRICT COUNCIL
Revenue Budget Summary Statement 2021/22 - 2026/27

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements B/fwd	9,581	9,275	10,153	10,488	11,045	11,594
Business Rate income:						
Baseline funding	1,767	1,802	1,838	1,875	1,913	1,951
Add: Retained additional business rates	668	704	358	363	371	380
Adjusted Business Rate Income	2,435	2,506	2,196	2,238	2,284	2,331
Council Tax income	6,612	6,760	6,911	7,066	7,224	7,386
Other grants						
New homes bonus (2019/20 - 2022/23)	10	10	-	-	-	-
New homes bonus (2021/22)	8	-	-	-	-	-
Total New Homes Bonus	18	10	-	-	-	-
Lower Tier Services Grant	75	-	-	-	-	-
Local Tax Guarantee Scheme - Council Tax	63	59	59	-	-	-
Covid 19 Funding Allocation	322	-	-	-	-	-
Covid 19 Funding - Council Tax Support Grant	111	-	-	-	-	-
Collection fund surplus/deficit (-)	(55)	(38)	(38)	-	-	-
Total other grants and contributions	534	31	21	-	-	-
Total Income from Grants and Taxation	9,581	9,297	9,128	9,304	9,508	9,717
AMOUNT REQUIRED TO BALANCE BUDGET	-	(22)	1,026	1,184	1,537	1,877

ADUR DISTRICT COUNCIL							
Revenue Budget Summary Statement 2021/22 - 2026/27							
AMOUNT REQUIRED TO BALANCE BUDGET	Savings strategy: Strategic Property Investment Fund	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	
		£'000 (22)	£'000 1,026	£'000 1,184	£'000 1,537	£'000 1,877	
		Future purchases	200	400	600	800	1,000
		Provision for future voids	(100)	(200)	(300)	(400)	(500)
		Commercial activities and commissioning Commercial and Customer Activities	150	300	450	600	750
		Service and Digital redesign	80	160	240	320	400
		Commercial Landlord Programme	100	130	160	230	230
		Total initiatives identified	430	790	1,150	1,550	1,880
		Cumulative savings still to be found/ (surplus)	(452)	236	34	(13)	(3)
		Annual savings still to be found	(452)	688	(202)	(47)	10
Council Tax increase	2.00%	2.00%	2.00%	2.00%	2.00%		
Annual increase (Band D property)	£6.23	£6.35	£6.48	£6.61	£6.74		
Weekly increase (Band D property)	£0.12	£0.12	£0.12	£0.13	£0.13		
Average annual increase (Band C property)	£5.54	£5.64	£5.76	£5.88	£5.99		
Average weekly increase (Band C property)	£0.11	£0.11	£0.11	£0.11	£0.12		

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2021/22 - 2026/27

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
Net Spending to be Financed from Taxation	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	14,448	14,448	14,448	14,448	14,448	14,448
(a) Annual Inflation						
Estimated inflation		484	965	1,444	1,914	2,393
Impact of 2021/22 pay rise		(22)	(22)	(22)	(22)	(22)
(b) One -off / non-recurring items						
Local Elections (held 3 out of 4 years)		(50)	-	-	-	(50)
(c) Impact of Covid 19 pandemic						
Delay to Fairer Funding Review - Homeless funding in current form to continue for 2022/23		-	272	272	272	272
Final cost of support for leisure provision		(198)	(198)	(198)	(198)	(198)
Removal of one-off budgets:						
Council Tax Support - discretionary reliefs		(133)	(133)	(133)	(133)	(133)
Covid 19 contingency budget		(647)	(647)	(647)	(647)	(647)
(d) Impact of funding 'Platforms'						
Measures to reduce waste - Impact of the Environment bill		-	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		132	132	132	132	132
Brooklands improvement programme		20	27	43	43	43
Bike share scheme		52	89	89	89	89
Heat Network		-	121	121	121	121
Lido superstructure repairs		80	80	80	80	80
Provision for future impact of major projects		-	-	284	484	684
(e) Capital Programme and Treasury Management						
Financing costs - General Programme		159	518	602	899	1,218
Impact of AW workspaces project		(159)	(159)	(159)	(159)	(159)
Investment income		-	(48)	(115)	(201)	(309)
(g) Other items						
Reduction in pension contributions						
Back funded pension payment reduction		(9)	(9)	(9)	(9)	(9)
Reduction in pension contributions rate		(123)	(177)	(180)	(180)	(180)
Building maintenance		50	100	100	100	100
Allowance for committed growth items		90	180	270	360	450
Fall out of one-off Housing funding		120	120	120	120	120
Reduction in income associated with the recovery of housing benefit overpayments.		100	100	100	100	100
(h) Provision for new growth items		90	180	270	360	450
Total Cabinet Member Requirements	14,448	14,488	16,117	17,299	18,360	19,380

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2021/22 - 2026/27

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
	£'000	£'000	£'000	£'000	£'000	£'000
Total Cabinet Member Requirements b/fwd	14,448	14,488	16,117	17,299	18,360	19,380
Business Rate income:						
Baseline funding	2,693	2,747	2,802	2,858	2,915	2,973
Add: Net retained additional business rates	716	598	320	323	332	340
Adjusted Business Rate income	3,409	3,345	3,122	3,181	3,247	3,313
Council Tax income	9,681	9,915	10,153	10,398	10,648	10,905
Other grants and contributions:						
New homes bonus (2018/19- 2021/22)	222		-	-	-	-
New homes bonus (2019/20 - 2022/23)	68	68		-	-	-
New homes bonus (2021/22)	118		-	-	-	-
Total New Homes Bonus	408	68	-	-	-	-
Lower Tier Services Grant	203					
Local tax compensation scheme	55	37	37			
Covid 19 Funding Allocation	550					
Covid 19 Funding - Council Tax Support Grant	133					
Collection fund surplus/deficit (-)	9	(31)	(31)		-	-
Total other grants and contributions	1,358	74	6	-	-	-
Total Income from Taxation	14,448	13,334	13,281	13,579	13,895	14,218
AMOUNT REQUIRED TO BALANCE BUDGET	-	1,154	2,836	3,720	4,465	5,162

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2021/22 - 2026/27

		2022/ 23 £'000	2023/ 24 £'000	2024/ 25 £'000	2025/ 26 £'000	2026/ 27 £'000
AMOUNT REQUIRED TO BALANCE BUDGET		1,154	2,836	3,720	4,465	5,162
Savings strategy::						
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		-	352	352	352	352
Commercial and Customer Activities		450	900	1,350	1,800	2,250
Service and Digital redesign programme		120	240	360	480	600
Corporate Landlord Programme		105	210	315	505	695
Total savings initiatives identified to date		775	1,902	2,677	3,537	4,397
Cumulative savings still to be found/ (surplus)		379	934	1,043	928	765
Annual savings still to be found		379	555	109	(115)	(163)
Council Tax increase		2.00%	2.00%	2.00%	2.00%	2.00%
Annual increase (Band D property)		£4.95	£5.05	£5.15	£5.25	£5.36
Weekly increase (Band D property)		£0.10	£0.10	£0.10	£0.10	£0.10
Average annual increase (Band C property)		£4.40	£4.49	£4.58	£4.67	£4.76
Average weekly increase (Band C property)		£0.08	£0.09	£0.09	£0.09	£0.09

JOINT STRATEGIC COMMITTEE
Revenue Budget Summary Statement 2021/22 - 2026/27

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
	£'000	£'000	£'000	£'000	£'000	£'000
Base budget	23,609	23,609	23,609	23,609	23,609	23,609
(a) Annual Inflation						
Estimated inflation		720	1,435	2,147	2,842	3,551
Impact of 2021/22 pay rise		(36)	(37)	(38)	(39)	(40)
(b) Impact of funding 'Platforms'						
Measures to reduce waste		-	200	200	200	200
(c) Other items						
Reduction in pension contributions		(205)	(209)	(214)	(214)	(214)
Allowance for committed growth items		100	200	300	400	500
Net cost to be reallocated to the Councils	23,609	24,188	25,198	26,004	26,798	27,606
Adur District Council	9,545	9,731	9,731	9,926	10,025	10,125
Worthing Borough Council	14,064	14,338	14,338	14,625	14,771	14,919
Total income for services provided to the constituent councils	23,609	24,069	24,069	24,551	24,796	25,044
(Surplus) / Shortfall in Resources	-	119	1,129	1,453	2,002	2,562
Savings strategy:						
Commercial activities and commissioning						
Commercial and Customer Board						
Efficiency Measures						
Service and Digital redesign		120	120	120	120	120
		- - - -	- - - -	- - - -	- - - -	- - - -
Total savings identified		120	120	120	120	120
		- - - -	- - - -	- - - -	- - - -	- - - -
Savings still to be found/ (surplus)		(1)	1,009	1,333	1,882	2,442
Savings required in each year		119	1,010	324	549	560

Appendix 4

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027 /28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Adur District Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	9,581	9,581	9,581	9,581	9,581	9,581	9,581	9,581	9,581	9,581	9,581
Inflation		289	590	890	1,182	1,481	1,793	2,092	2,392	2,694	2,997
Impact of capital programme and treasury management decisions		114	147	162	268	398	533	671	794	919	1,145
Net growth / savings (-)		-709	-165	-145	14	134	284	394	544	654	804
Net expenditure funded by taxation	9,581	9,275	10,153	10,488	11,045	11,594	12,191	12,738	13,311	13,848	14,527
Income from taxation											
Business rates	2,435	2,506	2,196	2,238	2,284	2,331	2,353	2,401	2,450	2,499	2,549
Council Tax	6,557	6,722	6,873	7,066	7,224	7,386	7,551	7,720	7,893	8,069	8,250
Other grants	589	69	59	0	0	0	0	0	0	0	0
Total income from taxation	9,581	9,297	9,128	9,304	9,508	9,717	9,904	10,121	10,343	10,568	10,798
Cumulative budget shortfall	0	-22	1,026	1,184	1,537	1,877	2,287	2,617	2,968	3,280	3,729
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	920	1,090	1,260	1,430	1,600
Impact of digital strategy		80	160	240	320	400	480	560	640	720	800
Commercial landlord initiatives		100	130	160	230	230	230	230	230	230	230
Total savings initiatives identified		430	790	1,150	1,550	1,880	2,280	2,680	3,080	3,480	3,880
Remaining savings to be identified		-452	236	34	-13	-3	7	-63	-112	-200	-151
Savings per year to be identified		-452	688	-201	-48	11	10	-70	-49	-88	49

	2021/ 22 Base	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Worthing Borough Council	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base	14,448	14,448	14,448	14,448	14,448	14,448	14,448	14,448	14,448	14,448	14,448
Inflation		462	943	1,422	1,892	2,371	2,872	3,353	3,836	4,322	4,812
Impact of capital programme and treasury management decisions		0	311	328	539	750	1,402	1,981	2,173	2,440	2,712
Net growth / savings (-)		-422	415	1,101	1,481	1,811	1,951	2,041	2,131	2,171	2,311
Net expenditure funded by taxation	14,448	14,488	16,117	17,299	18,360	19,380	20,673	21,823	22,588	23,381	24,283
Income from taxation											
Business rates	3,409	3,345	3,122	3,181	3,247	3,313	3,352	3,416	3,487	3,558	3,629
Council Tax	9,690	9,884	10,122	10,398	10,648	10,905	11,167	11,436	11,711	11,994	12,282
Other grants	1,349	105	37	0	0	0	0	0	0	0	0
Total income from taxation	14,448	13,334	13,281	13,579	13,895	14,218	14,519	14,852	15,198	15,552	15,911
Cumulative budget shortfall	0	1,154	2,836	3,720	4,465	5,162	6,155	6,972	7,390	7,829	8,373
Budget strategy initiatives											
Investment in commercial property			552	652	752	852	1,002	1,152	1,302	1,452	1,602
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
Commercial landlord initiatives		105	210	315	505	695	695	695	695	695	695
Total savings initiatives identified		775	1,902	2,677	3,537	4,397	4,977	5,557	6,137	6,717	7,297
Remaining savings to be identified		379	934	1,043	928	765	1,178	1,415	1,253	1,112	1,076
Savings per year to be identified		379	555	109	-115	-163	413	237	-162	-141	-37

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ADUR & WORTHING
COUNCILS

Joint Overview and Scrutiny Committee
15 July 2021

Key Decision [No]

Ward(s) Affected: N/A

Joint Overview and Scrutiny Committee Work Programme for 2021/22

Report by the Director for Digital, Sustainability and Resources

Executive Summary

1. Purpose

- 1.1 This report outlines the progress in implementing the work contained in the Joint Overview and Scrutiny Committee (JOSC) Work Programme for 2021/22 which was confirmed by the Councils in April 2021. This report also asks JOSC to consider three Scrutiny requests.

2. Recommendations

- 2.1 That JOSC note the progress in delivering the JOSC Work Programme for 2021/22 as set out in Appendix A to the report; and
- 2.2 That JOSC consider the three Scrutiny requests attached at Appendix B to the report.

3. Context

- 3.1 The JOSC Work Programme for 2021/22 was agreed by the Councils in April 2021 and was reviewed by JOSC at its meeting on 10 June 2021. A copy of the latest version of the Work Programme is attached as 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.
- 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.
- 4.3 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. When considering further items for the Work Programme, consideration should also be given to the capacity of the Committee and resources available.
- 4.4 This report includes three scrutiny requests relating to issues on the Worthing Promenade, Lancing and a request for a scrutiny improvement review. JOSC is requested to consider and decide whether or not the requests should be added to the Work Programme. Details of the requests are set out at Appendix B to the report including the recommendations from the Joint Chairpersons.
- 4.5 Items in the Work Programme for 2021/22 have been produced for the Committee guided by issues that closely align with the Councils' Strategic Objectives included in 'Platforms for our Places: Going Further' and 'And Then' document - 'Bouncing back in post pandemic Adur and Worthing', 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/Vice- Chairmen and the Councils Leadership Team have been consulted on the contents of the JOSC Work Programme.

6. Financial Implications

- 6.1 There are no direct financial implications to consider within this report, however, some items contained in the Work Programme may have financial implications.

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

Reports on the Work Programme to the JOSC meeting on 10 June 2021

Officer Contact Details:-

Mark Lowe

Scrutiny and Risk Officer

Tel: 01903 221009

mark.lowe@adur-worthing.gov.uk

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 and provide social value.

2.2 Equality Issues

Matter considered and no direct issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered. Some of the issues being scrutinised will have community safety implications.

2.4 Human Rights Issues

Matter considered and no direct issues identified.

3. Environmental

Matter considered. Some issues being scrutinised may relate to environmental and natural resources issues.

4. Governance

Matter considered and no direct issues identified. It is good practice for an Overview and Scrutiny Committee to set a Work Programme. 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.

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ADUR & WORTHING
COUNCILS

APPENDIX A

Adur & Worthing Joint Overview and Scrutiny Committee Work Programme - 2021/2022

Joint Overview and Scrutiny Committee - 15 July 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>
Joint Revenue outturn report 2020/21	Director for Digital, Sustainability & Resources/Chief Financial Officer	Chief Financial Officer	No
Outline Budget Strategy 2021/22	Director for Digital, Sustainability & Resources/Chief Financial Officer	Chief Financial Officer	No
Interview with Leaders	Director for Digital, Sustainability & Resources	Leaders	No

Worthing Theatres contract monitoring	Director for Economy	Director for Economy	Yes. Item moved from June JOSC meeting because the report is also being considered at the JSC meeting in July.
Annual update on progress with delivering the Climate Change agenda	Director for Digital, Sustainability & Resources	Director for Digital, Sustainability & Resources/Sustainability Manager	No
Review of JOSC Work Programme	Director for Digital, Sustainability & Resources	No	No

Joint Overview and Scrutiny Committee - 16 September 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>
Interview with Executive Members for Health & Wellbeing	Director for Digital, Sustainability & Resources	Executive Members for Health & Wellbeing	No
Review of the delivery of 'Platforms for our Places: Going further 2020/22 and interview with Chief Executive	Director for Digital, Sustainability & Resources	Chief Executive	No
Covid-19 response - Economic recovery, support for the vulnerable and health and wellbeing review	Director for the Economy	Director for the Economy and relevant Officers	Yes. Item added following consideration of a scrutiny request.

Review of JOSC Work Programme	Director for Digital, Sustainability & Resources	No	No
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Joint Overview and Scrutiny Committee - 14 October 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 Executive Members for Customer Services	Director for Digital, Sustainability & Resources	Executive Members for Customer Services	No
Crime and Disorder update - Interview with the Chairman of the Adur & Worthing Safer Communities Partnership	Covering report - Director for Digital, Sustainability & Resources	Chairman of the Adur & Worthing Safer Communities Partnership.	No
Review of JOSC Work Programme	Director for Digital, Sustainability & Resources	No	No

Joint Overview and Scrutiny Committee - 25 November 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>
Adur & Worthing and Joint Outline 5 year forecast and	Director for Digital, Sustainability & Resources/Chief Financial	Chief Financial Officer	No

savings proposals	Officer		
Interview with Executive Members for Resources	Director for Digital, Sustainability & Resources	Executive Members for Resources	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
Review of JOSC Work Programme including note of changes made since Work Programme agreed by Councils in April 2021	Director for Digital & Resources	No	No

Joint Overview and Scrutiny Committee - 27 January 2022

<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 Members for Environment and Digital & Environmental Services	Director for Digital, Sustainability & Resources	Executive Members for Environment (Adur) and Digital & Environmental Services (Worthing)	No
Presentation from Southern Water on bathing water quality issues - Results of 2021 Bathing water testing.	N/A	No	No

Worthing Theatres - Review of the operation of the contract	Director for Economy	Director for Economy	No
Review of JOSC Work Programme	Director for Digital, Sustainability & Resources	No	No

Joint Overview and Scrutiny Committee - 17 March 2022

<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, Sustainability & Resources	Chief Executive	No
Interviews with the Executive Members for Regeneration	Director for Digital, Sustainability & Resources	Executive Members for Regeneration	No
Annual feedback report from meetings of the West Sussex Health & Adult Social Care Scrutiny Committee (HASC) - Issues affecting Adur & Worthing	Verbal report from the Council Members on HASC	No	No
JOSC Work Programme setting 2022/23	Director for Digital, Sustainability & 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>
Reports from the Working Group reviewing the Adur Homes repairs and maintenance service	Chairman of the Working Group	No	Working Group currently in progress - Reports expected later in 2021 and 2022.
Report from the Working Group reviewing the Adur & Worthing evening and night time economy	Chairman of the Working Group	No	Working Group will be meeting again in July 2021 to review the evening and night time economy recovery Post 'lockdown'.
Final report from the Working Group reviewing Cultural Services	Chairman of the Working Group	No	Working Group currently reviewing information - Report expected later in 2021.

Items to be considered in 2021/22

Annual summary of complaints	Director for Digital, Sustainability & Resources	No	
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PREVIOUS MEETINGS AND ITEMS CONSIDERED IN 2021/22

Joint Overview and Scrutiny Committee - 10 June 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>
Annual JOSC report for 2020/21	Joint Chairmen of JOSC	No	No
Review of JOSC Work Programme and confirmation of JOSC Working Group memberships for 2021/22	Director for Digital, Sustainability & Resources	No	No

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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<p>Scrutiny request</p> <p>Issue - I would like JOSOC to consider supporting an external scrutiny review from the Centre for Governance and Scrutiny. This organisation are national leaders in this field and offer a bespoke review to local authorities. It is carried out through a combination of council self-evaluation, carried out with the help of the CfGS scrutiny self-evaluation framework, CfGS expert review of documentation, evidence and assessment – interviews, surveys and member/officer input, a study of scrutiny's role and integration in the council, observation of meetings and through the joint development of a realistic action plan. I would contend that serious issues emerged during JOSOC in the last 12 months but whether or not people agree with this, such external scrutiny will simply help us to take advantage of the opportunity to ensure that scrutiny plays a vital, central role in the life of the authority and the wider community. In essence, to ensure that we are following best practice nationally. This will directly benefit the residents of Adur and Worthing as well as supporting the executives and officers in the vital work that they do.</p>
<p>Request from - Councillor Carl Walker - Worthing Borough Council</p>
<p>Public interest - Maximising the effectiveness of our scrutiny work will improve council decision making, policy making and the vital support work we do for our communities. It will ensure transparency, accountability and greater involvement of the public in our governance processes.</p>
<p>Score = High</p>
<p>Ability to change - Yes. It is common practice for local authorities to ask CfGS to carry out these external reviews.</p>
<p>Score = High</p>
<p>Performance - There is a clear rationale for engaging in best practice external scrutiny in and of itself. My own contention is that there have been failings in JOSOC in the last year but I have made these public on several occasions and won't labour that point further. However I'm happy to should the chairs feel that it is necessary.</p>
<p>Score = High</p>
<p>Extent - Scrutiny has a central role in the entire decision making and running of the council. This is a crucial issue.</p>
<p>Score = High</p>
<p>Replication - No, it is not being considered elsewhere.</p>
<p>Score = High</p>
<p>Expected Outcomes - Our Councils will hugely benefit from adopting best practice in scrutiny. JOSOC will improve and with it, accountability, transparency and decision making will improve across the entire Councils.</p>

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?

'Platforms for our Places: Going Further 2020 - 2022' -

Platform 5 Leadership of Place - 'Politics' and 'politics' Commitment 5.5 - Activity 5.5.1 -

Continue to enhance and strengthen the formal Political leadership of our places (in an uncertain national political environment). Continue to develop and build capacity in elected Members' roles, elections, relationships between officers and Members, JOSC, and ensuring party political disagreement leads to strong direction setting and doesn't hold up essential elements of the agenda.

Score = High

How could this review be undertaken? Independent review.

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

That the request be refused on the basis that a review during the pandemic is premature and there is an element of duplication with a review previously undertaken by JOSC in 2019.

It is estimated that a review of this kind would cost the Councils at least £3,000, JOSC does not have a budget for this and it is considered that there are more urgent issues currently requiring attention. There may also be consequences for other Committees from a review.

The Chairmen and Vice Chairmen are, however, aware of the need to continually improve the skills of JOSC Members and to help in this, training is ongoing and there will be a questioning skills training session held on 26 July.

Scrutiny request

Issue - The future of Lancing Village centre

Looking at the JOSC work programme there is a working group for the night time economy which is all well and fine but over here in Lancing the night time economy is relatively fine because of its propensity of take-aways, it's the daytime economy of the High Street that is most under threat. The last bank is about to leave and the turnover of shops continues. It desperately needs more footfall to support the existing businesses or there will be no High Street. The number 16 bus service subsidy was cut by WSCC and the Parish council took it on, but it's not a long term solution. If Lancing Parish Council stopped its funding then a vital bus service into the centre will disappear, further isolating the elderly.

WSCC are proposing to pull the early years service out of the children and family centre making it possibly unviable. There are several services run out of that building, with footfall. The purchase of the police station by the council may be the centre of a revival. A public consultation on its use needs careful planning and I would like to see this done through members of a JOSC working group. How does Lancing create a unique offer that will bring people into the centre during the day?

Request from - Councillor Lee Cowen - Adur District Council

Public interest - The residents often cite the rundown nature of the village centre. It's in the interest of the public to have a vibrant village centre.

Score = High

Ability to change - Investment in the village centre is in the power of the council. Also the purchase of the police station site is a start. Council has compulsory purchase power.

Score = Medium

Performance - N/A

Score = N/A

Extent - It's massive. We have 600 new homes on New Monks Farm coming.

Score = High

Replication - No, but assume discussions are taking place amongst the Executive and officers about the police station site.

Score = High

Expected Outcomes - A clear roadmap and vision for the revival of the village centre. One which updates the 2012 Lancing vision document and isn't just a pipe dream.

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?

Platform 1 - Prosperous Places - Commitment 1.3 - Attractors for Prosperity through Place making including -

'Identify key properties that will improve the appearance of the seafront and retail areas in Lancing. Build and work with our partners to secure the necessary improvement.'

Score = High

How could this review be undertaken? Officer report or JOSC Working Group.

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

That JOSC receive an Officer report to a JOSC meeting in Autumn 2021 which explains what the Council is doing to help and influence improvements to the Lancing village centre.

APPENDIX B(1)

Scrutiny request
Issue - Use of Worthing Promenade. How can the space be best shared safely. What is the long term vision for the Promenade?
Request from - Councillor Sally Smith - Worthing Borough Council
Public interest - Residents and visitors to the town have been in contact with me with concerns about safety along the promenade. Pedestrians have concerns about speeding bikes and use of e-scooters plus skateboards travelling at speed
Score = High
Ability to change - The Council could review safety issues and consider how bye laws can best be enforced by officers. A review of effective signage, for example, could potentially bring about change in behaviour and enhance safety.
Score = High
Performance - Nature of the problem has changed during the pandemic as the promenade has become a destination for travel and exercise for an increasing number of people. A review could potentially improve the performance of Council services.
Score = Medium
Extent - Problem affects both residents and visitors to the town and concerns a large area from East Worthing, across the town centre stretch of the promenade to West Worthing
Score = High
Replication - No
Score = High
Expected Outcomes - Officer report or working group set up to review current use of the Promenade, including safety issues and longer term plans. This would link into the long term vision for place making and seafront investment plan.
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? 'Platforms for our Places: Going Further' - Platform 1 - Commitment 1.3 - Attractors for Prosperity through Place making including improvements to the seafront. Links with activity and Project 1.3.6 - Delivery of the Worthing seafront investment plan. Score = High

How could this review be undertaken? Officer report or JOSC Working Group.

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

That the request be refused on the basis that we are satisfied that the Council and the Police are deploying or have carried out various initiatives to control the activities along the Promenade which will make the area safer. We also consider that the work being undertaken related to these issues by the Executive Members and work under the various streams of 'Platforms for our Places: Going Further', will help to mitigate concerns.